PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010, 2009 AND 2008

mandiri

DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
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We, the undersigned:

1. Name : Zulkifli Zaini
   Office address : Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
   Domicile address as stated in ID : Jl. Aditiawarman No.11 RT.003 RW.002 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
   Phone number : 021 – 5245006
   Title : President Director

2. Name : Pahala N. Mansury
   Office address : Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
   Domicile address as stated in ID : Jl. Empu Sendok No.23 RT.008 RW.003 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
   Phone number : 021 – 5245577
   Title : Director

in the above positions acted as and on behalf of the Board of Directors of PT Bank Mandiri (Persero) Tbk. declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been fully and correctly disclosed;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain materially incorrect information or facts, and do not omit any material information or facts;
4. We are responsible for the Bank and Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, 30 March 2011

METERAI TEMPEL
PAJAK MEMBANGUN BANGSA
TGL 20
FA2B5AAF335926374
ENAM RIBU RUPIAH
6000 DJP

Zulkifli Zaini
President Director

Pahala N. Mansury
Director

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pwc

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated balance sheets of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries (together as "Group") as at 31 December 2010 and 2009 and the related consolidated statements of income, consolidated changes in equity and consolidated cash flows for the years ended 31 December 2010 and 2009. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and Subsidiaries as at and for the year ended 31 December 2008 was audited by another independent auditor, whose report dual-dated 24 February 2009 and 22 November 2010 for Note 61 and 62, expressed an unqualified opinion with an explanatory paragraph regarding the implementation of Statement of Financial Accounting Standard (SFAS) No. 16 (revised 2007), "Fixed Assets" in 2008 and made reference to the financial statements of Subsidiaries audited by other independent auditors whose reports expressed unqualified opinion, which contributed 3.98% and 2.75% to total consolidated assets and operational revenues as at and for the year ended 31 December 2008, respectively. We did not audit the financial statements of PT Bank Syariah Mandiri, a Subsidiary, as at and for the years ended 31 December 2010 and 2009, which contributed 7.18% and 5.54% to total consolidated assets as at 31 December 2010 and 2009, respectively and 4.11% and 3.93% to total consolidated income from operations for the years ended 31 December 2010 and 2009, respectively. These financial statements were audited by another independent auditor whose reports dated 31 January 2011 and 15 February 2010 expressed an unqualified opinion. This independent auditor's reports have been provided to us and our opinion, in so far as it relates to amounts included for the Subsidiary, is based solely on the report of the other independent auditor.

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

In our opinion, based on our audits and the reports of another independent auditor, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and Subsidiaries as at 31 December 2010 and 2009 and the consolidated results of their operation and consolidated cash flows for the years ended 31 December 2010 and 2009, in conformity with accounting principles generally accepted in Indonesia.

As explained in Note 2b to the consolidated financial statements, in 2010 the Group adopted Statement of Financial Accounting Standard (SFAS) No. 50 (Revised 2006), Financial Instruments: Presentation and Disclosures and SFAS No. 55 (Revised 2006), Financial Instruments: Recognition and Measurement, which are applied prospectively.

Our audits were conducted to form an opinion on the consolidated financial statements taken as a whole. The supplementary financial information in respect of PT Bank Mandiri (Persero) Tbk., parent company only, as at and for the years ended 31 December 2010 and 2009 on schedules 6/1 to 6/14 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Supplementary financial information as at and for the years ended 31 December 2010 and 2009 have been subjected to auditing procedures applied in the audit of the consolidated financial statements and in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Supplementary financial information as at and for the year ended 31 December 2008 were audited by another independent auditor whose report dual-dated 24 February 2009 and 22 November 2010 for Note 61 and 62, expressed an unqualified opinion.

JAKARTA
30 March 2011

Drs. Haryanto Sahari, CPA
License of Public Accountant No. 98.1.0286

NOTICE TO READERS
The accompanying consolidated financial statements are not intended to present the consolidated financial positions, consolidated results of operations, and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilised in Indonesia to audit the consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying consolidated financial statements and the auditor's report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their application in practice.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2010, 2009 AND 2008

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
ASSETS				
Cash	2b, 2f	9,521,713	8,867,881	8,388,974
Current Accounts with Bank Indonesia	2b, 2f, 2g, 3	24,856,699	16,055,871	13,354,289
Current Accounts with Other Banks - net of allowance for impairment losses of Rp10,113, Rp86,962 and Rp87,689 as at 31 December 2010, 2009 and 2008	2b, 2f, 2g, 4	8,559,665	7,402,647	7,406,529
Placements with Bank Indonesia and Other Banks - net of allowance for impairment losses of Rp137,885, Rp347,184 and Rp386,708 as at 31 December 2010, 2009 and 2008	2b, 2h, 5	28,914,035	41,402,410	29,404,818
Marketable Securities	2b, 2e, 2i, 6			
Related parties	50	-	25,000	-
Third parties		27,359,768	18,143,414	24,670,360
		27,359,768	18,168,414	24,670,360
Less: Unamortised discounts, unrealised gains from increase in value of marketable securities and allowance for impairment losses		(112,239)	(15,022)	(45,513)
		27,247,529	18,153,392	24,624,847
Government Bonds	2b, 2j, 7	78,092,734	89,132,940	88,259,039
Other Receivables - Trade Transactions - net of allowance for impairment losses of Rp1,146,327, Rp844,781 and Rp1,158,049 as at 31 December 2010, 2009 and 2008	2b, 2k, 8	2,575,586	3,146,143	3,513,133
Securities Purchased under Resale Agreements - net of allowance for impairment losses of RpNil, Rp30,488 and Rp47,987 as at 31 December 2010, 2009 and 2008	2b, 2l, 9	8,980,757	4,905,541	619,092
Derivative Receivables - net of allowance for impairment losses of RpNil, Rp1,765 and Rp6,313 as at 31 December 2010, 2009 and 2008	2b, 2m, 10	37,096	174,526	354,024
Loans	2b, 2e, 2n, 11			
Related parties	50	799,179	638,057	641,263
Third parties		243,227,805	196,488,172	173,858,171
Total loans		244,026,984	197,126,229	174,499,434
Less: Deferred income		-	-	(1,334)
Total loans after deferred income		244,026,984	197,126,229	174,498,100
Less: Allowance for impairment losses		(11,481,725)	(12,435,525)	(11,860,312)
Loans - net		232,545,259	184,690,704	162,637,788

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
ASSETS (continued)				
Consumer Financing Receivables - net of allowance for impairment losses of Rp40,769, Rp16,343 and RpNil as at 31 December 2010, 2009 and 2008	2b, 2o, 12	2,132,823	1,404,045	-
Acceptance Receivables - net of allowance for impairment losses of Rp171,097, Rp52,773 and Rp246,008 as at 31 December 2010, 2009 and 2008	2b, 2s, 13	3,779,409	4,304,000	3,596,359
Investments in Shares - net of allowance for impairment losses of Rp1,285 Rp2,106 and Rp1,656 as at 31 December 2010, 2009 and 2008	2q, 14	6,248	186,848	158,173
Policyholders' Investment in Unit-Linked Contracts	2b, 2x, 15	7,212,113	-	-
Fixed Assets - net of accumulated depreciation and amortisation of Rp5,300,137, Rp4,869,622 and Rp4,461,347 as at 31 December 2010, 2009 and 2008	2p, 16	5,527,000	4,963,306	4,603,560
Deferred Tax Assets - net of Allowance of Rp1,065,606, RpNil and RpNil as at 31 December 2010, 2009 and 2008	2ab, 29e	4,401,088	6,014,085	6,123,919
Other Assets - net of allowance for possible losses of Rp740,012, Rp936,622 and Rp639,575 as at 31 December 2010, 2009 and 2008	2b, 2r, 2t, 17	5,384,797	3,812,265	5,394,134
TOTAL ASSETS		**449,774,551**	**394,616,604**	**358,438,678**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
LIABILITIES, *SYIRKAH TEMPORER* FUND AND SHAREHOLDERS' EQUITY				
LIABILITIES AND *SYIRKAH TEMPORER* FUND				
Obligation due Immediately	2b, 2u	757,465	573,557	619,798
Deposits from Customers				
Conventional Banking and Sharia - *Non Syirkah Temporer* Fund				
Demand deposits	2b, 2e, 2v, 18			
Related parties	50	495,154	254,439	115,857
Third parties		67,792,099	72,437,086	68,970,831
		68,287,253	72,691,525	69,086,688
Saving deposits	2b, 2e, 2v, 19			
Related parties	50	105,513	90,589	40,562
Third parties		123,851,094	106,636,775	89,667,809
		123,956,607	106,727,364	89,708,371
Time deposits	2b, 2e, 2v, 20			
Related parties	50	1,188,078	467,683	311,649
Third parties		143,955,971	123,007,078	116,957,341
		145,144,049	123,474,761	117,268,990
Sharia Banking - *Syirkah Temporer* Fund	2v			
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit		85,094	5,322	-
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit		9,628,749	7,067,647	5,245,641
Unrestricted investment *mudharabah* time deposit		15,110,402	9,583,762	7,802,362
		24,824,245	16,656,731	13,048,003
Total Deposits from Customers		362,212,154	319,550,381	289,112,052
Deposits from Other Banks				
Conventional Banking and Sharia - Non *Syirkah Temporer* Fund				
Demand and saving deposits	2b, 2w, 21, 50	1,780,344	5,744,330	3,096,390
Inter-bank call money	2b, 2w, 22	-	-	7,588
Time deposits	2b, 2w, 23	5,422,339	4,736,318	4,347,403
		7,202,683	10,480,648	7,451,381
Sharia Banking - *Syirkah Temporer* Fund	2w			
Unrestricted investment *mudharabah* saving deposit		100,532	98,239	48,353
Unrestricted investment *mudharabah* time deposit		326,647	207,640	218,380
		427,179	305,879	266,733
Total Deposits from Other Banks		7,629,862	10,786,527	7,718,114

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
LIABILITIES, *SYIRKAH TEMPORER* FUND AND SHAREHOLDERS' EQUITY (continued)				
LIABILITIES AND *SYIRKAH TEMPORER* FUND (continued)				
Securities Sold under Repurchase Agreements	2b, 2l, 24	-	316,356	981,893
Derivative Payables	2b, 2m, 10	33,246	41,611	160,678
Liability to Unit-Linked Holders	2b, 2x, 15	7,212,113	-	-
Acceptance Payables	2b, 2s, 25	3,950,506	4,356,773	3,842,367
Marketable Securities Issued	2b, 2e, 2y, 26	1,492,744	1,672,619	1,016,603
Less: Unamortised issuance cost		(1,377)	(1,605)	-
		1,491,367	1,671,014	1,016,603
Fund Borrowings	2b, 2z, 27, 50	5,634,838	3,944,356	9,371,508
Estimated Losses on Commitments and Contingencies	28c	371,665	329,362	316,401
Accrued Expenses		606,975	542,921	746,808
Taxes Payable	2ab, 29a	1,408,798	1,855,829	3,174,500
Other Liabilities	2b, 30	10,338,954	9,132,586	7,999,368
Subordinated Loans	2b, 2aa, 31	6,056,572	6,217,068	2,836,650
TOTAL LIABILITIES AND *SYIRKAH TEMPORER* FUND		**407,704,515**	**359,318,341**	**327,896,740**
Minority Interests in Net Assets of Consolidated Subsidiaries	2c, 32	**527,228**	**189,494**	**28,069**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
LIABILITIES, *SYIRKAH TEMPORER* FUND AND SHAREHOLDERS' EQUITY (continued)				
SHAREHOLDERS' EQUITY				
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 20,996,494,741 common shares Series B as at 31 December 2010, 1 share Dwiwarna Series A and 20,970,116,804 common shares Series B as at 31 December 2009 1 share Dwiwarna Series A and 20,905,647,787 common shares Series B as at 31 December 2008	33a	10,498,247	10,485,058	10,452,824
Additional Paid-in Capital/Agio	33b	6,960,680	6,911,587	6,809,056
Differences Arising from Translation of Foreign Currency Financial Statements	2d	69,593	120,963	239,625
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bond - net of Deferred Tax	2i, 2j	(405,197)	(260,756)	(170,310)
Difference in Transactions of Equity Changes in Subsidiaries	2q, 33e	(22,702)	(22,890)	(50,935)
Share-based Compensation Reserve	2ag, 34	-	16,174	54,465
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)	33b, 33c			
- Appropriated		5,706,921	5,706,921	5,680,357
- Unappropriated		18,735,266	12,151,712	7,498,787
Total Retained Earnings		24,442,187	17,858,633	13,179,144
TOTAL SHAREHOLDERS' EQUITY		**41,542,808**	**35,108,769**	**30,513,869**
TOTAL LIABILITIES, *SYIRKAH TEMPORER* FUND AND SHAREHOLDERS' EQUITY		**449,774,551**	**394,616,604**	**358,438,678**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
INCOME AND EXPENSES FROM OPERATIONS				
Interest Income				
Interest income	2ac	33,931,650	31,640,259	26,496,487
Fees and commissions income	2ae	-	958,705	839,750
Total Interest Income	35	33,931,650	32,598,964	27,336,237
Interest Expense				
Interest expense	2ac, 36	(14,394,598)	(15,675,213)	(12,371,417)
Other financing expenses		(18,443)	(146,636)	(165,200)
Total Interest Expense		(14,413,041)	(15,821,849)	(12,536,617)
NET INTEREST INCOME		**19,518,609**	**16,777,115**	**14,799,620**
Premium Income	2ad	1,025,306	-	-
Claims and Benefits Expense	2ad	(472,394)	-	-
NET PREMIUM INCOME		552,912	-	-
NET INTEREST INCOME AND PREMIUM INCOME		**20,071,521**	**16,777,115**	**14,799,620**
Other Operating Income				
Other fees and commissions	2ae	5,101,838	4,311,235	3,423,247
Foreign exchange gains - net	2d	595,449	637,065	789,350
Others	37	2,735,530	536,063	440,410
Total Other Operating Income		8,432,817	5,484,363	4,653,007
Allowance for Impairment Losses	2b, 38	(2,986,234)	(1,147,540)	(2,986,361)
(Allowance)/Reversal for Impairment Losses on Commitments and Contingencies	2b, 28c	(53,358)	(37,782)	221,393
Reversal/(Allowance) for Possible Losses	2r, 39	88,778	(810,408)	170,139
Unrealised (Losses)/Gains from (Decrease)/ Increase in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2i, 2j, 2x, 40	(23,401)	(2,155)	1,486
Gains/(Losses) on Sale of Marketable Securities and Government Bonds	2i, 2j, 41	286,870	180,752	(54,061)
Other Operating Expenses				
Salaries and employee benefits	2e, 2af, 2ag, 34, 42, 44, 50	(5,802,173)	(4,853,601)	(4,563,768)
General and administrative expenses	2p, 43	(5,467,972)	(4,324,893)	(3,861,684)
Others - net	45	(804,828)	(831,373)	(469,329)
Total Other Operating Expenses		(12,074,973)	(10,009,867)	(8,894,781)
INCOME FROM OPERATIONS		**13,742,020**	**10,434,478**	**7,910,442**
Non-operating Income - net	46	230,142	389,596	158,118
INCOME BEFORE TAX (EXPENSE)/BENEFIT AND MINORITY INTERESTS		**13,972,162**	**10,824,074**	**8,068,560**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
Income Tax (Expense)/Benefit				
Current year	2ab, 29b, 29c	(3,026,466)	(3,479,867)	(4,711,894)
Deferred	2ab, 29b, 29d	(1,576,470)	(145,719)	1,958,650
Income Tax Expense - net		(4,602,936)	(3,625,586)	(2,753,244)
INCOME AFTER TAX BEFORE MINORITY INTERESTS		**9,369,226**	**7,198,488**	**5,315,316**
MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	2c	**(150,928)**	**(43,024)**	**(2,495)**
NET INCOME		**9,218,298**	**7,155,464**	**5,312,821**
EARNINGS PER SHARE	2ah			
Basic (full amount)		**439.38**	**341.72**	**254.51**
Diluted (full amount)		**439.38**	**341.37**	**253.84**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *) Appropriated	Retained Earnings *) Unappropriated	Retained Earnings *) Total	Total Shareholders' Equity
Balance as at 31 December 2009		**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**35,108,769**
Adjustment to opening balance in respect of implementation of SFAS 55 (Revised 2006) - net of deferred tax	49	-	-	-	-	2,772	-	-	164,343	164,343	167,115
Dividends allocated from 2009 net income	33d	-	-	-	-	-	-	-	(2,100,437)	(2,100,437)	(2,100,437)
Cooperative development fund program and community development reserve allocated from 2009 net income	33d	-	-	-	-	-	-	-	(286,219)	(286,219)	(286,219)
Interim Dividends allocated from 2010 net income	33d	-	-	-	-	-	-	-	(412,431)	(412,431)	(412,431)
Execution of shares options from Management Stock Option Plan (MSOP)	1a, 2ag, 33a, 33b, 34	13,189	49,093	-	-	-	(16,174)	-	-	-	46,108
Differences arising from translation of foreign currency financial statements	2d	-	-	(51,370)	-	-	-	-	-	-	(51,370)
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	2i, 2j	-	-	-	(144,441)	-	-	-	-	-	(144,441)
Difference in transactions of equity changes in subsidiaries		-	-	-	-	(2,584)	-	-	-	-	(2,584)
Net income for the years ended 31 December 2010		-	-	-	-	-	-	-	9,218,298	9,218,298	9,218,298
Balance as at 31 December 2010		**10,498,247**	**6,960,680**	**69,593**	**(405,197)**	**(22,702)**	**-**	**5,706,921**	**18,735,266**	**24,442,187**	**41,542,808**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Shareholders' Equity
								Appropriated	Unappropriated	Total	
Balance as at 31 December 2008		10,452,824	6,809,056	239,625	(170,310)	(50,935)	54,465	5,680,357	7,498,787	13,179,144	30,513,869
General and specific reserve allocated from 2008 net income	33d	-	-	-	-	-	-	26,564	(26,564)	-	-
Dividends allocated from 2008 net income	33d	-	-	-	-	-	-	-	(1,859,488)	(1,859,488)	(1,859,488)
Cooperative development fund program and community development reserve allocated from 2008 net income	33d	-	-	-	-	-	-	-	(212,512)	(212,512)	(212,512)
Interim dividends allocated from 2009 net income	33d	-	-	-	-	-	-	-	(403,975)	(403,975)	(403,975)
Execution of shares options from Management Stock Option Plan (MSOP)	1a, 2ag, 33a, 33b, 34	32,234	102,531	-	-	-	(38,291)	-	-	-	96,474
Differences arising from translation of foreign currency financial statements	2d	-	-	(118,662)	-	-	-	-	-	-	(118,662)
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	2i, 2j	-	-	-	(90,446)	-	-	-	-	-	(90,446)
Difference in transactions of equity changes in subsidiaries		-	-	-	-	28,045	-	-	-	-	28,045
Net income for the year ended 31 December 2009		-	-	-	-	-	-	-	7,155,464	7,155,464	7,155,464
Balance as at 31 December 2009		**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**35,108,769**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Funds for Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Fixed Asset Revaluation Reserve	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Shareholders' Equity
										Appropriated	Unappropriated	Total	
Balance as at 31 December 2007		**10,374,776**	**127,593**	**6,570,959**	**113,447**	**(3,568)**	**3,046,936**	**1,432**	**107,320**	**2,611,690**	**6,293,147**	**8,904,837**	**29,243,732**
General and specific reserve allocated from 2007 net income	33d	-	-	-	-	-	-	-	-	21,731	(21,731)	-	-
Dividends allocated from 2007 net income	33d	-	-	-	-	-	-	-	-	-	(3,911,601)	(3,911,601)	(3,911,601)
Cooperative development fund program and community development reserve allocated from 2007 net income	33d	-	-	-	-	-	-	-	-	-	(173,849)	(173,849)	(173,849)
Execution of shares options from Management Stock Option Plan (MSOP)	1a, 2ag, 33a, 33b, 34	78,048	(127,593)	238,097	-	-	-	-	(52,855)	-	-	-	135,697
Reclassification of revaluation of Fixed Assets	2p, 16, 33c	-	-	-	-	-	(3,046,936)	-	-	3,046,936	-	3,046,936	-
Differences arising from translation of foreign currency financial statements	2d	-	-	-	126,178	-	-	-	-	-	-	-	126,178
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	2i, 2j	-	-	-	-	(166,742)	-	-	-	-	-	-	(166,742)
Difference in transactions of equity changes in subsidiaries		-	-	-	-	-	-	(52,367)	-	-	-	-	(52,367)
Net income for the year ended 31 December 2008		-	-	-	-	-	-	-	-	-	5,312,821	5,312,821	5,312,821
Balance as at 31 December 2008		**10,452,824**	**-**	**6,809,056**	**239,625**	**(170,310)**	**-**	**(50,935)**	**54,465**	**5,680,357**	**7,498,787**	**13,179,144**	**30,513,869**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest income		34,021,221	32,078,031	26,117,536
Receipts from fees and commissions		5,101,838	5,269,940	4,262,997
Payments of interest expense		(14,821,381)	(15,879,101)	(12,165,217)
Payments of other financing expenses		-	(146,636)	(165,200)
Receipts from the sale of Government Bonds - fair value through profit or loss		37,628,006	9,349,047	6,003,599
Acquisition of Government Bonds - fair value through profit or loss		(36,985,217)	(9,722,868)	(5,184,940)
Foreign exchange gains/(losses) - net		288,569	(589,937)	(138,149)
Operating income - others		877,840	716,236	311,092
Operating expenses - others		(4,817,154)	(1,647,961)	(469,332)
Salaries and employee benefits		(5,802,173)	(4,853,601)	(3,403,043)
General and administrative expenses		(5,019,356)	(3,878,814)	(3,288,579)
Non-operating income - others		163,281	197,692	82,339
Cash flow from operating activities before changes in operating assets and liabilities		10,635,474	10,892,028	11,963,103
(Increase)/decrease in operating assets:				
Placements with Bank Indonesia and other banks *)		41,264,635	(11,958,068)	(12,016,854)
Marketable securities - fair value through profit or loss *)		(1,920,318)	5,808,627	2,600,153
Other receivables - trade transactions		269,011	680,259	(1,513,689)
Loans		(46,900,755)	(24,906,337)	(36,149,818)
Consumer financing receivable		(753,204)	(1,420,388)	-
Other assets		(603,636)	1,118,663	284,409
Proceeds from collection of earning assets already written-off		2,348,642	2,350,123	2,343,228
Increase/(decrease) in operating liabilities:				
Conventional Banking and Sharia - Non *Syirkah Temporer* Fund				
Demand deposits		(8,471,819)	6,261,015	6,650,858
Saving deposits		10,161,596	17,010,757	2,721,321
Time deposits		12,563,907	6,594,686	26,376,748
Sharia Banking - *Syirkah Temporer* Fund				
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit		85,094	5,322	-
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit		9,729,281	1,871,892	1,392,953
Unrestricted investment *mudharabah* time deposit		15,437,049	1,770,660	2,494,381
Inter-bank call money		-	(7,588)	(823,257)
Obligation due immediately		183,908	(46,242)	(232,979)
Taxes payable		(3,473,497)	(4,798,538)	(2,817,792)
Other liabilities		1,553,634	1,133,216	(2,751,048)
Net cash provided by operating activities		**42,109,002**	**12,360,087**	**521,717**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)

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

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase)/decrease in marketable securities - available for sale and held to maturity*)		(6,271,745)	524,900	(70,105)
Decrease/(increase) in Government Bonds - available for sale and held to maturity		11,221,714	(500,834)	286,139
Acquisition PT Mandiri Tunas Finance	1g	-	(290,000)	-
Capital injection to Mandiri International Remittance Sendirian Berhard	1g	(11,756)	(13,345)	-
Acquisition of PT AXA Mandiri Financial Services (Subsidiary)	1g	(48,427)	-	-
Decrease of investments in shares		241,792	302,355	41,649
Proceeds from sale of fixed assets		79,563	62,978	80,178
Acquisition of fixed assets	16	(1,027,188)	(651,467)	(613,507)
(Increase)/decrease in securities purchased under resale agreements		(4,044,728)	(4,268,951)	2,657,374
Increase in minority interests		186,806	118,402	-
Net cash provided by/(used in) investing activities		**326,031**	**(4,716,052)**	**2,381,728**
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/increase in marketable securities issued		(179,647)	654,411	(3,033,961)
Increase/(decrease) in fund borrowings		1,847,937	(5,427,152)	(111,064)
Proceeds from issuance of Subordinated Bonds		-	3,500,000	-
Payment of Subordinated Bonds		(152,853)	(150,374)	(130,374)
Decrease in securities sold under repurchase agreements		(316,356)	(665,539)	(1,932,450)
Execution of shares option		46,108	96,474	135,697
Payments of dividends, cooperative development fund program and community development fund program**)	33d	(2,799,087)	(2,475,975)	(4,085,450)
Increase in minority interest		-	-	19,228
Net cash used in financing activities		**(1,553,898)**	**(4,468,155)**	**(9,138,374)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**40,881,135**	**3,175,880**	**(6,234,929)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**32,413,361**	**29,237,481**	**35,472,410**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**73,294,496**	**32,413,361**	**29,237,481**
Cash and cash equivalents at end of year consist of:				
Cash		9,521,713	8,867,881	8,388,974
Current accounts with Bank Indonesia	3	24,856,699	16,055,871	13,354,289
Current accounts with other banks	4	8,569,778	7,489,609	7,494,218
Placements with Bank Indonesia and other banks *)		28,566,961	-	-
Certificate of Bank Indonesia *)		1,779,345	-	-
Total Cash and Cash Equivalents		**73,294,496**	**32,413,361**	**29,237,481**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)

**) In 2007, the amount includes payments of tantiem amounting to Rp4,778

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2010	2009	2008
Supplemental Cash Flows Information				
Activities not affecting cash flows:				
Unrealised losses from decrease in fair value of available for sale marketable securities and Government Bonds - net of deferred tax		(144,441)	(90,446)	(166,742)
Unrealised (losses)/gains from decrease/ increase in fair value of marketable securities and Government Bonds – fair value through profit or loss		(23,401)	(2,155)	1,486
Addition of fixed asset from the Joint Operation Agreement (KSO)		-	131,640	-

1. GENERAL

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on 2 October 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated 1 October 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C2-16561.HT.01.01.TH.98 dated 2 October 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated 4 December 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”).

Based on Article 3 of the Bank’s Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on 1 August 1999.

Bank Mandiri’s Articles of Association have been amended several times. The latest amendment regarding the increase in issued and fully paid-in capital arising from the execution of stock option until 14 December 2010 under the Management Stock Option Plan (“MSOP”) program. This amendment has been done based on notarial deed of Dr. A. Partomuan Pohan, S.H., LLM, No. 7 dated 11 January 2011 that has been reported to the Ministry of Law and Human Rights of the Republic of Indonesia with receipt No. AHU-AH.01.10-02369 dated 24 January 2011 and have been registered on List of Companies No. AHU-0005913.AH.01.09 Year 2011 dated 24 January 2011.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as “Government”) announced its plan to restructure the Merged Banks. In connection with that restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government’s shares of stock in the Merged Banks (Notes 33a and 33b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered as not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

The above mentioned restructuring plan was designed for the merger of the Merged Banks into Bank Mandiri in July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks and Bank Mandiri also covered the following:

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

Based on the notarial deed of Sutjipto, S.H., No. 100 dated 24 July 1999, the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalised by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C-13.781.HT.01.04.TH.99 dated 29 July 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated 29 July 1999. The merger was declared effective by the Chief of the South Jakarta Ministry of Industry and Trade Office in its decision letter No. 09031827089 dated 31 July 1999.

1. GENERAL (continued)

b. Merger (continued)

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the surviving bank;
- All operations and business activities of the Merged Banks were transferred to and operated by Bank Mandiri;
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share represented the remaining shares owned by the Government in the Merged Banks (Notes 33a and 33b).

On the effective date, the Merged Banks were legally dissolved without liquidation process and Bank Mandiri, as the surviving bank, received all the rights and obligations from the Merged Banks.

c. Recapitalisation

In response to the effects of the adverse economic conditions on the banking sector in Indonesia, on 31 December 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio (“CAR”). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated 8 February 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of “Taken Over Bank”, by the Indonesian Bank Restructuring Agency (“IBRA”).

On 28 May 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 is set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated 29 July 1999 of the Ministry of Finance and the Governor of Bank Indonesia, respectively.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri has accounted the bonds as “Due from the Government” amounting to Rp137,800,000 in accordance with the Government’s commitment through the Ministry of Finance’s letter No. S-360/MK.017/1999 dated 29 September 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated 29 September 1999.

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated 11 October 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of the Republic of Indonesia’s investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri’s core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as at 31 July 1999 through 30 September 1999, with a condition that not later than 15 October 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated 24 December 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounting to Rp180,000,000.

1. GENERAL (continued)

c. Recapitalisation (continued)

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on 13 October 1999 and Rp75,000,000 on 28 December 1999 so that as at 31 December 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

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

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated 24 April 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on 25 April 2003 (Note 33b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003 and KMK-RI No. 420/KMK-02/2003 dated 30 September 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri was amounting to Rp173,801,315 (Note 33b).

d. Initial Public Offering, Changes in Share Capital and Subordinated Bonds of Bank Mandiri

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to the Capital Market Supervisory Board and Financial Institution ("Bapepam-LK") on 2 June 2003 and became effective based on the Letter of the Chairman of Bapepam-LK No. S-1551/PM/2003 dated 27 June 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which been held with notarial deed of Sutjipto, S.H., No. 2 dated 1 June 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 that was published in the State Gazette No. 63 dated 8 August 2003, Supplement No. 6590.

On 14 July 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 33a).

On 14 July 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated 8 July 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated 10 July 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Changes in Share Capital and Subordinated Public Offering of Bonds of Bank Mandiri (continued)

Changes in Share Capital of Bank Mandiri

The details of changes in Share Capital Issued and Paid-in-Capital (Note 33a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
	20,996,494,742

Public Offering of Subordinated Bonds of Bank Mandiri

On 3 December 2009, Bank Mandiri received the effective approval from the Chairman of Bapepam-LK through in its letter No. S-10414/BL/2009 dated 3 December 2009 to conduct the public offering of Bank Mandiri's Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On 14 December 2009, the aforementioned bond has been listed on Indonesia Stock Exchange (Note 31).

e. Quasi-Reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Shareholders' Meeting ("RUPS-LB") on 29 May 2003.

The quasi-reorganisation adjustments were booked on 30 April 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio.

Bank Mandiri's Articles of Association were amended to reflect the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated 29 September 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-25309.HT.01.04.TH.2003 dated 23 October 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated 23 October 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Quasi-Reorganisation (continued)

On 30 October 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as at 30 April 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated 30 October 2003.

f. Divestment of Government Share Ownership

On 11 March 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 33a).

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2010, 2009 and 2008, are as follows:

Name of Subsidiaries	Nature of Business	Domicile of Ownership	Percentage of Ownership 2010	2009	2008
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00	100.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	Kuala Lumpur	100.00	100.00	-
PT Bank Syariah Mandiri (BSM)	Sharia 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	95.69	95.69	95.69
PT Bumi Daya Plaza	Property Management	Jakarta	93.33	93.33	93.33
PT Bank Sinar Harapan Bali (BSHB)	Commercial Banking	Denpasar	81.46	81.46	80.00
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00	-
PT AXA Mandiri Financial Services *)	Life Insurance	Jakarta	51.00	-	-

*) Effective 20 August 2010

The Subsidiaries' total assets as at 31 December 2010, 2009 and 2008 amounting to Rp47,332,576, Rp28,693,251 and Rp23,554,363 or 10.52%, 7.27% and 6.57% of the total consolidated assets, respectively.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on 22 June 1999 under "The Companies Act 1985 of the United Kingdom". It was established from the conversion of Bank Exim London branch to a Subsidiary and operate effectively on 31 July 1999. BMEL is mandated to act as a commercial bank to represent the interests of Bank Mandiri and located in London, United Kingdom.

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR") is a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity formally on 17 March 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained the approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated 14 November 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated 18 November 2009. MIR officially commenced its operations on 29 November 2009 and is presently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities in accordance with sharia banking principles. BSM was established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Then PT Bina changed its name to PT Bank Maritim Indonesia on 12 September 1968 which then subsequently changed the name to become PT Bank Susila Bhakti on 6 June 1974, a Subsidiary of BDN. Subsequently it became PT Bank Syariah Mandiri based on notarial deed of Sutjipto, S.H., No. 23 dated 8 September 1999. BSM obtained a license as a commercial bank based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated 19 December 1995 and officially commenced its sharia operations in 1999.

PT Usaha Gedung Bank Dagang Negara

PT Usaha Gedung Bank Dagang Negara ("UGBDN") is engaged in property management and office rental activities. UGBDN was established in Jakarta based on notarial deed No. 104 of Abdul Latief, S.H., dated 29 October 1971 and officially commenced its operations in that year. The Company's Article of Association has been amended several times, the latest amendment being documented in notarial deed No. 7 of Martin Roestamy, S.H., dated 25 November 2004. UGBDN owns 25.00% of PT Pengelola Investama Mandiri ("PIM") share capital, a company which was initially established to manage ex-legacy's share investment that transferred to PIM.

PT Mandiri Sekuritas

PT Mandiri Sekuritas was established in Jakarta on 31 July 2000 based on notarial deed of Ny. Vita Buena, S.H., replacing Sutjipto, S.H., No. 116 It was established through the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Sekuritas ("ES") and PT Merincorp Securities Indonesia ("MSI"), whereby BDS and ES merged into MSI. MSI obtained its brokerage and underwriting licenses from the Chairman of the Capital Market Supervisory Agency through decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and officially commenced its operations dated 23 January 1992. The merger was approved by the Ministry of Law and Legislation of the Republic of Indonesia on 25 August 2000 based on decision letter No. C-18762.HT.01.01-TH.2000 and the bussines license that was previously obtained by MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of the total share capital of PT Mandiri Manajemen Investasi, a Subsidiary established on 26 October 2004 and engaged in investment management and advisory activities.

PT Bumi Daya Plaza

PT Bumi Daya Plaza ("BDP") is engaged in property management and office rental activities. BDP was established in Jakarta, Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H., dated 22 December 1978 and officially commenced its operations in that year. The Company's Articles of Association has been amended several times and the latest amendment was announced in Appendix of State Gazette of the Republic of Indonesia No. 34 dated 27 April 2001. BDP owns 75.00% of the share capital of PIM.

PT Bank Sinar Harapan Bali

PT Bank Sinar Harapan Bali ("BSHB") was established on 3 November 1992 based on the notarial deed No. 4 of Ida Bagus Alit Sudiatmika, S.H., in Denpasar. BSHB obtained its license based on the decision letter of the Minister of Finance of Republic Indonesia No. 77/KMK.017/1994 and officially commenced its operations on 10 March 1999. On 3 May 2008, the signing of the acquisition deed was made between the shareholders of BSHB and Bank Mandiri as covered in the acquisition deed No. 4 dated 3 May 2008 of I Wayan Sugitha, S.H., in Denpasar. The signing deed marked the beginning of the Bank's 80.00% ownership of BSHB whereby subsequently, BSHB was managed separately and independently from Bank Mandiri. BSHB is treated as a stand alone bank in order to predominantly focus on the expansion of Micro Business and Small Business.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Sinar Harapan Bali (continued)

On 22 October 2009, the Bank increased its share ownership of BSHB by 1.46% of the total shares issued and fully paid or equivalent to Rp1,460,657,000 (full amount) by purchasing all of the shares owned by BSHB's President Director of 2,921,314 shares which has been documented in Shares Sales-Purchase Agreement No. 52 of notary Ni Wayan Widastri, S.H., dated 22 October 2009 in Denpasar, Bali.

The increase of Bank Mandiri's share ownership in BSHB was conducted in order to meet Bank Indonesia's requirements regarding Good Corporate Governance. Where the requirement is the Bank's President Director must be independent from the Bank. Bank Mandiri has obtained approval from Bank Indonesia through its letter No. 11/103/DPB1/TPB1-1 dated 21 August 2009 for the additional capital injection in BSHB.

Through this additional capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued with a total share value of Rp81,461 compared to the original amount of Rp80,000.

Goodwill incurred from the acquisition of BSHB amounting to Rp19,219 is amortised over 5 (five) years on a straight line basis as its represents the estimated economic life. The goodwill amortisation expense for the period of 1 January 2010 to 31 December 2010 amounting to Rp3,844 has been charged to the consolidated statement of income. As at 31 December 2010, the unamortised goodwill balance amounting to Rp8,969.

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated 17 May 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and published in State Gazette No. 57, Supplement No. 1369 dated 18 July 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated 7 September 1989, No. 54/KMK.013/1992 dated 15 January 1992 and No. 19/KMK.017/2001 dated 19 January 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., LLM, dated on 6 February 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounting to Rp290,000.

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated 6 February 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its letter No. AHU-AH.01.10-01575 dated 11 March 2009.

This acquisition has been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated 8 January 2009.

The amendment of the TFS's name to become MTF was undertaken on 26 June 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated 26 June 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-4056.AH.01.02.TH.09 dated 26 August 2009.

Goodwill from acquisition of MTF amounting to Rp156,807 is amortised over 5 (five) years on a straight line basis as its represents the estimate economic life. The goodwill amortisation expense for the period of 1 January 2010 to 31 December 2010 amounting to Rp31,361 has been charged to the consolidated statement of income. The unamortised goodwill balance as at 31 December 2010 amounting to Rp96,697.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a joint venture company between PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") and National Mutual International Pty Ltd ("NMI") that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on 30 September 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated 28 October 1991. The Company obtained its life insurance license through General Directorate of Finance Institution decision letter No. KEP.605/KM.13/1991 and officially commenced its operations on 4 December 1991. The Company's name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its decision letter No. C-28747 HT.01.04.TH.2003 dated 10 December 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated 10 August 2004 with composition shareholder 51.00% of NMI and 49.00% of Bank Mandiri.

The shareholders of Bank Mandiri, at the Annual General Meeting held on 17 May 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On 20 August 2010, the Bank signed a Sale and Purchase Agreement (Akta Jual Beli – AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred fourty four) shares (for an amount of Rp48,427) or 2.00% of AXA Mandiri issued and fully paid in capital from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LL.M. The addition of 2.00% shares in AXA Mandiri has been approved by Bank Indonesia through it's letter No. 12/71/DPB1/TPB1-1 dated 22 July 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri is 51.00%.

Goodwill arising from acquisition of AXA Mandiri amounting Rp40,128 amortised using the straight-line method over 5 (five) years in line with the estimation of economic benefits of the goodwill. Goodwill amortisation expense from 20 August 2010 to 31 December 2010 is amounting to Rp2,934 and has been charged to the consolidated statements of income. The balance of unamortised goodwill as at 31 December 2010 amounted to Rp37,194.

h. Structure and Management

Bank Mandiri's head office is located on Jl. Jend. Gatot Subroto Kav. 36-38, South Jakarta, Indonesia. As at 31 December 2010, 2009 and 2008, Bank Mandiri's domestic and overseas offices are as follows:

	2010 (Unaudited)	**2009 (Unaudited)**	**2008 (Unaudited)**
Domestic Regional Offices	12	12	10
Domestic Branches:			
Area	66	62	59
Community Branches	115	115	118
Branch	799	856	359
Mandiri Mitra Usaha offices	200	-	-
Cash Outlets	190	62	491
	1,370	1,095	1,027
Overseas Branches	4	4	4
Representative Office	1	1	1

As at 31 December 2010, 2009 and 2008, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong and Timor Leste and a representative office in Shanghai, China.

Bank Mandiri has obtained branch establishment license from China Banking Regulatory Commission on 3 November 2010 and currently in process of setting up a branch.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

To support Bank Mandiri's vision to be Indonesia's most admired and progressive financial institution, Bank Mandiri has amended its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units, responsible for the Bank's main business development consists of 6 (six) Directorates namely Institutional Banking, Corporate Banking, Commercial & Business Banking, Consumer Finance, Micro & Retail Banking and Treasury, Financial Institution & Special Asset Management;
2. Corporate Center, responsible for the management of the Bank's critical resources and providing support for the Bank's policies, consisting of 3 (three) Directorates which are Risk Management, Compliance & Human Capital and Finance & Strategy;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

As at 31 December 2010, 2009 and 2008, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

		2010	2009	2008
Board of Commissioners				
Chairman and Independent Commissioner	:	Edwin Gerungan	Edwin Gerungan	Edwin Gerungan
Deputy Chairman	:	Muchayat	Muchayat	Muchayat
Commissioner	:	Mahmuddin Yasin	Mahmuddin Yasin	Mahmuddin Yasin****)
Commissioner	:	Cahyana Ahmadjayadi*)	-	-
Independent Commissioner	:	Pradjoto	Soedarjono***)	Soedarjono
Independent Commissioner	:	Gunarni Soeworo	Pradjoto	Pradjoto
Independent Commissioner	:	Krisna Wijaya**)	Gunarni Soeworo	Gunarni Soeworo

*) Since closing of Annual General Shareholders' Meeting on 17 May 2010 and becames effective as Commissioner after Bank Indonesia's approval on 25 October 2010.
**) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and becames effective as Independent Commissioner after Bank Indonesia's approval on 25 October 2010.
***) Until the closing of Annual General Shareholders' Meeting on 17 May 2010.
****) Since the closing of Annual General Shareholder's Meeting on 29 May 2008

		2010
Directors		
President Director	:	Zulkifli Zaini*)
Deputy President Director	:	Riswinandi**)
Institutional Banking Director	:	Abdul Rachman
Risk Management Director	:	Sentot A. Sentausa
Treasury, Financial Institution & Special Asset Management Director	:	Thomas Arifin
Micro & Retail Banking Director	:	Budi Gunadi Sadikin
Compliance & Human Capital Director	:	Ogi Prastomiyono
Finance & Strategy Director	:	Pahala N. Mansury***)
Corporate Banking Director	:	Fransisca N. Mok***)
Commercial & Business Banking Director	:	Sunarso***)
Technology & Operations Director	:	Kresno Sediarsi****)

*) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and effectively becomes a President Director based on Bank Indonesia's approval on 14 September 2010.
**) Since closing of Annual General Shareholders' Meeting on 17 May 2010.
***) Since closing of Annual General Shareholders' Meeting on 17 May 2010 and effectively becomes a Director based on Bank Indonesia's approval on 12 July 2010.
****) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and effectively becomes a Director based on Bank Indonesia's approval on 4 October 2010.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

		2009	2008
Directors			
President Director	:	Agus Martowardojo*)	Agus Martowardojo
Deputy President Director	:	I Wayan Agus Mertayasa**)	I Wayan Agus Mertayasa
Commercial Banking Director	:	Zulkifli Zaini	Zulkifli Zaini
Technology & Operations Director	:	Sasmita**)	Sasmita
Special Asset Management Director	:	Abdul Rachman	Abdul Rachman
Risk Management Director	:	Sentot A. Sentausa	Sentot A. Sentausa
Corporate Secretary, Legal & Customer Care Director	:	Bambang Setiawan**)	Bambang Setiawan
Corporate Banking Director	:	Riswinandi	Riswinandi
Treasury & International Banking Director	:	Thomas Arifin	Thomas Arifin
Micro & Retail Banking Director	:	Budi Gunadi Sadikin	Budi Gunadi Sadikin
Compliance & Human Capital Director	:	Ogi Prastomiyono	Ogi Prastomiyono

*) Effectively resigned on 20 May 2010. The release and discharge (acquit et de charge) of his role as a President Director from 1 January 2010 up to 20 May 2010 will be decided in the Annual General Shareholders' Meeting which will be held in 2011.
**) Until the closing of Annual General Shareholders' Meeting on 17 May 2010.

As at 31 December 2010, 2009 and 2008, the members of Bank Mandiri's Audit Committees are as follows:

		2010	2009	2008
Chairman, concurrently as member	:	Gunarni Soeworo	Gunarni Soeworo	Gunarni Soeworo
Member	:	Mahmuddin Yasin	Soedarjono **)	Soedarjono
Member	:	Krisna Wijaya *)	Zulkifli Djaelani	Zulkifli Djaelani
Member	:	Zulkifli Djaelani	Imam Soekarno	Imam Soekarno
Member	:	Imam Soekarno	-	-

*) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and becames effective as member of Audit Committee, related to appointment as Independent Commissioner as per Bank Indonesia's approval on 25 October 2010.
**) Until the closing of Annual General Shareholders' Meeting on 17 May 2010.

As at 31 December 2010, 2009 and 2008, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

		2010	2009	2008
Chairman, concurrently as member	:	Edwin Gerungan	Edwin Gerungan	Edwin Gerungan
Member	:	Muchayat	Muchayat	Muchayat
Member	:	Gunarni Soeworo	Soedarjono***)	Soedarjono
Member	:	Mahmuddin Yasin	Pradjoto	Pradjoto
Member	:	Pradjoto	Gunarni Soeworo	Gunarni Soeworo
Member	:	Cahyana Ahmadjayadi*)	Mahmuddin Yasin	Mahmuddin Yasin****)
Member	:	Krisna Wijaya**)	-	-
Secretary (ex-officio)	:	Ridzki Juniadi	Kresno Sediarsi	Kresno Sediarsi

*) Since closing of Annual General Shareholders' Meeting on 17 May 2010 and becames effective as member of Remuneration and Nomination Committee, related to appointment as Commissioner as per Bank Indonesia's approval on 25 October 2010.
**) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and becames effective member of Remuneration and Nomination Committee, related to appointment as Independent Commissioner as per Bank Indonesia's approval on 25 October 2010.
***) Until the closing of Annual General Shareholders' Meeting on 17 May 2010.
****) Since the closing of Annual General Shareholder's Meeting on 29 Mei 2008

On 26 May 2010, the Board of Commissioners decided to merge the Risk Monitoring and Good Corporate Governance Committee to become Risk Monitoring and Good Corporate Governance Committee.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2010, the members of Bank Mandiri's Risk Monitoring and Good Corporate Governance Committees are as follows:

Chairman concurrently as member	:	Pradjoto
Member	:	Edwin Gerungan
Member	:	Muchayat
Member	:	Cahyana Ahmadjayadi *)
Member	:	Krisna Wijaya **)
Member	:	Tama Widjaja
Secretary (ex-officio)	:	Lisana Irianiwati

*) Since closing of Annual General Shareholders' Meeting on 17 May 2010 and becames effective as member of Risk Monitoring and Good Corporate Governance Committee, related to appointment as Commissioner as per Bank Indonesia's approval on 25 October 2010.
**) Since closing of Extra-Ordinary General Shareholders' Meeting on 5 July 2010 and becames effective as member of Risk Monitoring and Good Corporate Governance Committee, related to appointment as Independent Commissioner as per Bank Indonesia's approval on 25 October 2010.

