

**Consolidated Financial Statements
With Independent Auditors' Report
December 31, 2004 and 2003, and April 30, 2003
(Indonesian Currency)**

**PT BANK MANDIRI (PERSERO) TBK.
AND SUBSIDIARIES**

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2004 AND 2003, AND APRIL 30, 2003**

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Independent Auditors' Report

Report No. RPC-3347

The Shareholders and the Boards of Commissioners and Directors PT Bank Mandiri (Persero) Tbk.

We have audited the consolidated balance sheets of PT Bank Mandiri (Persero) Tbk. (herein referred to as "Bank Mandiri") and Subsidiaries as of December 31, 2004 and 2003, and April 30, 2003 (after quasi-reorganization), and the related consolidated statements of profit and loss, changes in shareholders' equity and cash flows for the year ended December 31, 2004, the eight-month period ended December 31, 2003 and the four-month period ended April 30, 2003. These consolidated financial statements are the responsibility of Bank Mandiri's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the local subsidiaries of Bank Mandiri as of and for the year ended December 31, 2004, whose statements reflect total assets of 3.46% of consolidated total assets as of December 31, 2004 and total revenues of 3.33% of consolidated revenues for the year then ended. Those statements were audited by other independent auditors whose reports expressed unqualified opinions and have been furnished to us, and our opinion, insofar as it relates to amounts included for such local subsidiaries, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bank Mandiri and Subsidiaries as of December 31, 2004 and 2003, and April 30, 2003 (after quasi-reorganization) and the consolidated results of their operations and their cash flows for the periods then ended in conformity with generally accepted accounting principles in Indonesia.

As discussed in Note 61 to the consolidated financial statements, accounting principles generally accepted in Indonesia vary in certain significant respects from International Financial Reporting Standards. Application of International Financial Reporting Standards would have affected the consolidated shareholders' equity of Bank Mandiri and Subsidiaries as of December 31, 2004 and 2003, and the consolidated results of their operations for the years then ended to the extent summarized in Note 62 to the consolidated financial statements.

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Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information listed in the Index to Additional Information is presented for the purpose of additional analysis of the consolidated financial statements, and is not a required part of the basic consolidated financial statements. The Additional Information is the responsibility of Bank Mandiri's management. Such information has been subjected to auditing procedures applied in our audits of the basic consolidated financial statements, and in our opinion, such information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Prasetio, Sarwoko & Sandjaja



Drs. Sandjaja
Public Accountant License No. 98.1.0357

February 18, 2005

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2004	December 31, 2003	April 30, 2003
				After Quasi- Reorganization
ASSETS				
Cash	2e	2,439,465	2,228,671	1,846,539
Current Accounts with Bank Indonesia	2e, 3	15,986,630	12,157,316	9,643,221
Current Accounts with Other Banks - net of allowance for possible losses of Rp6,557, Rp3,203 and Rp3,594 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2e, 2o, 4	650,631	328,855	412,651
Placements with Bank Indonesia and Other Banks - net of allowance for possible losses of Rp91,258, Rp64,849 and Rp70,339 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2f, 2o, 5	14,180,058	10,141,761	7,019,538
Securities	2g, 2o, 6, 48			
Related parties		399,084	420,549	260,421
Third parties		13,956,550	14,452,138	15,777,986
		14,355,634	14,872,687	16,038,407
Less: Unamortized interest, unrealized gain from increase in value of securities and allowance for possible losses		(1,850,905)	(1,860,559)	(1,904,968)
Net		12,504,729	13,012,128	14,133,439
Government Recapitalization Bonds	2h, 2o, 7, 48	93,081,021	122,906,853	150,332,380
Other Receivables - Trade Transactions - net of allowance for possible losses of Rp124,472, Rp85,309 and Rp40,802 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2i, 2o, 8	1,939,179	1,406,422	573,185
Securities Purchased with Agreements to Resell - net of allowance for possible losses of Rp4,800 as of December 31, 2004	2j, 2o, 9	703,334	-	-
Derivative Receivables - net of allowance for possible losses of Rp2,881, Rp10,343 and Rp4,198 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2k, 2o, 10	285,256	1,039,791	417,761
Loans	2l, 2o, 11, 48			
Related parties		952,277	1,019,902	1,018,631
Third parties		93,450,288	74,922,718	68,385,282
		94,402,565	75,942,620	69,403,913
Less: Allowance for possible losses		(8,470,700)	(8,890,383)	(9,879,080)
Deferred income		(164,964)	(209,573)	(203,946)
Net		85,766,901	66,842,664	59,320,887

The accompanying notes form an integral part of these consolidated financial statements.

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2004	December 31, 2003	April 30, 2003
				After Quasi- Reorganization
ASSETS (continued)				
Acceptances Receivable - net of allowance for possible losses of Rp147,286, Rp148,762 and Rp103,404 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2m, 2o, 12	5,094,102	3,116,110	2,688,233
Investments in Shares of Stock - net of allowance for possible losses of Rp78,145, Rp89,693 and Rp27,633 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2n, 2o, 13	8,849	12,722	122,271
Premises and Equipment - net of accumulated depreciation and amortization of Rp2,341,950, Rp1,861,272 and Rp1,642,699 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2p, 14	5,483,628	5,384,372	2,043,088
Deferred Tax Assets - net	2v, 27e	2,252,144	2,338,107	2,923,968
Other Assets	2q, 2r, 15, 48			
Receivables		3,256,714	2,819,848	2,810,862
Accrued income		1,145,139	1,634,516	3,232,512
Others - net		3,378,047	4,065,418	3,765,374
Total Other Assets		7,779,900	8,519,782	9,808,748
TOTAL ASSETS		248,155,827	249,435,554	261,285,909

The accompanying notes form an integral part of these consolidated financial statements.

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2004	December 31, 2003	April 30, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Liabilities Immediately Payable		546,277	889,710	443,908
Deposits from Customers				
Demand deposits	2s, 16, 48	62,412	11,854	27,545
Related parties		41,020,918	38,219,802	33,440,174
Third parties				
Savings deposits	2s, 17, 48	41,083,330	38,231,656	33,467,719
Related parties		15,467	8,769	2,406
Third parties		53,517,935	41,298,664	30,127,930
Time deposits	2s, 18, 48	53,533,402	41,307,433	30,130,336
Related parties		35,997	354,490	1,813,676
Third parties		81,185,617	98,917,175	121,812,667
		81,221,614	99,271,665	123,626,343
Certificates of deposit – net of unamortized interest of RpNil, Rp7 and Rp20 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2s	25	36	119
Total Deposits from Customers		175,838,371	178,810,790	187,224,517
Deposits from Other Banks				
Demand deposits	2t, 19	970,816	611,864	285,423
Inter-bank call money	2t, 20	1,964,360	1,022,441	1,574,947
Time deposits	2t, 21	9,104,019	10,042,215	11,930,461
Total Deposits from Other Banks		12,039,195	11,676,520	13,790,831
Securities Sold with Agreements to Repurchase	2j, 10, 22	2,913,632	4,405,677	735,000
Derivative Payables	2k, 10, 22	66,968	23,777	13,128
Acceptances Payable	2m, 23	5,241,388	3,264,872	2,791,637
Securities Issued - net of unamortized discount of Rp11,136, Rp11,609 and Rp15,428 as of December 31, 2004 and 2003, and April 30, 2003, respectively	2u, 24	3,993,980	4,312,612	4,053,877
Fund Borrowings	25	7,066,493	8,535,169	12,658,279
Estimated Losses on Commitments and Contingencies	2o, 26, 46	565,898	572,267	1,488,315
Accrued Expenses		729,753	517,338	974,474
Taxes Payable	2v, 27a	496,124	601,304	1,091,009
Other Liabilities	2n, 2y, 28	5,649,817	7,415,961	9,906,046
Subordinated Loans	2r, 29	6,816,206	5,118,484	5,901,077
Loan Capital	2r, 30	1,253,475	2,892,375	2,926,193
TOTAL LIABILITIES		223,217,577	229,036,856	243,998,291

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2004	December 31, 2003	April 30, 2003
				After Quasi- Reorganization
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)				
Minority Interests in Net Assets of Consolidated Subsidiaries	31	3,543	3,473	3,238
SHAREHOLDERS' EQUITY				
Share Capital - Rp500 (full amount) par value per share (April 30, 2003: Rp1,000,000 (full amount) par value per share); Authorized capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B (April 30, 2003: 16,000,000 shares); Issued and fully paid-up capital - 1 share Dwiwarna Series A and 20,132,854,872 common shares Series B (December 31, 2003: 1 share Dwiwarna Series A and 19,999,999,999 common shares Series B and April 30, 2003: 4,251,000 shares)	32a	10,066,427	10,000,000	4,251,000
Additional Paid-in Capital/Agio	2ad, 32b, 60	5,967,897	5,926,418	10,675,418
Differences Arising from Translation of Foreign Currency Financial Statements	2b	72,554	34,462	48,498
Unrealized (Losses)/Gains on Available-for-Sale Securities and Government Recapitalization Bonds	2g, 2h	(404,001)	(1,860,850)	1,299,676
Premises and Equipment Revaluation Increment	2p, 14, 32c	3,056,724	3,056,724	9,788
Share Options	2z, 33	13,831	9,897	-
Retained Earnings - (Accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganization as of April 30, 2003)	32d	747,000	-	1,000,000
Appropriated	2ad, 32d, 60	5,414,275	3,228,574	-
Unappropriated				
Total Retained Earnings		6,161,275	3,228,574	1,000,000
TOTAL SHAREHOLDERS' EQUITY		24,934,707	20,395,225	17,284,380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		248,155,827	249,435,554	261,285,909

The accompanying notes form an integral part of these consolidated financial statements.

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>Year Ended December 31, 2004</u>	<u>Year Ended December 31, 2003</u>	<u>Eight-Month Period Ended December 31, 2003</u>	<u>Four-Month Period Ended April 30, 2003</u>
INCOME AND EXPENSES FROM OPERATIONS					
Interest Income	2l, 34				
Interest income	2w	18,637,776	25,061,995	15,720,201	9,341,794
Fees and commissions on loan facilities	2x	507,394	495,060	317,582	177,478
Total Interest Income		19,145,170	25,557,055	16,037,783	9,519,272
Interest Expense					
Interest expense	2w, 35	(9,522,533)	(17,437,715)	(10,358,128)	(7,079,587)
Other financing expenses		(156,869)	(112,533)	(81,198)	(31,335)
Total Interest Expense		(9,679,402)	(17,550,248)	(10,439,326)	(7,110,922)
NET INTEREST INCOME		9,465,768	8,006,807	5,598,457	2,408,350
Other Operating Income					
Foreign exchange gains - net	2c, 2h	402,038	113,750	33,206	80,544
Other fees and commissions	2x	1,360,382	923,891	727,121	196,770
Others	36	702,317	635,952	465,530	170,422
Total Other Operating Income		2,464,737	1,673,593	1,225,857	447,736
Provision for Possible Losses on Earning Assets	2o, 37	(371,517)	(1,179,414)	(645,063)	(534,351)
Reversal of/(Addition to) Estimated Losses on Commitments and Contingencies	2o, 26c	37,923	641,113	846,430	(205,317)
Reversal of Allowance for Possible Losses - Others	15, 38	309,172	320,737	203,375	117,362
Gains/(Losses) from Increase/(Decrease) in Value of Securities and Government Recapitalization Bonds - net	2g, 2h, 39	66,272	(50,942)	(768,240)	717,298
Gains from Sale of Securities and Government Recapitalization Bonds	2g, 2h, 40	1,584,235	2,123,438	1,799,016	324,422
Other Operating Expenses					
General and administrative expenses	2p, 2ae, 41	(2,988,672)	(2,249,542)	(1,706,621)	(542,921)
Salaries and employee benefits	2y, 2z, 2ae,	(2,401,757)	(1,664,950)	(1,052,113)	(612,837)
Others - net	33, 42, 43, 48 44	(645,562)	(807,278)	(502,483)	(304,795)
Total Other Operating Expenses		(6,035,991)	(4,721,770)	(3,261,217)	(1,460,553)
PROFIT FROM OPERATIONS		7,520,599	6,813,562	4,998,615	1,814,947
Non-operating Income - net	45	4,403	217,962	135,992	81,970

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS (continued)
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>Year Ended December 31, 2004</u>	<u>Year Ended December 31, 2003</u>	<u>Eight-Month Period Ended December 31, 2003</u>	<u>Four-Month Period Ended April 30, 2003</u>
			For Comparative Purposes		
PROFIT BEFORE CORPORATE INCOME TAX EXPENSE AND MINORITY INTERESTS		7,525,002	7,031,524	5,134,607	1,896,917
CORPORATE INCOME TAX (EXPENSE)/BENEFIT					
Current	2v, 27b, 27c	(2,181,011)	(2,188,877)	(1,319,937)	(868,940)
Deferred	2v, 27b, 27d	(88,290)	(256,581)	(585,861)	329,280
PROFIT BEFORE MINORITY INTERESTS		5,255,701	4,586,066	3,228,809	1,357,257
MINORITY INTERESTS IN NET (PROFIT)/LOSS OF CONSOLIDATED SUBSIDIARIES		(70)	23	(235)	258
NET PROFIT		5,255,631	4,586,089	3,228,574	1,357,515
EARNINGS PER SHARE	2aa				
Basic (full amount)		262.15	229.30	161.43	67.88
Diluted (full amount)		259.82	228.64	160.96	67.68

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and Fully Paid-up Capital	Additional Paid-in Capital /Agio *)	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized (Losses)/ Gains on Available-for-Sale Securities and Government Recapitalization Bonds	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings/(Accumulated Losses)			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2003	4,251,000	173,550,319	64,164	(2,138,186)	9,788	-	2,099,638	(163,402,213)	(161,302,575)	14,434,510
General and specific reserves allocated from 2002 net profit	32d	-	-	-	-	-	1,055,748	(1,055,748)	-	-
Dividends allocated from 2002 net profit	32d	-	-	-	-	-	-	(1,792,794)	(1,792,794)	(1,792,794)
Allocation for small industry and cooperative development fund ("PUKK"), environmental development fund, directors' and commissioners' bonuses (tantiem) and incentive bonuses from 2002 net profit	32d	-	-	-	-	-	-	(137,047)	(137,047)	(137,047)
Reduction in differences arising from the translation of foreign currency financial statements	2b	-	(15,666)	-	-	-	-	-	-	(15,666)
Unrealized gain on available-for-sale securities and Government Recapitalization Bonds	2g, 2h	-	-	3,437,862	-	-	-	-	-	3,437,862
Net profit for the four-month period ended April 30, 2003		-	-	-	-	-	-	1,357,515	1,357,515	1,357,515
Balance as of April 30, 2003 before quasi-reorganization		4,251,000	173,550,319	48,498	1,299,676	9,788	3,155,386	(165,030,287)	(161,874,901)	17,284,380
Elimination of accumulated losses against additional paid-in capital/ agio due to quasi-reorganization	2ad, 32b, 60	-	(162,874,901)	-	-	-	(2,155,386)	165,030,287	162,874,901	-
Balance as of April 30, 2003 after quasi-reorganization		4,251,000	10,675,418	48,498	1,299,676	9,788	1,000,000	-	1,000,000	17,284,380

*) Agio represents paid-up capital in excess of par value.

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and Fully Paid-up Capital	Additional Paid-in Capital /Agio *)	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized (Losses)/ Gains on Available-for-Sale Securities and Government Recapitalization Bonds	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as of April 30, 2003 after quasi-reorganization	4,251,000	10,675,418	48,498	1,299,676	9,788	-	1,000,000	-	1,000,000	17,284,380
Conversion of issued and fully paid-up capital to additional paid-in capital	32a	(251,000)	251,000	-	-	-	-	-	-	-
Conversion of appropriated retained earnings to issued and fully paid-up capital	32a	1,000,000	-	-	-	-	(1,000,000)	-	(1,000,000)	-
Conversion of additional paid-in capital/agio to issued and fully paid-up capital	32a	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Additional premises and equipment revaluation increment	2p, 14a, 32c	-	-	-	3,046,936	-	-	-	-	3,046,936
Reduction in differences arising from translation of foreign currency financial statements	2b	-	-	(14,036)	-	-	-	-	-	(14,036)
Unrealized losses on available-for-sale securities and Government Recapitalization Bonds	2g, 2h	-	-	-	(3,160,526)	-	-	-	-	(3,160,526)
Recognition of share options arising from the Management Stock Option Plan	2z, 33	-	-	-	-	9,897	-	-	-	9,897
Net profit for the eight-month period ended December 31, 2003		-	-	-	-	-	-	3,228,574	3,228,574	3,228,574
Balance as of December 31, 2003		10,000,000	5,926,418	34,462	(1,860,850)	3,056,724	9,897	-	3,228,574	20,395,225

*) Agio represents paid-up capital in excess of par value.

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PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-up Capital	Additional Paid-in Capital /Agio *)	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized (Losses)/ Gains on Available-for-Sale Securities and Government Recapitalization Bonds	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings			Total Shareholders' Equity
								Appropriated	Unappropriated	Total	
Balance as of December 31, 2003		10,000,000	5,926,418	34,462	(1,860,850)	3,056,724	9,897	-	3,228,574	3,228,574	20,395,225
Additional share capital issued and fully paid-up arising from the exercise of certain options under the Management Stock Option Plan (MSOP)	32a	66,427	-	-	-	-	-	-	-	-	66,427
Additional paid-in capital/agio arising from the exercise of certain options under the Management Stock Option Plan (MSOP)	32b	-	41,479	-	-	-	-	-	-	-	41,479
General and specific reserves allocated from 2003 profit	32d	-	-	-	-	-	-	747,000	(747,000)	-	-
Dividends allocated from 2003 net profit	32d	-	-	-	-	-	-	-	(2,300,000)	(2,300,000)	(2,300,000)
Directors' and commissioners' bonuses (tantien) from 2003 net profit	32d	-	-	-	-	-	-	-	(22,930)	(22,930)	(22,930)
Addition to differences arising from translation of foreign currency financial statements	2b	-	-	38,092	-	-	-	-	-	-	38,092
Unrealized gains on available-for-sale securities and recapitalization Government Bonds	2g, 2h	-	-	-	1,456,849	-	-	-	-	-	1,456,849
Recognition of share options arising from the Management Stock Option Plan (MSOP)	2z, 33	-	-	-	-	-	3,934	-	-	-	3,934
Net profit for the year		-	-	-	-	-	-	-	5,255,631	5,255,631	5,255,631
Balance as of December 31, 2004		10,066,427	5,967,897	72,554	(404,001)	3,056,724	13,831	747,000	5,414,275	6,161,275	24,934,707

*) Agio represents paid-up capital in excess of par value.

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
		For Comparative Purposes		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest income	19,127,153	25,529,682	17,318,196	8,211,486
Receipts from fees and commissions	1,867,776	1,418,951	1,044,703	374,248
Payments of interest expense	(9,379,776)	(17,823,621)	(10,815,264)	(7,008,357)
Payments of other financing expenses	(87,211)	(112,533)	(81,198)	(31,335)
Gains from sale of securities and Government Recapitalization Bonds	1,584,235	2,123,438	1,799,016	324,422
Foreign exchange gains - net	1,341,409	732,063	59,362	672,701
Operating income - others	524,185	557,873	363,084	194,789
Operating expenses - others	(929,865)	(426,165)	(143,401)	(282,764)
Salaries and employee benefits	(1,849,968)	(1,459,469)	(940,043)	(519,426)
General and administrative expenses	(2,379,406)	(1,781,336)	(1,329,285)	(452,051)
Non-operating income/(expense) - others	(374,300)	182,169	95,134	87,035
Profit before changes in operating activities	9,444,232	8,941,052	7,370,304	1,570,748
(Increase)/decrease in operating assets:				
Placements with Bank Indonesia and other banks	(4,062,802)	4,691,360	(3,116,900)	7,808,260
Securities - trading portfolio	1,399,944	(1,408,760)	(1,203,102)	(205,658)
Sale of Government Recapitalization Bonds - trading portfolio	32,227,128	26,162,064	26,080,865	81,199
Other receivables - trade transactions	(571,920)	(767,456)	(877,744)	110,288
Loans	(17,648,296)	(14,088,922)	(9,502,049)	(4,586,873)
Proceeds from collection of earning assets already written-off	1,104,990	1,240,118	902,200	337,918
Other assets	702,714	(738,452)	369,766	(1,108,218)
Increase/(decrease) in operating liabilities:				
Demand deposits	2,279,396	5,670,166	5,090,378	579,788
Savings deposits	12,225,969	11,381,243	11,177,097	204,146
Time deposits	(20,750,172)	(23,717,888)	(26,242,924)	2,525,036
Certificates of deposit	(11)	(78,877)	(83)	(78,794)
Inter-bank call money	941,919	225,886	(552,506)	778,392
Liabilities immediately payable	(378,180)	819,162	445,802	373,360
Taxes payable	(2,291,304)	(1,883,523)	(1,809,643)	(73,880)
Other liabilities	(1,106,639)	815,540	(771,337)	1,586,877
Estimated losses on commitments and contingencies	(37,923)	(641,113)	(846,341)	205,228
Differences arising from translation of foreign currency financial statements	38,092	(29,702)	(14,036)	(15,666)
Net cash provided by operating activities	13,517,137	16,591,898	6,499,747	10,092,151
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease/(Increase) in securities - held-to-maturity portfolio	(928,921)	(8,780,375)	1,457,692	(10,238,067)
Redemption of matured Government recapitalization bonds	6,843,983	6,414,666	5,010,603	1,404,063
Additions to Government recapitalization bonds	(6,843,983)	(6,414,666)	(5,010,603)	(1,404,063)
Purchase of Government recapitalization bonds	(286,700)	(465,354)	(465,354)	-
Purchase of securities with agreements to resell	(708,134)	-	-	-
Decrease in investments in shares of stock	36,036	36,132	36,132	-
Proceeds from sale of premises and equipment	447,915	210,268	210,268	-
Acquisition of premises and equipment	(708,521)	(956,458)	(773,922)	(182,536)
Net cash used in investing activities	(2,148,325)	(9,955,787)	464,816	(10,420,603)

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended December 31, 2004 and
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
		For Comparative Purposes		
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in minority interests in net assets of consolidated subsidiaries	70	(23)	235	(258)
(Decrease)/increase in securities issued	(752,210)	2,838,371	258,735	2,579,636
Decrease in fund borrowings	(2,018,893)	(4,382,083)	(3,719,606)	(662,477)
Decrease in subordinated loans (Repurchase)/sales of securities sold with agreements to repurchase	(417,566)	(1,055,428)	(697,723)	(357,705)
Payments of dividends, PUKK, environmental development fund and tantiem	(1,492,045)	2,935,677	2,935,677	-
Return of additional paid-in capital to the Government based on 2002 approval	(2,322,930)	(2,929,841)	(2,929,841)	-
Net cash (used in)/provided by financing activities	-	(1,412,000)	-	(1,412,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,003,574)	(4,005,327)	(4,152,523)	147,196
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,365,238	2,630,784	2,812,040	(181,256)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,718,045	12,087,261	11,906,005	12,087,261
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,083,283	14,718,045	14,718,045	11,906,005
Cash and cash equivalents at end of period consists of:				
Cash (Note 2e)	2,439,465	2,228,671	2,228,671	1,846,539
Current accounts with Bank Indonesia (Notes 2e and 3)	15,986,630	12,157,316	12,157,316	9,643,221
Current accounts with other banks (Notes 2e and 4)	657,188	332,058	332,058	416,245
Total Cash and Cash Equivalents	19,083,283	14,718,045	14,718,045	11,906,005
SUPPLEMENTAL NON-CASH FLOW INFORMATION:				
Activities not affecting cash flows:				
Elimination of accumulated losses against additional paid-up capital/agio as a result of quasi-reorganization	-	-	-	162,874,901
Unrealized gains/(losses) on available-for-sale securities and Government Recapitalization Bonds	1,368,289	226,394	(3,928,766)	4,155,160
Reprofiling of Government Recapitalization Bonds	-	16,783,377	-	16,783,377
Reserve for dividends, PUKK, environmental development fund, tantiem and incentive bonuses from 2002 net profit	-	(1,929,841)	-	(1,929,841)
Reclassification of loan capital to subordinated loans	1,755,000	-	-	-

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as "Bank Mandiri" or the "Bank") was established in the Republic of Indonesia on October 2, 1998 under Government Regulation No. 75 of 1998 dated October 1, 1998 and based on notarial deed No. 10 of Sutjipto, S.H. dated October 2, 1998. The deed of establishment was approved by the Minister of Justice in 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 the former PT Bank Bumi Daya (Persero) (BBD), former PT Bank Dagang Negara (Persero) (BDN), former PT Bank Ekspor Impor Indonesia (Persero) (BankExim) and former 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 operations on August 1, 1999.

Bank Mandiri's Articles of Association have been amended several times. The most recent change is by notarial deed No. 43 of Sutjipto, S.H. dated November 10, 2004 which was approved by the Minister of Justice and Human Rights per decision letter No. C-29749.HT.01.04.TH.2004 dated December 8, 2004. The amendment is in respect of the increase in issued and fully paid-up capital by Rp47,065 and additional agio of Rp22,826 arising from the exercise of 94,129,009 stock options under the Management Stock Option Plan (MSOP) program as of September 30, 2004. The increase of agio represents the difference between the fair and market values of MSOP shares and nominal value per share. This change is still in process of being published in a Supplement of the State Gazette.

On January 26, 2005, the Bank's Articles of Association was amended per Notarial Deed No. 108 of Sutjipto, S.H. and approved by the Minister of Justice and Human Rights No. C-03680.HT.01.04.TH.2005. The amendment was in respect of the implementation of the MSOP based on the exercise of 38,725,863 stock options during period October 1, 2004 through December 31, 2004 which resulted to the increase in issued and fully paid-up capital, and agio by Rp28,754 and Rp19,363, respectively. Therefore the total stock options exercise during the year ended December 31, 2004 was 132,854,872 stock options (Note 33) which resulted to the increase in issued and fully paid-up capital by Rp66,427, and additional agio of Rp41,479. The increase in agio represents the difference between the fair and market values of MSOP shares and nominal value per share (Notes 32a and b).

b. Merger

At the end of February 1998, the Government announced its plan to restructure the Merged Banks.

In connection with such restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government of the Republic of Indonesia's shares of stock in the Merged Banks (Note 32). Due to the impracticability of measurement, the difference between the transfer price and the book value of the shares of stock at the time of the acquisition was not determined. All losses incurred during the year of acquisition were taken into account in the Recapitalization Program.

The above-mentioned restructuring plan provided for the merger of the Merged Banks into Bank Mandiri in July 1999 and the recapitalization of Bank Mandiri. The restructuring of the Merged Banks and Bank Mandiri also covered the following:

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003, and April 30, 2003
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1. GENERAL (continued)

b. Merger (continued)

- Restructuring of loans.
- Restructuring of non-loan assets.
- Rationalization of domestic and overseas offices.
- Rationalization of human resources.

Based on the Merger Deed No. 100 of Sutjipto, S.H. dated July 24, 1999 the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalized by the Minister of Justice 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 his decision letter No. 1/9/KEP.GBI/1999 dated July 29, 1999. The merger was declared effective by the Chief of the South Jakarta Office of the Minister of Industry and Trade in his decision letter No. 09031827089 dated July 31, 1999.

Effective from the date of the merger:

- All of the assets and liabilities of the Merged Banks were transferred to Bank Mandiri, the surviving bank.
- All operations and business activities of the Merged Banks were transferred to and continued by Bank Mandiri.
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to one share for each Merged Bank representing the remaining shares of the Government in the Merged Banks (Note 32).

Effective on the same date, the Merged Banks were legally dissolved without the process of liquidation and Bank Mandiri, as the surviving bank, received the rights and obligations of the Merged Banks.

c. Recapitalization

In response to the effects of the adverse economic conditions in Indonesia on the banking sector (Note 58), on December 31, 1998, the Government issued Regulation No. 84 of 1998 concerning its Recapitalization Program for Commercial Banks, which was designed to increase the paid-up capital of commercial banks to enable them to meet the minimum required capital adequacy ratio (CAR). The eligibility of commercial banks for inclusion in the Recapitalization 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 Minister of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalization Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks and Commercial Banks that have been taken over by the Indonesian Bank Restructuring Agency (IBRA).

On May 28, 1999 the Government issued Government Regulation (PP) No. 52/1999 that provided for the increase in the Government of the Republic of Indonesia's capital participation in Bank Mandiri through Government Recapitalization Bonds to be issued by the Minister 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 Minister of Finance and the Governor of Bank Indonesia.

During the period the above-mentioned bonds were not yet issued, Bank Mandiri accounted for such bonds as "Due from the Government" in the amount of Rp137,800,000 in accordance with the Government's commitment through the Minister of Finance's letter No. S-360/MK.017/1999 dated September 29, 1999 and the approval of the Minister of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

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1. GENERAL (continued)

c. Recapitalization (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 the Republic of Indonesia's investment in Bank Mandiri, Bank Indonesia agreed that the above receivable be included in Bank Mandiri's core capital ("Tier 1") for purposes of calculating its capital adequacy ratio (CAR) as of July 31, 1999 through September 30, 1999, subject to the 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 of the Republic of Indonesia in Bank Mandiri within the framework of the Recapitalization Program, the Government of the Republic of Indonesia increased its investment to a maximum of Rp42,200,000, such that the total maximum investment would amount to Rp180,000,000.

In connection with the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in accordance with the Interim Recapitalization Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalization Bonds ("Recap Bonds") in 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 Recapitalization Bonds issued in accordance with the aforementioned Agreements amounted to Rp178,000,000 (Note 7).

Based on the Management Contract dated April 8, 2000, between Bank Mandiri and the Government, the total amount of recapitalization required by Bank Mandiri was Rp173,931,000, or less than the amount of the Recapitalization Bonds. Of such excess, Rp1,412,000 is to be retained as additional paid-in capital, and the balance of Rp2,657,000 was returned to the Government on July 7, 2000 in the form of Recapitalization Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the decision letter of the Minister of Finance No. S-174/MK.01/2003 dated April 24, 2003 regarding the return of the excess Government Recapitalization Bonds, which was previously retained as additional paid-in capital, Government Recapitalization Bonds amounting to Rp1,412,000 were returned to the Government on April 25, 2003 (Note 32).

On May 23, 2003, the Minister of Finance issued decrees (KMK-RI) No. 227/KMK.02/2003 and No. 420/KMK-02/2003 dated September 30, 2003 confirming among others the final amount of the Government's participation in Bank Mandiri in the amount of Rp173,801,315 (Note 32).

d. Initial Public Offering of the Bank's Shares

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to the Capital Market Supervisory Board (Bapepam) on June 2, 2003. The Registration Statement became effective based on the decision letter of the Chairman of Bapepam No. S-1551/PM/2003 dated June 27, 2003.

On July 14, 2003, Bank Mandiri made an IPO of its 4,000,000,000 shares, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The offering of 4,000,000,000 shares of the Bank represents a divestment of 20% of the ownership of the Government of the Republic of Indonesia in Bank Mandiri (Note 32a).

On July 14, 2003, 19,800,000,000 of Bank Mandiri's shares 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 Bursa Efek Surabaya's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated July 10, 2003.

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1. GENERAL (continued)

d. Initial Public Offering of the Bank's Shares (continued)

Based on an amendment to the Articles of Association approved by the Minister of Justice and Human Rights in his decision letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 that was published in Supplement No. 6590 of State Gazette No. 63 dated August 8, 2003, the Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk.

e. Quasi-Reorganization

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook a quasi-reorganization as approved in the Shareholder's Extraordinary General Meeting (RUPSLB) on May 29, 2003.

The quasi-reorganization adjustments resulted in the accumulated losses of Rp162,874,901 as at April 30, 2003 being eliminated against additional paid-in capital/agio.

Bank Mandiri's Articles of Association were amended to reflect the change in additional paid-up capital as a result of quasi-reorganization, by notarial deed No. 130 of Sutjipto, S.H. dated September 29, 2003 which was approved by the Minister of Justice and Human Rights in his decision letter No. C-25309.HT.01.04.TH.2003 dated October 23, 2003 and was published in Supplement No. 93 of State Gazette No. 910 dated October 23, 2003.

On October 30, 2003, an Extraordinary Shareholders' General Meeting (RUPSLB) approved the Quasi-Reorganization as at April 30, 2003. The minutes of the RUPSLB were notarized by Notary Sutjipto S.H. in notarial deed No. 165 dated October 30, 2003.

See Note 60 for details of the implementation of the quasi-reorganization.

f. Divestment of Government Share Ownership

On March 11, 2004, the Government divested a further 10% shareholding involving 2,000,000,000 of its shares in Bank Mandiri through private placements (Note 32).

g. Structure and Management

Bank Mandiri's head office is located in Jakarta, Indonesia. As of December 31, 2004 and 2003, and April 30, 2003, Bank Mandiri had the following domestic and offshore structure:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Domestic Regional Branches	10	10	10
Domestic Branches:			
Hubs	54	54	54
Community Branches	95	72	-
Spokes	336	350	421
Cash Outlets	304	254	216
	<u>789</u>	<u>730</u>	<u>691</u>
Offshore Branches	4	4	3
Representative Office	1	1	-

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1. GENERAL (continued)

g. Structure and Management (continued)

As of April 30, 2003, Bank Mandiri had offshore branches located in Grand Cayman, Singapore and Hong Kong. The Bank further opened an offshore branch in Timor Leste and a representative office in Shanghai, China as of December 31, 2004 and 2003.

The members of the Boards of Commissioners and Directors of Bank Mandiri as of December 31, 2004 and 2003, and April 30, 2003 are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
<u>Board of Commissioners</u>			
Chairman	: Binhadi	Binhadi	Binhadi
Deputy Chairman	: Markus Parmadi **)	Markus Parmadi **)	-
Commissioner	: Darmin Nasution	Darmin Nasution	Soedarjono
Commissioner	: Arie Soelendro	Arie Soelendro	Markus Parmadi
Commissioner	: Fransiska Oei	Mohammad Syahril	Sabana Kartasasmita
Independent Commissioner	: A. Tony Prasetyantono	A. Tony Prasetyantono	-
Independent Commissioner	: Riswinandi	Riswinandi	-
<u>Board of Directors</u>			
President Director	: E.C.W. Neloe	E.C.W. Neloe	E.C.W. Neloe
Deputy President Director	: I Wayan Pugeg	I Wayan Pugeg	-
Director	: I Wayan Agus Mertayasa	I Wayan Agus Mertayasa	I Wayan Pugeg
Director	: M. Sholeh Tasripan	M. Sholeh Tasripan	I Wayan Agus Mertayasa
Director	: Omar Sjawaldy Anwar	Omar Sjawaldy Anwar	M. Sholeh Tasripan
Director	: Ventje Rahardjo	Ventje Rahardjo	Omar Sjawaldy Anwar
Director	: Nimrod Sitorus*)	Nimrod Sitorus*)	Nimrod Sitorus*)
Director	: Johannes Bambang Kendarto	Johanes Bambang Kendarto	Ventje Rahardjo
Director	: Zulkifli Zaini	Zulkifli Zaini	Johanes Bambang Kendarto

*) also appointed as Compliance Director and Corporate Secretary.

***) also appointed as Independent Commissioner.

Bank Mandiri's Audit Committee as of December 31, 2004 and 2003, and April 30, 2003 is comprised of the following members:

	December 31, 2004	December 31, 2003	April 30, 2003
Chairman	: Markus Parmadi	Markus Parmadi	Soedarjono
Member	: Zulkifli Djaelani	Zulkifli Djaelani	Soejatna Soenoesoebrata
Member	: Imam Sukarno	Imam Sukarno	Zulkifli Djaelani
Member	: Fransiska Oei		
Member	: Riswinandi		

As of December 31, 2004 and 2003, and April 30, 2003 Bank Mandiri has a total of 19,693, 18,397 and 17,780 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of Bank Mandiri and Subsidiaries have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 31 (Revised 2000), "Accounting for the Banking Industry" and other generally accepted accounting principles established by the Indonesian Institute of Accountants and, where applicable, with prevailing banking industry practices and accounting and reporting guidelines prescribed by the Indonesian banking regulatory authority and the Capital Market Supervisory Board.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements (continued)

The consolidated financial statements have been prepared on the historical cost and accrual basis of accounting, except for trading and available-for-sale securities and Government Recapitalization Bonds and derivative receivables and payables which are stated at fair value, hedge bonds which are stated at indexed value, certain investments in shares of stock which are accounted for under the equity method, and certain premises and equipment which have been revalued.

The consolidated statements of cash flows are presented under the direct method which classifies cash receipts and payments on the basis of operating, investing and financing activities. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, current accounts with Bank Indonesia and current accounts with other banks.

b. Principles of Consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries. Control is presumed to exist where more than 50% of a Subsidiary's voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary's board of directors. Significant inter-company balances and transactions have been eliminated.

Subsidiaries included in the consolidated financial statements as of December 31, 2004 and 2003, and April 30, 2003 are as follows:

Name of Subsidiary	Nature of Business	Domicile	Percentage of Ownership		
			December 31, 2004	December 31, 2003	April 30, 2003
Bank Mandiri (Europe) Limited	Commercial Banking	London	100.00	100.00	100.00
PT Bank Syariah Mandiri (BSM)	Syariah Banking	Jakarta	99.99	99.99	99.99
PT Usaha Gedung Bank Dagang Negara	Property Management	Jakarta	99.00	99.00	99.00
PT Mandiri Sekuritas	Securities	Jakarta	95.68	95.68	95.68
PT Bumi Daya Plaza	Property Management	Jakarta	93.33	93.33	93.33
PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri)	Insurance	Jakarta	49.00*	49.00*	100.00

*) 51% ownership interest was sold to National Mutual Fund International Pty. Ltd., a member of the AXA Group effective November 5, 2003, therefore, the financial statements of PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri) as of December 31, 2004 and 2003 were not consolidated.

Bank Mandiri Europe Limited (BMEL) was incorporated 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 effective July 31, 1999. BMEL was mandated to act as a commercial bank to represent the interests of Bank Mandiri. The registered office of BMEL is in London, United Kingdom.

PT Bank Syariah Mandiri (BSM) was established in the Republic of Indonesia on August 10, 1973 under the name of PT Bank Susila Bhakti, a subsidiary of BDN, based on notarial deed No. 146 of R. Soeratman. The Company's name changed several times, the latest of these changes was based on notarial deed No. 23 of Sutjipto, S.H. dated September 8, 1999, whereby its name was changed to PT Bank Syariah Mandiri. The Company is engaged in banking activities in accordance with "Syariah" banking principles.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

PT Usaha Gedung Bank Dagang Negara was established in the Republic of Indonesia on October 29, 1971 based on notarial deed No. 104 of Abdul Latief, S.H. dated October 29, 1971. The Company is engaged in property management and office rental activities, which involve the Company's and its Subsidiaries' offices, and other offices. It owns 75% of the share capital of PT Pengelola Harta Tetap Mandiri (PHTM), a company primarily established to manage and sell the non-core fixed assets of Bank Mandiri, and 25% of the share capital of PT Pengelola Investama Mandiri (PIM), a company primarily established to manage the investments in shares of stock of Bank Mandiri.

PT Mandiri Sekuritas was established in the Republic of Indonesia on July 31, 2000 based on notarial deed No. 116 of Ny. Vita Buena, S.H. replacing Sutjipto, S.H. It was established through the merger of PT Bumi Daya Sekuritas, PT Exim Sekuritas and PT Merincorp Securindo. The merger was approved by the Minister of Laws and Regulations of the Republic of Indonesia on August 25, 2000 based on decision letter No. C-18762.HT.01.01-TH.2000. PT Mandiri Sekuritas owns 99.9% of the share capital of PT Mandiri Manajemen Investasi, a subsidiary established on October 26, 2004 engaged in investment management and advisory activities.

PT Bumi Daya Plaza was established in the Republic of Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H. dated December 22, 1978. The Company is engaged in property management and rental activities. It owns 75% of the share capital of PIM and 25% of the share capital of PHTM.

PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri) was established in the Republic of Indonesia on September 30, 1991 based on notarial deed No. 179 of Muhani Salim, S.H. dated September 30, 1991 with the name of PT Asuransi Jiwa Staco Raharja. Based on the Extraordinary General Shareholders' Meeting held on January 31, 2002, the name of the Company was changed from PT Asuransi Jiwa Staco Raharja to PT Asuransi Jiwa Mandiri. In accordance with Article 3 of the Company's Articles of Association, the Company is engaged in life insurance activities. In order to strengthen the Company's capital structure prior to the joint venture with National Mutual Fund International Pty. Ltd., a member of the AXA Group, on September 20, 2002 and October 24, 2003, PT Asuransi Jiwa Mandiri's paid-up capital was increased by Rp10,000 and Rp28,600, respectively, as a result of the Bank's increased investment in the Company. On November 5, 2003, National Mutual Fund International Pty. Ltd. acquired 51% of the share ownership in the Company from Bank Mandiri. On the same date, Bank Mandiri and National Mutual Fund International Pty. Ltd. increased the paid-up capital of PT Asuransi Jiwa Mandiri in the amount of Rp7,777 and Rp8,095, respectively, and the Company's name was changed from PT Asuransi Jiwa Mandiri to PT AXA Mandiri Financial Services.

The total assets of the subsidiaries as of December 31, 2004 and 2003, and April 30, 2003 (prior to elimination) amounted to Rp10,197,836, Rp6,069,839 and Rp4,254,717 or 4.11%, 2.43% and 1.61% of the total consolidated assets, respectively.

For consolidation purposes, the financial statements of the overseas branches and overseas subsidiary of Bank Mandiri denominated in foreign currency are translated into Rupiah based on the following basis:

- (1) Assets, liabilities, commitments and contingencies - using the middle rates as published by Bank Indonesia at the balance sheet date.
- (2) Revenues, expenses, gains and losses - using the average middle rates during each month in the financial reporting period.
- (3) Shareholders' equity accounts - using historical rates.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

- (4) Statements of cash flows - using the middle rates as published by Bank Indonesia at the balance sheet date, except for profit and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The resulting net translation adjustment is presented as "Differences Arising from Translation of Foreign Currency Financial Statements" under the Shareholders' Equity section of the consolidated balance sheets.

As of December 31, 2004 and 2003, the financial statements of PT AXA Mandiri Financial Services were not consolidated as the Bank's ownership as of December 31, 2004 and 2003 was below 50% and the Bank does not exercise control over the entity at those dates.

If the change in ownership interests in PT AXA Mandiri Financial Services was applied as of April 30, 2003, the consolidated assets and liabilities and the consolidated net profit and shareholders' equity would be as follows:

	April 30, 2003	
	As Reported (Audited)	Without PT AXA Mandiri Financial Services
Consolidated assets	261,285,909	261,267,164
Consolidated liabilities	243,998,291	243,982,783
As of and for the Four-month Period Ended April 30, 2003		
	As Reported (Audited)	Without PT AXA Mandiri Financial Services
Consolidated net profit	1,357,515	1,357,257
Consolidated shareholders' equity	17,284,380	17,284,380

c. Foreign Currency Transactions and Balances

Bank Mandiri maintains its accounting records in Indonesian Rupiah. Transactions in currencies other than Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions. At the balance sheet date, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2004 and 2003, and April 30, 2003. The resulting gains or losses are credited or charged to the current period's profit and loss.

The exchange rates used against the Rupiah were as follows (amounts in full Rupiah):

	December 31, 2004	December 31, 2003	April 30, 2003
US Dollar 1/Rp	9,285	8,425	8,675
British Pound Sterling 1/Rp	17,908	15,057	13,836
Japanese Yen 100/Rp	9,059	7,893	7,263
Euro 1/Rp	12,660	10,649	9,657

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Transactions with Related Parties

Bank Mandiri and Subsidiaries enter into transactions with related parties as defined in SFAS No. 7 - "Related Party Disclosures".

All significant transactions with related parties, whether or not conducted under normal terms and conditions as those with third parties, are disclosed in Note 48. Transactions of Bank Mandiri with state- and regionally-owned/controlled entities including the Indonesian Bank Restructuring Agency ("IBRA") and *Unit Pelaksanaan Penjaminan Pemerintah* (a new institution that replaced IBRA) are not considered as transactions with related parties.

e. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks.

f. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks represent placements in the form of call money, "fixed-term" placements, time deposits and others.

Placements with Bank Indonesia are stated at the outstanding balances, net of the unamortized interest. Placements with other banks are stated at the outstanding balances, net of allowance for possible losses.

g. Securities

Securities consist of securities traded in the money market such as mutual fund units, Certificates of Bank Indonesia, negotiable certificates of deposit, commercial papers, money market securities, export bills and securities traded on the stock exchanges such as shares of stocks and bonds.

Securities include bonds issued by the Government, that are not related to the recapitalization program such as treasury bonds and foreign currency bonds. These bonds or notes are issued by the Government for the purpose of managing the Government's funding requirements, and are obtained through both primary and secondary markets.

Investments in mutual fund units are stated at market value, which is the net value of assets of the mutual funds at the balance sheet date. Any unrealized gains or losses at the balance sheet date are reflected in the current period's profit or loss.

The value of securities is stated based on the classification of the securities, as follows:

- (1) Trading securities are stated at fair value. The unrealized gains/losses resulting from the increase/decrease in fair value are recognized in the current period's profit and loss. Upon the sale of securities in a trading portfolio, the difference between selling price and fair value per books is recognized as a realized gain or loss on sale.
- (2) Available-for-sale securities are stated at fair value. Unrealized gains/losses resulting from the increase/decrease in fair value are not recognized in the current period's profit and loss but are presented as a separate component of shareholders' equity. Gains/losses are recognized in profit and loss upon realization.
- (3) Held-to-maturity securities are stated at cost adjusted for unamortized discounts or premiums.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Securities (continued)

For securities which are actively traded in organized financial markets, fair value is generally determined by reference to quoted market bid prices by the stock exchanges at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the assets. For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of securities. Any permanent decline in the fair value of securities held-to-maturity and available-for-sale is charged to profit and loss in the period incurred.

Securities are stated net of allowance for possible losses and unamortized interest/premium or discount. Premiums and discounts are amortized using the straight-line method.

h. Government Recapitalization Bonds

Government Recapitalization Bonds represent bonds issued by the Government in connection with the recapitalization of commercial banks. Government Recapitalization Bonds are stated based on the classification of the bonds, which accounting treatment is similar to those of securities as described in Note 2g above, except for hedge bonds which are stated at values determined by the exchange rate of the Rupiah against the US Dollar, as published by Reuters on the balance sheet date. The exchange gain or loss arising from the indexation of hedge bonds is charged to the current period's profit and loss.