As at 31 December 2009 and 2008, the members of Bank Mandiri's Risk Monitoring Committees were as follows:

		2009	2008
Chairman concurrenly as member	:	Soedarjono *)	Soedarjono *)
Member	:	Edwin Gerungan	Edwin Gerungan
Member	:	Gunarni Soeworo	Gunarni Soeworo
Member	:	Tama Widjaja	Tama Widjaja
Secretary (ex-officio)	:	Pardi Sudradjat	Pardi Sudradjat

*) Until the closing of Annual General Shareholders' Meeting on 17 May 2010.

As at 31 December 2009 and 2008, the members of Bank Mandiri's Good Corporate Governance Committees comprised of the following:

		2009	2008
Chairman concurrenly as member	:	Muchayat	Muchayat
Member	:	Gunarni Soeworo	Gunarni Soeworo
Member	:	Mahmuddin Yasin	Mahmuddin Yasin*)
Member	:	-	Anwar Isham**)
Secretary (ex-officio)	:	Mustaslimah	Mustaslimah

*) Since closing of Annual General Shareholders' Meeting on 29 May 2008.
**) Effectively resigned on 01 January 2009.

As at 31 December 2010, 2009 and 2008 Bank Mandiri has a total of 25,236 employees, 22,909 employees and 22,408 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Directors are responsible for the preparation of the consolidated financial statements of the Bank and Subsidiaries ("Group") which have been completed on 30 March 2011.

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Indonesia: Statements of Financial Accounting Standards ("SFAS") Regulations of Bank Indonesia, Regulation of Capital Market Supervisory Board and Financial Institution (Bapepam-LK) No VIII.G.7 regarding "Financial Statements Presentation Guidelines" included in the Appendix of the Decree of the Chairman of the Bapepam-LK No. KEP-06/PM/2000 dated 13 March 2000 and Circular Letter No. SE-02/BL/2008 dated 31 January 2008 regarding "the Guidelines on Financial Statement Presentations and Disclosures for issuers or Public Companies in General Mining, Oil and Gas and Banking Industry".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit and loss and all derivative instruments which have been measured at fair value. The consolidated financial statements are prepared under the accrual basis of accounting.

The consolidated statements of cash flows are prepared based on the modified direct method by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the consolidated statements of cash flows, prior to 1 January 2010, cash and cash equivalents include cash, current accounts with Bank Indonesia and current accounts with other banks. Since 1 January 2010, for the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash, current accounts with Bank Indonesia, current accounts with other banks and other short term highly liquid investments with original maturities of three months or less. This change is due to the withdrawal of SFAS No. 31 "Accounting for Banks ", which is applied prospectively. Therefore there is no restatement of prior years consolidated statements of cash flows.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101, "Presentation of Financial Statement for Sharia Banking", SFAS No. 102, "Accounting for *Murabahah"*, SFAS No. 104, "Accounting for *Istishna*", SFAS No. 105, "Accounting for *Mudharabah"*, SFAS No. 106, "Accounting for *Musyarakah*", SFAS No. 107, "Accounting for *Ijarah*", SFAS No. 59, "Accounting for Sharia Banking", Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and other accounting principles generally accepted established by the Indonesian Institute of Accountants and also accounting and reporting guidelines prescribed by the Indonesian banking regulatory authority and Bapepam-LK.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires the use of estimates and assumptions that affects:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements;
- the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on Management's best knowledge of current events and activities, actual results may differ from those estimates.

Figures in the consolidated financial statements are rounded to and stated in millions of Rupiah, unless otherwise stated.

b. Changes in accounting policies in current year

Since 1 January 2010, there are some changes in accounting policies due to the implementation of new SFAS and the withdrawal of SFAS No. 31, "Accounting for Banks". The primary changes are the implementation SFAS 50 (Revised 2006) "Financial instruments: Presentation and Disclosure" and SFAS 55 (Revised 2006) "Financial instruments: Recognition and Measurement".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

The accounting policies adopted for this year are consistent with those used in the previous financial years except in respect of the policies affected by implementation of SFAS 50 (Revised 2006) “Financial Instruments: Presentation and Disclosures” and SFAS 55 (Revised 2006) “Financial Instruments: Recognition and Measurement”, which are implemented since 1 January 2010. In accordance with the transitional provisions of the standards, these SFAS are applied prospectively and therefore there is no restatement to the comparative information. In relation to impact on the implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006), please see Note 49.

The allowance for impairment losses on financial assets in the consolidated financial statement as at and for year ended 31 December 2010 are prepared based on SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006). The previous allowance for possible losses for the financial assets in consolidated financial statements as at the and for the years ended 31 December 2009 and 2008 is prepared based on SFAS 31.

Subsidiary that engaged in Sharia Banking, implements SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) limited to accounting principles that are not conflicting with Sharia Principles and not specifically regulated by Sharia SFAS, in accordance with the letter from BI No. 10/1260/DPbS /2008 dated 15 October 2008. For financial instruments that are already regulated by Sharia SFAS, the Subsidiary Company complies with the related Sharia SFAS.

Withdrawal of SFAS 31 “Accounting for Banks”

In 2010, cash and cash equivalents in the consolidated statements of cash flows was changed due to the withdrawal of SFAS 31, and for the accounting treatment and presentation, please see Note 2a.

Primary changes in accounting policies in relation to implementation of SFAS 50 (Revised 2006) “Financial Instruments: Presentation and Disclosures” and SFAS 55 (Revised 2006) “Financial Instruments: Recognition and Measurement” since 1 January 2010, are as follows:

(i). Financial assets and liabilities

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit and loss, (b) loans and receivables, (c) held-to-maturity financial assets, and (d) available-for-sale financial assets. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) <u>Financial assets at fair value through profit or loss</u>

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(i). Financial assets and liabilities (continued)

A. Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of income and are reported respectively as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Gains/(losses) from sale of financial instruments". Interest income on financial instruments held for trading are included in "Interest income".

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

•) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
•) those that the Group upon initial recognition designates as available for sale; or
•) those for which the Group may not recover substantially all of its initial investment, other than because of loans and receivables deterioration.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement of income as "Allowance for impairment losses".

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity, other than:

•) those that the Group upon initial recognition designates as at fair value through profit or loss;
•) those that the Group designates as available for sale; and
•) those that meet the definition of loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(i). Financial assets and liabilities (continued)

A. Financial assets (continued)

(c) Held-to-maturity financial assets (continued)

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on held-to-maturity financial assets is included in the consolidated statement of income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initial recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value being recognised in the statement of changes in equity, except for impairment losses and foreign exchange gains or losses, until the financial assets is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised in the statement of changes in equity is recognised in the consolidated statement of income. Interest income is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available for-sale are recognised in the consolidated statement of income.

Recognition

The Bank uses trade date accounting for regular way contracts when recording marketable securities and Government Bonds transactions whilst for other financial assets use settlement date. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated balance sheets as "Pledged assets", if the transferee has the right to sell or repledge them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(i). Financial assets and liabilities (continued)

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost. Financial liabilities are derecognised from the consolidated balance sheet when redeemed or otherwise extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statement of income and are reported as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments". Interest expenses on financial liabilities held for trading are included in "Interest expenses".

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS 55 (Revised 2006), the fair value option is applied on the debt securities consists of debt host and embedded derivatives that must otherwise be separated.

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Gains/(losses) from changes in fair value of financial instruments".

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs.

After initial recognition, Group measures all financial liabilities at amortised cost using effective interest rates method. Effective interest rate amortisation is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(i). Financial assets and liabilities (continued)

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

(ii). Reclassification of financial assets

Group shall not reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

The Group shall not classify any financial assets as held-to-maturity if Group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity financial assets before maturity (more than insignificant in relation to the total amount of held-to-maturity financial assets) other than sales or reclassifications that:

(a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
(b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
(c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and shall be recognised directly in equity section until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(iii). Classes of financial instrument

The Group classifies the financial instruments into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

Category as defined by SFAS 55 (Revised 2006)		Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Marketable securities
			Government Bonds
			Derivative receivables – Non hedging related
			Policyholder's investments in unit-linked contracts
	Loans and receivables	Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Other receivables	
		Securities purchased under resale agreements	
		Loans	
		Consumer financing receivables	
		Acceptance receivables	
		Other assets	Accrued income
			Receivables from customer transactions
			Receivables from sale of marketable securities
	Held-to-maturity investments	Marketable securities	
		Government Bonds	
	Available-for-sale financial assets	Marketable securities	
		Government Bonds	
		Investments in shares	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(iii). Classes of financial instrument (continued)

<table>
<tr><th colspan="2">Category as defined by SFAS 55 (Revised 2006)</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="18">Financial liabilities</td><td rowspan="2">Financial liabilities at fair value through profit or loss</td><td rowspan="2">Financial liabilities held for trading</td><td>Derivative payables – non hedging related</td></tr>
<tr><td>Liability to unit-linked holders</td></tr>
<tr><td rowspan="16">Financial liabilities at amortised cost</td><td colspan="2">Obligation due immediately</td></tr>
<tr><td rowspan="3">Deposits from customers</td><td>Demand deposits</td></tr>
<tr><td>Saving deposits</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td rowspan="3">Deposits from other banks</td><td>Demand and saving deposits</td></tr>
<tr><td>Inter-bank call money</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td colspan="2">Securities sold under repurchase agreements</td></tr>
<tr><td colspan="2">Acceptance payables</td></tr>
<tr><td colspan="2">Marketable securities issued</td></tr>
<tr><td colspan="2">Fund Borrowings</td></tr>
<tr><td rowspan="3">Other liabilities</td><td>Payable to customer</td></tr>
<tr><td>Guarantee deposits</td></tr>
<tr><td>Payable from purchase of marketable securities</td></tr>
<tr><td colspan="2">Subordinated loans</td></tr>
<tr><td rowspan="4">Off-balance sheet financial instruments</td><td colspan="3">Committed unused loan facilities granted</td></tr>
<tr><td colspan="3">Outstanding irrevocable letters of credit</td></tr>
<tr><td colspan="3">Bank Guarantees issued</td></tr>
<tr><td colspan="3">Standby letters of credit</td></tr>
</table>

(iv). Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of impairment loss include:

1. significant financial difficulty of the issuer or obligor;
2. a breach of contract, such as a default or delinquency in interest or principal payments;
3. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4. probability that the borrower will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. observable data indicating that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Sub-standard, Doubtful and Loss (non performing loans) in accordance with Bank Indonesia regulation (see Note 2b (v.d)).
2. All restructured loans.

The Group initially assesses whether objective evidence of impairment for financial asset exists as described above. The individual assessment is performed on the individually significant impaired financial asset, using discounted cash flows method. The insignificant impaired financial assets and non-impaired financial assets are included in group of financial asset with similar credit risk characteristics and collectively assessed.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, hence the account of financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and if impairment occurred will have material impact to the financial statements, i.e. loans with Gross Annual Sales (GAS) Corporate and Commercial, as well as loans with GAS outside Corporate and Commercial with outstanding balance more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Small, Micro and Consumer with outstanding balance is less or equal to Rp5,000; and
3. Restructured loans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Bank determines loans to be evaluated for impairment through individual evaluation if one of the following condition is met:

1. Loans which individually have significant value and objective evidence of impairment; or
2. Restructured loans which individually have significant value.

Bank determines loans to be evaluated for impairment through collective evaluation if one of the following condition is met:

1. Loans which individually have significant value and there are no objective evidence of impairment; or
2. Loans which individually have insignificant value; or
3. Restructured loan which individually have insignificant value.

<u>Individual impairment calculation</u>

The amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Group uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

<u>Collective impairment calculation</u>

For the purpose of a collective evaluation of impairment, financial asset are grouped on the basis of similar credit risk characteristics such by considering credit segmentation and past-due status. Those characteristics are relevant to the estimation of future cash flows for groups of such assets which indicate debtors or counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The Bank uses statistical model analysis methods, namely roll rates analysis method and migration analysis method for financial assets impairment which collectively assessed, using three years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occuring for each identified portfolio.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans, marketable securities and Government Bonds (in held-to-maturity and loans and receivables categories) are classified into “allowance for impairment losses”.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of income.

Subsequent recoveries of loans written off in the current year are credited to the allowance account. Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated balance sheet whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2b.(v).(a) for the criteria of objective evidence of impairment.

In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statements of income – is removed from equity and recognised in the consolidated statement of income.

If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is amortised over the period of guarantees using the straight line method.

Allowance for impairment on financial guarantee contracts with credit risk and undisbursed credit facilities (committed) are calculated based on Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Bank, as last amended by PBI No. 11/2/PBI/2009 dated 29 January 2009 and in accordance with Letter from Bank Indonesia No. 12/516/DPNP/IDPnP dated 21 September 2010.

Increase in the liability relating to guarantees is reported as other operating expense in consolidated statement of income.

(d) Impairment of earning assets prior to implementation of SFAS 55 (Revised 2006)

Prior to 1 January 2010, all earning assets and non earning assets should be covered by allowance for impairment losses on earning assets, which were known as "Allowance for possible losses of earning assets and non earning assets" based on the minimum requirement from Bank Indonesia.

Earning assets consist of current accounts with Bank Indonesia and other banks, placements with Bank Indonesia and other banks, marketable securities, Government Bonds, other receivables - trade transactions, securities purchased under resale agreements, derivative receivables, loans, consumer financing receivables, acceptance receivables, investments in shares and commitments and contingencies with credit risk and earning assets from sharia activities.

Commitments and contingencies with credit 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, committed unused loan facilities and risk sharing.

In accordance with Bank Indonesia (BI) regulations, the Group classifies earning assets into one of five categories and non earning assets into one of four categories. Performing assets are categorised as "Current" and "Special Mention", while non-performing assets are categorised into three categories: "Sub-Standard", "Doubtful" and "Loss". Marketable securities classified as "Current", "Substandard" and "Loss".

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets (continued)

(d) Impairment of financial assets/earning assets prior to implementation of SFAS 55 (Revised 2006) (continued)

Mandiri Tunas Finance, a Subsidiary, provides an allowance for impairment losses based on an assessment of the collectibility of outstanding receivables with reference to historical loss experience or when there is objective evidence that the outstanding receivables will probably not be collected. Doubtful accounts are written off when they are overdue for more than 180 days or determined to be not collectible. Recoveries from written off receivables are recognised as other operational income other than interests.

The classification of earning assets and the minimum amount of allowance for impairment losses on earning assets and commitments and contingencies with credit risk is calculated based on Bank Indonesia Regulation (PBI) No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as last amended by PBI No. 11/2/PBI/2009 dated 29 January 2009. In connection with the implementation of PBI No. 7/2/PBI/2005, the Bank determined the classification of earning assets based on the evaluation of the management on each borrower's financial performance, business prospects and ability to repay.

For Bank Syariah Mandiri, the classification of earning assets is determined based on PBI No. 8/21/PBI/2006 dated 5 October 2006 regarding Earning Assets Quality of Commercial Banks Conducting Business Based on Sharia Principles as several articles has been amended by PBI No. 9/9/PBI/2007 dated 18 June 2007 and the latest amendment with PBI No. 10/24/PBI/2008 dated 16 October 2008.

The minimum allowance amounts in accordance with the Bank Indonesia Regulation are as follows:

	Percentage of minimum allowance
Current	1%
Special Mention	5%
Substandard	15%
Doubtful	50%
Loss	100%

The above percentages are applied to earning assets and commitments and contingencies less the collateral value, except for earning assets and commitments and contingencies categories as Current, where the rates are applied directly to the outstanding balances.

No provision should be provided for earning assets in Certificates of Bank Indonesia and Government Bonds and for earning assets which are guaranteed with cash collateral such as current accounts, time deposits, savings, guarantee deposits, gold, Certificates of Bank Indonesia or Government Debenture Debt, Indonesia Government Guarantees in accordance with the applicable regulations, standby letters of credit from prime bank which are issued in accordance with Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (UCP 600) and International Standard Banking Practices (ISBP).

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(v). Allowance for impairment losses of financial assets (continued)

(d) Impairment of financial assets/earning assets prior to implementation of SFAS 55 (Revised 2006) (continued)

For marketable securities, in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on “Asset Quality Ratings for Commercial Banks”, the minimum allowance are as follows:

	Percentage of minimum allowance
Current	1%
Substandard	15%
Loss	100%

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

Prior to 1 January 2010, the outstanding balances of earning assets classified as loss are written off against the respective allowance for impairment losses when the Group’s management believes that the earning assets are uncollectible. Recoveries of earning assets previously written off are recorded as an addition to the allowance for impairment losses during the year. If the recovery exceeds the principal amount, the excess will be recognised as interest income.

Based on PAPI (Revised 2008), Subsidiary that engaged in Sharia Banking uses the Accounting Guidelines for Indonesian Sharia Banking (“PAPSI”). Therefore, as at and for the years ended 31 December 2010, 2009 and 2008, the collectibility and allowance for impairment losses of earning assets with Sharia is still determined by those PBI.

(vi).Determination of fair value

The fair value of financial instruments traded in active markets, such as marketable securities and Government Bonds, is determined based on quoted market prices at the balance sheet date from credible sources such quoted market prices from Bloomberg, Reuters or broker’s quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the balance sheet date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For Government Bonds with no quoted market prices, a reasonable estimate of the fair value is calculated based on the expected cash flows using next-repricing method approach with deflator adjustment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

(vii).Transition rules of implementation SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006)

Transitional Provisions Upon First Time Implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) is performed based on “Buletin Teknis” No. 4 issued by the Indonesian Institute of Accountant, provides additional guidances below:

Effective Interest Rate
The effective interest rate for financial instruments measured at amortised cost that were acquired prior to and still have a balance remaining as at 1 January 2010 is calculated by referring to the future cash flows that will be generated from the time SFAS 55 (Revised 2006) is first implemented up to the maturity of the financial instruments.

Derecognition
Financial instruments that have been derecognised prior to 1 January 2010 should not be reassessed subsequently to determine whether they would meet the derecognition criteria under SFAS 55 (Revised 2006).

Compound Financial Instruments
Compound financial instruments that have existed as at 1 January 2010 should be bifurcated into debt and equity components in accordance with paragraph 11 of SFAS 50 (Revised 2006) requirements. The bifurcation should be based on the nature, condition and requirements relating to those financial instruments as at 1 January 2010.

Classification of Financial Instruments as Debt or Equity
As at 1 January 2010, Bank Mandiri classified its financial instruments as a debt or equity instrument in accordance with the requirements in paragraph 11 of SFAS 50 (Revised 2006).

Impairment of Financial Instruments
As at 1 January 2010, Bank Mandiri determined any possible impairment of financial instruments based on conditions existing at that date. Any difference between this impairment and the impairment calculated based on previous applicable accounting principles is recognised in retained earnings as at 1 January 2010.

The impact of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) is disclosed in Note 49.

c. Principles of Consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries. Control is presumed to exist where more than 50.00% of a Subsidiary’s voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary’s Board of Directors. In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Minority interest in net income of subsidiaries is presented as a deduction of consolidated net income in order to present the Bank’s income. Minority interest in net assets are separately presented in the consolidated balance sheet between equity and liabilities.

The consolidated financial statements are prepared based on a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of Consolidation (continued)

If the control on an entity is obtained or ends in the current period/year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date of the control is ceased.

d. Foreign Currency Transactions and Balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas subsidiary of Bank Mandiri denominated in foreign currency are translated into Rupiah based on the following bases:

(1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the balance sheet date;
(2) Revenues, expenses, gains and losses - using the average middle rates during each month when the transaction occurs;
(3) Shareholders' equity accounts - using historical rates on the date of transaction;
(4) Statements of cash flows - using the Reuters spot rates at the balance sheet date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

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

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At 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 31 December 2010, 2009 and 2008. The resulting gains or losses are credited or charged to the current year's consolidated statements of income.

The exchange rates used against the Rupiah at the dates of the consolidated balance sheets are as follows (amounts in full Rupiah):

	2010	2009	2008
Great Britain Pound Sterling 1/Rp	13,941.18	15,164.94	15,755.42
Euro 1/Rp	12,017.99	13,542.43	15,356.48
United Stated Dollar 1/Rp	9,010.00	9,395.00	10,900.00
Japanese Yen 100/Rp	11,075.00	10,219.00	12,065.00

e. Transactions with Related Parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related party disclosures" and Bank Indonesia regulation No. 8/13/PBI/2006 dated 5 October 2006 regarding "Changes in Bank Indonesia Regulation No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank". Related parties are principally defined as:

I. entities under the control of the Bank and Subsidiaries;
II. associated companies;
III. investors with an interest in the voting that gives them significant influence;
IV. entities controlled by investors under Note III above; and
V. key employees and family members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transactions with Related Parties (continued)

All significant transactions with related parties, whether or not conducted under normal terms and conditions as those with third parties, are disclosed in Note 50. Transactions of Government Bonds and transactions of Bank Mandiri with state and regionally-owned/controlled entities including the Indonesian Bank Restructuring Agency ("IBRA"), Unit Pelaksanaan Penjaminan Pemerintah (UP3) (an institution that replaced IBRA), and the Indonesia Deposit Insurance Corporation (LPS) (a new institution that replaced UP3) are not considered as transactions with related parties, including transaction of Government Bonds are not considered as related parties transactions.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks and other short term highly liquid investments with original maturities of 3 (three) months or less.

Prior to 1 January 2010, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks.

g. Current Accounts with Bank Indonesia and Other Banks

Current accounts with Bank Indonesia and Other Banks are classified as loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Prior to 1 January 2010, current account with Bank Indonesia are stated at the balance of current accounts while current accounts with other banks are stated at the outstanding balance less allowance for impairment losses.

<u>The Minimum Statutory Reserve</u>

On 23 October 2008, Bank Indonesia issued a regulation (PBI) No. 10/25/PBI/2008 concerning amendment of PBI No. 10/19/PBI/2008 dated 14 October 2008 regarding the Minimum Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiah and foreign currencies as amended by Regulation No. 12/19/PBI/2010 4 October 2010. The regulations set a minimum reserve requirement (GWM) in the amount of 10.50% from Third Party Funds (TPF) in Rupiah which consist of GWM Primary and Secondary, and foreign currency reserve requirement is set at 1.00% of TPF in foreign currency. GWM Primary is set at 8.00% of TPF in Rupiah and GWM Secondary is set at 2.50% of TPF in TPF Rupiah that entered into force on 1 November 2010.

On 6 September 2005, Bank Indonesia issued a regulation No. 7/29/PBI/2005 concerning changes of Bank Indonesia Regulation No. 6/15/PBI/2004 on Statutory Reserves of Commercial Banks with Bank Indonesia in Rupiah and foreign currency. This regulation was effective on 8 September 2005. In accordance with the regulation, regulated additional Statutory Reserves of Commercial Banks in Rupiah for Banks with Loan to Deposits Ratio 50.00% to 60.00% were previously required to maintain an additional Rupiah statutory reserves of 3.00% of the third party funds in Rupiah and commercial banks with third party funds more than Rp50,000,000 shall maintain additional Statutory Reserves of 3.00% of third party funds in Rupiah, therefore the minimum ratio of Statutory Reserves which the Bank shall maintain is 11.00% for Rupiah and 3.00% for foreign currency.

Subsidiary company that engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with PBI No. 6/21/PBI/2004 dated 3 August 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that engaged in business operation based on Sharia principle, which amended by PBI No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using PBI No. 10/23/PBI/2008 dated 16 October 2008, where every bank is oblige to maintain the Minimum Statutory Reserve in Rupiah by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in foreign currencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, “fixed-term” placements, time deposits and others.

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placement with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Prior to 1 January 2010, placements with Bank Indonesia are stated at the outstanding balance less unearned interest income and placements with other banks are stated at the outstanding balance less any allowance for impairment losses.

i. Marketable Securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (SBI), Sharia Certificates of Bank Indonesia (SBIS), *Surat Perbendaharaan Negara* (SPN), Negotiable Cerfiticates of Deposits, medium-term notes, floating rate notes, promissory notes, Treasury Bills issued by other country government and Republic of Indonesia’s Government, mandatory convertible bond, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including Sharia Corporate bonds.

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale and held to maturity. Refer to Note 2b for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

Prior to 1 January 2010, the value of marketable securities is stated based on its classification, as follows:

(1) Marketable securities classified as trading are stated at fair value. Unrealised gains or losses resulting from changes in fair value are recognised in the current year’s consolidated statement of income. Upon the sale of marketable securities in a trading portfolio, the difference between selling price and fair value is recognised as a realised gain or losses on sale.

(2) Marketable securities classified as available for sale securities are stated at fair value. Unrealised gains or losses from changes in fair value are not recognised in the current year’s consolidated statement of income but are presented as a separate component in equity section. Gains or losses are recognised in consolidated statement of income upon realisation.

(3) Marketable securities classified as held to maturity securities are stated at cost adjusted for unamortised discounts or premiums using straight-line method and allowance for impairment losses.

Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the balance sheet date. Any unrealised gains or losses at the balance sheet date are reflected in the current year’s consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Marketable Securities (continued)

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the balance sheet date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent decline in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year's consolidated statement of income.

Reclassification of marketable securities to held to maturity classification from available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the remaining live of the marketable securities using the effective interest rate method.

Reclassification of marketable securities to held to maturity classification from trading are recorded at fair value. Unrealised gains or losses are charged to the consolidated statements of income on the date of reclassification.

j. Government Bonds

Government Bonds represent bonds issued by the Government of the Republic of Indonesia. Government Bonds consists of Government Bonds from the recapitalisation program and Government Bonds purchased from the market.

Government Bonds are classified as financial assets at fair value through profit or loss, available for sale and held to maturity. Refer to Note 2b for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

Prior to 1 January 2010, accounting policy for Government Bonds are similar with marketable securities as described in Note 2i.

k. Other Receivables - Trade Transactions

Other receivables - Trade Transactions represent receivables resulting from contracts for trade-related facilities given to customers, which will be reimbursed on maturity.

Other receivables - Trade Transactions are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Prior to 1 January 2010, Other receivables - Trade Transactions are presented at their outstanding balances, net of allowance for impairment losses.

l. Securities Purchased/Sold under Resale/Repurchase Agreements

Securities purchased under resale agreements are presented as assets in the consolidated balance sheet at the agreed resale price less unamortised interest income and allowance for impairment losses. The difference between the purchase price and the agreed selling price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date using the effective interest rate method.

Securities purchased under resale agreements are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Securities Purchased/Sold under Resale/Repurchase Agreements (continued)

Prior to 1 January 2010, the difference between the purchase price and the resale price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date by using straight-line method.

Securities sold under repurchase agreements are presented as liabilities in the consolidated balance sheet at the agreed repurchase price net of the unamortised prepaid interest. The difference between the selling price and the agreed repurchase price is treated as prepaid interest and recognised as interest expense over the period, commencing from the selling date to the repurchase date using effective interest rate method.

Securities sold under repurchase agreements are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilties at amortised cost.

Prior to 1 January 2010, the difference between the selling price and the repurchase price is treated as prepaid interest and is recognised as an expense over the period, commencing from the selling date to the repurchase date by using straight-line method.

m. Derivative Receivables and Derivative Payables

All derivative instruments (including foreign currency transactions for funding and trading purposes) are recognised in the consolidated balance sheet at their fair values. Fair value is determined based on market value using Reuters rate at reporting date or discounted cash flow method.

Derivative receivables are presented at the amount of unrealised gain from derivative contracts, less allowance for impairment losses. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

Gains or losses from derivative contracts are presented in the consolidated financial statements based on its purpose designated upon acquisition, as (1) fair value hedge, (2) cash flow hedge, (3) net investment in a foreign operation hedge, and (4) trading instruments.

1. Gain or loss on a derivative contract designated and qualifying as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in the consolidated statement of income in current year.

2. The effective portion arising from gain or loss of derivative contracts, which are both designated and qualify as a cash flow hedge instruments is reported as other comprehensive income, a separate component under the equity section. The hedge ineffectiveness portion is recognised as a gain or loss in the current year consolidated statement of income.

3. Gain or loss arising from derivative contract that is designated, qualifies as a net investment hedge in a foreign operation and that is highly effective is reported as other comprehensive income, a separate component under the equity section.

4. Gain or loss arising from derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised in the current year consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Derivative Receivables and Derivative Payables (continued)

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2b for the accounting policy of financial assets and liabilities at fair value through profit or loss.

n. Loans

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

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

Included in loans are financing by Bank Syariah Mandiri, a Subsidiary, in the form of sharia financing which provides funds or cash equivalents, such as:
a) profit sharing transactions in the form of *mudharabah* and *musyarakah*
b) lease transactions in the form of *ijarah* or lease purchase based on *ijarah muntahiyah bittamlik*
c) sale and purchase transactions in the form of receivables *murabahah and istishna*
d) loan/borrowing in the form of receivables *qardh* and
e) lease transactions in the form of *ijarah* for multiservice transaction
based on agreement or approval between Bank Syariah Mandiri and other parties who have the responsibility to return the funds over a period of time with reward of *ujroh*, without reward, or profit sharing.

Brief explanation for each type of sharia financing is as follows:

Mudharabah is a placement of funds from lenders (*shahibul maal*) to fund managers (*mudharib*) to undertake certain business activity by using profit sharing or net revenue sharing arrangement between both parties based on the ratio (*nisbah*) which has been agreed upfront.

Musyarakah is a placement of funds by fund owners to jointly place these funds in certain business activity with profit sharing scheme based on previously agreed *nisbah*. Loss is borne by the fund owners according to proportion in the funds.

Ijarah is a leasing arrangement of goods and/or services between the owner of a leased object (lessor) and leasee including the right to use the leased object, for the purpose of obtaining return on the leased object. *Ijarah muntahiyah bittamlik* is a leasing arrangement between the lessor and the lessee to obtain profit on the leased object being leased with option to transfer ownership of the leased object through purchase/sale or giving (*hibah*) at certain time according to the lease agreement (*akad*).

Murabahah is a financing in the form of sale/purchase transaction with the selling price equal to cost of the goods plus agreed profit margin. *Murabahah* receivables are stated at amount of receivables less realised deferred margin and allowance for impairment losses.

Istishna is a financing in the form of sale/purchase of ordered goods with certain agreed criteria and conditions with payment terms in accordance with the agreement.

Qardh is a loan/borrowing funds without any promising profit wherein the borrower return the principal of the loan at lump sum or on installment over certain period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Loans (continued)

Loans are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Prior to 1 January 2010, loans are stated at their outstanding balance, net of allowance for possible losses.

Loans Purchased from IBRA

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

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

Income arising from the loans purchased from IBRA is recognised on a cash basis. If the Bank enters into a new credit agreement with the borrower, any receipts from a borrower are recognised 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 recognised firstly as a deduction of outstanding principal. The excess of receipts over the outstanding principal balance shall be recognised as interest income.

Prior to 1 January 2010, for Bank Indonesia reporting purposes, Bank Indonesia allows the Bank to classify all the loans purchased from IBRA as Current for a period of one year from the date of loan booking. Thereafter, the loans are classified based on the normal loan rating guidelines from Bank Indonesia.

Bank Indonesia requires banks to fully recover the purchase price of the loans within five years from the date of loan booking. Any unpaid amount after five years should be written off by the banks. Based on the letter from Bank Indonesia No. 9/58/DPNP/IDPnP dated 16 February 2007, Bank Mandiri can continue to manage ex-IBRA loans which have passed a period of 5 years after purchase, if the loans at the time reach 5-years period, are classified as current based on factors of business prospects, performance and the ability of debtors to pay as stipulated in the relevant BI regulation regarding Asset Quality.

Loans purchased from IBRA are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Loan Restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Prior to 1 January 2010, losses on loan restructurings in respect of modification of the terms of the loans are recognised 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 carrying amount of loans before restructuring. The losses on loan restructurings was recorded as a deduction to loan and charge to consolidated statement of income. Since 1 January 2010, the potential loss arising from credit restructuring is accounted for in the allowance for impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Loans (continued)

Loan Restructuring (continued)

For loan restructurings which involve a conversion of loans into equity or other financial instruments, a loss on loan restructuring is recognised only if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised proportionately based on the amount of capitalised interest relative to the loan principal upon collection. Losses on loan restructuring are presented as part of allowance for impairment losses.

o. Consumer Financing Receivables

Subsidiary's consumer financing receivables are recognised initially at fair value plus directly attributable transaction costs and deducted by administration income and subsequently measured at amortised cost using the effective interest rate method.

Early termination of a contract is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year's consolidated statement of income at the date of transaction.

Subsidiary's consumer financing receivables are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Prior to 1 January 2010, consumer financing receivables represented receivables net of unearned income on consumer financing, allowance for doubtful accounts and amount jointly financed by other parties. Transaction costs, administration income and discount insurance were charged and credited directly to the consolidated statement of income.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and total financing plus or deducted with transaction costs and discount insurance which will be recognised as consumer financing income over the term of the contract using effective interest rate.

Joint financing

Joint financing consists of with and without recourse joint financing to end-user consumers. The consumer financing receivables under joint financing where each party assumes the credit risk according to the risk portion (without recourse) are stated at net amount in the consolidated balance sheet. Consumer financing income and interest expense related to without recourse joint financing are stated at net amount in the consolidated statement of income. Consumer financing receivables under joint financing where the Subsidiary assume the credit risk (with recourse) are stated at gross amount in the consolidated balance sheet and the funds received from are presented as borrowings in the consolidated balance sheet in accordance with their portion. The consumer financing income and interest expense related to with recourse joint financing are stated at gross amount in the consolidated statement of income.

For joint financing without recourse, Subsidiary has the right to set higher interest rates to customers than those as stated in the joint financing agreements with joint financing providers which is the Bank. The difference is recognised as revenue and disclosed as "Consumer Financing Revenue".

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Fixed Assets and Leased Assets

i. Fixed assets

Prior to 1 January 2008, fixed assets are stated at cost (except for certain fixed assets that were revalued in 1979, 1987 and 2003 in accordance with Government regulations) less accumulated depreciation (except for land which is not depreciated). The corresponding revaluation increments were credited to “Fixed Assets Revaluation Reserve” under the shareholders’ equity in the consolidated balance sheets.

Effective 1 January 2008, Bank Mandiri applied SFAS No. 16 (Revised 2007), “Fixed Assets”, which supersedes SFAS No. 16 (1994), “Fixed Assets and Other Assets”, and SFAS No. 17 (1994), “Accounting for Depreciation”. Bank Mandiri and subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time SFAS No. 16 (Revised 2007) was presented in shareholders’ equity section in the consolidated balance sheet, were reclassified to consolidated retained earnings in 2008 (Note 33c).

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of income as incurred.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Furniture, fixtures, office equipment and computer equipment/software and vehicles	4-5

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of income in the year the asset is derecognised.

The asset’s residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

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

In accordance with SFAS No. 47, “Accounting for Land”, all cost and expense incurred in relation with the acquisition of the landright, such as license fee, survey and measurement cost, notary fee and taxes, are deferred and presented separately from the cost of the landright. The deferred cost related to the acquisition of the landright was presented as part of Other Asset in the consolidated balance sheet, and amortised over the period of the related landright using straight-line method.

In addition, SFAS No. 47 also states that landright is not amortised unless it meet certain required conditions.

SFAS No. 48, “Impairment of Assets” states that the carrying amounts of fixed assets are reviewed at each balance sheets 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Fixed Assets and Leased Assets (continued)

ii. Leased assets

Effective 1 January 2008, the Statement of Financial Accounting Standard (SFAS) No. 30 (Revised 2007), "Leases" supersedes SFAS No. 30 (1990) "Accounting for Leases". Based on SFAS No. 30 (Revised 2007), the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under this revised SFAS a lease that transfers substantially all the risk and rewards incidental to ownership of an assets is classified as finance lease. Moreover, leases which do not transfer substantially the risks and reward incidental to ownership of the leased item are classified as operating leases.

Based on SFAS No. 30 (Revised 2007), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalised leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term.

Under an operating lease, the Bank recognise lease payments as an expense on a straight-line basis over the lease term.

iii. Assets with Build Operate Transfer (BOT) agreement

The Bank's asset transferred to the investor in the Build, Operate, Transfer (BOT) agreement will be re-transferred to the Bank at the end of the concession period. Upon the transfer of the BOT assets from the investor to the Bank, the Bank will record this asset by crediting BOT income if there is certainty of the economic benefits from the assets or by crediting to deferred income if there is uncertainty of the economic benefits. BOT assets are recorded at fair value or development costs agreed in the BOT contract or based on the acquisition costs, whichever is objective and reliable.

q. Investments in Shares

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

Investments in shares representing ownership interests of 20.00% to 50.00% are accounted for using the equity method. Under this method, investments are stated at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned since the acquisition date net of by allowance for impairment losses.

Temporary investments in debtor companies arising from the conversion of loans to equity (debt to equity swaps) are accounted for using the cost method regardless of the percentage of ownership, less an allowance for impairment losses.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Investments in Shares (continued)

Allowance for impairment losses on temporary investments from debt to equity swaps are determined using Bank Indonesia criteria set out in Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks". This regulation classifies temporary investments from debt to equity swaps into the following classifications:

	Holding Period
Current	Up to 1 year
Substandard	More than 1 year up to 4 years
Doubtful	More than 4 years up to 5 years
Loss	More than 5 years or the temporary investment has not been liquidated despite of the investee's has accumulative profits

Temporary investment is written-off from the consolidated balance sheets if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks".

Investment in shares with ownership below 20% are classified as financial assets available for sale. Refer to Note 2b for the accounting policy of financial assets available for sale.

Changes in value of investments in subsidiaries which is caused by changes in the subsidiaries' equity and is not a transaction between the Bank and the Subsidiaries, is recognised as part of the equity as "Difference in Transactions of Equity Changes in Subsidiaries". This account will be calculated in determining the parent companies' profit and loss at the disposal of the investment (Note 33e).

Goodwill is recognised, when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the exchange date. Goodwill is presented as other assets and amortised as expense over the period using the straight-line method, unless there is other method considered more appropriate in certain conditions. The Goodwill amortisation period is 5 (five) years, but a longer amortisation period may be applied (with maximum 20 years period) with appropriate basis.

r. Allowance for Possible Losses on Non-Earning Assets

Non-earning assets of Bank Mandiri and the Subsidiaries' assets consist of repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

Non earning assets are divided into "Current", "Sub-Standard", "Doubtful" and "Loss", Marketable securities classified as "Current", "Substandard" and "Loss".

In accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks", starting from 20 January 2006, the Bank is also required to make a special allowance for possible losses on non-earning assets, such as repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

This regulation classifies repossessed assets and abandoned properties into the following classification:

	Holding Period
Current	Up to 1 year
Substandard	More than 1 year up to 3 years
Doubtful	More than 3 years up to 5 years
Loss	More than 5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Allowance for Possible Losses on Non-Earning Assets (continued)

The classification for interbranch and suspense accounts are as follows:

	Period
Current	Up to 180 days
Loss	More than 180 days

s. Acceptance Receivables and Payables

Acceptance receivables are classified as financial assets in loans and receivables. Refer to Note 2b for the accounting policy of loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Prior to 1 January 2010, acceptance receivables are stated at the outstanding balance less allowance for impairment losses.

t. Other Assets

Other assets include accrued income for interest, provision and commissions, receivables, prepaid taxes, prepaid expenses, repossessed assets, abandoned properties, inter-branch accounts and others.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral where the debtor could not fulfill their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral acquired in settlement of loans and is included in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in form of property which were not used for Bank and Subsidiaries' business operational activity.

Repossessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the repossessed assets less estimated costs of liquidating the repossessed assets. Any excess of the loan balance over the value of the repossessed assets, which is not recoverable from the borrower, is charged to the allowance for impairment losses. Differences between the estimated realisable value and the proceeds from sale of the repossessed assets are recognised as current year's gain or loss at the time of sale.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of income. The carrying amount of the repossessed assets is impaired to recognise a permanent decrease in value of the repossessed asset. Any impairment occurred will be charged to the current year's consolidated statement of income.

u. Obligation due Immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation due immediately are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Prior to 1 January 2010, obligations due immediately are stated at the Bank's and Subsidiaries obligations amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Deposits from Customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, automated teller machine card (ATM) or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand and saving deposits earn bonus based on Bank's policy. *Wadiah* saving and demand deposits are stated at the Bank's liability amount.

Deposits from customers are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from customers are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Syirkah Temporer Fund

Syirkah temporer fund is the fund received by Subsidiary (PT Bank Syariah Mandiri) where the Subsidiary has the right to manage the fund in accordance with the Subsidiary's policy (unrestricted investment) or policy from the investors (restricted investment), and the profit distribution based on agreement of both parties.

Syirkah temporer fund is not classified as liability as the Subsidiary is not oblige, when loss incurred, to return the original fund received from the investors, except due to the default or negligent of the Subsidiary. In addition, the *Syirkah temporer* fund is not classified as an equity as it has a maturity period and the investors do not have the equal ownership with shareholders, such as voting right and the right on income distribution from current asset and other non investment accounts.

The investors of *Syirkah temporer* fund received return in accordance with the agreement and bear the loss incurred proportionately. The distribution of return from *Syirkah temporer* fund can be in form of profit sharing or income sharing.

Prior to 1 January 2010

Current and saving accounts are stated at the payable amount. Included in the saving accounts is *Wadiah* saving deposits.

Time deposits are stated at their nominal value.

Certificates of deposits are stated at their nominal value less unamortised interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Deposits from Other Banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, saving deposits, inter-bank call money with original maturities of 90 days or less and time deposits. Deposits from other banks are recorded as deposits from other banks.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, *Syirkah temporer* fund which comprise of unrestricted investment *mudharabah* saving deposit and unrestricted investment *mudharabah* time deposit, and Certificates Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the BSM which adopts profit sharing practice and in form of placement among banks. SIMA financing period ranges from 1 – 6 months. Refer to Note 2v for the accounting policy for *Syirkah temporer* fund.

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Prior to 1 January 2010, deposits from other banks are stated at the amount due to the other banks.

x. Liability for Future Policy Benefits and Liability to Unit-Linked Holders

Subsidiary's liability for future policy benefits is stated in the consolidated balance sheet in accordance with the actuarial calculation. Increases or decreases in liability for future policy benefit are recognised as an expense or income in the current year consolidated statement of income.

Liability to unit-linked policyholders is classified as financial liabilities at fair value through profit or loss. Refer to Note 2b for the accounting policy of financial liabilities at fair value through profit or loss.

Funds received from customers for non-sharia unit-linked products are reported as gross premiums in the consolidated statement of income. Subsidiary's liabilities to non-sharia unit-linked policyholders are recognised in the consolidated balance sheet for the amount received net of the portion of premium representing the Subsidiary's revenue, with a corresponding income statement recognition for the increase in liabilities to non-sharia unit-linked policyholders.

Any gain or loss due to increases or decreases in market value of investments are recorded as income/expense, with a corresponding recognition of increase/decrease in liability to non-sharia unit-linked policyholders in the consolidated statement of income and liability to non-sharia unit-linked policyholders in the consolidated balance sheet.

Funds received from customers for sharia unit-linked products is recognized as liabilities to sharia unit-linked policyholders in the consolidated balance sheet for the amount received net of the Subsidiary's fee (ujrah) portion for managing the revenue from unit-linked products.

y. Marketable Securities Issued

Marketable securities issued by the Bank and its Subsidiaries, include floating rate notes, medium-term notes and travelers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of marketable securities issued.

Marketable securities issued are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Marketable Securities Issued (continued)

Prior to 1 January 2010, marketable securities issued are stated at nominal value less unamortised discount. Costs incurred in connection with the issuance of marketable securities issued is recognised as a discount and is deducted directly from the proceeds of issuance marketable securities issued and amortised on a straight-line method until the maturity date.

z. Fund Borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with the obligation of repayment in accordance with the requirements of the loan agreement.

Fund borrowings are initially measured at fair value plus directly attributable transaction costs. Fund borrowings are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Prior to 1 January 2010, fund borrowings were stated at the amount payable to the lender.

aa. Subordinated Loans

Subordinated loans are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of subordinated loans.

Subordinated loans are classified as financial liabilities at amortised cost. Refer to Note 2b for the accounting policy for financial liabilities at amortised cost.

Prior to 1 January 2010, subordinated loans are stated at nominal value less unamortised discount. Costs incurred in connection with the issuance of subordinated loans is recognised as a discount and is deducted directly from the proceeds of subordinated loans issuance and amortised on a straight-line method until the maturity date.

ab. Income Tax

The balance sheet liability method is applied to determine income tax expense in Bank Mandiri and Subsidiaries. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated balance sheets at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

Currently enacted or substantially enacted tax rates at the time deferred tax assets has been realised or deferred tax liabilities has been settled are used in the determination of deferred income tax. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to shareholders' equity.

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

The estimated corporate income tax of Bank Mandiri and Subsidiaries is calculated for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities can not be set-off in the consolidated financial statements. Deferred tax assets are presented net of deferred tax liabilities in the consolidated balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Interest Income and Expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, commissions and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Prior to 1 January 2010

Interest income and expense are recognised on an accrual basis. Interest income on loans or other earning assets that are classified as non-performing is recognised only to the extend that the interest is received in cash. When a financial asset is classified as non-performing, any interest income previously recognised but not yet collected is reversed against interest income. The reversed interest income is recognised as a contingent receivable.

Cash receipts from loans that are classified as doubtful or loss are first applied to the loan principal. The excess of cash receipts over loan principal is recognised as interest income in the statements of income.

Interest income from restructured loan is recognised only to the extent that interest is received in cash, before the loan's quality become current as determined by Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009.

Interest receivable on non-performing assets of Bank Mandiri and its Subsidiaries is recorded as contingent receivables in the Commitment and Contingency statement in the notes to the consolidated financial statements.

Subsidiaries' consumer financing income is presented net of with consumer financing income for other banks in relation with channeling transactions, joint financing cooperations, factoring, and the appointment as manager of accounts receivable.

(ii) Sharia

Included in interest income and expense are sharia income and expense. The Bank's income as a fund manager (*mudharib*) consist of income from sale and purchase on *murabahah* transaction, income from *istishna*, rent income (*ijarah*) and income from profit sharing from *mudharabah* and *musyarakah* financing as well as other main operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Interest Income and Expense (continued)

(ii) Sharia (continued)

Income from *murabahah* transaction, which payment is made on installment or deferred, is recognised proportionally, in accordance with generally accepted banking practice (Bank Indonesia Letter No. 10/1260/DPbS dated 15 October 2008 and Bank Indonesia Letter No. 9/634/DPbS dated 20 April 2007).

Considering the risk on *murabahah* receivables, the Subsidiary adopts the following policy in recognising income from *murabahah*:
1. *Murabahah* with a deferred payment term of one year or above one year where the risk of cash collection on receivables and/or management fee are relatively low risk, the income is recognised using effective method (annuity) over the contract period.
2. *Murabahah* with a deffered payment term above than one year, where the risk of cash collection receivables and/or management fee and the collection receivable are relatively high risk, the income is recognised using proportionally method over the contract period.

Subsidiary determine level of the risk based on internal requirement. Subsidiary will stop the amortisation of deferred income during the financing period when the loan is categorised as non performing.

Istishna income is recognised using percentage of completion method or at the end of contract.

Ijarah income is recognised proportionally over the contract period.

Musyarakah profit sharing income for passive partner is recognised based on an agreed portion in accordance with the financing contract.

Mudharabah profit sharing income is recognised in a period where the right of revenue sharing is due based on agreed portion. It is not allowable to recognise the income based on projection.

ad. Premium income recognition, Claims and benefits expenses and Unearned premium income

Subsidiary's premium received from short duration insurance contracts is recognised as income over the period of risk coverage in proportion to the amounts of insurance protection provided. Subsidiary's premiums from long duration contracts are recognised as income when the policy is due.

Premiums received before the due date of the respective policies are reported as other liabilities in the consolidated balance sheet.

Subsidiary's claims and benefits consist of settled claims, claims that are still in process of completion and estimated of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as deduction from claims expenses consistent in the same period with the claim expenses recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Premium income recognition, Claims and benefits expenses and Unearned premium income (continued)

Subsidiary's unearned premium income represents part of the premiums already received but not yet earned, from the outstanding term insurance and supplementary benefit insurance coverage. Unearned premium income is computed in aggregate - at least 40% of own retention premiums in accordance with the Decision Letter of the Minister of Finance of the Republic of Indonesia No. 424/KMK.06/2003.

ae. Fees and Commissions Income

Since the implementation of SFAS No. 55 (Revised 2006) on 1 January 2010, fees and commissions income directly attributable to lending activities, are recognised as a part/(deduction) of lending cost and will be recognised as interest income by amortising the carrying value of loan with effective interest rate method.

Prior to 1 January 2010, significant fees and commissions income that are directly related to lending activities and/or involving specific periods are deferred and amortised using the straight-line method over the term of the underlying contract, whilst insignificant fee and commission income are directly recognised when the transaction occurred. The unamortised fees and commissions balances relating to loans settled prior to maturity are recognised upon settlement date.

Other fees and commissions income which are not directly related to lending activities or a specific periods are recognised as revenue on the transaction date.

af. Employee Benefits

Pension Liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from 1 August 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Employee Benefits (continued)

Pension Liability (continued)

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans when exceeding 10.00% of defined benefit or 10.00% of fair value program's asset are charged or credited to income or expense over the average remaining service lives of the related employees.

Other Post-Employment Benefit Obligations

The Bank provides benefit to employees prior to retirement age which employees are released from their active routine job and do not have to come to work, but they are still entitled to employee benefits.

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar but simplified to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Tantiem Distribution

Bank Mandiri records tantiem on an accrual basis since 2008 and charges it to the consolidated statements of income.

ag. Share - Base Employee Compensation

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 recognised 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 recognised as 'Share Options' in the shareholders' equity section.

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

ah. Earnings Per Share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

The weighted-average number of outstanding shares used in computing diluted earnings per share has been adjusted to reflect the changes in issued shares as a result of the conversion of share options (Notes 33a and 34).

The weighted-average number of outstanding shares used in computing the diluted earnings per share as at 31 December 2010, 2009 and 2008 are 20,993,040,798 shares, 20,961,252,565 shares and 20,929,439,763 shares, respectively.

	2010	2009	2008
The weighted-average shares - Basic	20,979,785,635	20,939,650,256	20,874,991,622
Adjustment on dilutive common shares:			
MSOP - Stage I		-	4,225,205
MSOP - Stage II	2,726,799	1,673,871	784,387
MSOP - Stage III	10,528,364	19,928,438	49,438,549
The weighted-average number of outstanding shares – Dilutive	**20,993,040,798**	**20,961,252,565**	**20,929,439,763**

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Segment Information

Bank Mandiri and its Subsidiaries have presented financial information by nature of business (primary segment) and by geographical area (secondary segment). A business segment is a distinguishable component of the Bank that is engaged in providing an individual service or a group of related services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Bank and its Subsidiaries that is engaged in providing services within a particular economic environment and that is subject to risks and returns that are different from those operating in other economic environments.

The primary segments have been divided into banking, Sharia banking, securities, insurance, financing, remittance and others, while the secondary segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong and Timor Leste), Western Europe (England) and Cayman Islands.

3. CURRENT ACCOUNTS WITH BANK INDONESIA

	2010	2009	2008
Rupiah	24,265,296	15,342,428	12,770,724
United States Dollar (Note 56e)	591,403	713,443	583,565
	24,856,699	**16,055,871**	**13,354,289**

As at 31 December 2010, 2009 and 2008, the Bank's Minimum Statutory Reserve complies with BI Regulation No. 7/29/PBI/2005 dated 6 September 2005 which has been amended with BI Regulation No. 10/19/PBI/2008 dated 14 October 2008 and the latest amendment with BI Regulation No. 10/25/PBI/2008 dated 23 October 2008 which was then amended with BI Regulation No. 12/19/PBI/2010 dated 4 October 2010 concerning Minimum Statutory Reserve of Commercial Banks with BI in Rupiah and foreign currency which are as follows:

	2010	2009	2008
Rupiah			
- Primary Minimum Statutory Reserve	8.00%	5.00%	5.00%
- Secondary Minimum Statutory Reserve	2.50%	2.50%	-
Foreign currencies	1.00%	1.00%	1.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia, while Secondary Minimum Statutory Reserve is a allowance minimum reserves that should be maintained by the Bank which comprises of Certificates of Bank Indonesia, Government Debenture Debt (SUN) and/or excess reserve of the Bank's Current Accounts in Rupiah from the Primary Minimum Statutory Reserve that should be maintained in Bank Indonesia.

The ratio of the Minimum Statutory Reserve requirement for Bank Mandiri only for its Rupiah and Foreign Currencies accounts as at 31 December 2010, 2009 and 2008, were as follows:

	2010	2009	2008
Rupiah			
- Primary Minimum Statutory Reserve	8.00%	5.00%	5.47%
- Secondary Minimum Statutory Reserve	38.63%	42.29%	-
Foreign Currencies	1.01%	1.32%	1.04%

(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency:

	2010	2009	2008
Rupiah	291,337	257,845	53,039
Foreign currencies (Note 56e)	8,278,441	7,231,764	7,441,179
Total	8,569,778	7,489,609	7,494,218
Less: Allowance for impairment losses	(10,113)	(86,962)	(87,689)
	8,559,665	**7,402,647**	**7,406,529**

Included in foreign currencies are mainly Pound Sterling, Euro, United States Dollar and Yen.

b. By Bank Indonesia's Collectibility:

	2010	2009	2008
Rupiah:			
Current	291,337	257,845	53,039
Total Rupiah	291,337	257,845	53,039
Foreign currencies			
Current	8,273,630	7,220,684	7,428,353
Loss	4,811	11,080	12,826
Total foreign currencies	8,278,441	7,231,764	7,441,179
Total	8,569,778	7,489,609	7,494,218
Less: Allowance for impairment losses	(10,113)	(86,962)	(87,689)
	8,559,665	**7,402,647**	**7,406,529**

c. By Related Party and Third Party:

As at 31 December 2010, 2009 and 2008, there were no current accounts with other banks which are related parties of the Bank.

d. The Average Interest Rate (yield) per Annum:

	2010	2009	2008
Rupiah	0.14%	0.14%	0.45%
Foreign currencies	0.32%	0.17%	0.95%

e. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	2010	2009	2008
Balance at beginning of year	86,962	87,689	14,387
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(73,098)	-	-
(Reversal)/allowance during the year (Note 38)	(3,323)	12,607	71,072
Others *)	(428)	(13,334)	2,230
Balance at end of year	**10,113**	**86,962**	**87,689**

*) Includes effect of foreign currency translation.

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

f. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

(Expressed in millions of Rupiah, unless otherwise stated)

5. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility:

31 December 2010

	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	11,035,338	-	11,035,338
	≥ 1 month ≤ 3 months	5,127,009	-	5,127,009
Call Money	< 1 month	927,000	-	927,000
Time Deposit	< 1 month	561,081	-	561,081
	≥ 1 month ≤ 3 months	64,408	-	64,408
	> 3 months ≤ 6 months	41,472	-	41,472
	> 6 months ≤ 12 months	8,000	-	8,000
Saving	no maturity	2,176	-	2,176
Total Rupiah		17,766,484	-	17,766,484
Foreign currencies:				
Call Money	< 1 month	8,160,226	-	8,160,226
	≥ 1 month ≤ 3 months	585,650	-	585,650
	> 3 months ≤ 6 months	360,400	-	360,400
	> 12 months	-	68,314	68,314
"Fixed-Term" Placement	< 1 month	2,090,320	-	2,090,320
	≥ 1 month ≤ 3 months	466	-	466
	> 12 months	-	1,572	1,572
Time Deposit	< 1 month	13,287	-	13,287
	> 6 months ≤ 12 months	5,201	-	5,201
Total foreign currencies (note 56e)		11,215,550	69,886	11,285,436
Total				29,051,920
Less: Allowance for impairment losses				(137,885)
				28,914,035

31 December 2009

	Maturity	Current	Loss	Total
Rupiah				
Bank Indonesia	< 1 month	19,098,450	-	19,098,450
Call Money	< 1 month	1,163,000	-	1,163,000
	≥ 1 month ≤ 3 months	145,000	-	145,000
Time Deposit	< 1 month	172,486	-	172,486
	≥ 1 month ≤ 3 months	147,417	-	147,417
	> 6 months ≤ 12 months	8,500	-	8,500
Saving	No maturity	991	-	991
Total Rupiah		20,735,844	-	20,735,844
Foreign currencies				
Call Money	< 1 month	15,563,690	-	15,563,690
	≥ 1 month ≤ 3 months	2,457,089	-	2,457,089
	> 12 months	-	112,046	112,046
"Fixed-Term" Placement	< 1 month	2,732,132	-	2,732,132
	≥ 1 month ≤ 3 months	94,431	-	94,431
	> 12 months	-	7,387	7,387
Time Deposit	≥ 1 month ≤ 3 months	46,975	-	46,975
Total foreign currencies		20,894,317	119,433	21,013,750
Total				41,749,594
Less: Allowance for impairment losses				(347,184)
				41,402,410

(Expressed in millions of Rupiah, unless otherwise stated)

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

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility: (continued)

		31 December 2008		
	Maturity	Current	Loss	Total
Rupiah				
Bank Indonesia	< 1 month	13,650,642	-	13,650,642
Call Money	< 1 month	69,036	-	69,036
	≥ 1 month ≤ 3 months	44,063	-	44,063
Time Deposit	< 1 month	256,050	-	256,050
	≥ 1 month ≤ 3 months	36,300	-	36,300
Saving	No maturity	1,107	-	1,107
Total Rupiah		14,057,198	-	14,057,198
Foreign currencies				
Call Money	< 1 month	13,261,660	-	13,261,660
	> 12 months	-	217,786	217,786
"Fixed-Term" Placement	< 1 month	2,196,350	-	2,196,350
	≥ 1 month ≤ 3 months	548	-	548
	> 6 months ≤ 12 months	49,493	-	49,493
	> 12 months	-	8,491	8,491
Total foreign currencies		15,508,051	226,277	15,734,328
Total				29,791,526
Less: Allowance for impairment losses				(386,708)
				29,404,818

b. As at 31 December 2010, 2009 and 2008, there were no placements with related party.

c. Average Interest Rate (yield) per Annum:

	2010	**2009**	**2008**
Rupiah	6.46%	6.33%	6.55%
Foreign currencies	0.29%	0.22%	1.91%

d. As at 31 December 2010, 2009 and 2008, there were no placements pledged as cash collateral.

e. Movements of allowance for impairment losses on placements with other banks:

	2010	**2009**	**2008**
Balance at beginning of year	347,184	386,708	59,200
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(108,175)	-	-
(Reversal)/allowance during the year (Note 38)	(63,286)	18,868	323,475
Others*)	(37,838)	(58,392)	4,033
Balance at end of year	**137,885**	**347,184**	**386,708**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

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

e. Movements of allowance for impairment losses on placements with other banks: (continued)

Bank Mandiri has a placement with a financial institution (in liquidation), which was classified as loss or "impaired". Bank Mandiri's claims that have been approved by the Trustee based on the creditors meeting on 5 November 2009 was amounting to EUR16,395,092 (full amount) for the placement. On 10 March 2010 and 24 November 2010, the Trustee has paid portion of the claims (interim distribution) to Bank Mandiri, after a set-off with balance of demand deposit, inter-bank call money and L/C UPAS obligation of a Subsidiary to the financial institution, so the balance of Bank Mandiri's placement on financial institutions (in liquidation) as at 31 December 2010 amounting to EUR5,815,120 (full amount). As at 31 December 2010, Bank Mandiri has established a reserve for impairment losses on the remaining outstanding balance on the financial institution.

As at 31 December 2009 and 2008, Bank Mandiri has a placement with a financial institution (in liquidation) amounting to Rp209,153 and Rp242,708, which was classified as loss. On the other hand, the financial institution (in liquidation) has demand deposit and inter-bank call money in Bank Mandiri amounting to Rp14,050 and Rp16,431 as at 31 December 2009 and 2008 (Note 21a and 22a). Bank Mandiri's Subsidiary also has L/C UPAS obligation that already due to this financial institution (in liquidation) amounting to USD8,054,248.50 (full amount). Bank Mandiri's placement in this financial institution (in liquidation) as at 31 December 2009 and 2008 has been set-off against demand deposit and inter-bank call money of the financial institutions (in liquidation) in Bank Mandiri and also with L/C UPAS obligation of the Subsidiary (as at 31 December 2009). The allowance for impairment losses has been provided based on the difference between placement balance with the demand deposit and inter-bank call money in the Bank Mandiri (as at 31 December 2009).

f. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

6. MARKETABLE SECURITIES

a. By Purpose and Related Parties and Third Parties:

	2010	2009	2008
Related parties (Note 50):			
Held to maturity	-	25,000	-
	-	25,000	-
Third parties:			
Fair value through profit or loss	17,687,892	13,432,182	20,328,692
Available for sale	5,504,534	327,875	475,092
Held to maturity	4,167,342	4,383,357	3,866,576
	27,359,768	18,143,414	24,670,360
Total	27,359,768	18,168,414	24,670,360
(Less)/add:			
Unamortised discounts	(17,009)	(42,211)	(41,724)
Unrealised gain on increase in fair value of marketable securities	153,665	80,681	40,257
Allowance for impairment losses	(248,895)	(53,492)	(44,046)
	(112,239)	(15,022)	(45,513)
	27,247,529	**18,153,392**	**24,624,847**

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility:

	31 December 2010						
	Cost/ Nominal Value*)	Unamortised (Discounts)/ Premiums	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Certificates of Bank Indonesia	17,398,516	-	108,796	17,507,312	-	-	17,507,312
Shares	92,243	-	(1,833)	90,410	-	-	90,410
Investments in mutual fund units	67,964	-	6,667	74,631	-	-	74,631
Bonds	69,169	-	374	69,333	-	210	69,543
Medium-term notes	60,000	-	-	60,000	-	-	60,000
	17,687,892	-	114,004	17,801,686	-	210	17,801,896
Available for sale							
Investments in mutual fund units	5,021,883	-	35,071	5,056,954	-	-	5,056,954
Sharia Corporate bonds	80,000	-	3,420	83,420	-	-	83,420
Sharia mutual fund	25,000	-	1,233	26,233	-	-	26,233
Bonds	11,753	-	97	11,850	-	-	11,850
-	5,138,636	-	39,821	5,178,457	-	-	5,178,457
Held to maturity							
Sharia Certificates of Bank Indonesia	1,250,000	-	-	1,250,000	-	-	1,250,000
Sharia Corporate bonds	953,000	303	-	903,303	-	50,000	953,303
Bonds	516,000	(16,636)	-	413,695	-	85,669	499,364
Export bills	104,510	-	-	104,510	-	-	104,510
Certificates of Bank Indonesia	20,000	(379)	-	19,621	-	-	19,621
	2,843,510	(16,712)	-	2,691,129	-	135,669	2,826,798
Total Rupiah	25,670,038	(16,712)	153,825	25,671,272	-	135,879	25,807,151
Foreign currencies:							
Available for sale							
Export bills	199,610	-	-	199,610	-	-	199,610
Floating rate notes	138,350	-	(298)	138,052	-	-	138,052
Bonds	27,938	-	138	28,076	-	-	28,076
	365,898	-	(160)	365,738	-	-	365,738
Held to maturity							
Export bills	1,091,565	-	-	1,091,565	-	-	1,091,565
Treasury bills	151,057	(67)	-	150,990	-	-	150,990
Bonds	63,190	470	-	63,660	-	-	63,660
Floating rate notes	18,020	(700)	-	17,320	-	-	17,320
	1,323,832	(297)	-	1,323,535	-	-	1,323,535
Total foreign currencies (note 56e)	1,689,730	(297)	(160)	1,689,273	-	-	1,689,273
Total	27,359,768	(17,009)	153,665	27,360,545	-	135,879	27,496,424
Less: Allowance for impairment losses							(248,895)
Net							27,247,529

*) Held to maturity securities are stated at nominal value.
**) Held to maturity securities are stated at amortised cost.

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	31 December 2009						
	Cost/ Nominal Value*)	Unamortised (Discounts)/ Premiums	Unrealised Gains/ (Losses)	Fair Value/Book Value **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Certificates of Bank Indonesia	11,606,367	-	67,695	11,674,062	-	-	11,674,062
Bonds	1,651,777	-	13,942	1,665,453	-	266	1,665,719
Investments in mutual fund units	153,495	-	5,254	158,749	-	-	158,749
Shares	20,543	-	(6,166)	14,377	-	-	14,377
	13,432,182	-	80,725	13,512,641	-	266	13,512,907
Available for sale							
Sharia mutual fund	8,000	-	1,854	9,854	-	-	9,854
Investments in mutual fund units	6,675	-	(298)	6,377	-	-	6,377
	14,675	-	1,556	16,231	-	-	16,231
Held to maturity							
Sharia Certificates of Bank Indonesia	1,915,000	-	-	1,915,000	-	-	1,915,000
Sharia Corporate bonds	970,500	241	-	920,741	50,000	-	970,741
Bonds	571,000	(24,979)	-	460,264	85,757	-	546,021
Certificates of Bank Indonesia	62,000	(248)	-	61,752	-	-	61,752
Export bills	54,686	-	-	54,686	-	-	54,686
	3,573,186	(24,986)	-	3,412,443	135,757	-	3,548,200
Total Rupiah	17,020,043	(24,986)	82,281	16,941,315	135,757	266	17,077,338
Foreign currencies:							
Available for sale							
Export bills	211,727	-	-	211,727	-	-	211,727
Floating rate notes	54,187	-	(1,978)	52,209	-	-	52,209
Bonds	47,286	-	378	47,664	-	-	47,664
	313,200	-	(1,600)	311,600	-	-	311,600
Held to maturity							
Export bills	399,117	-	-	399,117	-	-	399,117
Bonds	208,014	344	-	180,179	28,179	-	208,358
Treasury bills	134,090	(28)	-	134,062	-	-	134,062
Floating rate notes	93,950	(17,541)	-	76,409	-	-	76,409
	835,171	(17,225)	-	789,767	28,179	-	817,946
Total foreign currencies	1,148,371	(17,225)	(1,600)	1,101,367	28,179	-	1,129,546
Total	18,168,414	(42,211)	80,681	18,042,682	163,936	266	18,206,884
Less: Allowance for impairment losses				(28,636)	(24,590)	(266)	(53,492)
Net				**18,014,046**	**139,346**	**-**	**18,153,392**

*) Held to maturity securities are stated at nominal value.
**) Held to maturity securities are stated at book value.

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

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

	31 December 2008						
	Cost/ Nominal Value*)	Unamortised (Discounts)/ Premiums	Unrealised Gains/ (Losses)	Fair Value/Book Value **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Certificates of Bank Indonesia	19,903,800	-	91,640	19,995,440	-	-	19,995,440
Investments in mutual fund units	362,396	-	633	363,029	-	-	363,029
Bonds	62,280	-	(2,590)	59,391	-	299	59,690
Shares	216	-	(110)	106	-	-	106
	20,328,692	-	89,573	20,417,966	-	299	20,418,265
Available for sale							
Investments in mutual fund units	27,987	-	(3,270)	24,717	-	-	24,717
Sharia mutual fund	8,000	-	765	8,765	-	-	8,765
	35,987	-	(2,505)	33,482	-	-	33,482
Held to maturity							
Sharia Certificates of Bank Indonesia	1,305,000	-	-	1,305,000	-	-	1,305,000
Sharia Corporate bonds	994,262	(8,141)	-	986,121	-	-	986,121
Bonds	581,000	(34,788)	-	546,212	-	-	546,212
Export bills	170,015	-	-	170,015	-	-	170,015
	3,050,277	(42,929)	-	3,007,348	-	-	3,007,348
Total Rupiah	23,414,956	(42,929)	87,068	23,458,796	-	299	23,459,095
Foreign currencies:							
Available for sale							
Export bills	202,835	-	-	202,835	-	-	202,835
Floating rate notes	141,404	-	(32,274)	109,130	-	-	109,130
Bonds	94,866	-	(14,537)	80,329	-	-	80,329
	439,105	-	(46,811)	392,294	-	-	392,294
Held to maturity							
Export bills	361,750	-	-	356,286	-	5,464	361,750
Bonds	349,764	1,376	-	351,140	-	-	351,140
Treasury bills	72,085	(42)	-	72,043	-	-	72,043
Floating rate notes	32,700	(129)	-	32,571	-	-	32,571
	816,299	1,205	-	812,040	-	5,464	817,504
Total foreign currencies	1,255,404	1,205	(46,811)	1,204,334	-	5,464	1,209,798
Total	24,670,360	(41,724)	40,257	24,663,130	-	5,763	24,668,893
Less: Allowance for impairment losses				(38,283)	-	(5,763)	(44,046)
Net				**24,624,847**	**-**	**-**	**24,624,847**

*) Held to maturity securities are stated at nominal value.
**) Held to maturity securities are stated at book value.

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	2010	2009	2008
Rupiah:			
No maturity date	207,090	188,712	398,599
< 1 year	18,823,027	15,311,068	21,670,357
≥ 1 < 5 years	6,532,711	1,350,050	843,722
≥ 5 ≤ 10 years	107,210	170,213	502,278
Total Rupiah	25,670,038	17,020,043	23,414,956
Foreign currencies:			
< 1 year	1,533,360	886,427	723,870
≥ 1 < 5 years	138,350	120,708	455,249
≥ 5 ≤ 10 years	18,020	141,236	76,285
Total foreign currencies	1,689,730	1,148,371	1,255,404
Total	27,359,768	18,168,414	24,670,360
(Less)/add:			
Unamortised discounts	(17,009)	(42,211)	(41,724)
Unrealised gain on increase in fair value of securities	153,665	80,681	40,257
Allowance for impairment losses	(248,895)	(53,492)	(44,046)
	(112,239)	(15,022)	(45,513)
	27,247,529	**18,153,392**	**24,624,847**

d. By Issuer:

	2010	2009	2008
Government and Bank Indonesia	18,909,673	15,252,972	21,372,525
Corporate	6,859,821	2,052,685	2,439,364
Banks	1,590,274	862,757	858,471
Total	27,359,768	18,168,414	24,670,360
(Less)/add:			
Unamortised discounts	(17,009)	(42,211)	(41,724)
Unrealised gain on increase in fair value of securities	153,665	80,681	40,257
Allowance for impairment losses	(248,895)	(53,492)	(44,046)
	(112,239)	(15,022)	(45,513)
	27,247,529	**18,153,392**	**24,624,847**

e. Details of Bonds by Rating:

		Rating*)			Fair Value/Book Value**)		
	Rating Agencies	2010	2009	2008	2010	2009	2008
Rupiah							
Fair value through profit or loss							
Bonds							
PT Telekomunikasi Indonesia (Persero) Tbk.	Pefindo	idAAA	-	-	5,049	-	-
PT Lautan Luas Tbk.	Pefindo	idA-	idA-	-	2,027	15,059	-
PT Sarana Multigriya Finansial (Persero)	Fitch	-	AA (idn)	-	-	49,750	-
PT Thames PAM Jaya	Fitch	-	A-(idn)	-	-	9,219	-
PT Otto Multiartha	Pefindo	-	idAA	-	-	5,019	-
Others	Pefindo	idD – idAA+	***)	idD – idAA+	62,467	1,586,672	59,690
		`			**69,543**	**1,665,719**	**59,690**

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating: (continued)

		Rating*)			Fair Value/Book Value**)		
	Rating Agencies	2010	2009	2008	2010	2009	2008
Available for sale							
Sharia Corporate							
PT Titan Petrokimia Nusantara	Fitch	A+(idn)	-	-	52,250	-	-
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAA+	-	-	31,170	-	-
					83,420	-	-
Bonds							
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	-	-	11,850	-	-
		`			95,270	-	-
Held to maturity							
Sharia Corporate Bonds							
PT Salim Ivomas Pratama	Pefindo	idAA-	idAA-	-	60,000	60,000	-
PT Mitra Adiperkasa Tbk.	Pefindo	idA+	idA+	-	30,000	30,000	-
PT Bakrieland Development Tbk.	Pefindo	idBBB+	idBBB+	-	20,000	20,000	-
Others	Various	BBB(idn) – A-(idn), idD – idAA+	idBB – idAA+****)	Baa3.id – idAA+	843,303	860,741	986,121
					953,303	970,741	986,121
Bonds							
PT Indosat (Persero) Tbk.	Pefindo	idAA+	idAA+	idAA+	220,293	218,410	215,822
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA	idAA+	idAA+	193,401	187,356	181,500
Others	Pefindo	idD	idBB – idAA-****)	idAA- – idAA+	85,670	140,255	148,890
					499,364	546,021	546,212
					1,452,667	1,516,762	1,532,333
Total Rupiah					1,617,480	3,182,481	1,592,023
Foreign currencies							
Available for sale							
Bonds							
Oversea-Chinese Banking Corporation Ltd	S&P	A-	-	-	28,076	-	-
Others	Various	-	A-	BBB+ – A-	-	47,664	80,329
					28,076	47,664	80,329
Held to maturity							
Bonds							
Oversea-Chinese Banking Corporation Ltd	S&P	A-	-	-	18,645	-	-
Others	Various	BBB – A	BB- – A	Ba3 - AA-	45,015	208,358	351,140
					63.660	208,358	351,140
Total foreign currencies					91,736	256,022	431,469

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia, Standard and Poor's, Moody's and Fitch Ratings.
**) Held to maturity securities are stated at amortised costs/book value.
***) As at 31 December 2009, the bonds with fair value through profit or loss classification mainly comprise of treasury bills (Surat Perbendaharaan Negara) which has no rating.
****) Including PT Arpeni Pratama Ocean Line Tbk. bonds with rated idD and idCCC by Pefindo on 3 January 2011 and 20 December 2010, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

6. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2010	2009	2008
Rupiah	6.14%	7.12%	10.01%
Foreign currencies	8.22%	5.05%	10.38%

g. Movements of allowance for impairment losses on marketable securities:

	2010	2009	2008
Balance at beginning of year	53,492	44,046	1,114,497
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(2,354)	-	-
Allowance/(reversal) during the year (Note 38)	167,895	(39,295)	(58,416)
Write-off	-	-	(1,018,809)
Recoveries	-	50,940	-
Others*)	29,862	(2,199)	(6,774)
Balance at end of year	**248,895**	**53,492**	**44,046**

*) Includes effect of foreign exchange translation.

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

h. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

As at 31 December 2010, the Bank has investment in mutual fund units classified as available for sale, which consist of Reksa Dana Terproteksi BNP Paribas Selaras, Reksa Dana Terproteksi BNP Paribas Selaras 2, Reksa Dana Terproteksi Schroder Regular Income Plan X, Reksa Dana Terproteksi Schroder Regular Income Plan XI and Reksa Dana Terproteksi Schroder Regular Income Plan XII with fair value as at 31 December 2010 amounting to Rp1,509,170, Rp1,011,540, Rp804,849, Rp808,898 and Rp900,614, respectively.

Based on the letter of Bank Indonesia No. 10/177/DpG/DPNP dated 9 October 2008, regarding Determination of Fair Value and Reclassification of Government Debenture Debt (SUN), on 19 December 2008, the Bank has reclassified trading and available for sale Marketable securities with nominal value amounting to Rp147,000 and Rp434,000, respectively, to held to maturity Marketable securities. The fair value of trading and available for sale Marketable securities before reclassification amounting to Rp142,772 and Rp433,975, respectively, and the fair value of trading and available for sale Marketable securities at the time of reclassification amounting to Rp138,210 and Rp407,590, respectively. The unrealised losses of the reclassified available for sale Marketable securities at the time of the reclassification are recorded as part of unrealised loss from available for sale Marketable securities and Government Bonds – net of deferred tax in equity section and will be amortised and charged into consolidated statements of income until the maturity of the Marketable securities.

(Expressed in millions of Rupiah, unless otherwise stated)

7. GOVERNMENT BONDS

The details of Government Bonds obtained by Bank Mandiri from primary and secondary markets as at 31 December 2010, 2009 and 2008, are as follows:

	2010	2009	2008
Fair value through profit or loss, at fair value	611,707	430,198	43,748
Available for sale, at fair value	54,052,164	25,915,611	26,244,185
Held to maturity, at amortised cost	23,428,863	62,787,131	61,971,106
	78,092,734	89,132,940	88,259,039

a. By Maturity

The Government Bonds, by remaining period of maturity, are as follow:

	2010	2009	2008
Rupiah			
Fair value through profit or loss			
Less than 1 year	566	371,336	4,950
1 - 5 years	290,659	58,862	38,798
5 - 10 years	144,013	-	-
Over 10 years	176,469	-	-
	611,707	430,198	43,748
Available for sale			
1 - 5 years	4,147,949	650,683	643,223
5 - 10 years	49,904,215	19,696,001	14,562,198
Over 10 years	-	5,537,544	10,946,419
	54,052,164	25,884,228	26,151,840
Held to maturity			
Less than 1 year	57,477	1,366,067	5,334
1 - 5 years	2,758,366	576,453	1,515,614
5 - 10 years	20,322,172	40,520,202	36,684,355
Over 10 years	119,803	20,152,786	23,642,622
	23,257,818	62,615,508	61,847,925
Total Rupiah	77,921,689	88,929,934	88,043,513
Foreign currency			
Avalaible for sale			
5 - 10 years	-	31,383	47,723
Over 10 years	-	-	44,622
	-	31,383	92,345
Held to maturity			
1 - 5 years	153,038	152,849	-
5 - 10 years	18,007	18,774	123,181
	171,045	171,623	123,181
Total foreign currency (note 56e)	171,045	203,006	215,526
	78,092,734	89,132,940	88,259,039

(Expressed in millions of Rupiah, unless otherwise stated)

7. GOVERNMENT BONDS (continued)

b. By Type

	31 December 2010				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Fixed rate bonds	550,563	7.38% - 14.28%	611,707	12/09/2011 - 15/07/2038	1 and 6 months
Available for sale					
Variable rate bonds	54,510,774	3 - months SBI	54,052,164	25/12/2014 - 25/07/2020	3 months

	Fair Value	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	1,513,220	9.00% - 14.28%	15/08/2011 - 15/05/2037	1 - 6 months
Variable rate bonds	21,744,598	3 – months SBI	25/12/2014 - 25/09/2017	3 months
	23,257,818			
Foreign currency				
Held to maturity				
Fixed rate bonds	171,045	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 months

	31 December 2009				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss:					
Fixed rate bonds	432,289	9.28% - 12.00%	430,198	20/02/2010 - 15/09/2013	1 month
Available for sale					
Fixed rate bonds	339,096	9.00% - 14.28%	374,099	15/03/2013 - 15/09/2018	6 months
Variable rate bonds	25,831,044	3-months SBI	25,510,129	25/06/2011 - 25/07/2020	3 months
	26,170,140		25,884,228		

	Book Value	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Held to maturity				
Fixed rate bonds	2,870,910	9.00% - 15.58%	15/03/2010 - 15/05/2037	1 and 6 months
Variable rate bonds	59,744,598	3-months SBI	25/12/2014 - 25/07/2020	3 months
	62,615,508			

(Expressed in millions of Rupiah, unless otherwise stated)

7. GOVERNMENT BONDS (continued)

b. By Type (continued)

	31 December 2009				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Available for sale					
Fixed rate bonds	28,245	6.88% - 7.50%	31,383	15/01/2016 - 09/03/2017	6 months

	Book Value	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Held to maturity				
Fixed rate bonds	171,623	6.75% - 10.38%	04/05/2014 - 09/03/2017	6 months

	31 December 2008				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss:					
Fixed rate bonds	44,130	9.28% - 13.40%	43,748	09/08/2009 - 15/09/2013	6 months
Available for sale					
Fixed rate bonds	461,466	9.00% - 14.28%	460,795	12/03/2012 - 15/11/2020	6 months
Variable rate bonds	25,839,044	3-months SBI	25,691,045	25/06/2011 - 25/07/2020	3 months
	26,300,510		26,151,840		

	Book Value	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Held to maturity				
Fixed rate bonds	2,103,327	9.00% - 15.58%	15/06/2009 - 15/05/2037	6 months
Variable rate bonds	59,744,598	3-months SBI	25/12/2014 - 25/07/2020	3 months
	61,847,925			

	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Available for sale					
Fixed rate bonds	109,000	6.63% - 8.50%	92,345	10/03/2014 - 17/01/2038	6 months

	Book Value	Interest Rates per Annum	Maturity Dates	Frequency of Interest Payment
Held to maturity				
Fixed rate bonds	123,181	6.78% - 6.88%	03/10/2014 - 09/03/2017	6 months

(Expressed in millions of Rupiah, unless otherwise stated)

7. GOVERNMENT BONDS (continued)

c. Other Information

As at 31 December 2010, 2009 and 2008, Government Bonds with total nominal amount of RpNil, Rp355,652 and Rp876,539 had been sold to third party with agreements to repurchase (Note 24).

As at 31 December 2010, 2009 and 2008, Government Bonds with a total nominal amount of Rp5,254,163, Rp3,967,500 and Rp3,967,500, had been pledged as collateral for fund borrowing from other bank (Note 27d).

In relation to the transition rule implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) effective on 1 January 2010, Banks have the opportunity to reassess and reclassify their financial assets classification without consequences of “tainting rule”. As at 1 January 2010, the Bank decided to reclassify its Government Bonds amounting Rp38,000,000 from Held to Maturity to Available for Sale classification. The reclassification was done based on the fair value as at 1 January 2010 and the unrealised loss amounting to Rp404,255 has been recorded in equity section as part of unrealised losses from decrease in fair value of marketable securities and Government Bonds net of deferred tax.

Based on the Letter of Bank Indonesia No. 10/177/DpG/DPNP dated 9 October 2008, regarding Determination of Fair Value and Reclassification of Government Debenture Debt (SUN), on 19 December 2008, Bank Mandiri has reclassified Trading and Available for Sale Government Bonds with nominal amount of Rp116,813 and Rp402,589 respectively, to Held to Maturity Government Bonds. The fair value of Government Bonds for Trading and Available for Sale before reclassification amounting to Rp100,720 and Rp425,111, respectively, and the fair value of Trading and Available for Sale Government Bonds at the time of reclassification amounting to Rp99,648 and Rp376,737, respectively. Unrealised loss from reclassification of Government Bonds is recorded as part of unrealised loss from available for sale marketable securities and Government Bonds – net of deferred tax in equity section and will be amortised and charged into consolidated statements of income until the maturity of the above Government Bonds.

8. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type and Currency:

	2010	**2009**	**2008**
Rupiah:			
Third parties			
Usance L/C payable at sight	2,033,357	1,878,785	1,887,985
Others	171,345	153,764	175,347
Total Rupiah	2,204,702	2,032,549	2,063,332
Foreign currencies:			
Third parties			
Usance L/C payable at sight	832,226	997,481	1,616,647
Others	684,985	960,894	991,203
Total foreign currencies (note 56e)	1,517,211	1,958,375	2,607,850
Total	3,721,913	3,990,924	4,671,182
Less: Allowance for impairment losses	(1,146,327)	(844,781)	(1,158,049)
	2,575,586	**3,146,143**	**3,513,133**

As at 31 December 2010, 2009 and 2008, there were no other receivables - trade transactions with related party.

(Expressed in millions of Rupiah, unless otherwise stated)

8. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2010	2009	2008
Current	2,452,679	2,836,699	3,080,245
Special mention	493,233	355,594	477,404
Substandard	4,117	-	12,309
Loss	771,884	798,631	1,101,224
Total	3,721,913	3,990,924	4,671,182
Less: Allowance for impairment losses	(1,146,327)	(844,781)	(1,158,049)
	2,575,586	**3,146,143**	**3,513,133**

c. By Maturity:

	2010	2009	2008
Rupiah:			
Less than 1 month	497,723	491,755	518,571
1 - 3 months	787,223	914,964	912,041
3 - 6 months	773,812	479,886	486,776
Over 12 months	145,944	145,944	145,944
Total Rupiah	2,204,702	2,032,549	2,063,332
Foreign currencies:			
Less than 1 month	197,218	278,471	747,496
1 - 3 months	421,403	552,704	766,511
3 - 6 months	272,070	286,613	328,155
6 - 12 months	579	187,900	-
Over 12 months	625,941	652,687	765,688
Total foreign currencies	1,517,211	1,958,375	2,607,850
Total	3,721,913	3,990,924	4,671,182
Less: Allowance for impairment losses	(1,146,327)	(844,781)	(1,158,049)
	2,575,586	**3,146,143**	**3,513,133**

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	2010	2009	2008
Balance at beginning of year	844,781	1,158,049	839,732
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	59,563	-	-
Allowance/(reversal) during the year (Note 38)	269,594	(181,181)	196,581
Others *)	(27,611)	(132,087)	121,736
Balance at end of year	**1,146,327**	**844,781**	**1,158,049**

*) Includes effect of foreign exchange translation.

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

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

(Expressed in millions of Rupiah, unless otherwise stated)

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

31 December 2010

	Type of Securities	Starting Date	Maturity Date	Resale Amount	Unamortised Interest	Carrying Amount
Rupiah						
	Obligasi FR0019	29/12/2010	24/02/2011	895,130	8,244	886,886
	Obligasi FR0023	29/12/2010	24/02/2011	815,122	7,507	807,615
	SPN	15/11/2010	16/02/2011	755,641	6,359	749,282
	Obligasi FR0040	12/11/2010	14/02/2011	513,972	4,136	509,836
	Obligasi VR0031	22/11/2010	22/02/2011	512,706	5,178	507,528
	Obligasi VR0020	08/12/2010	07/03/2011	508,368	6,112	502,256
	Obligasi VR0020	08/10/2010	08/04/2011	482,151	8,874	473,277
	SPN	29/12/2010	24/02/2011	462,355	4,258	458,097
	SPN	29/12/2010	24/02/2011	366,688	3,377	363,311
	Obligasi VR0029	08/11/2010	07/02/2011	351,624	2,458	349,166
	SBI	16/12/2010	16/03/2011	330,857	4,514	326,343
	SBI	28/12/2010	28/01/2011	301,786	1,463	300,323
	Obligasi VR0028	11/10/2010	11/04/2011	306,057	5,807	300,250
	SPN	29/12/2010	24/02/2011	275,710	2,539	273,171
	SBI	24/11/2010	24/02/2011	269,241	2,660	266,581
	Obligasi VR0031	22/11/2010	22/02/2011	252,166	2,547	249,619
	Obligasi VR0029	11/10/2010	11/04/2011	250,325	4,750	245,575
	SBI	24/11/2010	24/02/2011	246,804	2,439	244,365
	SPN	29/12/2010	24/02/2011	230,410	2,122	228,288
	SBI	24/11/2010	24/02/2011	224,368	2,217	222,151
	SBI	24/11/2010	24/02/2011	201,931	1,995	199,936
	Obligasi FR0044	15/11/2010	16/02/2011	181,564	1,528	180,036
	SBI	16/12/2010	16/03/2011	178,359	2,434	175,925
	SPN	15/11/2010	16/02/2011	83,960	707	83,253
	SBI	24/11/2010	24/02/2011	75,378	745	74,633
	Saham	25/11/2010	23/02/2011	3,131	77	3,054
Total				9,075,804	95,047	8,980,757
Allowance for impairment losses						-
Net						8,980,757

31 December 2009

	Type of Securities	Starting Date	Maturity Date	Resale Amount	Unamortised Interest	Carrying Amount
Rupiah						
	SPN	17/12/2009	08/01/2010	854,530	1,068	853,462
	Bonds VR0020	19/11/2009	19/02/2010	511,664	5,018	506,646
	Bonds VR0029	21/12/2009	22/03/2010	509,436	7,889	501,547
	SPN	11/12/2009	04/01/2010	487,434	261	487,173
	SPN	11/12/2009	04/01/2010	451,940	242	451,698
	Bonds VR0031	15/10/2009	15/01/2010	413,495	1,159	412,336
	Bonds VR0031	21/10/2009	21/01/2010	335,444	1,505	333,939
	Bonds VR0029	07/07/2009	21/01/2010	318,470	1,421	317,049
	Bonds VR0028	07/07/2009	21/01/2010	208,612	931	207,681
	Bonds VR0029	28/12/2009	29/03/2010	203,573	3,416	200,157
	Bonds VR0029	21/10/2009	21/01/2010	175,441	787	174,654
	Bonds VR0029	10/09/2009	10/03/2010	176,255	2,468	173,787
	Shares	16/12/2009	26/02/2010	125,000	3,714	121,286
	Bonds VR0031	15/10/2009	15/01/2010	100,066	281	99,785
	SPN	17/12/2009	08/01/2010	94,948	119	94,829
Total				4,966,308	30,279	4,936,029
Allowance for impairment losses						(30,488)
Net						4,905,541

31 December 2008

	Type of Securities	Starting Date	Maturity Date	Resale Amount	Unamortised Interest	Carrying Amount
Rupiah						
	Shares	05/09/2008	05/09/2009	178,896	19,634	159,262
	Shares	25/08/2008	25/02/2009	148,800	4,200	144,600
	Shares	25/09/2008	25/03/2009	109,553	4,433	105,120
	Shares	19/12/2008	19/01/2009	101,722	1,055	100,667
	Shares	15/07/2008	12/01/2009	54,651	308	54,343
	Shares	05/09/2008	05/09/2009	59,632	6,545	53,087
	Shares	20/11/2008	20/01/2009	25,974	974	25,000
	Shares	25/11/2008	23/01/2009	25,942	942	25,000
Total				705,170	38,091	667,079
Allowance for impairment losses						(47,987)
Net						619,092

(Expressed in millions of Rupiah, unless otherwise stated)

9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's Collectibility:

	2010	2009	2008
Current	8,980,757	4,936,029	356,949
Special mention	-	-	260,130
Loss	-	-	50,000
	8,980,757	4,936,029	667,079
Less: Allowance for impairment losses	-	(30,488)	(47,987)
	8,980,757	**4,905,541**	**619,092**

c. Movements of Allowance for impairment losses on Securities Purchased Under Resale Agreements:

	2010	2009	2008
Balance at beginning of year	30,488	47,987	33,600
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(30,488)	-	-
(Reversal)/allowance during the year (Note 38)	-	(2,043)	14,387
Others*)	-	(15,456)	-
Balance at end of year	**-**	**30,488**	**47,987**

*) Includes effect of foreign exchange translation.

Management believes that the allowance for impairment losses on securities purchased under resale agreements is adequate.

As at 31 December 2010, there is no securities purchased under resale agreements classified as impaired.

10. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2010, the summary of derivative transactions are as follow:

Transactions	Notional Amount	Derivative Receivables	Derivative Payables
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,550,960	254	5,607
Others	146,257	612	1,039
2. Forward - sell			
United States Dollar	253,541	521	170
Others	130,258	1,115	184
3. Swap - buy			
United States Dollar	563,259	853	7,147
Others	24,499	-	735
4. Swap - sell			
United States Dollar	6,495,821	33,661	3,375
Others	103,306	52	800
Interest Rate Related			
1. Swap - interest rate			
Others	-	28	14,189
Total		37,096	33,246
Less: Allowance for impairment losses		-	-
		37,096	**33,246**

(Expressed in millions of Rupiah, unless otherwise stated)

10. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2009, the summary of derivative transactions is as follow:

Transactions	Notional Amount	Derivative Receivables	Derivative Payables
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,044,763	509	21,197
Others	1,434	-	50
2. Forward - sell			
United States Dollar	75,673	793	-
Others	94,799	253	223
3. Swap - buy			
United States Dollar	2,021,823	5,447	11,015
Others	182,029	1,794	89
4. Swap - sell			
United States Dollar	3,768,249	167,495	1
Others	41,980	-	609
Interest Rate Related			
1. Swap - interest rate			
Others	-	-	8,427
Total		176,291	41,611
Less: Allowance for impairment losses		(1,765)	-
		174,526	**41,611**

As at 31 December 2008, the summary of derivative transactions is as follow:

Transactions	Notional Amount	Derivative Receivables	Derivative Payables
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	439,976	3,669	29,761
Others	53,415	-	8,471
2. Forward - sell			
United States Dollar	403,187	59,428	-
Others	5,729	-	643
3. Swap - buy			
United States Dollar	2,005,676	119,321	18,678
Others	156,206	24,703	-
4. Swap - sell			
United States Dollar	4,369,050	121,783	93,560
Interest Rate Related			
1. Swap - interest rate			
Others	-	31,433	9,565
Total		360,337	160,678
Less: Allowance for impairment losses		(6,313)	-
		354,024	**160,678**

As at 31 December 2010, 2009 and 2008, there were no derivative transactions with related party.

Cross Currency Swap

Bank Mandiri entered into several cross currency swap contracts, in conjunction with the securities sold under repurchase agreements with several counterparty banks. The contracts became effective when Bank Mandiri sold its Government Bonds to the counterparty bank and received funds in Rupiah. Under the cross currency swaps contracts, the funds were used to settle the spot transaction and in return, Bank Mandiri received funds in United States Dollar. On the settlement dates, Bank Mandiri will receive funds in Rupiah and pay funds in United States Dollar to the counterparty banks. Bank Mandiri is also obliged to use the funds in Rupiah to repurchase the Government Bonds previously sold to counterparty banks (Notes 24).