For Government Recapitalization Bonds which are traded, fair value is generally determined by reference to quoted market bid prices by the stock exchanges at the close of business on the balance sheet date. For Government Recapitalization Bonds where there are no quoted market prices, a reasonable estimate of the fair value is calculated using the yield-to-maturity approach.

i. Other Receivables - Trade Transactions

Other receivables - trade transactions represent receivables resulting from contracts for trade-related facilities given to customers, which are collectible when due.

Other receivables - trade transactions are presented at their outstanding balances, net of allowance for possible losses.

j. Securities Purchased/Sold with Agreements to Resell/Repurchase

Securities purchased with agreements to resell are presented as assets in the consolidated balance sheet at their resell price less unamortized interest. The difference between the purchase price and the selling price is treated as unrealized (unamortized) interest income and is recognized as income during the period from the purchase of securities to the date of resale.

Securities sold with agreements to repurchase are presented as liabilities in the consolidated balance sheet at the repurchase price less unamortized interest. The difference between the selling price and the repurchase price is treated as a prepaid expense and is recognized as expense during the period from the sale of securities to the date of repurchase.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Derivative Receivables and Derivative Payables

All derivative instruments (including foreign currency transactions for funding and trading) are recognized in the consolidated balance sheet at their fair values. Fair value is determined based on market value, Reuters spot rate at reporting date, pricing models or quoted prices of other instruments with similar characteristics. Derivative assets and liabilities are presented at the amount of unrealized gains or losses on derivative contracts.

Gains or losses on derivative contracts are accounted for based on the purpose the Bank has designated upon acquisition as (1) fair value hedge, (2) cash flow hedge, (3) a hedge of a net investment in a foreign operation, and (4) trading instruments, as follows:

1. Gain or loss on a derivative contract designated and qualifying as a fair value hedging instrument, and the gain or loss on the revaluation of hedged assets or liabilities is recognized currently in profit and loss in the same accounting period. Gains or losses arising from such revaluations may be offset. Any difference that arises representing the effect of hedge ineffectiveness is recognized currently in profit and loss;
2. The effective portion of the gain or loss on a derivative contract designated and qualifying as a cash flow hedging instrument is reported as a component of other comprehensive income under shareholders' equity. The effect of the hedge ineffectiveness is recognized currently in profit and loss;
3. Gain or loss on a hedging derivative instrument in a hedge of a net investment in a foreign operation is reported in other comprehensive income as part of the cumulative translation adjustment under shareholders' equity to the extent it is effective as a hedge; and
4. Gain or loss on a derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognized currently in profit and loss.

l. Loans

Loans represent receivables under contracts 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.

Loans are stated at their outstanding balance less an allowance for possible loan losses.

Syndicated and channeling loans are stated at their balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are *syariah* financing which consists of *syariah* receivables, other receivables and *musyarakah* financing.

Syariah receivables result from lease transactions based on *murabahah*, *istishna*, *ijarah*, *hiwalah*, *rahn* and *qardh* agreements.

Musyarakah financing is an agreement between the investors (*mitra musyarakah*) to have a joint-venture in a partnership with profit and loss sharing based on an agreement and capital contribution proportion. *Musyarakah* financing is presented at the outstanding balance, net of allowance for possible losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Loans (continued)

Loans Purchased from IBRA

Bank Indonesia issued Regulation No. 4/7/PBI/2002 regarding "Prudential Principles for Credits Purchased by Banks from IBRA" dated September 27, 2002, which applies for all loans purchased from IBRA starting January 1, 2002.

The difference between the outstanding loan principal and purchase price is booked as deferred income if the Bank enters into a new credit agreement with the borrower, and as an allowance for possible losses if the Bank does not enter into a new credit agreement with the borrower. The allowance for loan losses or deferred income is only adjusted once the Bank has recovered the original purchase price.

Income arising from the loans purchased from IBRA is recognized on a cash basis. If the Bank enters into a new credit agreement with the borrower, any receipts from a borrower are recognized as a deduction of the outstanding principal and/or as interest income following the terms or conditions as set out in the new credit agreement. If the Bank does not enter into a new credit agreement with the borrower, any receipts from a borrower must be recognized firstly as a deduction of outstanding principal. The excess of receipts over the outstanding principal balance shall be recognized as interest income.

Bank Indonesia allows the Bank to classify all the loans purchased from IBRA as Category 1 (Current) for a period of one year from the date of booking. Thereafter, the loans are classified based on the normal loan rating guidelines of Bank Indonesia.

BI requires banks to fully recover the purchase price of the loans within five years from the date of booking. Any unpaid amount after five years should be written off by the banks.

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 in respect of modification of the terms of the loans are recognized only if the present value of total future cash receipts specified by the new terms of the loans, including both receipts designated as interest and those designated as loan principal, are less than the recorded loans before restructuring.

For loan restructurings which involve a conversion of loans into equity or other financial instruments in partial satisfaction of loans, a loss on loan restructuring is recognized only if the fair value of the equity or financial instruments received, reduced by estimated expenses to sell the equity or other financial instruments, is less than the designated loan's value.

Deferred interest, which is capitalized to receivables under new restructuring agreements, is recorded as deferred interest income and is amortized proportionately based on the amount of capitalized interest relative to the loan principal upon loan collections.

m. Acceptances Receivable and Payable

Acceptances receivable and payable are stated at the value of the letters of credit or realizable value of the letters of credit accepted by the Bank. Acceptances receivable are presented net of allowance for possible losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Investments in Shares of Stock

Investments in shares of stock represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans to equity.

Investments in shares representing ownership interests of 20% to 50%, except for investments in companies arising from conversion of loans to equity, are accounted for under the equity method. Under this method, investments are stated at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned since the acquisition date.

Temporary investments in debtor companies arising from the conversion of loans to equity are accounted for under the cost method regardless of the percentage of ownership, less an allowance for possible losses.

All other investments are carried at cost reduced by an allowance for possible losses.

Any permanent decline in the fair value of investments is deducted from the carrying value of the investments and charged to the current period's profit and loss. The Bank provides a provision for possible losses arising from obligations from investments in shares of stock. Such provision is presented under other liabilities.

o. Allowance for Possible Losses on Earning Assets and Estimated Losses on Commitments and Contingencies

Earning assets consist of current accounts with other banks, placements with Bank Indonesia and other banks, securities, Government Recapitalization Bonds, other receivables - trade transactions, securities purchased with agreements to resell, derivative receivables, loans, acceptances receivable, investments in shares of stock, and commitments and contingencies with credit-related risk.

Commitments and contingencies with credit-related risk consist of outstanding irrevocable letters of credit, outstanding letters of credit under Bank Indonesia's guarantee program, guarantees issued in the form of standby letters of credit, bank guarantees and risk sharing.

In accordance with Bank Indonesia (BI) regulations, the Bank classifies earning assets into one of five categories. Performing assets are categorized as current and special mention. Non-performing assets are divided into three categories: sub-standard, doubtful and loss.

The classification of earning assets into current, special mention, sub-standard, doubtful and loss is determined based on the evaluation of the Management of Bank Mandiri and Subsidiaries of each borrower's repayment performance, business prospects, financial condition and ability to repay, and consideration of the guidelines prescribed by Bank Indonesia regarding the quality of earning assets.

The determination of the minimum allowance for possible losses on earning assets and commitments and contingencies takes into consideration the guidelines prescribed by Bank Indonesia regarding Allowances for Possible Losses on Earning Assets, which prescribe minimum rates of allowance for possible losses on earning assets and commitments and contingencies with credit-related risk. The following table shows Bank Indonesia's minimum allowance requirements:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- o. Allowance for Possible Losses on Earning Assets and Estimated Losses on Commitments and Contingencies (continued)

<u>Classification</u>	<u>Rate</u>
Current *)	1%
Special mention	5%
Sub-standard	15%
Doubtful	50%
Loss	100%

*) Excluding Bank Indonesia Certificates of Indebtedness (SBIs), placements with Bank Indonesia, Government Recapitalization Bonds and other Government bonds.

The Bank maintains allowances that in most cases exceed Bank Indonesia's minimum allowance requirements. Also, for group borrowers, the Bank provides allowances generally based on the lowest rating within a group. The above rates of allowances for possible losses are applied as a minimum, to the outstanding balances of earning assets and commitments and contingencies with credit-related risk, net of the value of cash and certain non-cash collateral, except for earning assets classified as current and special mention for which the rate is applied to the outstanding balance.

The estimated losses on commitments and contingencies with credit-related risk is presented in the liabilities section of the consolidated balance sheets.

The outstanding balances of earning assets are written off against the respective allowance for possible losses when the management of Bank Mandiri and Subsidiaries believes that the earning assets are uncollectible. Recoveries of earning assets previously written off are recorded as an addition to the allowance for possible losses during the period. If the recovery exceeds the principal amount, the excess will be recognized as interest income.

- p. Premises and Equipment

Premises and equipment are stated at cost, except for certain premises and equipment used in operations that were revalued in 1979, 1987 and 2003 in accordance with Government regulations, less accumulated depreciation and amortization. The corresponding revaluation increments were credited to "Premises and Equipment Revaluation Increment" under the shareholders' equity in the balance sheet.

Premises and equipment, except land, are depreciated and amortized using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	20
Furniture, fixtures, office equipment and computer equipment/software	5
Vehicles	5

Construction in progress is stated at cost and is presented as part of premises and equipment. Accumulated costs are reclassified to the appropriate premises and equipment account when the assets are substantially complete and are ready for their intended use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Premises and Equipment (continued)

The cost of repairs and maintenance is expensed as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the current period's profit and loss.

The carrying amounts of fixed assets are reviewed as of each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and, when carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

q. Repossessed Assets

Repossessed assets represent loan collateral that has been acquired in settlement of loans and is included in "Other Assets". Repossessed assets are presented at their net realizable value. Realizable value is the fair value of the repossessed assets less estimated costs of liquidating the assets. Any excess of the loan balance over the value of the repossessed assets, which is not recoverable from the borrower, is charged to the allowance for possible losses. Differences between the estimated realizable value and the proceeds from sale of the repossessed assets are recognized in profit and loss at the time of sale.

Expenses for maintaining repossessed assets are recognized in the current period's profit and loss. The carrying amount of the repossessed assets is written down to recognize a permanent decline in value of the repossessed asset. Any such write down is recognized to the current period's profit and loss.

r. Other Assets

Other assets include accrued income for interest, fees and commissions, receivables, advances for purchases of loans from IBRA, prepaid taxes, prepaid expenses, repossessed assets and others.

Receivables (Note 15) arise from the recognition of the accretion in the realizable value of zero-coupon instruments and deposits placed with highly rated foreign institutions which are attached as security to the Subordinated Undated Floating Rate Notes (SUFRNs) issued by certain legacy banks, and the effective reduction of the principal liability related to another legacy bank's SUFRN. Due to the contracts governing the SUFRNs, Bank Mandiri continues to recognize the original fair value of the SUFRNs as a liability of the Bank (Notes 29 and 30).

Prepaid expenses are amortized over periods during which benefits are realized using the straight-line method.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Deposits from Customers

Demand deposits represent deposits of customers with Bank Mandiri and banking subsidiaries that may be used as instruments of payment, and which may be withdrawn at any time by cheque, automated teller machine card or other orders of payment or transfers. These are stated at nominal value.

Savings deposits represent deposits of customers with Bank Mandiri and banking subsidiaries that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments. These are stated at nominal value.

Time deposits represent deposits of customers with Bank Mandiri and banking subsidiaries that may only be withdrawn after a certain time in accordance with the agreement between the depositor and Bank Mandiri and banking subsidiaries. These are stated at the nominal amount set forth in the certificates between Bank Mandiri and banking subsidiaries and holders of time deposits.

Included in the deposits are *Syariah* deposits and unrestricted investments consisting of the following:

- a. *Wadiah* is a *wadiah yad-adhamanah* deposit in which the depositor is entitled to receive bonus income.
- b. Unrestricted investments in the form of *mudharabah* savings which entitle the depositor to receive a share of BSM's income in return for the usage of the funds in accordance with the defined terms (*nisbah*).
- c. Unrestricted investments in the form of *mudharabah* time deposits are fund deposits which entitle the depositor to receive a share of BSM's income for the usage of the funds in accordance with the defined terms (*nisbah*).

t. Deposits from Other Banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, inter-bank call money with original maturities of 90 days or less, time deposits and certificates of deposit. These are stated at the amount due to the other banks.

Deposits from other banks include *syariah* deposits in the form of *wadiah* deposits and unrestricted investments which comprise time deposits.

u. Securities Issued

Securities issued by the Bank which include floating rate notes, medium term notes and travelers' cheques, are recorded at their nominal value. Under BI requirements deposits from other banks with periods of more than 90 days are also presented as securities issued. Premiums or discounts arising from issuance of floating rate notes and medium term notes are recognized as deferred expense/income and amortized over the period of the securities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Income Tax

The Bank and Subsidiaries apply the liability method to determine income tax expense. Under the liability method, deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. This method also requires the recognition of future tax benefits, such as the carry-forward of unused tax losses, to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined.

The corporate income tax of Bank Mandiri and its Subsidiaries is computed for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities are not offset in the consolidated financial statements. Deferred tax assets are presented net of deferred tax liabilities in the consolidated balance sheets.

w. Interest Income and Interest Expense

Interest income and interest expense are recognized on an accrual basis. Interest income on non-performing earning assets is not recognized, except to the extent of cash collections received. When a loan is classified as non-performing, interest income previously recognized but not yet collected is reversed against interest income. The reversed interest income is recognized as a contingent receivable.

All receipts from credits classified as doubtful or loss must be recognized firstly as a deduction of the outstanding principal balance. The excess of receipts over the outstanding principal balance shall be recognized as interest income.

Interest receivable on non-performing assets of Bank Mandiri and its Subsidiaries is treated as off-balance sheet and is disclosed in the notes to the consolidated financial statements.

Interest income and expense include *syariah* income and expense. *Syariah* income is earned from *murabahah*, *istishna* and *ijarah* transactions and from *mudharabah* and *musyakarah* financing profit sharing income. Income from *murabahah* and *ijarah* is recognized using the accrual basis while income from *istishna* transactions and *mudharabah* and *musyakarah* financing profit sharing is recognized when cash is received as a payment of an installment. *Syariah* expense consists of expenses from *mudharabah* profit sharing and *wadiah* bonuses.

x. Fees and Commissions

Significant fees and commissions that are directly related to lending activities and/or involving specific time periods are deferred and amortized using the straight-line method over those periods. The balances of unamortized fees and commissions relating to loans settled prior to maturity are recognized in the current period's profit and loss upon settlement. Other fees and commissions are recognized as income at the transaction date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Post-Employment Benefits

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from August 1, 1999. It also supports defined benefit pension plans which were derived from each of the Merged Banks' pension plans.

Bank Mandiri recognizes a provision for post-employment benefits under the Labor Law No. 13/2003 dated March 25, 2003 regarding the settlement of labor dismissal and the stipulation of severance pay, gratuity and compensation in companies. This Law supersedes the Minister of Manpower's Decree No. Kep-150/Men/2000 dated June 20, 2000. The provision 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 deduction of accumulation of 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, the Bank will have to pay such shortage. Provision for employee service entitlements is accrued based on the results of an actuarial valuation.

z. Share Options

The Bank has granted stock options to the Directors and Senior Management at certain levels and based on certain criteria under the Management Stock Option Plan (MSOP). Stock compensation cost is calculated at the grant date using the fair value of the stock options and is recognized as part of salaries and employee benefits expense, over the vesting period of the stock options based on graded vesting. The accumulated stock compensation costs are recognized as 'Share Options' in the equity section.

The fair value of the stock options granted is based on an actuary's valuation report calculated using the Black-Scholes option pricing model.

aa. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss with the weighted average number of shares issued and fully paid-up during the related period.

Net profit used in calculating the basic earnings per share was Rp5,255,631, Rp4,586,089, Rp3,228,574 and Rp1,357,515, for the years ended December 31, 2004 and 2003, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively. The weighted-average number of outstanding shares used in computing the basic earnings per share as of December 31, 2004 and 2003, and April 30, 2003 was 20,047,890,270, 20,000,000,000 and 20,000,000,000 shares, respectively. The weighted-average number of outstanding shares used in computing the basic earnings per share as of April 30, 2003 has been adjusted to reflect the changes in issued shares as a result of the conversion of additional paid-in capital and appropriated retained earnings to issued and fully paid-up capital, and the effect of the stock split (Note 32).

The weighted-average number of outstanding shares used in computing the diluted earnings per share as of December 31, 2004 and 2003, and April 30, 2003 was 20,227,794,595, 20,058,309,357 and 20,165,217,422 shares. The weighted-average number of outstanding shares used in computing diluted earnings per share as of April 30, 2003 have been adjusted to reflect the changes in issued shares as a result of the conversion of additional paid-in capital and appropriated retained earnings to issued and fully paid-up capital, the stock split, and the issuance of share options (Notes 32 and 33).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Earnings Per Share (continued)

The weighted-average number of outstanding shares used in computing diluted earnings per share as of December 31, 2004 and 2003, have been adjusted to reflect the changes in issued shares as a result of the issuance of share options (Notes 32 and 33).

ab. Segment Information

Bank Mandiri and its Subsidiaries has presented financial information by nature of business (primary segment) and by geographical area (secondary segment). The primary segment is divided into banking, *syariah* banking, securities, insurance and others, while the secondary segment is divided into Indonesia (domestic), Asia, Europe and others.

ac. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimations and assumptions that affect the amounts reported therein. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates.

ad. Quasi-Reorganization

Based on SFAS No. 51 - "Accounting for Quasi-Reorganization", quasi-reorganization is an accounting procedure which enables a company to restructure its equity by eliminating any accumulated losses and reappraising all of its assets and liabilities without going through a legal reorganization. The quasi-reorganization applied by Bank Mandiri was performed using the accounting reorganization method in accordance with SFAS No. 21 - "Accounting for Equity", SFAS No. 51 (Prior to the 2003 Revision) - "Accounting for Quasi-Reorganization", and letter from Capital Market Supervisory Agency (Bapepam) No: S-2231/PM/2003 dated September 10, 2003 in respect of Bank Mandiri's quasi-reorganization plan.

The fair value of all assets and liabilities is determined at the quasi-reorganization date. If the fair market value is unavailable or there is no representative fair market value, the estimated fair value of an asset or liability is determined based on the fair value of other instruments which are substantially similar, estimated present value, or discounted cash flows. For certain assets and liabilities, the valuation is performed in accordance with related SFAS. Such accounts include assets and liabilities which have maturities of less than one year.

If the net assets after fair value adjustments are higher than the historical net book value at the date of the quasi-reorganization, the accumulated losses are directly eliminated against additional paid-in capital without adjusting the asset and liability accounts to their fair values. However, if the net assets after fair value adjustments are lower than the historical net book value at the date of the quasi-reorganization, the differences are booked against accumulated losses and the accumulated losses are then eliminated against additional paid-in capital. Each asset and liability account in that event is adjusted to reflect its fair value.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Reclassification of Accounts

Certain accounts in the December 31, 2003 and April 30, 2003 consolidated financial statements have been reclassified to conform to the presentation of accounts in the December 31, 2004 consolidated financial statements as follows:

December 31, 2003

Account Description	As Previously Reported (For the eight-month period ended December 31, 2003)	Reclassification	As Currently Reported (For the eight-month period ended December 31, 2003)
General and administrative expenses	1,607,596	99,025	1,706,621
Salaries and employee benefits	1,151,138	(99,025)	1,052,113

Account Description	As Previously Reported December 31, 2003	Reclassification	As Currently Reported December 31, 2003
Other receivables - trade transactions	-	1,406,422	1,406,422
Securities	11,545,152	1,466,976	13,012,128
Trade documents and other facilities	2,837,398	(2,873,398)	-
Allowance for possible losses - Other receivables - trade transactions	-	(85,309)	(85,309)
Allowance for possible losses - securities	(1,146,546)	(714,013)	(1,860,559)
Allowance for possible losses - Trade documents and other facilities	(799,322)	799,322	-

April 30, 2003

Account Description	As Previously Reported April 30, 2003	Reclassification	As Currently Reported April 30, 2003
Other receivables - trade transactions	-	573,185	573,185
Securities	12,734,855	1,398,584	14,133,439
Trade documents and other facilities	1,971,769	(1,971,769)	-
Allowance for possible losses - Other receivables - trade transactions	-	(40,802)	(40,802)
Allowance for possible losses - securities	(1,176,272)	(728,696)	(1,904,968)
Allowance for possible losses - Trade documents and other facilities	(769,498)	769,498	-

3. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	14,528,041	10,798,718	8,176,159
United States Dollar	1,458,589	1,358,598	1,467,062
	15,986,630	12,157,316	9,643,221

The current accounts with Bank Indonesia are primarily maintained to meet the minimum reserve requirements of Bank Indonesia of 8% (2003: 5%) and 3% of Rupiah and US Dollar deposits, respectively.

The reserve requirement ratio of the Bank for its Rupiah and US Dollar accounts as of December 31, 2004 and 2003, and April 30, 2003 is as follows (unaudited):

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	9.08%	6.65%	5.07%
United States Dollar	3.01%	3.01%	3.01%

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4. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	14,547	7,753	3,882
Foreign Currency	642,641	324,305	412,363
Total	657,188	332,058	416,245
Less: Allowance for possible losses	(6,557)	(3,203)	(3,594)
	650,631	328,855	412,651

b. By Collectibility:

As of December 31, 2004 and 2003, and April 30, 2003, all current accounts with other banks are classified as current.

c. By Related Party and Third Party:

As of December 31, 2004 and 2003, and April 30, 2003, there were no current accounts with related party banks.

d. Average Interest Rate per Annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	0.40%	0.58%	1.05%
Foreign Currency	0.44%	0.34%	0.52%

e. Movements of allowance for possible losses on current accounts with other banks:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	3,203	3,726	3,594	3,726
Provision for the period	2,112	(331)	(438)	107
Others *)	1,242	(192)	47	(239)
Balance at end of period	6,557	3,203	3,203	3,594

(*) Includes foreign currency translation effect.

Management believes that the allowance for possible losses on current accounts with other banks is adequate.

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5. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency and Collectibility:

December 31, 2004				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	5,996,699	-	5,996,699
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	3,092,362	13,671	3,106,033
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
“Fixed-term” Placements	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	359,666	-	359,666
	> 6 months < 12 months	-	-	-
Time Deposits	< 1 month	45,100	-	45,100
	1 – 3 months	12,500	-	12,500
	> 3 months < 6 months	50,000	-	50,000
	> 6 months < 12 months	-	-	-
Total Rupiah		<u>9,556,327</u>	<u>13,671</u>	<u>9,569,998</u>
Foreign Currency:				
Bank Indonesia	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	2,745,106	-	2,745,106
	1 – 3 months	46,425	-	46,425
	> 3 months < 6 months	46,425	-	46,425
	> 6 months < 12 months	-	-	-
“Fixed-term” Placements	< 1 month	557,100	-	557,100
	1 – 3 months	-	-	-
	> 3 months < 6 months	268,337	-	268,337
	> 6 months < 12 months	-	-	-
Time Deposits	< 1 month	1,037,656	-	1,037,656
	1 – 3 months	269	-	269
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Total Foreign Currency		<u>4,701,318</u>	<u>-</u>	<u>4,701,318</u>
Total		14,257,645	13,671	14,271,316
Less: Allowance for possible losses		(77,587)	(13,671)	(91,258)
		<u>14,180,058</u>	<u>-</u>	<u>14,180,058</u>

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5. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a. By Type, Currency and Collectibility: (continued)

December 31, 2003				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	3,499,223	-	3,499,223
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	240,000	-	240,000
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
“Fixed-term” Placements	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Time Deposits	< 1 month	61,700	-	61,700
	1 – 3 months	50,000	-	50,000
	> 3 months < 6 months	-	169	169
	> 6 months < 12 months	-	-	-
Total Rupiah		3,850,923	169	3,851,092
Foreign Currency:				
Bank Indonesia	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	1,942,750	-	1,942,750
	1 – 3 months	3,197,288	-	3,197,288
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
“Fixed-term” Placements	< 1 month	197,795	-	197,795
	1 – 3 months	421,250	-	421,250
	> 3 months < 6 months	123,473	-	123,473
	> 6 months < 12 months	-	-	-
Time Deposits	< 1 month	472,717	-	472,717
	1 – 3 months	245	-	245
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Total Foreign Currency		6,355,518	-	6,355,518
Total		10,206,441	169	10,206,610
Less: Allowance for possible losses		(64,680)	(169)	(64,849)
		10,141,761	-	10,141,761

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5. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a. By Type, Currency and Collectibility: (continued)

April 30, 2003				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	272,000	-	272,000
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
“Fixed-term” Placements	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	168	168
Time Deposits	< 1 month	183,415	-	183,415
	1 – 3 months	70	-	70
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Total Rupiah		455,485	168	455,653
Foreign Currency:				
Bank Indonesia	< 1 month	-	-	-
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Call Money	< 1 month	5,940,245	-	5,940,245
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	251	-	251
“Fixed-term” Placements	< 1 month	54,530	-	54,530
	1 – 3 months	36,003	-	36,003
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	127,144	-	127,144
Time Deposits	< 1 month	476,051	-	476,051
	1 – 3 months	-	-	-
	> 3 months < 6 months	-	-	-
	> 6 months < 12 months	-	-	-
Total Foreign Currency		6,634,224	-	6,634,224
Total		7,089,709	168	7,089,877
Less: Allowance for possible losses		(70,171)	(168)	(70,339)
		7,019,538	-	7,019,538

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5. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b. Bank Mandiri has no placements with related party banks.

c. Average Interest Rate per Annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	7.29%	5.69%	11.28%
Foreign Currency	2.28%	1.17%	1.06%

d. The placements with Bank Indonesia and other banks are for the periods ranging from 3 to 172 days, 1 to 366 days and 1 to 366 days for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively.

e. A placement amounting to Rp123,468 and Rp127,144 as of December 31, 2003 and April 30, 2003, respectively, is pledged as cash collateral for a bank guarantee in favor of a borrower of Bank Mandiri.

f. Movements of allowance for possible losses on placements with other banks:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	64,849	51,317	70,339	51,317
Provision/(reversal) for the period	19,428	19,522	(3,389)	22,911
Write-offs	-	(168)	(168)	-
Others *)	6,981	(5,822)	(1,933)	(3,889)
Balance at end of period	91,258	64,849	64,849	70,339

(*) Includes foreign currency translation effect.

Management believes that the allowance for possible losses on placements with other banks is adequate.

6. SECURITIES

a. By Purpose and Related and Third Parties:

	December 31, 2004	December 31, 2003	April 30, 2003
Related parties			
Held-to-maturity	272,114	143,654	145,703
Trading	78,013	76,895	27,718
Available-for-sale	48,957	200,000	87,000
	399,084	420,549	260,421
Third parties			
Held-to-maturity	11,556,984	11,523,650	14,601,400
Trading	351,195	1,752,257	598,332
Available-for-sale	2,048,371	1,176,231	578,254
	13,956,550	14,452,138	15,777,986
Total	14,355,634	14,872,687	16,038,407

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6. SECURITIES (continued)

a. By Purpose and Related and Third Parties: (continued)

	December 31, 2004	December 31, 2003	April 30, 2003
Less:			
Unamortized interest	(26,139)	(60,981)	(83,565)
Unrealized gains from increase in value of securities	79,311	3,803	13,121
Allowance for possible losses	(1,904,077)	(1,803,381)	(1,834,524)
	12,504,729	13,012,128	14,133,439

b. By Type, Currency and Collectibility:

December 31, 2004

	Cost	Unamortized interest	Unrealized gains/ (losses)	Fair Value		
				Current	Loss	Total
Rupiah:						
Held-to-maturity						
Certificates of Bank Indonesia	7,655,636	(23,757)	-	7,631,879	-	7,631,879
Mandatory convertible bonds	1,018,809	-	-	-	1,018,809	1,018,809
Bonds	38,000	-	-	2,000	36,000	38,000
Wadiah Certificates of Bank Indonesia	325,000	-	-	325,000	-	325,000
Investments in mutual fund units	42,000	-	-	42,000	-	42,000
Medium term notes	5,000	-	-	5,000	-	5,000
Export bills	178,525	-	-	32,581	145,944	178,525
	9,262,970	(23,757)	-	8,038,460	1,200,753	9,239,213
Trading						
Bonds	118,977	-	948	118,937	988	119,925
Medium term notes	81,000	-	(105)	80,895	-	80,895
Others	47,955	-	806	48,761	-	48,761
	247,932	-	1,649	248,593	988	249,581
Available-for-sale						
Bonds	1,127,586	-	32,112	1,110,698	49,000	1,159,698
Syariah Mudharabah bonds	411,454	-	4,193	415,647	-	415,647
Investments in mutual fund units	223,064	-	32,467	255,531	-	255,531
	1,762,104	-	68,772	1,781,876	49,000	1,830,876
Total Rupiah	11,273,006	(23,757)	70,421	10,068,929	1,250,741	11,319,670
Foreign Currency:						
Held-to-maturity						
Bonds	276,248	(298)	-	275,950	-	275,950
Floating rate notes	161,050	(77)	-	155,381	5,592	160,973
Credit linked notes receivable	40,371	(2,007)	-	38,364	-	38,364
Export bills	2,073,841	-	-	1,459,374	614,467	2,073,841
Others	14,618	-	-	9,738	4,880	14,618
	2,566,128	(2,382)	-	1,938,807	624,939	2,563,746
Trading						
Bonds	181,276	-	(1,257)	180,019	-	180,019
	181,276	-	(1,257)	180,019	-	180,019
Available-for-sale						
Bonds	259,799	-	8,198	267,997	-	267,997
Promissory notes	75,425	-	1,949	77,374	-	77,374
	335,224	-	10,147	345,371	-	345,371
Total Foreign Currency	3,082,628	(2,382)	8,890	2,464,197	624,939	3,089,136
Total	14,355,634	(26,139)	79,311	12,533,126	1,875,680	14,408,806
Less: Allowance for possible losses				(28,397)	(1,875,680)	(1,904,077)
				12,504,729	-	12,504,729

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6. SECURITIES (continued)

b. By Type and Currency and Collectibility: (continued)

	December 31, 2003					
	Cost	Unamortized interest	Unrealized gains/ (losses)	Fair Value		
				Current	Loss	Total
Rupiah:						
Held-to-maturity						
Certificates of Bank Indonesia	7,000,000	(44,706)	-	6,955,294	-	6,955,294
Mandatory convertible bonds	1,018,809	-	-	-	1,018,809	1,018,809
Bonds	38,000	-	-	2,000	36,000	38,000
Investments in mutual fund units	22,537	-	-	22,537	-	22,537
<i>Wadiah</i> Certificates of Bank Indonesia	795,000	-	-	795,000	-	795,000
Export bills	196,162	-	-	50,218	145,944	196,162
	9,070,508	(44,706)	-	7,825,049	1,200,753	9,025,802
Trading						
Certificates of Bank Indonesia	1,453,260	-	-	1,453,260	-	1,453,260
Bonds	171,288	-	2,098	173,386	-	173,386
<i>Syariah Mudharabah</i> bonds	88,360	-	(1,360)	87,000	-	87,000
Others	65,824	-	(1,326)	64,498	-	64,498
	1,778,732	-	(588)	1,778,144	-	1,778,144
Available-for-sale						
Bonds	568,830	-	(13,810)	555,020	-	555,020
Investments in mutual fund units	225,448	-	11,420	236,868	-	236,868
SUFRNs	50,000	-	(500)	49,500	-	49,500
Medium term notes	175,000	-	-	175,000	-	175,000
Others	18,770	-	4	18,774	-	18,774
	1,038,048	-	(2,886)	1,035,162	-	1,035,162
Total Rupiah	11,887,288	(44,706)	(3,474)	10,638,355	1,200,753	11,839,108
Foreign Currency:						
Held-to-maturity						
Bonds	191,119	(16,164)	-	158,105	16,850	174,955
Floating rate notes	171,421	(96)	-	164,192	7,133	171,325
Money market securities	139,376	-	-	139,376	-	139,376
Credit linked notes receivable	20,570	-	-	20,570	-	20,570
Export bills	1,984,827	-	-	1,428,032	556,795	1,984,827
Others	89,483	(15)	-	89,468	-	89,468
	2,596,796	(16,275)	-	1,999,743	580,778	2,580,521
Trading						
Bonds	50,420	-	116	50,536	-	50,536
	50,420	-	116	50,536	-	50,536
Available-for-sale						
Bonds	168,142	-	317	168,459	-	168,459
Floating rate notes	118,815	-	2,643	121,458	-	121,458
Money market securities	43,943	-	4,201	48,144	-	48,144
Others	7,283	-	-	-	7,283	7,283
	338,183	-	7,161	338,061	7,283	345,344
Total Foreign Currency	2,985,399	(16,275)	7,277	2,388,340	588,061	2,976,401
Total	14,872,687	(60,981)	3,803	13,026,695	1,788,814	14,815,509
Less: Allowance for possible losses				(14,567)	(1,788,814)	(1,803,381)
				13,012,128	-	13,012,128

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6. SECURITIES (continued)

b. By Type and Currency and Collectibility: (continued)

	April 30, 2003					
	Cost	Unamortized interest	Unrealized gains/ (losses)	Fair Value		
				Current	Loss	Total
Rupiah:						
Held-to-maturity						
Certificates of Bank Indonesia	10,765,511	(58,791)	-	10,706,720	-	10,706,720
Mandatory convertible bonds	1,018,809	-	-	-	1,018,809	1,018,809
Bonds	60,203	(496)	-	23,707	36,000	59,707
Investments in mutual fund units	9,467	-	-	9,467	-	9,467
Wadiah Certificates of Bank Indonesia	312,500	-	-	312,500	-	312,500
Export bills	220,967	-	-	75,023	145,944	220,967
Others	1,441	(266)	-	1,175	-	1,175
	12,388,898	(59,553)	-	11,128,592	1,200,753	12,329,345
Trading						
Certificates of Bank Indonesia	471,092	-	-	471,092	-	471,092
Others	4,238	-	-	4,238	-	4,238
	475,330	-	-	475,330	-	475,330
Available-for-sale						
Bonds	136,178	-	104	136,282	-	136,282
Syariah Mudharabah bonds	30,000	-	-	30,000	-	30,000
Investments in mutual fund units	53,095	-	-	53,095	-	53,095
	219,273	-	104	219,377	-	219,377
Total Rupiah	13,083,501	(59,553)	104	11,823,299	1,200,753	13,024,052
Foreign Currency:						
Held-to-maturity						
Bonds	192,679	(12,814)	-	162,514	17,351	179,865
Floating rate notes	81,550	(27)	-	73,717	7,806	81,523
Money market securities	25,421	-	-	25,421	-	25,421
Credit linked notes receivable	45,225	(261)	-	27,880	17,084	44,964
Export bills	1,906,313	-	-	1,332,963	573,350	1,906,313
Others	107,017	(10,910)	-	87,432	8,675	96,107
	2,358,205	(24,012)	-	1,709,927	624,266	2,334,193
Trading						
Bonds	70,584	-	618	71,202	-	71,202
Floating rate notes	28,203	-	(225)	27,978	-	27,978
Money market securities	51,933	-	(108)	51,825	-	51,825
	150,720	-	285	151,005	-	151,005
Available-for-sale						
Floating rate notes	376,320	-	12,732	389,052	-	389,052
Money market securities	69,661	-	-	69,661	-	69,661
	445,981	-	12,732	458,713	-	458,713
Total Foreign Currency	2,954,906	(24,012)	13,017	2,319,645	624,266	2,943,911
Total	16,038,407	(83,565)	13,121	14,142,944	1,825,019	15,967,963
Less: Allowance for possible losses				(9,505)	(1,825,019)	(1,834,524)
				14,133,439	-	14,133,439

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6. SECURITIES (continued)

c. By Maturity:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Less than 1 year	8,148,941	9,539,028	11,624,961
1 - 5 years	2,443,604	1,555,633	1,121,222
5 - 10 years	108,498	285,505	191,374
Over 10 years	571,963	507,122	145,944
	<u>11,273,006</u>	<u>11,887,288</u>	<u>13,083,501</u>
Foreign Currency:			
Less than 1 year	1,619,749	1,675,343	1,423,532
1 - 5 years	563,633	408,645	489,391
5 - 10 years	270,161	327,766	295,123
Over 10 years	629,085	573,645	746,860
	<u>3,082,628</u>	<u>2,985,399</u>	<u>2,954,906</u>
	<u>14,355,634</u>	<u>14,872,687</u>	<u>16,038,407</u>
Add/(less):			
Unamortized discounts	(26,139)	(60,981)	(83,565)
Unrealized gains from increase in value of securities	79,311	3,803	13,121
Allowance for possible losses	(1,904,077)	(1,803,381)	(1,834,524)
	<u>12,504,729</u>	<u>13,012,128</u>	<u>14,133,439</u>

d. By Type of Issuer:

	December 31, 2004	December 31, 2003	April 30, 2003
Government	395,067	446,362	242,164
Banks	10,418,901	11,857,809	13,909,327
Other companies	3,541,666	2,568,516	1,886,916
	<u>14,355,634</u>	<u>14,872,687</u>	<u>16,038,407</u>
Add/(less):			
Unamortized discounts	(26,139)	(60,981)	(83,565)
Unrealized gains from increase in value of securities	79,311	3,803	13,121
Allowance for possible losses	(1,904,077)	(1,803,381)	(1,834,524)
	<u>12,504,729</u>	<u>13,012,128</u>	<u>14,133,439</u>

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6. SECURITIES (continued)

e. Detail of Bonds by Rating:

	Rating			Fair value		
	December 31, 2004	December 31, 2003	April 30, 2003	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:						
Held-to-maturity						
Mandatory convertible bonds - PT Garuda Indonesia	-	-	-	1,018,809	1,018,809	1,018,809
Bonds	Various	Various	Various	38,000	38,000	59,707
				1,056,809	1,056,809	1,078,516
Trading						
Bonds	Various	Various	-	119,925	173,386	-
Syariah Mudharabah bonds	-	Various	-	-	87,000	-
				119,925	260,386	-
Available-for-sale						
Bonds						
PT Ciliandra Perkasa	idBBB	idBBB	-	142,100	170,000	-
PT Indofood Sukses Makmur Tbk.	id AA	id AA+	-	211,500	38,380	-
PT Telekomunikasi Indonesia Tbk.	id A+	-	-	180,000	-	-
PT Tunas Baru Lampung Tbk.	idBBB	-	-	123,750	-	-
PT Medco Energi International Tbk.	id AA-	-	-	319,500	-	-
Others	Various	Various	Various	182,848	346,640	136,282
				1,159,698	555,020	136,282
Syariah Mudharabah bonds	Various	-	-	415,647	-	30,000
Total Rupiah				2,752,079	1,872,215	1,244,798
Foreign Currency:						
Held-to-maturity						
Bonds						
Republic of Indonesia	B	B2/B	-	237,101	140,403	141,479
Others	Various	Various	Various	38,849	34,552	38,386
				275,950	174,955	179,865
Trading						
Bonds	Various	Various	Various	180,019	50,536	71,202
Available-for-sale						
Bonds	Various	Various	-	267,997	168,459	-
Total Foreign Currency				723,966	393,950	251,067

f. Average Interest Rates per Annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	6.48%	7.84%	12.34%
Foreign Currency	3.40%	4.07%	6.01%

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6. SECURITIES (continued)

g. Movements of Allowance for Possible Losses on Securities:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	1,803,381	1,847,699	1,834,524	1,847,699
Provision during the period	45,622	(10,251)	22,551	(32,802)
Recoveries	22,527	36,000	-	36,000
Write-offs	(17,102)	-	-	-
Others *)	49,649	(70,067)	(53,694)	(16,373)
Balance at end of period	1,904,077	1,803,381	1,803,381	1,834,524

(*) Includes foreign exchange translation effect.

Management believes that the allowance for possible losses on securities is adequate.

Bank Mandiri invested Rp200,000 as seed capital in Dana Korporasi Mandiri (DKM), a mutual fund, on March 19, 2003. In accordance with Bapepam regulations, the seed capital should be placed in a mutual fund for a period of at least one year.

The gain from the sale of securities amounted to Rp218,892, Rp254,884 and Rp12,670 for the years ended December 31, 2004 and 2003, and the four-month period ended April 30, 2003, respectively.

7. GOVERNMENT RECAPITALIZATION BONDS

Government Recapitalization Bonds consist of bonds issued by the Government in connection with its Recapitalization Program in 1999, acquired from primary and secondary markets with details as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Held-to-maturity, at cost	63,917,150	70,081,054	105,393,520
Available-for-sale, fair value	27,584,037	51,437,351	35,625,964
Trading, fair value	1,579,834	1,388,448	9,312,896
	93,081,021	122,906,853	150,332,380

In the context of the Recapitalization Program as discussed in Note 1c to the consolidated financial statements, the Minister of Finance subscribed to additional paid-in capital in Bank Mandiri. The subscription was paid by crediting Bank Mandiri's account in Bank Indonesia, which was simultaneously used to purchase Government Recapitalization Bonds issued by the Government. This recapitalization was carried out in two tranches, on October 13, 1999 for Rp103,000,000 and on December 28, 1999 for Rp75,000,000.

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7. GOVERNMENT RECAPITALIZATION BONDS (continued)

Based on maturities, the Government Recapitalization Bonds are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Held-to-maturity:			
Less than 1 year	2,822,552	6,425,336	8,472,511
1 - 5 years	-	2,561,120	7,740,329
5 - 10 years	1,350,000	1,350,000	15,082,392
More than 10 years	59,744,598	59,744,598	74,098,288
	63,917,150	70,081,054	105,393,520
Available-for-sale:			
1 - 5 years	1,543,673	8,825,736	5,302,675
5 - 10 years	4,581,286	28,606,196	24,742,078
More than 10 years	21,459,078	14,005,419	5,581,211
	27,584,037	51,437,351	35,625,964
Trading:			
Less than 1 year	1,891	989	-
1 - 5 years	1,406,695	1,298,167	4,932,011
5 - 10 years	171,248	89,292	4,380,885
	1,579,834	1,388,448	9,312,896
	93,081,021	122,906,853	150,332,380

The details of Government Recapitalization Bonds are as follows:

December 31, 2004

Held-to-maturity

	Series	Nominal	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Fixed rate bonds	FR0010	1,350,000	13.15%	03/15/2010	6 months
Variable rate bonds	VR0019 - VR0031	59,744,598	SBI 3 months	12/25/2014 - 07/25/2020	3 months
Hedge bonds at nominal value	HB0077 - HB0082	2,711,595	SIBOR + 2%	01/25/2004 - 06/25/2005	3 months
Add: Increase in value of indexation of hedge bonds		110,957			
Hedge bonds after indexation		2,822,552			
		63,917,150			

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7. GOVERNMENT RECAPITALIZATION BONDS (continued)

December 31, 2004 (continued)

Available-for-sale

	Series	Nominal	Interest Rates Per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Fixed rate bonds	FR0002 - FR0020	3,643,366	12.25% -15.58%	4,455,242	07/15/2007 - 12/15/2013	6 months
Variable rate bonds	VR0012 - VR0031	24,387,072	SBI 3 months	23,128,795	09/25/2007 - 07/25/2020	3 months
		<u>28,030,438</u>		<u>27,584,037</u>		

Trading

	Series	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Fixed rate bonds	FR0002 - FR020	208,068	13.15% - 15.43%	243,636	06/15/2009 - 12/15/2013	6 months
Variable rate bonds	VR0008 - VR0020	1,344,260	SBI 3 months	1,336,198	11/25/2005 - 10/25/2006	3 months
		<u>1,552,328</u>		<u>1,579,834</u>		

December 31, 2003

Held-to-maturity

	Series	Nominal	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Fixed rate bonds	FR0010	1,350,000	13.15%	03/15/2010	6 months
Variable rate bonds	VR0019 - VR0031	59,744,598	SBI 3 months	12/25/2014 - 07/25/2020	3 months
Hedge bonds at nominal value	HB0065 - HB0082	9,514,444	SIBOR + 2%	10/25/2004 06/25/2005	3 months
Less: Decrease in value of indexation of hedge bonds		(527,988)			
Hedge bonds after indexation		8,986,456			
		<u>70,081,054</u>			

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7. GOVERNMENT RECAPITALIZATION BONDS (continued)

December 31, 2003 (continued)

Available-for-sale

	Frequency of Series	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Interest Payment
Fixed rate bonds	FR0002 - FR0020	26,241,366	12.25% - 15.58%	27,306,751	06/15/2009 -12/15/2013	6 months
Variable rate bonds	VR0012 - VR0029	27,118,089	SBI 3 months	24,130,600	09/25/2007 - 08/25/2019	3 months
		<u>53,359,455</u>		<u>51,437,351</u>		

Trading

	Frequency of Series	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Interest Payment
Fixed rate bonds	FR0002 - FR005	129,068	12.00% -12.25%	134,496	02/15//2006 06/15//2009	6 months
Variable rate bonds	VR0005 - VR0010	1,326,259	SBI 3 months	1,253,952	05/25/2004 - 10/25/2006	3 months
		<u>1,455,327</u>		<u>1,388,448</u>		

April 30, 2003

Held-to-maturity

	Series	Nominal	Interest Rates per Annum	Maturity Dates	Frequency Interest Payment
Fixed rate bonds	FR0005 -FR0020	23,900,996	12.25% - 14.28%	07/15/2007 -12/15/2003	6 months
Variable rate bonds	VR0019 - VR0031	67,230,497	SBI 3 months	12/25/2014 07/25/2020	3 months
Hedge bonds at nominal value	HB0057 - HB0082	14,663,975	SIBOR + 2%	05/25/2003 - 06/25/2005	3 months
Less: Decrease in value of indexation of hedge bonds		(401,948)			
Hedge bonds after indexation		<u>14,262,027</u>			
		<u>105,393,520</u>			

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7. GOVERNMENT RECAPITALIZATION BONDS (continued)

April 30, 2003 (continued)

Available-for-sale

	Frequency of Series	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Interest Payment
Fixed rate bonds	FR0002 - FR0020	16,703,548	12.25% - 15.58%	18,271,069	07/15/2007 - 12/15/2013	6 months
Variable rate bonds	VR0012 - VR0022	17,686,427	SBI 3 months	17,354,895	09/25/2007 -03/25/2016	3 months
		34,389,975		35,625,964		

Trading

	Frequency of Series	Nominal	Interest rates per Annum	Fair Value	Maturity Dates	Interest Payment
Fixed rate bonds	FR0002 - FR0021	4,514,255	12.13% - 14.50%	4,784,268	05/15/2005 12/15/2010	6 months
Variable rate bonds	VR0005 - VR0013	4,538,643	SBI 3 months	4,528,628	05/25/2004 - 01/25/2008	3 months
		9,052,898		9,312,896		

Significant information relating to Government Recapitalization Bonds is as follows:

2004

As of December 31, 2004, Government Recapitalization Bonds with a total nominal amount of Rp2,870,748 had been sold to counterparties with agreements to repurchase (Note 22).

All maturing hedge bonds in 2004 were replaced by variable rate bonds with serial numbers VR0028, VR0029 and VR0031, with an aggregate nominal value of Rp6,843,983.

2003

As of December 31, 2003, Government Recapitalization Bonds with an aggregate nominal value of Rp4,800,821 have been sold to other parties with agreements to repurchase (Note 22).

The Government rescheduled all of the hedge bonds held by Bank Mandiri by redeeming the old bonds and issuing new bonds with longer maturities, based on the Minister of Finance Decree No. S-71/MK.01/2003 dated February 25, 2003. Hedge bonds with a total nominal value of Rp16,783,376 were redeemed, and Rp16,076,909 of hedge bonds and Rp706,467 of variable bonds were issued.

Based on the Minister of Finance Decree No. S-174/MK.01/2003 dated April 24, 2003, Bank Mandiri returned the excess Government Recapitalization amount of Rp1,412,000. This was accomplished by returning Government Recapitalization Bonds with serial numbers FR0007, FR0009 and VR0019 with nominal amounts of Rp870,315, Rp34,523 and Rp507,162, respectively, to the Government on April 25, 2003 (Note 32).

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8. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type and Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Usance payable at sight	167,583	52,118	55,126
Others	1,063	11,792	-
	<u>168,646</u>	<u>63,910</u>	<u>55,126</u>
Foreign Currency:			
Usance payable at sight	1,683,547	863,567	558,861
Others	211,458	564,254	-
	<u>1,895,005</u>	<u>1,427,821</u>	<u>558,861</u>
Total	2,063,651	1,491,731	613,987
Less: Allowance for possible losses	(124,472)	(85,309)	(40,802)
	<u>1,939,179</u>	<u>1,406,422</u>	<u>573,185</u>

b. By Collectibility:

	December 31, 2004	December 31, 2003	April 30, 2003
Current	1,523,007	1,491,731	613,987
Special mention	498,789	-	-
Sub-standard	41,855	-	-
Doubtful	-	-	-
Loss	-	-	-
	<u>2,063,651</u>	<u>1,491,731</u>	<u>613,987</u>
Less: Allowance for possible losses	(124,472)	(85,309)	(40,802)
	<u>1,939,179</u>	<u>1,406,422</u>	<u>573,185</u>

c. By Maturity:

	December 31, 2004	December 31, 2003	April 30, 2003
Less than 1 month	397,735	923,542	243,624
1 - 3 months	788,473	329,902	132,190
Over 3 months	877,443	238,287	238,173
	<u>2,063,651</u>	<u>1,491,731</u>	<u>613,987</u>
Less: Allowance for possible losses	(124,472)	(85,309)	(40,802)
	<u>1,939,179</u>	<u>1,406,422</u>	<u>573,185</u>

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8. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

d. Movements of Allowance for Possible Losses on Other Receivables - Trade Transactions:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	85,309	46,287	40,802	46,287
Addition to/(reversal of) provision during the period	26,651	41,863	46,130	(4,267)
Others *)	12,512	(2,841)	(1,623)	(1,218)
Balance at end of period	124,472	85,309	85,309	40,802

(*) Includes foreign exchange translation effect.

The minimum allowance for possible losses on other receivables - trade transactions, under the guidelines prescribed by Bank Indonesia, as of December 31, 2004 and 2003, and April 30, 2003 was Rp46,448, Rp14,917 and Rp6,140, respectively.

Management believes that the allowance for possible losses on other receivables - trade transactions is adequate.

9. SECURITIES PURCHASED WITH AGREEMENTS TO RESELL

A summary of securities purchased with agreements to resell as of December 31, 2004 follows:

Counterparty	Commencement Date	Maturity Date	Resell Value	Type of Securities
PT Bank Mega	12/24/2004	01/24/2005	480,000	Bonds
PT Satya Mulia Gemilang	11/30/2004	05/30/2005	125,056	Shares
PT Agung Ometraco Muda	10/20/2004 and 10/21/2004	04//20/2005 and 04/21/2005	103,078	Shares
Total			708,134	
Less: Allowance for possible losses			(4,800)	
			703,334	

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10. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2004, a summary of derivative transactions is as follows:

Transactions	Notional Amount (Contract)	Fair Value (Note 2k)	Derivative Receivables	Derivative Payables
<i>Third parties</i>				
Cross Currency:				
1. Forward - buy				
US Dollar	623,717	625,424	3,424	1,717
Others	114,801	120,566	5,765	-
2. Forward - sell				
US Dollar	171,520	173,681	240	2,401
Others	103,076	108,747	-	5,671
3. Swap-buy				
US Dollar	2,184,989	2,205,520	23,593	3,062
Others	253,335	253,696	361	-
4. Swap - sell				
US Dollar	4,897,836	4,698,206	229,195	29,565
5. Option				
Option - buy				
US Dollar	-	-	6	127
Others	-	-	273	-
Option - sell				
US Dollar	-	-	-	210
Others	-	-	229	-
<i>Others</i>				
<i>Interest rate swaps</i>				
US Dollar			25,051	24,215
Total			288,137	66,968
Less: Allowance for possible losses			(2,881)	-
			285,256	66,968

Interest Rate Swaps

On April 17, 2003 Bank Mandiri entered into interest rate swap agreements with Standard Chartered Bank, London and ABN Amro Bank, London with nominal values amounting to US\$125 million (full amount) and US\$175 million (full amount), respectively. The underlying transaction is the Bank's US\$300 million (full amount) fixed interest rate Medium-Term Note (MTN) issued in April 2003 (Note 24). Under this transaction, the Bank receives semi-annual fixed interest at the rate of 7.00% per annum and pays semi-annual floating interest at the rate of Libor 6 months + 3.37% per annum until the maturity of the Note on April 22, 2008. The Libor 6 months interest is stated in arrears. These transactions qualify as hedging for accounting purposes.

The background and purpose of the issuance of the hedging instruments are related to interest rate risk management, whereby the Bank's positive foreign currency interest rate gap position is exposed to downward trends in interest rates in the following five years. The Bank decided to convert its MTN's fixed interest rate into floating interest rates in order to mitigate the risks of a decrease in net interest margin. The Bank uses the Discounted Cash Flows approach to calculate the fair value of the hedging instruments, while the short-cut method is used to determine their hedging effectiveness. As of December 31, 2004 and 2003, and April 30, 2003, (losses)/gains amounting to (Rp24,215), (Rp4,538) and Rp25,970 as a result of the hedging fair value calculation has been offset against the gains/(losses) from (decrease)/increase of the MTNs, a hedged item, based on the fair value calculation (Note 24).

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10. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

Interest Rate Swaps (continued)

Bank Mandiri entered into an interest rate swap agreement with a notional amount of US\$125 million with Standard Chartered Bank, Singapore in August 2002. The underlying transaction is the Bank's US\$125 million fixed interest rate Subordinated Note issued in 2002 (Note 29). Under the transaction, the Bank receives semi-annual fixed interest at the rate of 10.625% per annum and pays semi-annual floating interest at the rate of Libor 6 months + 6.19% per annum for a 5-year period. The Libor 6 months interest is stated in arrears. While the transaction is for the purpose of hedging the fixed rate coupon payments of the Subordinated Note with floating coupon payments, it does not qualify as a hedging transaction for accounting purposes.

Cross Currency Swaps

Bank Mandiri has entered into cross currency swap contracts, which are associated with the securities sale and repurchase agreements with several counterparty banks. The contract were initiated when Bank Mandiri sold its Government Recapitalization Bonds to the counterparty banks and received Rupiah funds. These funds were used to settle the spot leg of the cross currency swaps and Bank Mandiri will then receive US Dollar funds. On the settlement date, the Bank will receive Rupiah funds and pay US Dollar funds to the counterparty banks. Bank Mandiri is then obliged to use the Rupiah funds to repurchase the Government Recapitalization Bonds it previously sold to counterparty banks (Notes 7 and 22).

A summary of the cross currency swap contracts is as follows:

Bank counterpart	Effective Date	Maturity Date	Type of Transactions	Sale (full amount)	Buy (full amount)
Standard Chartered Bank, Jakarta	June 4, 2003	June 6, 2005	<i>Spot</i>	US\$100 million	Rp1,037,500 million
			<i>Forward</i>	Rp1,037,500 million	US\$100 million
HSBC Bank, Jakarta	Nov 3, 2004	Nov 3, 2009	<i>Spot</i>	US\$25 million	Rp285,060 million
			<i>Forward</i>	Rp285,060 million	US\$25 million
Standard Chartered Bank, Jakarta	Nov 4, 2004	Nov 4, 2009	<i>Spot</i>	US\$25 million	Rp284,062 million
			<i>Forward</i>	Rp284,062 million	US\$25 million

As of December 31, 2003 a summary of derivative transactions is as follows:

Transactions	Notional Amount (Contract)	Fair Value (Note 2k)	Derivative Receivables	Derivative Payables
<i>Third Parties</i>				
<i>Cross currency:</i>				
1. Forward - buy				
US Dollar	156,024	154,543	1	1,482
Others	170,500	178,074	8,178	604
2. Forward - sell				
US Dollar	45,149	44,561	589	1
Others	31,602	32,194	518	1,110
3. Swap - buy				
US Dollar	2,187,949	2,172,894	-	15,055
Others	52,125	51,952	-	173
4. Swap - sell				
US Dollar	4,879,016	3,888,550	990,466	-
Others	345,921	343,080	3,655	814
<i>Others</i>				
Interest rate swap				
US Dollar			46,727	4,538
Total			1,050,134	23,777
Less: Allowance for possible losses			(10,343)	-
			1,039,791	23,777

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10. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of April 30, 2003, a summary of derivative transactions is as follows:

Transactions	Notional Amount (Contract)	Fair Value (Note 2k)	Derivative Receivables	Derivative Payables
<i>Third parties</i>				
<i>Cross Currency:</i>				
1. Forward - buy US Dollar	343,035	331,759	-	11,276
2. Forward - sell US Dollar	329,358	318,265	11,093	-
3. Swap - buy US Dollar	303,926	302,193	55	1,788
4. Swap - sell US Dollar	1,694,471	1,372,302	322,233	64
<i>Others</i>				
Interest rate swap US Dollar			88,578	-
Total			421,959	13,128
Less: Allowance for possible losses			(4,198)	-
			417,761	13,128

Movements of allowance for possible losses on derivative receivables:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	10,343	3,626	4,198	3,626
(Reversal)/provision during the period	(7,462)	6,717	6,145	572
Balance at end of period	2,881	10,343	10,343	4,198

As of December 31, 2004 and 2003, and April 30, 2003, all derivatives were classified as Current.

Management believes that the allowance for possible losses on derivative receivables is adequate.

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11. LOANS

A. Details of loans:

a) By Currency and Related Parties and Third Parties:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Related parties	360,156	511,562	496,990
Third parties	61,265,753	47,681,608	41,245,530
	<u>61,625,909</u>	<u>48,193,170</u>	<u>41,742,520</u>
Foreign Currency:			
Related parties	592,121	508,340	521,641
Third parties	32,184,535	27,241,110	27,139,752
	<u>32,776,656</u>	<u>27,749,450</u>	<u>27,661,393</u>
Total	94,402,565	75,942,620	69,403,913
Less: Allowance for possible losses	(8,470,700)	(8,890,383)	(9,879,080)
Deferred income	(164,964)	(209,573)	(203,946)
	<u><u>85,766,901</u></u>	<u><u>66,842,664</u></u>	<u><u>59,320,887</u></u>

b) By Type and Rating:

	December 31, 2004					Total
	Current	Special Mention	Sub- standard	Doubtful	Loss	
Rupiah:						
Working capital	26,124,417	1,063,248	759,418	232,415	674,957	28,854,455
Investment	13,299,659	1,822,692	471,713	85,990	613,507	16,293,561
Consumer	7,995,317	620,126	125,994	49,072	124,157	8,914,666
Export	1,944,960	115,334	62,750	-	173,790	2,296,834
Syndicated	590,985	1,145,661	-	11,494	227,087	1,975,227
Government Program	1,331,340	208,148	105,014	2,923	6,922	1,654,347
Employees	1,396,330	35,213	877	567	7,189	1,440,176
Others	186,091	7,735	1,536	714	567	196,643
	<u>52,869,099</u>	<u>5,018,157</u>	<u>1,527,302</u>	<u>383,175</u>	<u>1,828,176</u>	<u>61,625,909</u>
Foreign Currency:						
Working capital	6,909,896	382,048	315,170	57,364	257,886	7,922,364
Investment	13,276,436	1,996,053	323,998	167	1,767,438	17,364,092
Consumer	280,903	14,200	-	-	-	295,103
Export	2,135,911	1,019,097	203,226	-	39,663	3,397,897
Syndicated	3,081,336	124,201	48	-	-	3,205,585
Government Program	110,390	-	-	-	-	110,390
Employees	765	-	-	-	-	765
Others	435,145	45,315	-	-	-	480,460
	<u>26,230,782</u>	<u>3,580,914</u>	<u>842,442</u>	<u>57,531</u>	<u>2,064,987</u>	<u>32,776,656</u>
Total	79,099,881	8,599,071	2,369,744	440,706	3,893,163	94,402,565
Less:						
Allowance for possible losses	(1,654,517)	(1,733,872)	(1,103,955)	(423,172)	(3,555,184)	(8,470,700)
Deferred income	(74,133)	(8,556)	(38,764)	(1,142)	(42,369)	(164,964)
	<u><u>77,371,231</u></u>	<u><u>6,856,643</u></u>	<u><u>1,227,025</u></u>	<u><u>16,392</u></u>	<u><u>295,610</u></u>	<u><u>85,766,901</u></u>

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11. LOANS (continued)

A. Details of loans: (continued)

b) By Type and Rating: (continued)

	December 31, 2003					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	20,103,397	1,573,851	603,486	115,018	679,659	23,075,411
Investment	10,180,087	2,198,478	479,286	457,718	552,018	13,867,587
Export	2,556,170	95,338	160,613	100,112	33,656	2,945,889
Consumer	2,365,603	265,744	49,043	44,581	81,822	2,806,793
Syndicated	937,435	1,279,933	-	227,086	35,901	2,480,355
Government Program	1,095,560	456,178	33,741	13,066	143,115	1,741,660
Employees	1,214,948	49,306	3,351	3,788	4,082	1,275,475
	<u>38,453,200</u>	<u>5,918,828</u>	<u>1,329,520</u>	<u>961,369</u>	<u>1,530,253</u>	<u>48,193,470</u>
Foreign Currency:						
Working capital	4,062,439	1,135,046	63,254	14,620	1,630,895	6,906,254
Investment	9,058,208	2,120,384	104,713	443,294	196,202	11,922,801
Export	1,738,852	964,259	176,969	17,693	29,677	2,927,450
Consumer	60,482	1,388	1,152	33	-	63,055
Syndicated	4,377,410	1,046,106	43	-	42,125	5,465,684
Government Program	101,547	-	-	-	-	101,547
Employees	258	7	-	-	-	265
Others	332,596	29,798	-	-	-	362,394
	<u>19,731,792</u>	<u>5,296,988</u>	<u>346,131</u>	<u>475,640</u>	<u>1,898,899</u>	<u>27,749,450</u>
Total	58,184,992	11,215,816	1,675,651	1,437,009	3,429,152	75,942,620
Less:						
Allowance for possible losses	(1,310,392)	(2,189,923)	(781,316)	(1,290,423)	(3,318,329)	(8,890,383)
Deferred income	(60,387)	(128,632)	(2,217)	(5,544)	(12,793)	(209,573)
	<u>56,814,213</u>	<u>8,897,261</u>	<u>892,118</u>	<u>141,042</u>	<u>98,030</u>	<u>66,842,664</u>

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11. LOANS (continued)

A. Details of loans: (continued)

b) By Type and Rating: (continued)

	April 30, 2003					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	14,980,581	3,439,974	331,618	371,985	501,787	19,625,945
Investment	7,205,048	3,674,127	466,634	380,597	490,388	12,216,794
Export	2,361,616	122,168	63,947	66,815	224,238	2,838,784
Consumer	1,319,434	150,692	16,358	8,817	34,328	1,529,629
Syndicated	2,418,675	1,407,479	-	-	601	3,826,755
Government Program	545,677	473,944	203,417	80,669	93,564	1,397,271
Employees	173,648	114,771	819	806	2,298	292,342
Others	15,000	-	-	-	-	15,000
	<u>29,019,679</u>	<u>9,383,155</u>	<u>1,082,793</u>	<u>909,689</u>	<u>1,347,204</u>	<u>41,742,520</u>
Foreign Currency:						
Working capital	6,642,724	906,284	18,119	8,416	210,177	7,785,720
Investment	7,399,203	3,195,568	261,036	458,735	721,920	12,036,462
Export	1,871,129	603,739	53,686	18,219	982,447	3,529,220
Consumer	56,609	5,347	424	-	69	62,449
Syndicated	2,070,817	1,711,179	5,962	-	18,933	3,806,891
Government Program	103,028	-	-	-	-	103,028
Employees	660	-	-	-	-	660
Others	332,958	4,005	-	-	-	336,963
	<u>18,477,128</u>	<u>6,426,122</u>	<u>339,227</u>	<u>485,370</u>	<u>1,933,546</u>	<u>27,661,393</u>
Total	<u>47,496,807</u>	<u>15,809,277</u>	<u>1,422,020</u>	<u>1,395,059</u>	<u>3,280,750</u>	<u>69,403,913</u>
Less:						
Allowance for possible losses	(2,035,277)	(2,952,331)	(583,614)	(1,260,709)	(3,047,149)	(9,879,080)
Deferred income	(203,946)	-	-	-	-	(203,946)
	<u>45,257,584</u>	<u>12,856,946</u>	<u>838,406</u>	<u>134,350</u>	<u>233,601</u>	<u>59,320,887</u>

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11. LOANS (continued)

A. Details of loans: (continued)

c) By Economic Sector and Rating:

	December 31, 2004					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	16,786,933	2,070,755	573,748	165,742	583,625	20,180,803
Agriculture	5,734,606	440,688	322,275	4,697	114,338	6,616,604
Trading, restaurant and hotel	8,739,612	431,447	146,435	70,740	455,320	9,843,554
Transportation, warehousing and communications	2,193,288	544,970	294,181	26,271	253,708	3,312,418
Business services	4,304,199	406,362	49,065	46,359	56,267	4,862,252
Construction	4,197,379	373,993	47,326	18,171	19,163	4,656,032
Social services	1,365,801	25,550	2,396	1,285	195,381	1,590,413
Mining	484,278	102,672	2,366	36	2,557	591,909
Electricity, gas and water	274,033	11,611	-	-	-	285,644
Others	8,788,970	610,109	89,510	49,874	147,817	9,686,280
	<u>52,869,099</u>	<u>5,018,157</u>	<u>1,527,302</u>	<u>383,175</u>	<u>1,828,176</u>	<u>61,625,909</u>
Foreign Currency:						
Manufacturing	12,414,430	2,470,546	745,292	45,922	1,890,586	17,566,776
Agriculture	2,150,793	20,481	30,512	-	137,732	2,339,518
Trading, restaurant and hotel	2,270,286	728,401	10,353	345	2,715	3,012,100
Transportation, warehousing and communications	869,258	91,266	33,050	-	-	993,574
Business services	893,981	196,735	23,235	11,264	-	1,125,215
Construction	2,110,234	47,652	-	-	16,097	2,173,983
Social services	237	-	-	-	-	237
Mining	3,257,623	12,272	-	-	17,184	3,287,079
Electricity, gas and water	1,374,902	-	-	-	-	1,374,902
Others	889,038	13,561	-	-	673	903,272
	<u>26,230,782</u>	<u>3,580,914</u>	<u>842,442</u>	<u>57,531</u>	<u>2,064,987</u>	<u>32,776,656</u>
Total	79,099,881	8,599,071	2,369,744	440,706	3,893,163	94,402,565
Less:						
Allowance for possible losses	(1,654,517)	(1,733,872)	(1,103,955)	(423,172)	(3,555,184)	(8,470,700)
Deferred income	(74,113)	(8,556)	(38,764)	(1,142)	(42,369)	(164,964)
	<u>77,371,231</u>	<u>6,856,643</u>	<u>1,227,025</u>	<u>16,392</u>	<u>295,610</u>	<u>85,766,901</u>

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11. LOANS (continued)

A. Details of loans: (continued)

c) By Economic Sector and Rating: (continued)

	December 31, 2003					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	13,848,674	2,323,212	413,432	581,218	360,009	17,526,545
Agriculture	5,933,264	1,135,666	342,923	18,357	225,029	7,655,239
Trading, restaurant and hotel	6,066,185	866,168	132,756	266,886	264,596	7,596,591
Transportation, warehousing and communications	2,873,932	411,223	192,268	6,896	92,966	3,577,285
Business services	2,666,858	539,469	95,209	10,622	70,750	3,382,908
Construction	1,810,965	196,704	78,146	6,968	57,489	2,150,272
Social services	415,257	36,119	2,944	937	333,776	789,033
Mining	314,463	26,475	8,456	35	13,391	362,820
Electricity, gas and water	206,245	4,538	905	100	236	212,024
Others	4,317,357	379,254	62,481	69,350	112,011	4,940,453
	<u>38,453,200</u>	<u>5,918,828</u>	<u>1,329,520</u>	<u>961,369</u>	<u>1,530,253</u>	<u>48,193,170</u>
Foreign Currency:						
Manufacturing	9,084,847	3,548,133	201,819	216,545	1,829,114	14,880,458
Agriculture	1,010,452	410,347	69,886	-	-	1,490,685
Trading, restaurant and hotel	1,760,191	737,998	2,871	244,442	63,015	2,808,517
Transportation, warehousing and communications	852,044	149,453	43,681	-	-	1,045,178
Business services	973,549	313,930	11,132	14,620	667	1,313,898
Construction	1,822,206	80,209	-	-	-	1,902,415
Social services	-	-	-	-	-	-
Mining	2,080,014	56,482	15,590	-	4,570	2,156,656
Electricity, gas and water	1,224,071	-	-	-	-	1,224,071
Others	924,418	436	1,152	33	1,533	927,572
	<u>19,731,792</u>	<u>5,296,988</u>	<u>346,131</u>	<u>475,640</u>	<u>1,898,899</u>	<u>27,749,450</u>
Total	<u>58,184,992</u>	<u>11,215,816</u>	<u>1,675,651</u>	<u>1,437,009</u>	<u>3,429,152</u>	<u>75,942,620</u>
Less:						
Allowance for possible losses	(1,310,392)	(2,189,923)	(781,316)	(1,290,423)	(3,318,329)	(8,890,383)
Deferred income	(60,387)	(128,632)	(2,217)	(5,544)	(12,793)	(209,573)
	<u>56,814,213</u>	<u>8,897,261</u>	<u>892,118</u>	<u>141,042</u>	<u>98,030</u>	<u>66,842,664</u>

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11. LOANS (continued)

A. Details of loans: (continued)

c) By Economic Sector and Rating: (continued)

	April 30, 2003					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	12,677,780	3,604,325	321,520	43,990	571,594	17,219,209
Agriculture	3,700,433	1,872,285	443,176	351,367	165,040	6,532,301
Trading, restaurant and hotel	3,930,620	1,079,164	84,147	130,278	331,529	5,555,738
Transportation, warehousing and communications	2,867,663	880,136	39,258	5,378	39,783	3,832,218
Business services	2,280,829	660,345	58,707	28,591	109,671	3,138,143
Construction	995,501	899,910	92,409	4,247	78,730	2,070,797
Social services	224,965	28,990	2,853	328,419	4,268	589,495
Mining	148,003	73,961	8,874	5,097	1,002	236,937
Electricity, gas and water	130,323	1,975	9,500	195	241	142,234
Others	2,063,562	282,064	22,349	12,127	45,346	2,425,448
	<u>29,019,679</u>	<u>9,383,155</u>	<u>1,082,793</u>	<u>909,689</u>	<u>1,347,204</u>	<u>41,742,520</u>
Foreign Currency:						
Manufacturing	10,320,710	3,470,520	74,665	406,074	1,612,849	15,884,818
Agriculture	829,217	619,293	2,922	-	-	1,451,432
Trading, restaurant and hotel	1,335,393	465,565	252,850	-	249,123	2,302,931
Transportation, warehousing and communications	372,275	241,428	-	-	-	613,703
Business services	1,103,609	747,165	7,263	62,163	512	1,920,712
Construction	1,071,685	479,510	-	-	40,622	1,591,817
Social services	24,221	-	-	-	-	24,221
Mining	1,611,481	52,507	-	17,133	30,293	1,711,414
Electricity, gas and water	1,003,740	299,838	-	-	-	1,303,578
Others	804,797	50,296	1,527	-	147	856,767
	<u>18,477,128</u>	<u>6,426,122</u>	<u>339,227</u>	<u>485,370</u>	<u>1,933,546</u>	<u>27,661,393</u>
Total	47,496,807	15,809,277	1,422,020	1,395,059	3,280,750	69,403,913
Less:						
Allowance for possible losses	(2,035,277)	(2,952,331)	(583,614)	(1,260,709)	(3,047,149)	(9,879,080)
Deferred income	(203,946)	-	-	-	-	(203,946)
	<u>45,257,584</u>	<u>12,856,946</u>	<u>838,406</u>	<u>134,350</u>	<u>233,601</u>	<u>59,320,887</u>

The non-performing loans ratio (consolidated gross basis) as of December 31, 2004 and 2003, and April 30, 2003 was 7.10%, 8.61% and 8.79%, respectively (Bank Mandiri only - 7.43%, 8.84% and 8.95%) as of December 31, 2004 and 2003, and April 30, 2003, respectively.

The loans as of December 31, 2004 and 2003, and April 30, 2003 include the loans purchased from IBRA amounting to Rp5,075,309, Rp5,249,139 and Rp5,383,514, respectively, with an allowance for possible losses of Rp2,262,110, Rp2,091,445 and Rp1,136,736, respectively, and deferred income of Rp164,964, Rp209,573 and Rp203,946, respectively.

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11. LOANS (continued)

A. Details of loans: (continued)

d) By Period:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Less than 1 year	5,491,779	3,884,416	6,882,910
1 - 2 years	7,218,878	6,640,752	2,908,587
2 - 5 years	20,285,757	18,145,417	12,352,723
More than 5 years	28,629,495	19,522,585	19,598,300
	<u>61,625,909</u>	<u>48,193,170</u>	<u>41,742,520</u>
Foreign Currency:			
Less than 1 year	1,824,038	1,911,089	2,663,076
1 - 2 years	1,999,598	1,243,612	1,738,329
2 - 5 years	9,296,786	7,560,367	8,050,143
More than 5 years	19,656,234	17,034,382	15,209,845
	<u>32,776,656</u>	<u>27,749,450</u>	<u>27,661,393</u>
Total	94,402,565	75,942,620	69,403,913
Less: Allowance for possible losses	(8,470,700)	(8,890,383)	(9,879,080)
Deferred income	(164,964)	(209,573)	(203,946)
	<u><u>85,766,901</u></u>	<u><u>66,842,664</u></u>	<u><u>59,320,887</u></u>

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11. LOANS (continued)

B. Significant information related to loans:

- a. Included in loans are syariah finance receivables amounting to Rp5,266,893, Rp2,167,704 and Rp1,345,155 as of December 31, 2004 and 2003, and April 30, 2003, respectively:

	December 31, 2004	December 31, 2003	April 30, 2003
Receivables	4,143,861	1,829,524	1,242,787
<i>Musyarakah</i> finance receivables	767,144	283,381	84,039
Other <i>syariah</i> finance receivables	355,888	54,799	18,329
	5,266,893	2,167,704	1,345,155
Less: Allowance for possible losses	(85,899)	(42,413)	(48,584)
	5,180,994	2,125,291	1,296,571

- b. Average Interest Rates and Range of Profit Sharing Per Annum:

Average interest rates per annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	12.98%	16.37%	17.72%
Foreign Currency	7.65%	9.13%	9.93%

Range of profit sharing per annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Receivables	8.80% - 24.25%	16.33% - 20.48%	16.06% - 21.66%
<i>Musyarakah</i> finance receivables	0.00% - 15.74%	9.08% - 24.81%	14.57% - 24.80%
Other <i>syariah</i> finance receivables	22.12% - 22.33%	0.00% - 29.83%	1.13%

- c. Loan Collateral

Loans are generally collateralized by registered mortgages, powers of attorney to mortgage or sell pledged assets, time deposits or other guarantees acceptable to Bank Mandiri.

- d. Government Program Loans

Government program loans consist of investment loans, permanent working capital loans and working capital loans which can be fully funded by the Government.

- e. Syndicated Loans

Syndicated loans represent loans provided to customers under syndication agreements with other banks. Bank Mandiri's share as facility agent in syndicated loans ranged from 4.50% to 75.08%, 4.50% to 77.88% and 4.50% to 79.35% of the total syndicated loans as of December 31, 2004 and 2003, and April 30, 2003, respectively. Bank Mandiri's total participation in syndicated loans ranged from 0.03% to 75.00%, 0.07% to 60.00% and 0.10% to 58.13%, of the total syndicated loans as of December 31, 2004 and 2003 and April 30, 2003, respectively.

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11. LOANS (continued)

B. Significant information related to loans: (continued)

f. Restructured Loans

Below is the type and amount of restructured loans as of December 31, 2004 and 2003, and April 30, 2003:

	December 31, 2004	December 31, 2003	April 30, 2003
Extension of loan maturity dates	11,199,799	13,160,740	15,826,455
Long-term loans with options to convert debt to equity	1,940,924	2,144,920	2,344,133
Additional loan facilities	415,326	381,227	278,365
Extension of loan maturity dates and reduction of interest rates	1,988,565	2,342,289	2,835,903
Extension of loan maturity dates and other restructuring schemes *)	5,500,340	5,958,373	7,138,343
	21,044,954	23,987,549	28,423,199

*) Other restructuring schemes mainly involve one or more of the following: reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Total restructured loans under non-performing loans (NPL) category as of December 31, 2004 and 2003, and April 30, 2003 amounted to Rp1,533,485, Rp2,398,390 and Rp4,007,665, respectively.

g. Loans to Related Parties

Loans to related parties amounted to Rp952,277, Rp1,019,902 and Rp1,018,631 as of December 31, 2004 and 2003, and April 30, 2003, respectively, or 0.38%, 0.41% and 0.39% of total assets as of December 31, 2004 and 2003, and April 30, 2003, respectively. Details of loans given to related parties are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Republic of Indonesia	591,899	402,381	412,532
PT Semen Kupang (Persero) *)	158,541	371,802	372,444
PT Stacomitra Sedaya Finance **)	98,050	137,989	68,222
PT Estika Sedaya Finance **)	59,211	67,358	63,333
PT Bayu Beringin Lestari *)	15,625	18,850	22,350
PT Estika Jasa Kelola **)	14,869	10,538	6,310
PT Kertas Padalarang *)	6,000	6,000	6,000
PT Staco Bosowa Finance **)	-	-	65,467
Employee loans	8,082	4,984	1,973
	952,277	1,019,902	1,018,631

*) Originated from conversion of debt to equity.

**) These are subsidiaries of the Bank's pension fund.

The loans to Bank Mandiri employees consist of interest-bearing loans at 6% per annum which are intended for the acquisition of vehicles, houses and other personal property, and are repayable within 1 to 20 years through monthly payroll deductions.

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11. LOANS (continued)

B. Significant information related to loans: (continued)

h. Legal Lending Limit (LLL)

As of December 31, 2004 and 2003, and April 30, 2003, Bank Mandiri had not exceeded the Legal Lending Limit as per BI Regulations.

i. Bank Mandiri has several loan-channeling agreements in place with several international financial institutions (Note 55).

j. Movements of Allowance for Possible Losses on Loans:

The allowance for possible loan losses is comprised of:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Allowance for possible loan losses	8,470,700	8,703,411	9,684,686
Allowance for possible losses derived from the difference between purchase price and loan principal of loans purchased from IBRA (Note 11B.m)	-	186,972	194,394
	<u>8,470,700</u>	<u>8,890,383</u>	<u>9,879,080</u>

The movements of allowance for possible loan losses (excluding allowance for possible losses derived from the difference between the purchase price and loan principal on loans purchased from IBRA) are as follows:

	<u>Year Ended December 31, 2004</u>	<u>Year Ended December 31, 2003</u>	<u>Eight-Month Period Ended December 31, 2003</u>	<u>Four-Month Period Ended April 30, 2003</u>
Balance at beginning of period	8,703,411	8,617,748	9,684,686	8,617,748
Provision during the period	275,662	1,056,661	453,382	603,279
Loan recoveries	1,082,463	1,240,117	895,618	344,499
Write-offs	(1,789,353)	(2,159,136)	(2,159,136)	-
Others *)	198,517	(51,979)	(171,139)	119,160
Balance at end of period	<u>8,470,700</u>	<u>8,703,411</u>	<u>8,703,411</u>	<u>9,684,686</u>

*) Includes foreign currency translation effect.

As explained in Note 2o, an allowance for possible losses is provided based on the review and evaluation of the collectibility and realizable value of the respective loan balances at the end of the period. In determining the minimum amount of allowance for possible loan losses, Bank Mandiri takes into account Bank Indonesia regulations on allowances for possible losses on earning assets.

The minimum allowance for possible losses on loans (including those for loans purchased from IBRA), under the guidelines prescribed by Bank Indonesia, as of December 31, 2004 and 2003, and April 30, 2003 is Rp6,151,232, Rp5,999,438 and Rp5,892,773, respectively. Management believes that the allowance for possible losses on loans is adequate.

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11. LOANS (continued)

B. Significant information related to loans: (continued)

- k. A summary of non-performing loans based on economic sector and related minimum allowances for possible losses based on Bank Indonesia regulations, is as follows:

<u>December 31, 2004</u>	Non-performing Loans	Minimum Allowance for Possible Losses
Rupiah:		
Manufacturing	1,323,115	765,463
Trading, restaurant and hotel	672,495	223,032
Business services	151,691	84,670
Others	1,591,352	890,663
	<u>3,738,653</u>	<u>1,963,828</u>
Foreign Currency:		
Manufacturing	2,681,800	2,047,218
Trading, restaurant and hotel	13,413	4,440
Business services	34,499	9,117
Others	235,248	181,221
	<u>2,964,960</u>	<u>2,241,996</u>
	<u>6,703,613</u>	<u>4,205,824</u>
 <u>December 31, 2003</u>		
Rupiah:		
Manufacturing	1,354,659	698,758
Trading, restaurant and hotel	664,238	401,270
Business services	176,581	89,006
Others	1,625,664	987,025
	<u>3,821,142</u>	<u>2,176,059</u>
Foreign Currency:		
Manufacturing	2,247,478	1,799,276
Trading, restaurant and hotel	310,328	121,605
Business services	26,419	9,647
Others	136,445	25,666
	<u>2,720,670</u>	<u>1,956,194</u>
	<u>6,541,812</u>	<u>4,132,253</u>

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11. LOANS (continued)

B. Significant information related to loans: (continued)

- k. A summary of non-performing loans based on economic sector and related minimum allowances for possible losses based on Bank Indonesia regulations, is as follows: (continued)

April 30, 2003

	Non-performing Loans	Minimum Allowance for Possible Losses
Rupiah:		
Manufacturing	937,104	574,973
Trading, restaurant and hotel	545,954	384,162
Business services	196,969	132,773
Others	1,659,659	768,600
	<u>3,339,686</u>	<u>1,860,508</u>
Foreign Currency:		
Manufacturing	2,093,588	1,721,949
Trading, restaurant and hotel	501,973	192,405
Business services	69,938	32,766
Others	92,644	80,502
	<u>2,758,143</u>	<u>2,027,622</u>
	<u>6,097,829</u>	<u>3,888,130</u>

- l. Bank Mandiri had *extra-komtabel* loans amounting to Rp21,527,023, Rp20,470,844 and Rp19,977,350 as of December 31, 2004 and 2003, and April 30, 2003, respectively. *Extra-komtabel* loans are loans which have been written-off by the Bank but which continue to be pursued for collection. These loans are not reflected in the balance sheet of the Bank, but are maintained as off-balance sheet in the Bank's ledger system. A summary of movements of *extra-komtabel* loans for the years ended December 31, 2004 and 2003, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003 is as follows (Bank Only):

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	20,470,844	20,587,640	19,977,350	20,587,640
Write-offs	1,774,024	2,159,136	2,159,136	-
Recoveries	(1,076,203)	(1,240,117)	(895,618)	(344,499)
Others *)	358,358	(1,035,815)	(770,024)	(265,791)
Balance at end of period	<u>21,527,023</u>	<u>20,470,844</u>	<u>20,470,844</u>	<u>19,977,350</u>

(*) Includes foreign currency translation effect.

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11. LOANS (continued)

B. Significant information related to loans: (continued)

m. Purchase of Loans from IBRA

Period from January 1, 2004 to December 31, 2004

In addition to deferred income, the Bank had provided an additional allowance for possible losses on IBRA loans amounting to Rp2,262,110 as of December 31, 2004.

Of the total outstanding principal balance of IBRA loans, Rp5,075,309 was covered by new credit agreements. Total additional facilities to debtors under loans purchased from IBRA for the year ended December 31, 2004 amounted to Rp333,755.

Total interest and other income (up-front fees, restructuring and provision fees) received related to loans purchased from IBRA for the year ended December 31, 2004 was Rp343,209.

Total loans purchased from IBRA recorded under "Other Assets" amounted to Rp2,188 as of December 31, 2004 (Note 15). The cessie agreements related to these loans are still in the process of finalization.

Period from May 1, 2003 to December 31, 2003

In addition to the allowance for possible loan losses and deferred income, the Bank had provided an additional allowance for possible losses on IBRA loans amounting to Rp1,904,473 as of December 31, 2003.

Of the total outstanding principal balance of Rp5,249,139 recorded under loans, Rp3,526,048 or 67.17% was covered by new credit agreements. Total additional facilities to debtors under loans purchased from IBRA for the eight-month period ended December 31, 2003 amounted to Rp316,706.

Total interest and other income (up-front fees, restructuring and provision fees) received related to loans purchased from IBRA for the eight-month period ended December 31, 2003 was Rp228,182 and Rp2,562, respectively.

Total loans purchased from IBRA recorded under "Other Assets" amounted to Rp2,031 as of December 31, 2003 (Note 15).

Period from January 1, 2003 to April 30, 2003

In addition to the allowance for possible loan losses and deferred income, the Bank had provided an additional allowance for possible losses on IBRA loans amounting to Rp942,342 as of April 30, 2003.

Of the total outstanding principal balance of Rp5,383,514 recorded under loans, Rp3,515,824 or 65.31% was covered by new credit agreements. Total additional facilities to debtors under loans purchased from IBRA for the four-month period ended April 30, 2003 amounted to Rp57,700.

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11. LOANS (continued)

B. Significant information related to loans: (continued)

m. Purchase of Loans from IBRA (continued)

Total interest and other income (up-front fees, restructuring and provision fees) received related to loans purchased from IBRA for the four-month period ended April 30, 2003 was Rp54,584 and Rp1,090, respectively.

Total loans purchased from IBRA recorded under "Other Assets" amounted to Rp165,916 as of April 30, 2003 (Note 15).

Below are the movements of loan principal, allowance for loan losses and deferred income on loans purchased from IBRA for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, which were recorded under loans account:

	Year Ended December 31, 2004	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
<i>Principal</i>			
Balance at beginning of period	5,249,139	5,383,514	5,457,322
Purchased from IBRA during the period	-	351,014	47,822
Repayments during the period	(463,846)	(235,794)	(5,885)
Loan write-offs during the period	(86,305)	-	-
Adjustment on deferred income	(64,826)	-	-
Foreign currency translation effect	441,147	(249,595)	(115,745)
Balance at end of period	5,075,309	5,249,139	5,383,514
<i>Allowance for possible loan losses</i>			
Balance at beginning of period	186,972	194,394	288,797
Reversal of provision during the period	(8,915)	269	(84,847)
Adjustment on allowance for possible loan losses	(195,796)	-	-
Foreign currency translation effect	17,739	(7,691)	(9,556)
Balance at end of period	-	186,972	194,394
<i>Deferred Income</i>			
Balance at beginning of period	209,573	203,946	164,284
Additions during the period	-	10,311	42,111
Write-offs during the period	(22,106)	-	-
Adjustment on deferred income	(36,472)	-	-
Correction from repayment	(185)	-	-
Foreign currency translation effect	14,154	(4,684)	(2,449)
Balance at end of period	164,964	209,573	203,946

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12. ACCEPTANCES RECEIVABLE

a) By Currency and Related Parties and Third Parties:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Receivables from other banks			
Related parties	-	-	-
Third parties	3,289	-	-
Receivables from debtors			
Related parties	-	-	-
Third parties	136,480	50,407	77,142
Total Rupiah	139,769	50,407	77,142
Foreign Currency:			
Receivables from other banks			
Related parties	-	-	-
Third parties	20,660	14,230	25,518
Receivables from debtors			
Related parties	-	-	-
Third parties	5,080,959	3,200,235	2,688,977
Total Foreign Currency	5,101,619	3,214,465	2,714,495
Total	5,241,388	3,264,872	2,791,637
Less: Allowance for possible losses	(147,286)	(148,762)	(103,404)
	5,094,102	3,116,110	2,688,233

b) By Maturity:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Less than 1 month	32,183	12,196	77,142
1 - 3 months	67,331	10,172	-
3 - 6 months	40,255	28,039	-
6 - 12 months	-	-	-
More than 12 months	-	-	-
	139,769	50,407	77,142
Foreign Currency:			
Less than 1 month	1,245,286	1,038,533	695,459
1 - 3 months	2,107,345	1,115,246	854,167
3 - 6 months	1,221,510	773,329	774,564
6 - 12 months	521,920	287,357	390,305
More than 12 months	5,558	-	-
	5,101,619	3,214,465	2,714,495
Total	5,241,388	3,264,872	2,791,637
Less: Allowance for possible losses	(147,286)	(148,762)	(103,404)
	5,094,102	3,116,110	2,688,233

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12. ACCEPTANCES RECEIVABLE (continued)

c) By Collectibility:

	December 31, 2004	December 31, 2003	April 30, 2003
Current	4,920,860	2,889,789	2,437,697
Special mention	317,900	335,427	353,940
Sub-standard	2,628	-	-
Doubtful	-	39,656	-
Loss	-	-	-
Total	5,241,388	3,264,872	2,791,637
Less: Allowance for possible losses	(147,286)	(148,762)	(103,404)
	5,094,102	3,116,110	2,688,233

d) Movements of Allowance for Possible Losses on Acceptances Receivable:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	148,762	127,538	103,404	127,538
Provision/(reversal) during the period	6,626	29,607	49,859	(20,252)
Others *)	(8,102)	(8,383)	(4,501)	(3,882)
Balance at end of period	147,286	148,762	148,762	103,404

(*) Includes foreign currency translation effect.

The minimum allowance for possible losses on acceptances receivable, under the guidelines prescribed by Bank Indonesia, as of December 31, 2004 and 2003, and April 30, 2003 was Rp65,433, Rp65,497 and Rp41,997, respectively.

Management believes that the allowance for possible losses on acceptances receivable is adequate.

13. INVESTMENTS IN SHARES OF STOCK

a. The details of investments in shares of stock are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Equity method of accounting	8,981	16,532	8,106
Cost method of accounting	78,013	85,883	141,798
Total	86,994	102,415	149,904
Less: Allowance for possible losses	(78,145)	(89,693)	(27,633)
	8,849	12,722	122,271

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13. INVESTMENTS IN SHARES OF STOCK (continued)

a. The details of investments in shares of stock are as follows: (continued)

The details of investments in shares of stock as of December 31, 2004 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
<i>Equity Method of Accounting:</i>					
PT Sarana Bersama Pembiayaan Indonesia	Holding company	34.00	2,278	2,881	5,159
PT AXA Mandiri Financial Services	Insurance	49.00	16,761	(12,939)	3,822
					<u>8,981</u>
<i>Cost Method of Accounting:</i>					
PT Semen Kupang ^{a)}	Manufacturing	59.73	45,023		45,023
PT Sri Thai ^{a)}	Manufacturing	21.60	23,055		23,055
Others	Various		9,935		9,935
					<u>78,013</u>
Total					86,994
Less: Allowance for possible losses					(78,145)
					<u><u>8,849</u></u>

a) These investments represent restructured loans through debt to equity participations (Note 11B.g). Such investments are temporary investments for up to a maximum of five (5) years based on Bank Indonesia regulations. Accordingly, such investments are accounted for using the cost method regardless of the percentage of ownership, effective January 1, 2001.

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13. INVESTMENTS IN SHARES OF STOCK (continued)

a. The details of investments in shares of stock are as follows: (continued)

The details of investments in shares of stock as of December 31, 2003 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
<i>Equity Method of Accounting:</i>					
PT Sarana Bersama Pembiayaan Indonesia	Holding company	34.00	2,278	2,881	5,159
PT AXA Mandiri Financial Services	Insurance	49.00	16,761	(7,343)	9,418
PT Bapindo Bumi Sekuritas	Securities trading	26.19	2,750	(795)	1,955
					16,532
<i>Cost Method of Accounting:</i>					
PT Semen Kupang ^{a)}	Manufacturing	59.70	45,023		45,023
PT Sri Thai ^{a)}	Manufacturing	21.60	23,055		23,055
PT Kertas Padalarang ^{a)}	Pulp and paper	51.50	9,530		9,530
Others	Various		10,075		8,275
					85,883
Total					102,415
Less: Allowance for possible losses					(89,693)
					12,722

a) These investments represent restructured loans through debt to equity participations (Note 11B.g). Such investments are temporary investments for up to a maximum of five (5) years based on Bank Indonesia regulations. Accordingly, such investments are accounted for using the cost method regardless of the percentage of ownership, effective January 1, 2001.