(Expressed in millions of Rupiah, unless otherwise stated)

10. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

The summary of the cross currency swap contracts are as follows:

Effective Date	Maturity Date	Type of Transactions	Buy (Full Amount)	Sell (Full Amount)
3 November 2004	3 November 2009	Spot	USD25 million	Rp285,060 million
		Forward	Rp285,060 million	USD25 million
4 November 2004	4 November 2009	Spot	USD25 million	Rp284,062 million
		Forward	Rp284,062 million	USD25 million
18 May 2005	18 May 2010	Spot	USD25 million	Rp316,356 million
		Forward	Rp316,356 million	USD25 million

On 3 November 2009, 4 November 2009 and 18 May 2010, Bank Mandiri has settled the cross currency swap contracts and related securities sold under repurchase agreements with counterparty banks.

As at 31 December 2010, 2009 and 2008, Bank Indonesia's collectibility for derivative receivables are as follows:

	2010	2009	2008
Current	37,096	176,235	360,337
Special mention	-	56	-
Total	37,096	176,291	360,337
Less: Allowance for impairment losses	-	(1,765)	(6,313)
	37,096	174,526	354,024

Movements of allowance for impairment losses on derivative receivables are as follows:

	2010	2009	2008
Balance at beginning of year	1,765	6,313	3,800
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(1,765)	-	-
Allowance/(reversal) during the year (Note 38)	412	(4,696)	2,501
Others *)	(412)	148	12
Balance at end of year	-	1,765	6,313

*) Includes effect of foreign exchange translation.

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

As at 31 December 2010, there is no derivative receivables classified as impaired.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	2010	2009	2008
Rupiah:			
Related parties (Note 50)	566,875	153,940	119,324
Third parties	203,070,080	165,538,201	135,117,712
Total Rupiah	203,636,955	165,692,141	135,237,036
Foreign currencies:			
Related parties (Note 50)	232,304	484,117	521,939
Third parties	40,157,725	30,949,971	38,740,459
Total foreign currencies (Note 56e)	40,390,029	31,434,088	39,262,398
Total	244,026,984	197,126,229	174,499,434
Less: Deferred income	-	-	(1,334)
Total	244,026,984	197,126,229	174,498,100
Less: Allowance for impairment losses	(11,481,725)	(12,435,525)	(11,860,312)
	232,545,259	**184,690,704**	**162,637,788**

b.1 By Type and Bank Indonesia's collectibility:

	31 December 2010		
	Non-impaired**)	Impaired *)**)	Total
Rupiah:			
Working capital	97,738,103	4,437,169	102,175,272
Investment	59,628,363	1,661,254	61,289,617
Consumer	33,569,920	731,598	34,301,518
Syndicated	2,572,177	1,101,195	3,673,372
Employees	1,197,993	5,398	1,203,391
Government program	966,645	27,140	993,785
Total Rupiah	195,673,201	7,963,754	203,636,955
Foreign currencies:			
Working capital	16,457,181	4,312,621	20,769,802
Investment	16,139,383	2,511,528	18,650,911
Consumer	81,045	-	81,045
Syndicated	145,600	144,256	289,856
Employees	141	53	194
Government program	107,551	-	107,551
Others	269,169	221,501	490,670
Total foreign currencies	33,200,070	7,189,959	40,390,029
Total	228,873,271	15,153,713 1)	244,026,984
Less: Allowance for impairment losses	(2,672,195)	(8,809,530) 2)	(11,481,725)
	226,201,076	**6,344,183** 3)	**232,545,259**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2b.(v).(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp13,327,777 and Rp1,825,936, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,912,147 and Rp897,383, respectively.
3) Loans – net evaluated by using individual and collective assessment amounts to Rp5,415,630 and Rp928,553, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans: (continued)

b.2 By Type and Bank Indonesia's Collectibility:

	31 December 2010					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	94,542,602	5,374,177	519,560	427,737	1,311,196	102,175,272
Investment	58,276,629	2,183,120	207,849	147,734	474,285	61,289,617
Consumer	30,529,926	3,067,372	128,120	143,682	432,418	34,301,518
Syndicated	2,572,177	1,101,195	-	-	-	3,673,372
Employees	1,195,835	2,158	241	150	5,007	1,203,391
Government program	942,638	24,007	12,903	5,956	8,281	993,785
Total Rupiah	188,059,807	11,752,029	868,673	725,259	2,231,187	203,636,955
Foreign currencies:						
Working capital	16,339,400	3,206,394	142,770	23,892	1,057,346	20,769,802
Investment	16,252,082	1,679,394	412,821	24,001	282,613	18,650,911
Consumer	79,869	1,176	-	-	-	81,045
Syndicated	145,600	144,256	-	-	-	289,856
Employees	141	-	-	-	53	194
Government program	107,551	-	-	-	-	107,551
Others	269,169	-	-	-	221,501	490,670
Total foreign currencies	33,193,812	5,031,220	555,591	47,893	1,561,513	40,390,029
Total	221,253,619	16,783,249	1,424,264	773,152	3,792,700	244,026,984
Less: Allowance for impairment losses	(2,156,208)	(4,829,284)	(784,587)	(470,804)	(3,240,842)	(11,481,725)
	219,097,411	**11,953,965**	**639,677**	**302,348**	**551,858**	**232,545,259**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans: (continued)

b.2 By Type and Bank Indonesia's Collectibility: (continued)

	31 December 2009					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	69,901,816	5,279,011	565,643	223,668	1,504,759	77,474,897
Investment	48,660,672	2,420,311	149,859	162,450	441,128	51,834,420
Consumer	28,555,612	2,736,674	90,717	125,337	421,167	31,929,507
Syndicated	1,463,417	1,167,611	-	-	-	2,631,028
Employees	1,253,940	2,837	98	52	4,794	1,261,721
Government program	377,774	13,389	1,373	159	4,856	397,551
Export	163,017	-	-	-	-	163,017
Total Rupiah	150,376,248	11,619,833	807,690	511,666	2,376,704	165,692,141
Foreign currencies:						
Working capital	9,125,168	4,432,179	37,378	370,524	1,109,818	15,075,067
Investment	7,919,492	2,385,037	-	-	648,474	10,953,003
Syndicated	3,774,569	164,404	-	32,847	271,219	4,243,039
Government program	107,542	-	-	-	-	107,542
Consumer	49,097	3,428	-	-	-	52,525
Export	29,694	-	-	-	-	29,694
Employees	238	-	-	-	-	238
Others	769,498	169,119	27,730	-	6,633	972,980
Total foreign currencies	21,775,298	7,154,167	65,108	403,371	2,036,144	31,434,088
Total	172,151,546	18,774,000	872,798	915,037	4,412,848	197,126,229
Less:						
Allowance for impairment losses	(1,941,564)	(5,107,798)	(345,314)	(641,536)	(4,399,313)	(12,435,525)
	170,209,982	**13,666,202**	**527,484**	**273,501**	**13,535**	**184,690,704**

(Expressed in millions of Rupiah, unless otherwise stated)

11. **LOANS** (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility: (continued)

	31 December 2008					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	68,830,786	3,815,028	629,107	274,538	2,199,727	75,749,186
Investment	31,963,712	3,090,153	35,046	122,145	898,835	36,109,891
Consumer	16,785,205	2,080,749	61,528	55,344	326,703	19,309,529
Government program	2,007,093	181,286	14,548	23,227	8,522	2,234,676
Employees	1,349,970	4,236	23	103	4,976	1,359,308
Syndicated	349,827	-	-	-	-	349,827
Export	124,619	-	-	-	-	124,619
Total Rupiah	121,411,212	9,171,452	740,252	475,357	3,438,763	135,237,036
Foreign currencies:						
Working capital	10,919,472	4,647,422	280,537	60,780	2,402,336	18,310,547
Investment	11,909,409	2,073,859	81,620	-	1,487,120	15,552,008
Syndicated	2,827,106	18,893	-	42,193	272,500	3,160,692
Employees	1,987,782	6,463	46,641	-	512	2,041,398
Government program	168,735	-	-	-	-	168,735
Consumer	27,207	1,275	-	-	-	28,482
Export	536	-	-	-	-	536
Total foreign currencies	27,840,247	6,747,912	408,798	102,973	4,162,468	39,262,398
Total	149,251,459	15,919,364	1,149,050	578,330	7,601,231	174,499,434
Less:						
Deferred income	-	(1,334)	-	-	-	(1,334)
Total	149,251,459	15,918,030	1,149,050	578,330	7,601,231	174,498,100
Less:						
Allowance for impairment losses	(1,593,604)	(2,796,702)	(307,510)	(448,414)	(6,714,082)	(11,860,312)
	147,657,855	**13,121,328**	**841,540**	**129,916**	**887,149**	**162,637,788**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans: (continued)

c.1 By Economic Sector:

	31 December 2010		
	Non-impaired **)	**Impaired** *) **)	**Total**
Rupiah:			
Manufacturing	40,718,924	3,375,374	44,094,298
Trading, restaurant and hotel	30,561,119	1,407,751	31,968,870
Business services	27,004,097	469,392	27,473,489
Agriculture	25,868,619	643,855	26,512,474
Transportation, warehousing and communications	13,359,879	320,242	13,680,121
Construction	9,310,551	455,847	9,766,398
Electricity, gas and water	3,902,726	16,254	3,918,980
Mining	2,496,964	154,907	2,651,871
Social services	2,579,647	112,663	2,692,310
Others	39,870,675	1,007,469	40,878,144
Total Rupiah	195,673,201	7,963,754	203,636,955
Foreign currencies:			
Manufacturing	8,941,776	4,794,807	13,736,583
Trading, restaurant and hotel	2,580,178	1,165,314	3,745,492
Business services	1,325,557	412,855	1,738,412
Agriculture	3,053,976	27,938	3,081,914
Transportation, warehousing and communications	1,837,455	263,259	2,100,714
Construction	1,355,387	106,194	1,461,581
Electricity, gas and water	2,238,542	47,037	2,285,579
Mining	10,910,936	294,884	11,205,820
Social services	173,126	-	173,126
Others	783,137	77,671	860,808
Total foreign currencies	33,200,070	7,189,959	40,390,029
Total	228,873,271	15,153,713 1)	244,026,984
Less: Allowance for impairment losses	(2,672,195)	(8,809,530) 2)	(11,481,725)
	226,201,076	**6,344,183** 3)	**232,545,259**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2b.(v).(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp13,327,777 and Rp1,825,936, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,912,147 and Rp897,383, respectively.
3) Loans – net evaluated by using individual and collective assessment amounts to Rp5,415,630 and Rp928,553, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

11. **LOANS** (continued)

A. Details of loans: (continued)

c.2 By Economic Sector and Bank Indonesia's Collectibility:

	31 December 2010					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	40,174,493	3,230,345	244,220	23,892	421,348	44,094,298
Trading, restaurant and Hotel	29,173,646	1,743,645	136,975	198,551	716,053	31,968,870
Business services	26,391,154	759,782	80,034	87,713	154,806	27,473,489
Agriculture	25,469,161	821,802	68,156	14,553	138,802	26,512,474
Transportation, warehousing and communications	12,845,535	627,784	75,046	13,177	118,579	13,680,121
Construction	8,725,659	812,981	58,904	9,479	159,375	9,766,398
Electricity, gas and water	3,882,685	20,041	12,612	1,625	2,017	3,918,980
Mining	2,446,154	158,217	30,757	6,429	10,314	2,651,871
Social services	2,530,891	80,382	15,273	30,894	34,870	2,692,310
Others	36,420,429	3,497,050	146,696	338,946	475,023	40,878,144
Total Rupiah	188,059,807	11,752,029	868,673	725,259	2,231,187	203,636,955
Foreign currencies:						
Manufacturing	8,976,286	4,060,150	207,026	4,922	488,199	13,736,583
Trading, restaurant and Hotel	2,525,963	433,305	16,104	18,970	751,150	3,745,492
Business services	1,304,709	20,848	330,845	-	82,010	1,738,412
Agriculture	3,053,976	26,322	1,616	-	-	3,081,914
Transportation, warehousing and communications	1,837,455	57,931	-	-	205,328	2,100,714
Construction	1,355,387	106,194	-	-	-	1,461,581
Electricity, gas and water	2,238,542	47,037	-	-	-	2,285,579
Mining	10,903,561	278,258	-	24,001	-	11,205,820
Social services	172,856	270	-	-	-	173,126
Others	825,077	905	-	-	34,826	860,808
Total foreign currencies	33,193,812	5,031,220	555,591	47,893	1,561,513	40,390,029
Total	221,253,619	16,783,249	1,424,264	773,152	3,792,700	244,026,984
Less: Allowance for impairment losses	(2,156,208)	(4,829,284)	(784,587)	(470,804)	(3,240,842)	(11,481,725)
	219,097,411	**11,953,965**	**639,677**	**302,348**	**551,858**	**232,545,259**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans: (continued)

c.2 By Economic Sector and Bank Indonesia's Collectibility: (continued)

	31 December 2009					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	36,674,433	4,087,495	56,672	50,712	552,381	41,421,693
Trading, restaurant and hotel	19,804,061	1,603,084	73,104	192,075	501,058	22,173,382
Business services	18,781,041	699,922	50,221	31,979	271,020	19,834,183
Agriculture	18,084,023	758,992	25,840	28,306	163,445	19,060,606
Transportation, warehousing and communications	13,618,203	253,226	255,089	1,511	26,387	14,154,416
Construction	9,666,208	1,058,602	22,667	50,132	356,502	11,154,111
Mining	2,571,705	179,917	389	291	26,319	2,778,621
Social services	2,171,574	113,797	27,340	21,670	41,411	2,375,792
Electricity, gas and water	2,219,063	3,702	1,028	21	2,799	2,226,613
Others	26,785,937	2,861,096	295,340	134,969	435,382	30,512,724
Total Rupiah	150,376,248	11,619,833	807,690	511,666	2,376,704	165,692,141
Foreign currencies:						
Manufacturing	5,188,556	5,670,204	-	368,959	1,366,282	12,594,001
Mining	7,123,498	326,786	-	-	17,702	7,467,986
Trading, restaurant and hotel	2,406,982	444,837	27,730	1,565	379,452	3,260,566
Construction	1,588,972	185,024	7,734	-	-	1,781,730
Transportation, warehousing and communications	1,062,115	329,533	29,595	-	774	1,422,017
Business services	1,099,899	-	49	-	235,451	1,335,399
Agriculture	1,113,229	73,460	-	-	-	1,186,689
Electricity, gas and water	872,675	80,496	-	-	-	953,171
Social services	65,787	-	-	-	-	65,787
Others	1,253,585	43,827	-	32,847	36,483	1,366,742
Total foreign currencies	21,775,298	7,154,167	65,108	403,371	2,036,144	31,434,088
Total	172,151,546	18,774,000	872,798	915,037	4,412,848	197,126,229
Less:						
Allowance for impairment losses	(1,941,564)	(5,107,798)	(345,314)	(641,536)	(4,399,313)	(12,435,525)
	170,209,982	**13,666,202**	**527,484**	**273,501**	**13,535**	**184,690,704**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility: (continued)

	31 December 2008					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	30,588,663	2,401,266	444,528	78,447	1,528,097	35,041,001
Trading, restaurant and hotel	15,664,496	1,414,353	62,762	112,773	661,534	17,915,918
Business services	16,573,954	637,061	61,643	18,756	186,557	17,477,971
Agriculture	12,700,062	786,569	17,242	3,045	125,410	13,632,328
Construction	9,612,533	1,237,896	19,703	12,690	367,310	11,250,132
Transportation, warehousing and communications	10,426,185	196,731	46,016	162,609	121,871	10,953,412
Social services	2,026,496	128,282	8,386	4,889	9,161	2,177,214
Electricity, gas and water	1,640,298	4,427	27	8	1,110	1,645,870
Mining	920,805	15,515	2,479	402	75,291	1,014,492
Others	21,257,720	2,349,352	77,466	81,738	362,422	24,128,698
Total Rupiah	121,411,212	9,171,452	740,252	475,357	3,438,763	135,237,036
Foreign currencies:						
Manufacturing	8,229,682	5,884,483	259,431	47,540	3,213,561	17,634,697
Mining	7,511,119	147,023	-	-	213,054	7,871,196
Trading, restaurant and hotel	4,440,697	269,659	75,183	21,097	438,825	5,245,461
Construction	1,374,750	97,052	69,896	-	20,647	1,562,345
Agriculture	1,460,770	89,752	-	-	-	1,550,522
Electricity, gas and water	1,231,524	157,316	-	-	-	1,388,840
Business services	1,075,660	5,712	57	-	273,168	1,354,597
Transportation, warehousing and communications	1,167,296	25,740	-	34,336	-	1,227,372
Social services	1,828	-	-	-	-	1,828
Others	1,346,921	71,175	4,231	-	3,213	1,425,540
Total foreign currencies	27,840,247	6,747,912	408,798	102,973	4,162,468	39,262,398
Total	149,251,459	15,919,364	1,149,050	578,330	7,601,231	174,499,434
Less:						
Deferred income	-	(1,334)	-	-	-	(1,334)
Total	149,251,459	15,918,030	1,149,050	578,330	7,601,231	174,498,100
Less:						
Allowance for impairment losses	(1,593,604)	(2,796,702)	(307,510)	(448,414)	(6,714,082)	(11,860,312)
	147,657,855	**13,121,328**	**841,540**	**129,916**	**887,149**	**162,637,788**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

A. Details of loans: (continued)

d. By Period:

	2010	**2009**	**2008**
Rupiah:			
Less than 1 year	23,838,202	17,721,663	22,104,912
1 - 2 years	19,439,400	14,721,410	13,519,412
2 - 5 years	83,804,698	68,759,914	46,282,191
Over 5 years	76,554,655	64,489,154	53,330,521
Total Rupiah	203,636,955	165,692,141	135,237,036
Foreign currencies:			
Less than 1 year	8,374,108	12,062,156	8,752,766
1 - 2 years	2,573,107	938,894	2,552,266
2 - 5 years	17,140,107	8,381,264	12,384,576
Over 5 years	12,302,707	10,051,774	15,572,790
Total foreign currencies	40,390,029	31,434,088	39,262,398
Total	244,026,984	197,126,229	174,499,434
Less: Deferred income	-	-	(1,334)
Total	244,026,984	197,126,229	174,498,100
Less: Allowance for impairment losses	(11,481,725)	(12,435,525)	(11,860,312)
	232,545,259	**184,690,704**	**162,637,788**

The non-performing loans ratios of Bank Mandiri and Subsidiaries on a gross basis, (before deducting the allowance for impairment losses), as at 31 December 2010, 2009 and 2008, were 2.42%, 2.79% and 4.73%, respectively (the ratios for Bank Mandiri only were 2.21%, 2.62% and 4.69% as at 31 December 2010, 2009 and 2008, respectively). While the non-performing loans ratio of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2010, 2009 and 2008, were 0.62%, 0.42% and 1.09%, respectively (the ratios for Bank Mandiri only were 0.54%, 0.32% and 0.97%, as at 31 December 2010, 2009 and 2008, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2010 are in accordance with Bank Indonesia Circular Letter No. 12/11/DPNP dated 31 March 2010 regarding Second Amendment of Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 with regards to Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia, is based on loan amount excluding loan to other banks amounting Rp1,421,350.

The calculation of non-performing loans ratios for Bank Mandiri and Subsidiaries as at 31 December 2009 and 2008, are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 regarding Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia as amended in Bank Indonesia Circular Letter No. 7/10/DPNP dated 30 March 2005, and the non-performing loans ratio of Bank Mandiri and Subsidiaries is calculated based on total loans excluding loans granted to other banks amounting to Rp1,629,064 and Rp2,199,299 respectively, and after deducted with restructuring losses amounting Rp849,611 and Rp1,270,261, respectively.

Included in loans balance as at 31 December 2010, 2009 and 2008, are loans purchased from IBRA amounting to RpNil, Rp157,088 and Rp289,292, respectively, with an allowance for impairment losses of RpNil, Rp1,571 and Rp2,702, respectively, and deferred income of RpNil, RpNil and Rp1,334, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp23,847,048, Rp15,952,728 and Rp13,132,920, respectively, as at 31 December 2010, 2009 and 2008, which consist of:

	2010	2009	2008
Receivables from			
Murabahah and *Istishna*	12,757,604	8,290,462	6,936,699
Musyarakah financing	4,590,191	3,256,613	3,582,492
Other sharia financing	6,499,253	4,405,653	2,613,729
	23,847,048	15,952,728	13,132,920
Less: Allowance for impairment losses	(880,515)	(806,573)	(573,255)
	22,966,533	**15,146,155**	**12,559,665**

b. Average interest rates (yield) and range of profit sharing per annum are as follow:

Average interest rates (yield) per annum*:*

	2010	2009	2008
Rupiah	12.54%	12.80%	11.91%
Foreign currencies	5.64%	6.33%	6.26%

Range of profit sharing per annum:

	2010	2009	2008
Receivables from			
Murabahah and *Istishna*	6.46% - 19.53%	6.90% - 14.77%	11.68% - 15.79%
Musyarakah financing	11.04% - 12.38%	9.28% - 14.62%	5.01% - 22.27%
Other sharia financing	14.25% - 15.55%	13.53% - 15.74%	10.18% - 12.24%

c. Collaterals for Loans

Loans are generally secured by pledged collateral, bind with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable to by Bank Mandiri and Subsidiaries. Deposits from customers and deposits from other banks that serve as collateral for cash Loans secured by cash collateral as at 31 December 2010 and 2009 amounted to Rp9,460,707 (Note 18c, 20f, 21d and 23e) and Rp7,567,746 (Note 18c, 20f, 21d and 23e).

d. Government Program Loans

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

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans: (continued)

e. Syndicated Loans

Syndicated loans represent loans provided to customers under syndication agreements with other banks. Bank Mandiri's share as the facility agent in syndicated loans ranged from 26.79% - 80.32%, 19.43% - 80.29% and 4.00% - 64.99%, of the total syndicated loans as at 31 December 2010, 2009 and 2008, respectively. Bank Mandiri's share as a member in syndicated loans ranged from 0.10% – 39.36%, 0.36% - 38.54% and 0.40% - 56.29%, of the total syndicated loans as at 31 December 2010, 2009 and 2008, respectively.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2010, 2009 and 2008:

	2010	2009	2008
Extension of loan maturity dates	7,731,985	7,225,884	8,645,252
Extension of loan maturity dates and reduction of interest rates	470,960	530,988	4,751,799
Long-term loans with options to convert debt to equity	174,495	189,291	380,232
Additional loan facilities	101,138	294,560	1,321,951
Extension of loan maturity dates and other restructuring schemes *)	6,855,447	9,653,780	2,357,176
	15,334,025	**17,894,503**	**17,456,410**

*) Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Total restructured loans under non-performing loans (NPL) category 31 December 2010, 2009 and 2008 amounting to Rp1,641,504, Rp1,531,804 and Rp3,452,331 respectively.

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Notes 50.

Loans to related parties include loans to Bank Mandiri employees. The loans to Bank Mandiri employees consist of interest-bearing loans at 4.00% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

h. Legal Lending Limit (LLL)

As at 31 December 2010, 2009 and 2008, there are no breach and violation of Legal Lending Limit to third parties and related parties as required by Bank Indonesia Regulations.

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

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans: (continued)

j. Movements of allowance for impairment losses on loans:

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

	2010	2009	2008
Balance at beginning of year[1)]	12,435,525	11,860,312	13,041,696
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49) [1)]	(65,395)	-	-
Allowance during the year (Note 38)	2,450,235	1,539,817	2,299,377
Cash recoveries and write back[2)]	514,353	2,299,144	2,343,228
Write-offs[3)]	(3,164,224)	(2,279,542)	(5,609,911)
Others [*)]	(688,769)	(984,206)	(214,078)
Balance at end of year[4)]	**11,481,725**	**12,435,525**	**11,860,312**

*) For 31 December 2010, includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 35).
1) Beginning balance after adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) amounted to Rp12,370,130 which consists of Rp9,323,005 which is calculated using individual assessment and Rp3,047,125 which is calculated using collective assessment.
2) Represent write back for debtors which is evaluated individually.
3) Write-off Rp2,054,974 is for debtors which is evaluated using individual assessment and Rp1,109,250 for debtor which is evaluated by using collective assessment.
4) End balance consists of Rp8,342,876 which is calculated using individual assessment and Rp3,138,849 which is calculated using collective assessment.

Management believes that the allowance for impairment losses on loans is adequate.

k. Summary of non-performing loans based on economic sector before deducted by deferred income and related allowances for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia's regulation)		
	2010	**2009**	**2008**
Rupiah:			
Trading, restaurant and hotel	1,051,579	766,237	837,069
Manufacturing	689,460	659,765	2,051,072
Business services	322,553	353,220	266,956
Others	1,761,527	1,916,838	1,499,275
Total Rupiah	3,825,119	3,696,060	4,654,372
Foreign currencies:			
Trading, restaurant and hotel	786,224	408,747	535,105
Manufacturing	700,147	1,735,241	3,520,532
Business services	412,855	235,500	273,225
Others	265,771	125,135	345,377
Total foreign currencies	2,164,997	2,504,623	4,674,239
	5,990,116	**6,200,683**	**9,328,611**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans: (continued)

k. Summary of non-performing loans based on economic sector before deducted by deferred income and related allowances for impairment losses is as follows: (continued)

Total minimum allowance for impairment losses based on Bank Indonesia's Regulation is as follows:

	Minimum Allowance for Impairment Losses		
	2010	**2009**	**2008**
Rupiah:			
Trading, restaurant and hotel	782,869	617,966	605,974
Manufacturing	438,146	596,439	1,508,295
Business services	180,118	295,735	170,280
Others	1,150,891	1,350,480	1,096,683
Total Rupiah	2,552,024	2,860,620	3,381,232
Foreign currencies:			
Trading, restaurant and hotel	763,114	384,394	394,241
Manufacturing	645,462	1,550,762	2,790,245
Business services	327,427	235,499	216,639
Others	259,366	102,096	273,733
Total foreign currencies	1,995,369	2,272,751	3,674,858
	4,547,393	**5,133,371**	**7,056,090**

l. Write-off of "Loss" category Loans

For the year ended 31 December 2010, 2009 and 2008, Bank Mandiri wrote-off loans in the "loss" category amounting to Rp2,921,053, Rp2,223,520 and Rp5,507,168 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

a. Loan facility has been classified as loss;
b. Loan facility has been provided with 100.00% provision from the loan principal;
c. Collection and recovery efforts have been performed, but the result is unsuccessful;
d. The debtors' business has no prospect or performance is bad or they do not have the ability to repay the loan; and
e. The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

The write-off of loans in the "loss" category does not eliminate the right to collect and, hence are still to be pursued for collection continuously.

m. Written-off loans are recorded in *extra-comtable*. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the balance sheet of the Bank. A summary of movements of *extra-comtable* loans for the years ended 31 December 2010, 2009 and 2008 are as follows (Bank only):

	2010	**2009**	**2008**
Balance at beginning of year	32,609,917	34,510,621	28,858,375
Write-offs	2,921,053	2,223,520	5,507,168
Cash recoveries and write back	(2,661,171)	(2,263,728)	(2,308,856)
Others *)	(538,403)	(1,860,496)	2,453,934
Balance at end of year	**32,331,396**	**32,609,917**	**34,510,621**

*) Includes effect of foreign currency translation.

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans: (continued)

n. Loans Purchased from IBRA

Based on Bank Indonesia Letter No. 9/58/DPNP/IDPnP dated 16 February 2007 to the Bank, the Bank can maintain the loans purchased from IBRA that have been held for five years after purchased, as long as they are classified as current based on business prospect, performance and debtor's ability to repay in accordance with Bank Indonesia Regulation related to Earning Assets Quality. Based on Bank Indonesia Letter No. 10/28/DPB1 dated 24 January 2008, the performing loans consist of loan with collectibility 1 (Current) and 2 (Special Mention).

Period from 1 January to 31 December 2010, 2009 and 2008

In addition to the allowance for impairment loan losses and deferred income, the Bank provided an additional allowance for impairment losses on IBRA loans amounting to RpNil, Rp1,571 and Rp2,702 as at 31 December 2010, 2009 and 2008, respectively.

All of the outstanding principal balance of IBRA loans amounting to RpNil, Rp157,088 and Rp289,292, as at 31 December 2010, 2009 and 2008, respectively, was covered by new credit agreements.

There were no additional facilities to debtors of loans purchased from IBRA for the year ended 31 December 2010, 2009 and 2008.

Total interest and other income (up-front fees, restructuring and provision fees) received related to loans purchased from IBRA for the year ended 31 December 2010 and 2009 were RpNil, RpNil and Rp35,840, respectively.

Below are the movements of principal, impairment loan losses and deferred income on loans purchased from IBRA for the years ended 31 December 2010, 2009 and 2008, which were recorded under loan account:

	2010	2009	2008
Principal loan			
Balance at beginning of years	157,088	289,292	495,599
Repayments during the years	(157,088)	(132,204)	(243,439)
Foreign currency translation effect - net	-	-	37,132
Balance at end of years	**-**	**157,088**	**289,292**
Deferred income			
Balance at beginning of years	-	1,334	23,472
Correction due to receive income over the purchase price	-	(1,334)	(22,322)
Foreign currency translation effect - net	-	-	184
Balance at end of years	**-**	**-**	**1,334**

The Bank Indonesia's collectibility of loans purchased from IBRA as at 31 December 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Current	-	157,088	267,062
Special mention	-	-	1,972
Loss	-	-	20,258
	-	**157,088**	**289,292**

(Expressed in millions of Rupiah, unless otherwise stated)

11. LOANS (continued)

B. Other significant information related to loans: (continued)

o. Loans channelled through direct financing (executing) and joint financing mechanism as at 31 December 2010, 2009 and 2008 were Rp6,232,908, Rp4,372,268 and Rp4,289,729 respectively.

12. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	2010	2009	2008
Consumer financing receivables - gross			
Direct financing			
Rupiah	5,832,837	2,914,809	-
Less:			
Joint financing (without recourse)			
Rupiah			
Related parties	(3,089,860)	(1,092,547)	-
Third parties	(8,747)	(39,632)	-
	(3,098,607)	(1,132,179)	-
Total consumer financing receivables - gross	2,734,230	1,782,630	-
Unearned income on consumer financing			
Direct financing			
Rupiah			
Third parties	(1,008,768)	(540,081)	-
Less:			
Joint financing (without recourse)			
Rupiah			
Related parties	447,768	174,430	-
Third parties	362	3,409	-
	448,130	177,839	-
Total unearned income on consumer financing	**(560,638)**	**(362,242)**	**-**
Total consumer financing receivables	**2,173,592**	**1,420,388**	**-**
Allowance for impairment losses	(40,769)	(16,343)	-
Net	**2,132,823**	**1,404,045**	**-**

On 6 February 2009, Bank Mandiri signed a joint financing facility (without recourse) agreement with PT Mandiri Tunas Finance (a Subsidiary since 6 February 2009). The total joint financing facility was Rp2,000,000 with a maturity period until 31 December 2009. The total joint financing facility has been increased to Rp3,000,000 and extended until 28 February 2011 based on the amendment of agreement signed on 30 December 2009.

(Expressed in millions of Rupiah, unless otherwise stated)

12. CONSUMER FINANCING RECEIVABLES (continued)

b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Current	2,003,803	1,345,457	-
Special mention	141,164	64,282	-
Sub-standard	12,439	4,311	-
Doubtful	14,259	5,524	-
Loss	1,927	814	-
Total	2,173,592	1,420,388	-
Less: Allowance for impairment losses	(40,769)	(16,343)	-
	2,132,823	**1,404,045**	**-**

c. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	2010	2009	2008
Balance at beginning of year	16,343	13,802	-
Adjustment to opening balance relating to Implementation of SFAS 55 (Revised 2006) (Note 49)	11,322	-	-
Allowance during the years (Note 38)	46,116	22,525	-
Recoveries	13,849	5,457	-
Write-off	(46,861)	(25,441)	-
Balance at end of year	**40,769**	**16,343**	**-**

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

13. ACCEPTANCE RECEIVABLES

a. By Currency, Related Parties and Third Parties:

	2010	2009	2008
Rupiah:			
Receivables from other banks			
Third parties	50,076	121,364	8,783
Receivables from debtors			
Third parties	163,871	187,478	85,168
Total Rupiah	213,947	308,842	93,951
Foreign currencies:			
Receivables from other banks			
Third parties	190,411	120,792	78,323
Receivables from debtors			
Third parties	3,546,148	3,927,139	3,670,093
Total foreign currencies (Note 56e)	3,736,559	4,047,931	3,748,416
Total	3,950,506	4,356,773	3,842,367
Less: Allowance for impairment losses	(171,097)	(52,773)	(246,008)
	3,779,409	**4,304,000**	**3,596,359**

As at 31 December 2010, 2009 and 2008, there were no acceptance receivables with related party.

(Expressed in millions of Rupiah, unless otherwise stated)

13. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	2010	2009	2008
Rupiah:			
Less than 1 month	84,987	165,954	89,063
1 - 3 months	116,262	124,895	411
3 - 6 months	12,698	17,993	4,477
Total Rupiah	213,947	308,842	93,951
Foreign currencies:			
Less than 1 month	748,373	1,090,792	3,721,136
1 - 3 months	1,736,669	1,705,214	16,996
3 - 6 months	1,234,092	1,240,472	5,638
6 - 12 months	17,425	11,453	4,646
Total foreign currencies	3,736,559	4,047,931	3,748,416
Total	3,950,506	4,356,773	3,842,367
Less: Allowance for impairment losses	(171,097)	(52,773)	(246,008)
	3,779,409	**4,304,000**	**3,596,359**

c. By Bank Indonesia's Collectibility:

	2010	2009	2008
Current	3,642,453	4,126,632	3,422,193
Special mention	307,543	230,141	204,136
Substandard	510	-	17,474
Loss	-	-	198,564
Total	3,950,506	4,356,773	3,842,367
Less: Allowance for impairment losses	(171,097)	(52,773)	(246,008)
	3,779,409	**4,304,000**	**3,596,359**

d. Movements of allowance for impairment losses on acceptance receivables:

	2010	2009	2008
Balance at beginning of year	52,773	246,008	69,754
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 49)	(184)	-	-
Allowance/(reversal) during the year (Note 38)	117,977	(219,512)	137,045
Others *)	531	26,277	39,209
Balance at end of year	**171,097**	**52,773**	**246,008**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 56.

(Expressed in millions of Rupiah, unless otherwise stated)

14. INVESTMENTS IN SHARES

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

	2010	2009	2008
Equity method	-	182,665	153,540
Cost method	7,533	6,289	6,289
Total	7,533	188,954	159,829
Less: Allowance for impairment losses	(1,285)	(2,106)	(1,656)
	6,248	**186,848**	**158,173**

The details of investments in shares as at 31 December 2010 were as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Cost Method:			
Westech Electronics*)	Trading and retail	5.50%	1,244
Others (each less than Rp3,000)	Various	3.99% - 10.00%	6,289
Total			7,533
Less: Allowance for impairment losses			(1,285)
			6,248

*) The investments are resulted from loan restructuring through debt to equity conversion (Debt Equity Swap) on 2 June 2010. In accordance with Bank Indonesia Regulation, the investments in shares are temporary investments, for maximum period 5 years. Therefore, the investments are recorded using cost method without considering percentage of ownership started on 2 June 2010.

In August 2010, the Bank acquired additional 2% shares in PT AXA Mandiri Financial Services'. As a result, the Bank's ownership in PT AXA Mandiri Financial Services increased to 51% and since then it was consolidated into the Bank's consolidated financial statements (Note 1g).

The details of investments in shares as at 31 December 2009 were as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity on Net Income	Carrying Amount
Equity Method:					
PT AXA Mandiri Financial Services	Insurance	49.00%	16,761	165,904	182,665
Cost Method:					
Others (each less than Rp3,000)	Various	3.99% -10.00 %	6,289	-	6,289
Total					188,954
Less: Allowance for impairment losses					(2,106)
					186,848

The details of investments in shares as at 31 December 2008 were as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity on Net Income	Carrying Amount
Equity Method:					
PT AXA Mandiri Financial Services	Insurance	49.00%	16,761	136,779	153,540
Cost Method:					
Others (each less than Rp3,000)	Various	3.99% - 10.00%	6,289	-	6,289
Total					159,829
Less: Allowance for impairment losses					(1,656)
					158,173

(Expressed in millions of Rupiah, unless otherwise stated)

14. INVESTMENTS IN SHARES (continued)

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

In 2008, temporary investments resulted from loan restructuring through Debt Equity Swap had been written-off because the Bank has owned the investments for more than 5 (five) years. This is to comply with Bank Indonesia Regulations - PBI No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks which has been amended by Bank Indonesia Regulation - PBI No. 11/2/PBI/2009 dated 29 January 2009.

b. Investments in shares by Bank Indonesia's collectibility:

	2010	2009	2008
Current	6,233	188,898	159,773
Doubtful	1,244	-	-
Loss	56	56	56
Total	7,533	188,954	159,829
Less: Allowance for impairment losses	(1,285)	(2,106)	(1,656)
	6,248	**186,848**	**158,173**

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

	2010	2009	2008
Balance at beginning of year	2,106	1,656	73,943
Allowance during the year (Note 38)	614	450	339
Write-offs	-	-	(72,626)
Others *)	(1,435)	-	-
Balance at end of year	**1,285**	**2,106**	**1,656**

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares is adequate.

15. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS

This account represents Subsidiary's policyholders' funds placed in unit-linked investment, with details as follow:

	2010	2009	2008
Non-syariah	6,707,586	-	-
Syariah	504,527	-	-
	7,212,113	-	-

The details of unit-linked investments non-sharia by type of contracts are as follow:

	2010	2009	2008
Dynamic money	4,480,162	-	-
Progressive money	2,035,431	-	-
Attractive money	109,677	-	-
Secure money	66,390	-	-
Money market	7,797	-	-
Active money	5,961	-	-
Fixed money	2,168	-	-
	6,707,586	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

15. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

The policyholders' funds - non-sharia placed in statutory deposits as of 31 December 2010 amounted to Rp 138,500.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency amounting to USD 2,437,683.

Dynamic money
This is an equity fund with underlying exposures in stocks listed on the Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Prestasi Plus.

Progressive money
This is a balanced fund with underlying exposures in stocks and bonds listed on the Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Terpadu II.

Attractive money
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Investa Attractive.

Secure money
Secure money Rupiah fund is a fixed income fund with underlying exposures in fixed income securities listed on the Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Mantap Plus II. The USD fund has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund Danareksa Melati Dollar.

Money market
This is money market fund with underlying exposures in money market instrument including term deposits and fixed income securities listed on Indonesia Stock Exchange through mutual fund Mandiri Pasar Uang.

Active money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Investa Aktif.

Fixed money
This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund Mandiri Investa Dana Obligasi.

The details of unit-linked investments sharia by type of contracts are as follow:

	2010	2009	2008
Attractive money syariah	455,647	-	-
Active money syariah	48,880	-	-
	504,527	-	-

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2010 amounted to Rp 9,882.

Attractive money syariah
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Investa Atraktif Syariah.

Active money syariah
This is a balanced fund with underlying exposures in stocks and bonds listed in the Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Investa Syariah Berimbang.

(Expressed in millions of Rupiah, unless otherwise stated)

16. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2010 to 31 December 2010	Beginning Balance	Additions	Deductions	Reclassifications**)	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land *)	2,789,518	412	(10,436)	711	2,780,205
Buildings *)	1,832,026	11,508	(1,874)	42,715	1,884,375
Furnitures, fixtures, office equipment and computer equipment/software	4,696,691	290,568	(4,843)	156,415	5,138,831
Vehicles	88,948	77,982	(7,800)	1,406	160,536
Construction in progress	422,478	646,718	-	(209,273)	859,923
Leased assets	3,267	-	-	-	3,267
	9,832,928	1,027,188	(24,953)	(8,026)	10,827,137
Accumulated Depreciation and Amortisation (Note 43)					
Direct ownership					
Buildings	1,012,549	77,656	-	1,186	1,091,391
Furnitures, fixtures, office equipment and computer equipment/software	3,798,091	358,394	(4,134)	(6,767)	4,145,584
Vehicles	57,676	11,912	(8,118)	(268)	61,202
Leased assets	1,306	654	-	-	1,960
	4,869,622	448,616	(12,252)	(5,849)	5,300,137
Net book value					
Direct ownership					
Land					2,780,205
Buildings					792,984
Furniture, fixtures, office equipment and computer equipment/software					993,247
Vehicles					99,334
					4,665,770
Construction in progress					859,923
Leased assets					1,307
					5,527,000

*) The fixed assets were revalued in 1979, 1987 and 2003. The amounts include 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 at 31 July 1999. The revaluation increments were recorded prospectively on 18 June 2003 (Note 16a).

**) Reclassified from Abandoned Property and Construction In Progress.

Construction in progress as at 31 December 2010 was comprised of:

	Balance
Computers and other hardware that have not been installed	338,660
Buildings	227,866
Product development and license - Integrated Banking System	147,050
Office equipment and inventory	137,962
Vehicles	775
Others	7,610
	859,923

The estimated percentage of completion of construction in progress as at 31 December 2010 for Integrated Banking System agreement was ranging between 82.13% - 99.93%.

(Expressed in millions of Rupiah, unless otherwise stated)

16. FIXED ASSETS (continued)

Movements from 1 January 2009 to 31 December 2009	**Beginning Balance**	**Additions**	**Deductions**	**Reclassifications**)**	**Ending Balance**
Cost/Revalued Amount					
Direct ownership					
Land *)	2,761,131	92	(192)	28,487	2,789,518
Buildings *)	1,637,465	148,140	(422)	46,843	1,832,026
Furnitures, fixtures, office equipment and computer equipment/software	4,167,285	168,031	(3,779)	365,154	4,696,691
Vehicles	79,069	12,013	(5,812)	3,678	88,948
Construction in progress	416,690	454,833	-	(449,045)	422,478
Leased assets	3,267	-	-	-	3,267
	9,064,907	783,109	(10,205)	(4,883)	9,832,928
Accumulated Depreciation and Amortisation (Note 43)					
Direct ownership					
Buildings	925,316	82,793	(403)	4,843	1,012,549
Furnitures, fixtures, office equipment and computer equipment/software	3,478,309	355,936	(1,305)	(34,849)	3,798,091
Vehicles	57,069	6,697	(5,781)	(309)	57,676
Leased assets	653	653	-	-	1,306
	4,461,347	446,079	(7,489)	(30,315)	4,869,622

Net book value	
Direct ownership	
Land	2,789,518
Buildings	819,477
Furniture, fixtures, office equipment and computer equipment/software	898,600
Vehicles	31,272
	4,538,867
Construction in progress	422,478
Leased assets	1,961
	4,963,306

*) The fixed assets were revalued in 1979, 1987 and 2003. The amount include 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 at 31 July 1999. The revaluation increments were recorded prospectively on 18 June 2003 (Note 16a).

**) Reclassified from Abandoned Property and Construction In Progress.

Construction in progress as at 31 December 2009 was comprised of:

	Balance
Computers and other hardware that have not been installed	161,017
Product development and license - Integrated Banking System	106,049
Office equipment and inventory	102,105
Buildings	49,287
Others	4,020
	422,478

The estimated percentage of completion of construction in progress as at 31 December 2009 for Integrated Banking System agreement was ranging between 97.22% - 98.98%.

Included in the addition of fixed assets during 2009 is a building which was transferred by the Subsidiary (PT Usaha Gedung BDN or UG BDN) in accordance with the Joint Operation agreement (KSO), which states that at the end of KSO agreement, UG BDN will transfer the building to Bank Mandiri. Bank Mandiri recorded the building at fair value of Rp131,640 (Note 46) and depreciate it for 20 years.

(Expressed in millions of Rupiah, unless otherwise stated)

16. FIXED ASSETS (continued)

Movements from 1 January 2008 to 31 December 2008	Beginning Balance	Additions	Deductions	Reclassifications**)	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land *)	2,710,520	20,817	-	29,794	2,761,131
Buildings *)	1,607,835	14,477	(45,577)	60,730	1,637,465
Furnitures, fixtures, office equipment and computer equipment/software	3,956,361	136,129	(35,697)	110,492	4,167,285
Vehicles	77,025	4,407	(2,363)	-	79,069
Construction in progress	150,903	434,410	-	(168,623)	416,690
Leased assets	-	3,267	-	-	3,267
	8,502,644	613,507	(83,637)	32,393	9,064,907
Accumulated Depreciation and Amortisation (Note 43)					
Direct ownership					
Buildings	887,272	83,297	(45,295)	42	925,316
Furnitures, fixtures, office equipment and computer equipment/software	3,035,079	478,530	(35,300)	-	3,478,309
Vehicles	48,716	10,625	(2,272)	-	57,069
Leased assets	-	653	-	-	653
	3,971,067	573,105	(82,867)	42	4,461,347

Net book value	
Direct ownership	
Land	2,761,131
Buildings	712,149
Furniture, fixtures, office equipment and computer equipment/software	688,976
Vehicles	22,000
	4,184,256
Construction in progress	416,690
Leased assets	2,614
	4,603,560

*) The fixed assets were revalued in 1979, 1987 and 2003. The amount include 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 at 31 July 1999. The revaluation increments were recorded prospectively on 18 June 2003 (Note 16a).

**) Reclassified from Abandoned Property and Construction In Progress.

Construction in progress as at 31 December 2008 was comprised of:

	Balance
Computers and other hardware that has not been installed	297,136
Product development and license - Integrated Banking System	78,567
Office equipment and inventory	24,175
Buildings	10,864
Others	5,948
	416,690

The estimated percentage of completion of construction in progress as at 31 December 2008 for Integrated Banking System agreement was ranging between 74.95% - 96.24%.

(Expressed in millions of Rupiah, unless otherwise stated)

16. FIXED ASSETS (continued)

a. Based on Minister of Finance Decree (KMK) No. 211/KMK.03/2003 dated 14 May 2003 and No. S-206/MK.01/2003 dated 21 May 2003, Bank Mandiri has appointed PT Vigers Hagai Sejahtera, a registered appraisal company, to perform fixed assets valuation (revaluation) of the merged banks (BBD, BDN, Bank Exim and Bapindo) as at 31 July 1999, in relation to the transfer of tax losses and its compensations from taxpayers who transferred their assets to Bank Mandiri.

Based on PT Vigers Hagai Sejahtera's Valuation Report No. Ref-020-I/VHS/V/03 dated 26 May 2003, the value of the Bank's fixed assets and the increase in value as at 31 July 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).

To determine the market value PT Vigers Hagai Sejahtera had used market data and the cost approach in its valuation methodology.

The results of the revaluation have been approved by the Directorate General of Taxation (Head of Tax Service Office) through its Decision Letter No. Kep-01/WPJ.07/KP.0105/2003 dated 18 June 2003.

For tax purpose, Bank Mandiri recorded the results of the revaluation on 18 June 2003 (the approval date from the Directorate General of Taxation). After deducting the fixed assets with the relevant accumulated depreciation from the period of 1 August 1999 until 18 June 2003, the net increase of fixed assets was amounting to Rp3,046,936. As explained in Note 2p, the Bank has adopted the cost model for measurement of fixed assets in accordance with SFAS No. 16 (Revised 2007), "Fixed Assets" and thus reclassified the revaluation increase of fixed assets amounting to Rp3,046,936 to the shareholders' equity in the 2007 consolidated balance sheets to consolidated retained earnings in 2008.

The recognition of the fixed assets revaluation increase did not have any impact on the Bank's deferred tax balance, since the tax losses used to compensate the fixed assets revaluation increment had never been recognised as deferred tax assets by the Bank.

b. On 22 February 1990, the Bank signed a Joint Operation agreement (KSO) with PT Pakuwon Jati, where PT Pakuwon Jati will build a shopping center and office tower with 17 storeys and other supporting facilities on land owned by Bank Mandiri, which located on Jalan Basuki Rachmat No. 2, 4, 6 Surabaya. PT Pakuwon Jati is entitled to use the building for 22 years. By the end of the KSO agreement on 22 March 2012, the ownership of building will be handed over to Bank Mandiri.

On 14 June 1991, the Bank signed an Amendment I of Joint Operation agreement (KSO) with PT Duta Anggada Realty Tbk., in which PT Duta Anggada Realty Tbk. will build 2 office towers with 32 storeys on the land owned by Bank Mandiri which located on Jalan Jenderal Sudirman lot 53-56, Jakarta. The agreement became effective from 14 June 1991 up to 20 years from the date of the construction was completed, but not longer than 23 years since the construction was completed (the office building will be handed over in June 2014 for the first tower and in June 2016 for the second tower). On the maturity date, PT Duta Anggada Realty Tbk. will hand over the ownership of the building to Bank Mandiri.

(Expressed in millions of Rupiah, unless otherwise stated)

16. FIXED ASSETS (continued)

c. Bank Mandiri and Subsidiaries have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Dharma Bangsa, PT Staco Jasapratama, PT Asuransi Raya, PT Asuransi Jasa Indonesia, PT Asuransi Ramayana Tbk., PT Asuransi Wahana Tata, PT Asuransi Tri Pakarta, PT Asuransi Parolamas, PT Asuransi Bumida Bumiputera, PT Asuransi Jasa Tania Tbk., PT Asuransi Central Asia, PT Asuransi Bosowa, PT Asuransi Sinarmas, PT Asuransi Purna Arthanugraha, PT Asuransi Bina Dana Arta Tbk., PT Asuransi Dayin Mitra Tbk., PT Asuransi Puri Asih, PT Asuransi Raksa Pratikara, PT Asuransi Jasaraharja Putera, PT Asuransi Takaful Umum, PT Asuransi Jasindo Takaful, MSIG Insurance (S'pore) Pte, Ltd., British Caymanian Insurance Co. Ltd., Tugu Insurance Co. Ltd., Bank of China Group Insurance Co. Ltd. and HSBC Insurance (Asia) Ltd. with total sum insured of Rp2,512,683 and USD147,973,294.07 (full amount) as at 31 December 2010 Rp3,448,575 and USD3,727,274.25 (full amount) as at 31 December 2009, Rp1,997,281, USD84,249,506.46 (full amount), SGD2,206,235 (full amount) and HKD3,745,000 (full amount) and as at 31 December 2008. Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.

Management also believes that there is no impairment of fixed assets as at 31 December 2010, 2009 and 2008.

17. OTHER ASSETS

	2010	2009	2008
Accrued income	1,687,176	1,615,086	2,052,859
Others - net	3,697,621	2,197,179	3,341,275
	5,384,797	**3,812,265**	**5,394,134**

Accrued Income

Accrued income mainly consist of accrued interest receivables from placements, marketable securities, Government Bonds, loans, accrued fees and commissions.

Others - net

	2010	2009	2008
Rupiah:			
Prepaid expenses	887,825	472,973	354,908
Abandoned properties - net of accumulated losses arising from difference in net realisable value amounting to Rp10,349, Rp13,226 and Rp21,295 as at 31 December 2010 2009 and 2008, respectively	175,979	188,628	253,603
Receivables from customer transactions	694,517	459,829	702,656
Repossessed assets - net of accumulated losses arising from difference in net realisable value amounting to Rp10,129, Rp10,163 and Rp10,451 as at at 31 December 2010, 2009 and 2008, respectively	142,928	151,660	186,175
Prepaid taxes	23,277	29,079	9,843
Receivables from sale of marketable securities	1,374	959	-
Others	1,709,755	1,494,477	1,417,213
Total Rupiah	3,635,655	2,797,605	2,924,398

(Expressed in millions of Rupiah, unless otherwise stated)

17. OTHER ASSETS (continued)

Others – net (continued)

	2010	2009	2008
Foreign currencies:			
Prepaid expenses	10,023	33,344	22,509
Receivables from customer transactions (Note 56e)	7,147	19,585	17,274
Prepaid taxes	295	-	-
Others	784,513	283,267	1,016,669
Total foreign currencies (Note 56e)	801,978	336,196	1,056,452
Total	4,437,633	3,133,801	3,980,850
Less: Allowance for possible losses	(740,012)	(936,622)	(639,575)
	3,697,621	**2,197,179**	**3,341,275**

Receivable from sale of marketable securities represent receivable arising from undue securities transactions.

Receivables from customer transactions mainly consist of receivable arising from PT Mandiri Sekuritas's (Subsidiary) securities transactions. As at 31 December 2010, included in receivables from customer transactions is an impaired portfolio amounting to Rp335,372.

Prepaid expenses mostly consist of advance payments relating to housing rental and building maintenance.

Others mainly consist of interbranch accounts, various receivables from transaction with third parties, including clearing transactions and others.

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

	2010	2009	2008
Balance at beginning of year	936,622	639,575	612,638
(Reversal)/allowance during the year (Note 39)	(89,803)	541,981	(151,530)
Settlement during the year	-	(33,689)	-
Reclassification during the year	(112,475)	(192,343)	166,521
Others *)	5,668	(18,902)	11,946
Balance at end of year	**740,012**	**936,622**	**639,575**

*) Includes effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate to cover any potential losses from other assets.

18. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2010	2009	2008
Rupiah:			
Related parties (Note 50)	398,311	205,442	110,273
Third parties	45,804,219	53,671,693	53,155,575
Total Rupiah	46,202,530	53,877,135	53,265,848
Foreign currencies:			
Related parties (Note 50)	96,843	48,997	5,584
Third parties	21,987,880	18,765,393	15,815,256
Total foreign currencies (Note 56e)	22,084,723	18,814,390	15,820,840
	68,287,253	**72,691,525**	**69,086,688**

(Expressed in millions of Rupiah, unless otherwise stated)

18. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS (continued)

a. By Currency, Related Parties and Third Parties :(continued)

Included in demand deposits were *wadiah* deposits amounting to Rp3,930,121, Rp2,685,509 and Rp1,454,837 as at 31 December 2010, 2009 and 2008, respectively.

b. Average interest rates (cost of funds) and range of profit sharing per annum:

Average interest rates (cost of funds) per annum:

	2010	2009	2008
Rupiah	2.89%	3.61%	2.85%
Foreign currencies	0.16%	0.87%	1.35%

Range of profit sharing per annum on *wadiah* deposits:

	2010	2009	2008
Rupiah	0.85% - 0.99%	0.93% - 1.09%	0.94% - 1.04%
Foreign currencies	0.21% - 0.99%	0.23% - 0.99%	0.24% - 1.05%

c. As at 31 December 2010, 2009 and 2008, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) were amounting to Rp1,127,973, Rp1,053,844 and Rp813,755, respectively (Note 11B.c and 28e).

d. As at 31 December 2010, 2009 and 2008, total demand deposits from related parties were amounting to Rp495,154, Rp254,439 and Rp115,857, respectively or 0.73%, 0.35% and 0.17%, from total demand deposits (Note 50).

19. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Type and Currency:

	2010	2009	2008
Rupiah:			
Mandiri Saving	111,487,800	96,889,256	81,743,647
Mandiri Haji Saving	822,321	178,435	580,367
	112,310,121	97,067,691	82,324,014
Foreign currencies:			
Mandiri Saving (Note 56e)	11,646,486	9,659,673	7,384,357
	123,956,607	**106,727,364**	**89,708,371**

b. As at 31 December 2010, 2009 and 2008, saving deposits from related parties were amounting to Rp105,513, Rp90,589 and Rp40,562, respectively, or 0.09%, 0.08%, and 0.05% from total saving deposits (Note 50).

c. Average interest rates (cost of funds) per annum:

	2010	2009	2008
Rupiah	2.39%	2.78%	3.12%
Foreign currencies	0.24%	1.69%	2.26%

(Expressed in millions of Rupiah, unless otherwise stated)

20. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency:

	2010	2009	2008
Rupiah	133,085,909	108,401,300	95,733,092
Foreign currencies (Note 56e)	12,058,140	15,073,461	21,535,898
	145,144,049	**123,474,761**	**117,268,990**

b. By Contract Period:

	2010	2009	2008
Rupiah:			
1 month	98,329,104	73,812,907	72,414,010
3 months	26,820,757	19,603,632	13,045,972
6 months	3,547,941	8,732,868	7,218,788
12 months	4,311,500	5,937,427	2,900,687
Over 12 months	76,607	314,466	153,635
Total Rupiah	133,085,909	108,401,300	95,733,092
Foreign currencies:			
1 month	10,093,542	12,682,034	16,554,655
3 months	1,082,728	1,126,293	3,287,011
6 months	742,280	1,016,491	1,111,117
12 months	137,700	245,955	580,028
Over 12 months	1,890	2,688	3,087
Total foreign currencies	12,058,140	15,073,461	21,535,898
	145,144,049	**123,474,761**	**117,268,990**

c. By Maturity:

	2010	2009	2008
Rupiah:			
Less than 1 month	97,686,092	80,433,307	76,081,013
1 - 3 months	22,302,868	19,254,315	13,327,886
3 - 6 months	7,333,596	5,376,312	2,524,108
6 - 12 months	5,455,285	3,077,063	3,731,345
Over 12 months	308,068	260,303	68,740
Total Rupiah	133,085,909	108,401,300	95,733,092
Foreign currencies:			
Less than 1 month	10,197,521	13,073,705	17,391,586
1 - 3 months	720,434	1,566,301	2,702,721
3 - 6 months	439,323	338,292	1,129,296
6 - 12 months	697,435	93,437	310,841
Over 12 months	3,427	1,726	1,454
Total foreign currencies	12,058,140	15,073,461	21,535,898
	145,144,049	**123,474,761**	**117,268,990**

(Expressed in millions of Rupiah, unless otherwise stated)

20. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

d. Average Interest Rates (Cost of Funds) and Range of Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2010	2009	2008
Rupiah	6.47%	8.36%	7.56%
Foreign currencies	0.57%	3.06%	3.29%

Range of profit sharing per annum on unrestricted *mudharabah* investments:

	2010	2009	2008
Rupiah	5.39% - 8.05%	6.08% - 8.85%	6.09% - 8.54%
Foreign currencies	1.69% - 2.65%	1.91% - 3.00%	2.36% - 3.28%

e. As at 31 December 2010, 2009 and 2008, time deposits from related parties were amounting to Rp1,188,078, Rp467,683 and Rp311,649 respectively, or 0.82%, 0.38% and 0.27%, of the total time deposits, respectively (Note 50).

f. As at 31 December 2010 and 2009, total time deposits which were pledged as collateral on loans amounted to Rp8,655,623 and Rp7,395,445, respectively (Note 11B.c). On 31 December 2008, total deposits of which were pledged as collateral for bank guarantees, loans and payment facilities for trade transactions amounted Rp6,632,688 (Note 11B.c and 28e).

21. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency:

	2010	2009	2008
Demand Deposits			
Rupiah	470,762	476,584	528,490
Foreign currencies (Note 56e)	886,638	5,096,728	2,388,645
Total Demand Deposits	1,357,400	5,573,312	2,917,135
Saving Deposits			
Rupiah	422,944	171,018	179,255
Total Demand and Saving Deposits	**1,780,344**	**5,744,330**	**3,096,390**

The above deposits from other banks - demand and saving deposits as at 31 December 2009 and 2008 amounting to Rp5,744,330 and Rp3,096,390 have already been set-off with demand deposit of a financial institution (in liquidation) placed with Bank Mandiri amounting to Rp184 and Rp214 as at 31 December 2009 and 2008, respectively. The demand deposit balance was set-off with Bank Mandiri's placement balance in that financial institution (in liquidation) which classified as loss amounting to Rp209,153 and Rp242,708 as at 31 December 2009 and 2008, respectively. The above set-off has been accepted and recognised by the Trustee during payment of a portion of Bank Mandiri's claim in 2010 (Note 5e).

Included in deposits from other banks - demand deposits are *wadiah* deposits and SIMA amounting to Rp13,921, Rp55,664 and Rp11,696 as at 31 December 2010, 2009 and 2008, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS (continued)

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2010	2009	2008
Demand Deposits			
Rupiah	2.89%	3.61%	2.85%
Foreign currencies	0.16%	0.87%	1.35%
Saving Deposits			
Rupiah	2.39%	2.78%	3.12%
Foreign currencies	0.24%	1.69%	-

Range of profit sharing per annum on *wadiah* demand deposits:

	2010	2009	2008
Rupiah	0.85% - 0.99%	0.93% - 1.09%	0.94% - 1.04%
Foreign currencies	0.21% - 0.99%	0.23% - 0.99%	0.24% - 1.05%

c. As at 31 December 2010, 2009 and 2008, deposits from other banks - demand and saving deposits from related parties were amounting to RpNil, RpNil and Rp1,075 or Nil%, Nil% and 0.03% of the total deposits from other banks - demand and saving deposits, respectively (Note 50).

d. As at 31 December 2010 and 2009, total demand and saving deposits pledged as collateral for letters of credit that can not be canceled amounted to Rp34,028 and Rp22,749, respectively (Note 28e). Demand deposits and savings pledged as collateral for bank guarantees, loans and trade finance facilities of trade transactions at 31 December 2008 amounted to Rp33,634 (Note 11B.c and 28e).

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

a. By Currency:

	2010	2009	2008
Rupiah	-	-	-
Foreign currencies	-	-	7,588
	-	**-**	**7,588**

Deposits from other banks - inter-bank call money as at 31 December 2009 and 2008 amounting to RpNil and Rp7,588, is presented after set-off with deposits from other banks - inter-bank call money of a financial institution (in liquidation) placed in Bank Mandiri amounting to Rp13,866 and Rp16,217 as at 31 December 2009 and 2008, respectively. The deposits from other banks - inter-bank call money was net-off with Bank Mandiri's placement balance in that financial institution (in liquidation) which classified as loss amounting to Rp209,153 and Rp242,708 as at 31 December 2009 and 2008, respectively. The above set-off has been accepted and recognised by the Trustee during payment of a portion of Bank Mandiri's claim in 2010 (Note 5e).

b. By Remaining Period Until Maturity Date:

	2010	2009	2008
Rupiah:			
Less than 1 month	-	-	-
Foreign currencies			
Less than 1 month	-	-	7,588
	-	**-**	**7,588**

(Expressed in millions of Rupiah, unless otherwise stated)

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

c. Average Interest Rates (Cost of Funds) per Annum:

	2010	2009	2008
Rupiah	-	-	-
Foreign currencies	-	-	3.29%

d. As at 31 December 2010, 2009 and 2008, there were no inter-bank call money transaction with related party.

23. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2010	2009	2008
Rupiah	5,082,662	3,682,818	2,545,437
Foreign currencies (Note 56e)	339,677	1,053,500	1,801,966
	5,422,339	**4,736,318**	**4,347,403**

b. By Contract Period:

	2010	2009	2008
Rupiah:			
1 month	4,913,837	3,533,843	2,491,771
3 months	138,815	138,745	22,531
6 months	13,740	5,402	9,843
12 months	15,870	4,528	20,992
Over 12 months	400	300	300
Total Rupiah	5,082,662	3,682,818	2,545,437
Foreign currencies:			
1 month	339,677	1,053,500	166,917
6 month	-	-	1,635,049
Total foreign currencies	339,677	1,053,500	1,801,966
	5,422,339	**4,736,318**	**4,347,403**

c. Average interest rates (cost of funds) per annum:

	2010	2009	2008
Rupiah	6.47%	8.36%	7.56%
Foreign currencies	0.57%	3.06%	3.29%

d. As at 31 December 2010, 2009 and 2008, there were no deposits from other banks – time deposits with related party.

e. As at 31 December 2010 and 2009, time deposits which serve as collateral on loans amounted respectively Rp58,652 and Rp149,906 (Note 11B.c). As at 31 December 2008 time deposits which become collateral for bank guarantees, loans and payment facilities for trade transactions amounting to Rp772,530 (Note 11B.c and 28e).

(Expressed in millions of Rupiah, unless otherwise stated)

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

As at 31 December 2010, securities sold under repurchase agreements is RpNil.

	31 December 2009						
	Securities	Nominal Value	Commencement Date	Maturity Date	Repurchase Value	Unamortised Interest Expense	Net Value
Government Bonds							
Rupiah							
	Bonds VR0019	355,652	18/05/2005	18/05/2010	316,356	-	316,356
Jumlah		**355,652**			**316,356**	**-**	**316,356**

	31 December 2008						
	Securities	Nominal Value	Commencement Date	Maturity Date	Repurchase Value	Unamortised Interest Expense	Net Value
Government Bonds Rupiah							
	Bonds VR0019	355,652	18/05/2005	18/05/2010	316,356	-	316,356
	Bonds VR0017	289,859	04/11/2004	04/11/2009	284,062	-	284,062
	Bonds FR0019	231,028	03/11/2004	03/11/2009	285,060	-	285,060
		876,539			**885,478**	**-**	**885,478**
Non Government Bonds							
Rupiah							
	Bonds	50,000	05/09/2008	04/03/2009	50,997	350	50,647
	ORI 004	26,000	22/09/2008	22/01/2009	24,076	189	23,887
	ORI 004	11,000	23/09/2008	23/01/2009	10,602	83	10,519
	Bonds	7,000	09/12/2008	02/02/2009	6,335	9	6,326
	Bonds	5,000	09/12/2008	02/02/2009	5,102	66	5,036
		99,000			**97,112**	**697**	**96,415**
Total		**975,539**			**982,590**	**697**	**981,893**

The Government Bonds sold under repurchase agreement with counterparty banks (serial numbers VR0017, VR0019 and FR0019) represents contracts associated with foreign currency funding through cross currency swap transactions with the above counterparties (Note 10). There were no premium or discount recognised from the above contracts. At maturity dates, the Bank had settled the above transactions with counterparty banks.

25. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2010	2009	2008
Rupiah:			
Payable to other banks			
Third parties	163,871	187,478	85,168
Payable to debtors			
Third parties	50,076	121,364	8,783
Total Rupiah	213,947	308,842	93,951
Foreign currencies:			
Payable to other banks			
Third parties	3,546,148	3,927,139	3,670,093
Payable to debtors			
Third parties	190,411	120,792	78,323
Total foreign currencies (Note 56e)	3,736,559	4,047,931	3,748,416
	3,950,506	**4,356,773**	**3,842,367**

As at 31 December 2010, 2009 and 2008, there were no acceptance payables transaction with related party.

(Expressed in millions of Rupiah, unless otherwise stated)

25. ACCEPTANCE PAYABLES (continued)

b. By Maturity:

	2010	2009	2008
Rupiah:			
Less than 1 month	84,987	165,954	89,063
1 - 3 months	116,262	124,895	411
3 - 6 months	12,698	17,993	4,477
Total Rupiah	213,947	308,842	93,951
Foreign currencies:			
Less than 1 month	748,373	1,090,792	3,721,136
1 - 3 months	1,736,669	1,705,214	16,996
3 - 6 months	1,234,092	1,240,472	5,638
6 - 12 months	17,425	11,453	4,646
Total foreign currencies	3,736,559	4,047,931	3,748,416
	3,950,506	**4,356,773**	**3,842,367**

26. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2010	2009	2008
Rupiah:			
Medium-Term Notes (MTN)	600,000	250,000	-
Mandiri travelers' cheques	467,180	622,055	778,639
Bonds	225,000	600,000	-
Sharia bonds	200,000	200,000	200,000
Short-Term Notes	-	-	37,400
Others	564	564	564
Total	1,492,744	1,672,619	1,016,603
Less: Unamortised issuance cost	(1,377)	(1,605)	-
	1,491,367	**1,671,014**	**1,016,603**

As at 31 December 2010, 2009 and 2008, there were no marketable securities issued held by related parties.

Medium-Term Notes (MTN)

In order to support its consumer financing expansion, on 18 November 2009 and 16 February 2010, PT Mandiri Tunas Finance, a Subsidiary, issued MTN I and II amounting to Rp250,000 and Rp350,000, respectively, to PT Mandiri Manajemen Investasi with a fixed interest rate of 11.60% per annum. MTN I has 2 (two) years period effective since 18 November 2009 to 18 November 2011 and MTN II has 2 (two) years period effective since 16 February 2010 to 16 February 2012.

31 December 2010

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium-Term Notes I	PT Mandiri Manajemen Investasi	18 November 2011	24	11.60%	250,000
Medium-Term Notes II	PT Mandiri Manajemen Investasi	16 February 2012	24	11.60%	350,000
					600,000

31 December 2009

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium-Term Notes I	PT Mandiri Manajemen Investasi	18 November 2011	24	11.60%	250,000
					250,000

(Expressed in millions of Rupiah, unless otherwise stated)

26. MARKETABLE SECURITIES ISSUED (continued)

Bonds

On 8 February 2008, PT Tunas Financindo Sarana (since 20 August 2009, it has changed its name to PT Mandiri Tunas Finance), a Subsidiary since 6 February 2009, issued Tunas Financindo Sarana Bonds V Year 2008 with a nominal value of Rp600,000, where the principal amounts would be fully paid at the maturity dates of these respective series as follows:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	350,000	10.00%	27 February 2009
Series B	25,000	10.50%	20 February 2010
Series C	50,000	11.00%	20 February 2011
Series D	175,000	11.25%	20 February 2012

The Tunas Financindo Sarana Bonds V Year 2008 of Series A amounting to Rp350,000 and Series B amounting to Rp25,000 had been fully paid at their maturity dates as above.

The trustee for the Tunas Financindo Sarana Bonds V Year 2008 is PT Bank Mega Tbk.

On 13 February 2007, PT Tunas Financindo Sarana issued Tunas Financindo Sarana Bonds IV Year 2007 with a nominal value of Rp600,000, where the principal amounts would be fully paid at the maturity dates of these respective series as follows:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	150,000	10.00%	27 February 2008
Series B	100,000	10.40%	22 February 2009
Series C	350,000	11.00%	22 February 2010

The Tunas Financindo Sarana Bonds IV Year 2007 of Series A amounting to Rp150,000, Series B amounting to Rp100,000 and Series C amounting to Rp350,000 had been fully paid at their maturity dates as above.

Sharia Bonds

On 31 January 2007, Bank Syariah Mandiri conducted a limited offering and selling of Subordinated Notes Sharia *Mudharabah* 2007 (Subnotes Bank) with maximum nominal value of Rp200,000. The Subnotes Bank has a 10 (ten) years tenor with a call option on the fifth year after the issuance date. The *Nisbah* indication for Subnotes Bank's holder is equivalent to 21.93% per annum from profit sharing. The Subnotes Bank's profit sharing is paid quarterly commencing from the issuance date. On 5 April 2007, Rp200,000 the Subnotes Bank has been raised for and it will mature in 2017. The trustee for the Subnotes Bank issued is PT Bank Mandiri (Persero) Tbk.

Short-Term Notes

On 6 November 2008, PT Mandiri Sekuritas, a Subsidiary, issued Short-Term Notes with a fixed interest rate of 16.00% per annum, payable monthly commencing on 30 November 2008. The Short-Term Notes had nominal value Rp37,400 and was issued at par. The Short-Term Notes had already matured on 28 February 2009 and had been fully paid.

(Expressed in millions of Rupiah, unless otherwise stated)

26. MARKETABLE SECURITIES ISSUED (continued)

Bank Mandiri and Subsidiaries have paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period 1 January 2010 to 31 December 2010.

For the period 1 January 2010 to 31 December 2010, Bank Mandiri and Subsidiaries have fulfilled covenants as stipulated in the agreements (unaudited).

27. FUND BORROWINGS

	2010	2009	2008
Rupiah:			
(a) The Government of the Republic of Indonesia (Note 50)	200,000	200,000	240,000
(b) PT Permodalan Nasional Madani (Persero)	95,056	180,031	241,974
(c) Bank Indonesia	27,121	135,822	214,337
(f) Others	910,256	610,003	710,000
Total Rupiah	1,232,433	1,125,856	1,406,311
Foreign currencies:			
(d) Direct Off-shore Loans	3,906,855	2,818,500	4,065,700
(e) Trade financing facilities	495,550	-	3,899,497
Total foreign currencies (Note 56e)	4,402,405	2,818,500	7,965,197
	5,634,838	**3,944,356**	**9,371,508**

As at 31 December 2010, 2009 and 2008, fund borrowings from related parties amounted to Rp200,000, Rp200,000 and Rp240,000, respectively (Note 50).

(a) The Government of the Republic of Indonesia

This account represents fund borrowings obtained from the Government of the Republic of Indonesia based on agreement No. KP-022/DP3/2004 dated 14 May 2004 which was amended with agreement No. AMA-7/KP-022/DP3/2004 dated 15 December 2004 and letter No. S-662/PB.7/2005 dated 13 May 2005 and amendment agreement No. AMA-30/KP-022/DP3/2006 dated 24 August 2006 and letter No. S-3207/PB/2008 dated 21 April 2008, each of them is regarding Amendment of Loan Agreement between the Government of the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk. No. KP-022/DP3/2004 dated 14 May 2004 and the Approval of Amendment of Loan Agreement between the Government of the Republic of Indonesia and Bank Mandiri in relation to the Credit Financing for Small and Micro Businesses. This borrowing is then lent by the Bank to small and micro businesses where the procedures, arrangements and requirements of the re-lending program are outlined in the Decision Letter of Minister of Finance No. 40/KMK.06/2003 dated 29 January 2003 regarding Credit Financing Facilities for Small and Micro Businesses and amended with Decision Letter of Minister of Finance No. 74/KMK.06/2004 dated 20 February 2004. This facility bears interest at 3-months SBI rate which will be determined every three months on 10 March, 10 June, 10 September and 10 December based on the latest SBI auction rate. The Bank has made 5 (five) installment payments with the first installment paid on 10 December 2007. For the remaining outstanding balance of Rp200,000, the installment payment will start in December 2017 and will mature in December 2019.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(b) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowing obtained from PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2010, 2009 and 2008 for Bank Mandiri are Rp84,421, Rp153,507 and Rp219,050, respectively, and for BSHB are Rp10,635, Rp26,524 and Rp22,924, respectively. These facilities bear interest rate at 7.00% per annum. The fund borrowing terms and payment schedule depend on the terms of the individual loan agreement, the latest will mature in December 2013. Bank Mandiri then lent the proceeds to the members of Primary Cooperation (Kredit Koperasi Primer kepada Anggotanya [KKPA]).

(c) Bank Indonesia

This account represents credit liquidity facility obtained from Bank Indonesia (BI), which was then lent to Bank Mandiri's debtors under the Government Credit Program. The administration and monitoring of the credit facility are performed by PT Permodalan Nasional Madani (Persero), a state-owned company, based on Law No. 23/1999 dated 17 May 1999 regarding BI, BI Regulation No. 2/3/PBI/2000 dated 1 February 2000 and BI Regulation No. 5/20/PBI/2003 dated 17 September 2003 regarding the Hand-over of Management of Credit Liquidity of Bank Indonesia Under Credit Program. This facility is subject to interest at rates ranging from 3.00% to 9.00% per annum and will mature on various dates up to 2017. The details of this account are as follows:

	2010	2009	2008
Small-Scale Investment Loans (KIK)	18,265	35,968	52,889
Loans to the Members of Primary Cooperation (KKPA)	8,856	79,701	135,971
Investment Loans (KI)	-	20,153	25,477
	27,121	**135,822**	**214,337**

(d) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2010	2009	2008
Deutsche Bank International (Asia) Ltd, Singapore	2,703,000	2,818,500	3,270,000
Asian Development Bank			
- Tranche A	667,412	-	-
- Tranche B	267,248	-	-
Agence Française de Développement	269,195	-	-
Syndication of Oversea - Chinese Banking Corporation Limited, United Overseas Bank Limited, Intesa San Paolo S.P.A., DZ Bank AG Deutsche Zentral - Genossenschaftsbank and Bank Muscat S.A.O.G.	-	-	599,500
Sumitomo Mitsui Banking Corporation, Singapore	-	-	196,200
	3,906,855	**2,818,500**	**4,065,700**

Deutsche Bank International (Asia) Limited, Singapore (DBI)

On 27 February 2008, the Bank obtained a loan from DBI of USD300,000,000 (full amount) with interest rate at a 3-months LIBOR plus a certain margin for the first year. If the loan is extended, the interest rate at the second and third year would be subject to fixed interest rate. This loan has been extended and will mature on 1 February 2011. This loan facility is secured by Government Bonds series VR0019 with a nominal value of Rp3,967,500 (Note 7c). This facility has been fully repaid by the Bank on maturity date.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Asian Development Bank

31 December 2010						
				Interest	Nominal amount	
Type	*Arranger*	Maturity Date	Tenor (months)	Rate per annum	USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	75,000,000	675,750
Less: Unamortised issuance costs					(925,406)	(8,338)
					74,074,594	**667,412**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	30,000,000	270,300
Less: Unamortised issuance costs					(338,699)	(3,052)
					29,661,301	**267,248**

On 30 October 2009, as further amended and restated on 13 November 2009, Bank Mandiri signed a long-term credit agreement with Asian Development Bank (ADB) with a total facility amounting to USD105,000,000 (full amount). This long-term loan is intended to enhance the funding structure of Bank Mandiri.

The loan consists of two facilities, where Tranche A Facility is a direct loan from ADB with total facility amounting to USD75,000,000 (full amount) and will mature 7 (seven) years after the agreement date, whilst Tranche B from ADB as Lender of Record is funded by commercial banks through the Participation Agreements between ADB and the commercial banks with a total facility amounting to USD30,000,000 (full amount) and will mature in 5 (five) years after the agreement date. The loan was withdrawn on 28 January 2010. This loan facility was secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 7c).

Agence Française de Développement

31 December 2010						
				Interest	Nominal amount	
Type	*Arranger*	Maturity Date	Tenor (months)	Rate per annum	USD (full amount)	Rupiah equivalent
Loan	Agence Française de Développement	31 March 2016	60	LIBOR (6 months) + certain margin	30,000,000	270,300
Less: Unamortised issuance costs					(123,000)	(1,105)
					29,877,000	**269,195**

On 17 June 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of USD100,000,000 (full amount) which is intended to assist the financing projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate of LIBOR plus a certain margin and will be used to finance the projects that reduce the carbon emission.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

As part of the loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On 15 December 2010, the Bank has drawdown borrowing from AFD with the total amount of USD30,000,000 (full amount).

This loan will mature on 31 March 2016.

Syndication of Oversea - Chinese Banking Corporation Limited, United Overseas Bank Limited, Intesa San Paolo S.P.A., DZ Bank AG Deutsche Zentral - Genossenschaftsbank and Bank Muscat S.A.O.G.

Based on the amendment of the syndicated credit agreement dated 3 September 2008, the Bank obtained a loan of USD55,000,000 (full amount) with interest rate of 6-months SIBOR plus a certain margin. The loan period is one year and had been fully paid on 10 September 2009.

Sumitomo Mitsui Banking Corporation, Singapore (Sumitomo)

On 23 September 1999, the Bank obtained a loan from Sumitomo amounting to USD30,000,000 (full amount). The first and second payments with total amount of USD12,000,000 (full amount) have been made in 2008. This loan is subject to interest rate of 3-months SIBOR plus a certain margin. The loan period is 10 (ten) years and had been fully paid on 28 September 2009.

(e) Trade Financing Facilities

Trade financing facilities represent short-term borrowings with tenors between 180 to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued by Bank Mandiri. The balance as at 31 December 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Bank of Nova Scotia, Singapore	180,200	-	218,000
Oversea - Chinese Banking Corporation Limited, Singapore	180,200	-	218,000
JP Morgan Chase NA, Singapore	135,150	-	545,000
Wachovia Bank NA, United States of America	-	-	708,500
Bank of New York Mellon, Singapore (formerly Bank of New York)	-	-	654,000
ABN AMRO Bank NV, Singapore	-	-	574,997
Bank of Nova Scotia, Hong Kong	-	-	490,500
Dresdner Bank, AG, Frankfurt	-	-	272,500
Credit Suisse, Zurich	-	-	218,000
	495,550	**-**	**3,899,497**

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(f) Others

	2010	2009	2008
PT Bank Central Asia Tbk.	301,967	274,248	-
PT Bank Danamon Indonesia Tbk.	287,465	-	-
The Hong Kong and Shanghai Banking Corporation Ltd.	100,000	25,000	150,000
PT Bank CIMB Niaga Tbk. (formerly PT Bank Lippo Tbk.)	97,643	94,286	150,000
PT Bank UOB Buana	73,243	-	-
PT Bank Chinatrust Indonesia	49,938	-	-
PT Bank Negara Indonesia (Persero) Tbk	-	161,469	-
PT Bank Permata Tbk.	-	25,000	130,000
PT Bank DBS Indonesia	-	20,000	90,000
PT ANZ Panin Bank	-	10,000	-
PT Panin Bank Tbk.	-	-	75,000
Standard Chartered Bank	-	-	65,000
PT Bank International Indonesia Tbk.	-	-	50,000
	910,256	**610,003**	**710,000**

PT Bank Central Asia Tbk.

On 7 March 2001, Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a credit agreement where BCA provides a working capital facility. Based on the amended agreement No. 5 dated 24 June 2008, BCA provides installment loan facility amounting to Rp650,000 with a floating interest rate. The facility will mature in March 2012.

On 5 May 2010, Subsidiary and BCA signed a credit agreement where BCA provides a working capital facility. Based on the amended agreement No. 20 dated 5 May 2010, BCA provides installment loan facility amounting to Rp100,000 with a fixed interest rate. The facility will mature in May 2013.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) signed a credit agreement No. 26 dated 20 May 2010. Danamon provides a working capital facility with the amount of Rp100,000 which will mature in May 2011. Danamon also provides installment loan facility with the amount of Rp200,000 which will mature in June 2013. Both facilities have fixed interest rates.

The Hong Kong and Shanghai Banking Corporation Ltd.

On 22 May 2007, Subsidiary and The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) signed a credit agreement where HSBC provides a short-term funding facility, revolving loan and exposure risk limit (weight)/option facility with limits of USD15,000,000 (full amount), USD5,000,000 (full amount), and USD1,000,000 (full amount), respectively. On 18 February 2008, the credit agreement between Subsidiary and HSBC was extended to a short-term funding facility, revolving loan and exposure risk limit/option transactions facilities with limits of Rp175,000, USD5,000,000 (full amount) and USD1,000,000 (full amount), respectively, and bears an interest rate of 2.50% below bank's annual term lending rate. On 12 March 2010, this agreement was extended until 11 March 2011 and bears a floating interest rate.

On 2 July 2010, Subsidiary and HSBC signed a Corporate Facility Agreement where HSBC provide a short term working capital amounting to Rp30,000. Based on amended agreement dated 2 November 2010, the limit facility has increased to Rp100,000 with a floating interest rate. The facility will mature within 1 year after the date of facility drawdown.

PT Bank CIMB Niaga Tbk. (formerly PT Bank Lippo Tbk.)

On 13 December 2001, Subsidiary and PT Bank CIMB Niaga Tbk. (formerly PT Bank Lippo Tbk.) (CIMB) signed a credit agreement and based on the latest amended agreement dated 15 December 2009, CIMB provides several facilities with the total amount of Rp240,000. The interest rate is determined based on the applicable interest rate and can vary at any time (on a regular basis or floating). This agreement will mature on 18 February 2013.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank UOB Buana

On 29 November 2010, the Subsidiary and PT Bank UOB Buana (UOB) has signed a credit agreement whereby UOB provides a loan facility of Rp150,000 with a floating interest rate. This facility will mature on 30 December 2013.

PT Bank Chinatrust Indonesia

On 22 December 2009, Subsidiary and PT Bank Chinatrust Indonesia (BCI) signed a credit agreement whereas BCI provides a Medium-Term Loan facility amounting to Rp50,000 with a floating interest rate. The facility will mature on 22 December 2011.

PT Bank Negara Indonesia (Persero) Tbk.

On 26 July 2004, Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed a credit agreement where BNI provides a working capital facility. Based on amended agreement No. 10 dated 2 October 2007, BNI provides several facilities that can be extended with the amount of Rp400,000. On 2 October 2007, this facility was extended until 31 December 2011. The interest rate is determined with interest rate that ranging from 11.00% - 13.00% per annum.

PT Bank Permata Tbk.

On 19 October 2007, Subsidiary and PT Bank Permata Tbk. (Bank Permata) signed a credit agreement whereas Bank Permata provides a working capital and foreign exchange line facilities with limits of Rp170,000 and Rp20,000, respectively. The credit agreement has been extended twice, the latest was on 7 October 2009, in which the agreement was extended until 7 October 2010 with decrement in the limit of working capital facility become Rp150,000. Based on the agreement, the interest of working capital facilities is at market rate. This facility has been fully repaid by the Subsidiary.

PT Bank DBS Indonesia

On 20 June 2008, Subsidiary and PT Bank DBS Indonesia (DBS) signed a credit agreement where DBS provides working capital facility (revolving Rupiah facility advances) of Rp150,000 and foreign exchange transactions facilities (uncommitted US Dollar facility) for a maximum of USD20,000,000 (full amount). In June 2009, this facility was extended and valid until June 2010. Based on the agreement, the annual interest rate of the working capital facility is 0.875% above the bank's prime lending rate or interest rate determined at the date of facility drawdown. This facility has been fully repaid by the Subsidiary.

Bank Mandiri and its Subsidiaries has paid interest on all borrowings in accordance with the schedules of interest payments for the period 1 January 2010 to 31 December 2010.

For the period 1 January 2010 to 31 December 2010, Bank Mandiri and its Subsidiaries have fulfilled all covenants stipulated in all of the above borrowing agreements (unaudited).

28. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	2010	2009	2008
Rupiah:			
Committed unused loan facilities granted (Note 47)	14,498,194	-	-
Bank guarantees issued (Note 47)	13,501,559	9,806,981	8,129,571
Outstanding irrevocable letters of credit (Note 47)	2,014,951	1,355,911	1,637,447
Standby letters of credit (Note 47)	368,775	1,031,113	620,382
Total Rupiah	30,383,479	12,194,005	10,387,400

(Expressed in millions of Rupiah, unless otherwise stated)

28. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

a. Commitment and contingent transactions in the normal course of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows: (continued)

	2010	2009	2008
Foreign currencies:			
Bank guarantees issued (Note 47)	7,848,622	7,518,273	7,111,788
Outstanding irrevocable letters of credit (Note 47)	5,643,937	6,380,657	3,813,155
Standby letters of credit (Note 47)	2,864,249	3,207,040	3,683,719
Commited unused loan facilities granted (Note 47)	1,686,505	-	-
Total foreign currencies	18,043,313	17,105,970	14,608,662
	48,426,792	**29,299,975**	**24,996,062**

b. By Bank Indonesia's collectibility:

	2010	2009	2008
Current	47,771,671	28,707,984	24,562,424
Special mention	508,554	551,374	370,863
Sub-standard	135,672	29,781	-
Doubtful	131	-	25,033
Loss	10,764	10,836	37,742
Total	48,426,792	29,299,975	24,996,062
Less: Allowance for impairment losses	(371,665)	(329,362)	(316,401)
Commitments and contingencies - net	**48,055,127**	**28,970,613**	**24,679,661**

c. Movements of allowance for impairment losses on commitments and contingencies:

	2010	2009	2008
Balance at beginning of year	329,362	316,401	469,508
Allowance/(reversal) during the year	53,358	37,782	(221,393)
Others *)	(11,055)	(24,821)	68,286
Balance at end of year	**371,665**	**329,362**	**316,401**

*) Includes effect of foreign currencies translation

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of "non-impaired" and"impaired" is disclosed in Note 56.

e. Deposits from customers pledged as collateral for bank guarantees as at 31 December 2010 and 2009 amounting to Rp384,785 and Rp259,396 (Note 18c).

Deposits from customers and deposits from other banks pledged as collateral for irrevocable letters of credit as at 31 December 2010 and 2009 are amounting to Rp30,783 (Note 18c and 21d) and Rp794,801 (Note 18c and 21d).

29. TAXATION

a. Taxes payable

	2010	2009	2008
Bank Mandiri			
Income taxes:			
Employee - Article 21	241,784	25,084	56,412
Corporate - Article 25/29	808,667	1,540,850	2,865,154
Article 4 (2)	174,154	172,427	208,366
Others	12,712	11,430	10,864
	1,237,317	1,749,791	3,140,796
Subsidiaries	171,481	106,038	33,704
	1,408,798	**1,855,829**	**3,174,500**

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

b. Tax expense

	2010	2009	2008
Tax expense - current year:			
Bank Mandiri	2,656,204	3,271,570	4,551,185
Subsidiaries	370,262	208,297	160,709
	3,026,466	3,479,867	4,711,894
Tax expense/(benefit) - deferred:			
Bank Mandiri	1,637,191	162,544	(1,936,690)
Subsidiaries	(60,721)	(16,825)	(21,960)
	1,576,470	145,719	(1,958,650)
	4,602,936	**3,625,586**	**2,753,244**

As explained in Note 2ab, income tax for Bank Mandiri and its subsidiaries is calculated as a separate legal entity.

c. Tax expense - Current year

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of income and income tax calculations and the related current year tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2010	2009	2008
Consolidated income before tax expense and minority interests	13,972,162	10,824,074	8,068,560
Less: Income before tax expense of Subsidiaries - after elimination	(460,469)	(234,496)	(141,244)
Income before tax expense and minority interests – Bank Mandiri only	13,511,693	10,589,578	7,927,316
Add/(deduct) permanent differences:			
(Non-deductible income)/non-taxable expenses	(557,440)	(149,385)	189,537
Losses from overseas branches	52,049	2,651	62,367
Others	6,157	(159,499)	35,465
Add/(deduct) temporary differences:			
(Under)/over allowance for impairment losses on loans and write-offs	(2,085,428)	371,164	5,897,248
Over/(under) allowance for impairment losses on earning assets other than loans	410,440	(600,229)	840,628
(Under)/over provision for personnel expenses	(573,254)	702,782	378,487
Over allowance for estimated losses arising from legal cases	154,457	330,677	14,166
(Under)/over allowance for possible losses other assets	(238,540)	400,000	-
Over/(under) provision for estimated losses on commitments and contingencies	41,498	12,676	(154,090)
(Under)/over allowance for possible losses of abandoned properties	(12,635)	150,376	(8,105)
Over allowance for possible losses of repossessed assets	3,085	92,983	-
Difference in net realisable value of abandoned properties	(2,877)	(8,069)	(7,952)
Difference in net realisable value of repossessed assets	(33)	(288)	-
Over depreciation of fixed assets	8,990	56,012	111,736
Unrealised (gains)/lossess on increase/decrease in market value of marketable securities and Government Bonds	(93,345)	(15,596)	23
Recovery of loans	-	(91,654)	(116,151)
Estimated taxable income	10,624,817	11,684,179	15,170,675
Estimated tax expense-current year			
Bank Mandiri only	2,656,204	3,271,570	4,551,185
Subsidiaries	370,262	208,297	160,709
Estimated tax expense-current year	**3,026,466**	**3,479,867**	**4,711,894**

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

c. Tax expense - Current year (continued)

The above corporate tax calculation for the year ended 31 December 2010 was a preliminary estimate made for accounting purpose and is subject to revision when Bank Mandiri submits its annual tax return.

The calculations of income tax for the years ended 31 December 2009 and 2008 conform to the Bank's annual tax returns.

Under the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the annual corporate income tax returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

On 2 September 2008, the Government has enacted amendment to the income tax law with effect from 1 January 2009, that the income tax for Corporation will be set to a fix rate as 28% starting in 2009 and further reduced to 25% starting in 2010. The change in tax rate has resulted to the adjustment in the calculation of deferred tax.