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13. INVESTMENTS IN SHARES OF STOCK (continued)

a. The details of investments in shares of stock are as follows: (continued)

The details of investments in shares of stock as of April 30, 2003 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
<i>Equity Method of Accounting:</i>					
PT Sarana Bersama Pembiayaan Indonesia	Holding company	34.00	2,278	2,881	5,159
PT Bapindo Bumi Sekuritas	Securities Trading	19.00	2,750	197	2,947
					<u>8,106</u>
<i>Cost Method of Accounting:</i>					
PT Bank Internasional Indonesia Tbk.	Bank	2.00	50,400		50,400
PT Semen Kupang ^{a)}	Manufacturing	59.70	45,023		45,023
PT Sri Thai ^{a)}	Manufacturing	21.60	23,055		23,055
PT Kertas Padalarang ^{a)}	Pulp and paper	51.50	9,530		9,530
Others	Various		13,790		13,790
					<u>141,798</u>
Total					149,904
Less: Allowance for possible losses					(27,633)
					<u><u>122,271</u></u>

a) These investments represent restructured loans through debt to equity participations (Note 11 B.g). Such investments are temporary investments for up to a maximum of five (5) years based on Bank Indonesia regulations. Accordingly, such investments are accounted for using the cost method regardless of the percentage of ownership, effective January 1, 2001.

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13. INVESTMENTS IN SHARES OF STOCK (continued)

b. By Collectibility:

	December 31, 2004	December 31, 2003	April 30, 2003
Current	4,922	12,851	129,042
Sub-standard	1,955	-	-
Loss	80,117	89,564	20,862
Total	86,994	102,415	149,904
Less: Allowance for possible losses	(78,145)	(89,693)	(27,633)
	8,849	12,722	122,271

c. Movements of allowance for possible losses on investments in shares of stocks:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	89,693	62,807	27,633	62,807
(Reversal)/provision during the period	(1,922)	35,626	70,823	(35,197)
Write-offs	(9,530)	-	-	-
Others	(96)	(8,740)	(8,763)	23
Balance at end of period	78,145	89,693	89,693	27,633

The minimum allowance for possible losses on investments in shares of stock, under the guidelines prescribed by Bank Indonesia, as of December 31, 2004 and 2003, and April 30, 2003 was Rp78,145, Rp89,693 and Rp27,633, respectively.

Management believes that the allowance for possible losses on investments in shares of stock is adequate.

14. PREMISES AND EQUIPMENT

	December 31, 2004	December 31, 2003	April 30, 2003
Cost/Valuation *)	7,825,578	7,245,644	3,685,787
Less: Accumulated depreciation and amortization	(2,341,950)	(1,861,272)	(1,642,699)
Net book value	5,483,628	5,384,372	2,043,088

*) Certain premises and equipment were revalued in 1979, 1987 and 2003.

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14. PREMISES AND EQUIPMENT (continued)

Movements from Jan 1, 2004 to December 31, 2004	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
<i>Cost or Valuation</i>					
Direct ownership					
Land **)	2,903,770	185	(74,342)	-	2,829,613
Buildings **)	1,391,505	28,226	(2,817)	43,257	1,460,171
Furniture, fixtures, office equipment and computer equipment/software	2,484,614	175,345	(45,761)	511,360	3,125,558
Vehicles	47,446	21,379	(5,668)	-	63,157
Construction in progress	380,759	439,409	-	(554,617)	265,551
Leased assets	37,550	43,978	-	-	81,528
Total Cost or Valuation	7,245,644	708,522	(128,588)	-	7,825,578
<i>Accumulated Depreciation and Amortization</i>					
Direct ownership					
Buildings	599,243	98,725	(2,624)	-	695,344
Furniture, fixtures, office equipment and/ computer equipment/software	1,226,794	399,499	(45,387)	-	1,580,906
Vehicles	25,222	12,611	(4,870)	-	32,963
Leased assets	10,013	22,724	-	-	32,737
Total Accumulated Depreciation and Amortization	1,861,272	533,559	(52,881)	-	2,341,950
<i>Net book value</i>					
Direct ownership					
Land					2,829,613
Buildings					764,827
Furniture, fixtures, office equipment and computer equipment/software					1,544,652
Vehicles					30,194
Construction in progress					5,169,286
Leased assets					265,551
					48,791
					5,483,628

***) The amount includes an increment in value of premises and equipment based on revaluation of fixed assets of the merged banks performed by an Independent Appraiser, PT Vigers Hagai Sejahtera, using market values as of July 30, 1999. The revaluation increment was recorded prospectively on June 18, 2003 (Note 14a).

Construction in progress as of December 31, 2004 is comprised of:

Product and license - Core Banking System	146,960
Buildings	9,996
Others	108,595
	265,551

The construction in progress was approximately 92.79% complete as of December 31, 2004.

Certain premises and equipment of BSM, a subsidiary, with net book value as of December 31, 2004, have been pledged as collateral to Bank Indonesia in relation to BSM's proposal for the settlement of its Rp32,000 subordinated loan from BI (Note 29g).

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14. PREMISES AND EQUIPMENT (continued)

Movements from May 1, 2003 to December 31, 2003	Beginning Balance	Additions	Deductions	Reclassifications	Revaluation	Ending Balance
<i>Cost or Valuation</i>						
Direct ownership						
Land **)	345,517	9,243	(7,638)	-	2,556,648	2,903,770
Buildings **)	1,069,810	14,022	(3,908)	39,071	272,510	1,391,505
Furnitures, fixtures, office equipment and computer equipment/software	1,674,374	174,028	(27,288)	664,243	(743)	2,484,614
Vehicles	39,367	11,725	(3,646)	-	-	47,446
Construction in progress	556,719	527,354	-	(703,314)	-	380,759
Leased assets	-	37,550	-	-	-	37,550
Total Cost/Valuation	3,685,787	773,922	(42,480)	-	2,828,415	7,245,644
<i>Accumulated Depreciation and Amortization</i>						
Direct ownership						
Buildings	539,234	40,561	(4,541)	-	23,989	599,243
Furnitures, fixtures, office equipment and computer equipment/software	1,079,557	172,502	(25,265)	-	-	1,226,794
Vehicles	23,908	3,059	(1,745)	-	-	25,222
Leased assets	-	10,013	-	-	-	10,013
Total Accumulated Depreciation and Amortization	1,642,699	226,135	(31,551)	-	23,989	1,861,272
<i>Net book value</i>						
Direct ownership						
Land						2,903,770
Buildings						792,262
Furniture, fixtures, office equipment and computer equipment/software						1,257,820
Vehicles						22,224
						<u>4,976,076</u>
Construction in progress						380,759
Leased assets						27,537
						<u>5,384,372</u>

**) The amount includes an increment in value of fixed assets based on revaluation of fixed assets of the merged banks performed by an Independent Appraiser, PT Vigers Hagai Sejahtera, using market values as of July 30, 1999. The revaluation increment was recorded prospectively on June 18, 2003 (Note 14a).

Construction in progress as of December 31, 2003 is comprised of:

Product and license - Core Banking System	103,411
Buildings	6,351
Others	270,997
	<u>380,759</u>

The construction in progress was approximately 84.17% complete as of December 31, 2003.

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14. PREMISES AND EQUIPMENT (continued)

Movements from Jan 1, 2003 to April 30, 2003	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
<i>Cost or Valuation</i>					
Direct ownership					
Land	345,517	-	-	-	345,517
Buildings	1,063,216	5,864	-	730	1,069,810
Furnitures, fixtures, office equipment and computer equipment/software	1,632,417	48,501	(7,351)	807	1,674,374
Vehicles	36,656	2,711	-	-	39,367
Construction in progress	432,796	125,460	-	(1,537)	556,719
Total Cost/Valuation	3,510,602	182,536	(7,351)	-	3,685,787
<i>Accumulated Depreciation And Amortization</i>					
Direct ownership					
Buildings	523,683	15,551	-	-	539,234
Furnitures, fixtures, office equipment and computer equipment/software	1,005,966	73,581	10	-	1,079,557
Vehicles	22,171	1,737	-	-	23,908
Total Accumulated Depreciation and Amortization	1,551,820	90,869	10	-	1,642,699
<i>Net book value</i>					
Direct ownership					
Land					345,517
Buildings					530,576
Furniture, fixtures, office equipment and computer equipment/software					594,817
Vehicles					15,459
Construction in progress					1,486,369
					556,719
					<u>2,043,088</u>
Construction in progress as of April 30, 2003 is comprised of:					
Product and license - Core Banking System					488,671
Buildings					13,354
Others					54,694
					<u>556,719</u>

The construction in progress was approximately 66% complete as of April 30, 2003.

Management believes that there is no permanent impairment in the value of fixed assets as of December 31, 2004 and 2003, and April 30, 2003.

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14. PREMISES AND EQUIPMENT (continued)

- a. In accordance with the Decrees of the Minister of Finance (KMK) No. 211/KMK.03/2003 dated May 14, 2003 and No. S-206/MK.01/2003 dated May 21, 2003, Bank Mandiri engaged PT Vigers Hagai Sejahtera, a registered appraisal company, to revalue the premises and equipment of the merged banks, BBD, BDN, Bank Exim and Bapindo as of July 31, 1999, in relation to the transfer to Bank Mandiri of tax losses of these taxpayers which transferred assets to Bank Mandiri (Note 27c).

Based on PT Vigers Hagai Sejahtera's Valuation Report No. Ref-020-I/VHS/V/03 dated May 26, 2003, the value of premises and equipment of the Bank and the corresponding increment in value as of July 31, 1999 were as follows:

Fixed Assets	Market Value	Book Value	Increment in Value
Land and buildings	4,427,510	843,414	3,584,096
Furniture, fixtures and equipment	438,086	275,370	162,716
Vehicles	19,604	355	19,249
	4,885,200	1,119,139	3,766,061

PT Vigers Hagai Sejahtera's opinion of the market value was based on "Indonesian Appraisal Standards" issued by the Indonesian Appraisal Companies Association (GAPPI) and the Indonesian Society of Appraisers (MAPPI).

In arriving at the market values, PT Vigers Hagai Sejahtera has taken into consideration the market data approach and cost approach valuation methodologies.

The results of the revaluation have been approved by the Directorate General of Taxation through Kepala Kantor Pelayanan Pajak Perusahaan Negara and Daerah through its Decision Letter No. Kep-01/WPJ.07/KP.0105/2003 dated June 18, 2003.

Bank Mandiri has recorded the results of the revaluation on June 18, 2003, the date of approval from the Directorate General of Taxation, after deducting the relevant accumulated depreciation for the period from August 1, 1999 to June 18, 2003. The net increment of premises and equipment of Rp3,046,936, involved land and buildings.

The recognition of the premises and equipment revaluation increment did not impact the Bank's tax expense position, as the tax losses used to compensate the premises and equipment revaluation increment had not been recognized as deferred tax assets by the Bank.

- b. Bank Mandiri and Subsidiaries have insured their premises and equipment (excluding land) against physical loss/damage with PT Staco Jasapratama, PT Asuransi Raya and PT Asuransi Dharma Bangsa for total coverage amounts of Rp3,342,230, Rp3,947,268 and Rp3,930,253 as of December 31, 2004 and 2003, and April 30, 2003, respectively. Management believes that the insurance coverage is adequate to cover the possibility of losses arising in relation to premises and equipment.

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15. OTHER ASSETS

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Receivables	3,256,714	2,819,848	2,810,862
Accrued income	1,145,139	1,634,516	3,232,512
Others - net	3,378,047	4,065,418	3,765,374
	<u>7,779,900</u>	<u>8,519,782</u>	<u>9,808,748</u>

Receivables

Receivables from the accretion in realizable value of the zero coupon instruments and deposits placed with foreign institutions which serve as security for certain Subordinated Undated Floating Rate Notes (SUFRNs) which were issued by Bank Exim and BDN, and the effective reduction in the principal liability of the SUFRNs which were issued by Bapindo, are as follows:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
SUFRNs classified as subordinated loans (Note 29)			
Bank Exim SUFRNs	1,044,563	916,219	921,772
Bapindo SUFRNs	1,084,024	914,113	893,576
	2,128,587	1,830,332	1,815,348
SUFRNs classified as loan capital			
BDN SUFRNs (Note 30)	1,128,127	989,516	995,514
	<u>3,256,714</u>	<u>2,819,848</u>	<u>2,810,862</u>

Accrued Income

Accrued income primarily comprises accrued interest receivable from placements, securities, Government Recapitalization Bonds, loans, and accrued fees and commissions.

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15. OTHER ASSETS (continued)

Others

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Prepaid dividends	1,207,926	1,000,000	-
Prepaid expenses	338,279	257,639	289,068
Assets not in use	255,738	219,802	172,813
Inter-branch accounts - net	216,145	1,270,518	-
Repossessed assets	200,040	195,271	76,174
Office supplies	53,741	55,632	64,524
Receivables from financial institutions	31,597	377,155	-
Deferred charges	12,544	10,435	26,734
Loans purchased from IBRA	2,188	2,031	165,916
Interest refundable by the Government	866	25,267	25,267
Prepaid taxes	63	16,559	366,724
Receivables from customer transactions	-	16,600	50,245
Deposit made to State Treasury (Note 48)	-	-	1,124,194
Others	2,392,562	2,134,337	1,086,123
Total Rupiah	4,711,689	5,581,246	3,447,782
Foreign Currency:			
Inter-branch accounts - net	258,433	-	1,764,152
Repossessed assets	-	1,267	1,305
Others	288,271	969,361	992,966
Total Foreign Currency	546,704	970,628	2,758,423
Total	5,258,393	6,551,874	6,206,205
Less: Allowance for possible losses	(1,880,346)	(2,486,456)	(2,440,831)
	3,378,047	4,065,418	3,765,374

Prepaid dividends amounting to Rp1,207,926 and Rp1,000,000 as of December 31, 2004 and 2003, represent payments of interim dividends for the years 2004 and 2003.

Prepaid Expenses

Prepaid expenses consist of payments made in advance mostly relating to rent and insurance.

Loans purchased from IBRA represent loans for which cessie agreements related to these loans are still in the process of finalization.

Prepaid Taxes

Prepaid taxes as of December 31, 2004 and 2003, and April 30, 2003 are primarily comprised of corporate income tax installments and others.

The allowance for possible losses amounting to Rp1,880,346, Rp2,486,456 and Rp2,440,831 as of December 31, 2004 and 2003, and April 30, 2003, respectively, was primarily to cover possible losses arising from inter-branch accounts and other assets. The inter-branch accounts consist of open items among branches and Head Office. Bank Mandiri's management is of the opinion that the provision is adequate to cover possible losses arising from inter-branch open items, and for other assets.

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15. OTHER ASSETS (continued)

Movements of allowance for possible losses on other assets are as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	2,486,456	2,191,455	2,440,831	2,191,455
Provision during the period	-	166,192	165,094	1,098
Write-offs	(603,002)	-	-	-
Others	(3,108)	128,809	(119,469)	248,278
Balance at end of period	1,880,346	2,486,456	2,486,456	2,440,831

16. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency and Related Parties and Third Parties:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Related parties	38,477	2,380	26,914
Third parties	28,865,715	29,005,035	24,733,428
	28,904,192	29,007,415	24,760,342
Foreign Currency:			
Related parties	23,935	9,474	631
Third parties	12,155,203	9,214,767	8,706,746
	12,179,138	9,224,241	8,707,377
	41,083,330	38,231,656	33,467,719

Included in demand deposits are *wadiah* deposits amounting to Rp980,661, Rp297,796 and Rp150,344 as of December 31, 2004 and 2003, and April 30, 2003, respectively.

b. Average Interest Rates and Range of Bonuses per Annum:

Average interest rates per annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	3.60%	3.20%	3.75%
Foreign Currency	0.50%	1.23%	1.88%

Range of bonuses per annum on wadiah deposits:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	1.21% - 1.43%	1.67% - 2.83%	2.47% - 2.83%
Foreign Currency	0.24% - 0.70%	0.82% - 0.94%	0.82% - 0.94%

c. As of December 31, 2004 and 2003, and April 30, 2003, demand deposits pledged by borrowers as collateral for bank guarantees, loans and trade finance facilities amounted to Rp1,039,179, Rp1,078,941 and Rp1,524,344, respectively.

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17. DEPOSITS FROM CUSTOMERS - SAVINGS DEPOSITS

a. By Type and Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Mandiri Savings	51,751,525	40,322,521	29,315,521
Mudharabah Savings	1,536,277	752,698	388,958
Mandiri Haji Savings	245,600	138,321	349,215
Investa Savings	-	79,361	11,611
Others	-	14,532	65,031
	53,533,402	41,307,433	30,130,336

- b. As of December 31, 2004 and 2003, and April 30, 2003, Bank Mandiri had savings deposits from related parties amounting to Rp15,467, Rp8,769 and Rp2,406, respectively, or 0.03%, 0.02% and 0.01% of total savings deposits, respectively (Note 48).
- c. Annual average interest rates of savings deposits for the years ended December 31, 2004 and 2003, and the four-month period ended April 30, 2003 were 5.03%, 6.73% and 9.90%, respectively.
- d. Profit sharing for *mudharabah* savings ranged from 4.23% to 7.94%, 5.36% to 10.5%, and 5.36% to 10.50% for the years ended December 31, 2004 and 2003, and the four-month period ended April 30, 2003, respectively.

18. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	68,885,972	81,747,939	104,637,454
Foreign Currency	12,335,642	17,523,726	18,988,889
	81,221,614	99,271,665	123,626,343

b. By Period:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
1 month	43,586,485	45,967,629	46,628,343
3 months	11,900,143	16,305,242	22,330,373
6 months	7,891,840	3,522,785	6,865,538
12 months	2,781,990	8,654,940	11,233,186
More than 12 months	2,725,514	7,297,343	17,580,014
	68,885,972	81,747,939	104,637,454
Foreign Currency:			
1 months	10,097,715	15,221,813	15,281,325
3 months	1,344,763	1,169,152	1,780,241
6 months	408,862	656,403	853,906
12 months	477,173	469,433	544,612
More than 12 months	7,129	6,925	528,805
	12,335,642	17,523,726	18,988,889
	81,221,614	99,271,665	123,626,343

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18. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By Maturity:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
1 month	48,334,100	51,850,240	62,157,517
3 months	12,280,476	18,845,499	16,134,857
6 months	3,900,206	6,496,399	11,790,137
12 months	2,294,201	2,713,339	13,281,686
More than 12 months	2,076,989	1,842,462	1,273,257
	<u>68,885,972</u>	<u>81,747,939</u>	<u>104,637,454</u>
Foreign Currency:			
1 month	10,701,096	15,390,970	16,256,632
3 months	1,019,114	1,539,024	1,989,168
6 months	319,178	323,823	481,179
12 months	293,808	262,782	258,553
More than 12 months	2,446	7,127	3,357
	<u>12,335,642</u>	<u>17,523,726</u>	<u>18,988,889</u>
	<u>81,221,614</u>	<u>99,271,665</u>	<u>123,626,343</u>

d. Included in time deposits are unrestricted *mudharabah* investments amounting to Rp3,208,069, Rp1,578,393 and Rp842,531 as of December 31, 2004 and 2003, and April 30, 2003, respectively.

e. Average Interest Rates and Range of Profit Sharing per Annum:

<i>Average interest rates per annum:</i>	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	6.50%	8.57%	11.68%
Foreign Currency	0.93%	1.63%	2.41%

Range of profit sharing per annum on mudharabah investments:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	6.61% - 9.01%	6.67% - 13.12%	10.18% - 13.12%
Foreign Currency	1.81% - 1.91%	1.70% - 3.21%	2.80% - 4.01%

f. As of December 31, 2004 and 2003, and April 30, 2003, time deposits from related parties amounted to Rp35,997, Rp354,490 and Rp1,813,676, respectively, or 0.04%, 0.36% and 1.47% of the total time deposits, respectively (Note 48).

g. As of December 31, 2004 and 2003, and April 30, 2003, time deposits which are frozen and blocked as collateral for bank guarantees, loans and trade finance facilities amounted to Rp4,511,787, Rp5,331,218 and Rp4,135,382, respectively. *Mudharabah* time deposits pledged as of December 31, 2004 and 2003, and April 30, 2003 for *mudharabah* receivables extended by a subsidiary amounted to Rp49,454, Rp9,500 and Rp14,030, respectively.

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19. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS

a. By Currency:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	950,690	593,020	273,944
Foreign Currency	20,126	18,844	11,479
	<u>970,816</u>	<u>611,864</u>	<u>285,423</u>

Included in demand deposits are *wadiah* deposits amounting to Rp4,438, Rp182 and Rp2,488 as of December 31, 2004 and 2003, and April 30, 2003, respectively.

b. Average Interest Rates and Range of Bonuses Per Annum:

Average interest rates per annum:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	3.60%	3.20%	3.75%
Foreign Currency	0.50%	1.23%	1.88%

Range of bonuses per annum on wadiah deposits:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	1.21% - 1.43%	1.67% - 2.83%	2.47%-2.83%
Foreign Currency	0.24% - 0.70%	0.82% - 0.94%	0.82%-0.94%

c. As of December 31, 2004 and 2003, and April 30, 2003, the Bank had no demand deposits from related party banks.

d. As of December 31, 2004 and 2003, and April 30, 2003, demand deposits pledged by borrowers as loan collateral amounted to Rp4,983, Rp2,452 and Rp3,124, respectively.

20. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By Currency:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	330,200	845,516	579,000
Foreign Currency	1,634,160	176,925	995,947
	<u>1,964,360</u>	<u>1,022,441</u>	<u>1,574,947</u>

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20. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY (continued)

b. By Maturity:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Less than 1 month	330,000	845,516	579,000
1 - 2 months	-	-	-
2 - 3 months	200	-	-
	<u>330,200</u>	<u>845,516</u>	<u>579,000</u>
Foreign Currency:			
Less than 1 month	1,634,160	176,925	995,947
1 - 2 months	-	-	-
2 - 3 months	-	-	-
	<u>1,634,160</u>	<u>176,925</u>	<u>995,947</u>
	<u>1,964,360</u>	<u>1,022,441</u>	<u>1,574,947</u>

c. Average Interest Rates Per Annum:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	6.39%	6.50%	9.45%
Foreign Currency	3.18%	1.20%	1.22%

d. As of December 31, 2004 and 2003, and April 30, 2003, the Bank has no inter-bank call money from related party banks.

21. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah	8,218,662	9,632,884	11,827,721
Foreign Currency	885,357	409,331	102,740
	<u>9,104,019</u>	<u>10,042,215</u>	<u>11,930,461</u>

b. By Period:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Less than 1 month	7,959,739	7,808,888	10,379,432
3 months	254,438	1,637,476	1,250,789
6 months	185	88,178	192,975
12 months	4,300	81,458	4,525
More than 12 months	-	16,884	-
	<u>8,218,662</u>	<u>9,632,884</u>	<u>11,827,721</u>

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21. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)

b. By Period:

	December 31, 2004	December 31, 2003	April 30, 2003
Foreign Currency:			
Less than 1 month	623,183	179,757	53,345
3 months	112,913	27,695	17,351
6 months	108,131	144,589	32,044
12 months	17,093	57,290	-
More than 12 months	24,037	-	-
	885,357	409,331	102,740
	9,104,019	10,042,215	11,930,461

Included in time deposits from other bank are unrestricted investments - *mudharabah* time deposits amounting to Rp175,800, Rp38,223 and Rp9,670 as of December 31, 2004 and 2003, and April 30, 2003, respectively.

c. Average Interest Rates and Range of Profit Sharing Per Annum:

Average interest rates per annum:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	6.50%	8.57%	11.68%
Foreign Currency	0.93%	1.63%	2.41%

Range of profit sharing per annum on mudharabah time deposits:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah	6.61% - 9.01%	6.67% - 13.12%	10.18% - 13.12%
Foreign Currency	1.81% - 1.91%	1.70% - 3.21%	2.80% - 4.01%

d. As of December 31, 2004 and 2003, and April 30, 2003, the Bank has no time deposits from related party banks.

e. As of December 31, 2004 and 2003, and April 30, 2003, time deposits from other banks which are frozen and blocked as loans collateral amounted to Rp17,676, Rp33,591 and Rp36,446, respectively.

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22. SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE

December 31, 2004

Counter-party	Commencement Date	Maturity Date	Repurchase Amount	Serial Number
Deutsche Bank	05/09/2003	10/25/2006	1,305,000	GRB VR0010
Standard Chartered Bank	06/04/2003	06/06/2005	1,037,500	GRB VR0013
HSBC Bank	11/03/2004	11/03/2009	285,060	GRB FR0019
Standard Chartered Bank	11/04/2004	11/04/2009	284,062	GRB VR0017
PT Mega Finadana	12/22/2004	01/05/2005	1,003	Bonds
PT Mega Finadana	12/10/2004	01/10/2005	1,007	Bonds
			2,913,632	

The agreements to repurchase Government Recapitalization Bonds with Standard Chartered Bank (serial numbers VR0013 and VR0017) and HSBC Bank (serial number FR00019) are associated with cross currency swap transactions with the respective counterparties. There is no premium or discount on these contracts. On January 28, 2004, Bank Mandiri made an early termination of its securities sold with agreements to repurchase which were due to mature on September 11, 2005 and September 25, 2005 amounting to Rp2,000,000 with Bank Mega.

December 31, 2003

As of December 31, 2003, securities sold with agreements to repurchase were as follows:

Counter-party	Commencement Date	Maturity Date	Repurchase Amount	Serial Number
Deutsche Bank	05/09/2003	10/25/2006	1,305,000	GRB VR0010
Standard Chartered	06/04/2003	06/06/2005	1,037,500	GRB VR0013
Standard Chartered	11/17/2003	01/12/2004	32,603	GRB FR0002
Standard Chartered	11/17/2003	01/12/2004	9,000	GRB FR0005
Standard Chartered	11/17/2003	01/12/2004	4,500	GRB FR0004
Bank Mega	09/11/2003	09/11/2005	266,667	GRB VR0014
Bank Mega	09/11/2003	09/11/2005	266,667	GRB VR0015
Bank Mega	09/11/2003	09/11/2005	266,666	GRB VR0017
Bank Mega	09/25/2003	09/25/2005	400,000	GRB VR0014
Bank Mega	09/25/2003	09/25/2005	400,000	GRB VR0015
Bank Mega	09/25/2003	09/25/2005	400,000	GRB VR0017
Bank Bumiputera	12/23/2003	01/29/2004	17,074	FRN
			4,405,677	

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22. SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE (continued)

The agreements to repurchase Government Recapitalization Bonds with Deutsche Bank (series VR0010) and Standard Chartered Bank (series VR0013) are associated with cross currency swap transactions with the respective counterparties. The Bank will settle all the repurchase agreements at nominal values at maturity. There is no premium or discount on these contracts (Notes 7 and 10).

April 30, 2003

As of April 30, 2003, securities sold with agreements to repurchase were as follows:

Counter-party	Commencement Date	Maturity Date	Repurchase Amount	Serial Number
Deutsche Bank	01/31/2002	01/31/2004	735,000	GRB FR0002

The Bank sold Government recapitalization bond serial number FR0002 with an agreement to repurchase, and entered into a swap transaction with Deutsche Bank (Notes 7 and 10).

23. ACCEPTANCES PAYABLE

a. By Currency:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Payable to other banks			
Related parties	-	-	-
Third parties	136,480	50,407	77,142
Payable to debtors			
Related parties	-	-	-
Third parties	3,289	-	-
Total Rupiah	<u>139,769</u>	<u>50,407</u>	<u>77,142</u>
Foreign Currency:			
Payable to other banks			
Related parties	-	-	-
Third parties	5,080,959	3,200,235	2,688,977
Payable to debtors			
Related parties	-	-	-
Third parties	20,660	14,230	25,518
Total Foreign Currency	<u>5,101,619</u>	<u>3,214,465</u>	<u>2,714,495</u>
	<u>5,241,388</u>	<u>3,264,872</u>	<u>2,791,637</u>

b. By Maturity:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Less than 1 month	32,183	12,196	77,142
1 - 3 months	67,331	10,172	-
3 - 6 months	40,255	28,039	-
6 - 12 months	-	-	-
More than 12 months	-	-	-
	<u>139,769</u>	<u>50,407</u>	<u>77,142</u>

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23. ACCEPTANCES PAYABLE (continued)

b. By Maturity: (continued)

	December 31, 2004	December 31, 2003	April 30, 2003
Foreign Currency:			
Less than 1 months	1,245,286	1,038,533	695,459
1 - 3 months	2,107,345	1,115,246	854,167
3 - 6 months	1,221,510	773,329	774,564
6 - 12 months	521,920	287,357	390,305
More than 12 months	5,558	-	-
	<u>5,101,619</u>	<u>3,214,465</u>	<u>2,714,495</u>
	<u>5,241,388</u>	<u>3,264,872</u>	<u>2,791,637</u>

24. SECURITIES ISSUED

a. By Type and Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah			
Mandiri travelers' cheques	906,572	488,613	263,244
Commercial papers	688	568	564
Syariah bonds	200,000	200,000	-
	<u>1,107,260</u>	<u>689,181</u>	<u>263,808</u>
Foreign Currency:			
Floating Rate Notes (FRN) and Medium Term Notes (MTN)	2,897,856	3,635,040	3,795,520
Inter-bank call money	-	-	9,977
	<u>2,897,856</u>	<u>3,635,040</u>	<u>3,805,497</u>
Total	4,005,116	4,324,221	4,069,305
Less: Unamortized discount	(11,136)	(11,609)	(15,428)
	<u>3,993,980</u>	<u>4,312,612</u>	<u>4,053,877</u>

Details of FRNs and MTN are as follows:

December 31, 2004

Type/ ISIN No	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount	
					US\$ (full amount)	Equivalent Rupiah
FRN BDN (XS0061292263)	Merryll Lynch Securities, Hong Kong	Nov 10, 2005	120	2.32%	17,000,000	157,845
MTN (XS0167272375)	Credit Suisse First Boston (Europe) Ltd., London, UBS Hong Kong and PT Mandiri Sekuritas	Apr 22, 2008	60	7.00%	297,392,025	2,761,284
					<u>314,392,025</u>	<u>2,919,129</u>
					(2,291,134)	(21,273)
					<u>312,100,891</u>	<u>2,897,856</u>
					(1,199,354)	(11,136)
					<u>310,901,537</u>	<u>2,886,720</u>

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24. SECURITIES ISSUED (continued)

December 31, 2003

Type/ ISIN No	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount	
					US\$ (full amount)	Equivalent Rupiah
FRN BDN (XS0061292263)	Merryll Lynch Securities, Hong Kong	Nov 10, 2005	120	2.05%	17,000,000	143,225
FRN (Eurobond) (XS0139834534)	Hong Kong and Shanghai Banking Corporation Ltd., Hong Kong	Dec 13, 2006 (Dec 13, 2004) (Callable Date)	60	6.97%	125,000,000	1,053,125
MTN (XS0167272375)	Credit Suisse First Boston (Europe) Ltd., London UBS Hong Kong and PT Mandiri Sekuritas	Apr 22, 2008	60	7.00%	299,461,390	2,522,962
					441,461,390	3,719,312
Less: Securities issued and held by Bank Mandiri and Subsidiaries					(10,002,611)	(84,272)
					431,458,779	3,635,040
Less: Unamortized discount					(1,377,925)	(11,609)
					430,080,854	3,623,431

April 30, 2003

Type/ ISIN No	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount	
					US\$ (full amount)	Equivalent Rupiah
FRN BDN (XS0061292263)	Merryll Lynch Securities, Hong Kong	Nov 10, 2005	120	2.05%	17,000,000	147,483
FRN (Eurobond) (XS0139834534)	Hong Kong and Shanghai Banking Corporation Ltd., Hong Kong	Dec 13, 2006 (Dec 13, 2004) (Callable Date)	60	6.97%	125,000,000	1,084,438
MTN (XS0167272375)	Credit Suisse First Boston (Europe) Ltd., London, UBS Hong Kong and PT Mandiri Sekuritas	Apr 22, 2008	60	7.00%	302,993,466	2,628,620
					444,993,466	3,860,541
Less: Securities issued and held by Bank Mandiri and Subsidiaries					(7,494,763)	(65,021)
					437,498,703	3,795,520
Less: Unamortized discount					(1,778,369)	(15,428)
					435,720,334	3,780,092

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24. SECURITIES ISSUED (continued)

On October 31, 2003, Bank Syariah Mandiri, a subsidiary, issued five-year *Syariah* bonds amounting to Rp200,000 which mature on October 31, 2008. The profit sharing on such bonds is payable every 3 months with the first payment being made on January 30, 2004. The profit on sharing will be taken from the margin revenue of Bank *Syariah* Mandiri obtained from its quarterly *Murabahah* portfolio.

Bank Mandiri launched a Debt Issuance Program of Medium-Term Notes (MTNs) for an aggregate amount of US\$1,000,000,000 (full amount) on April 21, 2003, through its Cayman Islands branch. Under the program, subject to compliance with all relevant laws and regulations, the Bank is allowed to issue the MTNs from time to time. The aggregate amount of the outstanding MTNs issued is not allowed to exceed US\$1,000,000,000 (full amount) (or equivalent in other foreign currencies) at any one time. MTNs may be Senior Notes or Subordinated Notes and may mature on various tenors within one month to 30 years. The notes may be either bearer notes or registered notes and sold in minimum nominal amounts of US\$1,000 (full amount) and have registered serial numbers. The notes may be sold and offered on a discounted rate basis with zero-coupon bonds or fixed rate, floating rate, dual currency note provision or index-linked, depending on the series offered. The MTNs issued were not guaranteed through personal and corporate guarantees or assets guarantees provided by Bank Mandiri. The initial listing and trading of the notes was on the Singapore Stock Exchange.

During the first stage of the program, Bank Mandiri issued Senior Notes amounting to US\$300,000,000 (full amount) at 99.482% of nominal value with a coupon of 7.00% per annum and which mature on April 22, 2008. The US\$300 million MTNs are hedged with an interest rate swap instrument. The MTNs are recognized at their fair value as adjusted by the hedging transaction, which fair value adjustment as of December 31, 2004 and 2003, and April 30, 2003 decreased by US\$2,607,975 (full amount) or equivalent to Rp24,215, and US\$538,610 (full amount) or equivalent to Rp4,538 and increased by US\$2,993,466 (full amount) or equivalent to Rp25,970, respectively (Note 10).

On December 15, 2004, Bank Mandiri exercised the call option for its FRNs (Eurobond) amounting to \$125,000,000 (full amount).

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25. FUND BORROWINGS

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Bank Indonesia (a)	943,089	1,199,492	1,378,444
Bank Ekspor Indonesia (b)	313,528	908,929	1,706,449
PT Permodalan Nasional Madani (Persero) (d)	414,011	359,254	236,438
Others (f)	316,378	150,000	-
	<u>1,987,006</u>	<u>2,617,675</u>	<u>3,321,331</u>
Foreign Currency:			
Bank Ekspor Indonesia (b)	903,310	1,296,290	840,640
Exchange Offer Loans (c)	1,690,799	4,362,486	8,053,380
Direct Offshore Loans (e)	529,245	252,750	260,265
Others (f)	1,956,133	5,968	182,663
	<u>5,079,487</u>	<u>5,917,494</u>	<u>9,336,948</u>
	<u>7,066,493</u>	<u>8,535,169</u>	<u>12,658,279</u>

As of December 31, 2004 and 2003, and April 30, 2003, fund borrowings from related parties amounted to Rp126,378, RpNil and RpNil, respectively.

(a) Bank Indonesia

This account represents a credit liquidity facility obtained from Bank Indonesia (BI), which was re-loaned to Bank Mandiri customers under the Government Credit Program. The management and monitoring of the credit facility are performed by PT Permodalan Nasional Madani (Persero), a state-owned company, based on Law No. 23/1999 dated May 17, 1999 regarding BI, BI Regulation No. 2/3/PBI/2000 dated February 1, 2000 and BI Regulation No. 5/20/PBI/2003 dated September 17, 2003 regarding the Hand-over of Management of Credit Liquidity of Bank Indonesia Under Credit Program. This facility is subject to interest at rates ranging from 3% to 10% per annum and will mature on various dates through 2017. The details of this account are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Investment Loans (KI)	155,811	303,917	444,770
Small-Scale Working Capital Loans (KUK) - KKPA	520,650	514,679	525,871
Small-Scale Investment Loans (KIK)	266,628	380,846	407,753
Working Capital Loans (KMK)	-	50	50
	<u>943,089</u>	<u>1,199,492</u>	<u>1,378,444</u>

(b) Bank Ekspor Indonesia

This account represents credit facilities for export working capital obtained from Bank Ekspor Indonesia based on the facility agreement No. 064/PPF/12/2000 dated December 12, 2000 between PT Bank Ekspor Indonesia (Persero) and PT Bank Mandiri (Persero). The agreement was for the period from December 20, 2000 until December 19, 2001, and was extended with new agreement No. 062/PPF/12/2004 to December 16, 2005. The facilities were re-loaned to direct and indirect exporter customers of Bank Mandiri and bear interest at market rates.

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25. FUND BORROWINGS (continued)

(c) Exchange Offer Loans

In accordance with the Government's debt restructuring program for banks, Bank Mandiri exchanged certain non-Rupiah denominated obligations obtained from foreign banks for new borrowings with extended maturities, and guaranteed by Bank Indonesia pursuant to the exchange offer memorandum in the Master Loan Agreement as follows:

	December 31, 2004		December 31, 2003	
	US\$ (Full amount)	Rupiah Equivalent	US\$ (Full amount)	Equivalent Rupiah
<i>Exchange Offer Loan II</i>	182,100,000	1,690,799	517,802,500	4,362,486
	April 30, 2003			
	US\$ (Full amount)	Rupiah Equivalent		
<i>Exchange Offer Loan II</i>	928,290,000	8,053,380		

Exchange Offer Loan II (with original maturities before January 1, 2002) will mature in four tranches every June 1 from 2002 to 2005. These borrowings bear interest calculated every six months equal to six months LIBOR for the periods plus an applicable margin determined for each maturity period.

The Bank settled the Exchange Offer Loan II with a nominal value amounting to US\$335,702,500 (full amount) in May 2004, and early settled US\$49,152,500 (full amount) in November 2003.

(d) PT Permodalan Nasional Madani (Persero)

This account represents credit facilities obtained from PT Permodalan Nasional Madani (Persero), which borrowings were re-loaned by Bank Mandiri to the members of the Primary Cooperative (Kredit Koperasi Primer kepada Anggotanya [KKPAI]). These facilities are subject to interest at 9% per annum. The loan terms and installment payments schedule reflect the terms of the individual loan agreements.

(e) Direct Off-shore Loans

As of December 31, 2004 the direct off-shore loans represent borrowings from Bayerische Hypo- und Vereinsbank AG (BHV), Singapore branch, United Overseas Bank (UOB), Singapore branch and Sumitomo Mitsui Banking Corporation (SMBC), Singapore branch amounting to US\$15,000,000 (full amount), US\$12,000,000 (full amount) and US\$30,000,000 (full amount), respectively, and bear interest at six months LIBOR plus an applicable margin, six months SIBOR plus an applicable margin and three months SIBOR plus an applicable margin, respectively. As of December 31, 2003 and April 30, 2003, the direct off-shore loans represent borrowings from Sumitomo Mitsui Banking Corporation (SMBC) amounting to US\$30,000,000 (full amount), with interest at the rate of three months SIBOR plus a margin.

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25. FUND BORROWINGS (continued)

(f) Others

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Borrowing from the Government of the Republic of Indonesia	126,378	-	-
Bank Panin, Jakarta	50,000	100,000	-
HSBC, Jakarta	90,000	-	-
DBS, Jakarta	50,000	-	-
Bank Niaga, Jakarta	-	50,000	-
	316,378	150,000	-
Foreign Currency:			
HSBC, Jakarta	510,675	-	-
ABN Amro, Singapore	464,250	-	-
Bank of New York, Singapore	232,125	-	-
HSBC, Hong Kong	232,125	-	-
Indover Bank Limited, Hong Kong	278,668	-	-
ABN Amro, Jakarta	185,700	-	-
Indover Bank Limited, Germany	46,425	-	-
Others	6,165	5,968	182,663
	1,956,133	5,968	182,663

Other fund borrowings in foreign currency represent short-term borrowings with tenors of less than 180 days and bear interest at SIBOR plus an applicable margin for Singapore and Jakarta branches, and LIBOR plus an applicable margin for Hong Kong and German branches.

26. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a. Commitment and contingent transactions in the normal course of Bank Mandiri activities that have credit risk are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Rupiah:			
Outstanding irrevocable letters of credit (Note 46)	369,425	959,364	393,314
Bank guarantees issued (Note 46)	3,185,858	2,508,293	2,042,590
Standby letters of credit (Note 46)	30,000	30,000	30,000
Others	-	-	963
	3,585,283	3,497,657	2,466,867
Foreign Currency:			
Outstanding irrevocable letters of credit (Note 46)	6,117,130	4,213,145	4,849,354
Bank guarantees issued (Note 46)	4,307,596	2,655,835	2,647,886
Standby letters of credit (Note 46)	2,943,434	2,733,672	2,334,538
	13,368,160	9,602,652	9,831,778
	16,953,443	13,100,309	12,298,645

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26. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. By Collectibility:

	December 31, 2004	December 31, 2003	April 30, 2003
Current	16,628,425	12,619,060	11,003,957
Special mention	315,787	375,113	1,262,938
Sub-standard	9,231	50,008	-
Doubtful	-	25,391	1,150
Loss	-	30,737	30,600
Total	16,953,443	13,100,309	12,298,645
Less: Estimated losses on commitments and contingencies	(565,898)	(572,267)	(1,488,315)
Net commitments and contingencies	16,387,545	12,528,042	10,810,330

c. Movements of estimated losses on commitments and contingencies:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Balance at beginning of period	572,267	1,211,211	1,488,315	1,211,211
(Reversal of)/addition to provision during the period	(37,923)	(641,113)	(846,430)	205,317
Others *)	31,554	2,169	(69,618)	71,787
Balance at end of period	565,898	572,267	572,267	1,488,315

*) includes foreign currency translation effect.

The minimum estimated losses on commitments and contingencies, under the guidelines prescribed by Bank Indonesia, as of December 31, 2004 and 2003, and April 30, 2003 were Rp371,470, Rp377,308 and Rp1,253,383, respectively.

Management believes that the estimated losses on commitments and contingencies provided for is adequate.

27. TAXATION

a. Taxes payable

	December 31, 2004	December 31, 2003	April 30, 2003
Bank Mandiri			
Income Taxes:			
Employee income tax - Article 21	35,065	43,844	37,281
Withholding tax - Articles 23/26	104,380	120,778	174,997
Corporate income tax - Articles 25/29	242,330	423,146	865,398
Land and building tax	1	1	123
Others	56,379	205	2,816
	438,155	587,974	1,080,615
Subsidiaries	57,969	13,330	10,394
	496,124	601,304	1,091,009

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27. TAXATION (continued)

b. Corporate income tax expense

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Months Period Ended December 31, 2003	Four-Months Period Ended April 30, 2003
Corporate income tax expense - current:				
Bank Mandiri only	2,085,997	2,179,540	1,314,142	865,398
Subsidiaries	95,014	9,337	5,795	3,542
	2,181,011	2,188,877	1,319,937	868,940
Corporate income tax expense (benefit) - deferred				
Bank Mandiri only	88,070	257,709	586,199	(328,490)
Subsidiaries	220	(1,128)	(338)	(790)
	88,290	256,581	585,861	(329,280)
	2,269,301	2,445,458	1,905,798	539,660

As discussed in Note 2v, corporate income tax for Bank Mandiri and its Subsidiaries is computed for each company as a separate legal entity (consolidation is not permitted for corporate income tax filing purposes).

c. Corporate income tax expense - current

The reconciliation between profit before corporate income tax as shown in the consolidated statements of profit and loss and estimated income tax computations, and the related current income tax expense for Bank Mandiri and its Subsidiaries is as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Consolidated profit before corporate income tax expense and minority interests	7,525,002	7,031,524	5,134,607	1,896,917
Less: Profit before corporate income tax of Subsidiaries after elimination	(95,304)	(8,186)	(5,692)	(2,494)
Profit before corporate income tax expense and minority interests - Bank Mandiri only	7,429,698	7,023,338	5,128,915	1,894,423
Add/(deduct) permanent differences:				
(Non-taxable income)/non-deductible expenses	(388,673)	411,739	359,792	51,947
Non-deductible loan write-offs	-	996,939	996,939	-
Non-taxable adjustment of provision for losses on earning assets other than loans	-	(200,984)	(167,027)	(33,957)
Non-taxable adjustment of estimated losses on commitments and contingencies	-	(63,494)	38,589	(102,083)
Others	205,922	(11,911)	8,670	(20,581)
Add/(deduct) temporary differences:				
Allowable tax depreciation (over)/under financial statement depreciation	(49,616)	27,234	(414)	27,648
Financial statement provision for personnel expenses over/(under) allowable tax provision	160,715	(361,007)	(567,530)	206,523
Financial statement provision for losses on earning assets other than loans over/(under) allowable tax provision	158,347	61,868	121,881	(60,013)
Financial statement provision for loan losses (under)/over allowable tax provision	(265,862)	(829,568)	(870,251)	40,683

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27. TAXATION (continued)

c. Corporate income tax expense – current (continued)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Financial statement estimated losses on commitments and contingencies (under)/over allowable tax provision	(9,620)	(639,594)	(916,804)	277,210
Financial statement provision for losses arising from legal cases (under)/over allowable tax provision	(228,783)	(611,028)	(448,268)	(162,760)
(Gains)/losses on increase in market value of securities and Government recapitalization bonds	(58,747)	1,493,066	727,386	765,680
Estimated taxable income	6,953,381	7,296,598	4,411,878	2,884,720
Less: Utilization of tax loss carried forward	-	(31,406)	(31,406)	-
Estimated taxable income after compensation with tax loss carried forward	6,953,381	7,265,192	4,380,472	2,884,720
Estimated corporate income tax expense - current				
Bank Mandiri only	2,085,997	2,179,540	1,314,142	865,398
Subsidiaries	95,014	9,337	5,795	3,542
Estimated corporate income tax expense - current	2,181,011	2,188,877	1,319,937	868,940

Under the Indonesian taxation laws, Bank Mandiri and its Subsidiaries submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 years after the date of the tax filings.