Starting 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fullfiling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated 10 June 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated 9 March 2010.

d. Tax expense - Deferred

The reconciliation between estimated income tax expense, calculated using applicable tax rates based on commercial income before tax expense, with estimated income tax expense as reported in the consolidated statements of income for the years ended 31 December 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Consolidated income before tax expense and minority interests	13,972,162	10,824,074	8,068,560
Less: Income before tax expense of Subsidiaries-after elimination	(460,469)	(234,496)	(141,244)
Income before tax expense and minority interests-Bank Mandiri only	**13,511,693**	**10,589,578**	**7,927,316**
Estimated income tax expense based on applicable tax rates	3,377,923	2,965,081	2,378,177
Decrease in deferred tax arising from reduction in tax rates and recognition of temporary differences not yet recognised in prior year	1,040,280	580,442	184,952
Tax effect permanent differences:			
(Non-deductible income)/non-taxable expenses	(139,360)	(41,828)	56,861
Losses from overseas branches	13,012	742	18,710
Others	1,540	(44,660)	10,640
Recovery of loans	-	(25,663)	(34,845)
	915,472	469,033	236,318
Tax expense - Bank Mandiri only	4,293,395	3,434,114	2,614,495
Tax expense - Subsidiaries	309,541	191,472	138,749
Tax expense - consolidated	4,602,936	3,625,586	2,753,244
Less: Current tax expense - consolidated	(3,026,466)	(3,479,867)	(4,711,894)
Deferred tax expenses/(benefit) - consolidated	**1,576,470**	**145,719**	**(1,958,650)**

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	2010	2009	2008
Bank Mandiri			
Deferred tax assets:			
Loans write-off	2,536,635	2,894,873	3,605,776
Allowance for impairment loan losses	1,061,120	1,239,895	777,476
Allowance for impairment losses on financial assets/ earning assets other than loans	672,978	609,493	872,525
Allowance for personnel expenses	626,272	769,586	665,157
Allowance for estimated losses arising from legal cases net of provision for deferred tax asset of Rp24,253 for the year ended 31 December 2008	143,670	105,056	25,073
Allowance for possible losses on other assets	40,365	100,000	-
Estimated losses on commitments and contingencies	92,016	81,641	87,889
Allowance for possible losses on abandoned properties	43,937	47,095	10,641
Allowance for possible losses on repossessed assets	29,977	29,205	6,675
Accumulated losses arising from difference in net realisable value of abandoned properties	2,587	3,306	5,963
Accumulated losses arising from difference in net realisable value of repossessed assets	2,532	2,541	2,926
Unrealised losses from marketable securities and Government Bonds (available for sale)	-	86,947	66,233
Deferred tax assets	5,252,089	5,969,638	6,126,334
Deferred tax liabilities:			
Unrealised (gains)/losses on increase/decrease in market value of marketable securities and Government Bonds (fair value through profit or loss)	(27,235)	(3,899)	-
Net book value of fixed assets	(23,450)	(25,697)	(44,464)
Unrealised losses from marketable securities and Government Bonds (available for sale)	126,624	-	-
Deferred tax assets - Bank Mandiri only	5,328,028	5,940,042	6,081,870
Provision for decrease in deferred tax assets	(1,065,606)	-	-
Net deferred tax assets - Bank Mandiri only	4,262,422	5,940,042	6,081,870
Net deferred tax assets - Subsidiaries	138,666	74,043	42,049
Total consolidated deferred tax assets – net	**4,401,088**	**6,014,085**	**6,123,919**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at balance sheet dates.

As disclosed in Note 60, after completion of the Limited Public Offering with Pre-emptive Right Issue, the shareholder's ownership composition of the Bank is 60% owned by the Republic of Indonesia and 40% owned by the public. The public ownership of 40% is one of the main requirement which should be met by the Bank to get a 5% reduction in income tax rates from 25% to 20%. The other requirements, among others, to have at least 300 shareholders who hold less than 5% of the Bank's shares, for at least 183 calendar days of each fiscal year. These requirements are in accordance with the regulation No. 238/PMK.03/2008 dated 30 December 2008 regarding "Procedures for implementing and supervising the granting of reduction of the tax rate of income tax resident corporate taxpayers in the form of public-listed company" (PMK 238). Fulfilment of the 40% of public ownership criteria makes it highly probable the Bank will obtain the 5% reduction in income tax rates starting fiscal year 2011 to become 20%. Therefore, as at 31 December 2010, the Bank has booked a provision for impairment in deferred tax assets in amount of Rp1,065,606 as all of the deferred tax assets will be realised in 2011 or onwards with income tax rates of 20%.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

(Expressed in millions of Rupiah, unless otherwise stated)

30. OTHER LIABILITIES

	2010	2009	2008
Rupiah:			
Accrued employee bonus and incentives,leave and yearly allowance (THR)	1,331,555	1,066,838	775,927
Provision for post employment benefits (Note 44)	1,178,427	1,044,505	925,002
Payable to customer	698,436	516,897	483,824
Guarantee deposits	610,024	493,899	466,130
Allowance for estimated losses arising from legal cases (Note 57b)	555,525	494,200	157,560
Liability to policyholders	370,400	-	-
Deferred income	103,024	377,442	368,933
Provision for employees' service - free period benefits (Note 44)	56,273	973,347	794,159
Payable from purchase of marketable securities	2,165	1,912	-
Others	3,364,265	2,564,248	1,897,308
Total Rupiah	8,270,094	7,533,288	5,868,843
Foreign currencies:			
Guarantee deposits	809,335	537,120	440,451
Allowance for estimated losses arising from legal cases (Note 57b)	19,403	20,166	18,756
Deferred income	85,872	148,856	198,791
Obligation under capital lease	74	1,008	2,248
Others	1,154,176	892,148	1,470,279
Total foreign currencies	2,068,860	1,599,298	2,130,525
	10,338,954	**9,132,586**	**7,999,368**

Liability to policyholders' as at 31 December 2010, consists of Subsidiary's policyholders' account balances - non unit linked, claims payable, unearned premium reserve and claims reserve amounting to Rp248,588, Rp21,330, Rp84,706 and Rp15,776, respectively.

Deferred income represents unamortised provision/commissions not directly attributable to loans.

As at 31 December 2010, others mainly consists of accruals in relation to the Bank's operational cost amounting to Rp914,298 (31 December 2009: Rp702,204 and 31 December 2008 Rp458,480), payment related to ATM and credit card transaction amounting to Rp365,561 (31 December 2009: Rp280,407 and 31 December 2008: Rp14,841).

Movements of allowance for estimated losses arising from legal cases for the years ended 31 December 2010, 2009 and 2008:

	2010	2009	2008
Balance at beginning of year	514,366	176,316	205,742
Allowance/(reversal) during the year (Note 39)	61,381	340,707	(31,133)
Others *)	(819)	(2,657)	1,707
Balance at end of year	**574,928**	**514,366**	**176,316**

*) Includes effect of foreign currency translation

Management believes that the allowance for estimated losses arising from legal cases is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS

By Type and Currency:

	2010	2009	2008
Rupiah:			
Two-Step Loans (TSL)			
(a) Nordic Investment Bank (NIB)	138,480	159,784	181,089
(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)	32,503	45,504	58,505
(c) ASEAN Japan Development Fund - Export - Import Bank of Japan (AJDF - EBJ)	-	-	562
	170,983	205,288	240,156
Bank Indonesia	2,230,259	2,319,559	2,366,859
Subordinated Bond Rupiah Bank Mandiri I	3,476,460	3,500,000	-
Total Rupiah	5,877,702	6,024,847	2,607,015
Foreign currencies:			
Two-Step Loans (TSL)			
(d) Asian Development Bank (ADB)	178,870	192,221	229,635
Total foreign currencies (Note 56e)	178,870	192,221	229,635
	6,056,572	6,217,068	2,836,650

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank IV	To promote and finance high priority investment projects in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	15 April 1997 – 28 February 2017 with the 1st installment on 31 August 2002.

The details of credit facilities from NIB are as follow:

	2010	2009	2008
Nordic Investment Bank IV (NIB IV)	138,480	159,784	181,089

The interest rates on the NIB IV facility is based on variable interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of 3 (three) months Certificate of Bank Indonesia in the last six months.

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

This account represents a credit facility obtained from ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

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

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

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

The details of outstanding credit facilities from the AJDF - OECF are as follow:

	2010	2009	2008
(a) Pollution Abatement Equipment Program (PAE)	31,463	44,048	56,633
(b) Small Scale Industry (SSI)	1,040	1,456	1,872
	32,503	**45,504**	**58,505**

The payment on the above AJDF - OECF facilities are within 20 (twenty) years after the first drawdown (inclusive of a 5 years grace period) and will be settled in 30 (thirty) semi-annual installments starting on 15 August 1998 to 15 February 2013.

The PAE facility is subject to variable interest rates determined every 6 (six) months based on the prevailing average interest rate of the 3 (three) months Certificates of Bank Indonesia for the last 6 (six) months, less 5.00% per annum.

The SSI facility is subject to variable interest rates determined every 6 (six) months based on the prevailing average interest rate of 3 (three) months Certificates of Bank Indonesia for the last 6 (six) months, less 2.50% per annum.

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

This account represents a credit facility obtained from ASEAN Japan Development Fund - Export - Import Bank of Japan (AJDF - EBJ) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are re-lent to a number of participating banks including Bank Mandiri to provide investment and working capital financing to small-scale industries. The credit facility amounting to Rp9,560 with 15 (fifteen) years repayment period after the first drawdown (inclusive of 3 years grace period) by 24 (twenty four) semi-annual installments with the first installment starting on 15 December 1997.

The facility is subject to an interest rate determined every 6 (six) months based on the prevailing average interest rate of the 3 (three) months Certificates of Bank Indonesia for the past six months.

The Bank had fully paid the AJDF - EBJ loan facilities on 15 June 2009.

(d) Asian Development Bank (ADB)

This account represents credit facilities from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are re-lent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	15 January 2005 - 15 July 2029 with 1st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2010	2009	2008
ADB 1327 - INO (SF)	178,870	192,221	229,635

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(d) Asian Development Bank (ADB) (continued)

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has approved the transfer of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated 27 April 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated 22 April 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated 16 July 2004.

The ADB loans for Micro Credit Projects was extended in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which is required by Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every 15 January and 15 July, with the first installment paid on 15 January 2005 and will be ended on 15 July 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every 15 January and 15 July since its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which is used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo are the ex-legacy of the Bank.

The details of this facility as at 31 December 2010, 2009 and 2008, are as follow:

Bank	Tenor	31 December 2010	31 December 2009	31 December 2008	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 - 31 March 2014 with 1st installment on 30 November 2004	2,230,259	2,319,559	2,366,859	0.20% per annum
		2,230,259	**2,319,559**	**2,366,859**	

Bank Indonesia agreed to restructure the subordinated loans of BDN amounting to Rp736,859 and from Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 as stated in Bank Indonesia Letter No. 6/360/BKr dated 23 November 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into the amount of Rp2,491,859, with a repayment period of 10 (ten) years from 2004 to 2014. The restructured loan bears interest rate of 0.20% per annum which is calculated based on the remaining principal loan balance. The restructuring of the subordinated loans was legalised in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated 7 December 2004 by Notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on 14 December 2009, Bank Mandiri has issued Subordinated Bond Rupiah Bank Mandiri I 2009 (Subordinated Bond) amounting to Rp3,500,000. The proceeds from the issuance of Subordinated Bond is treated as lower tier 2 capital in accordance with regulation of Bank Indonesia. On 31 December 2010, the unamortised issuance cost of Subordinated Bond is amounting to Rp17,925.

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and has been declared effective through the letter of Chairman of the Capital Market & Financial Institutions Supervisory Agency (Bapepam-LK) No. S-10414/BL/2009 dated 3 December 2009.

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009 (continued)

The Subordinated Bond is listed on the Indonesia Stock Exchange (BEI) on 14 December 2009, in accordance with the announcement of listing from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, with a fixed coupon rate of 11.85% per annum and issued as scripless trading. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interests on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance with the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2010 to 31 December 2010 (unaudited).

As at 31 December 2010 and 2009, the rating of the Subordinated Bond based on Pefindo was $_{id}$AA+ (double A Plus).

32. MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents minority interests in net assets of consolidated Subsidiaries as follow:

	2010	2009	2008
AXA Mandiri Financial Services	315,681	-	-
Mandiri Tunas Finance	180,192	160,108	-
Bank Sinar Harapan Bali	25,621	22,565	21,725
Bumi Daya Plaza	4,586	5,717	5,236
Usaha Gedung Bank Dagang Negara	1,085	1,048	1,058
Mandiri Sekuritas	63	56	50
	527,228	**189,494**	**28,069**

33. SHARE CAPITAL

a. Authorised, Issued and Fully Paid-in Capital

The Bank’s authorised, issued and fully paid-in capital as at 31 December 2010, 2009 and 2008, were as follows:

	31 December 2010			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage Of Ownership
Authorised 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 Authorised Capital	**32,000,000,000**	**500**	**16,000,000,000,000**	**100.00%**
Issued and Fully Paid-in 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	66.68%
Public (less than 5% each)				
- Common Shares B Series	6,996,494,742	500	3,498,247,371,000	33.32%
Total Issued and Fully Paid-in Capital	**20,996,494,742**	**500**	**10,498,247,371,000**	**100.00%**

(Expressed in millions of Rupiah, unless otherwise stated)

33. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

	31 December 2009			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage Of Ownership
Authorised 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 Authorised Capital	**32,000,000,000**	**500**	**16,000,000,000,000**	**100.00%**
Issued and Fully Paid-in 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	66.76%
Public (less than 5% each)				
- Common Shares B Series	6,970,116,805	500	3,485,058,402,500	33.24%
Total Issued and Fully Paid-in Capital	**20,970,116,805**	**500**	**10,485,058,402,500**	**100.00%**

	31 December 2008			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage of Ownership
Authorised 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 Authorised Capital	**32,000,000,000**	**500**	**16,000,000,000,000**	**100.00%**
Issued and Fully Paid-in 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	66.97%
Public (less than 5% each)				
- Common Shares B Series	6,905,647,788	500	3,452,823,894,000	33.03%
Total Issued and Fully Paid-in Capital	**20,905,647,788**	**500**	**10,452,823,894,000**	**100.00%**

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

33. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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

1. Cash payment through Bank Indonesia amounting to Rp1,600,004.
2. Placements in shares 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 Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated 2 October 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares (*inbreng*) as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated 24 July 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result from the excess of recapitalisation bonds issued under the 1st Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Shareholders' Meeting resolution dated 29 May 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated 29 May 2003, the shareholders approved these following matters:

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

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

In relation to the change in capital structure Bank Mandiri, the Extraordinary General Shareholders' Meeting also approved the allocation on part of Recapitalisation Fund amounting to Rp168,801,315 as Agio.

The above changes in capital structure became effective since 23 May 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the General Shareholders Meeting.

The Dwiwarna share A Series represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Shareholders' Meeting can make decision only if the Dwiwarna A Series Shareholders attend and approve certain agendas.

33. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The General Shareholders' Meeting where they are mandatory to be attended and their agendas approved by the Dwiwarna share A Series' Shareholder are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment in the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Notary Sutjipto, S.H. No. 2 dated 1 June 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through decree No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated 8 August 2003.

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

1. Partial return of fully paid-in capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation (PP) No. 26 year 2003 dated 29 May 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated 29 October 2002.

2. Increase in fully paid-in capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated 23 May 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated 29 May 2003, the shareholders' agreed an employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners (Note 34).

On 14 July 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

33. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

As a follow up action on the Regulation of the Government of the Republic of Indonesia No. 27/2003 dated 2 June 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated 19 January 2004, the Government of the Republic of Indonesia divested an additional 10.00% ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on 11 March 2004 through private placements.

On 14 July 2003, the date of the IPO, through MSOP Stage 1 (Management Stock Option Plan - Stage 1), the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounting to Rp69.71 (full amount) per share options. Up to 31 December 2010, MSOP Stage 1 has been exercised totaled 375,365,957 shares, thereby increasing the total issued and fully paid-in capital by Rp187,683, agio by Rp117,193. MSOP stage 1 could be exercised up to 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004, therefore as at 31 December 2010 no shares option still recorded in Shareholders' Equity-Share Option from MSOP Stage 1.

The Annual General Shareholders' Meeting on 16 May 2005 approved MSOP Stage 2 amounting to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounting to Rp642.28 (full amount) per share options. Up to 31 December 2010, MSOP Stage 2 has been exercised totaled 311,713,697 shares thereby increasing the total issued and fully paid-in capital by Rp155,857, agio by Rp425,233, including MSOP Stage 2 which has been exercised for the year ended 31 December 2010 amounting to 6,684,845 shares thereby increasing the total issued and fully paid-in capital by Rp3,342. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated 2 February 2007, therefore as at 31 December 2010 there are no stock options recorded in Shareholders' Equity - Share Option from MSOP Stage 2.

The Annual General Shareholders' Meeting on 22 May 2006 approved MSOP Stage 3 amounting to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounting to Rp593.89 (full amount) per share option. Up to 31 December 2010, the total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid-in capital by Rp154,707 and agio by Rp491,651, including the MSOP Stage 3 exercised for the year ended 31 December 2010 amounting to 19,693,092 shares which has resulted to an increase in the total issued and fully paid-in capital by Rp9,847.

33. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The total share options which have been exercised from MSOP Stage 2 and MSOP Stage 3 for the years ended 31 December 2009 were 86,800 shares and 64,382,217 shares, respectively, which has resulted to an increase in the total issued and fully paid-in capital by Rp32,234 (Notes 33b and 34).

The total share options which have been exercised from MSOP Stage 1, Stage 2 and MSOP Stage 3 for the years ended 31 December 2008 were 4,835,783 share, 55,110 shares and 87,991,721 shares, respectively, which has resulted to an increase in the total issued and fully paid-in capital by Rp78,048, include addition of the issued and paid up shares arising from the execution period of 1 October 2007 to 31 December 2007 amounting to Rp31,606 (Notes 33b and 34).

b. Additional Paid-In Capital/Agio

The additional paid-in capital/agio of Rp6,960,680 and Rp6,911,587 and Rp6,809,056, as at 31 December 2010, 2009 and 2009 respectively, arising from the Recapitalisation Program (Note 1c), exercised stock option and un-exercised stock option from MSOP Stage 2 and Stage 3. As at 31 December 2010, the un-exercised MSOP Stage 2 and Stage 3 stock option were 286,303 shares and 1,127 shares, respectively, or amounting to Rp184 and Rp1 that has expired.

Total share options which have been exercised from MSOP Stage 2 and MSOP Stage 3 for the year ended 31 December 2010 were 6,684,845 shares and 19,693,092 shares, respectively, thereby increasing the total paid-in capital/agio by Rp48,908 (Notes 33a and 34). As at 31 December 2010, the additional paid-in capital amounting Rp185 resulted from MSOP Option Stage 2 where its conversion right has expired but not exercised amounting to 287,430 shares.

Total share options which have been exercised from MSOP Stage 2 and MSOP Stage 3 for the year ended 31 December 2009 were 86,800 shares and 64,382,217 shares, respectively, thereby increasing the total paid-in capital/agio by Rp102,531 (Notes 33a and 34).

Share options which have been exercised from MSOP Stage 1, MSOP Stage 2 and MSOP Stage 3 for the year ended 31 December 2008 were 4,835,783 shares, 55,110 shares and 87,991,721 shares, respectively, which resulted in increasing the total paid-in capital by Rp238,097 including addition in the total paid-in capital/agio arising from the execution of share options from period 1 October 2007 up to 31 December 2007 amounting to Rp96,626 (Notes 33a and 34).

Based on the results of a due diligence review conducted on behalf of the Government dated 31 December 1999 and Management Contract (IMPA) dated 8 April 2000, it was decided that there was an excess on recapitalisation amounting to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on 7 July 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on 25 April 2003 based on approval from the shareholders during its meeting on 29 October 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated 29 October 2002.

The refund of the above excess recapitalisation amounting to Rp1,412,000 includes a portion of issued and fully paid-in capital of Rp251,000.

On 23 May 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated 30 September 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

(Expressed in millions of Rupiah, unless otherwise stated)

33. SHARE CAPITAL (continued)

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

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as agio within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as at 30 April 2003 amounting to Rp162,874,901 were eliminated against additional paid-in capital/agio.

c. Fixed Assets Revaluation Reserve

The fixed assets revaluation reserve amounting to Rp3,046,936 represents the fixed assets revaluation of the Merged Banks based on the appraisal value as at 31 July 1999. This was based on the Decision Letter of the Minister of Finance No. 211/KMK.03/2003 dated 14 May 2003, Letter of the Minister of Finance No. S-206/MK.01/2003 dated 21 May 2003 which have been approved by 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 18 June 2003.

As explained in Note 2p, the Bank has adopted the cost model as its accounting policy for measurement of fixed assets in accordance with SFAS No. 16 (Revised 2007), "Fixed Assets" and therefore reclassified the balance of fixed assets revaluation reserve of Rp3,046,936 as part of shareholders' equity in the 2007 consolidated balance sheet to the consolidated retained earnings in 2008 (Note 16a).

d. Distribution of Net Income

Based on the Annual General Shareholders' Meeting held on 17 May 2010 and 4 May 2009, the shareholders approved the distribution of the 2009, 2008 and 2007 net income as follows:

	2009	2008	2007
Dividends *)	2,504,412	1,859,488	3,911,601
Cooperative Development Fund Program	35,779	53,128	86,924
Community Development Fund Program	250,441	159,384	86,925
	2,790,632	2,072,000	4,085,450
Reserve: General	-	26,564	21,731
Specific	-	-	-
Total Reserve	-	26,564	21,731
Retained Earnings	4,364,832	3,214,257	239,043
	7,155,464	**5,312,821**	**4,346,224**
Dividend per share (full amount)	119.37274	88.89584	187.11

*) Dividends from net profit in 2009 amounting to Rp2,504,412 paid through an interim dividend amounting to Rp403,975 on 22 December 2009 and final dividend of Rp2,100,437 on 25 June 2010. Each such dividend payments are reflected in the consolidated statement of changes in equity for the interim dividend in 2009 and the period ended 31 December 2010 for the final dividend.

The dividends from net profit for the year 2009, 2008 and 2007 were paid to the Shareholders on 25 June 2010, 11 June 2009 and 3 July 2008, respectively. The allocation for Cooperative Development Fund Program and the Community Development Fund Program from 2009, 2008 and 2007 net income were paid on 24 June 2010, 11 June 2009 and 17 June 2008, respectively.

33. SHARE CAPITAL (continued)

d. Distribution of Net Income (continued)

The Bank's Board of Directors' meeting has decided to distribute an interim dividend for the financial year 2010 to all shareholders amounting to Rp19.64286 (full amount) per share, with the total amount of Rp412,431. The Directors' resolution has been approved by the Board of Commissioners.

The Bank has reported the interim dividend distribution plan to Bapepam-LK in a letter No. FST.CSC/CMA.2978/2010 dated 1 December 2010, to the Indonesian Stock Exchange in a letter No. FST.CSC/CMA.2977/2010 dated 1 December 2010 and to *Kustodian Sentral Efek Indonesia (KSEI)* in a letter No. FST.CSC/CMA.2979/2010 dated 1 December 2010 regarding Information Disclosure of PT Bank Mandiri (Persero) Tbk. on the Interim Dividend Distribution Plan for the year 2010.

The interim dividend was distributed on 30 December 2010 as a deduction on retained earnings.

e. Difference in Transactions of Equity Changes in Subsidiaries

This account represents the Bank's proportionate interest in the Subsidiaries arising from changes in Subsidiaries' equity which are not derived from transactions with the Bank and calculated based on the percentage ownership of Bank Mandiri in Subsidiaries. Bank Mandiri adjusted the unrealised gain/loss from available for sale of marketable securities, donated capital, fixed asset revaluation reserve, and impact of implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) in Subsidiaries as part of Difference in Transactions of Equity Changes in Subsidiaries. Since 1 January 2008, with the implementation of SFAS No. 16 (Revised 2007), the fixed assets revaluation reserve have been reclassified to consolidated retained earnings in 2008.

34. MANAGEMENT STOCK OPTION PLAN

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

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 an MSOP program to attract, retain and motivate senior management and other key employees at certain levels and criteria. In accordance with Indonesia Stock Exchange (formerly Jakarta Stock Exchange) Regulation No. 1-A, the Bank issued MSOP shares through additional common shares B Series (issued without the Pre Emptive Right), up to the maximum of 5.00% from the total issued and fully paid-in capital or equivalent to 1 (one) billion of common shares B Series with par value of Rp500 (full amount) per share.

MSOP Stage 1

The share option period is 5 (five) years from the grant date. The number of stock options that can be exercised for MSOP Stage 1 at the end of the first year of vesting period/recognition of compensation right is 50.00% of the total options granted, and the remaining 50.00% can be exercised at the end of the second year of the vesting period up to the end of the fifth year.

On 14 July 2003, with the approval of Extraordinary General Shareholders' Meeting held on 29 May 2003, the Bank granted MSOP Stage 1 amounting to 378,583,785 share options with an exercise price of Rp742.50 (full amount) per share or 110.00% of the offering price per share with a vesting period of two years.

The fair value of MSOP Stage 1 stock options granted on 14 July 2003 was Rp69.71 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 4 March 2004.

(Expressed in millions of Rupiah, unless otherwise stated)

34. MANAGEMENT STOCK OPTION PLAN (continued)

MSOP Stage 2

The Annual General Shareholders' Meeting held on 16 May 2005 approved the MSOP Stage 2 amounting to 312,000,000 share options. Exercise price for each share is Rp1,190.50 (full amount) for the first year of execution and Rp2,493 (full amount) for the remaining exercised period up to the end of the option life time in the fifth year.

The share option period of MSOP Stage 2 is 5 (five) years, since eligibility date on 21 June 2005. After 4 December 2006, all share options in MSOP Stage 2 could be 100.00% exercised from the total option granted.

The fair value of MSOP Stage 2 which was granted on 16 May 2005 was Rp642.28 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 27 February 2006.

MSOP Stage 3

The Annual General Shareholders' Meeting held on 22 May 2006 approved the MSOP Stage 3 amounting to 309,416,215 share options. Exercise price per each share is Rp1,495.08 (full amount) during the options period.

The decision of the stock options allocation and the policy of MSOP Stage 3 was determined by the Board of Commissioners on 28 July 2006. The option period of MSOP Stage 3 is 5 (five) years with maximum execution twice a year which was announced in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-989/BEJ-PSJ/P/10-2006 dated 31 October 2006.

Based on the policy of the Board of Commissioners, on 30 October 2007, the Bank stated that MSOP Stage 3 can be exercised on the first period (7 May 2007 and 5 November 2007) at the maximum 50.00% from total options granted. The remaining 50.00% can be exercised on the next period (the second period or the subsequent periods).

The fair value of MSOP Stage 3 stock options granted on 22 May 2006 was Rp593.89 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 22 February 2007.

The fair value of MSOP Stage 1, MSOP Stage 2 and MSOP Stage 3 were estimated using the Black Scholes option pricing model with the following assumptions:

	MSOP Stage 1	MSOP Stage 2	MSOP Stage 3
Risk free interest rate	8.46%	9.50%	11.65%
Expected option period	5 years	5 years	5 years
Expected volatility of stock price	24.53%	50.00%	50.00%
Expected dividend yield	7.63%	7.63%	7.75%
Employee turnover rate	1.00%	1.00%	1.00%

Number of options exercised for the period ended 31 December 2010 amounting to 26,377,937 options (Notes 33a and 33b) which consist of MSOP Stage 2 and MSOP Stage 3 amounting to 6,684,845 options and 19,693,092 options, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

34. MANAGEMENT STOCK OPTION PLAN (continued)

MSOP Stage 3 (continued)

Number of options exercised for the year ended 31 December 2009 amounting to 64,469,017 options (Notes 33a and 33b) which consist of MSOP Stage 2 and MSOP Stage 3 amounting to 86,800 options and 64,382,217 options, respectively

Number of options exercised for the year ended 31 December 2008 amounting to 92,882,614 options (Notes 33a and 33b) which consist of MSOP Stage 1, MSOP Stage 2 and MSOP Stage 3 amounting to 4,835,783 options, 55,110 options and 87,991,721 options, respectively.

In relation to Bank Mandiri's plans to undertake Rights Issue, 11,649,602 options and 3,224,264 options of MSOP Stage 3 have been exercised on 4 November 2010 and 14 December 2010, respectively. The last period of MSOP Stage 3 execution was brought forward from 4 May 2011 to 14 December 2010. This particular change is in relation with Bank's plan to undertake a Limited Public Offering (Note 60). As at 31 December 2010, there is no outstanding stock option.

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

	31 December 2010			
	Number of options	Weighted average fair value of options (full amount)	Weighted average excercise price of options (full amount)	Value of options
Options outstanding at beginning of the year	26,665,367	606.54	1,755.97	16,174
Options exercised during the year	(26,377,937)	606.15	1,747.98	(15,989)
Options have been expired	(287,430)	642.09	2,489.09	(185)
Options that can be exercised at the end of the year	-	-	-	-

	31 December 2009			
	Number of options	Weighted average fair value of options (full amount)	Weighted average excercise price of options (full amount)	Value of options
Options outstanding at beginning of the year	91,134,384	597.64	1,572.36	54,465
Options exercised during the year	(64,469,017)	593.96	1,496.42	(38,291)
Options that can be exercised at the end of the year	**26,665,367**	**606.54**	**1,755.97**	**16,174**

	31 December 2008			
	Number of options	Weighted average fair value of options (full amount)	Weighted average excercise price of options (full amount)	Value of options
Options outstanding at beginning of the year	187,234,826	573.18	1,500.62	107,320
Options exercised during the year	(92,882,614)	566.63	1,456.49	(52,630)
Options have been expired	(3,217,828)	69.71	742.50	(225)
Options that can be exercised at the end of the year	**91,134,384**	**597.64**	**1,572.36**	**54,465**

(Expressed in millions of Rupiah, unless otherwise stated)

35. INTEREST INCOME

Interest income was derived from the following:

	2010	2009	2008
Loans	24,814,654	21,063,743	15,958,332
Government Bonds	5,702,826	7,437,326	7,798,646
Marketable securities	2,146,955	2,198,833	1,624,862
Placements with Bank Indonesia and other banks	532,119	474,577	662,042
Consumer financing income	342,464	255,617	-
Fees and commissions	-	958,705	839,750
Others	392,632	210,163	452,605
	33,931,650	**32,598,964**	**27,336,237**

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended 31 December 2010 amounting to Rp515,916 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2010 amounting to Rp550,277.

Included in interest income from loans and others is income based on sharia principle for the years ended 31 December 2010, 2009 and 2008, amounting to Rp2,380,488, Rp1,770,270 and Rp1,555,619 respectively as follows:

	2010	2009	2008
Murabahah and *Istishna* income	1,366,532	940,223	824,275
Musyarakah income	442,861	336,320	260,521
Others	571,095	493,727	470,823
	2,380,488	**1,770,270**	**1,555,619**

36. INTEREST EXPENSE

Interest expense was incurred on the following:

	2010	2009	2008
Time deposits	8,939,093	9,861,521	7,021,740
Saving deposits	2,585,365	2,538,889	2,578,878
Demand deposits	1,294,351	1,852,012	1,385,656
Insurance premiums on third party funds guarantee program (Note 58)	651,057	580,972	484,980
Subordinated loans	434,964	48,752	70,012
Fund borrowings	279,439	457,632	569,958
Marketable securities issued	100,218	60,563	178,442
Others	110,111	274,872	81,751
	14,394,598	**15,675,213**	**12,371,417**

Effective from 1 January 2010, total sweepstakes prize expense is categorised as general and administrative expenses – promotion (Note 43) whilst before that it was categorised as others interest expense. As at 31 December 2010, the total sweepstakes prize expense is amounting to Rp47,423.

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2010, 2009 and 2008 amounting to Rp1,161,680, Rp901,570 and Rp793,049 respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

37. OTHER OPERATING INCOME – OTHERS

	2010	2009	2008
Recovery of written-off loans relating to implementation of SFAS 55 (Revised 2006)	1,834,289	-	-
Income from loan written-off	237,897	131,658	133,992
Income from penalty	108,810	80,872	64,036
Stamp duty income	47,348	44,198	45,362
Safety deposit box	21,247	20,888	20,461
Others	485,939	258,447	176,559
	2,735,530	**536,063**	**440,410**

38. (ALLOWANCE)/REVERSAL FOR IMPAIRMENT LOSSES

	2010	2009	2008
(Allowance)/reversal for impairment losses on:			
Current accounts with other banks (Note 4e)	3,323	(12,607)	(71,072)
Placements with other banks (Note 5e)	63,286	(18,868)	(323,475)
Marketable Securities (Note 6g)	(167,895)	39,295	58,416
Other receivables - trade transactions (Note 8d)	(269,594)	181,181	(196,581)
Securities purchased under resale agreements (Note 9c)	-	2,043	(14,387)
Derivative receivables (Note 10)	(412)	4,696	(2,501)
Loans (Note 11B.j)	(2,450,235)	(1,539,817)	(2,299,377)
Consumer financing receivables (12c)	(46,116)	(22,525)	-
Acceptance receivables (Note 13d)	(117,977)	219,512	(137,045)
Investments in shares (Note 14c)	(614)	(450)	(339)
	(2,986,234)	**(1,147,540)**	**(2,986,361)**

39. REVERSAL/(ALLOWANCE) FOR POSSIBLE LOSSES

	2010	2009	2008
Reversal/(allowance) provision for:			
Estimated losses arising from fraud cases	62,114	71,983	(12,778)
Estimated losses arising from legal cases (Note 30)	(61,381)	(340,707)	31,133
Others assets (Note 17)	89,803	(541,981)	151,530
Others	(1,758)	297	254
	88,778	**(810,408)**	**170,139**

40. UNREALISED (LOSSES)/GAINS FROM DECREASE/INCREASE IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDER'S INVESTMENT IN UNIT-LINKED CONTRACTS

	2010	2009	2008
Marketable securities	19,613	(4,195)	1,450
Government Bonds	10,813	2,040	36
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts			
- Change in market value of policyholders' - investment *) **)	611,814	-	-
- Decrease in liability in unit-linked contracts *)	(665,641)	-	-
	(23,401)	**(2,155)**	**1,486**

*) Represent contribution from a Subsidiary (AXA Mandiri) which consolidated since 20 August 2010.
**) Including portion of premium income and claim expense.

(Expressed in millions of Rupiah, unless otherwise stated)

41. GAINS/(LOSSES) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2010	2009	2008
Marketable securities	184,513	161,741	(23,917)
Government Bonds	102,357	19,011	(30,144)
	286,870	**180,752**	**(54,061)**

42. SALARIES AND EMPLOYEE BENEFITS

	2010	2009	2008
Salaries, wages, pension and tax allowances	3,298,782	2,766,984	2,686,225
Holidays (THR), leave and related entitlements	522,467	469,416	438,734
Provision for post-employment benefit expenses and free of service year	404,299	379,598	312,259
Training and education	317,988	249,794	241,353
Employee benefits in kind	253,976	230,837	284,341
Provision of tantiem *)	86,782	60,776	50,000
Bonuses and others	917,879	696,196	550,856
	5,802,173	**4,853,601**	**4,563,768**

*) For the years 2009, 2008 and 2007 actual payment of tantiem gave to the Board of Directors and Board of Commissioners of PT Bank Mandiri (Persero) Tbk. amounting to Rp83,497, Rp61,318 and Rp46,070, respectively taken from the reserve that was established in 2009, 2008 and 2007 in accordance with SFAS No. 24 (Revised 2004) about "Employee Benefits".

Total gross salaries, allowances and bonuses of the Boards of Commissioners, Directors, Audit Committee, Risk Monitoring and Good Corporate Governance Committee and Executive Vice President and Senior Vice President amounting to Rp265,300, Rp188,993 and Rp148,875 for the years ended 31 December 2010, 2009 and 2008 respectively as follows:

	31 December 2010				
	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
The Board of Commissioners	8*)	7,808	8,567	18,067	34,442
Directors	15**)	26,557	24,404	65,430	116,391
Audit Committee	2	859	189	381	1,429
Risk Monitoring and Good Corporate Governance Committee	1	312	63	143	518
Executive Vice Presidents and Senior Vice Presidents	60***)	38,746	23,682	50,092	112,520
	86	**74,282**	**56,905**	**134,113**	**265,300**

*) Includes Soedarjono from January until May 2010, Cahyana Ahmadjayadi since May 2010 and Krisna Wijaya since September 2010.
**) Includes Agus Martowardojo, I Wayan Agus Mertayasa, Sasmita and Bambang Setiawan from January until May 2010, Pahala N. Mansury, Fransisca N. Mok and Sunarso since June 2010 and Kresno Sediarsi since July 2010.
***) Includes Pahala N. Mansury, Fransisca N. Mok and Sunarso from January until May 2010 and Kresno Sediarsi from January until June 2010.

For the year ended 31 December 2010, there are 3 (three) Committees under the Board of Comissioners, where all the members of 1 (one) Committee are Commissioners, whilst each of the other 2 (two) Committees have non-Commissioners members which are 2 (two) members of Audit Committees and 1 (one) member of Risk Monitoring and Good Corporate Governance Committee.

(Expressed in millions of Rupiah, unless otherwise stated)

42. SALARIES AND EMPLOYEE BENEFITS (continued)

	31 December 2009				
	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
The Board of Commissioners	6	7,425	6,630	12,837	26,892
Directors	11	27,571	17,514	48,001	93,086
Audit Committee	2	776	188	274	1,238
Risk Monitoring Committee	1	282	61	103	446
Good Corporate Governance Committee	1*)	-	-	103	103
Executive Vice Presidents and Senior Vice Presidents	46	31,144	16,203	19,881	67,228
	67	**67,198**	**40,596**	**81,199**	**188,993**

*) Includes Anwar Isham for period January until December 2008.

	31 December 2008				
	Number of Members/ Officers	Salaries	Allowances	Bonuses	Total
The Board of Commissioners	8*	5,940	4,307	9,301	19,548
Directors	12**)	26,842	16,284	36,229	79,355
Audit Committee	2	755	277	215	1,247
Risk Monitoring Committee	1	253	58	76	387
Good Corporate Governance Committee	1*)	253	58	76	387
Executive Vice Presidents and Senior Vice Presidents	48	25,955	10,864	11,132	47,951
	72	**59,998**	**31,848**	**57,029**	**148,875**

*) Includes Richard Claproth from January until May 2008, Yap Tjay Soen from January until March 2008 and Mahmuddin Yasin since June 2008.
*) Includes Omar S, Anwar from January until May 2008 and Ogi Prastomiyono since June 2008.

For the year ended 31 December 2009 and 2008, there are 4 (four) Committees under the Board of Comissioners, where all the members of 1 (one) Committee are Commissioners, whilst each of the other 3 (three) Committees have non-Commissioners members which are 2 (two) members of Audit Committees and 1 (one) member of Risk Monitoring Committee and 1 (one) member of Good Corporate Governance Committee.

43. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009	2008
Promotions	881,846	647,882	514,760
Professional fees	675,022	513,460	428,124
Rent	642,728	543,754	510,997
Communications	471,894	412,107	379,456
Repairs and maintenance	470,854	381,447	329,311
Depreciation and amortisation of fixed assets (Note 16)	448,616	446,079	573,105
Office supplies	342,891	271,404	197,412
Goods and services provided by third parties	383,873	260,096	215,984
Electricity, gas and water	307,704	260,475	226,337
Transportations	170,528	125,933	114,108
Others	672,016	462,256	372,090
	5,467,972	**4,324,893**	**3,861,684**

For the year ended 31 December 2010, promotions expenses included the sweepstakes prize expense of third party funds amounting to Rp47,423 (Note 36).

44. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as yearly 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 in accordance with prevailing Labor Law.

Pension Plan

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

a. One defined contribution pension plan, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) was established on 1 August 1999. The DPBM's regulations were approved by Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated 14 July 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated 26 April 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated 22 July 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated 27 September 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated 28 June 2005.

   Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

   The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. As a consequence, transactions between the DPBM and Bank Mandiri are considered as related party transactions. DPBM invests a part of its financial resources in Bank Mandiri time deposits, of which total balance as at 31 December 2010, 2009 and 2008 were Rp52,100, Rp25,500 and Rp36,500 respectively. The interest rates on these time deposits are given on arms-length basis.

   The Bank paid pension contributions totaling Rp176,282, Rp162,587 and Rp154,830 respectively, for the years ended 31 December 2010, 2009 and 2008, 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 approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated 15 November 1999. Based on the approval of shareholders No. S-923/M-MBU/2003 dated 6 March 2003. Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations *(Peraturan Dana Pensiun (PDP))* which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBM I, No. KEP/116/KM.6/2003 for PDP DPBM II, No. KEP/117/KM.6/2003 for PDP DPBM III, and No. KEP/118/KM.6/2003 for DPBM IV, all dated 31 March 2003.

   The members of the defined benefit pension plans are the employees from the legacy banks who have rendered three or more services years at the time of merger and are comprise of active employees of the Bank, former employee (those who have resigned and did not transfer their beneficial right to other pension plan) and pensioners.

   Based on the decision of the General Shareholders' Meeting dated 28 May 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBM I); No. KEP-145/KM.10/2007 (DPBM II); No. KEP-146/KM.10/2007 (DPBM III) and No. KEP-147/KM.10/2007 (DPBM IV), all dated 20 July 2007.

(Expressed in millions of Rupiah, unless otherwise stated)

44. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

As at 31 December 2010, 2009 and 2008, the provision for pension benefit obligation are determined based on the obligation and pension benefit cost calculation for the years ended 31 December 2010, 2009 and 2008 outlined in the independent actuarial report of PT Eldridge Gunaprima Solution dated 28 January 2011, 25 January 2010, 30 January 2009, respectively, using the following assumptions:

	DPBM I	**DPBM II**	**DPBM III**	**DPBM IV**
Discount rate	9.50% per annum (December 2009: 11.00%; December 2008: 12.00%)	9.50% per annum (December 2009: 11.00%; December 2008: 12.00%)	9.50% per annum (December 2009: 11.00%; December 2008: 12.00%)	9.50% per annum (December 2009: 11.00%; December 2008: 12.00%)
Expected rate of return on pension plan assets	9.00% per annum (December 2009 and 2008: 10.00%)	9.00% per annum (December 2009 and 2008: 10.00%)	8.00% per annum (December 2009 and 2008: 10.00%)	8.00% per annum (December 2009 and 2008: 10.00%)
Working period used	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999
Pensionable salary (PhDP) used	As at 1 January 2003, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	December 2010, 2009 and 2008: Indonesia Mortality Table 1999 (TMI II) for active members and Group Annuity Mortality 1983 (GAM '83) for pensioners	December 2010, 2009 and 2008: Indonesia Mortality Table 1999 (TMI II) for active members and Group Annuity Mortality 1983 (GAM '83) for pensioners	December 2010, 2009 and 2008: Indonesia Mortality Table 1999 (TMI II) for active members and Group Annuity Mortality 1983 (GAM '83) for pensioners	December 2010, 2009 and 2008: Indonesia Mortality Table 1999 (TMI II) for active members and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2010, 2009 and 2008: 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter	2010, 2009 and 2008: 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter	2010, 2009 and 2008: 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter	2010, 2009 and 2008: 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter
Disability rate	10.00% of TMI II (December 2009 and 2008: 10.00% of TMI II)	10.00% of TMI II (December 2009 and 2008: 10.00% of TMI II)	10.00% of TMI II (December 2009 and 2008: 10.00% of TMI II)	10.00% of TMI II (December 2009 and 2008: 10.00% of TMI II)
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement 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	80.00% of PhDP	80.00% of PhDP	62.50% PhDP	75.00% PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	4.00% every 2 years
Tax rates - average	3.00% of pension benefit (December 2009: 3.00% of pension benefit; December 2008: 5.00% of pension benefit)	3.00% of pension benefit (December 2009: 3.00% of pension benefit; December 2008: 5.00% of pension benefit)	3.00% of pension benefit (December 2009: 3.00% of pension benefit; December 2008: 5.00% of pension benefit)	3.00% of pension benefit (December 2009: 3.00% of pension benefit; December 2008: 5.00% of pension benefit)

(Expressed in millions of Rupiah, unless otherwise stated)

44. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2010, based on independent actuary report, are as follow:

	DPBM I	DPBM II	DPBM III	DPBM IV
Projected benefit Obligations	1,046,218	1,279,128	540,301	340,394
Fair value of plan Assets	1,534,816	1,664,164	700,682	534,501
Funded status	488,598	385,036	160,381	194,107
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(350,059)	(190,703)	(88,451)	(94,632)
Surplus based on SFAS No. 24 (Revised 2004)	138,539	194,333	71,930	99,475
Asset ceilling *)	-	-	-	-
Pension Plan Program Assets recognised in balance sheet **)	**-**	**-**	**-**	**-**

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the Balance Sheets since the requirements under SFAS No. 24 (Revised 2004) regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as at 31 December 2009, based on independent actuary report, are as follow:

	DPBM I	DPBM II	DPBM III	DPBM IV
Projected benefit Obligations	890,700	932,393	448,578	264,022
Fair value of plan Assets	1,480,532	1,608,831	701,528	513,671
Funded status	589,832	676,438	252,950	249,649
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(475,036)	(488,194)	(186,897)	(125,713)
Surplus based on SFAS No.24 (Revised 2004)	114,796	188,244	66,053	123,936
Asset ceilling *)	-	-	-	-
Pension Plan Program Assets recognised in balance sheet **)	**-**	**-**	**-**	**-**

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the Balance Sheets since the requirements under SFAS No. 24 (Revised 2004) regarding "Employee Benefits" are not fulfilled.

(Expressed in millions of Rupiah, unless otherwise stated)

44. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2008 are as follow:

	DPBM I	DPBM II	DPBM III	DPBM IV
Projected benefit obligations	845,275	894,127	429,552	258,659
Fair value of plan assets	1,282,165	1,363,865	705,327	487,306
Funded status	436,890	469,738	275,775	228,647
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(378,683)	(335,032)	(249,143)	(131,152)
Surplus based on SFAS No. 24 (Revised 2004)	58,207	134,706	26,632	97,495
Asset ceilling *)	-	-	-	-
Pension Plan Program Assets recognised in balance sheet **)	**-**	**-**	**-**	**-**

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the Balance Sheets since the requirements under SFAS No. 24 (Revised 2004) regarding “Employee Benefits” are not fulfilled.

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 (Revised 2004) to recognise provision for employee service entitlements. As at 31 December 2010, 2009 and 2008 the Bank recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp1,178,427 (included Rp9,187 which is compensation benefits for employees that have resigned but not yet paid and have been excluded from actuarial calculation), Rp1,044,505 (included Rp10,915 which is compensation benefits for employees that have resigned but not yet paid and have been excluded from actuarial calculation), and Rp925,002 (include Rp27,253 which is compensation benefits for employees that have resigned but not yet paid and have been excluded from actuarial calculation) which is estimated post employment benefit based on the independent actuarial reports (Note 30).

Provision for employee service entitlements as at 31 December 2010, 2009 and 2008, are estimated using the employees service entitlements calculation for the years ended 31 December 2010, 2009 and 2008 as outlined in the independent actuarial reports of PT Eldridge Gunaprima Solution dated 28 January 2011, 25 January 2010, 30 January 2009 and years ended 31 December 2010, 2009 and 2008, respectively. The assumptions used by the actuary were as follows:

a. Discount rate is 8.00% per annum (2009: 10.50% and 2008: 12.00%),
b. Expected rate of annual salary increase is 9.50% (2009 and 2008: 11%),
c. Mortality rate table used is Indonesia Mortality Table 1999 or TMI II (2009 and 2008: TMI II),
d. Turnover rate is 5.00% up to employees’ age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter (2009: Turnover rate is 5.00% up to employees’ age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 thereafter),
e. Actuarial method is projected unit credit method,
f. Normal retirement age is 56 years,
g. Disability rate is 10.00% of TMI II (2009 and 2008: 10.00% of TMI II).