Tax Decisions and Tax Assessments

On May 14, 2003, the Minister of Finance issued Decision Letter No. 211/KMK.03/2003 dated May 14, 2003 which stated that a taxpayer that undertakes an initial public offering that previously received assets transferred from legacy companies, and whose assets were valued at their historical net book value by the legacy companies, can, as a result of a merger or business combination, also carry forward the benefit of any net accumulated tax losses from the legacy companies for up to five years, provided that the taxpayer receives permission from the Minister of Finance to do so, and the taxpayer conducts a revaluation of all fixed assets using the market value of such fixed assets as of the date of the merger or business combination.

On May 21, 2003, the Minister of Finance, via letter No. S-206/MK.01/2003 dated May 21, 2003 addressed to Bank Mandiri's President Commissioner and President Director, approved the transfer and utilization of tax losses carried forward from the merged banks to the Bank subject to revaluation of all applicable fixed assets dated July 31, 1999.

Bank Mandiri engaged PT Vigers Hagai Sejahtera, an independent appraiser, to perform a revaluation of premises and equipment received from legacy banks. The results were submitted to and approved by the Directorate General of Taxation through the Decision Letter of the Head of State and Regional Offices of Corporate Tax Services No. KEP-01/WPJ.07/KP.0105/2003 dated June 18, 2003 (Note 14a).

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27. TAXATION (continued)

Tax Decisions and Tax Assessments (continued)

Based on the approval from the Minister of Finance through Decision No. S-206/MK.01/2003 and the approval from the Directorate General of Taxation on the results of the fixed assets revaluation, Bank Mandiri is entitled to receive the transfer of tax losses from the merged banks and is able to utilize the tax losses as compensation against future taxable income. The amount of tax losses transferred to Bank Mandiri is Rp31,944,418. The transfer of tax losses has been taken into account by the Tax Office when re-assessing Bank Mandiri's tax liabilities from 1999 to 2002, and such losses have been utilized to compensate the tax due on the increment arising from the revaluation of premises and equipment of the merged banks.

On June 18, 2003, the Directorate General of Taxation issued Decision Letter No. KEP-093/WPJ.07/KP.0109/2003, which involved the official rectification of Decision Letter No. 00127/406/99/051/01 dated November 20, 2001 adjusting the amount of the tax loss carried forward that can be against future taxable income by Rp13,659,210. Consequently, the amount of tax losses that can be against future taxable income became Rp8,234,516 for the year ended December 31, 1999.

On June 20, 2003, the Directorate General of Taxation issued Decision Letter No. KEP-236/WPJ.07/BD.03/2003, which involves the "official rectification" of Decision Letter No. KEP-106/WPJ.07/BD.03/2003 dated March 14, 2003 regarding the taxpayer's objection in relation to corporate income tax assessment SKPKB No. 00028/206/00/051/02 dated July 5, 2002 for fiscal year 2000 which increased the taxable income for 2000 by Rp15,506,709 to become Rp28,236,332. Such taxable income had been compensated by the tax loss carried forward, therefore, the corporate income tax liability for the year 2000 was RpNil.

On June 23, 2003, the Directorate General of Taxation issued tax decision letter No. 00005/506/01/051/2003, increasing the taxable income for 2001 by Rp2,342,573 to become Rp6,746,964. The letter confirmed that Bank Mandiri has no corporate income tax liability for 2001 due to utilization of tax losses.

On June 23, 2003, the Directorate General of Taxation issued tax decision letter No. 00001/406/02/051/2003, adjusting the tax loss for 2002 by Rp7,659,860 to become taxable income for 2002 of Rp1,288,881. The letter confirmed that Bank Mandiri has no corporate income tax liability for 2002 due to utilization of tax losses.

On October 29, 2003, Bank Mandiri received tax assessment letters dated October 24, 2003 regarding BDN tax audits for the period of January 1, 1999 up to July 31, 1999. Based on the assessment letters, BDN had tax underpayments amounting to Rp717,229 which consisted of income tax article 21 of Rp172,378, income tax article 23 of Rp301, value added tax of Rp1,501, income tax article 4 (2) final of Rp542,846 and a value added tax collection letter for an amount of Rp203. On January 13, 2004, the Bank submitted an objection letter to the tax office regarding such tax assessment letters and the Director General of Taxation approved most of the Bank's objections by issuing tax decision letters as follows:

- i. Tax decision letter dated August 9, 2004 revised the income tax article 23 assessment from Rp301 to Rp2. The Bank agreed with such decision, and accordingly has paid such amount.
- ii. Tax decision letter dated August 24, 2004 revised the value added tax assessment from Rp1,501 to Rp1,062. The Bank filed an appeal against such decision to the tax court on November 11, 2004.

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27. TAXATION (continued)

Tax Decisions and Tax Assessments (continued)

- iii. Tax decision letter dated December 31, 2004 revised the income tax article 4 (2) final assessment from Rp542,846 to Rp40,594. The Bank will file an appeal against such decision to the tax court at the latest by March 30, 2005.
- iv. Tax decision letter dated December 31, 2004 revised the income tax article 21 assessment from Rp172,378 to Rp33,434. The Bank will file an appeal against such decision to the tax court at the latest by March 30, 2005.

In 2004, the Directorate General of Taxation conducted an audit on Bank Mandiri for the fiscal year 2003 for all taxes. On December 27, 2004, the Directorate General of Taxation issued tax assessments for underpayments of corporate income tax, income tax article 21, 22, 23, 4 (2) final, 26 and value added tax and related penalties amounting to Rp35,128, Rp7,308, Rp2,659, Rp741, Rp871, Rp55 and Rp57, respectively. The Bank has paid all of such tax and penalties amounts on December 30, 2004.

Tax Losses Carried Forward

Under current Indonesian tax regulations, tax losses may be carried forward and utilized to offset taxable income for up to five years after the year in which the tax loss was incurred,

Movements of tax losses carried forward from January 1, 2000 to December 31, 2004 were as follows:

	Amount	Year of Expiry
Balance as of January 1, 2000 (tax loss in 1999)	26,991,916	2004
Correction of 1999 tax losses carried forward by the Tax Office	(5,098,190)	
Utilization of 1999 tax losses carried forward in 2000	(12,729,623)	
Balance as of December 31, 2000	9,164,103	2004
Utilization of tax losses carried forward in 2001	(4,404,391)	
Balance of tax losses carried forward as of December 31, 2001	4,759,712	2004
Additional tax losses carried forward in 2002	6,370,979	2007
Balance of tax losses carried forward as of December 31, 2002	11,130,691	
Balance of tax losses carried forward from the merged banks, transferred to Bank Mandiri	31,944,418	
Utilization of tax losses carried forward to offset premises and equipment revaluation increment	(3,875,351)	
Tax corrections in 2003:		
1999 tax losses	(13,659,210)	
2000 taxable income	(15,506,709)	
2001 taxable income	(2,342,573)	
2002 tax losses	(7,659,860)	
Utilization of tax losses carried forward in 2003	(31,406)	
Balance of tax losses carried forward as of December 31, 2004	-	

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27. TAXATION (continued)

d. Corporate income tax expense - deferred

The reconciliation between estimated income tax expense, calculated using applicable tax rates based on commercial profit before corporate income tax, and estimated income tax as reported in the statements of profit and loss for years ended December 31, 2004 and 2003, the eight-month period ended December 31, 2003 and the four-month period ended April 30, 2003 are as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Consolidated profit before corporate income tax expense and minority interests	7,525,002	7,031,524	5,134,607	1,896,917
Less: Income before corporate income tax expense of Subsidiaries	(95,304)	(8,186)	(5,692)	(2,494)
Profit before corporate income tax and minority interests - Bank Mandiri only	7,429,698	7,023,338	5,128,915	1,894,423
Estimated income tax expense at standard statutory rates	2,228,892	2,106,984	1,538,657	568,327
Tax effect of permanent differences:				
(Non-taxable income)/non-deductible expenses	(116,602)	123,522	107,938	15,584
Non-deductible loan write-offs	-	299,082	299,082	-
Non-deductible provision/(non-taxable adjustment of provision) for losses on earning assets other than loans	-	(60,295)	(50,108)	(10,187)
Non-deductible provision/(non-taxable adjustment of provision) for losses on commitments and contingencies	-	(19,048)	11,577	(30,625)
Others	61,777	(3,574)	2,617	(6,191)
	(54,825)	339,687	371,106	(31,419)
Corporate income tax expense - Bank Mandiri only	2,174,067	2,446,671	1,909,763	536,908
Benefit of utilizing tax losses - Bank Mandiri only	-	(9,422)	(9,422)	-
Corporate income tax expense - Bank Mandiri only	2,174,067	2,437,249	1,900,341	536,908
Corporate income tax expense - Subsidiaries	95,234	8,209	5,457	2,752
Corporate income tax expense - consolidated	2,269,301	2,445,458	1,905,798	539,660
Less: Current corporate income tax expense - consolidated	(2,181,011)	(2,188,877)	(1,319,937)	(868,940)
Deferred corporate income tax expense/(benefit) - consolidated	88,290	256,581	585,861	(329,280)

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27. TAXATION (continued)

e. Deferred tax assets

The tax effects from significant temporary differences between commercial and tax bases are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Bank Mandiri			
Deferred tax assets:			
Estimated losses on commitments and contingencies	168,562	171,447	446,489
Allowance for possible loan losses	926,337	1,006,096	1,267,171
Allowance for possible losses on earning assets other than loans	708,695	661,192	624,627
Allowance for possible losses arising from legal cases	225,512	294,147	428,627
Provision for personnel expenses	258,272	210,057	380,316
	<u>2,287,378</u>	<u>2,342,939</u>	<u>3,147,230</u>
Tax losses carried forward	-	3,339,207	3,339,207
Correction of tax losses carried forward as a result of a tax assessment in 2003	-	(3,339,207)	-
	<u>2,287,378</u>	<u>2,342,939</u>	<u>6,486,437</u>
Deferred tax assets	2,287,378	2,342,939	6,486,437
Valuation allowance	-	-	(3,339,207)
	<u>2,287,378</u>	<u>2,342,939</u>	<u>3,147,230</u>
Net deferred tax assets	2,287,378	2,342,939	3,147,230
Deferred tax liabilities:			
Net book value of premises and equipment	(39,173)	(24,288)	(24,164)
Mark to market of securities	395	18,019	(200,196)
	<u>2,248,600</u>	<u>2,336,670</u>	<u>2,922,870</u>
Net deferred tax assets - Bank Mandiri only	2,248,600	2,336,670	2,922,870
Net deferred tax assets - Subsidiaries	3,544	1,437	1,098
	<u>2,252,144</u>	<u>2,338,107</u>	<u>2,923,968</u>
Total consolidated deferred tax assets - net	<u>2,252,144</u>	<u>2,338,107</u>	<u>2,923,968</u>

Management believes that the valuation allowance relating to deferred tax assets as of April 30, 2003 is adequate.

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28. OTHER LIABILITIES

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Provision for post-employment benefits (Note 43)	446,290	361,453	674,062
Provision for possible losses on legal cases	409,356	204,229	147,062
Accrued bonuses and employee incentives	364,592	304,506	489,963
Guarantee deposits	274,075	189,135	116,717
Unearned income	215,588	216,113	247,143
Accrued dividends, 'PUKK' fund, environmental-fund, directors' and commissioners' bonuses and incentive bonuses from distribution of net profit	-	-	1,929,841
Provision arising from obligations from investments in shares of stock	12,900	57,543	110,513
Inter-branch accounts - net	-	-	863,816
Accrued expenses for Government premium guarantees	-	-	135,554
Others	1,981,619	1,768,462	2,811,604
	<u>3,704,420</u>	<u>3,101,441</u>	<u>7,526,275</u>
Foreign Currency:			
Guarantee deposits	704,656	691,226	638,822
Provision for possible losses on legal cases	342,351	732,244	1,281,694
Unearned income	197,032	129,265	34,930
Inter-branch accounts - net	-	1,211,965	-
Others	701,358	1,549,820	424,325
	<u>1,945,397</u>	<u>4,314,520</u>	<u>2,379,771</u>
	<u>5,649,817</u>	<u>7,415,961</u>	<u>9,906,046</u>

Movements of certain provisions for the year ended December 31, 2004 were as follows:

	<u>Provision for Possible Losses on Legal Cases</u>	<u>Provision for Post-Employment Benefits</u>	<u>Provision Arising from Obligations from Investments in Shares of Stock</u>
Balance at beginning of year	936,473	361,453	57,543
(Reversal)/provision during the year	(259,172)	84,837	(44,643)
Utilization during the year	339	-	-
Others (*)	74,067	-	-
Balance at end of year	<u>751,707</u>	<u>446,290</u>	<u>12,900</u>

(*) Includes foreign currency translation effect.

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28. OTHER LIABILITIES (continued)

Movements of certain provisions for the eight-month period ended December 31, 2003 were as follows:

	Provision for Possible Losses on Legal Cases	Provision for Post-Employment Benefits	Provision Arising from Obligations from Investments in Shares of Stock
Balance at beginning of period	1,428,756	674,062	110,513
Reversal during the period	(451,103)	(312,609)	(52,970)
Utilization during the period	(750)	-	-
Others (*)	(40,430)	-	-
Balance at end of period	936,473	361,453	57,543

(*) Includes foreign currency translation effect.

Movements of certain provisions for the four-month period ended April 30, 2003 were as follows:

	Provision for Possible Losses on Legal Cases	Provision for Post-Employment Benefits	Provision Arising from Obligations from Investments in Shares of Stock
Balance at beginning of period	1,591,517	674,062	110,513
Reversal during the period	(118,460)	-	-
Others (*)	(44,301)	-	-
Balance at end of period	1,428,756	674,062	110,513

(*) Includes foreign currency translation effect.

29. SUBORDINATED LOANS

a. By Currency:

	December 31, 2004	December 31, 2003	April 30, 2003
<i>Rupiah:</i>			
<i>Two-Step Loans (TSL)</i>			
(a) Nordic Investment Bank (NIB)	319,007	359,021	381,282
(b) Export-Import Bank of Japan (EBJ)	81,755	152,728	188,214
(c) Asian Development Bank (ADB)	10,674	25,573	33,022
(d) International Bank for Reconstruction and Development (IBRD)	27,896	37,508	46,577
(e) ASEAN Japan Development Fund Overseas Economic Cooperation Fund (AJDF-OECF)	105,410	118,439	124,673
(f) ASEAN Japan Development Fund-Export-Import Bank of Japan (AJDF-EBJ)	5,623	6,185	7,310
	550,365	699,454	781,078
Bank Indonesia	2,498,859	930,859	1,416,859
Investment Fund Account (RDI) ex-Two-Step Loans	-	277,252	415,878
	3,049,224	1,907,565	2,613,815
<i>Foreign Currency:</i>			
<i>Two-Step Loans - Asian Development Bank (ADB)</i>	217,993	-	-
<i>Two-Step Loans - Kreditanstalt für Wiederaufbau, Frankfurt (KfW)</i>	87,963	92,674	91,614
Others	3,461,026	3,118,245	3,195,648
	3,766,982	3,210,919	3,287,262
	6,816,206	5,118,484	5,901,077

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29. SUBORDINATED LOANS (continued)

b. By Type:

	December 31, 2004	December 31, 2003	April 30, 2003
<i>Two-Step Loans (TSL)</i>			
(a) Nordic Investment Bank (NIB)	319,007	359,021	381,282
(b) Export-Import Bank of Japan (EBJ)	81,755	152,728	188,214
(c) Asian Development Bank (ADB)	228,667	25,573	33,022
(d) International Bank for Reconstruction and Development (IBRD)	27,896	37,508	46,577
(e) ASEAN Japan Development Fund Overseas Economic Cooperation Fund (AJDF-OECF)	105,410	118,439	124,673
(f) ASEAN Japan Development Fund - Export- Import Bank of Japan (AJDF-EBJ)	5,623	6,185	7,310
(g) Kreditanstalt für Wiederaufbau, Frankfurt (KfW)	87,963	92,674	91,614
	856,321	792,128	872,692
Bank Indonesia	2,498,859	930,859	1,416,859
Investment Fund Account (RDI) ex-Two-Step Loans	-	277,252	415,878
Others	3,461,026	3,118,245	3,195,648
	6,816,206	5,118,484	5,901,077

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from NIB through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank II	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	December 10, 1990 - July 15, 2005 with the 1 st installment on January 15, 1996.
Nordic Investment Bank III	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	August 4, 1993 - August 15, 2008 with the 1 st installment on February 15, 1999.
Nordic Investment Bank IV	To promote and finance high priority investments 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.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(a) Nordic Investment Bank (NIB) (continued)

Details of outstanding credit facilities from Nordic Investment Bank are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) Nordic Investment Bank II (NIB II)	7,379	14,759	18,448
(b) Nordic Investment Bank III (NIB III)	45,320	56,650	64,566
(c) Nordic Investment Bank IV (NIB IV)	266,308	287,612	298,268
	319,007	359,021	381,282

The interest rate on the NIB II facility is based on the past six months' average interest rate for three-month Certificates of Bank Indonesia which should:

- Not be higher than the average interest rate for three-month time deposits for the past six months in the five state-owned banks.
- Not be lower than the interbank interest rate to the Government of the Republic of Indonesia plus 1.75%.

The interest rate on the NIB III facility is based on a variable interest rate as determined by Bank Indonesia based on the prevailing average interest rates for the past six months for three-month Certificates of Bank Indonesia.

The interest rate on the NIB IV facility is based on a variable interest rate as determined by Bank Indonesia based on the prevailing average interest rates for the past six months for three-month Certificates of Bank Indonesia.

(b) Export-Import Bank of Japan (EBJ)

This account represents credit facilities obtained from the Export-Import Bank of Japan through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
EBJ-TSL I	To finance private sector projects included in Priority Scale List from or approved by the Investment Coordinating Board.	July 7, 1988 - January 15, 2005 with the 1 st installment on July 15, 1992.
EBJ-TSL II	To finance private and state-owned company projects in sectors prioritized by the Government and export-oriented.	October 14, 1989 - October 1, 2004 with the 1 st installment on April 1, 1993.
EBJ-TSL III	To finance private and state-owned company projects in sectors prioritized by the Government and export-oriented.	January 21, 1991 - July 15, 2005 with the 1 st installment on January 15, 1994.
EBJ-TSL IV	To finance projects which help to increase investments in the private sector and which are export-oriented.	January 28, 1992 - January 15, 2007 with the 1 st installment on July 15, 1995.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) Export-Import Bank of Japan (EBJ) (continued)

Details of outstanding credit facilities from the Export-Import Bank of Japan (EBJ) are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) Export-Import Bank of Japan I (EBJ-TSL I)	3,364	10,093	13,457
(b) Export-Import Bank of Japan II (EBJ-TSL II)	-	15,148	22,722
(c) Export-Import Bank of Japan III (EBJ-TSL III)	29,568	59,135	73,919
(d) Export-Import Bank of Japan IV (EBJ-TSL IV)	48,823	68,352	78,116
	81,755	152,728	188,214

The interest rate on the credit facilities from EBJ-TSL I and EBJ-TSL II is based on the weighted average interest rate for customers' deposits in the participating banks as determined by Bank Indonesia every six months, less 1%. EBJ-TSL II facility has been fully settled on October 2004.

The interest rate on the credit facilities from EBJ-TSL III and IV is based on the floating interest rate determined every six months based on the prevailing average interest rate for the past six months for three-month Certificates of Bank Indonesia, which should:

- Not be higher than the six-months' average interest rate for three-month time deposits in five state-owned banks and not be lower than the interest rate on EBJ loans plus 4% for EBJ-TSL III.
- Not be higher than the six-months' average interest rate for three-month time deposits in five state-owned banks for EBJ-TSL IV.

(c) Asian Development Bank (ADB)

This account represents credit facilities from the ADB through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
ADB Fishery II	Finance government projects in funding credit for fishery projects.	December 19, 1991 - September 15, 2006 with 1 st installment on March 15, 1995.
ADB Perkebunan Nusantara XII and Nescoco Inti	Finance government projects in funding credit for plantation projects.	February 15, 1989 - September 15, 2008 with 1 st installment on March 15, 1995.
Development Financing Loan Project	Finance industrial sector prioritizing manufacturing products for non-oil export, agro-based industry, employee-centred programs and earning foreign exchange.	January 10, 1990 - January 15, 2005 with 1 st installment on July 15, 1993.
ADB 1327-INO (SF)	Finance Micro Credit Projects	January 15, 2005 - July 15, 2029 with 1st installment on January 15, 2005.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(c) Asian Development Bank (ADB) (continued)

The details of Asian Development Bank (ADB) loans are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) Development Financing Loan Project	6,833	20,500	27,333
(b) ADB Perkebunan Nusantara XII and Nescoco Inti	2,755	3,444	3,789
(c) ADB Fishery II	1,086	1,629	1,900
(d) ADB Loan 1327 - INO	217,993	-	-
	228,667	25,573	33,022

The annual interest rates on the ADB Perkebunan Nusantara XII and ADB Nescoco Inti facilities are 9.50% and 10.00%, respectively.

The interest rate on the Development Financing Loan Project facility is based on the variable rate determined by Bank Indonesia every six months based on the weighted average interest rate for depositors in a foreign exchange bank but not lower than the interest rate charged by ADB plus 1.75% per annum.

The interest rate on the ADB Fishery II facility shall not be lower than the annual interest rate charged by the ADB to the Government of the Republic of Indonesia plus 4% per annum.

Drawdowns of the ADB Fishery II are repayable within fifteen years from the first drawdown (inclusive of a 3-year grace period) and are repayable in 24 semi-annual installments starting March 15, 1995.

The Ministry of Finance of the Republic of Indonesia has issued letter No. S-596/MK.6/2004 dated July 12, 2004, which approves the transfer of Micro Project Loan ADB No. 1327-INO (SF) from Bank Indonesia to Bank Mandiri. With the transfer approval, an amendment was made on channeling loan 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, from the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., under No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB Loan for Micro Projects was extended in SDR (Special Drawing Rights) for SDR15,872,600 (full amount) which is repayable by Bank Mandiri in SDR to the Government in fifty semi-annual equal installments every January 15 and July 15, with the first installment to be paid on January 15, 2005 and the last on July 15, 2029. The ADB loan is subject to a service charge of 1.50% per annum every January 15 and July 15 starting from the drawdown of the loan.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(d) International Bank for Reconstruction and Development (IBRD)

This account represents credit facilities obtained from IBRD through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Industrial Restructuring Program (IRP)	Finance restructuring for investment projects for engineering, pulp, paper and textile sub-sector projects.	July 27, 1989 - October 1, 2003 with 1 st installment on April 1, 1992.
Small and Medium Industrial Program (SMIEP)	Finance manufacturing industrial projects, agro-based and the related industries (including transportation and cold storage).	July 27, 1989 - October 1, 2003 with 1 st installment on April 1, 1992.
Financial Sector Development Project (FSDP)	Finance Financial Sector Development Projects.	February 1, 1993 - September 15, 2007 with 1 st installment on March 15, 1998.
Agricultural Financing Project (AFP)	Finance production sector projects and agriculture, animal husbandry, fishery and forestry industries.	January 10, 1992 - December 1, 2006 with 1 st installment on June 1, 1995.
IBRD Loan No. 2277 V Project	Finance development projects (specific development projects).	September 29, 1983 - August 1, 2003 with 1 st installment on August 1, 1985.

Details of credit facilities from the International Bank for Reconstruction and Development (IBRD) are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) Financial Sector Development Project (FSDP)	26,021	34,695	39,032
(b) Agricultural Financing Project (AFP)	1,875	2,813	3,751
(c) Industrial Restructuring Program (IRP)	-	-	2,838
(d) Small and Medium Industrial Program (SMIEP)	-	-	773
(e) IBRD Loan No. 2277 V Project	-	-	183
	27,896	37,508	46,577

The interest rate on the FSDP credit facility is 0% per annum. Installments for the FSDP credit facility are repayable on March 15 and September 15 of every year.

The interest rate on the AFP facility is computed based on a variable interest rate for a period of six months, at the lower of:

- Six-months' average interest rate for three-month Certificates of Bank Indonesia.
- Six-months' average interest rate for three-month time deposits in five state-owned banks.

The interest rate on the AFP facility shall not be lower than the interest rate charged by IBRD to the Government plus 2% per annum.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(d) International Bank for Reconstruction and Development (IBRD) (continued)

For the IRP and SMIEP credit facilities, the principal amount is repayable to the Government of the Republic of Indonesia within fifteen years inclusive of a 3-year grace period from the time the agreement becomes effective. The interest rate on the IRP and SMIEP credit facilities is determined every six months by Bank Indonesia and should not be lower than the interest rate charged by IBRD to the Government plus 1.75% per annum. The IRP and SMIEP facilities were fully settled in October 2003.

The interest rate on the Loan No. 2277 V Project facility is based on the interest rate charged by IBRD to the Government of the Republic of Indonesia subject to a maximum of 11% per annum. This IBRD Loan No. 2277 V Project facility was fully repaid in August 2003.

(e) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)

This account represents a credit facility obtained from AJDF-OECF through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Pollution Abatement Equipment Program (PAE)	Purchase of equipment to prevent pollution	August 19, 1993 - August 19, 2013, with 1 st installment on August 15, 1998
Small Scale Industry (SSI)	To finance small-scale industry	August 19, 1993 - August 19, 2013, with 1 st installment on August 15, 1998

Details of outstanding credit facilities from the International ASEAN Japan Development Fund Overseas Economic Cooperation Fund (AJDF-OECF) are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) Pollution Abatement Equipment Program (PAE)	102,436	114,487	120,513
(b) Small Scale Industry (SSI)	2,974	3,952	4,160
	105,410	118,439	124,673

The drawdowns on the above AJDF-OECF facilities are repayable within twenty years after the first drawdown (inclusive of a 5-year grace period), in thirty semi-annual installments starting August 15, 1998 and ending on February 15, 2013.

The PAE facility is subject to a variable interest rate determined every six months based on the prevailing average interest rate for the past six months of the three-month Certificates of Bank Indonesia, less 5% per annum.

The SSI facility is subject to a variable interest rate determined every six months based on the prevailing average interest rate for the six months of the three-month Certificates of Bank Indonesia, less 2.5% per annum.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (continued)

(f) ASEAN Japan Development Fund - Export-Import Bank of Japan (AJDF-EBJ)

Total outstanding credit facilities from the International ASEAN Japan Development Fund - Export - Import Bank of Japan (AJDF-EBJ) as of December 31, 2004 and 2003, and April 30, 2003 were Rp5,623, Rp6,185 and Rp7,310, respectively.

This account represents a credit facility obtained from the AJDF-EBJ through the Government of the Republic of Indonesia, via the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance investment projects and working capital requirements of small-scale industries. The credit facility, which amounts to Rp9,560, is repayable in 24 semi-annual installments within fifteen years after the date of the first drawdown (inclusive of a 3-year grace period), with the first installment starting on December 15, 1997.

The facility is subject to an interest rate determined every six months based on the prevailing average interest rate for the past six months for three-month Certificates of Bank Indonesia.

(g) Kreditanstalt fur Wiederaufbau (KfW)

This account represents a credit facility from KfW to the Government of the Republic of Indonesia through Bank Indonesia (BI) and is disbursed by Bank Mandiri to finance export contracts denominated in Deutsche Marks (DM) with a maximum of DM250,000,000 (full amount) for the supply of capital goods, investments in infrastructure projects such as transportation, energy or communications projects, and transfer of new technologies to be concluded between buyers domiciled in Indonesia and exporters domiciled in the Federal Republic of Germany.

Prior to importing supplies from Germany, the buyer shall sign an Individual Loan Agreement (ILA) with approval from BI, KfW and the Government of the Republic of Indonesia. The financing shall be limited to an amount of up to 85% of the total price in DM of each Export Contract. In the event that the total price shall be reduced during the period of disbursement, KfW shall reduce the individual loans proportionally.

The minimum order value of an Export Contract is DM353,000 (full amount) of which the resulting credit element would be DM300,000 (full amount).

The terms and conditions as set out in the subordinated loan agreement No. 31/1013/UK dated January 21, 1999, between Bank Indonesia and PT Bank Bumi Daya (a legacy bank) are as follows:

- The loan tenor shall be five years, exclusive of a six-month grace period, from the signing date of ILA, which can be renewed for up to eight or ten years depending upon each ILA.
- The loan principal repayment shall be made in ten equal installments on June 15 and December 15 annually starting six months after the grace period of each ILA.
- The interest rate is calculated at 2.5% per annum above the Commercial Interest Reference Rate starting from the date of withdrawal of loans, including Bank Indonesia fees of 0.15%, net of tax, which shall be payable semi-annually every June 15 and December 15.
- A commitment fee of 0.25% per annum is charged on the unused facility from the signing date of each ILA; and
- A penalty of 2% per annum above the interest rate as explained in point three in the event of late payment.

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29. SUBORDINATED LOANS (continued)

Two-Step Loans (continued)

(g) Kreditanstalt fur Wiederaufbau (KfW) (continued)

KfW advanced to the Government of Republic of Indonesia through BI and Bank Mandiri an amount of EUR11,777,361 (full amount), of which EUR11,133,645 had already been withdrawn by Bank Mandiri through payment of a letter of credit (L/C), in line with the import of equipment for the modernization of a Hot Strip Mill, Roughing Mill Motor and Stand F4 Rear Motor Drive System and related services from Siemens AG, Erlangen, Germany, to PT Krakatau Steel which has entered into two ILAs with BI and KfW, as follows (in full amount):

Loan No.	Facility (full amount)	Used Facility (full amount)	Unused Facility (full amount)	Repayment Period
F3137/1	EUR7,859,450	EUR7,215,734	EUR643,716	January 13, 2000 - December 15, 2006 with 1 st installment on August 30, 2002, which was extended to May 31, 2004. Repayments are due in ten equal installments.
F3137/2	EUR3,917,911	EUR3,917,911	EURNil	March 3, 2000 - June 15, 2006 with 1 st installment on December 31, 2001. Repayments are due in ten equal installments.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia liquidity used to improve the capital structure of BDN, Bapindo and PT Bank Syariah Mandiri (a subsidiary).

Bank Indonesia agreed to the restructuring of the subordinated loans of BDN amounting to Rp736,859 and Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 (Note 30) as stated in Bank Indonesia Letter No. 6/360/BKR dated November 23, 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into one amount of Rp2,491,859, with a repayment period of eleven years from 2004 until 2014. The restructured loan bears interest at the rate of 0.2% per annum. The restructuring of the subordinated loans was legalized in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated December 7, 2004 by notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

As stated in the letter from Bank Indonesia No. 6/130i/DPbS dated November 26, 2004 regarding the settlement of the subordinated loan to BSM, Bank Indonesia agreed to the proposal from BSM to fully pay the subordinated loan amounting to Rp32,000 on November 30, 2008. For this purpose, BSM pledged premises and equipment as collateral. The loan bears interest at the rate of 6% per annum and is to be repaid in quarterly installments.

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29. SUBORDINATED LOANS (continued)

Bank Indonesia (continued)

The details of this facility as of December 31, 2004 and 2003, and April 30, 2003 are as follows:

Bank	Term of Loan	December 31, 2004 Amount (Rupiah)	December 31, 2003 Amount (Rupiah)	April 30, 2003 Amount (Rupiah)	Interest Rate
Bapindo	March 31, 1995 - March 31, 2004 with 1 st installment on June 30, 2002. This loan was settled on March 31, 2004.	-	162,000	648,000	5% per annum
BDN	March 31, 1993 - March 31, 2014 with payment at maturity date.	-	736,859	736,859	Calculated quarterly as follows: <ul style="list-style-type: none"> • the first 5 years at 1% per annum • the second 5 years at 3% per annum • the third 5 years at 6% per annum • the fourth 5 years at 14% per annum
PT Bank Mandiri (Persero) Tbk.	November 30, 2004 - March 31, 2014 with first installment on November 30, 2004.	2,466,859	-	-	0.2% per annum
PT Bank Syariah Mandiri (BSM)	January 31, 1994 - November 30, 2008 with payment at maturity date	32,000	32,000	32,000	Paid quarterly at 6% per annum
		<u>2,498,859</u>	<u>930,859</u>	<u>1,416,859</u>	

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29. SUBORDINATED LOANS (continued)

Investment Fund Account (RDI) ex-Two-Step Loans

This account represents a credit facility from the Government of the Republic of Indonesia originating from the installment payments of Two-Step Loans, in relation to the restructuring of Bapindo's capital, on October 26, 1995, and former Bapindo facilities obtained from the Government of the Republic of Indonesia. One of the facilities is that Bapindo can convert certain Two-Step Loans into an Investment Fund Account when the Two-Step Loans mature. The amount withdrawn was limited to Rp991,000. The Bank can convert the above Two-Step Loans in full or in partial amount as long as it is related to the above eligible Two-Step Loans and it does not exceed the limit. The facility should be repaid during the period from April 15, 2002 to October 15, 2004. The Bank has fully settled this facility on schedule.

	December 31, 2004	December 31, 2003	April 30, 2003
(a) RDI Loan ex-Export -Import Bank of Japan (EBJ)	-	96,242	144,362
(b) RDI Loan ex-International Bank for Reconstruction and Development (IBRD)	-	77,637	116,456
(c) RDI Loan ex-Asian Development Bank (ADB)	-	73,886	110,829
(d) RDI Loan ex-ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)	-	7	11
(e) RDI Loan ex-Nordic Investment Bank (NIB)	-	29,480	44,220
	<u>-</u>	<u>277,252</u>	<u>415,878</u>

(a) RDI Loan ex-Export-Import Bank of Japan (EBJ)

The EBJ I and EBJ II facilities are charged with administration fees based on the weighted average interest rate for debtor deposits of the participating state banks determined by Bank Indonesia every six months, less 1% per annum.

The EBJ III, EBJ IV and EBJ V facilities are charged with administration fees based on a floating interest rate determined every six months based on the prevailing average interest rate for the past six months for three-month certificates of Bank Indonesia, which should:

- Not be higher than the six months' average interest rate for three-month time deposits in five state-owned banks and not be lower than the interest rate that Exim Bank of Japan charged the Government of the Republic of Indonesia, plus 4% per annum for the EBJ III facility.
- Not be higher than the six months' average interest rate for three-month time deposits in five state-owned banks for the EBJ IV facility.
- Be the lower of the interest rate for the past six months of three-month Certificates of Bank Indonesia and the six months' average interest rate for time deposits in five state-owned banks for the EBJ V facility.

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29. SUBORDINATED LOANS (continued)

Investment Fund Account (RDI) ex-Two-Step Loans (continued)

(b) RDI Loan ex-International Bank for Reconstruction and Development Bank (IBRD)

The AFP facility is charged with an administration fee based on a variable interest rate determined every six months based on the lower of the:

- Average interest rate for the past six months of three-month certificates of Bank Indonesia;
- Average interest rate for the past six months of three-month time deposits in five state-owned banks

The administration fee for the AFP facility should not be lower than the interest rate on loans charged by IBRD to the Government of the Republic of Indonesia plus 2% per annum.

The IRP and SMIEP facilities are charged with an administration fee based on the higher of the interest rate on:

- The interest rate on credits charged by the IBRD to the Government plus 1.75% per annum.
- Weighted average interest rate on time deposits of participant banks.

The Bapindo V Project facility is charged with an administration fee based on the interest rate charged by the IBRD to the Government of the Republic of Indonesia, subject to a maximum of 11% per annum.

(c) RDI Loan ex-Asian Development Bank (ADB)

The Second Bapindo Project (SBP) is charged with an administration fee of 1.75% per annum above the interest rate charged by the ADB to the Government of the Republic of Indonesia or interest charged on loans to customers less 5% per annum, whichever is higher.

The Development Finance Loan Project (DFLP) facility is charged with a variable administration fee determined by Bank Indonesia every six months based on the weighted average interest rate on customer deposits in a Foreign Exchange Bank and should not be lower than the interest rate of the ADB plus 1.75% per annum.

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29. SUBORDINATED LOANS (continued)

- (d) RDI Loan ex-ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)

This facility is charged with an administration fee based on the variable interest rate for the past six months for three-month Certificates of Bank Indonesia and is payable on April 15 and October 15 of every year starting from the date of withdrawals of loans, less 5% per annum.

- (e) RDI Loan ex-Nordic Investment Bank (NIB)

The NIB I facility is charged with an administration fee of 1.75% per annum above the interest rate charged by the NIB to the Government of the Republic of Indonesia or interest charged on loans to customers less 6% per annum whichever is higher, and is payable on April 15 and October 15 of every year starting from the date of withdrawal of loans.

The NIB II facility is charged with an administration fee based on the average interest rate on the three-month Certificates of Bank Indonesia for six months with the following conditions:

- Not higher than the average interest rate on three-month time deposits for six months in the five state-owned banks.
- Not lower than the interest rate charged by the NIB to the Government of the Republic of Indonesia based on the loan agreement No. PIL-12/1987 dated December 21, 1987 and Addendum No. I dated November 6, 1990, plus 1.75% per annum.

The NIB III facility is charged with an administration fee based on the average variable interest rate for the past six months on three-month Certificates of Bank Indonesia and is payable on April 15 and October 15 of every year starting from the date of withdrawal of loans.

Others

Subordinated Loans - Others are comprised of:

	December 31, 2004	December 31, 2003	April 30, 2003
(a) <i>Subordinated Undated Floating Rate Notes (SURFNs)</i>	2,307,902	2,072,825	2,119,765
(b) <i>Subordinated Notes (SNs)</i>	1,153,124	1,045,420	1,075,883
	<u>3,461,026</u>	<u>3,118,245</u>	<u>3,195,648</u>

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29. SUBORDINATED LOANS (continued)

Others (continued)

(a) Subordinated Undated Floating Rate Notes (SUFRNs)

Details of SUFRNs are as follows:

Issuer	Subscriber	Term of Subscription	December 31, 2004		December 31, 2003	
			Original Amount (in full amount)	Equivalent Rupiah	Original Amount (in full amount)	Equivalent Rupiah
Bank Exim	Puri International Limited	July 24, 1990 - July 24, 2005	US\$125,000,000	1,160,625	US\$125,000,000	1,053,125
Bapindo	Mitra Sejati International	Dec 18, 1990 - Dec 25, 2005	US\$125,000,000	1,160,625	US\$125,000,000	1,053,125
			US\$250,000,000 (US\$1,437,664)	2,321,250 (13,348)	US\$250,000,000 (US\$3,967,399)	2,106,250 (33,425)
Less: Unamortized discount			US\$248,562,336	2,307,902	US\$246,032,601	2,072,825

Issuer	Subscriber	Term of Subscription	April 30, 2003	
			Original Amount (in full amount)	Equivalent Rupiah
Bank Exim	Puri International Limited	July 24, 1990 - July 24, 2005	US\$125,000,000	1,084,438
Bapindo	Mitra Sejati International	Dec 18, 1990 - Dec 25, 2005	US\$125,000,000	1,084,438
			US\$250,000,000 (US\$5,660,801)	2,168,876 (49,111)
Less: Unamortized discount			US\$244,339,199	2,119,765

Bank Exim SUFRNs

Under a Subscription Agreement dated July 24, 1990 and Trust Deed dated July 27, 1990, Bank Exim issued SUFRNs with an aggregate nominal value of US\$125,000,000 (full amount) through its Cayman Islands Branch to Puri International Limited. (PIL), a special purpose vehicle incorporated in the Cayman Islands, in exchange for cash of US\$90,255,000 (full amount).

The aggregate nominal value of the Bank Exim SUFRNs of US\$125,000,000 (full amount) and accrued interest thereon is recognized as a liability as of December 31, 2004 and 2003, and April 30, 2003 because Bank Mandiri assumed all of Bank Exim's assets and liabilities from the date of the merger (Note 1b). The Bank Exim SUFRNs are perpetual as they have no stated maturity date.

Interest on the Bank Exim SUFRNs is calculated based on their aggregate nominal value at 1.1% per annum above the six-month LIBOR interest rate through July 27, 2005, and following that date, interest is calculated based on their aggregate nominal value at 0.0001% per annum. While the Bank Exim SUFRNs remain outstanding, accrued interest is due and payable semi-annually in arrears at the end of each interest period in July and January.

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29. SUBORDINATED LOANS (continued)

Others (continued)

(a) Subordinated Undated Floating Rate Notes (SUFRNs) (continued)

Bank Exim SUFRNs (continued)

To fund its purchase of the Bank Exim SUFRNs, in July 1990 PIL entered into a Purchase Agreement and a Deferred Sale Agreement with investors represented by Japan Leasing (Hong Kong) Ltd. (now represented by STB Leasing Co., Ltd.) under which PIL sold and repurchased certain property on deferred payment terms, proceeds from which were used to fund the purchase of the Bank Exim SUFRNs amounting to US\$90,255,000 (full amount) and to make a deposit (the "Deposit") of US\$34,745,000 (full amount) with BNP Paribas (formerly Banque Nationale de Paris) (BNP). The terms of the Deposit are set out in a deposit agreement dated July 24, 1990 (the "Deposit Agreement"). The Deposit Agreement provides that on maturity of the Deposit in July 2005, BNP will repay PIL US\$125,000,000 (full amount) comprising the original US\$34,745,000 (full amount) plus accrued interest of US\$90,255,000 (full amount). The Deposit formed the collateral for the repurchase of the property by PIL under the Deferred Sale Agreement.

In September 1998, PIL entered into a Sale Agreement with ING Bank N.V., Tokyo Branch ("ING") under which PIL sold US\$13,000,000 (full amount) of Bank Exim SUFRNs to ING, and additionally and together with Bank Exim and Japan Leasing (Hong Kong) Ltd., agreements were amended to transfer US\$3,613,480 (full amount) of the Deposit that was placed on deposit in BNP to the account of ING with BNP (the "ING Deposit"). ING granted Bank Exim a first priority pledge over the ING Deposit

The terms and conditions of the Bank Exim SUFRNs provide for redemption of their aggregate nominal value upon the occurrence of several events including mandatory redemption if the Republic of Indonesia ceases to beneficially own at least 51% of the issued voting capital of Bank Mandiri.

If Bank Mandiri was required to redeem the Bank Exim SUFRNs prior to the interest payment date falling in July 2005 and made repayment in full then, subject to the prior discharge by PIL of its obligations under the Purchase Agreement, the Deferred Sale Agreement and other related agreements to STB Leasing Co., Ltd. and the investors (who hold a first priority interest in the Deposit), the Bank would become entitled to the Deposit pursuant to a Second Deposit Pledge Agreement dated July 24, 1990.

The accreted value of the Deposit and the ING Deposit is recognized by Bank Mandiri as an other asset (Note 15) on the basis that Bank Mandiri has been granted a second priority pledge in respect of the Deposit held on account of PIL and has been granted a first priority pledge in respect of the ING Deposit held on account of ING under the terms of a Collateral Agreement dated July 24, 1990 and a Supplemental Agreement to the Collateral Agreement dated September 24, 1998 (the "Collateral Agreement"), in respect of the Deposit held on account of PIL, and under the terms of a Deposit Pledge Agreement dated September 24, 1998 in respect of the ING Deposit held on account of ING, Bank Mandiri has an option to purchase the Bank Exim SUFRNs for a total consideration of US\$3,000 (full amount), subject to the following: Bank Mandiri's option under the Collateral Agreement is subject to the prior discharge in full by PIL of its obligations to STB Leasing Co., Ltd. and to the investors under the Purchase Agreement, the Deferred Sale Agreement and other related agreements.

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29. SUBORDINATED LOANS (continued)

Others (continued)

(a) Subordinated Undated Floating Rate Notes (SUFRNs) (continued)

Bank Exim SUFRNs (continued)

Bank Mandiri's option under the Deposit Pledge Agreement is subject to (i) the prior receipt by ING of an amount equal to the principal amount of the Bank Exim SUFRNs held by ING together with all accrued interest thereon, and (ii) discharge in full by Bank Exim of all costs and expenses reasonably incurred by ING in its performance of its obligations under the Deferred Pledge Agreement. As there is no legal right of offset until this option to purchase is exercised, Bank Mandiri has recognized the accreted value of the Deposit and the ING Deposit as an other asset instead of offsetting the asset against the aggregate nominal value of the Bank Exim SUFRNs.

The asset recognized by Bank Mandiri for the accreted value of the Deposit and ING Deposit amounted to Rp1,044,563, Rp916,219 and Rp921,772 as of December 31, 2004 and 2003, and April 30, 2003, respectively (Note 15).

Bapindo SUFRNs

Under a Subscription Agreement dated December 18, 1990 and a Trust Deed dated December 21, 1990, Bapindo issued SUFRNs with an aggregate nominal value of US\$125,000,000 (full amount) through its Cook Islands Branch to Mitra Sejati International Ltd. (MSI), a special purpose vehicle incorporated in the Cayman Islands, in exchange for cash of US\$87,500,000 (full amount). In 2002, the accounting for the transaction was transferred from the Cook Islands Branch to the Cayman Islands Branch.

The aggregate nominal value of the Bapindo SUFRNs of US\$125,000,000 (full amount) and accrued interest thereon are recognized as liabilities as of December 31, 2004 and 2003, and April 30, 2003, as Bank Mandiri assumed all of Bapindo's assets and liabilities from the date of the merger (Note 1b). The Bapindo SUFRNs are perpetual as they have no stated maturity date. Interest on the Bapindo SUFRNs is calculated based on their aggregate nominal value at the following rates:

- Through to the interest payment reference date (IPRD) falling in December 1995 - 1.1% per annum above the six-month LIBOR interest rate.
- From the IPRD falling in December 1995 through to the IPRD falling in December 2000 - 1.0% per annum above the six-month LIBOR interest rate.
- From the IPRD falling in December 2000 through to the IPRD falling in December 2005 - 5.2% per annum plus the six-month LIBOR interest rate times 23% to 19%.
- From the IPRD falling in December 2005 at 0.0001% per annum.

While the Bapindo SUFRNs remain outstanding, interest is due and payable semi-annually in arrears at the end of each interest period in June and December.

To fund its purchase of the Bapindo SUFRNs, in December 1990 MSI entered into a Purchase Agreement with investors represented by Japan Leasing (Hong Kong) Ltd. (now represented by STB Leasing Co., Ltd.) under which MSI transferred its rights to certain property to investors in exchange for US\$87,500,000 (full amount). Simultaneously, MSI entered into a Deferred Sale Agreement with the investors whereby MSI immediately repurchased the rights to that same property for US\$87,500,000 (full amount) to be repaid by MSI in 30 semi-annual principal installments, together with accrued interest.