(Expressed in millions of Rupiah, unless otherwise stated)

44. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

Reconciliation between the provision for post employment benefits presented in the balance sheets and statements of income, based on independent actuary report, are as follows (Bank Mandiri only):

	2010	2009	2008
Present value of obligations	1,262,717	947,923	776,962
Unrecognised past service cost	40,813	41,951	43,089
Unrecognised actuarial (gains)/losses	(215,958)	(6,822)	45,492
Provision for Post Employment Benefits presented in Balance Sheets	**1,087,572**	**983,052**	**865,543**
Current service cost	93,965	63,377	52,165
Interest cost	91,579	91,340	68,594
Amortisation of unrecognised past service cost	(1,138)	(1,138)	(1,138)
Immediate recognition of past service cost	(58,831)	-	-
Cost of Pension benefits	**125,575**	**153,579**	**119,621**

Reconciliation of provision for post employment benefits are as follows (Bank Mandiri only):

	2010	2009	2008
Beginning balance of provision for post employment benefits	983,052	865,543	770,657
Expenses during the year	125,575	153,579	119,621
Payments of benefits	(21,055)	(36,070)	(24,735)
Provision for Post Employee Benefits (Note 30)	**1,087,572*)**	**983,052*)**	**865,543*)**

*) As at 31 December 2010, 2009 and 2008, the amount does not include unpaid severance for resigned employees amounting to Rp9,187, Rp10,915 and Rp27,253, respectively, which was excluded from actuarial computation

As at 31 December 2010, 2009 and 2008, the provision for post employment benefits in the Subsidiaries amounting to Rp81,668, Rp50,538 and Rp32,206, respectively.

Service-Free Period (MBT)

MBT is the period prior to retirement age where the employees are released from their active routine jobs thus they do not go to work but still obtain employee benefits such as: salary, medical facility, religion vacation benefit, annual leave (if in the current period the employee still has active working period), long service leave (if the long service leave is within the MBT period), mourning benefit and mourning facility.

The MBT benefits are aimed to provide employee with an opportunity to prepare prior entering the pension age.

The Pension Age, Minimal Working Period and MBT period are as follows:

No	Pension Age	Minimal Working Period	MBT Period
1.	56 years	12 years	12 months
2.	46 years	9 years	9 months

(Expressed in millions of Rupiah, unless otherwise stated)

44. EMPLOYEE BENEFITS (continued)

Assumptions used in the actuarial report for MBT calculation are as follows:

a. Discount rate is 8.50% per annum (2009: 10.50% and 2008: 12.00%).
b. Expected rate of annual salary increase is 9.50% (2009 and 2008: 11.00%).
c. Normal retirement age is 56 years.
d. Turnover rate is 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and there after (2009 and 2008: Turnover rate is 5.00% up to employees' age of 25 and reducing linearly by 0.167% for each year up to 0.00% up to at age 55 and thereafter).
e. Mortality rate table is Indonesia Mortality Table 1999 or TMI II (2009 and 2008: TMI II).
f. Disability rate is 10.00% of TMI II (2009 and 2008: 10.00% of TMI II).

Based on those assumptions, provision for MBT facilities for years ended 31 December 2010, 2009 and 2008 amounting to Rp56,273, Rp973,347 and Rp794,159, respectively (Note 30).

Reconciliation of Provision for Service-Free Period benefit, which recognised on balance sheets and statements of income, based on independent actuary report, are as follows:

	2010	2009	2008
Current Service Cost	1,158	96,324	83,014
Interest Cost	100,831	92,466	63,972
Recognition of actuarial losses	155,203	34,110	31,216
Cost of provision for service-free period	**257,192**	**222,900**	**178,202**
Beginning balance of provision for free for service period facilities	973,347	794,159	655,489
Expenses during the year	257,192	222,900	178,202
Payment of benefits	(39,063)	(43,712)	(39,532)
Payment to *Koperasi*	(1,135,203)	-	-
Provision for service-free period (Note 30)	**56,273**	**973,347**	**794,159**

In accordance with Director's Decision letter No KEP.DIR/346/2010, dated 22 December 2010, Management has decided that the MBT facility was completely terminated since 1 January 2012 and decided that 2011 is the MBT transition period, where employees who reach the pension age in 2011 will still receive payment of MBT.

Subsequently, in accordance with Director's Decision letter No KEP.DIR/347/2010, dated 22 December 2010, Management decided that the Pensioner's Health Program effectively applied since 1 January 2011. This Pensioner's Health Program is intended for pensioners and permanent employees in their pension age. The management program was operated by Bank Mandiri's Employees and Pensioners Health Cooperation or called Mandiri Healthcare ("*Koperasi*"), which was established on 1 November 2010, and includes pension members and Bank Mandiri employees.

During the program implementation, as at 31 December 2010, the Bank has placed initial funds to the Cooperation under the name of the program's participants amounting to Rp1,135,203, which was sourced from the provision of service free period (MBT) that has been recorded by the Bank. Subsequently, the Bank and its employees will contribute to the Cooperation every month, amounting to 3% and 2% of the employee's basic salary, respectively. The remaining balance of provision for service free period (MBT) per 31 December 2010 amounting to Rp56,273 represents a provision for service free period (MBT) facility which will be paid in 2011 (transition period).

Subsidiaries does not have Service-Free Period (MBT) Benefit.

(Expressed in millions of Rupiah, unless otherwise stated)

45. OTHER OPERATING EXPENSES - OTHERS - NET

	2010	2009	2008
Fees and commissions expenses	479,306	321,911	184,519
Employee restructuring cost	104,538	220,569	-
Others	220,984	288,893	284,810
	804,828	**831,373**	**469,329**

46. NON-OPERATING INCOME - NET

	2010	2009	2008
Rental income	65,712	69,634	82,148
Income from KSO agreement (Note 16)	-	131,640	-
Gain on sale of fixed assets	66,862	60,262	1,425
Penalties	(3,817)	(1,553)	(775)
Others - net	101,385	129,613	75,320
	230,142	**389,596**	**158,118**

47. COMMITMENTS AND CONTINGENCIES

	2010	2009	2008
COMMITMENTS			
Commitment Payables:			
Unused loan facilities granted *)			
Third parties	52,824,809	39,067,994	27,932,045
Outstanding irrevocable letters of credit (Note 28):			
Third parties	7,658,888	7,736,568	5,450,602
Total Commitment Payables	60,483,697	46,804,562	33,382,647
Commitment Payables - Net	**(60,483,697)**	**(46,804,562)**	**(33,382,647)**
CONTINGENCIES			
Contingent Receivables:			
Interest receivable on non-performing assets	5,072,817	5,768,219	5,070,591
Guarantees received from other banks	3,803,084	3,587,554	2,898,350
Others	32,729	33,032	33,610
Total Contingent Receivables	8,908,630	9,388,805	8,002,551
Contingent Payables:			
Guarantees issued in the form of:			
Bank guarantees (Note 28):			
Third parties	21,252,412	17,292,891	15,236,085
Related parties	97,769	32,363	5,274
	21,350,181	17,325,254	15,241,359
Standby letters of credit (Note 28)	3,233,024	4,238,153	4,304,101
Others	36,337	60,298	120,666
Total Contingent Payables	24,619,542	21,623,705	19,666,126
Contingent Payables - Net	**(15,710,912)**	**(12,234,900)**	**(11,663,575)**
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	**(76,194,609)**	**(59,039,462)**	**(45,046,222)**

*) Include committed and uncommitted unused credit facilities

(Expressed in millions of Rupiah, unless otherwise stated)

48. FOREIGN CURRENCY TRANSACTIONS

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

Details of outstanding buy and sell foreign currency spot transactions are as follows (Bank Mandiri only):

	31 December 2010			
	Spot - Buy		Spot - Sell	
Original Currency	**Original Currency (full amount)**	**Rupiah Equivalent**	**Original Currency (full amount)**	**Rupiah Equivalent**
United States Dollar	150,375,000	1,354,879	186,400,000	1,679,464
Others *)	-	45,728	-	77,516
		1,400,607		**1,756,980**

	31 December 2009			
	Spot - Buy		Spot - Sell	
Original Currency	**Original Currency (full amount)**	**Rupiah Equivalent**	**Original Currency (full amount)**	**Rupiah Equivalent**
United States Dollar	18,296,000	171,891	25,459,600	239,193
Others *)	-	156,257	-	112,382
		328,148		**351,575**

	31 December 2008			
	Spot - Buy		Spot - Sell	
Original Currency	**Original Currency (full amount)**	**Rupiah Equivalent**	**Original Currency (full amount)**	**Rupiah Equivalent**
United States Dollar	18,332,661	199,826	3,503,433	38,187
Others *)	-	78,235	-	164,830
		278,061		**203,017**

*) Consist of various foreign currencies

49. IMPACT ON THE INITIAL IMPLEMENTATION OF SFAS 50 (REVISED 2006) AND SFAS 55 (REVISED 2006)

The Group implement prospectively the SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) on 1 January 2010 in accordance with the transitional provisions of those standards (Note 2b (vii)).

As a result of the initial and prospective implementation of SFAS 55 (Revised 2006), on 1 January 2010, the Group has recalculated the Allowance for Impairment Losses of Financial Assets in accordance with transitional provisions. The difference between the balances of such allowance as at 31 December 2009 and the required allowance calculated based on SFAS 55 (Revised 2006) for all financial assets as at 1 January 2010 amounting to Rp221,896 was credited to the opening balance of Retained Earnings, difference in transactions of equity changes in Subsidiaries and deferred tax assets amounting to Rp164,343, Rp2,772 and Rp54,781, respectively. Details of adjustment of such allowance for each allowance for impairment losses financial assets are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

49. IMPACT ON THE INITIAL IMPLEMENTATION OF SFAS 50 (REVISED 2006) AND SFAS 55 (REVISED 2006) (continued)

	As previously reported	Initial implementation adjustments	As adjusted
Reversal/(allowance) for impairment losses on:			
- Current account with other banks (Note 4e)	86,962	(73,098)	13,864
- Placements with other banks (Note 5e)	347,184	(108,175)	239,009
- Marketable securities (Note 6g)	53,492	(2,354)	51,138
- Other receivables – trade transactions (Note 8d)	844,781	59,563	904,344
- Securities purchased under resale agreements (Note 9c)	30,488	(30,488)	-
- Derivative receivables (Note 10)	1,765	(1,765)	-
- Loans (Note 11B.j)	12,435,525	(65,395)	12,370,130
- Acceptance receivables (Note 13d)	52,773	(184)	52,589
Total	**13,852,970**	**(221,896)**	**13,631,074**

On 1 January 2010, in relation with the implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006), the Bank has reassessed the classification of its financial assets and as such, has reclassified its Government Bonds as disclosed in Note 7c of the consolidated financial statements.

50. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, Bank Mandiri entered into certain transaction with the following related parties:

- **Related party as shareholder:**
  The Government of the Republic of Indonesia

- **Related by ownership and/or management:**

Related Parties	Nature of Relationship	Nature of Transaction
PT Kustodian Sentral Efek Indonesia	Associate Company	Investments in shares, Deposits from customers
PT Sarana Bersama Pembiayaan Indonesia	Associate Company	Investments in shares, Deposits from customers
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder and key management relationship	Employee’s Pension Plan
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder and key management relationship	Employee’s Pension Plan
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder and key management relationship	Employee’s Pension Plan
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder and key management relationship	Employee’s Pension Plan
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder and key management relationship	Employee’s Pension Plan
PT Great River International	Bank Mandiri as shareholders attorney	Deposits from customers
PT Asuransi Dharma Bangsa	Owned by Dana Pensiun Bank Mandiri 1	Deposits from customers
PT Estika Daya Mandiri	Owned by Dana Pensiun Bank Mandiri 1	Deposits from customer, Loans

50. RELATED PARTY TRANSACTIONS (continued)

- **Related by ownership and/or management:** (continued)

Related Parties	Nature of Relationship	Nature of Transaction
PT Asuransi Staco Jasapratama	Owned by Dana Pensiun Bank Mandiri 2	Deposits from customers, Bank Guarantee
PT Gedung Bank Exim	Owned by Dana Pensiun Bank Mandiri 2	Deposits from customers, Bank Guarantee
PT Gelora Karya Jasatama	Owned by Dana Pensiun Bank Mandiri 2	Deposits from customers
PT Gelora Karya Jasatama Putera	Owned by Dana Pensiun Bank Mandiri 2	Deposits from customers
PT Staco Estika Sedaya Finance	Owned by Dana Pensiun Bank Mandiri 2 and owned by subsidiaries' minority shareholders	Deposits from customers, Loans
PT Caraka Mulia	Owned by Dana Pensiun Bank Mandiri 3	Deposits from customers
PT Griyawisata HM & C	Owned by Dana Pensiun Bank Mandiri 3	Deposits from customers
PT Mulia Sasmita Bhakti	Owned by Dana Pensiun Bank Mandiri 3	Deposits from customers, Bank Guarantee, Loans
PT Puri Pariwara	Owned by Dana Pensiun Bank Mandiri 3	Deposits from customers
PT Tatapuri Perdana	Owned by Dana Pensiun Bank Mandiri 3	Deposits from customers
PT Krida Upaya Tunggal	Owned by Dana Pensiun Bank Mandiri 4	Deposits from customers
PT Wahana Optima Permai	Owned by Dana Pensiun Bank Mandiri 4	Deposits from customers
PT Wana Rimba Kencana	Owned by Dana Pensiun Bank Mandiri 4	Deposits from customers
PT Astra Agro Lestari Tbk.	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Astra Graphia Tbk.	Owned by subsidiaries' minority shareholders	Deposits from customers, Bank Guarantee
PT Astra International Tbk.	Owned by subsidiaries' minority shareholders	Deposits from customers, Bank Guarantee, Loans
PT Astra Sedaya Finance	Owned by subsidiaries' minority shareholders	Deposits from customers, Marketable Securities
PT Astratel Nusantara	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Asuransi Permata Nipponkoa	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Bank Permata Tbk.	Owned by subsidiaries' minority shareholders	Deposits from other banks, Bank Guarantee
PT Bina Pertiwi	Owned by subsidiaries' minority shareholders	Deposits from customers, Bank Guarantee, Loans
PT Federal International Finance	Owned by subsidiaries' minority shareholders	Deposits from customers, Marketable Securities
PT Jardine Tangguh Transport	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Komatsu Remanufacturing Asia	Owned by subsidiaries' minority shareholders	Deposits from customers

(Expressed in millions of Rupiah, unless otherwise stated)

50. RELATED PARTY TRANSACTIONS (continued)

- **Related by ownership and/or management:** (continued)

Related Parties	Nature of Relationship	Nature of Transaction
PT Marga Mandala Sakti	Owned by subsidiaries' minority shareholders	Deposits from customers, Loans
PT Marga Trans Nusantara	Owned by subsidiaries' minority shareholders	Deposits from customers, Bank Guarantee
PT Pamapersada Nusantara	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Serasi Auto Raya	Owned by subsidiaries' minority shareholders	Deposits from customers, Loans
PT Surya Artha Nusantara (SAN) Finance	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Surya Sudeco	Owned by subsidiaries' minority shareholders	Deposits from customers, Loans
PT Tunas Andalan Pratama	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Tunas Dwipa Matra	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Tunas Mobilindo Parama	Owned by subsidiaries' minority shareholders	Deposits from customers
PT Tunas Ridean Tbk.	Owned by subsidiaries' minority shareholders	Deposits from customers
PT United Tractors Pandu Engineering	Owned by subsidiaries' minority shareholders	Deposits from customers
PT United Tractors Semen Gresik	Owned by subsidiaries' minority shareholders	Deposits from customers
PT United Tractors Tbk.	Owned by subsidiaries' minority shareholders	Deposits from customers, Bank Guarantee
PT Koexim Mandiri Finance	Owned by the same ultimate shareholders	Deposits from customers
PT Mandiri Management Investasi	Owned by the same ultimate shareholders	Deposits from customers
PT Pengelola Investama Mandiri	Owned by the same ultimate shareholders	Deposits from customers
PT Telekomunikasi Indonesia (Persero) Tbk.	Related by management personnel	Deposits from customers, Bank Guarantee
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Employees and pensioners as member and key management relationship	Providing health program to Employees and Pensioners

- **Related by management or key personnel of Bank Mandiri**

Salary, allowances and bonuses of the Boards of Commissioners, Directors, Audit Committee, Risk Monitoring and Good Corporate Governance Committee and Executive Vice President and Senior Vice President (Note 42) for the years ended 31 December 2010, 2009 and 2008 amounting to Rp265,300, Rp188,993 and Rp148,875 or 0.89%, 0.68% and 0.61% of total consolidated operating expenses, respectively.

Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2010, 2009 and 2008 amounting to 23,005,642 shares, 54,913,985 shares and 46,129,749 shares or 0.07%, 0.17% and 0.14% of number of shares of authorised capital, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

50. RELATED PARTY TRANSACTIONS (continued)

- **Related by management or key personnel of Bank Mandiri** (continued)

Details of significant transactions with related parties as at 31 December 2010, 2009 and 2008, are as follows:

	2010	2009	2008
Assets			
Marketable securities (Note 6a)	-	25,000	-
Loans (Notes 11A.a and 11B.g)	799,179	638,057	641,263
Total assets with related parties	799,179	663,057	641,263
Total consolidated assets	**449,744,551**	**394,616,604**	**358,438,678**
Percentage of total assets with related parties to total consolidated assets	**0.18%**	**0.17%**	**0.18%**

The percentages of marketable securities and loans compared to the total consolidated assets are as follows:

	2010	2009	2008
Assets			
Marketable securities	-	0.01%	-
Loans	0.17%	0.16%	0.18%
Total	**0.17%**	**0.17%**	**0.18%**
Liabilities and *Syirkah* temporer fund			
Deposit from customers			
Conventional banking and sharia – non *Syirkah* temporer fund			
Demand deposits (Note 18a, 18d)	495,154	254,439	115,857
Saving deposits (Note 19b)	105,513	90,589	40,562
Time deposits (Note 20e)	1,188,078	467,683	311,649
Sharia banking			
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit	-	5,984	2,777
Unrestricted investment *mudharabah* time deposit	5,720	2,554	2,260
Deposit from other banks			
Conventional banking and sharia – *Syirkah* temporer fund			
Demand and saving deposits (Note 21c)	-	-	1,075
Fund Borrowings (Note 27)	200,000	200,000	240,000
Total liabilities and *Syirkah* temporer fund with related parties	1,994,465	1,021,249	714,180
Total consolidated liabilities and *Syirkah* temporer fund	**407,704,515**	**359,318,341**	**327,896,740**
Percentage of total liabilities and *Syirkah* temporer fund with related parties to total consolidated liabilities and *Syirkah* temporer fund	**0.49%**	**0.28%**	**0.22%**

(Expressed in millions of Rupiah, unless otherwise stated)

50. RELATED PARTY TRANSACTIONS (continued)

- **Related by management or key personnel of Bank Mandiri** (continued)

  Percentages of demand deposits, saving deposits, time deposits, deposits from other banks - demand and saving deposits, marketable securities issued and fund borrowings with related parties compared to the total consolidated liabilities and *Syirkah temporer* fund are as follows:

	2010	2009	2008
Liabilities and *Syirkah* temporer fund			
Deposit from customers			
Conventional banking and sharia – non *Syirkah* temporer fund			
Demand deposits	0.12%	0.07%	0.04%
Saving deposits	0.03%	0.03%	0.01%
Time deposits	0.29%	0.13%	0.10%
Sharia banking			
Restricted investment saving deposit and unrestricted investment mudharabah saving deposit	-	0.00%	0.00%
Unrestricted investment mudharabah time deposit	0.00%	0.00%	0.00%
Deposit from other bank			
Conventional banking and sharia – non *Syirkah* temporer fund			
Demand and Saving Deposits	-	-	0.00%
Fund Borrowings	0.05%	0.05%	0.07%
Total	**0.49%**	**0.28%**	**0.22%**

Transactions with related parties are conducted with terms and conditions similar to those with third parties, except for loans to the Bank's employees (Note 11B.g).

51. SEGMENT INFORMATION

The Bank considers the industries or business activities as the primary reporting segment and the geographical location as the secondary segment. The business activities of the Bank and Subsidiaries and its geographical locations are as follows:

Name of Company	Nature of Business	Geographical Location	2010	2009	2008
- Parent					
PT Bank Mandiri (Persero) Tbk.	Commercial Banking	Indonesia, Singapore, Hong Kong, Cayman Islands and Timor Leste	v	v	v
- Subsidiaries					
Bank Mandiri (Europe) Limited	Commercial Banking	United Kingdom	v	v	v
Mandiri International Remittance Sendirian Berhad	Remittance	Malaysia	v	v	-
PT Bank Sinar Harapan Bali	Commercial Banking	Indonesia	v	v	v
PT Bank Syariah Mandiri	Sharia Banking	Indonesia	v	v	v
PT Mandiri Sekuritas	Securities	Indonesia	v	v	v
PT Mandiri Tunas Finance (MTF)	Financing	Indonesia	v	v	-
PT AXA Mandiri Financial Services	Life Insurance	Indonesia	v	-	-
PT Bumi Daya Plaza and its subsidiaries	Others	Indonesia	v	v	v
PT Usaha Gedung Bank Dagang Negara	Others	Indonesia	v	v	v

Remarks:
v : has become a Subsidiary
- : has not become a Subsidiary

(Expressed in millions of Rupiah, unless otherwise stated)

51. SEGMENT INFORMATION (continued)

Primary segment information for the years ended 31 December 2010:

	Banking	Sharia Banking	Securities	Insurance	Financing	Remittances	Others	Elimination	Consolidated
Operating income	38,492,771	3,334,614	403,957	966,029	430,394	2,515	22,962	-	43,653,242
Inter-segment operating Income	475,417	-	1,606	96,539	-	-	-	(573,562)	-
Operating income including inter-segment operating income	38,968,188	3,334,614	405,563	1,062,568	430,394	2,515	22,962	(573,562)	43,653,242
Operating expenses	25,684,181	2,769,518	261,567	752,966	336,936	7,868	98,186	-	29,911,222
Inter-segment operating expenses	60,005	-	-	-	-	-	-	(60,005)	-
Operating expenses including inter-segment operating expenses	25,744,186	2,769,518	261,567	752,966	336,936	7,868	98,186	(60,005)	29,911,222
Income from operations	13,224,002	565,096	143,996	309,602	93,458	(5,353)	(75,224)	(513,557)	13,742,020
Net income	**8,887,470**	**418,520**	**103,322**	**229,304**	**70,314**	**(5,353)**	**28,278**	**(513,557)**	**9,218,298**
Total assets	**409,962,165**	**32,481,873**	**1,586,542**	**8,488,165**	**2,256,406**	**16,539**	**367,046**	**(5,384,185)**	**449,774,551**
Total assets (as a percentage of total consolidated assets prior to elimination)	**90.07%**	**7.14%**	**0.35%**	**1.86%**	**0.50%**	**0.00%**	**0.08%**		
Total liabilities	**367,828,319**	**30,461,257**	**797,445**	**7,843,918**	**1,888,668**	**502**	**137,701**	**(1,253,295)**	**407,704,515**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**89.94%**	**7.45%**	**0.20%**	**1.92%**	**0.46%**	**0.00%**	**0.03%**		

Secondary segment information for the years ended 31 December 2010:

	Indonesia	Asia	West Europe	Cayman Islands	Elimination	Consolidated
Operating income	43,388,541	197,008	84,881	(17,188)	-	43,653,242
Inter-segment operating income	573,562	-	-	-	(573,562)	-
Operating income including inter-segment operating income	43,962,103	197,008	84,881	(17,188)	(573,562)	43,653,242
Operating expenses	29,517,433	100,115	281,920	11,754	-	29,911,222
Inter-segment operating expenses	60,005	-	-	-	(60,005)	-
Operating expenses including inter-segment operating expenses	29,577,438	100,115	281,920	11,754	(60,005)	29,911,222
Income from operations	14,384,665	96,893	(197,039)	(28,942)	(513,557)	13,742,020
Net income	**9,894,106**	**63,745**	**(197,054)**	**(28,942)**	**(513,557)**	**9,218,298**
Total asset	**441,488,037**	**6,451,713**	**1,238,299**	**5,980,687**	**(5,384,185)**	**449,774,551**
Total assets (as a percentage of total consolidated assets prior to elimination)	**96.99%**	**1.42%**	**0.27%**	**1.32%**		
Total liabilities	**396,491,890**	**5,699,782**	**785,451**	**5,980,687**	**(1,253,295)**	**407,704,515**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**96.95%**	**1.40%**	**0.19%**	**1.46%**		

(Expressed in millions of Rupiah, unless otherwise stated)

51. SEGMENT INFORMATION (continued)

Primary segment information for the year ended 31 December 2009:

	Banking	Sharia Banking	Securities	Financing	Remittances	Others	Elimination	Consolidated
Operating income	35,047,671	2,417,995	402,697	379,920	144	15,652	-	38,264,079
Inter-segment operating income	390,501	-	13,302	-	-	-	(403,803)	-
Operating income including inter-segment operating income	35,438,172	2,417,995	415,999	379,920	144	15,652	(403,803)	38,264,079
Operating expenses	25,109,260	2,007,611	326,470	312,689	2,845	70,726	-	27,829,601
Inter-segment operating expenses	(19,290)	-	-	-	-	-	19,290	-
Operating expenses including inter-segment operating expenses	25,089,970	2,007,611	326,470	312,689	2,845	70,726	19,290	27,829,601
Income from operations	10,348,202	410,384	89,529	67,231	(2,701)	(55,074)	(423,093)	10,434,478
Net income	**7,137,716**	**290,943**	**46,185**	**65,587**	**(2,701)**	**40,827**	**(423,093)**	**7,155,464**
Total assets	**373,329,892**	**22,036,535**	**1,485,000**	**1,792,489**	**12,745**	**347,583**	**(4,387,640)**	**394,616,604**
Total assets (as a percentage of total consolidated assets prior to elimination)	**93.57%**	**5.52%**	**0.37%**	**0.45%**	**0.00%**	**0.09%**		
Total liabilities	**337,421,216**	**20,436,075**	**763,508**	**1,465,738**	**2,040**	**130,248**	**(900,484)**	**359,318,341**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**93.67%**	**5.67%**	**0.21%**	**0.41%**	**0.00%**	**0.04%**		

Secondary segment information for the year ended 31 December 2009:

	Indonesia	Asia	West Europe	Cayman Islands	Elimination	Consolidated
Operating income	37,793,566	249,484	129,907	91,122	-	38,264,079
Inter-segment operating income	403,803	-	-	-	(403,803)	-
Operating income including inter-segment operating income	38,197,369	249,484	129,907	91,122	(403,803)	38,264,079
Operating expenses	27,236,114	207,611	110,955	274,921	-	27,829,601
Inter-segment operating expenses	(19,290)	-	-	-	19,290	-
Operating expenses including inter-segment operating expenses	27,216,824	207,611	110,955	274,921	19,290	27,829,601
Income from operations	10,980,545	41,873	18,952	(183,799)	(423,093)	10,434,478
Net income	**7,417,957**	**70,291**	**13,273**	**77,036**	**(423,093)**	**7,155,464**
Total assets	**387,991,438**	**5,298,941**	**2,370,709**	**3,343,156**	**(4,387,640)**	**394,616,604**
Total assets (as a percentage of total consolidated assets prior to elimination)	**97.24%**	**1.33%**	**0.59%**	**0.84%**		
Total liabilities	**347,639,545**	**3,920,463**	**1,691,391**	**6,967,426**	**(900,484)**	**359,318,341**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**96.51%**	**1.09%**	**0.47%**	**1.93%**		

(Expressed in millions of Rupiah, unless otherwise stated)

51. SEGMENT INFORMATION (continued)

Primary segment information for the year ended 31 December 2008:

	Banking	Sharia Banking	Securities	Others	Elimination	Consolidated
Operating income	29,455,014	2,037,376	435,151	9,128	-	31,936,669
Inter-segment operating income	179,646	-	3,048	-	(182,694)	-
Operating income including inter-segment operating income	29,634,660	2,037,376	438,199	9,128	(182,694)	31,936,669
Operating expenses	21,808,678	1,757,437	376,719	83,393	-	24,026,227
Inter-segment operating expenses	1,848	-	-	-	(1,848)	-
Operating expenses including inter-segment operating expenses	21,810,526	1,757,437	376,719	83,393	(1,848)	24,026,227
Income from operations	7,824,134	279,939	61,480	(74,265)	(180,846)	7,910,442
Net income	**5,360,122**	**196,416**	**965**	**16,449**	**(261,131)**	**5,312,821**
Total assets	**342,200,350**	**17,064,857**	**2,349,988**	**343,433**	**(3,519,950)**	**358,438,678**
Total assets (as a percentage of total consolidated assets prior to elimination)	**94.54%**	**4.71%**	**0.65%**	**0.09%**		
Total liabilities	**310,815,560**	**15,856,428**	**1,686,615**	**148,478**	**(610,341)**	**327,896,740**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**94.61%**	**4.83%**	**0.51%**	**0.05%**		

Secondary segment information for the year ended 31 December 2008:

	Indonesia	Asia	West Europe	Cayman Islands	Elimination	Consolidated
Operating income	31,216,424	347,319	231,549	141,377	-	31,936,669
Inter-segment operating income	182,694	-	-	-	(182,694)	-
Operating income including inter-segment operating income	31,399,118	347,319	231,549	141,377	(182,694)	31,936,669
Operating expenses	23,061,428	330,917	171,911	461,971	-	24,026,227
Inter-segment operating expenses	1,848	-	-	-	(1,848)	-
Operating expenses including inter-segment operating expenses	23,063,276	330,917	171,911	461,971	(1,848)	24,026,227
Income from operations	8,335,842	16,402	59,638	(320,594)	(180,846)	7,910,442
Net income	**5,424,121**	**(9,398)**	**42,148**	**117,081**	**(261,131)**	**5,312,821**
Total assets	**348,109,840**	**5,060,951**	**3,397,760**	**5,390,077**	**(3,519,950)**	**358,438,678**
Total assets (as a percentage of total consolidated assets prior to elimination)	**96.17%**	**1.40%**	**0.94%**	**1.49%**		
Total liabilities	**315,680,435**	**4,938,395**	**2,635,464**	**5,252,787**	**(610,341)**	**327,896,740**
Total liabilities (as a percentage of total consolidated liabilities prior to elimination)	**96.10%**	**1.50%**	**0.80%**	**1.60%**		

(Expressed in millions of Rupiah, unless otherwise stated)

52. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk consist of core capital (Tier I) and supplementary capital (Tier II) less investments in subsidiaries. To calculate the market risk exposure, the Bank could include the supplementary capital (Tier III) in the form of short-term subordinated loans which meet the criteria as capital components. The CAR of Bank Mandiri (Bank Mandiri only) as at 31 December 2010, 2009 and 2008 were as follows:

	2010	2009	2008
Capital:			
Core Capital *) **)	28,045,806	22,626,476	22,182,866
Supplementary Capital **)	7,608,927	7,830,502	7,960,702
	35,654,733	30,456,978	30,143,568
Less: Investment in subsidiaries	-	-	(2,966,634)
Total Capital for credit risk, operational risk and market risk charge	35,654,733	**30,456,978**	**27,176,934**
Risk-Weighted Assets for credit	242,421,222	195,833,993	172,833,315
Risk-Weighted Assets for operasional	22,544,113	-	-
Risk-Weighted Assets for market risk	1,881,306	1,592,975	699,652
Total Risk-Weighted Assets for credit, operational and market risk charge	**266,846,641**	**197,426,968**	**173,532,967**

*) Excludes the impact of deferred tax (expense)/benefit of Rp(1,576,470), Rp(145,719) and Rp1,958,650 and unrealised losses of available for sale Marketable Securities and Government Bonds of Rp(540,263), Rp(347,675) and Rp(236,543) respectively as at 31 December 2010, 2009 and 2008. On 30 April 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/agio

**) As at 31 December 2010 and 2009, in accordance with BI regulation No. 10/15/PBI/2008, effective on 1 January 2009, Core and Supplementary Capital were deducted with investment in Subsidiaries

	2010	2009	2008
CAR for credit risk	14.71%	15.55%	15.72%
CAR for credit risk and operational risk	13.46%	-	-
CAR for credit risk and market risk	14.59%	15.43%	15.66%
CAR for credit risk, operational and market risk	13.36%	-	-
Minimum CAR	8.00%	8.00%	8.00%

The Bank's minimum capital adequacy ratio on a consolidated basis as at 31 December 2010 include credit, operational and market risk are 13.39% and taking into account credit and operational risk is 13.50%.

53. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio as at 31 December 2010, 2009 and 2008 (Bank Mandiri only) were 1.48%, 1.72% and 2.98%, respectively. For Non-Performing Loan (NPL) ratio refer to Note 11.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as at 31 December 2010, 2009 and 2008 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2010, 2009 and 2008 were 108.69%, 107.28% and 103.76%, respectively.

53. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT (continued)

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as at 31 December 2010, 2009 were 5.24%, 4.83%, respectively, while for the year ended 31 December 2008, ratio of small scale loans to total loans were 2.66%.

The Legal Lending Limit (LLL) as at 31 December 2010, 2009 and 2008 did not exceed the LLL regulation for related parties and third parties, LLL is calculated in accordance with Bank Indonesia Regulation - PBI No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in PBI No. 8/13/PBI/2006 dated 5 October 2006.

54. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started rendering custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated 4 October 1999. Bank Mandiri's Custodial, which is part of the Capital Market Services Department, Financial Institutions Coverage & Solutions Group, provides a full range of custodial services such as:

a. Settlement and handling services for script and scriptless trading transactions;
b. Safekeeping and administration of marketable securities and other valuable assets;
c. Corporate action services related to the rights on the marketable securities;
d. Proxy services for its customers' shareholders' meetings and bond holders' meetings;
e. Generate reports and information regarding customers' marketable securities which is kept and administred by Bank Mandiri's custody.

In order to fulfill the investors needs in investing in various marketable securities instruments, Bank Mandiri's Custodial Operations facilitates it by acting as:

a. General custodial which provides services for investors investing in capital market or money market in Indonesia;
b. Local custodial for American Depository Receipts (ADRs) and Global Depository Receipts (GDR) which is needed by the investors in converting the companies' shares listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry services for settlement of Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBIs transactions;
d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
e. As direct participant of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels;
f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
g. Custody services for Exchange Traded Fund (ETF) which issued and managed by an investment manager. The unit of participation will be traded on stock exchange.
h. Custodian services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodian bank in relation to asset securitisation transactions owned by banks or other financial institutions.

(Expressed in millions of Rupiah, unless otherwise stated)

54. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

As at 31 December 2010, 2009 and 2008, Bank Mandiri's Custodial Operations has 452, 434 and 416 customers, respectively. The customers are primarily pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer with a total portfolio value by currency as at 31 December 2010 of Rp139,459,287 USD550,721,731 (full amount), JPY1,305,555,555 (full amount) and EUR105,704 (full amount), as at 31 December 2009 of Rp122,113,182, USD382,734,735 (full amount), JPY2,016,666,666 (full amount) and EUR105,647 (full amount) and as at 31 December 2008 of Rp97,801,970, USD425,028,200 (full amount), JPY1,344,444,444 (full amount).

Bank Mandiri carries insurance on custodial services against potential losses from safekeeping and transit of securities in accordance with the Capital Market Supervisory Board and Financial Institution regulation.

Trust Operations

Bank Mandiri had been rendering trustee services since 1983. The operating license for trustee services was renewed and re-registered to Capital Market Supervisory Board as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The Trustee Services Business (TSB) provides a full range of the following services:

a. Trustee for bonds & MTN
b. Escrow Account Agent
c. Paying Agent
d. Initial Public Offering/IPO Receiving Bank
e. Security Agent

As at 31 December 2010, Bank Mandiri as Trustee has 21 trustee customers with the total value of bonds and MTN issued amounting to Rp24,375,000, as at 31 December 2009 has 23 trustee customers with the total value of bonds and MTN Rp16,184,400 and as at 31 December 2008 has 25 trustee costumers with the total of bonds and MTN Rp14,124,400, respectively. While the sinking fund, escrow account and third party funds managed amounted to Rp237,643, on behalf of 12 customers, Rp463,128 on behalf of 14 customers and Rp378,176 on behalf of 26 customers as at 31 December 2010, 2009 and 2008, respectively.

Both Bank Mandiri Trust and Custodial Services have received Quality Certification ISO 9001:2000.

55. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	2010	2009	2008
Government:			
Electricity, gas and water	9,180,795	8,979,953	9,130,302
Transportation and communications	2,696,112	3,029,800	4,107,413
Agriculture	1,060,603	244,417	1,173,697
Manufacturing	413,462	436,542	461,571
Construction	11,273	11,273	11,273
Others	76,644	82,812	86,988
	13,438,889	**12,784,797**	**14,971,244**

55. CHANNELING LOANS (continued)

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and Region Governments, such as: Overseas Economic Cooperation Fund, France Protocol, International Bank for Reconstruction and Development, Asian Development Bank, Swiss Confederation 30.09.1985, Kreditanstalt Fur Wiederaufbau, BNP Paribas, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, the Swiss Government, Banque Français & Credit National, US Export Import Bank, Ryosin Int'l Ltd. Austria, Swiss Banks Consortium 16.12.1994, European Investment Bank, West Merchant Bank Ltd. Sumisho, Fuyo, LTCB, Orix & Sinco, Export Finance and Insurance Corporation (EFIC), Australia, Japan Bank for International Cooperation, Calyon & BNP Paribas, BNP Paribas & CAI, Belgium, the French Government, US AID, Barclays, IDA, RDI - KI. Lyonnais, U.B. Denmark, Bank of China, Spain, CDC NES, NORDISKA and Sumitomo Corporation.

Channeling loans are not presented in the consolidated balance sheets as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As the compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

56. RISK MANAGEMENT

Bank Mandiri clearly segregated risk management functions of the business units functions according to the requirement of Bank Indonesia's Regulations and international best practices in banking industry, Bank Mandiri also adopts the Enterprise Risk Management (ERM) concept as one of the comprehensive and integrated risk management strategies in line to the Bank's business process and operational needs. ERM implementation is a value added creation to the Bank and stakeholders, especially in respect of the implementation of Strategic Business Unit (SBU) and Risk Based Performance.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. It is a holistic approach that establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the bank based on PBI No. 8/6/PBI/2006 dated 30 January 2006.

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated 19 May 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated 1 July 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (KMRBM), which refers to the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - mitigation - monitoring) at all organisation levels.

56. RISK MANAGEMENT (continued)

Board of Commissioners and Directors actively monitor and involve in the Bank's risk management activities. It is implemented through the establishment of the Risk and Capital Committee (RCC) and Risk Monitoring and Good Corporate Governance Committees and Audit Committees. RCC consists of four sub committees, which are: Asset & Liability Committee, Risk Management Committee, Capital & Investment Committee and Operational Risk Committee. RCC is responsible for the approval of risk policy and strategy that consist of market risk, credit risk, operational risk, liquidity risk, legal risk, reputation risk, strategic risk and compliance risk. Furthermore, RCC is also responsible for managing Asset & Liabilities, evaluation investment and divestment plan of Subsidiaries and Strategic Business Unit (SBU) as well as managing strategic operational risk policy and procedures of Bank Mandiri.

Risk Monitoring and GCG Committee and Audit Committee are responsible for assessing and evaluating the policies and the implementation of Bank's risk management and it is also responsible for providing recommendations to the Board of Commissioners in the implementation of monitoring function.

The Risk Management Directorate is headed by a Director who reports to the Board of Directors and is a voting member in the Risk and Capital Committee (RCC). The Risk Management Directorate has also a Risk Management Unit.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) its Risk management unit as a part of Credit Approval using a four-eye principle, and 2) Independent Risk Management Unit which is divided into two groups: Credit Risk and Portfolio Management Group which manages credit risk and portfolio risk and integrated risk management through ERM, and Market and Operational Risk Group which manages market risk, liquidity risk and operational risk.

The Risk Management Directorate and each strategic business unit are responsible for maintaining and coordinating overall risks that consist of credit risk, market risk, operational risk, liquidity risk, legal risk, reputation risk, strategic risk and compliance risk including discussing and proposing risk management policies and standards.

All risks will be disclosed in a quarterly risk profile report to portrait all risks embedded in the Bank's business activities, including consolidation with subsidiaries' risk.

Credit Risk

The Bank's credit risk management is mainly directed to improve the balance between prudent loan expansion and loan maintenance in order to prevent asset deterioration (downgrading) to Non Performing Loan (NPL) categories and to optimise capital utilisation to achieve optimum Return On Risk Adjusted Capital (RORAC).

To support this purpose, the Bank periodically reviews and updates its policies and procedures i.e. Bank Mandiri Credit Policy (KPBM), Standard Credit Procedures (SPK) for each business segment, and Memorandum Procedure which is temporary in nature and issued to regulate the procedures which have not been accommodated in SPK. These three policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan granting process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for troubled/restructured loans.

To improve the Bank's social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. The Guideline codifies internal credit policy and procedure related to environmental issues which are also included in KPBM, SPK and Standard Operating Procedures. This Guideline is in line with Bank Indonesia regulation regarding Assessing the Quality of Asset on Commercial Bank regulating that the Debtor business process should be also related with the debtor's effort to maintain its environment.

56. RISK MANAGEMENT (continued)

*Credit Risk (*continued*)*

In principle, credit risk management is implemented at both the transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principle concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principle is executed by Credit Committee according to the authority limit and the loan approval process is conducted through Credit Committee Meeting mechanism. As Credit Committee members, the credit authority holders must be highly competent as well as having strong capacity and integrity so that the loan granting process can be conducted comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the authority holders can be monitored from time to time.

To identify and measure risk of each credit application processed in the transactional level, the Bank uses Rating and Scoring systems. The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System. The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank, in granting Credit Line facilities, can identify and measure the risk level of Counterparty Bank which can be tolerated. As an effort to improve the transactional risk level measurement for Middle Commercial segment, the Bank had implemented BMRS for this segment in quarter I of 2010. The Bank can decide the risk level for each debtor individually according to each risk class (rating). The Bank is also developing rating system for Financial Individual – Non Bank, i.e. Multifinance Companies. This is to add the risk measurement tool for multifinance debtors.

For Consumer segment, in quarter II 2010 the Bank had implemented scoring models for KTA Payroll and KTA Non-Payroll products replacing the existing scoring model which has decreased function in statistical production. Meanwhile, for Mitrakarya product, in quarter IV 2010, Bank has completed the scoring model development based on industry type replacing the existing scoring model which has decreased function in statistical production. For credit card product, the Bank is still developing scoring model based on regional/RCC (Regional Card Center) and channel (sales/non-sales) which is consist of 5 scoring model to replace the existing scoring model which has decreased function in statistical production.

To support the development of these tools, the Bank has issued Guideline for the Development of Credit Rating and Credit Scoring Models, which serves as a complete reference for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. By reviewing and monitoring the rating models using validation methodology, the Bank can understand the performance of the models from time to time. At the moment, the model validation is conducted internally by Model Risk Validation unit, which is an independent unit and separated from the model development unit. This is conducted to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) value and debtors' rating. In both measuring economic capital for credit risk and complying to Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) & Lost Given Default (LGD) model internally. In order to monitor rating & scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain information concerning scoring and rating parameters presented by industrial sector. The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

To implement prudential banking practice for identifying, measuring and monitoring credit risk in the loan approval process, the Bank uses not only Rating and Scoring tools but also uses other tools such as financial spread sheet, Comprehensive Credit Note Analysis (NAK) and Loan Monitoring System which have been integrated to Integrated Loan Processing (ILP)/Loan Origination System (LOS) to cover the end-to-end loan process.

To mitigate credit risk per individual debtor, the Credit Committee makes decision in credit structure including determining the appropriate credit covenants relevant to the needs and conditions of the debtor, so that the loan granted will be effective and profitable for both the debtor and the Bank.

In response to the global economic crisis which has not ended yet, to identify debtors which may experience difficulty in repaying their loan obligation, the Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans using Loan Monitoring System. Based on the analysis, the Bank should determine account strategy and early actions to prevent NPL.

To improve the quality and sharpened the Watch List Analysis for Corporate and Commercial debtors, currently the parameters that are used in Watch List Wholesale Analysis are still being reviewed. Furthermore, in order to improve the tightness of monitoring activities for Business Banking debtors, in quarter I 2010, the Bank had implemented Watch List Business Banking mainly for debtors with the limit above Rp2,000 to Rp5,000 and performed periodically to perform early identification for Business Banking debtors therefore the Management of NPL level could be improved.

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification at optimum levels with risk exposure within the risk appetite level decided by the Bank. In its implementation, the Bank uses several tools called Portfolio Guideline (PG). PG consists of three items i.e. Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative) which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customer. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit).

PG is periodically reviewed and the back testing of PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. As discussed earlier, Industry Classification as part of PG is classified into 3 Groups based on industry prospects and risks. Currently, Bank is still in the process to review Industry Classification to ensure the appropriateness of industry classification with the recent developments.

Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above affect the loan portfolio performance.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, 25 largest debtors, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take anticipatory steps and risk mitigation in both individual and portfolio level.

To monitor the quality and to test the elasticity of portfolio quality (NPL and Yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and incidentally (ad hoc) conducts a stress test to the credit portfolio e.g. per large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank can earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution as short-term and long-tern strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained.

In continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy which has 18 (eighteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

(i) Maximum exposure to credit risk before collateral held and other credit support

Credit risk exposures relating to on balance sheet financial assets as at 31 December 2010 are as follows:

	Maximum exposure
Current accounts with Bank Indonesia	24,856,699
Current accounts with other banks	8,569,778
Placement with Bank Indonesia and other banks	29,051,920
Marketable securities	
Fair value through profit or loss	17,801,896
Available for sale	5,544,195
Held to maturity	4,150,333
Government Bonds	
Fair value through profit or loss	611,707
Available for sale	54,052,164
Held to maturity	23,428,863
Other receivables - trade transactions	3,721,913
Securities purchased under resale agreements	8,980,757
Derivatives receivables	37,096
Loans	244,026,984
Consumer financing receivables	2,173,592
Acceptances receivables	3,950,506
Policyholders' investment in unit-linked contracts *)	-
Other assets	
Accrued income	1,687,176
Receivables from customer transactions	701,664
Receivable from sale of marketable securities	1,374
	433,348,617

*) Subsidiary does not bear any credit risk in relation with policyholders' investment in unit-linked contracts

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

Credit risk exposures relating to administrative accounts as 31 December 2010 are as follows:

	Maximum exposure
Bank Guarantees issued	21,350,181
Committed unused credit facilities granted	16,184,699
Outstanding irrevocable letters of credit	7,658,888
Standby letter of credit	3,233,024
	48,426,792

The above table represents the maximum credit risk exposure to Bank Mandiri and Subsidiaries as at 31 December 2010, without taking account of any collateral held or other credit support attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the consolidated statement of financial position.