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29. SUBORDINATED LOANS (continued)

Others (continued)

(a) Subordinated Undated Floating Rate Notes (SUFRNs) (continued)

Bapindo SUFRNs (continued)

The scheduled interest payments to MSI from Bank Mandiri on the Bapindo SUFRNs are to enable MSI to pay its principal and interest obligations due under the Deferred Sale Agreement. The principal payments from MSI to the investors and amortized discount on the Bapindo SUFRNs are recognized by Bank Mandiri as other assets (Note 15) on the basis that, under the terms of a Note Repurchase Letter dated December 18, 1990, Bank Mandiri has an option to purchase the Bapindo SUFRNs anytime after making all scheduled payments due to MSI in respect of the Bapindo SUFRNs through December 2005 for a total consideration of US\$3,000 (full amount) because repayments of principal by MSI to the investors under the Deferred Sale Agreement should have totaled US\$87,500,000 (in full amount). As there is no legal right of offset until this option to purchase is exercised, Bank Mandiri recognized the payments from MSI to investors as an other asset instead of offsetting the asset against the aggregate nominal value of the Bapindo SUFRNs.

The terms and conditions of the Bapindo SUFRNs provide for redemption of their aggregate nominal value upon the occurrence of several events including mandatory redemption if the Republic of Indonesia ceases directly to own at least 100% of the capital of Bank Mandiri or any law is enacted which provides for the Republic of Indonesia to cease to beneficially own 100% of the capital of Bank Mandiri. Based on a Supplemental Trust Deed dated May 8, 2002, such terms and conditions relating to the Republic of Indonesia ownership of the capital of Bank Mandiri have been amended to become an ownership interest of at least 51%.

If the Bapindo SUFRNs are redeemed before Bank Mandiri has the right to purchase the Bapindo SUFRNs, in accordance with the Note Repurchase Letter, MSI will be required to call the aggregate nominal value of the Bapindo SUFRNs of US\$125,000,000 (full amount) and accrued interest thereon. Should this occur, the asset recognized by Bank Mandiri for the principal payments from MSI to the investors and amortized discount on the Bapindo SUFRNs, amounting to Rp1,084,024, Rp914,113 and Rp893,576 as of December 31, 2004 and 2003, and April 30, 2003, respectively, may not be recoverable because there are no terms in the agreements requiring either MSI or the investors to repay these amounts to Bank Mandiri (Note 15).

(b) Subordinated Notes (SNs)

Details of *Subordinated Notes (SNs)* are as follows:

Issuer	Term of Subscription	December 31, 2004		December 31, 2003	
		Original Amount (in full amount)	Equivalent Rupiah	Original Amount (in full amount)	Equivalent Rupiah
Bank Mandiri	August 2, 2002 - 2012 with Call Option by August 2, 2007	US\$125,000,000	1,160,625	US\$125,000,000	1,053,125
		US\$125,000,000	1,160,625	US\$125,000,000	1,053,125
Less: Unamortized discount		(US\$807,861)	(7,501)	(US\$914,565)	(7,705)
		US\$124,192,139	1,153,124	US\$124,085,435	1,045,420

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29. SUBORDINATED LOANS (continued)

Others (continued)

(b) Subordinated Notes (SNs) (continued)

Issuer	Term of Subscription	April 30, 2003	
		Original Amount (in full amount)	Equivalent Rupiah
Bank Mandiri	August 2, 2002 - 2012 with Call Option by August 2, 2007	US\$125,000,000	1,084,438
		US\$125,000,000	1,084,438
Less: Unamortized discount		(US\$985,992)	(8,555)
		US\$124,014,008	1,075,883

For purposes of increasing the Bank's Tier II Capital, refinancing the Bank's maturing subordinated debt obligations and providing funds for new US Dollar loans, on August 2, 2002 the Bank issued US\$125,000,000 (full amount) 10.625% Subordinated Notes Due 2012 (the "Notes") through its Cayman Islands Branch. The Notes have been issued at 99.148% of their principal amount and are due on August 2, 2012. The Notes bear interest at the rate of 10.625% per annum from and including August 2, 2007 but excluding August 3, 2007 except that in 2007, interest will accrue from and including February 2, 2007 to but excluding August 3, 2007. Unless the Notes are previously redeemed, the interest rate from and including August 3, 2007 to but excluding August 2, 2012 will be reset at the US Treasury Rate plus 11.20% per annum. Interest will be paid semi-annually in arrears on February 2 and August 2, starting August 2, 2008.

The Notes are traded at the Singapore Stock Exchange in a minimum board lot size of US\$200,000 (full amount). The Notes are offered and sold outside of the United States to persons that are not U.S. persons (as defined in Regulation S under the Securities Act) in compliance with Regulation S (the "Unrestricted Notes"). The Notes are initially offered and sold in the United States to qualified institutional buyers (as defined in the Trust Deed) and will originally be represented by a restricted global note certificate in registered form (the "Restricted Global Notes Certificate" and, together with the Unrestricted Global Note Certificate, the "Global Note Certificates" and, either one of them, a "Global Note Certificate") which will be deposited with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System (Euroclear) and Clearstream Banking, Société Anonyme, Luxembourg (Clearstream, Luxembourg).

The issuance and classification of the SNs as Subordinated Loans has been approved by Bank Indonesia (BI), through its letter No. 4/88/DPwB2/PwB23 dated July 12, 2002.

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30. LOAN CAPITAL

This account consists of the following:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
Rupiah:			
Conversion of Liquidity Credit from Bank Indonesia (KLBI)	-	1,755,000	1,755,000
Foreign Currency:			
Subordinated Undated Floating Rate Notes (SUFRNs) BDN	<u>1,253,475</u>	<u>1,137,375</u>	<u>1,171,193</u>
	<u>1,253,475</u>	<u>2,892,375</u>	<u>2,926,193</u>

The conversion of the liquidity credit from Bank Indonesia represents the conversion of Loan Capital from Bank Indonesia to former Bapindo with 0% interest based on the Subordinated Loan Agreement No. 28/549/UKU/PMK dated November 6, 1995 and letters from the Minister of Finance of the Republic of Indonesia No. S-618/MK.017/1995 dated October 26, 1995 and No. 28/547/UKU/PMK dated November 6, 1995. Based on Law ("Undang-undang") No. 23/1999 dated May 17, 1999 regarding Bank Indonesia (BI), BI is not allowed to provide loans to the Government; thus, requiring Bank Mandiri to pay back this subordinated loan on demand. Based on Bank Mandiri's Director's Letter No. DIR.FIF/114/2003 dated April 28, 2003, Bank Mandiri proposed to BI to repay the Subordinated Loans and Loan Capital in eleven years, from 2004 until 2014, with interest at the rate of 0.25% per annum and fixed annual installment payments of Rp285,440.

Bank Indonesia agreed to the Bank's proposal on the repayment of subordinated loan and loan capital which is stated in the Director Letter No. COO/SPM.192/2004 dated May 17, 2004 and No. COO/SPM.221/2004 dated June 30, 2004. The repayment schedule is for eleven years from 2004 until 2014 with interest at the rate of 0.2% per annum.

The final decision on the Restructuring of the Subordinated Loan and Loan Capital is stated in Bank Indonesia Letter No. 6/360/BKR dated November 23, 2004 regarding Restructuring of Subordinated Loans. In accordance with the restructuring, Bank reclassified the Loan Capital ex-Bapindo for amount of Rp1,755,000 from Loan Capital to a Subordinated Loan (Note 29).

BDN SUFRNs

Under a Subscription Agreement dated November 26, 1990 and a Trust Deed dated November 29, 1990, BDN issued SUFRNs with an aggregate nominal value of US\$135,000,000 (full amount) through its Cayman Islands Branch to Badaneg Ltd. ("Badaneg"), a special purpose vehicle incorporated in the Cayman Islands, in exchange for cash of US\$97,200,000 (full amount).

The aggregate nominal value of the BDN SUFRNs is recognized as loan capital as approved by Bank Indonesia in its letter No. 27/295/BPBI/AdBI dated November 7, 1994, and accrued interest thereon is recognized as a liability at December 31, 2004 and 2003, and April 30, 2003 because Bank Mandiri assumed all of BDN's assets and liabilities from the date of the merger (Note 1b). The BDN SUFRNs are perpetual as they have no stated maturity date.

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30. LOAN CAPITAL (continued)

BDN SUFRNs (continued)

Interest on the BDN SUFRNs is calculated based on their aggregate nominal value at 1.1% per annum above the six-month LIBOR interest rate through November 30, 2005, and following this date interest is calculated based on their aggregate nominal value at 0.001% per annum. While the BDN SUFRNs remain outstanding, accrued interest is due and payable semi-annually in arrears at the end of each interest period in May and November.

To fund its purchase of the BDN SUFRNs, in November 1990 Badaneg entered into a Purchase Agreement and a Deferred Sale Agreement with investors represented by Japan Leasing (Hong Kong) Ltd. (now represented by STB Leasing Co., Ltd.) under which Badaneg sold and repurchased certain property on deferred payment terms, proceeds from which were used to fund the purchase of the BDN SUFRNs for US\$97,200,000 (full amount) and the purchase of US\$135,000,000 (full amount) of zero coupon bonds issued by IMI Bank (International) unconditionally and irrevocably guaranteed as to payment of interest and principal by Istituto Mobiliare Italiano (the "Zero Coupon Bonds") in exchange for cash of US\$37,800,000 (full amount). The Zero Coupon Bonds formed the collateral for the repurchase of the property under the Deferred Sale Agreement.

The Zero Coupon Bonds bear compound interest such that, after 15 years, the maturity value of the Zero Coupon Bonds would amount to US\$135,000,000 (full amount) thereby enabling Badaneg to fulfill its obligations under the Deferred Sale Agreement.

The terms and conditions of the BDN SUFRNs provide for redemption of their aggregate nominal value upon the occurrence of several events including mandatory redemption if the Republic of Indonesia ceases directly to own at least 51% of the issued voting share capital of Bank Mandiri.

If Bank Mandiri was required to redeem the BDN SUFRNs prior to the interest payment date falling in November 2005 and to make repayment in full then, pursuant to the terms of a Collateral Agreement dated November 26, 1990 between BDN, acting through its Cayman Islands Branch, Badaneg and STL Investment (Panama) S.A., Badaneg is subject to the prior discharge by Badaneg of its obligations to STB Leasing Co., Ltd. and the investors under the Purchase Agreement, the Deferred Sale Agreement and other related agreements, obliged to transfer the Zero Coupon Bonds to the Bank for no consideration.

The accreted value of the Zero Coupon Bonds is recognized by Bank Mandiri as an other asset (Note 15) on the basis that Bank Mandiri has a right to the Zero Coupon Bonds and that under the terms of the Collateral Agreement, Bank Mandiri has an option, subject to the prior discharge by Badaneg of its obligations to STB Leasing Co., Ltd. and the investors under the Purchase Agreement, the Deferred Sale Agreement and other related agreements, to purchase the BDN SUFRNs for a total consideration of US\$3,000 (full amount). As there is no legal right of offset until this option to purchase is exercised, Bank Mandiri has recognized the accreted value of the zero coupon bonds as an other asset instead of offsetting the asset against the aggregate nominal value of the BDN SUFRNs.

The asset recognized by Bank Mandiri for the accreted value of Zero Coupon Bonds amounted to Rp1,128,127, Rp989,516 and Rp995,514 as of December 31, 2004 and 2003, and April 30, 2003, respectively (Note 15).

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31. MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents minority interests in net assets of subsidiaries as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Yayasan Dana Pensiun Bank Dagang Negara	882	864	864
Dana Pensiun Bank Bumi Daya	2,621	2,609	2,374
Koperasi Karyawan - PT Bank Mandiri (Persero), Tbk.	40	-	-
	3,543	3,473	3,238

32. SHAREHOLDERS' EQUITY

a. Authorized, Issued and Fully Paid-up Capital

The Bank's authorized, issued and fully paid-up capital as of December 31, 2004 and 2003, and April 30, 2003 is as follows:

December 31, 2004				
	Number of Shares	Nominal Value Per Share (Full Amount)	Share Value (Full Amount)	Percentage of Ownership
Authorized Capital				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorized Capital	32,000,000,000	500	16,000,000,000,000	100.00%
Issued and Fully Paid-up Capital				
Republic of Indonesia				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	13,999,999,999	500	6,999,999,999,500	69.54%
Public				
- Common Shares B Series	6,132,854,872	500	3,066,427,436,000	30.46%
Total Issued and Fully Paid-up Capital	20,132,854,872	500	10,066,427,436,000	100.00%
December 31, 2003				
	Number of Shares	Nominal Value Per Share (Full Amount)	Share Value (Full Amount)	Percentage of Ownership
Authorized Capital				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorized Capital	32,000,000,000	500	16,000,000,000,000	100.00%
Issued and Fully Paid-up Capital				
Republic of Indonesia				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	15,999,999,999	500	7,999,999,999,500	80.00%
Public				
- Common Shares B Series	4,000,000,000	500	2,000,000,000,000	20.00%
Total Issued and Fully Paid-up Capital	20,000,000,000	500	10,000,000,000,000	100.00%

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32. SHAREHOLDERS' EQUITY (continued)

a. Authorized, Issued and Fully Paid-up Capital (continued)

	April 30, 2003			
	Number of Shares	Nominal Value Per Share (Full Amount)	Share Value (Full Amount)	Percentage of Ownership
Authorized Capital	16,000,000	1,000,000	16,000,000,000,000	100.00%
Issued and Fully Paid-up Capital Republic of Indonesia	4,251,000	1,000,000	4,251,000,000,000	100.00%

Based on notarial deed No. 10 of Sutjipto, S.H., dated October 2, 1998, the authorized capital of Bank Mandiri amounts to Rp16,000,000 with a par value of Rp1,000,000 (full amount) per share.

The establishment of issued and fully paid-up capital amounting to Rp4,000,000 by the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

- a. Cash payment through Bank Indonesia amounting to Rp1,600,004.
- b. Placements in shares of stocks recorded as investments in shares of the Merged Banks amounting to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Meetings of the Merged Banks. Based on the agreement ("*inbreg*") notarized by deed No. 9 of Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Republic of Indonesia, agreed to transfer those shares (*inbreg*) as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri covered by notarial deed No. 98 of Sutjipto, S.H. dated July 24, 1999, the shareholder resolved to increase the paid-up capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid for by the Republic of Indonesia. The increase of Rp251,000 was effected through the conversion of additional paid-in capital to share capital and resulted from the excess of recapitalization bonds under the 1st Recapitalization Program as per Government Regulation No. 52/1999.

Based on an Extraordinary General Shareholder's Meeting resolution dated May 29, 2003, which was amended by notarial deed No. 142 of Sutjipto, S.H., dated May 29, 2003, the shareholder agreed among others the following:

- (i) Initial Public Offering of Bank Mandiri
- (ii) Changes in Bank Mandiri's capital structure
- (iii) Changes in Bank Mandiri's Articles of Association

Following the shareholder decision to change the capital structure, Bank Mandiri increased its issued and fully paid-up capital to Rp10,000,000 and split the share price from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorized shares increased from 16,000,000 (full amount) shares to 32,000,000,000 (full amount) shares, and the number of issued and fully paid-up shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 (full amount) shares with a nominal value of Rp500 (full amount). The issued and fully paid-up capital consists of 1 Dwiwarna A Series share and 19,999,999,999 Common B Series shares owned by the Republic of Indonesia.

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32. SHAREHOLDERS' EQUITY (continued)

a. Authorized, Issued and Fully Paid-up Capital (continued)

In relation to the change in capital structure, the Extraordinary Shareholder's Meeting also approved the amount of Rp168,801,314,557,901 (full amount) as Agio.

The above changes in capital structure became effective from May 23, 2003, with the requirement that the Bank should conduct a quasi-reorganization on or before the end of 2003 based on an approval of the Shareholder.

The Dwiwarna A Series share represents a share owned by the Republic of Indonesia, which is not transferable. It provides the Republic of Indonesia with the following privileges:

1. General Shareholders Meetings concerning increases in capital should be attended by and approved by the Dwiwarna A Series shareholder;
2. General Shareholders Meetings concerning changes in the composition of the Boards of Directors and Commissioners should be attended and approved by the Dwiwarna A Series shareholder;
3. General Shareholders Meetings concerning changes in the Articles of Association should be attended and approved by the Dwiwarna A Series shareholder;
4. General Shareholders Meetings concerning mergers, acquisitions and takeovers should be attended and approved by the Dwiwarna A Series shareholder;
5. General Shareholders Meetings concerning dissolution and liquidation should be attended and approved by the Dwiwarna A Series shareholder.

The changes in the capital structure are based on the Minutes of the Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarized by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Minister of Justice and Human Rights through decree No. C-12783 HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 517 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003 (Note 1d).

The increase in paid-up capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Return of paid-up capital of Rp251,000 to the Government as a part of the return of excess recapitalization of Rp1,412,000 which was retained by Bank Mandiri, and an increase in capital amounting to Rp1,000,000 from the capitalization of reserves, based on Government Regulation (PP) No. 26/2003 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 Minister of State-Owned Enterprises, as the Bank's shareholder, No. KEP-154/M-MBU/2002 dated October 29, 2002.
2. Increase in fully paid-up capital of Rp5,000,000 from the capitalization of additional paid-up capital based on the Decree of the Minister 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 participation of the Government of the Republic of Indonesia in Bank Mandiri in connection with the general banking recapitalization program".

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32. SHAREHOLDERS' EQUITY (continued)

a. Authorized, Issued and Fully Paid-up Capital (continued)

Based on the Extraordinary General Shareholders' Meeting held on May 29, 2003, which was notarized on the same date by Sutjipto, S.H., as per notarial deed No. 142 dated May 29, 2003, the shareholder agreed to among others, the introduction of an employee stock ownership plan through an *Employee Stock Allocation Program (ESA)* and a *Management Stock Option Plan (MSOP)*. The ESA consists of a *Bonus Share Plan* and a *Share Purchase at Discount* program. MSOP is directed to directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognized by Bank Mandiri through allocation of reserves. The management and execution of the ESA and MSOP programs is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners (Note 33).

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20% of its shareholding in Bank Mandiri through an Initial Public Offering (IPO).

Following the Regulation of the Government of the Republic of Indonesia No. 27/2003 dated June 2, 2003 which approved the divestment of the Government ownership in Bank Mandiri of up to 30%, 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 a 10% ownership interest in PT Bank Mandiri (Persero) Tbk. or 2,000,000,000 shares of Common Shares of Series B on March 11, 2004 through private placements.

On July 14, 2003, the date of the IPO, through MSOP program the Bank issued 378,583,785 share options with an exercise price of Rp742.5 (full amount) per share and a nominal value of Rp500 (full amount) per share. As at December 31, 2004, options exercised total 132,854,872 shares (Note 33), thereby increasing the total issued and fully paid-up capital by Rp66,427 and agio by Rp41,479.

As a result of the above changes in the capital structure, Bank Mandiri's Articles of Association have been amended based on notarial deed of Sutjipto, S.H. No. 108 dated January 26, 2005, and were approved by the Minister of Justice and Human Rights in his decision letter No. C-03680 HT-01.04.TH.2005 (Note 63b).

b. Additional Paid-In Capital/Agio

The additional paid-in capital/agio of Rp5,967,897, Rp5,926,418 and Rp10,675,418, as of December 31, 2004 and 2003, and April 30, 2003, respectively, represents additional paid-up capital arising from the Recapitalization Program (Note 1c).

The increase in agio amounting to Rp41,479 as of December 31, 2004 represents the excess of the exercise price over the nominal value of the exercised share options .

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and a Management Contract (IMPA) dated April 8, 2000, it was determined that there was an excess recapitalization amounting to Rp4,069,000. The Bank returned Rp2,657,000 of Government Recapitalization Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The balance of Rp1,412,000 was returned to the Government on April 25, 2003 as approved by the Shareholder during its meeting on October 29, 2002 and the Minister of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002 (Note 7).

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32. SHAREHOLDERS' EQUITY (continued)

b. Additional Paid-In Capital/Agio (continued)

The return of the above excess recapitalization amounting to Rp1,412,000 includes issued and fully paid-up 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 No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

Matters decided under the KMK RI, among others, are as follows:

- a. The final Bank Mandiri recapitalization amount is Rp173,801,314,557,593 (full amount);
- b. Recapitalization of Rp5,000,000,000,000 (full amount) is converted into 5,000,000 (full amount) new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalization amount of Rp168,801,314,557,593 (full amount) is recorded as agio.

Through quasi-reorganization (Notes 2ad and 60), the Bank's accumulated losses as of April 30, 2003 amounting to Rp162,874,901 were eliminated against additional paid-in capital/agio.

c. Premises and Equipment Revaluation Increment

The premises and equipment revaluation increment amounting to Rp3,056,724 as of December 31, 2004 and 2003 represents the revaluation increment of the premises and equipment of the Merged Banks based on an appraisal as of July 31, 1999. This was based on the Decision Letter of the Minister of Finance No. 211/KMK.03/2003 dated May 14, 2003, Bank Mandiri letter No. S.206/MK.01/2003 dated May 21, 2003 and approval of the Directorate General of Taxation, through the Head of State and Regional Offices of Corporate Tax Services Decision Letter No. KEP-01/WPJ.07/KP.0105/2003 dated June 18, 2003 (Note 27c).

The premises and equipment revaluation increment of Rp9,788 as of April 30, 2003 relates to the revaluation increment of premises and equipment of PT Usaha Gedung BDN and PT Bumi Daya Plaza, subsidiaries of Bank Mandiri. Premises and equipment of PT Usaha Gedung BDN, which were acquired prior to September 12, 1986 were revalued on January 1, 1987 based on Government Regulation No. 45 dated October 2, 1986, and the revaluation was approved by the Directorate General of Taxation through its Decision Letters No. KEP-238/WPJ.04/KP.07/1989 dated August 31, 1989 and No. KEP-628/WPJ.04/KP.07/1989 dated October 5, 1989.

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32. SHAREHOLDERS' EQUITY (continued)

d. Distribution of Net Profit

Based on the resolution of the shareholders during its general meetings held on May 5, 2004 and May 19, 2003, the shareholders approved the distribution of the 2003 and 2002 net profit as follows:

	<u>2003 net profit</u>	<u>2002 net profit</u>
Dividends	2,300,000	1,792,794
Directors' and commissioners' bonuses	22,930	4,923
Small industry and cooperative development fund (PUKK)	-	85,690
Environmental development fund	-	17,138
Incentive bonuses	-	29,296
	<u>2,322,930</u>	<u>1,929,841</u>
Appropriated retained earnings:		
General reserve	200,000	989,065
Specific reserve	547,000	666,683
Total	<u>747,000</u>	<u>1,655,748</u>
Retained earnings	<u>158,644</u>	<u>-</u>
	<u>3,228,574</u>	<u>3,585,589</u>

In relation to the quasi-reorganization of the Bank on April 30, 2003, the Bank distributed the 2002 net profit on April 30, 2003 by recognizing provisions for dividend payment, small industry and cooperative development fund (PUKK) contributions, environmental development fund contribution, directors' and commissioners' bonuses and incentive bonuses based on the decision of the General Shareholder's Meeting held on May 19, 2003, under "Other Liabilities". The Bank has also recognized general and special reserves allocations from the 2002 net profit.

The dividends and directors' and commissioners' bonuses (tantiem) from the 2003 and 2002 net profit were paid to the shareholder and directors and commissioners of the Bank on June 7, 2004 and June 30, 2004, respectively, for the 2003 net profit, and on June 18, 2003 and July 7, 2003, respectively, for the 2002 net profit. Incentive bonuses from the 2002 net profit were paid on July 4, 2003. The allocations for PUKK and the environmental development fund were paid on June 18, 2003 and July 18, 2002, respectively.

Of the reserve of Rp1,655,748 from the 2002 net profit, Rp600,000 represents the reserve from the net profit for the six-month period from January 1, 2002 to June 30, 2002 established based on an instruction of the Minister of State-Owned Enterprises through letter No. KEP-167/MBU/2002 dated December 19, 2002.

Tantiem amounts in relation to years through 2003, have been directly charged against retained earnings in the following year. In accordance with the revision of PSAK No. 24 in 2004 regarding Employee Benefits, the Bank has provided for estimated tantiem in the current year's profit and loss.

33. MANAGEMENT STOCK OPTION PLAN

Based on the Extraordinary General Shareholders' Meeting held on May 29, 2003, which was notarized on the same date by Sutjipto, S.H., as per notarial deed No. 142, the shareholder approved the adoption of the Management Stock Option Plan (MSOP).

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33. MANAGEMENT STOCK OPTION PLAN (continued)

The purpose of the MSOP program is to achieve long-term objective, of ensuring the continuity of the current or future performance of the Bank by aligning management and shareholders' objectives. The Bank implemented a MSOP program for directors to attract, retain and motivate senior management and other key employees. In accordance with Bapepam regulation No. IX.D.4, the total shares to be issued by the Bank under the MSOP program will be equal to 5% of the paid-up capital or 1 billion shares for the three-year period. The share option life is five years from the grant date. The number of stock options that can be exercised at the end of the first year from the grant date is a maximum of 50% of the total options granted, and the remaining 50% may be exercised at the end of the second year up through the end of the fifth year.

The options granted at Stage-1 which were approved during the Extraordinary General Shareholders' Meeting held on May 29, 2003, involved 2.18% of paid-up capital, with an exercise price of 110% of the offering price or equivalent to Rp742.5 per share, and with a vesting period of two years.

On July 14, 2003, the date of the Bank's IPO, the Bank granted 378,583,785 options with an exercise price of Rp742.5 (full amount) per share or 110% of the offering price.

A summary of the Management Stock Option Plan and the movements during the period follows (full amount):

	2004 Number of Options
Options outstanding at the beginning of period	378,583,785
Options granted during the period	-
Options exercised during the period	(132,854,872)
Options forfeited during the period	-
Options expiring during the period	-
Options that can be exercised at the end of the period	245,728,913

The fair value of stock options granted as of July 14, 2003 was Rp69.71 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated March 4, 2004.

The fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following assumptions:

Risk free interest rate	8.46%
Expected period of option	3 years
Expected stock's volatility	24.53%
Expected dividend yield	7.63%
Employee turnover rate	1.00%

Share options amounted to Rp13,831 as of December 31, 2004 and MSOP expense which was recorded as salaries and employee benefits for the year ended December 31, 2004 was Rp24,942 (Note 42).

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34. INTEREST INCOME

Interest income was derived from the following:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Government Recapitalization Bonds	8,182,196	15,390,066	9,337,554	6,052,512
Loans	8,809,062	8,375,139	5,487,269	2,887,870
Securities	952,491	867,670	627,672	239,998
Placements with Bank Indonesia and other banks	519,438	363,720	246,798	116,922
Fees and commissions	507,394	495,060	317,582	177,478
Others	174,589	65,400	20,908	44,492
	19,145,170	25,557,055	16,037,783	9,519,272

Included in interest income from loans and others is *syariah* income for the years ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003 amounting to Rp511,061, Rp172,971 and Rp65,726, respectively, with details as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
<i>Murabahah</i> income	400,111	205,655	146,384	59,271
<i>Musarakah</i> income	83,368	18,820	16,034	2,786
Others	27,582	14,222	10,553	3,669
	511,061	238,697	172,971	65,726

35. INTEREST EXPENSE

Interest expense was incurred on the following:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Time deposits	5,147,235	12,523,507	7,214,006	5,309,501
Savings deposits	2,112,420	2,323,917	1,445,616	878,301
Demand deposits	1,131,117	1,294,478	844,556	449,922
Fund borrowings	349,484	532,706	320,285	212,421
Securities issued	362,396	265,027	239,290	25,737
Subordinated loans	310,138	382,636	247,240	135,396
Loan capital	35,309	28,647	18,404	10,243
Others	74,434	86,797	28,731	58,066
	9,522,533	17,437,715	10,358,128	7,079,587

Included in interest expense from time and savings deposits is *syariah* expense for the years ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003 amounting to Rp242,675, Rp104,271 and Rp39,492, respectively.

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36. OTHER OPERATING INCOME - OTHERS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Accretion in the realizable value of the security and effective reduction of principal related to SUFRNs (Notes 15, 29 and 30)	144,830	113,316	89,458	23,858
Others	557,487	522,636	376,072	146,564
	702,317	635,952	465,530	170,422

37. PROVISION FOR POSSIBLE LOSSES ON EARNING ASSETS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Provision/(reversal of allowance) for possible losses on:				
Current accounts with other banks (Note 4e)	2,112	(331)	(438)	107
Placements with other banks (Note 5f)	19,428	19,522	(3,389)	22,911
Securities (Note 6g)	45,622	(10,251)	22,551	(32,802)
Other receivables - trade transactions (Note 8d)	26,651	41,863	46,130	(4,267)
Securities purchased with agreements to resell (Note 9)	4,800	-	-	-
Derivative receivables (Note 10)	(7,462)	6,717	6,145	572
Loans (Note 11B.i)	275,662	1,056,661	453,382	603,279
Acceptances receivable (Note 12d)	6,626	29,607	49,859	(20,252)
Investments in shares of stock (Note 13c)	(1,922)	35,626	70,823	(35,197)
	371,517	1,179,414	645,063	534,351

38. REVERSAL OF ALLOWANCE FOR POSSIBLE LOSSES - OTHERS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Reversal of allowance/(provision) for:				
Possible losses on legal cases (Note 28)	259,172	569,563	451,103	118,460
Possible losses on other assets (Note 15)	-	(166,192)	(165,094)	(1,098)
Others	50,000	(82,634)	(82,634)	-
	309,172	320,737	203,375	117,362

39. GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN VALUE OF SECURITIES AND GOVERNMENT RECAPITALIZATION BONDS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Securities	71	(52,306)	(20,764)	(31,542)
Government Recapitalization Bonds	66,201	1,364	(747,476)	748,840
	66,272	(50,942)	(768,240)	717,298

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40. GAINS FROM SALE OF SECURITIES AND GOVERNMENT RECAPITALIZATION BONDS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Securities	218,892	254,884	242,214	12,670
Government Recapitalization Bonds	1,365,343	1,868,554	1,556,802	311,752
	1,584,235	2,123,438	1,799,016	324,422

41. GENERAL AND ADMINISTRATIVE EXPENSES

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Depreciation and amortization of premises and equipment	533,559	340,993	250,124	90,869
Rent	346,168	344,068	231,793	112,275
Promotions	321,910	255,305	199,222	56,083
Repairs and maintenance	313,723	225,111	178,704	46,407
Communications	301,263	226,736	166,907	59,829
Professional fees*)	256,084	203,132	190,090	13,042
Public relations	198,343	184,255	152,076	32,179
Electricity, water and gas	153,664	94,701	72,508	22,193
Office supplies	117,450	100,937	81,374	19,563
Transportation	51,671	32,848	24,022	8,826
Office equipment	20,889	16,860	13,064	3,796
Research and development	8,469	9,713	9,153	560
Others	365,479	214,883	137,584	77,299
	2,988,672	2,249,542	1,706,621	542,921

*) Professional fees include audit and tax services amounting to Rp21,227, Rp16,437 and Rp1,630 for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively.

42. SALARIES AND EMPLOYEE BENEFITS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Salaries, wages, pension and tax allowances (Note 43)	1,337,272	1,133,364	748,509	384,855
Holidays (THR), leave and related entitlements	302,524	256,798	183,030	73,768
Employee benefits in kind	148,397	128,716	100,474	28,242
Training and development	125,648	98,303	91,074	7,229
Provision/(reversal) for post-employment benefit expenses (Note 28)	84,837	(312,609)	(312,609)	-
Compensation expense on stock options (Note 33)	24,942	9,897	9,897	-
Bonuses and others	378,137	350,481	231,738	118,743
	2,401,757	1,664,950	1,052,113	612,837

In accordance with PSAK No. 24 (Revised 2004) regarding Employee Benefits, the Bank have accrued tantiem expense in 2004.

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42. SALARIES AND EMPLOYEE BENEFITS (continued)

Total gross salaries, allowances and bonuses of the Boards of Directors and Commissioners, and Executive Officers amounted to Rp96,168, Rp54,604 and Rp17,487, for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively.

Details for the year ended December 31, 2004 are as follows:

	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
Board of Commissioners	7	4,436	2,663	7,302	14,401
Board of Directors	9	14,919	7,752	20,750	43,421
Audit Committee	3	636	123	272	1,031
Senior Executive Vice Presidents, Group Heads and Advisors of Directors	37	21,333	4,903	11,079	37,315
	56	41,324	15,441	39,403	96,168

Details for the eight-month period ended December 31, 2003 are as follows:

	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
Board of Commissioners	7	1,792	1,973	1,912	5,677
Board of Directors	9	7,252	7,221	7,779	22,252
Audit Committee	3	306	92	175	573
Senior Executive Vice Presidents, Group Heads and Advisors of Directors	32	15,079	1,082	9,941	26,102
	51	24,429	10,368	19,807	54,604

Details for the four-month period ended April 30, 2003 are as follows:

	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
Board of Commissioners	4	614	110	-	724
Board of Directors	8	1,284	645	-	1,929
Audit Committee	3	153	-	-	153
Senior Executive Vice Presidents, Group Heads and Advisors of Directors	38	9,625	1,300	3,756	14,681
	53	11,676	2,055	3,756	17,487

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43. PENSION AND SEVERANCE

Under the Bank's policy, in addition to salaries, the employees are entitled to allowances and benefits, such as: holiday allowance (THR), pre-retirement (MBT) 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 based on the prevailing Labor Law.

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans as follows:

- a. One defined contribution pension plan, *Dana Pensiun Pemberi Kerja-Program Pensiun Iuran Pasti* (DPPK-PPIP) or the Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) established on August 1, 1999. The DPBM's regulations were legalized based on the decision letter of the Minister of Finance of the Republic of Indonesia No. KEP/300/KM.017/1999 dated July 14, 1999 and was included in the Addendum to 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.

Bank Mandiri and the employees contribute 10% and 5% of the Base Pension Plan Employee Income, respectively.

The President Director 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. As a consequence, transactions between the DPBM and Bank Mandiri are considered related party transactions. The DPBM invests a part of its financial resources in Bank Mandiri time deposits, which balances as of December 31, 2004 and 2003, and April 30, 2003 were Rp43,000, Rp2,900 and Rp101,100, respectively. The interest rates on these time deposits are at arms-length.

The Bank paid pension contributions totaling Rp87,974, Rp79,329 and Rp26,586, respectively, for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively.

- b. Four employer defined benefit pension plans, *Dana Pensiun Pemberi Kerja-Program Pensiun Manfaat Pasti* (DPPK-PPMP) are derived from the respective pension plans of the Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBM I (BBD), DPBM II (BDN), DPBM III (Bank Exim) and DPBM IV (Bapindo). The regulations of the respective pension plans were legalized by the Minister of Finance of the Republic of Indonesia in 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 dated November 15, 1999. Based on the approval of 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 decision letters No. KEP/115/KM.6/2003 of PDP DPBM I, No. KEP/116/KM.6/2003 of PDP DPBM II, No. KEP/117/KM.6/2003 of PDP DPBM III, and No. KEP/118/KM.6/2003 of PDP DPBM IV, all dated March 31, 2003.

The members of the defined benefit pension plans originated from legacy banks who have rendered three or more service years at the time of merger and are comprised of active employees of the Bank, deferred members (those whose employment has been terminated but for whom the beneficial rights were not transferred to other pension plans), and pensioners.

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43. PENSION AND SEVERANCE (continued)

Pension Plan (continued)

As of December 31, 2004, the calculation of the fair value of plan assets and projected benefit obligation is based on the actuarial report of PT Dayamandiri Dharmakonsilindo dated February 11, 2005. In its calculation, the actuary used the following assumptions:

	DPBM I	DPBM II	DPBM III	DPBM IV
Interest rate	9% per annum	9% per annum	9% per annum	9% per annum
Expected rate of return on plan assets	10% per annum	10% per annum	10% per annum	10% 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 used	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary
Expected rates of pensionable salary increase	Nil	Nil	Nil	Nil
Mortality rate table	CSO-1958	CSO-1958	CSO-1958	CSO-1958
Turnover rate	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter
Disability rate	10% of mortality rate	10% of mortality rate	10% of mortality rate	10% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal pension age	56 years for all grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80% of latest gross pensionable salary (PhDP)	80% of latest gross pensionable salary (PhDP)	62.5% of latest gross pensionable salary (PhDP)	75% of latest gross pensionable salary (PhDP)
Expected rate of pension benefit increase	Nil	Nil	Nil	4% every 2 years
Tax rates - average	15% of pension benefit	15% of pension benefit	15% of pension benefit	15% of pension benefit

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43. PENSION AND SEVERANCE (continued)

Pension Plan (continued)

As of December 31, 2003, the calculation of the fair value of plan assets and projected benefit obligation is based on the actuarial report of PT Dayamandiri Dharmakonsilindo dated March 8, 2004. In its calculation, the actuary used the following assumptions:

	DPBM I	DPBM II	DPBM III	DPBM IV
Interest rate	9% per annum	9% per annum	9% per annum	9% per annum
Expected rate of return on plan assets	10% per annum	10% per annum	10% per annum	10% 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 used	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary	As of January 1, 2003, adjusted amount over legacy banks' pensionable salary
Expected rates of pensionable salary increase	Nil	Nil	Nil	Nil
Mortality rate table	CSO-1958	CSO-1958	CSO-1958	CSO-1958
Turnover rate	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter	5% up to employees' age 25 and reducing linearly by 0.25% for each year up to 0% at age 45 and thereafter
Disability rate	10% of mortality rate	10% of mortality rate	10% of mortality rate	10% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal pension age	56 years for all grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80% of latest gross pensionable salary (PhDP)	80% of latest gross pensionable salary (PhDP)	62.5 % of latest gross pensionable salary (PhDP)	75% of latest gross pensionable salary (PhDP)
Expected rate of pension benefit increase	Nil	Nil	Nil	4% every 2 years
Tax rates - average	15% of pension benefit	15% of pension benefit	15% of pension benefit	15% of pension benefit

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43. PENSION AND SEVERANCE (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as of December 31, 2004 are as follows:

	<u>DPBM I</u>	<u>DPBM II</u>	<u>DPBM III</u>	<u>DPBM IV</u>
Projected Benefit Obligations	928,878	881,941	589,821	296,543
Fair Value of Plan Assets	<u>1,254,763</u>	<u>1,271,452</u>	<u>676,450</u>	<u>402,902</u>
Surplus	<u>325,885</u>	<u>389,511</u>	<u>86,629</u>	<u>106,359</u>

The projected benefit obligations and fair value of plan assets as of December 31, 2003 are as follows:

	<u>DPBM I</u>	<u>DPBM II</u>	<u>DPBM III</u>	<u>DPBM IV</u>
Projected Benefit Obligations	958,312	905,092	542,065	291,637
Fair Value of Plan Assets	<u>1,186,701</u>	<u>1,207,970</u>	<u>664,899</u>	<u>391,634</u>
Surplus	<u>228,389</u>	<u>302,878</u>	<u>122,834</u>	<u>99,997</u>

The projected benefit obligations and fair value of plan assets as of April 30, 2003 are as follows:

	<u>DPBM I</u>	<u>DPBM II</u>	<u>DPBM III</u>	<u>DPBM IV</u>
Projected Benefit Obligations	1,089,825	1,065,625	579,064	329,853
Fair Value of Plan Assets	<u>1,157,794</u>	<u>1,164,513</u>	<u>617,404</u>	<u>379,790</u>
Surplus	<u>67,969</u>	<u>98,888</u>	<u>38,340</u>	<u>49,937</u>

One defined contribution pension program (Program Pensiun Iuran Pasti) is for permanent employees of PT Bank Syariah Mandiri (BSM), a subsidiary. The members are employees under the age of 56 (fifty-six) years. The program, which commenced in March 2002, is managed by PT Asuransi Jiwa Manulife Indonesia (formerly PT Principal Indonesia Financial Institution Pension Fund ("*Dana Pensiun Lembaga Keuangan Principal Indonesia*", (DPLK-PI)). The employees' pension contribution is 5%, whilst the employer contributes 10% of the monthly employees' Gross Pension Salary (PhDP). The total cash contributions received by DPLK-PI amounted to Rp2,145, Rp767 and Rp680, for the year ended December 31, 2004, the eight-month period ended December 31, 2003, and the four-month period ended April 30, 2003, respectively.

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43. PENSION AND SEVERANCE (continued)

Labor Law No. 13/2003

On March 25, 2003, the House of Representatives of the Republic of Indonesia and the Government of the Republic of Indonesia approved Labor Law No.13 Year 2003 (UU No.13/2003), which regulates, among others, the calculation of post-employment benefits, compensation upon termination and gratuity.

Bank Mandiri has implemented an accounting policy for employment benefits (PSAK 24 - Revised 2004) to recognize provision for post-employment benefits. As of December 31, 2004 and 2003, the Bank recognized a provision for post-employment benefits in accordance with Labor Law No. 13/2003 amounting to Rp446.290 and Rp361.453, respectively, based on independent actuarial reports. As of April 2003, the Bank recognized a provision for post-employment benefits and service entitlements in accordance with the Decree of the Minister of Manpower No. Kep-150/Men/2000 (KepMen 150) dated June 20, 2000.

Provision for post-employment benefits as of December 31, 2004 and 2003 is based on independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated February 11, 2005 and March 8, 2004, respectively. The assumptions used by the actuary were as follows:

- a. Discount rate is 10% per annum (December 31, 2003: 11% per annum).
- b. Expected rate of annual salary increase is 9% (December 31, 2003: 10% per annum).
- c. Mortality rate table is US 1980 Commissioners' Standard Ordinary Table of Mortality.
- d. Early retirement rate is 5% from age 25 decreasing linearly at 0.25% per year up to 0% at age 45.
- e. Actuarial method is projected unit credit method.
- f. Normal pension age is 56 years.
- g. Disability rate is 10% of mortality rate.

44. OTHER OPERATING EXPENSES - OTHERS

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Insurance premiums on customer guarantees	529,209	575,754	376,441	199,313
Others	116,353	231,524	126,042	105,482
	645,562	807,278	502,483	304,795

45. NON-OPERATING INCOME/(EXPENSE) - NET

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Gain on sale of premises and equipment	29,425	32,374	32,374	-
Reversal of provision for merger costs, obligation from investments in shares of stock, employee entitlements and medical benefits	-	52,971	52,971	-
Penalties	(48,735)	(9,276)	(2,008)	(7,268)
Others - net	23,713	141,893	52,655	89,238
	4,403	217,962	135,992	81,970

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46. COMMITMENTS AND CONTINGENCIES

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>April 30, 2003</u>
COMMITMENTS			
Commitment Receivables:			
Unrealized spot foreign currencies bought (Note 47)	131,889	323,042	312,667
Unused fund borrowing facilities	-	-	4,638
Others	-	34,399	28,688
Total Commitment Receivables	<u>131,889</u>	<u>357,441</u>	<u>345,993</u>
Commitment Payables:			
Unused loan facilities granted	19,857,035	17,025,825	10,247,192
Outstanding irrevocable letters of credit (Note 26)	6,486,555	5,172,509	5,242,668
Unrealized spot foreign currencies sold (Note 47)	93,611	585,998	379,739
Others	-	-	108,302
Total Commitment Payables	<u>26,437,201</u>	<u>22,784,332</u>	<u>15,977,901</u>
Commitment Payables - Net	<u>(26,305,312)</u>	<u>(22,426,891)</u>	<u>(15,631,908)</u>
CONTINGENCIES			
Contingent Receivables:			
Guarantees received from other banks	2,562,975	1,428,091	1,217,055
Interest receivable on non-performing assets	1,923,241	2,104,460	2,750,989
Others	32,970	37,430	29,910
Total Contingent Receivables	<u>4,519,186</u>	<u>3,569,981</u>	<u>3,997,954</u>
Contingent Payables:			
Guarantees issued in the form of:			
Bank guarantees issued (Note 26)	7,493,454	5,164,128	4,690,476
Standby letters of credit (Note 26)	2,973,434	2,763,672	2,364,538
Others	-	-	963
Outstanding revocable letters of credit	-	-	1,580
Others	85,640	57,498	163,219
Total Contingent Payables	<u>10,552,528</u>	<u>7,985,298</u>	<u>7,220,776</u>
Contingent Payables - Net	<u>(6,033,342)</u>	<u>(4,415,317)</u>	<u>(3,222,822)</u>
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	<u>(32,338,654)</u>	<u>(26,842,208)</u>	<u>(18,854,730)</u>

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47. FOREIGN CURRENCY TRANSACTIONS

Forward and cross currency swap transactions are presented as derivative receivables/payables in the balance sheet (Note 10).

Details of outstanding spot foreign currency bought and sold transactions as of December 31, 2004 are as follows:

Original Currency	Spot-Bought		Spot-Sold	
	Foreign Currency (full amount)	Equivalent Rupiah	Foreign Currency (full amount)	Equivalent Rupiah
United States Dollars	11,340,333	105,295	9,500,333	88,211
Others	-	26,594	-	5,400
		131,889		93,611

Details of outstanding spot foreign currency bought and sold transactions as of December 31, 2003 are as follows:

Original Currency	Spot-Bought		Spot-Sold	
	Foreign Currency (full amount)	Equivalent Rupiah	Foreign Currency (full amount)	Equivalent Rupiah
United States Dollars	37,033,099	312,004	67,135,616	565,618
Others	-	11,038	-	20,380
		323,042		585,998

Details of outstanding spot foreign currency bought and sold transactions as of April 30, 2003 are as follows:

Original Currency	Spot-Bought		Spot-Sold	
	Foreign Currency (full amount)	Equivalent Rupiah	Foreign Currency (full amount)	Equivalent Rupiah
United States Dollars	25,924,155	224,905	35,647,844	309,263
Others	-	87,762	-	70,476
		312,667		379,739

48. RELATED PARTY TRANSACTIONS

a. Banking Activities in the Ordinary Course of Business

In the ordinary course of its business, Bank Mandiri engages in significant transactions with the following related parties:

Related by ownership:

The Government of the Republic of Indonesia

Related by ownership and/or management:

PT Semen Kupang (Persero), PT Estika Sedaya Finance, PT Stacomitra Sedaya Finance, PT Bayu Beringin Lestari, PT Estika Jaya Kelola and PT Staco Bosowa Finance.

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48. RELATED PARTY TRANSACTIONS (continued)

a. Banking Activities in the Ordinary Course of Business (continued)

Related by management and/or key personnel Bank Mandiri's employees:

	December 31, 2004	December 31, 2003	April 30, 2003
Securities (Note 6a)	399,084	420,549	260,421
Government Recapitalization Bonds (Note 7)	93,081,021	122,906,853	150,332,380
Loans (Note 11B.g)	952,277	1,019,902	1,018,631
Interest refundable by the Government (Note 15)	866	25,267	25,267
Deposit made to the State Treasury (Note 15)	-	-	1,124,194
Total assets involving related parties	94,433,248	124,372,571	152,760,893
Total consolidated assets	248,155,827	249,435,554	261,285,909
Percentage of assets involving related parties to total consolidated assets	38.05%	49.86%	58.47%

The percentages of securities, Government Recapitalization Bonds, Loans, and Deposits made to the State Treasury in relation to a tax appeal and interest receivable from the Government compared to the total consolidated assets are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Securities	0.16%	0.17%	0.10%
Government Recapitalization Bonds	37.50%	49.27%	57.54%
Loans	0.38%	0.41%	0.39%
Interest refundable by the Government	0.01%	0.01%	0.01%
Deposit made to the State Treasury	-	-	0.43%
	38.05%	49.86%	58.47%
Demand Deposits (Note 16a)	62,412	11,854	27,545
Savings Deposits (Note 17b)	15,467	8,769	2,406
Time Deposits (Note 18f)	35,997	354,490	1,813,676
Total liabilities involving related parties	113,876	375,113	1,843,627
Total consolidated liabilities	223,217,577	229,036,856	243,998,291
Percentage of liabilities involving related parties to total consolidated liabilities	0.05%	0.16%	0.76%

Percentages of current accounts, savings accounts, time deposits and liabilities to the Government arising from the return of additional paid-in capital compared to the total consolidated liabilities are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Demand Deposits	0.03%	0.01%	0.01%
Savings Deposits	0.01%	-	0.01%
Time Deposits	0.01%	0.15%	0.74%
	0.05%	0.16%	0.76%

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48. RELATED PARTY TRANSACTIONS (continued)

a. Banking Activities in the Ordinary Course of Business (continued)

	Year Ended December 31, 2004	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
Salary, allowances and bonuses of the Boards of Directors and Commissioners and Executive Officers (Note 42)	96,168	54,604	17,487

b. Significant transactions with the Government of the Republic of Indonesia

- In May 1999, the Government implemented a recapitalization program for Bank Mandiri by issuing Government Recapitalization Bonds (Notes 1 and 7).
- In connection with the recapitalization, Bank Mandiri entered into a management contract with the Government in April 8, 2000 (Note 57a).
- The Committee on Financial Sector Policy (KKSK) and the Minister of Finance approved and guaranteed the issuance of standby letters of credit and conversion of loans of PT Garuda Indonesia to Mandatory Convertible Bonds.
- The Bank paid Rp1,124,194 to the State Treasury representing a 50% deposit in relation to an objection regarding the Bank's 2000 corporate income tax assessment (Note 15).
- The Bank returned additional paid-in capital of Rp1,412,000 representing a portion of the excess recapitalization (Note 32b).
- Based on the Minister of Finance's Decision Letter No. 227/KMK.02/2003 dated May 23, 2003, and Decree of the Minister of State-Owned Enterprises, as the Bank's shareholder, No. KEP-154/M-MBU/2002 dated October 29, 2002, the Government converted recapitalization funds amounting to Rp5,000,000 into 5,000,000 shares with a nominal value of Rp1,000,000 (full amount) per share, and the remaining recapitalization funds amounting to Rp168,801,315 were recorded as agio.
- Based on Government Regulation (PP) No. 26 dated May 29, 2003, the Government of the Republic of Indonesia converted Rp1,000,000 of appropriated retained earnings to issued and fully paid-up capital.

49. MATURITY PROFILE

The maturity profile of the Bank's assets and liabilities is as follows:

This profile as of December 31, 2004 and 2003, and April 30, 2003 is based on contractual terms. Historically, a significant proportion of deposits are rolled-over on maturity. Also, Government recapitalization bonds (trading and available-for-sale) could be liquidated through sale or used as collateral in the inter-bank market should the need for liquidity arise. The Bank's policy with regards to the maturity gap between the monetary assets and liabilities is to determine a gap limit which is adjusted to the Bank's ability to obtain immediate liquidity.

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49. MATURITY PROFILE (continued)

The maturity profile of the Bank's assets and liabilities is as follows (continued):

December 31, 2004

Description	Total	No Maturity Contract	< 1 mth	1 mth - 3 mth	>3 mth < 6 mth	>6 mth < 12 mth	>12 mth
Assets							
Cash	2,439,465	-	2,439,465	-	-	-	-
Current accounts with Bank Indonesia	15,986,630	-	15,986,630	-	-	-	-
Current accounts with other banks - net	650,631	-	650,631	-	-	-	-
Placements with Bank Indonesia and other banks - net	14,180,058	-	13,403,697	58,677	717,684	-	-
Securities - net	12,504,729	-	9,149,299	206,490	228,344	139,015	2,781,581
Government Recapitalization Bonds	93,081,021	-	470,472	940,943	1,411,137	1,891	90,256,578
Other receivables - trade transactions - net	1,939,179	-	361,548	744,759	824,913	7,843	116
Securities bought with agreements to resell	703,334	-	475,200	-	-	228,134	-
Derivative receivables - net	285,256	-	17,398	31,306	107,925	-	128,627
Loans - net	85,766,901	-	4,771,966	9,656,276	5,906,408	10,230,606	55,201,645
Acceptances receivable - net	5,094,102	-	1,241,876	2,113,459	1,222,348	510,913	5,506
Investments in shares of stock - net	8,849	8,849	-	-	-	-	-
Premises and equipment - net	5,483,628	5,483,628	-	-	-	-	-
Deferred tax assets - net	2,252,144	2,252,144	-	-	-	-	-
Accrued income	1,145,139	-	1,145,139	-	-	-	-
Receivables	3,256,714	-	-	-	-	3,256,714	-
Others - net	3,378,047	1,800,182	31,597	-	1,207,926	338,342	-
Total Assets	248,155,827	9,544,803	50,144,918	13,751,910	11,626,685	14,713,458	148,374,053
Liabilities							
Liabilities immediately payable	546,277	-	546,277	-	-	-	-
Demand deposits	41,083,330	-	41,083,330	-	-	-	-
Savings deposits	53,533,402	-	53,533,402	-	-	-	-
Time deposits	81,221,614	-	59,035,196	13,299,590	4,219,384	2,588,009	2,079,435
Certificates of deposit	25	-	25	-	-	-	-
Deposits from other banks	-	-	-	-	-	-	-
- Demand deposits	970,816	-	970,816	-	-	-	-
- Inter-bank call money	1,964,360	-	1,964,360	-	-	-	-
- Time deposits	9,104,019	-	8,879,559	179,666	745	20,809	23,240
Securities sold with agreements to repurchase	2,913,632	-	2,010	-	1,037,500	-	1,874,122
Derivative payables	66,968	-	22,092	20,650	11	-	24,215
Acceptances payable	5,241,388	-	1,277,471	2,174,675	1,261,764	521,920	5,558
Securities issued	3,993,980	-	906,572	83,003	-	157,845	2,846,560
Fund borrowings	7,066,493	-	1,059,858	853,716	3,511,081	314,167	1,327,671
Estimated losses on commitments and contingencies	565,898	565,898	-	-	-	-	-
Accrued expenses	729,753	-	729,753	-	-	-	-
Taxes payable	496,124	-	160,760	335,364	-	-	-
Other liabilities	5,649,817	5,156,708	-	-	-	493,109	-
Subordinated loans	6,816,206	-	10,197	-	14,096	2,383,944	4,407,969
Loan capital	1,253,475	-	-	-	-	1,253,475	-
Total Liabilities	223,217,577	5,722,606	170,181,678	16,946,664	10,044,581	7,733,278	12,588,770
Net Assets/(Liabilities)	24,938,250	3,822,197	(120,036,760)	(3,194,754)	1,582,104	6,980,180	135,785,283

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49. MATURITY PROFILE (continued)

The maturity profile of the Bank's assets and liabilities is as follows: (continued)

December 31, 2003

Description	Total	No Maturity Contract	< 1 mth	1 mth - 3 mth	>3 mth < 6 mth	>6 mth < 12 mth	>12 mth
Assets							
Cash	2,228,671	-	2,228,671	-	-	-	-
Current accounts with Bank Indonesia	12,157,316	-	12,157,316	-	-	-	-
Current accounts with other banks - net	328,855	-	328,855	-	-	-	-
Placements with Bank Indonesia and other banks - net	10,141,761	-	10,141,761	-	-	-	-
Securities - net	13,012,128	-	10,236,538	297,156	320,023	308,128	1,850,283
Government Recapitalization Bonds	122,906,853	-	560,685	1,121,369	1,683,043	3,061,228	116,480,528
Other receivables - trade transactions - net	1,406,422	-	878,556	309,099	218,185	582	-
Derivative receivables - net	1,039,791	-	23,039	313,902	2,443	3,223	697,184
Loans - net	66,842,664	-	3,055,219	6,921,077	6,014,507	8,581,204	42,270,657
Acceptances receivable - net	3,116,110	-	1,010,779	1,076,952	747,911	280,468	-
Investments in shares of stock - net	12,722	12,722	-	-	-	-	-
Premises and equipment - net	5,384,372	5,384,372	-	-	-	-	-
Deferred tax assets - net	2,338,107	2,338,107	-	-	-	-	-
Accrued income	1,634,516	-	1,634,516	-	-	-	-
Receivables	2,819,848	-	-	-	-	-	2,819,848
Others - net	4,065,418	2,414,065	377,155	-	1,000,000	274,198	-
Total Assets	249,435,554	10,149,266	42,633,090	10,039,555	9,986,112	12,509,031	164,118,500
Liabilities							
Liabilities immediately payable	889,710	-	889,710	-	-	-	-
Demand deposits	38,231,656	-	38,231,656	-	-	-	-
Savings deposits	41,307,433	-	41,307,433	-	-	-	-
Time deposits	99,271,665	-	67,241,210	20,384,523	6,820,222	2,976,121	1,849,589
Certificates of deposit	36	-	36	-	-	-	-
Deposits from other banks							
- Demand deposits	611,864	-	611,864	-	-	-	-
- Inter-bank call money	1,022,441	-	1,022,441	-	-	-	-
- Time deposits	10,042,215	-	7,988,645	1,665,170	232,768	138,748	16,884
Securities sold with agreements to repurchase	4,405,677	-	63,177	-	-	-	4,342,500
Derivative payables	23,777	-	18,606	345	287	-	4,539
Acceptances payable	3,264,872	-	1,050,729	1,125,418	801,368	287,357	-
Securities issued	4,312,612	-	489,180	-	-	-	3,823,432
Fund borrowings	8,535,169	-	106,910	491,781	4,513,121	368,377	3,054,980
Estimated losses on commitments and contingencies	572,267	572,267	-	-	-	-	-
Accrued expenses	517,338	-	517,338	-	-	-	-
Taxes payable	601,304	-	120,984	480,320	-	-	-
Other liabilities	7,415,961	7,030,052	-	-	-	304,506	81,403
Subordinated loans	5,118,484	-	15,148	-	300,626	875,485	3,927,225
Loan capital	2,892,375	-	-	-	-	-	2,892,375
Total Liabilities	229,036,856	7,602,319	159,675,067	24,147,557	12,668,392	4,950,594	19,992,927
Net Assets/(Liabilities)	20,398,698	2,546,947	(117,041,977)	(14,108,002)	(2,682,280)	7,558,437	144,125,573

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49. MATURITY PROFILE (continued)

The maturity profile of the Bank's assets and liabilities is as follows: (continued)

April 30, 2003 (after quasi-reorganization)

Description	Total	No Maturity Contract	< 1 mth	1 mth - 3 mth	>3 mth < 6 mth	>6 mth < 12 mth	>12 mth
Assets							
Cash	1,846,539	-	1,846,539	-	-	-	-
Current accounts with Bank Indonesia	9,643,221	-	9,643,221	-	-	-	-
Current accounts with other banks - net	412,651	-	412,651	-	-	-	-
Placements with Bank Indonesia and other banks - net	7,019,538	-	6,857,704	35,713	-	126,121	-
Securities - net	14,133,439	-	12,566,519	322,178	42,242	7,883	1,194,617
Government Recapitalization Bonds	150,332,380	-	2,029,644	1,227,148	1,751,586	3,464,133	141,859,869
Other receivables - trade transactions - net	573,185	-	241,951	108,618	200,513	22,103	-
Derivative receivables - net	417,761	-	1,448	21,619	7,148	821	386,725
Loans - net	59,320,887	-	4,527,521	6,509,196	5,301,057	7,461,067	35,522,046
Acceptances receivable - net	2,688,233	-	754,740	819,611	730,242	383,640	-
Investments in shares of stock - net	122,271	122,271	-	-	-	-	-
Premises and equipment - net	2,043,088	2,043,088	-	-	-	-	-
Deferred tax assets - net	2,923,968	2,923,968	-	-	-	-	-
Accrued income	3,232,512	-	3,232,512	-	-	-	-
Receivables	2,810,862	-	-	-	-	-	2,810,862
Others - net	3,765,374	3,109,582	-	-	-	655,792	-
Total Assets	261,285,909	8,198,909	42,114,450	9,044,083	8,032,788	12,121,560	181,774,119
Liabilities							
Liabilities immediately payable	443,908	-	443,908	-	-	-	-
Demand deposits	33,467,719	-	33,467,719	-	-	-	-
Savings deposits	30,130,336	-	30,130,336	-	-	-	-
Time deposits	123,626,343	-	78,414,149	18,124,025	12,271,316	13,540,239	1,276,614
Certificates of deposit	119	-	119	-	-	-	-
Deposits from other banks	-	-	-	-	-	-	-
- Demand deposits	285,423	-	285,423	-	-	-	-
- Inter-bank call money	1,574,947	-	1,574,947	-	-	-	-
- Time deposits	11,930,461	-	10,726,549	993,644	205,993	4,275	-
Securities sold with agreements to repurchase	735,000	-	-	-	-	735,000	-
Derivative payables	13,128	-	1,158	5,294	4,779	1,165	732
Acceptances payable	2,791,637	-	772,601	854,167	774,564	390,305	-
Securities issued	4,053,877	-	263,808	9,977	-	-	3,780,092
Fund borrowings	12,658,279	-	1,211,549	3,628,476	325,688	1,207,756	6,284,810
Estimated losses on commitments and contingencies	1,488,315	1,488,315	-	-	-	-	-
Accrued expenses	974,474	-	974,474	-	-	-	-
Taxes payable	1,091,009	-	177,936	913,073	-	-	-
Other liabilities	9,906,046	7,297,497	-	2,555,358	-	-	53,191
Subordinated loans	5,901,077	-	184	162,000	304,237	1,222,207	4,212,449
Loan capital	2,926,193	-	-	-	-	-	2,926,193
Total Liabilities	243,998,291	8,785,812	158,444,860	27,246,014	13,886,577	17,100,947	18,534,081
Net Assets/(Liabilities)	17,287,618	(586,903)	(116,330,410)	(18,201,931)	(5,853,789)	(4,979,387)	163,240,038

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50. SEGMENT INFORMATION

The Bank considers the nature of business as the primary segment, and geographical areas as the secondary segment. The business activities of the Bank and its Subsidiaries and its geographical locations are as follows:

Name of Company	Nature of Business	Location
PT Bank Mandiri (Persero) Tbk. (Parent)	Commercial Banking	Indonesia, Singapore, Hong Kong, Grand Cayman and Timor Leste
PT Bank Syariah Mandiri (Subsidiary)	Syariah Banking	Indonesia
Bank Mandiri (Europe) Limited (Subsidiary)	Commercial Banking	United Kingdom
PT Mandiri Sekuritas (Subsidiary)	Securities	Indonesia
PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri) (Subsidiary) (Note 2b)	Insurance	Indonesia
Others		
PT Bumi Daya Plaza (Subsidiary) and its subsidiaries	Property management	Indonesia
PT Usaha Gedung Bank Dagang Negara (Subsidiary) and its subsidiaries	Property management	Indonesia

Inter-segment transactions are made under the same terms and conditions as with other parties.

*Primary Segment Information for the year ended December 31, 2004 *)*

	Banking	'Syariah' Banking	Securities	Insurance	Others	Elimination	Consolidated
Operating income	22,243,815	695,387	250,533	-	70,679	-	23,260,414
Inter-segment operating income	189,123	-	5,282	-	-	(194,405)	-
Operating income including inter-segment operating income	22,432,938	695,387	255,815	-	70,679	(194,405)	23,260,414
Operating expenses	14,951,923	554,745	163,462	-	69,685	-	15,739,815
Inter-segment operating expenses	5,282	-	-	-	-	(5,282)	-
Operating expenses including inter-segment operating expenses	14,957,205	554,745	163,462	-	69,685	(5,282)	15,739,815
Profit from operations	7,475,733	140,642	92,353	-	994	(189,123)	7,520,599
Net profit	5,255,561	103,447	62,988	-	22,758	(189,123)	5,255,631
Total assets	240,436,505	6,869,949	1,435,684	-	1,892,203	(2,478,514)	248,155,827
Total assets (as a percentage of total consolidated assets prior to elimination)	95.93%	2.74%	0.57%	0.00%	0.76%		

*) Excludes PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri) (not consolidated) as 51% of the ownership previously held by Bank Mandiri has been sold to National Mutual International Pty. Ltd., member of AXA Group, on November 5, 2003 (Note 2b),

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50. SEGMENT INFORMATION (continued)

*Secondary Segment Information for the year ended December 31, 2004 *)*

	Indonesia (Domestic)	Asia	Europe	Others	Elimination	Consolidated
Operating income	22,833,298	241,968	94,207	90,941	-	23,260,414
Inter-segment operating income	194,405	-	-	-	(194,405)	-
Operating income including inter-segment operating income	23,027,703	241,968	94,207	90,941	(194,405)	23,260,414
Operating expenses	14,905,210	104,849	80,601	649,155	-	15,739,815
Inter-segment operating expenses	5,282	-	-	-	(5,282)	-
Operating expenses including inter-segment operating expenses	14,910,492	104,849	80,601	649,155	(5,282)	15,739,815
Profit from operations	8,117,211	137,119	13,606	(558,214)	(189,123)	7,520,599
Net profit	5,226,014	107,449	13,448	97,843	(189,123)	5,255,631
Total assets	236,144,152	2,933,885	1,617,573	9,938,731	(2,478,514)	248,155,827
Total assets (as a percentage of total consolidated assets prior to elimination)	94.22%	1.17%	0.64%	3.97%		

*) Excludes PT AXA Mandiri Financial Services (formerly PT Asuransi Jiwa Mandiri) (not consolidated) as 51% of the ownership previously held by Bank Mandiri has been sold to National Mutual International Pty. Ltd., member of AXA Group, on November 5, 2003 (Note 2b),

Primary Segment Information for the eight-month period ended December 31, 2003

	Banking	'Syariah' Banking	Securities	Insurance	Others	Elimination	Consolidated
Operating income	17,891,000	242,674	118,066	-	42,677	-	18,294,417
Inter-segment operating income	103,516	-	-	-	-	(103,516)	-
Operating income including inter-segment operating income	17,994,516	242,674	118,066	-	42,677	(103,516)	18,294,417
Operating expenses	12,964,767	229,592	54,064	-	47,379	-	13,295,802
Inter-segment operating expense	10,718	-	-	-	-	(10,718)	-
Operating expense including inter-segment operating expenses	12,975,485	229,592	54,064	-	47,379	(10,718)	13,295,802
Profit from operations	5,019,031	13,082	64,002	-	(4,702)	(92,798)	4,998,615
Net profit	3,238,604	12,471	57,280	-	13,017	(92,798)	3,228,574
Total assets	247,098,477	3,422,769	1,082,925	-	288,793	(2,457,410)	249,435,554
Total assets (as a percentage of total consolidated assets prior to elimination)	98.10%	1.36%	0.43%	0.00%	0.11%		

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50. SEGMENT INFORMATION (continued)

Secondary Segment Information for the eight-month period ended December 31, 2003

	Indonesia (Domestic)	Asia	Europe	Others	Elimination	Consolidated
Operating income	17,538,883	168,055	53,590	533,889	-	18,294,417
Inter-segment operating Income	103,516	-	-	-	(103,516)	-
Operating income including inter-segment operating income	17,642,399	168,055	53,590	533,889	(103,516)	18,294,417
Operating expenses	12,688,727	93,723	43,499	469,853	-	13,295,802
Inter-segment operating expenses	10,718	-	-	-	(10,718)	-
Operating expenses including inter-segment operating expense	12,699,445	93,723	43,499	469,853	(10,718)	13,295,802
Profit from operations	4,942,954	74,332	10,091	64,036	(92,798)	4,998,615
Net profit	3,143,826	103,153	10,357	64,036	(92,798)	3,228,574
Total assets	230,417,927	3,566,625	1,286,741	16,621,671	(2,457,410)	249,435,554
Total assets (as a percentage of total consolidated assets prior to elimination)	91.47%	1.42%	0.51%	6.60%		

Primary Segment Information for the four-month period ended April 30, 2003

	Banking	'Syariah' Banking	Securities	Insurance	Others	Elimination	Consolidated
Operating income	10,877,483	91,963	6,131	6,155	26,996	-	11,008,728
Inter-segment operating income	45,751	-	-	-	-	(45,751)	-
Operating income including inter-segment operating income	10,923,234	91,963	6,131	6,155	26,996	(45,751)	11,008,728
Operating expenses	9,080,615	81,242	7,183	5,742	18,999	-	9,193,781
Inter-segment operating expenses	15,839	-	-	-	-	(15,839)	-
Operating expenses including inter-segment operating expenses	9,096,454	81,242	7,183	5,742	18,999	(15,839)	9,193,781
Profit from operations	1,826,780	10,721	(1,052)	413	7,997	(29,912)	1,814,947
Net profit	1,362,651	5,197	8,882	348	10,349	(29,912)	1,357,515
Total assets	261,056,979	1,965,513	729,870	12,245	277,800	(2,756,498)	261,285,909
Total assets (as a percentage of total consolidated assets prior to elimination)	98.87%	0.74%	0.28%	0.00%	0.11%		

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50. SEGMENT INFORMATION (continued)

Secondary Segment Information for the four-month period ended April 30, 2003

	Indonesia (Domestic)	Asia	Europe	Others	Elimination	Consolidated
Operating income	10,661,690	75,655	26,091	245,292	-	11,008,728
Inter-segment operating Income	45,751	-	-	-	(45,751)	-
Operating income including inter-segment operating income	10,707,441	75,655	26,091	245,292	(45,751)	11,008,728
Operating expenses	8,910,832	64,592	20,955	197,402	-	9,193,781
Inter-segment operating expenses	15,839	-	-	-	(15,839)	-
Operating expenses including inter-segment operating expenses	8,926,671	64,592	20,955	197,402	(15,839)	9,193,781
Profit from operations	1,780,770	11,063	5,136	47,890	(29,912)	1,814,947
Net profit	1,320,233	14,169	5,135	47,890	(29,912)	1,357,515
Total assets	238,452,542	4,776,480	1,269,289	19,544,096	(2,756,498)	261,285,909
Total assets (as a percentage of total consolidated assets prior to elimination)	90.31%	1.81%	0.48%	7.40%		

51. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Under Bank Indonesia regulations, total capital includes core (Tier I) capital and supplementary (Tier II) capital less investments in subsidiaries. The CAR of Bank Mandiri (Bank Mandiri only) as of December 31, 2004 and 2003, and April 30, 2003 was 25.28%, 27.72% and 27.05%, respectively, and calculated as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Capital:			
Tier I *)	20,214,560	17,859,230	15,942,685
Tier II	9,189,588	9,342,931	6,964,107
Less:			
Investments in subsidiaries	(1,867,664)	(1,738,445)	(1,704,746)
Total capital	27,536,483	25,463,716	21,202,046
Total Risk-Weighted Assets	108,934,763	91,855,132	78,375,774
CAR	25.28%	27.72%	27.05%
Minimum CAR	8%	8%	8%

*) Excludes the impact of deferred tax assets of Rp673,141, Rp585,071 and RpNil as of December 31, 2004 and 2003, and April 30, 2003, and unrealized losses on available-for-sale securities and Government Recapitalization Bonds of Rp404,001 and Rp1,861,316 as of December 31, 2004 and 2003, and unrealized gains on available-for-sale securities and Government Recapitalization Bonds of Rp1,299,210 as of April 30, 2003.

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51. CAPITAL ADEQUACY RATIO (continued)

In accordance with BI regulations, the Bank has considered market risk in preparing its Capital Adequacy Ratio (CAR) calculation. The minimum capital adequacy required which has considered market risk as of December 31, 2004 was Rp412,874 (unaudited), therefore the CAR which has considered market risk and credit risk is 24.48% (unaudited).

52. NET OPEN POSITION

The Net Open Position (NOP) ratio of Bank Mandiri (Bank Mandiri only) was 3.32%, 2.85% and 2.67% as of December 31, 2004 and 2003, and April 30, 2003, respectively. Based on Bank Indonesia's Decision Letter No. 5/13/PBI/2003 dated July 17, 2003, which has been amended by Bank Indonesia's Decision Letter No. 6/20/PBI/2004 effective August 2, 2004, banks are required to maintain a net open position of a maximum of 20% of the sum of Core Capital (Tier I) and Supplementary Capital (Tier II) in the middle and end of business day. In accordance with Bank Indonesia guidelines, the aggregate net open position ratio is the sum of the absolute values of the net difference between the net assets and liabilities denominated in each foreign currency and the net difference of the receivables and payables of both commitments and contingencies recorded in the administrative accounts denominated in each currency, which are stated in Rupiah. The Net Open Position for balance sheets is the sum of the absolute values of the net difference between the net assets and liabilities in the balance sheets denominated in each currency which are stated in Rupiah.

The NOP by currency of Bank Mandiri (Bank Mandiri only) as of December 31, 2004 was as follows:

Currency	Assets	Liabilities	Absolute Open Position
ON-BALANCE SHEET			
United States Dollar	45,304,043	45,270,883	33,160
Singapore Dollar	1,644,486	1,531,252	113,234
Euro	351,764	592,691	240,927
Japanese Yen	260,764	253,688	7,076
Hong Kong Dollar	207,031	103,945	103,086
British Pound Sterling	32,569	37,136	4,567
Australian Dollar	44,520	14,877	29,643
Others	22,959	45,242	22,283
Total			553,976
OFF-BALANCE SHEET			
United States Dollar	5,423,879*)	4,823,758	600,121
Euro	319,089	-	319,089
British Pound Sterling	118,822	100,913	17,909
Singapore Dollar	16,320	99,572	83,252
Japanese Yen	1,411	5,400	3,989
Total			1,024,360
Total Absolute Open Position			912,869
Total Tier I and II Capital			
less investments in subsidiaries (Note 51)			27,531,325
NOP Ratio (On-Balance Sheet)			2.01%
NOP Ratio (Off-Balance Sheet)			3.72%
NOP ratio			3.32%

*) include hedge bonds of Rp2,822,552 (Note 7).

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52. NET OPEN POSITION (Continued)

The Net Open Position by currency of Bank Mandiri (Bank only) as of December 31, 2003 is as follows:

Currency	Assets	Liabilities	Absolute Open Position
United States Dollar	66,453,280 [*])	67,030,133	576,853
Euro	444,648	425,908	18,740
Singapore Dollar	121,430	164,209	42,779
Japanese Yen	99,790	114,213	14,423
British Pound Sterling	33,830	35,299	1,469
Australian Dollar	24,640	30,205	5,565
New Zealand Dollar	11,546	-	11,546
Hong Kong Dollar	10,286	4,721	5,565
Malaysian Ringgit	-	32,313	32,313
Others	31,249	14,501	16,748
Total Absolute Open Position			<u>726,001</u>
Total Tier I and II Capital less investments in subsidiaries (Note 51)			<u>25,463,716</u>
NOP Ratio			<u>2.85%</u>

^{*}) include hedge bonds of Rp8,986,456 (Note 7).

The Net Open Position by currency of Bank Mandiri (Bank Mandiri only) as of April 30, 2003 was as follows:

Currency	Assets	Liabilities	Absolute Open Position
United States Dollar	68,073,824 [*])	67,911,758	162,066
Singapore Dollar	1,960,613	1,678,808	281,805
Japanese Yen	1,295,915	1,317,574	21,659
Euro	500,543	493,212	7,331
Australian Dollar	20,455	18,638	1,817
British Pound Sterling	34,897	23,162	11,735
Malaysian Ringgit	-	32,993	32,993
Hong Kong Dollar	34,156	279	33,877
Others	23,420	10,595	12,825
Total Absolute Open Position			<u>566,108</u>
Total Tier I and II Capital less investments in subsidiaries (Note 51)			<u>21,202,046</u>
NOP Ratio			<u>2.67%</u>

^{*}) include hedge bonds of Rp14,262,027 (Note 7).

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53. NON-PERFORMING EARNING ASSETS RATIO, TOTAL ALLOWANCE FOR POSSIBLE LOSSES ON EARNING ASSETS RATIO AND SMALL-SCALE LOANS RATIO

Non-performing earning assets to total earning assets were 3.61%, 3.52% and 3.07% (Bank Mandiri only: 3.65%, 3.54% and 3.09%) as of December 31, 2004 and 2003, and April 30, 2003, respectively. The Non-Performing Loans (NPL) ratio (Bank Mandiri only) before being deducted by the allowance for possible losses (gross basis) is 7.43%, 8.84% and 8.95% as of December 31, 2004 and 2003, and April 30, 2003, respectively (Note 11A.c).

The total allowance for possible losses on earning assets provided by Bank Mandiri (Bank Mandiri only) compared to the minimum allowance for possible losses on earning assets under the guidelines prescribed by Bank Indonesia were 133%, 141% and 149% as of December 31, 2004 and 2003, and April 30, 2003, respectively.

The small-scale loans to total loans ratio (Bank Mandiri only) was 4.42%, 4.40% and 4.07% as of December 31, 2004 and 2003, and April 30, 2003, respectively.

54. CUSTODIAL AND TRUST OPERATIONS

Custodial Operations

Bank Mandiri started rendering custodial services in 1995. The operating license for custodial services was renewed and re-issued based on Bapepam Decision Letter No. KEP.01/PM/Kstd/1999 dated October 4, 1999. On December 20, 2001, Bank Mandiri Custodial Services has received Quality Certification ISO 9001:2000. The Custodial Services Business (CSB), which is part of the Securities Services Department (SSD) of Bank Mandiri, provides a full range of custodial services such as:

- a. Settlement and handling services for scrip and scripless trading transactions.
- b. Registration of securities with Biro Administrasi Efek, and splitting and merging of securities.
- c. Safekeeping and administration of securities and other valuable assets.
- d. Corporate action services related to the rights on the securities.
- e. Proxy services for its customers' shareholders' meetings and obligation holders' meetings.
- f. International services i.e. American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), which are required by entities listed on the domestic and overseas exchanges (dual listing).
- g. Sub-registry services for settlement of transactions of Indonesian recapitalization bonds ("Government Recapitalization Bonds") as well as SBIs.
- h. Escrow agent.
- i. As sub-custody agent for Euroclear transactions.

Bank Mandiri has 304, 266 and 269 custodial customers as of December 31, 2004 and 2003, and April 30, 2003, respectively. The customers are primarily pension funds, insurance companies, banks, securities companies, mutual funds and other private companies with a total portfolio value as of December 31, 2004 of Rp51,350,943 and US\$221,426,459 (full amount).

Bank Mandiri carries insurance on custodial services against safekeeping and transit loss under blanket policies amounting to approximately Rp205,000. Management is of the opinion that the insurance coverage is adequate to cover possible losses from safekeeping and transit risks.

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54. CUSTODIAL AND TRUST OPERATIONS (continued)

Trust Operations

Bank Mandiri had been rendering trustee services since 1983 (legacy banks: Bank Exim, BDN, BBD and Bapindo). The operating license for trustee services was renewed and re-registered with Bapepam as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The Trustee Services Business (TSB), which is part of the Securities Services Department (SSD) of Bank Mandiri, provides a full range of the following services:

- a. Preparing documentation support to bond issuers in complying with required documents for issuance.
- b. Signing trustee agreements and other relevant documents together with bond issuers and other related institutions.
- c. Monitoring performance of issuers and compliance against required documentation as stipulated in trustee agreements on behalf of bondholders.
- d. Facilitating bondholder meetings and following up and executing the results of bondholder meetings, as required.
- e. Providing information on issuers' performance as requested by Bapepam or bondholders.
- f. Managing the sinking fund and other collateral as required by a bond's issuance and terms and conditions.
- g. Paying agent for bonds issue, shares, MTN and others.
- h. Escrow agent and security agent.

Bank Mandiri had 34, 27 and 22 trustee customers as of December 31, 2004 and 2003, and April 30, 2003, respectively. The total value of bonds issued amounted to Rp9,703,487 and US\$100,000,000 (full amount), while the sinking funds managed on behalf of bond issuers as of December 31, 2004 amounted to Rp19,000 and the escrow account amounted to Rp1,363,225 on behalf of seven customers.

55. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	December 31, 2004	December 31, 2003	April 30, 2003
Government:			
Electricity, gas and water	9,414,882	9,722,709	9,564,015
Transportation and communications	5,335,880	6,604,057	7,089,813
Agriculture	1,737,072	1,694,085	1,692,122
Manufacturing	839,980	854,454	630,553
Mining	99,738	101,812	118,731
Construction	17,015	18,489	20,307
Others	122,847	128,342	138,378
	17,567,414	19,123,948	19,253,919

Bank Mandiri has been appointed to administer channeling loans in various foreign currencies received by the Government of Indonesia from various bilateral and multilateral financing institutions, such as, The Export Import Bank of Japan, ASEAN Japan Development Fund, Overseas Economic Cooperation Fund, International Bank for Reconstruction and Development, Nordiska Investeringbanken, Kreditanstalt Fur Wiederaufbau, Sumitomo, US AID, Barclays Bank, Bank of China, CN Lyonnais, Unibank, Bank of Austria, Ryobhin Hong Kong, Export Finance and Insurance Cooperation - Australia, Mitsubishi Corporation, Chartered West LB, Banque Indosuez, Hitachi Zosen, NEC Corporation, Banque Francais du Comm, US Exim Bank, and Banque Paribas, for financing projects in Indonesia.

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55. CHANNELING LOANS (continued)

Channeling loans are not recognized in the consolidated balance sheets as the credit risk is not borne by the Bank or 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 an annual administration fee which varies from 0.15% - 0.4% of the loan balances.

56. RISK MANAGEMENT

The Bank has implemented new risk management procedures and has issued risk management guidance and policies. These policies are in process of revision to comply with Bank Indonesia's Regulations regarding the Implementation of Risk Management for Commercial Banking No. 5/8/PBI/2003 dated May 19, 2003 as well as Circular Letter No. 5/21/DPNP dated September 29, 2003 regarding Implementation of Risk Management for Banks. Implementation of risk management is not only required for credit risk, market risk and operational risk, but also liquidity risk, legal risk, reputation risk, strategic risk and compliance risk.

The Bank has a risk management organizational structure which is centralized and independent with the establishment of the Risk Management Directorate on August 1, 2001, and the Risk and Capital Committee on October 10, 2001. The Risk and Capital Committee performs the functions of the Risk Management Committee and the Asset Liability Committee (ALCO). Based on Board of Directors' decision letter dated December 12, 2003, the Bank has re-organized the structure of the organization, duties, responsibilities and regulations and membership of the Risk and Capital Committee.

The Risk Management Directorate performs the functions of identifying, assessing, monitoring and managing all principal risks in accordance with defined policies and procedures. The Risk Management Directorate is divided into 2 main functions: 1) Credit approval as a part of the four-eye principle, and 2) Independent Risk Management as an independent function of credit and portfolio risk, operational risk and market risk management. This directorate is managed by a director of the Bank in charge for risk management, who is also a voting member of the Risk and Capital Committee.

The Risk and Capital Committee is a committee that is made up of members of the Board of Directors and Group Heads from various units. The Risk and Capital Committee is led by the President Director and supported by permanent and contributing members who are responsible for establishing Bank-wide risk management policies, such as reviewing internal limits, establishing credit policies and policies related to the determination of interest rates for funding and credit, monitoring the implementation of credit policies and procedures and establishing the criteria for risk identification, measurement and mitigation.

Credit Risk

The Bank has written credit policies and guidelines on loan administration, which includes the Bank Mandiri Loan Policy Manual, Loan Administration Guidelines, and various circular letters that constitute a more detailed administration manual. The purpose of the guidelines is to provide a comprehensive formal loan management manual relating to application, approval, recording, monitoring and restructuring processes, including risk analysis and assessment. Bank Mandiri expects to optimize the quality of loan management through appropriate processes that comply with the Basel II New Accord, competitive risk-based price determination, portfolio diversification, collateral adequacy and risk-based determination of performance measurement.

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56. RISK MANAGEMENT (continued)

Market Risk

Market risk consists of interest rate risk, trading risk, foreign currency exchange risk, derivative instrument risk and liquidity risk.

In managing liquidity risk, the Bank uses an indicator which is known as *liquidity red flags* that consist of several liquidity ratios such as primary reserves, secondary reserves, loans to deposits ratio, concentration of fund sources, inter-bank call money, diversification of fund sources and primary reserves consists of minimum reserves and cash. Bank Indonesia requires banks to maintain a minimum reserve of 8% of third party funds (excluding loans from other banks), and a minimum reserve of 3% out of foreign currency third party funds (including loans from other banks).

The primary method in managing interest rate risk is repricing gap analysis and duration gap. In addition, Bank Mandiri also monitors other indicators to measure interest rate risk based on statistical conditions referred to as Interest Rate Risk Red Flags.

In monitoring treasury trading activities, the Bank has established trading risk limits in the form of Value at Risk (VaR) and dealer limits, and supported by performing Stress Testing, and Back Testing periodically.

The Bank has centralized the operational management of the foreign exchange position within the Treasury Group, which is required to comply with the policies and procedures approved by the Risk and Capital Committee, and also the overall net open position limit set by Bank Indonesia regulations. The Bank has also set an internal Net Open Position (NOP) limit of 5% of core and supplemental capital. The internal policy on NOP limit is determined by the Risk and Capital Committee (RCC) taking into account the volatility of foreign exchange movements.

The Bank also calculates the minimum capital requirement to cover market risk by using the prescribed standard method of Bank Indonesia. In addition, for internal use purposes the Bank also calculates the capital requirement by using an internal model.

Operational Risk

The main principle in operational risk management is that risk management is the responsibility of all levels of management, as reflected in their daily activities through risk culture, risk awareness and management style.

Operational Risk Management (ORM) goals are to effectively improve the quality of the activities of the working units in supporting the Bank's goals and targets, in order for the Bank to achieve long term targets and be able to allocate economic capital to each business activity. The operational risk management initiative in Bank Mandiri consists of three major components:

- ORM policies,
- ORM tools, and
- Implementation, including ORM training for all Bank Mandiri employees.

Management of other risks such as legal risk, reputation risk, strategic risk and compliance risk, are coordinated by a risk management unit through the development of policies and risk mitigation procedures. However, operational activities are still under the responsibility of the unit which managed the legal, reputation, strategic and compliance activities.

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56. RISK MANAGEMENT (continued)

Operational Risk (continued)

Consistent with the above measures, Bank Mandiri is continuing to enhance its risk management by using the *Enterprise Wide-Risk Management* concept which consists of 7 (seven) main components: corporate governance, line management, portfolio management, risk transfer, risk analytics, integrated data source and technology and stakeholders management. These enhancements are in line with the efforts of the Bank to comply with the 3 Pillars - capital requirements, supervisory review process and market discipline of the Basel II New Accord, as well as Bank Indonesia regulations on risk management.

57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Management Contract

On April 8, 2000, a Management Contract was signed between the Government and Bank Mandiri in connection with the recapitalization of Bank Mandiri as described in Note 1c. The Management Contract provides several requirements and milestones to be fulfilled by Bank Mandiri in accordance with its Business Plan through the end of 2001. The Management Contract (LOI) was ended in 2001 or upon the completion of the Bank's IPO. The Bank's IPO was effective on June 27, 2003.

As of December 31, 2004, Bank Mandiri and the Monitoring Team on the Recapitalization of the Finance Department are in process of amending the LOI.

b. Integrated Banking System Agreement with PT Silverlake Informatikama and Silverlake Corporation

On July 20, 2001, Bank Mandiri entered into an agreement with PT Silverlake Informatikama for the procurement of software and installation services for a total integrated banking system which is called e-MAS, for a total contract value of US\$43,213,657 (full amount). Additional projects have been contracted involving a value of US\$18,606,562 (full amount) on April 23, 2002, of US\$420,000 (full amount) on August 28, 2003 and US\$922,131 (full amount) on April 12, 2004; these projects will be completed in 2005. As of December 31, 2004, the implementation of e-MAS had been completed as planned and US\$59,503,476 (full amount) had been recognized as premises and equipment.

c. Agreements on Procurement and Installation of Automatic Teller Machines (ATMs)

From May 2003 to December 2004, Bank Mandiri has entered into various agreements with PT Multipolar Corporation Tbk., PT NCR Indonesia, PT Mitra Integrasi Komputido, PT Diebold Indonesia and PT Wincor Nixdorf for the procurement and installation of 1,080 ATM units for a total contract value of US\$17,409,839 (full amount) and Rp6,864. As of December 31, 2004, 95 ATM units are still in the process of installation.

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57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

d. Agreement on Development and Operation of a National Development Information System (SIPNAS)

On December 24, 2002, Bank Mandiri entered into an agreement with the Indonesian State Secretariat, to develop and operate a national development information system (SIPNAS) for an initial period of one year. SIPNAS is a system developed by the Indonesian Government to collect data and information for the Government's decisions for integrated planning and national development.

Based on the agreement, the State Secretariat will utilize the existing Bank's communication network to develop and operate SIPNAS. Bank Mandiri has the potential benefit under this arrangement of being well placed to receive placements of funds from the Government (Dana Alokasi Umum). Currently, a pilot project of the SIPNAS system has been implemented.

e. Agreement with PT Sunprima Nusantara (SNP)

On December 16, 2004, Bank Mandiri has entered into a joint financing agreement with SNP, a multi-finance company. Based on such agreement Bank Mandiri and/or its affiliated companies have an option to become shareholders of SNP if Bank Mandiri disbursed a financing facility to SNP and/or its consumers, either directly or indirectly, of up to Rp1,000,000 or effective 1 (one) year after the signing date of such agreement, whichever is earlier.

The agreement was notarized under deed No. 37 by N.M. Dipo Nusantara Pua Upa, S.H., dated December 16, 2004.

f. Agreement on Implementation of e-Learning

In order to support Bank Mandiri's plan to focus on strategic excellence and operational excellence, the training infrastructure for an e-Learning program was established by the Bank. Bank Mandiri signed a three-year contract (agreement) with PT Mitra Integrasi Komputindo as a representative of Intralearn Asia Pte. Ltd. Singapore involving a total contract value of US\$7,213,200 (full amount) as stipulated in contract letter No. CHC.TRN/TPD.PK.0028/2003 dated July 30, 2003.

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57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

- g. Commitment Liabilities under Presidential Instruction (*Inpres*) No. 5/2003 Regarding Economic Policy Package Prior and Post Cooperation Agreement with IMF

In relation to *Inpres* No. 5/2003 regarding *Economic Policy Package Prior and Post Cooperation Agreement with the International Monetary Fund (IMF)*, the Government has set up programs in order to optimize domestic economic resources, to maintain and improve the sustainability of the Indonesian economy and especially to strengthen and improve corporate governance in state-owned banks, and requested Bank Mandiri to perform the following steps:

1. Appoint an Independent Commissioner who has capital market expertise;
2. Perform a Quasi-reorganization;
3. Complete the roll-out of new information technology;
4. Set-up a master plan for divestment of subsidiaries, affiliated companies and unproductive assets;
5. Improve internal quality control and internal audit;
6. Improve credit policy;
7. Improve risk management and market risk;
8. Improve funding mix through lower cost funding (savings and demand deposits);
9. Improve recovery of credit write-offs.

Out of the 9 (nine) commitments listed above, items 1 (one) to 7 (seven) have been completed as scheduled while items 8 (eight) and 9 (nine) have been conducted continuously. The completion to the above commitments have been reported to the Government.

- h. Additional Prudential Supervision Requirements from Bank Indonesia

Following meetings between Bank Mandiri and Bank Indonesia on May 23, 2003 and a follow up meeting in August 25, 2003, Bank Indonesia through letter No. 5/8/DGS/DPWB2 dated November 17, 2003 required Bank Mandiri to meet the following conditions before expanding its corporate credit portfolio:

- a. Secondary reserve (liquid assets/total assets) \geq 12% *)
- b. Cost of funds to total assets ratio \leq 7.5%
- c. Core earning to total assets ratio \geq 1.5%

*) *Liquid assets are comprised of Current accounts with Other Banks, Placements with Bank Indonesia and Other Banks and Trading and Available-for-Sale Securities, excluding Government recapitalization bonds Government Recapitalization Bonds.*

Based on letter No. 5/87/DPwB2/PwB21 dated December 3, 2003, Bank Indonesia also required Bank Mandiri to achieve a maximum ratio of corporate credit to total credit of 50% by 2004.

Bank Mandiri has demonstrated its efforts to comply with the ratios as required by Bank Indonesia and accordingly had a meeting with Bank Indonesia on December 24, 2004 to discuss the development of Corporate Banking Credit. Based on the result of the meeting the Bank is not required to comply with the ratios if the composition of corporate and non-corporate loans achieve 50%:50% or lower. The Bank has sent a letter to Bank Indonesia No. DIR.CBG/483/2004 dated December 20, 2004 to confirm the meeting result.

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57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

As at December 31, 2004, the various ratios under the additional prudential supervision requirements were as follows:

Ratios	Actual	Bank Indonesia's Minimum Requirement
a. Secondary reserve	9.95%	≥12%
b. Cost of funds to total assets ratio	4.00%	≤7.5%
c. Core earnings to total assets ratio	2.26%	≥1.5%
d. Corporate credit to total credit ratio	47.82%	50% by 2004

i. Legal Matters

In the ordinary course of business, the Bank is a defendant in various litigation actions and claims with respect to matters such as contractual compliance, government regulations and taxes. Although there can be no assurances, Bank Mandiri believes that based on information currently available, the ultimate resolution of current legal proceedings will not likely have a material adverse effect on the results of its operations, financial position or liquidity. The Bank's total potential exposure arising from outstanding lawsuits as of December 31, 2004 and 2003, and April 30, 2003 amounts to Rp2,822,761, Rp2,014,659 and Rp2,185,124, respectively. As of December 31, 2004 and 2003, and April 30, 2003, Bank Mandiri has provided a provision (included in "Other Liabilities") for a number of lawsuits involving Bank Mandiri amounting to Rp751,707, Rp936,473 and Rp1,428,756, respectively (Note 28). Management believes that the provision is adequate to cover possible losses arising from pending litigation, or litigation cases currently in progress.

j. Contingent Liability to Repurchase Government Recapitalization Bonds Sold to Deutsche Bank

In October 2004, the Bank has sold (outright) Government Recapitalization Bonds Series FR0019 with a nominal value of Rp1,000,000. Following this outright sale, Bank Mandiri entered into a callable zero coupon deposit agreement (the "Agreement") with Deutsche Bank AG, Jakarta Branch whereby the Bank placed a portion of the proceeds as a zero coupon deposit with Deutsche Bank AG, Jakarta Branch with the following terms and conditions:

Deposit amount	: Rp359,666
Effective date	: July 29, 2004
Termination date	: June 15, 2013
Repayment amount	
at termination date	: Rp1,000,000
Early termination option	: Deutsche Bank AG, Jakarta Branch has an early termination option which could be exercised annually at various dates as specified in the Agreement.
Trigger events	: The Government of the Republic of Indonesia, as an issuer of Government Recapitalization Bonds Series FR0019, taking action under the following conditions: <ul style="list-style-type: none"> • Default or late payment of interest • Reduction of interest payment • Reduction of principal payment • Changes of payment priority such as becoming a subordinated debt • Changes in payment currency

Upon occurrence of a trigger event, Deutsche Bank AG, Jakarta Branch may opt to deliver to Bank Mandiri, Government Recapitalization Bonds Series FR0019 with an outstanding principal balance equal to the value of the deposit at the delivery date.

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58. ECONOMIC CONDITIONS

The operations of the Bank have been affected, and may continue to be affected for the foreseeable future by the economic conditions in Indonesia. Despite the recent improvement in the key economic indicators, Indonesian banks have engaged in limited lending activities. Any worsening of the economic conditions, including a significant depreciation of the Rupiah or increase in interest rates, could adversely affect the ability of the Bank's customers (including borrowers and other contractual counterparties) to fulfill their obligations when they mature, and consequently negatively impact the Bank's profitability and its capital adequacy. Economic improvements and sustained recovery are dependent upon several factors such as the fiscal and monetary action being undertaken by the Government and others, actions that are beyond the control of the Bank.

The accompanying consolidated financial statements include the effects of the adverse economic conditions to the extent they can be determined and estimated. It is not possible to determine the future effects a continuation of the adverse economic conditions may have on Bank Mandiri's and its Subsidiaries' liquidity, earnings and realization of their earning assets, including the effects from their customers, creditors, shareholders and other stakeholders. The ultimate effect of these uncertainties on the stated amounts of assets and liabilities at the balance sheet date cannot presently be determined. Related effects will be reported in the consolidated financial statements as they become known and can be estimated.

59. GOVERNMENT GUARANTEE OF OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Decree of the Minister of Finance of Republic Indonesia No. 26/KMK.017/1998 dated January 28, 1998, which was replaced by the Decree of the Minister of Finance No. 179/KMK.017/2000 dated May 26, 2000, the Government of the Republic of Indonesia is guaranteeing certain obligations of locally incorporated banks namely demand deposits, savings, time deposits and deposits on call, bonds, marketable securities, inter-bank placements, fund borrowings, currency swaps and contingent liabilities such as bank guarantees, standby letters of credit and other liabilities, excluding subordinated loans and amounts due to directors, commissioners and related parties.

Based on Joint Decrees of the Directors of Bank Indonesia and Head of IBRA No. 32/46/KEP/DIR and No. 181/BPPN/0599 dated May 14, 1999, the guarantee period is automatically extended, unless otherwise i.e. that within six months from the maturity of this guarantee, IBRA decides not to extend its maturity. In 2001, the Joint Decrees of the Directors of Bank Indonesia and the Head of IBRA were replaced by BI regulation No. 3/7/PBI/2001 and the Decree of the Head of IBRA No. 1035/BPPN/0401.

The Head of IBRA issued Decree No. SK-1036/BPPN/0401 in 2001 that provides for specific operational guidance in respect of the Government of the Republic of Indonesia's Guarantee of obligations of locally incorporated banks.

The Government charges a premium in respect of its guarantee program in accordance with prevailing regulations (Note 44).

Based on Presidential Decree No. 15/2004 dated February 27, 2004 in relation to the termination of IBRA's duties and its dissolution, and Decree of the Minister of Finance No. 84/KMK.06/2004 dated February 27, 2004, the Government of the Republic of Indonesia established Unit Pelaksana Penjaminan Pemerintah, a new institution replacing IBRA, to continue the Government guarantee program for obligations of locally incorporated banks.

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60. IMPLEMENTATION OF QUASI-REORGANIZATION

For three consecutive years from 2000 to 2002, Bank Mandiri reported accumulated net profits of Rp7,512,786. However, the Bank still had significant accumulated losses amounting to Rp161,874,901 as of April 30, 2003 (before quasi-reorganization). To eliminate the negative consequences of being burdened by its accumulated losses, the shareholder approved a quasi-reorganization as of May 29, 2003.

In relation to the quasi-reorganization, the Bank determined that the fair value of all assets and liabilities was higher than the historical net book value as at April 30, 2003, the date of the quasi-reorganization. Therefore, the Bank eliminated the accumulated losses against the additional paid-in capital/agio without adjusting the asset and liability accounts to their fair values. Moreover, the net profit during the four-month period ended April 30, 2003 had been included in the accumulated losses account prior to the elimination against additional paid-in capital/agio. The quasi-reorganization adjustments resulted in the elimination of accumulated losses of Rp162,874,901 as of April 30, 2003 against additional paid-in capital/agio.

The Consolidated Balance Sheets as of April 30, 2003, before and after quasi-reorganization, are as follows:

	Before Quasi- Reorganization	After Quasi- Reorganization
ASSETS		
Cash	1,846,539	1,846,539
Current accounts with Bank Indonesia	9,643,221	9,643,221
Current accounts with other banks - net	412,651	412,651
Placements with Bank Indonesia and other banks - net	7,019,538	7,019,538
Securities - net	12,734,855	12,734,855
Government Recapitalization Bonds	150,332,380	150,332,380
Trade documents and other facilities - net	1,971,769	1,971,769
Derivative receivables - net	417,761	417,761
Loans - net	59,320,887	59,320,887
Acceptances receivables - net	2,688,233	2,688,233
Investments in shares of stock - net	122,271	122,271
Premises and equipment - net	2,043,088	2,043,088
Deferred tax assets - net	2,923,968	2,923,968
Other assets - net	9,808,748	9,808,748
TOTAL ASSETS	261,285,909	261,285,909
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities immediately payable	443,908	443,908
Deposits from customers	187,224,517	187,224,517
Deposits from other banks	13,790,831	13,790,831
Securities sold with agreements to repurchase	735,000	735,000
Derivative payables	13,128	13,128
Acceptances payable	2,791,637	2,791,637
Securities issued	4,053,877	4,053,877
Fund borrowings	12,658,279	12,658,279
Estimated losses on commitments and contingencies	1,488,315	1,488,315
Accrued expenses	974,474	974,474
Taxes payable	1,091,009	1,091,009
Other liabilities	9,906,046	9,906,046
Subordinated loans	5,901,077	5,901,077
Loan capital	2,926,193	2,926,193
TOTAL LIABILITIES	243,998,291	243,998,291
Minority interests in net assets of consolidated subsidiaries	3,238	3,238

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60. IMPLEMENTATION OF QUASI-REORGANIZATION (continued)

	Before Quasi- Reorganization	After Quasi- Reorganization
SHAREHOLDER'S EQUITY		
Share capital	4,251,000	4,251,000
Additional paid-in capital/agio	173,550,319	10,675,418
Differences arising from translation of foreign currency financial statements	48,498	48,498
Unrealized gains on available-for-sale securities and Government Recapitalization Bonds	1,299,676	1,299,676
Premises and equipment revaluation increment	9,788	9,788
Retained earnings/(accumulated losses):		
Appropriated	3,155,386	1,000,000
Unappropriated	(165,030,287)	-
	<u>(161,874,901)</u>	<u>1,000,000</u>
Total Shareholder's Equity	<u>17,284,380</u>	<u>17,284,380</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>261,285,909</u>	<u>261,285,909</u>

At the date of the quasi-reorganization, the Bank did not eliminate appropriated retained earnings amounting to Rp1,000,000 because the Minister of State-Owned Enterprises, as the Bank's shareholder, through Decision Letter No. Kep-154/M-MBU/2002 dated October 29, 2002 approved an increase in the Bank's issued and fully paid-up capital of Rp1,000,000. This increase would be effected through the conversion of the balance of appropriated retained earnings to issued and fully paid-up capital. In addition, based on deed No. 2 of the Shareholder's Meeting regarding Changes in the Articles of Association dated June 1, 2003, prepared in front of Aulia Taufani, SH, as a replacement of Sutjipto, S.H., notary in Jakarta, and Government Regulation No. 26 year 2003 dated May 29, 2003 which included the approval for the increase of the said issued and fully paid-up capital, Bank Mandiri has recorded the transfer of the balance of appropriated retained earnings of Rp1,000,000 to issued and fully paid-up capital.

61. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES FOLLOWED BY THE BANK ("INDONESIAN GAAP") AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The accompanying consolidated financial statements have been prepared in accordance with Indonesian GAAP, which varies in certain significant respects from IFRS. The significant differences relate to the items in the following paragraphs:

a. Allowance for Possible Losses on Earning Assets

Under Indonesian GAAP, the Bank records allowances for possible losses on earning assets using general and specific allowances based on management's estimates and using the guidelines prescribed by Bank Indonesia (BI).

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61. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES FOLLOWED BY THE BANK ("INDONESIAN GAAP") AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (continued)

a. Allowance for Possible Losses on Earning Assets (continued)

Under IAS No. 39 - "Financial Instruments: Recognition and Measurement", the Bank calculates allowances for possible losses on earning assets based on the difference between the carrying amount of an impaired earning asset and the present value of expected future cash flows discounted at the earning asset's original effective interest rate. An earning asset is considered impaired when it becomes probable that the Bank will be unable to collect all amounts due according to contractual terms. In addition, the Bank also recognizes allowance for possible losses on unimpaired loans in accordance with BI guidelines on minimum provisions.

b. Estimated Losses on Commitments and Contingencies

Under Indonesian GAAP, the Bank records estimated losses on commitments and contingencies using general and specific allowances based on management's estimates and using the guidelines prescribed by BI.

Under IFRS, the Bank does not recognize certain of the estimated losses on commitments and contingencies in accordance with the provisions of IAS No. 37 - "Estimated Liabilities, Contingent Liabilities and Contingent Assets".

c. Derivative Instruments

Under Indonesian GAAP, the Bank applies SFAS (Statements of Financial Accounting Standard) No. 55 - "Accounting for Derivative Instruments and Hedging Activities" which requires that derivative instruments be measured and recognized at their fair values. Prior to October 23, 2003, the fair value of the foreign currency forward transactions has been determined based on Reuters spot rates at the reporting dates in accordance with the reporting guidelines prescribed by Bank Indonesia. On October 23, 2003, Bank Indonesia issued a letter to amend the guidelines and waived the requirement to use spot rates of exchange to revalue foreign currency forward transactions.

Under IAS No. 39 - "Financial Instruments: Recognition and Measurement", the Bank calculates the fair values of foreign currency forward derivative instruments based on forward rates of exchange at the balance sheet date.

The Bank classifies Government Bonds (Note 7) as originated loans under IFRS and therefore no separate measurement and recognition is required for indexation derivatives that are embedded in the hedge bonds. Originated loans are characterized by assets for which the Bank provided the original funding and are not determined by the form of the instrument that results from the loan origination.

d. Employee Benefits

Under Indonesian GAAP, prior to December 31, 2004, the Bank recognized a provision for employee entitlements under Labor Law No. 13/2003 equal to the present value of the obligation as determined by actuarial reports in accordance with SFAS No. 57 - "Estimated Liabilities, Contingent Liabilities and Contingent Assets". In October 2004, the Indonesian Institute of Accountants (IAI) published revised SFAS No 24 - "Employee Benefits" which aligned the accounting treatment for employee benefits with IAS No. 19 - "Employee Benefits". Therefore, upon the adoption of this revised standard on December 31, 2004, the accounting treatment for employee benefits is the same under IFRS and Indonesian GAAP.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
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61. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES FOLLOWED BY THE BANK (“INDONESIAN GAAP”) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)

d. Employee Benefits (continued)

Under IFRS, Labor Law No. 13/2003, entitlements are accounted for as a defined benefit plan and as such it requires the actuary to use the projected unit credit method of actuarial valuation as mandated by IAS No 19 - “Employee Benefits”. Further, under IFRS, past service cost is recognized on a straight-line basis over the average period until the benefits become vested and any actuarial gain/loss resulting from differences between actuarial assumptions and what has actually occurred and changes in actuarial assumptions does not require amortization unless the change is more than a 10% corridor range of variation, in which event such excess is amortized over the remaining working lives of the employees.

e. Loans Purchased from IBRA

Under Indonesian GAAP, the difference between the outstanding loan principal and purchase price is booked as deferred income if the Bank enters into a new credit agreement with the borrower, and as an allowance for possible losses if the Bank does not enter into a new credit agreement with the borrower. The allowance for loan losses or deferred income is only adjusted once the Bank has recovered the original purchase price.

Under IFRS, the difference between outstanding loan principal and purchase price is booked as deferred income for all loans purchased from IBRA. For performing loans, the deferred income is accreted into income over the life of the loan using the effective interest rate method in accordance with IAS No. 39 - “Financial Instruments: Recognition and Measurement”. For non-performing loans, the deferred income is only adjusted into income once the Bank has recovered the original purchase price.

f. Premises and Equipment

Under Indonesian GAAP, premises and equipment are stated at cost, except for certain premises and equipment used in operations that were revalued in 1979, 1987 and 2003 in accordance with Government regulations, less accumulated depreciation and amortization.

Under IFRS, in accordance with IAS No. 16 - “Property, Plant and Equipment”, premises and equipment continues to be carried at its cost less any accumulated depreciation, rather than at its revalued amount, due to the requirement under IAS 16 to perform such revaluations with “sufficient regularity”.

g. Deferred Income Taxes

The impact on deferred income taxes of the IFRS adjustments has been recognized in accordance with IAS No. 12 - “Income Taxes”. An effective tax rate of 30% has been applied.

PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
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62. RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY AND NET INCOME TO THE AMOUNTS DETERMINED UNDER IFRS

The following is a summary of the adjustments to the consolidated shareholders' equity as of December 31, 2004 and 2003 and the consolidated net profit for the years then ended, which would be required if IFRS had been applied by the Bank instead of Indonesian GAAP in the preparation of its consolidated financial statements.

	December 31, 2004	December 31, 2003
Shareholders' equity as reported in the consolidated financial statements prepared under Indonesian GAAP	24,934,707	20,395,225
IFRS adjustments - increase/(decrease) due to:		
Allowance for possible losses on earning assets	1,509,761	1,818,761
Estimated losses on commitments and contingencies	561,282	491,135
Employee benefits	-	(25,185)
Accretion of deferred income arising from the purchase of loans from IBRA	65,143	54,777
De-recognition of revaluation of premises and equipment	(2,772,609)	(2,847,910)
Deferred income taxes	190,927	152,527
Net decrease in reported shareholders' equity	(445,496)	(355,895)
Shareholders' equity in accordance with IFRS	24,489,211	20,039,330
	Year Ended December 31, 2004	Year Ended December 31, 2003
Net profit as reported in the consolidated financial statements prepared under Indonesian GAAP	5,255,631	4,586,089
IFRS adjustments - increase/(decrease) due to:		
Allowance for possible losses on earning assets	(309,000)	(662,223)
Estimated losses on commitments and contingencies	70,147	103,960
Change in fair value of derivatives	-	52,333
Employee benefits	25,185	(21,230)
Accretion of deferred income arising from the purchase of loans from IBRA	10,366	54,777
De-recognition of revaluation of premises and equipment	75,301	199,026
Deferred income taxes	38,400	82,007
Net decrease in reported net profit	(89,601)	(191,350)
Net profit in accordance with IFRS	5,166,030	4,394,739
Net earnings per share		
Basic (full amount)	257.68	219.74
Diluted (full amount)	255.39	219.10

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(Expressed in millions of Rupiah, unless otherwise stated)

63. SUBSEQUENT EVENTS

Following are the significant events which occurred after the balance sheet date:

a. Bank Indonesia Regulations Issued in January 2005

In January 2005, Bank Indonesia issued various regulations in respect to, among others, Legal Lending Limit, offshore Borrowings, and Assessment of the Quality of Earning Assets. The Bank's management is in the process of evaluating the impact of these regulations to the consolidated financial statements.

b. Amendment to the Bank's Articles of Association

On January 26, 2005, the Bank's Articles of Association have been amended by notarial deed No. 108 of Sutjipto, S.H. which was approved by the Minister of Justice and Human Rights under approval No. C/03680 HT. 01.04.TH.2005, to reflect the exercise of share options under the MSOP (Notes 1a and 32a).

64. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Bank is responsible for the preparation of these consolidated financial statements which were completed on February 18, 2005.

These financial statements are originally issued in the Indonesian language.

**PT BANK MANDIRI (PERSERO) TBK. AND SUBSIDIARIES
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**PT BANK MANDIRI (PERSERO) TBK.
BALANCE SHEETS - PARENT COMPANY ONLY
DECEMBER 31, 2004 AND 2003, AND APRIL 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2004	December 31, 2003	April 30, 2003
			After Quasi- Reorganization
ASSETS			
Cash	2,369,196	2,177,056	1,816,952
Current Accounts with Bank Indonesia	15,585,302	11,980,680	9,573,319
Current Accounts with Other Banks - net of allowance for possible losses of Rp5,902, Rp3,118 and Rp3,286 as of December 31, 2004 and 2003, and April 30, 2003, respectively	584,373	315,258	341,883
Placements with Bank Indonesia and Other Banks - net of allowance for possible losses of Rp89,537, Rp64,144 and Rp69,578 as of December 31, 2004 and 2003, and April 30, 2003, respectively	13,711,630	10,203,669	6,871,598
Securities			
Related parties	306,520	403,654	260,420
Third parties	12,453,730	12,466,123	15,012,132
	12,760,250	12,869,777	15,272,552
Less: Unamortized interest, unrealized gains from increase in value of securities and allowance for possible losses	(1,850,866)	(1,852,853)	(1,891,931)
Net	10,909,384	11,016,924	13,380,621
Government Recapitalization Bonds	92,892,140	122,781,134	150,332,380
Other Receivables - Trade Transactions - net of allowance for possible losses of Rp124,472, Rp85,309 and Rp40,802 as of December 31, 2004 and 2003, and April 30, 2003, respectively	1,939,179	1,406,422	573,185
Securities Purchased with Agreements to Resell - net of allowance for possible losses of Rp4,800, RpNil and RpNil as of December 31, 2004 and 2003, and April 30, 2003, respectively	475,200	-	-
Derivative Receivables - net of allowance for possible losses of Rp2,881, Rp10,343 and Rp4,198 as of December 31, 2004 and 2003, and April 30, 2003, respectively	285,243	1,023,947	415,643
Loans			
Related parties	839,007	916,926	915,264
Third parties	87,705,596	72,393,792	66,703,238
	88,544,603	73,310,718	67,618,502
Less: Allowance for possible losses	(8,367,758)	(8,836,394)	(9,821,174)
Deferred income	(164,964)	(209,574)	(203,946)
Net	80,011,881	64,264,750	57,593,382

PT BANK MANDIRI (PERSERO) TBK.
BALANCE SHEETS - PARENT COMPANY ONLY (Continued)
DECEMBER 31, 2004 AND 2003, AND APRIL 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2004	December 31, 2003	April 30, 2003
			After Quasi- Reorganization
ASSETS (Continued)			
Acceptances Receivable - net of allowance for possible losses of Rp147,286, Rp148,762 and Rp103,404 as of December 31, 2004 and 2003, and April 30, 2003, respectively	5,087,573	3,116,110	2,680,494
Investments in Shares of Stock - net of allowance for possible losses of Rp78,145, Rp89,693 and Rp27,633 as of December 31, 2004 and 2003, and April 30, 2003, respectively	1,867,303	1,731,202	1,760,660
Premises and Equipment - net of accumulated depreciation and amortization of Rp2,124,921, Rp1,694,789 and Rp1,488,487 as of December 31, 2004 and 2003, and April 30, 2003, respectively	5,290,384	5,249,055	1,921,827
Deferred Tax Assets - net	2,248,600	2,336,670	2,922,870
Other Assets			
Accrued Income	1,136,242	1,630,037	3,219,538
Receivables	3,256,714	2,819,848	2,810,862
Others - net	2,786,161	3,758,975	3,572,476
Total Other Assets	7,179,117	8,208,860	9,602,876
TOTAL ASSETS	240,436,505	245,811,737	259,787,690

PT BANK MANDIRI (PERSERO) TBK.
BALANCE SHEETS - PARENT COMPANY ONLY (Continued)
DECEMBER 31, 2004 AND 2003, AND APRIL 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2004	December 31, 2003	April 30, 2003
			After Quasi- Reorganization
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Liabilities Immediately Payable	516,709	868,125	404,506
Deposits from Customers:			
Demand deposits			
Related parties	88,067	63,534	50,117
Third parties	39,850,371	37,827,891	33,187,988
	39,938,438	37,891,425	33,238,105
Savings deposits			
Related parties	15,467	8,769	2,406
Third parties	51,981,658	40,545,966	29,678,878
	51,997,125	40,554,735	29,681,284
Time deposits			
Related parties	248,357	529,598	2,397,187
Third parties	77,810,443	97,182,435	120,822,638
	78,058,800	97,712,033	123,219,825
Certificates of deposit - net of unamortized interest of RpNil, Rp7 and Rp20 as of December 31, 2004 and 2003, and April 30, 2003, respectively	25	36	119
Total Deposits from Customers	169,994,388	176,158,229	186,139,333
Deposits from Other Banks:			
Demand deposits	974,451	588,573	291,083
Inter-bank call money	1,964,360	1,022,441	1,574,947
Time deposits	8,528,406	9,900,271	11,875,734
Total Deposits from other banks	11,467,217	11,511,285	13,741,764
Securities Sold with Agreements to Repurchase	2,911,622	4,342,500	735,000
Derivative Payables	66,955	22,312	10,621
Acceptances Payable	5,234,859	3,264,872	2,783,898
Securities Issued - net of unamortized discount of Rp11,136, Rp11,609 and Rp15,428 as of December 31, 2004 and 2003, and April 30, 2003, respectively	3,815,254	4,196,883	4,118,898
Fund Borrowings	6,830,068	8,385,169	12,658,279
Estimated Losses on Commitments and Contingencies	561,872	571,492	1,488,299
Accrued Expenses	681,942	484,216	953,623
Taxes Payable	438,155	587,974	1,080,615
Other Liabilities	5,023,579	7,073,220	9,635,689
Subordinated Loans	6,784,206	5,086,484	5,869,077
Loan Capital	1,253,475	2,892,375	2,926,193
TOTAL LIABILITIES	215,580,301	225,445,136	242,545,795

**PT BANK MANDIRI (PERSERO) TBK.
BALANCE SHEETS - PARENT COMPANY ONLY (Continued)
DECEMBER 31, 2004 AND 2003, AND APRIL 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2004	December 31, 2003	April 30, 2003
			After Quasi- Reorganization
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share Capital - Rp500 (full amount) par value per share (April 30, 2003: Rp1,000,000 (full amount) par value per share); Authorized capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B (April 30, 2003: 16,000,000 shares); Issued and fully paid-up capital - 1 share Dwiwarna Series A and 20,132,854,872 common shares Series B (December 31, 2003: 1 share Dwiwarna Series A and 19,999,999,999 common shares Series B, and April 30, 2003: 4,251,000 shares)	10,066,427	10,000,000	4,251,000
Additional Paid-in Capital/Agio	5,967,897	5,926,418	10,675,418
Differences Arising from Translation of Foreign Currency Financial Statements	3,839	16,092	16,267
Unrealized (Losses)/Gains on Available-for-Sale Securities and Government Recapitalization Bonds	(404,001)	(1,861,316)	1,299,210
Premises and Equipment Revaluation Increment	3,046,936	3,046,936	-
Share Options	13,831	9,897	-
Retained Earnings - (Accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganization as of April 30, 2003)			
Appropriated	747,000	-	1,000,000
Unappropriated	5,414,275	3,228,574	-
Total Retained Earnings	6,161,275	3,228,574	1,000,000
TOTAL SHAREHOLDERS' EQUITY	24,856,204	20,366,601	17,241,895
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	240,436,505	245,811,737	259,787,690

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF PROFIT AND LOSS - PARENT COMPANY ONLY
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
		For Comparative Purposes		
INCOME AND EXPENSES FROM OPERATIONS				
Interest Income				
Interest income	17,909,305	24,696,316	15,426,254	9,270,062
Fees and commissions on loan facilities	477,659	470,481	312,009	158,472
Total Interest Income	18,386,964	25,166,797	15,738,263	9,428,534
Interest Expense				
Interest expense	(9,203,512)	(17,289,183)	(10,238,572)	(7,050,611)
Other financing expenses	(156,869)	(112,532)	(81,198)	(31,334)
Total Interest Expense	(9,360,381)	(17,401,715)	(10,319,770)	(7,081,945)
NET INTEREST INCOME	9,026,583	7,765,082	5,418,493	2,346,589
Other Operating Income				
Foreign exchange gains - net	398,363	110,178	30,297	79,881
Other fees and commissions	1,257,780	830,081	637,181	192,900
Others	706,958	664,672	510,566	154,106
Total Other Operating Income	2,363,101	1,604,931	1,178,044	426,887
Provision for Possible Losses on Earning Assets	(309,473)	(1,164,124)	(629,773)	(534,351)
Reversal of/(Addition to) Estimated Losses on Commitments and Contingencies	41,170	641,780	847,097	(205,317)
Reversal of Allowance for Possible Losses - Others	309,172	320,737	203,375	117,362
Gains/(Losses) from Increase/(Decrease) in Value of Securities and Government Recapitalization Bonds - net	66,300	(50,942)	(768,240)	717,298
Gains from Sale of Securities and Government Recapitalization Bonds	1,522,367	2,123,438	1,799,016	324,422
Other Operating Expenses				
General and administrative expenses	(2,727,435)	(2,080,767)	(1,581,434)	(499,333)
Salaries and employee benefits	(2,206,887)	(1,532,053)	(956,736)	(575,317)
Others - net	(622,771)	(797,083)	(500,487)	(296,596)
Total Other Operating Expenses	(5,557,093)	(4,409,903)	(3,038,657)	(1,371,246)
PROFIT FROM OPERATIONS	7,462,127	6,830,999	5,009,355	1,821,644
Non-operating (Expense)/Income - Net	(32,429)	192,339	119,560	72,779
PROFIT BEFORE CORPORATE INCOME TAX EXPENSE	7,429,698	7,023,338	5,128,915	1,894,423
Corporate Income Tax (Expense)/Benefit				
Current	(2,085,997)	(2,179,540)	(1,314,142)	(865,398)
Deferred	(88,070)	(257,709)	(586,199)	328,490
NET PROFIT	5,255,631	4,586,089	3,228,574	1,357,515

These financial statements are originally issued in the Indonesian language.

APPENDIX 3

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY
For the Year Ended December 31, 2004, the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-Up Capital	Additional Paid-in-Capital Agio*)	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized (Losses)/ Gains on Available-for-Sale Securities and Government Recapitalization Bonds	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings/(Accumulated Losses)			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2003	4,251,000	173,550,319	16,498	(2,139,573)	-	-	2,099,638	(163,402,213)	(161,302,575)	14,375,669
General and specific reserves allocated from 2002 net profit	-	-	-	-	-	-	1,055,748	(1,055,748)	-	-
Dividends allocated from 2002 net profit	-	-	-	-	-	-	-	(1,792,794)	(1,792,794)	(1,792,794)
Allocation for small industry and cooperative development fund ("PUKK"), environmental development fund and directors' and commissioners' bonuses (tantiem) from 2002 net profit	-	-	-	-	-	-	-	(137,047)	(137,047)	(137,047)
Reduction in differences arising from the translation of foreign currency financial statements	-	-	(231)	-	-	-	-	-	-	(231)
Unrealized gain on available-for-sale securities and Government Recapitalization Bonds	-	-	-	3,438,783	-	-	-	-	-	3,438,783
Net profit for the four-month period ended April 30, 2003	-	-	-	-	-	-	-	1,357,515	1,357,515	1,357,515
Balance as of April 30, 2003 before Quasi-reorganization	4,251,000	173,550,319	16,267	1,299,210	-	-	3,155,386	(165,030,287)	(161,874,901)	17,241,895
Elimination of accumulated losses against additional paid-in capital/ agio due to quasi-reorganization	-	(162,874,901)	-	-	-	-	(2,155,386)	165,030,287	162,874,901	-
Balance as of April 30, 2003 after Quasi-reorganization	4,251,000	10,675,418	16,267	1,299,210	-	-	1,000,000	-	1,000,000	17,241,895

*) Agio represents paid-up capital in excess of par value.

These financial statements are originally issued in the Indonesian language.

APPENDIX 3

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY (continued)
For the Year Ended December 31, 2004, the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-Up Capital	Additional Paid-in-Capital Agio*)	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized (Losses)/ Gains on Available-for-Sale Securities Recapitalization Government Recapitalization Bonds	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as of April 30, 2003 after Quasi-reorganization	4,251,000	10,675,418	16,267	1,299,210	-	-	1,000,000	-	1,000,000	17,241,895
Conversion of issued and fully paid-up capital to additional paid-in capital	(251,000)	251,000	-	-	-	-	-	-	-	-
Conversion of appropriated retained earnings to issued and fully paid-up capital	1,000,000	-	-	-	-	-	(1,000,000)	-	(1,000,000)	-
Conversion of additional paid-in capital/agio to issued and fully paid-up capital	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-
Additional premises and equipment revaluation increment	-	-	-	-	3,046,936	-	-	-	-	3,046,936
Reduction in differences arising from the translation of foreign currency financial statements	-	-	(175)	-	-	-	-	-	-	(175)
Unrealized losses on available-for-sale securities and Government Recapitalization Bonds	-	-	-	(3,160,526)	-	-	-	-	-	(3,160,526)
Recognition of share options	-	-	-	-	-	9,897	-	-	-	9,897
Net profit for the eight-month period ended December 31, 2003	-	-	-	-	-	-	-	3,228,574	3,228,574	3,228,574
Balance as of December 31, 2003	10,000,000	5,926,418	16,092	(1,861,316)	3,046,936	9,897	-	3,228,574	3,228,574	20,366,601

*) Agio represents paid-up capital in excess of par value.

These financial statements are originally issued in the Indonesian language.

APPENDIX 3

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY (continued)
For the Year Ended December 31, 2004, the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-Up Capital	Additional Paid-in-Capital Agio*)	Differences Arising from Translation of Foreign Currency Financial Statement	Unrealized (Losses)/ Gains on Securities and Government Recapitalization Bonds Available for Sale	Premises and Equipment Revaluation Increment	Share Options	Retained Earnings			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as of December 31, 2003	10,000,000	5,926,418	16,092	(1,861,316)	3,046,936	9,897	-	3,228,574	3,228,574	20,366,601
Dividends allocated from 2003 net profit	-	-	-	-	-	-	-	(2,300,000)	(2,300,000)	(2,300,000)
Additional share capital issued and fully paid	66,427	-	-	-	-	-	-	-	-	66,427
Additional agio	-	41,479	-	-	-	-	-	-	-	41,479
General and specific reserve allocated from 2003 net profit	-	-	-	-	-	-	747,000	(747,000)	-	-
Directors and commissioners tantiem allocated from 2003 net profit	-	-	-	-	-	-	-	(22,930)	(22,930)	(22,930)
Addition in differences arising from translation of foreign currency financial statements	-	-	(12,253)	-	-	-	-	-	-	(12,253)
Unrealized gains on available-for-sale securities and Government Recapitalization Bonds	-	-	-	1,457,315	-	-	-	-	-	1,457,315
Recognition of share options	-	-	-	-	-	3,934	-	-	-	3,934
Net profit for the year ended December 31, 2004	-	-	-	-	-	-	-	5,255,631	5,255,631	5,255,631
Balance as of December 31, 2004	10,066,427	5,967,897	3,839	(404,001)	3,046,936	13,831	747,000	5,414,275	6,161,275	24,856,204

*) Agio represents paid-up capital in excess of par value.

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
		For Comparative Purposes		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest income	18,403,100	25,166,145	17,015,755	8,150,390
Receipts from fees and commissions	1,735,439	1,300,562	949,189	351,373
Payments of interest expense	(9,122,741)	(17,687,939)	(10,707,980)	(6,979,959)
Payments of other financing expenses	(39,914)	(112,533)	(81,198)	(31,335)
Gains from sale of securities and Government recapitalization bonds	1,522,367	2,123,438	1,797,839	325,599
Foreign exchange (losses)/gains - net	1,346,026	596,059	(63,899)	659,958
Operating income - others	453,550	699,508	521,545	177,963
Operating expenses - others	(903,833)	(399,813)	(126,929)	(272,884)
Salaries and employee benefits	(1,655,098)	(1,326,573)	(833,216)	(493,357)
General and administrative expenses	(2,174,350)	(1,654,782)	(1,239,904)	(414,878)
Non-operating income/(expenses) - others	(34,404)	156,548	85,855	70,693
Profit before changes in operating activities	9,530,142	8,860,620	7,317,057	1,543,563
(Increase)/decrease in operating assets:				
Placements with Bank Indonesia and other banks	(3,530,901)	4,612,066	(3,326,806)	7,938,872
Securities - trading portfolio	1,677,683	(1,408,289)	(1,206,583)	(201,706)
Sale of Government Recapitalization Bonds - trading portfolio	32,290,290	26,287,783	26,206,584	81,199
Other receivables - trade transactions	(571,920)	(767,456)	(877,744)	110,288
Loans	(14,469,778)	(12,896,962)	(8,630,408)	(4,266,554)
Proceeds from collection of earning assets already written-off	1,098,730	1,240,118	902,200	337,918
Other assets	988,156	(586,404)	483,314	(1,069,718)
Increase/(decrease) in operating liabilities:				
Demand deposits	1,501,661	5,478,817	4,950,811	528,006
Savings deposits	11,442,390	10,964,992	10,873,450	91,542
Time deposits	(22,787,024)	(25,048,981)	(27,483,255)	2,434,274
Certificates of deposit	(11)	(78,877)	(83)	(78,794)
Inter-bank call money	941,919	225,886	(552,506)	778,392
Liabilities immediately payable	(386,163)	836,068	463,620	372,448
Taxes payable	(2,235,816)	(1,878,318)	(1,806,782)	(71,536)
Other liabilities	(1,390,134)	302,770	(923,910)	1,226,680
Estimated losses on commitments and contingencies	(41,170)	(641,780)	(847,097)	205,317
Differences arising from translation of foreign currency financial statements	(12,253)	(406)	(175)	(231)
Net cash provided by operating activities	14,045,801	15,501,647	5,541,687	9,959,960
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in securities - held-to-maturity portfolio	(1,602,477)	(7,511,968)	2,704,178	(10,216,146)
Redemption of matured Government Recapitalization Bonds	6,843,983	6,414,666	5,010,603	1,404,063
Replacement of matured Government Recapitalization Bonds	(6,843,983)	(6,414,666)	(5,010,603)	(1,404,063)
Purchase of securities with agreements to resell	(480,000)	-	-	-
Increase in Government Recapitalization Bonds	(286,700)	(465,354)	(465,354)	-
Decrease in investments in shares of stock	36,037	36,131	36,131	-
Proceeds from sale of premises and equipment	48,317	210,268	210,268	-
Acquisition of premises and equipment	(594,415)	(909,975)	(739,553)	(170,422)
Net cash (used in)/provided by investing activities	(2,879,238)	(8,640,898)	1,745,670	(10,386,568)

PT BANK MANDIRI (PERSERO) TBK.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY (Continued)
For the Year Ended December 31, 2004,
the Eight-Month Period Ended December 31, 2003
and the Four-Month Period Ended April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31, 2004	Year Ended December 31, 2003	Eight-Month Period Ended December 31, 2003	Four-Month Period Ended April 30, 2003
		For Comparative Purposes		
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/increase in securities issued	(815,208)	2,677,894	77,986	2,599,908
Decrease in fund borrowings	(2,105,318)	(4,532,083)	(3,869,606)	(662,477)
Decrease in subordinated loans	(423,568)	(1,055,428)	(697,724)	(357,704)
(Repurchase)/sale of securities sold with agreements to repurchase	(1,430,878)	2,872,500	2,872,500	-
Payments of dividends, PUKK, environmental development fund and tantiem	(2,322,930)	(2,929,841)	(2,929,841)	-
Return of additional paid-in capital to the Government	-	(1,412,000)	-	(1,412,000)
Net cash (used in)/provided by financing activities	(7,097,902)	(4,378,958)	(4,546,685)	167,727
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,068,661	2,481,791	2,740,672	(258,881)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,476,112	11,994,321	11,735,440	11,994,321
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18,544,773	14,476,112	14,476,112	11,735,440
CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSIST OF:				
Cash	2,369,196	2,177,056	2,177,056	1,816,952
Current accounts with Bank Indonesia	15,585,302	11,980,680	11,980,680	9,573,319
Current accounts with other banks	590,275	318,376	318,376	345,169
Total Cash and Cash Equivalents	18,544,773	14,476,112	14,476,112	11,735,440
SUPPLEMENTAL NON-CASH FLOW INFORMATION:				
Activities not affecting cash flows:				
Elimination of accumulated losses against additional paid-up capital/agio as a result of quasi-reorganization	-	162,874,901	-	162,874,901
Unrealized gains/(losses) on available-for-sale securities and Government Recapitalization Bonds	1,368,289	227,315	(3,928,766)	4,156,081
Reprofiling of Government Recapitalization Bonds	-	16,783,377	-	16,783,377
Reserve for dividends, PUKK, environmental development fund, tantiem and incentive bonuses from 2002 net profit	-	(1,929,841)	-	(1,929,841)
Reclassification of loan capital to subordinated loans	1,755,000	-	-	-

**PT BANK MANDIRI (PERSERO) TBK. - PARENT COMPANY ONLY
QUALITY OF EARNING ASSETS *)**

**As of December 31, 2004 and 2003, and April 30, 2003
(Expressed in millions of Rupiah, unless otherwise stated)**

No.	Earning Assets	December 31, 2004					December 31, 2003						April 30, 2003						
		Current	Special Mention	Sub-Standard	Doubtful	Loss	Total	Current	Special Mention	Sub-Standard	Doubtful	Loss	Total	Current	Special Mention	Sub-Standard	Doubtful	Loss	Total
A	Related Parties																		
1	Current Accounts and Placements with Other Banks	229,703	-	-	-	-	229,703	377,303	-	-	-	-	377,303	381,722	-	-	-	-	381,722
2	Securities**)	93,204,383	-	-	-	-	93,204,383	123,169,307	-	-	-	-	123,169,307	150,588,425	-	-	-	-	150,588,425
3	Loans	680,343	123	158,541	-	-	839,007	544,877	236	-	371,802	11	916,926	476,974	372,823	-	-	65,467	915,264
a.	Small scale business credit (Kredit Usaha Kecil ("KUK"))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b.	Property Loans	31,351	28	-	-	-	31,379	30,102	134	-	-	11	30,247	28,876	278	-	-	-	29,154
i.	Restructured	15,625	-	-	-	-	15,625	18,850	-	-	-	-	18,850	22,350	-	-	-	-	22,350
ii.	Unrestructured	15,726	28	-	-	-	15,754	11,252	134	-	-	11	11,397	6,526	278	-	-	-	6,804
c.	Other restructured loans	157,261	-	148,793	-	-	306,054	205,347	-	-	371,802	-	577,149	131,555	372,444	-	-	65,467	569,466
d.	Others	491,731	95	9,748	-	-	501,574	309,428	102	-	-	-	309,530	316,543	101	-	-	-	316,644
4	Investments in Shares of Stock	1,862,709	-	-	-	5,159	1,867,868	1,728,331	-	-	-	7,114	1,735,445	1,638,822	-	-	-	8,106	1,646,928
a.	In bank financial institutions	1,029,467	-	-	-	-	1,029,467	915,346	-	-	-	-	915,346	900,524	-	-	-	-	900,524
b.	In non-bank financial institutions	709,258	-	-	-	5,159	714,417	690,916	-	-	-	7,114	698,030	619,526	-	-	-	8,106	627,632
c.	Due to loan restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d.	Others	123,984	-	-	-	-	123,984	122,069	-	-	-	-	122,069	118,772	-	-	-	-	118,772
5	Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Commitments and Contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B	Third Parties																		
1	Current Accounts and Placements with Other Banks	14,148,068	-	-	-	13,671	14,161,739	10,208,718	-	-	-	168	10,208,886	6,904,455	-	-	-	168	6,904,623
2	Securities	10,627,093	-	-	-	1,869,813	12,496,906	10,649,821	-	-	-	1,781,533	12,431,354	13,141,419	-	-	-	1,816,345	14,957,764
3	Loans	72,954,766	8,333,778	2,141,959	417,511	3,857,582	87,705,596	55,304,129	10,982,322	1,635,096	1,060,835	3,411,410	72,393,792	45,405,944	15,311,618	1,407,059	1,390,632	3,187,985	66,703,238
a.	Small scale business credit (Kredit Usaha Kecil ("KUK"))	3,227,794	367,749	106,783	44,553	169,326	3,916,205	2,326,000	376,435	137,449	45,358	338,590	3,223,832	1,901,628	476,108	49,245	104,514	223,766	2,755,261
b.	Property loans	2,347,261	886,323	2,209	276	83,552	3,319,621	1,496,492	1,077,893	5,945	3,138	160,915	2,744,383	1,311,110	1,069,267	44,173	93,664	293,266	2,811,480
i.	Restructured	256,781	681,422	-	-	-	938,203	329,734	807,584	297	-	51,179	1,188,794	209,432	776,003	15	66,267	245,029	1,296,746
ii.	Unrestructured	2,090,480	204,901	2,209	276	83,552	2,381,418	1,166,758	270,309	5,648	3,138	109,736	1,555,589	1,101,678	293,264	44,158	27,397	48,237	1,514,734
c.	Other restructured loans	13,563,956	4,257,951	839,774	47,529	491,080	19,200,290	13,834,921	5,921,135	1,001,039	739,197	112,635	21,608,927	12,721,112	9,836,321	809,615	635,621	2,062,677	26,065,346
d.	Others	53,815,755	2,821,755	1,193,193	325,153	3,113,624	61,269,480	37,646,716	3,606,859	490,663	273,142	2,799,270	44,816,650	29,472,094	3,929,922	504,026	556,833	608,276	35,071,151
4	Investments in Shares of Stock	3,000	-	1,955	-	72,625	77,580	3,000	-	-	-	82,450	85,450	128,609	-	-	-	12,756	141,365
a.	In bank financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	50,400	-	-	-	-	50,400
b.	In non-bank financial institutions	-	-	-	-	-	-	3,000	-	-	-	-	3,000	-	-	-	-	-	-
c.	Due to loan restructuring	-	-	-	-	72,625	72,625	-	-	-	-	82,450	82,450	72,920	-	-	-	9,530	82,450
d.	Others	3,000	-	1,955	-	4,955	-	-	-	-	-	-	-	5,289	-	-	-	3,226	8,515
5	Other Receivables	7,207,650	816,689	44,483	-	-	8,068,822	5,415,810	335,427	-	39,656	-	5,790,893	3,629,702	353,940	-	-	-	3,983,642
6	Commitments and Contingencies	16,354,264	273,984	9,232	-	-	16,637,480	12,336,076	375,113	50,008	25,391	30,737	12,817,325	10,816,072	1,262,938	-	1,150	30,600	12,110,760
	TOTAL	217,271,979	9,424,574	2,356,170	417,511	5,818,850	235,289,084	219,737,372	11,693,098	1,685,104	1,497,684	5,313,423	239,926,681	233,112,144	17,301,319	1,407,059	1,391,782	5,121,427	258,333,731
7	Required Minimum Provision for Possible Losses on Earning Assets ***)	1,463,396	1,003,252	392,984	209,326	5,548,315	8,617,273	1,136,983	1,181,463	256,903	764,697	5,039,343	8,379,389	1,742,577	1,609,150	173,859	659,595	4,891,351	9,076,532
8	Established Provision for Possible Losses on Earning Assets	2,431,259	1,887,936	1,162,362	417,510	5,548,315	11,447,382	2,360,935	2,274,412	801,009	1,345,732	5,039,343	11,821,431	3,673,729	3,188,032	582,243	1,260,152	4,891,351	13,595,507

*) This information has been prepared based on Bank Indonesia's Circular Letter No. 3/22/PBI dated December 13, 2001 regarding "Transparency of Bank's Financial Condition", Bank Indonesia's Circular Letter No. 3/30/DPNP dated December 14, 2001 regarding "Presentation of Quarterly and Monthly Published Financial Statements of Commercial Banks and Certain Reports Submitted to Bank Indonesia" and Bank Indonesia Letter No. 5/559/DPNP/IDPnP dated December 24, 2003 regarding "Bank's Published Financial Statements".

**) Include Government Recapitalization Bonds.

***) The calculation of allowance for possible losses on earning assets should be provided on the principal balance after deduction of collateral. No allowance for possible losses is required for Certificates of Bank Indonesia, placements with Bank Indonesia (Bank Indonesia intervention) and Government Bonds.