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2010. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	31 December 2010					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Current accounts with Bank Indonesia	24,856,699	-	-	-	-	24,856,699
Current accounts with other banks	8,253,842	2,397	98	-	313,441	8,569,778
Placement with Bank Indonesia and other banks	26,054,593	-	-	-	2,997,327	29,051,920
Marketable securities						
- Fair value through profit or loss	17,801,896	-	-	-	-	17,801,896
- Available for sale	5,178,457	-	-	-	365,738	5,544,195
- Held to maturity	3,918,362	-	-	-	231,971	4,150,333
Government Bonds						
- Fair value through profit or loss	611,707	-	-	-	-	611,707
- Available for sale	54,052,164	-	-	-	-	54,052,164
- Held to maturity	23,257,818	-	-	-	171,045	23,428,863
Other receivables-trade transactions	3,721,913	-	-	-	-	3,721,913
Securities purchased under resale agreements	8,980,757	-	-	-	-	8,980,757
Derivatives receivables	36,477	-	-	-	619	37,096
Loans	169,752,893	42,783,072	14,590,599	8,828,100	8,072,320	244,026,984
Consumer financing receivables	1,464,503	439,422	205,312	64,355	-	2,173,592
Acceptances receivables	3,870,130	-	-	-	80,376	3,950,506
Policyholders' investment in unit-linked contracts *)	-	-	-	-	-	-
Other assets						
- Accrued income	1,436,339	130,328	49,827	43,006	27,676	1,687,176
- Receivables from customer transactions	701,664	-	-	-	-	701,664
- Receivables from sale of marketable securities	1,374	-	-	-	-	1,374
	353,951,588	43,355,219	14,845,836	8,935,461	12,260,513	433,348,617

*) Subsidiary does not bear any credit risk in relation with policyholders' investment in unit-linked contracts

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	31 December 2010					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank Guarantees issued	21,149,526	-	-	-	200,655	21,350,181
Committed unused credit facilities granted	11,365,800	3,239,735	745,636	573,884	259,644	16,184,699
Outstanding irrevocable letters of credit	6,909,224	-	-	-	749,664	7,658,888
Standby letter of credit	2,841,191	-	-	-	391,833	3,233,024
	42,265,741	**3,239,735**	**745,636**	**573,884**	**1,601,796**	**48,426,792**

b) Industry sectors

The following table breaks down Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors.

	31 December 2010						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business Services**	**Others**	**Total**
Current accounts with Bank Indonesia	24,856,699	-	-	-	-	-	24,856,699
Current accounts with other Banks	-	8,569,778	-	-	-	-	8,569,778
Placement with Bank Indonesia and other banks	16,162,347	12,889,573	-	-	-	-	29,051,920
Marketable securities							
- Fair value through profit or loss	17,507,312	181,269	63,140	10,665	39,510	-	17,801,896
- Available for sale	90,579	5,358,348	83,418	-	11,850	-	5,544,195
- Held to maturity	1,420,611	1,262,040	424,425	140,087	903,170	-	4,150,333
Government Bonds							
- Fair value through profit or loss	611,707	-	-	-	-	-	611,707
- Available for sale	54,052,164	-	-	-	-	-	54,052,164
- Held to maturity	23,428,863	-	-	-	-	-	23,428,863
Other receivables – trade transactions	-	771,885	864,379	26,789	3,723	2,055,137	3,721,913
Securities purchased under resale Agreements	3,017,368	5,960,335	-	-	-	3,054	8,980,757
Derivatives receivables	-	35,235	409	60	-	1,392	37,096
Loans	323,838	1,421,350	57,830,880	29,594,387	29,211,901	125,644,628	244,026,984
Consumer financing receivables	-	-	-	-	-	2,173,592	2,173,592
Acceptances receivables	-	240,487	1,475,239	2,924	-	2,231,856	3,950,506
Policyholders' investment in unit-linked contracts *)	-	-	-	-	-	-	-
Other assets							
- Accrued income	516,275	97,154	56,744	48	22,054	994,901	1,687,176
Receivables from customer transactions	-	231,898	-	-	-	469,766	701,664
- Receivables from sale of marketable securities	-	1,374	-	-	-	-	1,374
	141,987,763	**37,020,726**	**60,798,634**	**29,774,960**	**30,192,208**	**133,574,326**	**433,348,617**

*) Subsidiary does not bear any credit risk in relation with policyholders' investment in unit-linked contracts

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

Credit risk exposure relating to administrative accounts items are as follows:

	31 December 2010						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business Services**	**Others**	**Total**
Administrative accounts							
Bank Guarantees issued	364	4,176,860	6,010,492	8,785	103,756	11,049,924	21,350,181
Committed unused credit facilities granted	14,084	702,970	56,794	-	-	15,410,851	16,184,699
Outstanding irrevocable letters of credit	921,005	308,266	1,855,543	72,414	162,654	4,339,006	7,658,888
Standby letter of credit	-	-	289,843	90,100	1,100,947	1,752,134	3,233,024
	935,453	**5,188,096**	**8,212,672**	**171,299**	**1,367,357**	**32,551,915**	**48,426,792**

(ii) Current accounts with other banks

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah	291,337	-	291,337
Foreign currencies	8,273,630	4,811	8,278,441
Total	8,564,967	4,811	8,569,778
Less: Allowance for impairment losses	(5,302)	(4,811)	(10,113)
	8,559,665	**-**	**8,559,665**

* Including financial asset of Subsidiary engaged in sharia banking which assessed follow Bank Indonesia Regulation (Note 2b.(v).(d)).

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iii) Placement with Bank Indonesia and other banks

	31 December 2010		
	Non-impaired Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Bank Indonesia	16,162,347	-	16,162,347
Call money	927,000	-	927,000
Time deposits	674,961	-	674,961
Saving	2,176	-	2,176
Total Rupiah	17,766,484	-	17,766,484
Foreign currencies:			
Call money	9,106,276	68,314	9,174,590
“Fixed-Term” Placement	2,090,786	1,572	2,092,358
Time deposit	18,488	-	18,488
Total foreign currencies	11,215,550	69,886	11,285,436
Total	28,982,034	69,886	29,051,920
Less: Allowance for impairment losses	(67,999)	(69,886)	(137,885)
	28,914,035	**-**	**28,914,035**

* Including financial asset of Subsidiary engaged in sharia banking which assessed follow Bank Indonesia Regulation (Note 2b.(v).(d)).

(iv) Marketable securities

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)*)**	**Total**
Rupiah:			
Certificates of Bank Indonesia	17,526,933	-	17,526,933
Investments in mutual fund	5,131,585	-	5,131,585
Sharia Certificates of Bank Indonesia	1,250,000	-	1,250,000
Sharia Corporate bonds	986,723	50,000	1,036,723
Bonds	494,878	85,879	580,757
Export bills	104,510	-	104,510
Shares	90,410	-	90,410
Medium-term notes	60,000	-	60,000
Sharia mutual fund	26,233	-	26,233
Total Rupiah	25,671,272	135,879	25,807,151
Foreign currencies:			
Export bills	1,193,126	98,049	1,291,175
Floating rate notes	155,372	-	155,372
Treasury bills	150,990	-	150,990
Bonds	91,736	-	91,736
Total foreign currencies	1,591,224	98,049	1,689,273
Total	27,262,496	233,928	27,496,424
Less: Allowance for impairment losses	(68,817)	(180,078)	(248,895)
	27,193,679	**53,850**	**27,247,529**

* Including financial asset of Subsidiary engaged in sharia banking which assessed follow Bank Indonesia Regulation (Note 2b.(v).(d)).

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(v) Other receivables – trade transactions

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Usance L/C payable at sight	1,440,125	593,232	2,033,357
Others	13,788	157,557	171,345
Total Rupiah	1,453,913	750,789	2,204,702
Foreign currencies:			
Usance L/C payable at sight	475,765	356,461	832,226
Others	22,309	662,676	684,985
Total foreign currencies	498,074	1,019,137	1,517,211
Total	1,951,987	1,769,926	3,721,913
Less: Allowance for impairment losses	(7,688)	(1,138,639)	(1,146,327)
	1,944,299	**631,287**	**2,575,586**

* Including financial asset of Subsidiary engaged in sharia banking which assessed follow Bank Indonesia Regulation (Note 2b.(v).(d)).

(vi) Acceptance receivables

	31 December 2010		
	Non-impaired (Collective Assesment)	**Impaired (Individual Assesment)**	**Total**
Rupiah	161,526	52,421	213,947
Foreign currencies	3,368,616	367,943	3,736,559
Total	3,530,142	420,364	3,950,506
Less: Allowance for impairment losses	(10,590)	(160,507)	(171,097)
	3,519,552	**259,857**	**3,779,409**

(vii) Consumer financing receivables

	31 December 2010		
	Non-impaired (Collective Assesment)	**Impaired (Individual Assesment)**	**Total**
Rupiah	2,145,742	27,850	2,173,592
Foreign currencies	-	-	-
Total	2,145,742	27,850	2,173,592
Less: Allowance for impairment losses	(31,705)	(9,064)	(40,769)
	2,114,037	**18,786**	**2,132,823**

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Credit Risk (continued)

(viii) Estimated losses on commitments and contingencies

	31 December 2010		
	Non-impaired (Collective Assesment)*)	Impaired (Individual Assesment)	Total
Rupiah:			
Committed unused loan facilities granted	14,497,479	715	14,498,194
Bank guarantees issued	13,362,761	138,798	13,501,559
Outstanding irrevocable letters of credit	2,014,951	-	2,014,951
Standby letters of credit	368,775	-	368,775
Total Rupiah	30,243,966	139,513	30,383,479
Foreign currencies:			
Bank guarantees issued	7,841,568	7,054	7,848,622
Outstanding irrevocable letters of credit	5,643,937	-	5,643,937
Standby letters of credit	2,864,249	-	2,864,249
Committed unused loan facilities granted	1,686,505	-	1,686,505
Total foreign currencies	18,036,259	7,054	18,043,313
Total	48,280,225	146,567	48,426,792
Less: Allowance for impairment losses	(341,123)	(30,542)	(371,665)
	47,939,102	**116,025**	**48,055,127**

* Including financial asset of Subsidiary engaged in sharia banking which assessed follow Bank Indonesia Regulation (Note 2b.(v).(d)).

Market Risk and Liquidity Risk

a. Liquidity Risk Management

Liquidity represents the Bank's ability to meet all financial liabilities as they fall due in normal condition. The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to the counterparty and loans commitment to the debtors. Liquidity risk is caused by the inability of the Bank to provide liquidity at normal price that affects the profitability and Bank's capital.

The Bank has liquidity risk management policy that designates an optimum liquidity reserves maintenance, measures and sets limits for liquidity risk, outlines scenario analysis and contingency plan, and designs a financing strategies as well as preserves access to the market.

Bank liquidity risk indicators are measured through Statutory Reserves (GWM) and Secondary reserve. According to Bank Indonesia, the reserve requirement is fulfilled in Rupiah and foreign currencies. On 31 December 2010, Rupiah Statutory Reserves (GWM Primary and Secondary) were 8.00% and 38.63%, respectively of the amount of third party Rupiah funds, meanwhile foreign currencies reserve was 1.01% from third party foreign currency funds. The Secondary Reserve of the Bank is placed in Bank Indonesia Certificates (SBI), Deposit Facility (formerly FASBI), term deposit in Bank Indonesia, placements with other banks (including foreign currency excess liquidity which is placed in nostro accounts) and the liquid traded marketable securities (portfolio measured at fair value through profit and loss and available for sale). On 31 December 2010 the Bank maintain secondary reserve amounting to 11.18% (Rupiah) and 31.59% (foreign currency) of total public funds.

The Bank's potential liquidity risk is assessed and monitored through a liquidity gap analysis, which is a projection of the future, in deficit or surplus condition. Each funding deficit projection is monitored through Maximum Cumulative Outflow (MCO) limit. Based on the Bank's 2010 plan (*Rencana Kerja and Anggaran Perusahaan*, or RKAP), the Bank's liquidity is projected to be in a surplus position over the next 12 months.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

a. Liquidity Risk Management (continued)

The Bank's ability to handle differing liquidity pressures is assessed by running a range of liquidity scenarios that cover both normal and unusual situations. These also include scenarios for extreme or crisis conditions (stress test), which then generates contingency plans.

Bank specific crisis and general market crisis conditions are included in the crisis conditions. According to the contingency funding plan, the Bank may source its funding needs in bank specific crisis condition by borrowing (such as repurchase agreement, bilateral funding, collateralised facility agreement, foreign exchange swap), selling liquid asset (such as Government Debenture Debt) and through pricing strategy for third party funding. In general market crisis condition, bank may source its liquidity needs through the liquidity facility from Bank Indonesia.

The maturity profile as at 31 December 2010, 2009 and 2008, are based on the remaining period to the contractual maturity date. Historically, a significant portion of deposits are rolled-over on the maturity date. In addition, if the Bank encounters liquidity needs, Government Bonds (fair value through profit or loss and available for sale) could be liquidated through sale or used as collateral in the inter-bank market. 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 and Subsidiaries ability to obtain immediate liquidity.

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

			31 December 2010				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**More than 12 months**
Assets							
Cash	9,521,713	-	9,521,713	-	-	-	-
Current accounts with Bank Indonesia	24,856,699	-	24,856,699	-	-	-	-
Current accounts with other banks - gross	8,569,778	-	8,564,967	-	-	-	4,811
Placements with Bank Indonesia and other banks - gross	29,051,920	2,176	22,787,252	5,777,533	401,872	13,201	69,886
Marketable securities – gross	27,496,424	205,038	2,217,218	669,981	5,661,265	11,925,000	6,817,922
Government Bonds	78,092,734	-	-	-	-	58,043	78,034,691
Other receivables-trade transactions – gross	3,721,913	-	694,942	1,208,626	1,045,881	579	771,885
Securities purchased under resale agreements – gross	8,980,757	-	300,323	7,661,331	1,019,103	-	-
Derivative receivables – gross	37,096	-	18,327	3,232	13,619	1,918	-
Loans - gross	244,026,984	-	11,643,487	30,332,228	19,774,222	35,758,892	146,518,155
Consumer financing receivables - gross	2,173,592	-	78,728	155,481	227,055	421,370	1,290,958
Acceptance receivables – gross	3,950,506	-	833,360	1,852,931	1,246,790	17,425	-
Investments in shares – gross	7,533	7,533	-	-	-	-	-
Policyholders' investment in unit-linked contracts	7,212,113	7,212,113	-	-	-	-	-
Fixed assets - net	5,527,000	5,527,000	-	-	-	-	-
Deferred tax assets - net	4,401,088	4,401,088	-	-	-	-	-
Other assets - gross	6,124,809	318,908	4,182,816	725,236	-	897,849	-
	463,752,659	**17,673,856**	**85,699,832**	**48,386,579**	**29,389,807**	**49,094,277**	**233,508,308**
Allowance for impairment losses	(13,978,108)						
Total	449,774,551						

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

a. Liquidity Risk Management (continued)

	31 December 2010						
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**More than 12 months**
Liabilities and *Syirkah temporer* fund							
Obligation due immediately	757,465	-	757,465	-	-	-	-
Deposit from customers							
Conventional banking and Sharia - non *Syirkah temporer* fund							
Demand deposits	68,287,253	-	68,287,253	-	-	-	-
Saving deposits	123,956,607	-	123,956,607	-	-	-	-
Time deposits	145,144,049	-	107,883,613	23,023,302	7,772,919	6,152,720	311,495
Sharia banking - Syirkah temporer fund							
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit	85,094	-	85,094	-	-	-	-
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit	9,628,749	-	9,628,749	-	-	-	-
Unrestricted investment *mudharabah* time deposit	15,110,402	-	11,470,304	2,297,833	721,424	620,841	-
Deposits from other banks							
Conventional banking and sharia - non *Syirkah temporer* fund							
Demand and saving deposits	1,780,344	-	1,780,344	-	-	-	-
Time deposits	5,422,339	-	5,349,179	53,450	6,897	12,413	400
Sharia banking - Syirkah temporer fund							
Unrestricted investment *mudharabah* saving deposit	100,532	-	100,532	-	-	-	-
Unrestricted investment *mudharabah* time deposit	326,647	-	258,292	38,906	26,113	3,336	-
Derivative payables	33,246	-	8,200	4,582	8,921	1,339	10,204
Acceptance payables	3,950,506	-	833,360	1,852,931	1,246,790	17,425	-
Marketable securities issued	1,491,367	-	467,180	49,979	-	249,568	724,640
Fund borrowings	5,634,838	-	160,515	3,173,495	226,539	241,907	1,832,382
Estimated losses on commitments and contingencies	371,665	371,665	-	-	-	-	-
Liability to unit-linked holders	7,212,113	7,212,113	-	-	-	-	-
Accrued expenses	606,975	-	606,975	-	-	-	-
Taxes payable	1,408,798	-	610,976	-	797,822	-	-
Other liabilities	10,338,954	945,328	5,216,966	1,419,359	188,897	1,333,630	1,234,774
Subordinated loans	6,056,572	-	-	-	-	-	6,056,572
Total	**407,704,515**	**8,529,106**	**337,461,604**	**31,913,837**	**10,996,322**	**8,633,179**	**10,170,467**
Maturity gap	**56,048,144**	**9,144,750**	**(251,761,772)**	**16,472,742**	**18,393,485**	**40,461,098**	**223,337,841**
Net position, net of allowance for impairment losses	**42,070,036**						

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

a. Liquidity Risk Management (continued)

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

	31 December 2009						
Description	Total	No maturity Contract	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 12 months
Assets							
Cash	8,867,881	-	8,867,881	-	-	-	-
Current accounts with Bank Indonesia	16,055,871	-	16,055,871	-	-	-	-
Current accounts with other banks - net	7,402,647	-	7,402,647	-	-	-	-
Placements with Bank Indonesia and other banks - net	41,402,410	981	38,531,010	2,862,004	-	8,415	-
Marketable securities - net	18,153,392	187,462	2,487,330	11,890,854	934,787	950,405	1,702,554
Government Bonds	89,132,940	-	-	1,733,994	-	3,409	87,395,537
Other receivables-trade transactions - net	3,146,143	-	759,913	1,445,943	754,266	186,021	-
Securities purchased under resale agreements - net	4,905,541	-	3,417,151	1,488,390	-	-	-
Derivative receivables - net	174,526	-	38,032	38,313	89,452	8,729	-
Loans - net	184,690,704	-	9,069,879	16,464,843	16,982,284	32,164,344	110,009,354
Consumer financing receivables - net	1,404,045	-	64,078	125,775	180,392	321,016	712,784
Acceptance receivables - net	4,304,000	-	1,243,073	1,807,282	1,242,307	11,338	-
Investments in shares - net	186,848	186,848	-	-	-	-	-
Fixed assets - net	4,963,306	4,963,306	-	-	-	-	-
Deferred tax assets - net	6,014,085	6,014,085	-	-	-	-	-
Other assets - net	3,812,265	8,253	1,454,536	1,843,159	-	506,317	-
Total Assets	394,616,604	11,360,935	89,391,401	39,700,557	20,183,488	34,159,994	199,820,229
Liabilities and *Syirkah temporer* fund							
Obligation due immediately	573,557	-	573,557	-	-	-	-
Deposit from customers							
Conventional banking and sharia - non *Syirkah temporer* fund							
Demand deposits	72,691,525	-	72,691,525	-	-	-	-
Saving deposits	106,727,364	-	106,727,364	-	-	-	-
Time deposits	123,474,761	-	93,507,012	20,820,616	5,714,604	3,170,500	262,029
Sharia banking-Syirkah temporer fund							
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit	5,322	-	5,322	-	-	-	-
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit	7,067,647	-	7,067,647	-	-	-	-
Unrestricted investment *mudharabah* time deposit	9,583,762	-	6,832,903	1,653,760	586,318	510,781	-
Deposits from other banks							
Conventional banking and sharia - non *Syirkah temporer* fund							
Demand and saving deposits	5,744,330	-	5,744,330	-	-	-	-
Time deposits	4,736,318	-	4,587,343	138,745	5,402	4,528	300
Sharia banking-Syirkah temporer fund							
Unrestricted investment *mudharabah* saving deposit	98,239	-	98,239	-	-	-	-
Unrestricted investment *mudharabah* time deposit	207,640	-	175,442	3,905	25,022	3,271	-
Securities sold under repurchase agreements	316,356	-	-	-	316,356	-	-
Derivative payables	41,611		17,126	8,648	3,089	6,161	6,587
Acceptance payables	4,356,773	-	1,256,747	1,830,109	1,258,464	11,453	-
Marketable securities issued	1,671,014	-	622,055	374,860	-	-	674,099
Fund borrowings	3,944,356	-	88,512	50,314	61,156	70,774	3,673,600
Estimated losses on commitments and contingencies	329,362	-	-	-	-	-	-
Accrued expenses	542,921	329,362	542,921	-	-	-	-
Taxes payable	1,855,829	-	235,781	-	1,608,429	11,619	-
Other liabilities	9,132,586	514,365	3,975,206	1,031,019	526,298	1,066,838	2,018,860
Subordinated loans	6,217,068	-	2,882	17,153	-	67,336	6,129,697
Total liabilities and *Syirkah temporer fund*	359,318,341	843,727	304,751,914	25,929,129	10,105,138	4,923,261	12,765,172
Maturity gap	35,298,263	10,517,208	(215,360,513)	13,771,428	10,078,350	29,236,733	187,055,057

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

a. Liquidity Risk Management (continued)

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

	31 December 2008						
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**More than 12 months**
Assets							
Cash	8,388,974	-	8,388,974	-	-	-	-
Current accounts with Bank Indonesia	13,354,289	-	13,354,289	-	-	-	-
Current accounts with other banks - net	7,406,529	-	7,406,529	-	-	-	-
Placements with Bank Indonesia and other banks - net	29,404,818	1,096	29,274,622	80,102	-	48,998	-
Marketable securities - net	24,624,847	392,653	18,937,775	1,765,430	1,573,028	180,738	1,775,223
Government Bonds	88,259,039	-	-	-	69	10,215	88,248,755
Other receivables-trade transactions – net	3,513,133	-	1,132,603	1,588,089	783,996	-	8,445
Securities purchased under resale agreements - net	619,092		162,116	246,749	-	210,227	-
Derivative receivables - net	354,024	-	136,957	22,065	70,635	68,981	55,386
Loans - net	162,637,788	-	11,013,429	16,262,909	16,279,113	25,218,939	93,863,398
Acceptance receivables - net	3,596,359	-	3,564,631	17,113	10,015	4,600	-
Investments in shares - net	158,173	158,173	-	-	-	-	-
Fixed assets - net	4,603,560	4,603,560	-	-	-	-	-
Deferred tax assets - net	6,123,919	6,123,919	-	-	-	-	-
Other assets - net	5,394,134	2,234,085	719,930	2,052,859	-	387,260	-
Total Assets	**358,438,678**	**13,513,486**	**94,091,855**	**22,035,316**	**18,716,856**	**26,129,958**	**183,951,207**
Liabilities and *Syirkah* temporer fund							
Obligation due immediately	619,798	-	619,798	-	-	-	-
Deposit from customers							
Conventional banking and sharia - non *Syirkah* temporer fund							
Demand deposits	69,086,688	-	69,086,688	-	-	-	-
Saving deposits	89,708,371	-	89,708,371	-	-	-	-
Time deposits	117,268,990	-	93,472,599	16,030,607	3,653,404	4,042,186	70,194
Sharia banking - Syirkah temporer fund							
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit	5,245,641	-	5,245,641	-	-	-	-
Unrestricted investment *mudharabah* time deposit	7,802,362	-	5,877,175	953,447	439,642	532,098	-
Deposits from other banks							
Conventional banking and sharia - non *Syirkah* temporer fund							
Demand and saving deposits	3,096,390	-	3,096,390	-	-	-	-
Interbank call money	7,588	-	7,588	-	-	-	-
Time deposits	4,347,403	-	2,658,688	22,531	1,644,892	20,992	300
Sharia banking - Syirkah temporer fund							
Unrestricted investment *mudharabah* saving deposit	48,353	-	48,353	-	-	-	-
Unrestricted investment *mudharabah* time deposit	218,380	-	193,162	21,890	3,128	200	-
Securities sold under repurchase agreements	981,893	-	34,406	62,009	-	569,122	316,356
Derivative payables	160,678	-	48,075	32,086	56,403	24,114	-
Acceptance payables	3,842,367	-	3,797,570	23,787	11,568	9,442	-
Marketable securities issued	1,016,603	-	778,639	37,400	-	-	200,564
Fund borrowings	9,371,508	-	2,021,771	1,604,124	1,098,942	874,364	3,772,307
Estimated losses on commitments and contingencies	316,401	316,401	-	-	-	-	-
Accrued expenses	746,808	-	746,808	-	-	-	-
Taxes payable	3,174,500	-	283,603	-	2,890,897	-	-
Other liabilities	7,999,368	7,375,071	622,139	182	272	545	1,159
Subordinated loans	2,836,650	-	3,420	17,153	3,983	42,153	2,769,941
Total liabilities and *Syirkah* temporer fund	**327,896,740**	**7,691,472**	**278,350,884**	**18,805,216**	**9,803,131**	**6,115,216**	**7,130,821**
Net Assets/(Liabilities)	**30,541,938**	**5,822,014**	**(184,259,029)**	**3,230,100**	**8,913,725**	**20,014,742**	**176,820,386**

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

b. Interest Rate Risk Management

Interest Rate Risk represents a risk that influences the increase/decrease of financial value of the Bank's assets and liabilities (Banking Book) due to changes in interest rate that will affect on Bank's income and capital. Interest rate risk is mostly due to the difference in time repricing between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) on changes in interest rate.

The Bank manages its interest rate risk through the use of repricing gap analysis, duration gap analysis and simulation. To describe the amount of the interest rate risk exposure, the Bank uses repricing gap approach, whilst to measure the Net Interest Income (NII) Sensitivity and Economic Value of Equity (EVE) Sensitivity due to interest rate change, the Bank performs simulation with interest rate shock (increase/decrease) scenario by parallel shift amounting to 100 basis points (bps).

RSA are dominated by government bond and loans, and RSL are dominated by Third Party Fund (demand deposits, saving deposits and time deposits). The sensitivity analysis result shows that a gradual parallel shift in the term structure of interest rate by 100 bps Rupiah and Foreign Currency will potentially decreased the next 12 months targeted NII by 1.44% (unaudited) and decreased the EVE by 1.58% (unaudited) from Equity target. In addition to sensitivity analysis, the Bank also uses a statistical approach to assess the impact of interest rate volatility on earning (Earning at Risk, EaR) and equity (Capital at Risk, CaR). As at 31 December 2010, the Banks record 0.42% and 1.05% EaR and CaR of its equity.

The Bank also regularly conducts sensitivity analysis on extreme scenarios (stress test) to see the impact of significant changes in interest rate on the Bank's NII and equity value.

The Bank monitors and manages its interest rate risk by establishing limits on interest rate risk indicators, to give an early warning indicator of interest rate risk, which consists of Repricing Gap, NII Sensitivity and Economic Value of Equity Sensitivity, Earning at Risk and Capital at Risk. The risk will be mitigated through assets-liabilities restructuring or hedging strategies. Hedging is done by using derivative instruments, mostly in the form of interest rate swaps and forward rate agreements.

Fair value exposures relating to interest rate risk (repricing gap)

	31 December 2010									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	24,856,699	24,856,699
Current accounts with other banks	8,202,762	-	-	-	-	-	-	-	367,016	8,569,778
Placements with Bank Indonesia and Other Banks	22,599,428	3,615,533	415,073	-	-	-	-	-	2,421,886	29,051,920
Marketable Securities	801,251	279,085	16,689,326	381,453	125,446	181,091	78,452	29,685	8,930,635	27,496,424
Government Bonds	28,789,791	45,892,672	58,042	65,269	148,595	341,038	1,201,551	541,885	1,053,891	78,092,734
Other Receivables - Trade Transactions	-	-	-	-	-	-	-	-	3,721,913	3,721,913
Securities Purchased under Resale Agreements	300,323	7,661,333	1,019,101	-	-	-	-	-	-	8,980,757
Derivative Receivables	-	-	-	-	-	-	-	-	37,096	37,096
Loans	27,889,674	172,665,213	2,775,134	1,999,964	1,958,166	1,895,689	1,708,326	9,287,770	23,847,048	244,026,984
Consumer Financing Receivables	78,729	155,482	648,424	731,246	416,596	126,404	16,630	81	-	2,173,592
Acceptance Receivables-	-	-	-	-	-	-	-	-	3,950,506	3,950,506
Other Assets - accrued income	-	-	-	-	-	-	-	-	1,687,176	1,687,176
	88,661,958	230,269,318	21,605,100	3,177,932	2,648,803	2,544,222	3,004,959	9,859,421	70,873,866	432,645,579

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

b. Interest Rate Risk Management (continued)

	31 December 2010									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	Non interest bearing	Total
Deposits from Customers										
Conventional Banking and Sharia - Non *Syirkah* temporer fund										
Demand deposits	262,795	64,155,127	-	-	-	-	-	-	3,869,331	68,287,253
Saving deposits	197,022	123,515,044	-	-	-	-	-	-	244,541	123,956,607
Time deposits	115,595,176	20,536,504	8,678,296	93,083	6,648	-	234,342	-	-	145,144,049
Sharia Banking - Syirkah temporer fund										
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit	-	-	-	-	-	-	-	-	85,094	85,094
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit	-	-	-	-	-	-	-	-	9,628,749	9,628,749
Unrestricted investment *mudharabah* time deposit	-	-	-	-	-	-	-	-	15,110,402	15,110,402
Deposits from Other Banks										
Conventional Banking and Sharia - Non *Syirkah* temporer fund										
Demand and saving deposits	10,295	1,770,049	-	-	-	-	-	-	-	1,780,344
Time deposits	5,364,522	37,298	20,107	412	-	-	-	-	-	5,422,339
Sharia Banking - Syirkah temporer fund										
Unrestricted investment *mudharabah* saving deposit	-	-	-	-	-	-	-	-	100,532	100,532
Unrestricted investment *mudharabah* time deposit	-	-	-	-	-	-	-	-	326,647	326,647
Derivative Payables	-	-	-	-	-	-	-	-	33,246	33,246
Acceptance Payables	-	-	-	-	-	-	-	-	3,950,506	3,950,506
Marketable Securities Issued	-	49,979	249,568	524,076	-	-	-	-	667,744	1,491,367
Fund Borrowings	1,093,960	3,640,260	462,020	308,443	129,352	803	-	-	-	5,634,838
Accrued Expenses	-	-	-	-	-	-	-	-	606,975	606,975
Other Liabilities	-	-	-	-	-	-	-	-	10,338,954	10,338,954
Subordinated Loans	178,870	170,983	-	-	-	2,230,259	-	3,476,460	-	6,056,572
	122,702,640	213,875,244	9,409,991	926,014	136,000	2,231,062	234,342	3,476,460	44,962,721	397,954,474
Total interest repricing gap	**(34,040,682)**	**16,394,074**	**12,195,109**	**2,251,918**	**2,512,803**	**313,160**	**2,770,617**	**6,382,961**	**25,911,145**	**34,691,105**

c. Pricing Management

Pricing Management is one of the performed strategies in order to support the Bank in taking control of the market share revenue by maximising Net Interest Margin (NIM) especially through third party fund and loans pricing.

In determining the third party fund pricing, the Bank considers internal and external factors. Internal factors such as: funding cost, structure and funding target, External factors such as: market liquidity, market interest rate and guarantee interest rate. By considering the internal and external factors, the Bank implements the aggressive or defensive strategies.

To determine loans pricing, the Bank established the interest rate based on risk (Risk Based Pricing). Loan interest rate structured consists of Cost of Funds, Overhead Cost, Cost of Allocated Capital and Risk Premium. The Bank established Required Yield which is the Bank's minimum rate of return.

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

d. Market Risk Management

Market risk management of treasury trading activities conducted through the process of identification, measurement, monitoring and controlling trading risk. Risk management process is guided by the Bank Indonesia and the international best practices as outlined in the policies and standards of internal procedures.

Bank trading risk identified through the process of monitoring the movement of market factors (interest rates and exchange rates) to know the level of trading risk exposure. Banks use the model standard approach for calculating capital reserves to cover market risk and continually strive to develop methods that are more risk sensitive so that risk management adds value for stakeholders. Capital allocation for market risk based approach to the Standard Model as of 31 December 2010 amounted to Rp188,803, so the value of CAR after incorporating elements of market risk and credit risk amounted to 14.59% (Note 52).

Calculation of market risk, carried out not only under normal market conditions, but also based on a crisis situation through the implementation of the Stress Test/Scenario Analysis periodically. In addition, the Bank also conducts periodic back testing to assess the effectiveness and accuracy of the methodologies that have been used.

For monitoring process, the Bank set a limit of transactions in accordance with risk appetite and the Bank's business plan. The stipulated limits, among others, includes the limit Value at Risk (VaR), intra-day monitoring limits, open position limits, dealer loss limit. Results of monitoring shall be incorporated in Trading Risk Profile report compiled on a daily, weekly and monthly. This report provides a comprehensive picture of trading risks faced by the Bank under normal conditions and in conditions of crisis.

e. Foreign Exchange Risk Management

The Bank measures and manages the structural foreign exchange risk to understand the impact of the exchange rate movement on the Bank’s revenue and capital. The Bank’s foreign exchange position is primarily United States Dollar-denominated; most of the liabilities are in the form of third party funds and fund borrowing whilst most of the assets are in the form of loans, inter-bank placements and marketable securities.

In order to manage and mitigate the foreign exchange risk, foreign currency loans and placements were funded mostly with the same currency and to hedge significant foreign exchange open position, the Bank used derivative instruments such as FX forward, swap and option.

Bank Mandiri complied with Bank Indonesia’s regulation that requires the Net Open Position (NOP) in all foreign currencies for on consolidated and aggregate to be no more than 20.00% of the Bank’s Capital (Tier I and Tier II). In accordance to the new Bank Indonesia Regulation No. 12/10/PBI/2010 dated 1 July 2010 on the third amendment of Bank Indonesia Regulation No. 5/13/PBI/2010 concerning Commercial Banks Net Open Position (NOP), Bank is no longer monitoring the NOP balance. However for prudential principles, the Bank has established internal limit to be no more than 10.00% of the capital for NOP ratio (overall balance) which calculated using prior Bank Indonesia’s regulation No.7/37/PBI/2005 dated 30 September 2005.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

e. Foreign Exchange Risk Management (continued)

Net Open Position calculation as at 31 December 2010, 2009 and 2008, based on Bank Indonesia's Regulation No. 7/37/PBI/2005 dated 30 September 2005. In accordance with that regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on balance sheet (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in off balance sheet account. The on balance sheet position is the net difference between total assets and liabilities for each currency (Rupiah equivalent).

Below is the Net Open Position of Bank Mandiri, as at 31 December 2010 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-BALANCE SHEET AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	62,273,246	62,597,851	324,605
Euro	1,892,164	1,863,849	28,315
Singapore Dollar	1,120,531	942,168	178,363
Japanese Yen	291,191	270,496	20,695
Australian Dollar	265,144	263,563	1,581
Hong Kong Dollar	78,010	61,509	16,501
Great Britain Pound Sterling	64,603	76,826	12,223
Others	112,977	52,052	76,477*)
Total			**658,760**
ON-BALANCE SHEET			
United States Dollar	58,614,928	54,090,060	4,524,868
Euro	1,822,400	1,742,287	80,113
Singapore Dollar	1,028,889	907,911	120,978
Australian Dollar	257,442	174,161	83,281
Japanese Yen	285,076	215,003	70,073
Hong Kong Dollar	73,953	57,452	16,501
Great Britain Pound Sterling	56,587	62,885	(6,298)
Others	110,274	36,307	73,967**)
Total			**4,963,483**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 52)			**35,654,733**
NOP Ratio (On-Balance Sheet)			13.92%
NOP Ratio (Overall)			1.85%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2010 if calculated using November 2010 capital (unaudited):

Capital November 2010	34.846.840
NOP Ratio (On-Balance Sheet)	14.24%
NOP Ratio (Overall)	1.89%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

e. Foreign Exchange Risk Management (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2009 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-BALANCE SHEET AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	60,281,348	59,556,415	724,933
Euro	1,396,804	1,344,045	52,759
Singapore Dollar	652,278	548,187	104,091
Japanese Yen	263,957	203,837	60,120
Australian Dollar	228,011	199,827	28,184
Hong Kong Dollar	159,873	185,748	25,875
Great Britain Pound Sterling	105,874	105,632	242
Others	56,510	6,972	50,354*)
Total			**1,046,558**
ON-BALANCE SHEET			
United States Dollar	57,834,011	55,578,691	2,255,320
Euro	1,281,829	1,254,255	27,574
Singapore Dollar	579,546	415,951	163,595
Japanese Yen	206,926	72,916	134,010
Hong Kong Dollar	159,873	54,178	105,695
Australian Dollar	151,510	118,677	32,833
Great Britain Pound Sterling	89,344	90,467	(1,123)
thers	56,510	6,972	49,538**)
Total			**2,767,442**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 52)			**30,456,978**
NOP Ratio (On-Balance Sheet)			9.09%
NOP Ratio (Overall)			3.44%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2009 if calculated using November 2009 capital (unaudited):

Capital November 2009	26,382,396
NOP Ratio (On-Balance Sheet)	10.49%
NOP Ratio (Overall)	3.97%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

e. Foreign Exchange Risk Management (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2008 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-BALANCE SHEET AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	61,593,324	63,497,969	1,904,645
Euro	917,496	886,840	30,656
Hong Kong Dollar	673,414	82,356	591,058
Singapore Dollar	369,806	352,951	16,855
Japanese Yen	295,094	296,794	1,700
Australian Dollar	145,389	124,161	21,228
Great Britain Pound Sterling	129,950	37,564	92,386
Others	35,765	6,466	29,299*)
Total			**2,687,827**
ON-BALANCE SHEET			
United States Dollar	60,108,482	59,666,442	442,040
Euro	903,675	834,465	69,210
Hong Kong Dollar	372,507	91,185	281,322
Singapore Dollar	331,603	330,011	1,592
Japanese Yen	283,981	279,351	4,630
Australian Dollar	145,019	121,895	23,124
Great Britain Pound Sterling	86,938	18,589	68,349
Others	35,765	6,466	29,299**)
Total			**919,566**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 52)			**27,176,934**
NOP Ratio (On-Balance Sheet)			3.38%
NOP Ratio (Overall)			9.89%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2008 if calculated using November 2008 capital:

Capital November 2008	28,285,306
NOP Ratio (On-Balance Sheet)	3.25%
NOP Ratio (Overall)	9.50%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

e. Foreign Exchange Risk Management (continued)

The table below summaries the Group's exposure to foreign currency exchange rate risk at 31 December 2010. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	31 December 2010								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
ASSETS									
Cash	419,798	84,962	68,581	56,702	117,785	104	3,574	28,522	780,028
Current accounts with Bank Indonesia	591,403	-	-	-	-	-	-	-	591,403
Current accounts with other banks	7,567,225	359,746	106,914	83,920	55,890	11,372	40,491	52,883	8,278,441
Placement with Bank Indonesia and other banks	10,659,399	610,696	-	-	-	-	-	15,341	11,285,436
Marketable Securities	1,465,138	54,699	150,989	9,141	-	9,306	-	-	1,689,273
Government Bonds	171,045	-	-	-	-	-	-	-	171,045
Other receivables - trade transactions	1,511,461	5,429	-	321	-	-	-	-	1,517,211
Derivatives receivable	34,208	1,119	-	-	1	-	646	-	35,974
Loans	39,747,428	105,854	337,907	11,260	-	65,618	121,962	-	40,390,029
Acceptances receivable	3,563,762	93,204	40,808	37,454	-	-	-	1,331	3,736,559
Investments in shares	-	-	1,244	-	-	-	-	-	1,244
Policyholders' investment in unit-linked contracts	21,917	-	-	-	-	-	-	-	21,917
Other assets									
- Accrued income	72,193	37	513	183	-	-	-	-	72,926
- Receivable from customer transactions	7,147	-	-	-	-	-	-	-	7,147
Total Assets	**65,832,124**	**1,315,746**	**706,956**	**198,981**	**173,676**	**86,400**	**166,673**	**98,077**	**68,578,633**
LIABILITIES AND *SYIRKAH* TEMPORER FUND									
Deposits from Customers									
Conventional Banking and Sharia - Non *Syirkah* Temporer Fund									
Demand deposits	20,963,198	736,053	214,084	69,878	39,138	9,359	48,495	4,518	22,084,723
Saving deposits	11,484,756	-	155,226	6,504	-	-	-	-	11,646,486
Time deposits	11,776,002	95,966	98,115	114	48,103	28,571	11,269	-	12,058,140
Sharia Banking – *Syirkah* Temporer Fund									
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit	83,690	-	-	-	-	-	-	-	83,690
Unrestricted investment *mudharabah* time deposit	409,879	-	-	-	-	-	-	-	409,879
Deposits from other banks									
Conventional Banking and Sharia - Non *Syirkah* Temporer Fund									
Demand deposits	882,996	19	3,623	-	-	-	-	-	886,638
Time deposits	339,677	-	-	-	-	-	-	-	339,677
Derivative payable	4,319	1,050	467	339	440	-	-	367	6,982
Liability to unit-linked holders	21,917	-	-	-	-	-	-	-	21,917
Acceptances payable	3,563,762	93,204	40,808	37,454	-	-	-	1,331	3,736,559
Fund Borrowings	4,402,405	-	-	-	-	-	-	-	4,402,405
Accrued Expenses	61,813	4	84	-	50	28	54	-	62,033
Other liabilities									
- Payable from purchase of marketable securities	-	-	-	-	-	-	-	-	-
Subordinated Loans	178,870	-	-	-	-	-	-	-	178,870
Total liabilities and *Syirkah* temporer fund	**54,173,284**	**926,296**	**512,407**	**114,289**	**87,731**	**37,958**	**59,818**	**6,216**	**55,917,999**
Net on balance sheets financial position	**11,658,840**	**389,450**	**194,549**	**84,692**	**85,945**	**48,442**	**106,855**	**91,861**	**12,660,634**
Administrative accounts - net	**(4,702,293)**	**(51,798)**	**57,385**	**(49,378)**	**(81,700)**	**-**	**(5,925)**	**(13,042)**	**(4,846,751)**

(Expressed in millions of Rupiah, unless otherwise stated)

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

f. Fair value of financial assets and liabilities

As at 31 December 2010, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	31 December 2010	
	Carrying Value	Fair value
Assets		
Marketable securities		
Held to maturity	3,947,624	3,971,085
Government Bonds		
Held to maturity	23,428,863	23,481,901
Loans	232,545,259	231,844,081
Consumer financing receivable	2,132,823	2,198,572
	262,054,569	**261,495,639**
Liabilities		
Marketable securities issued	1,491,367	1,487,319
Fund borrowings	5,634,838	5,636,235
Subordinated loans	6,056,572	6,063,961
	13,182,777	**13,187,515**

(i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptance receivables and other assets.

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

The carrying amount of floating rate current accounts, placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is under one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is a reasonable approximation of fair value.

(ii) Marketable securities (held to maturity) and Government Bonds (held to maturity)

The fair value for held to maturity marketable securities and Government Bonds are based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.

56. RISK MANAGEMENT (continued)

Market Risk and Liquidity Risk (continued)

f. Fair value of financial assets and liabilities (continued)

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value of loans & consumer financing receivable.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits on demand, which includes non-interest bearing deposits, is the carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is under one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

(v) Marketable securities issued, borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed in internal processes, people and systems or from external factor. The Bank proactively implements operational risk management to protect the interests of the Bank's stakeholders. An effective Operational Risk Management (ORM) program will protect the customers' interest, decrease incidence of operational losses, improve the Bank's reputation and support the Bank in achieving its business goals. The strategies that are used by Bank to improve its operational risk management quality, as follows:

a. Operational Risk Mitigation

- The Bank continues to review its policy and adjust operational risk management procedures in accordance to the latest developments. The Bank's standard policy consists of Standard Operating Procedures (SOP) for Operational Risk Management and SOP for New Product or Activities (NPA) as a guide for effective implementation of Operational Risk Management in a holistic manner.
- The Bank continues to implement and develop its Operational Risk Management (ORM) Tools (Mandiri Loss Event Database, Risk & Control Self Assessment and Key Risk Indicators) methodology regularly to be deployed in its entire business unit in order to help the Business units manage their operational risk that is related to the bank's activity by using Bank's ORM Tools.
- To identify the Operational Risk, the Bank regularly monitor its operation through Risk Profile Report segregated by its business units and Bank the wider picture, in order capture the magnitude of the Bank's operational risk exposed by Bank's and all business units.

56. RISK MANAGEMENT (continued)

Operational Risk (continued)

b. Capital Charge Calculation to Cover Operational Risk

Based on Circular Letter from Bank Indonesia No. 11/3/DPNP dated 27 January 2009, the Bank has performed the simulation for the Minimum Capital Requirement and Risk Weighted Assets for Operational Risk.

Starting from the first semester of 2009, the Bank has also calculated Operational Risk capital requirement using the Standardised Approach (SA), as this approach is in line with the implementation of the risk-based performance measurement for Strategic Business Unit. Capital expense of operational risk in 2010 amounting to Rp1,803,529, obtained using the Basic Indicator Approach (BIA) and 10% alpha value. The Risk Weighted Assets for Operational Risk was amounting to Rp22,544,113.

57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 20 July 2001, Bank Mandiri entered into an agreement with vendor for software procurement and installation services for an integrated banking system, called eMAS (Enterprise Mandiri Advanced System), for a total contract value of USD47,535,022.70 (full amount) including 10% VAT. Additional agreements were also held on 23 April 2002, 28 August 2003, 12 April 2004, 4 July 2005, 8 September 2008, 22 September 2008 and December 2009 with a contract value (after VAT) of USD20,467,218.20 (full amount), USD462,000 (full amount), USD1,014,344.21 (full amount), USD44,000 (full amount), USD1,155,000 (full amount), USD44,000 (full amount) and USD44,000 (full amount), respectively. The actual payment until 31 December 2010 amounting to USD65,458,716.88 (full amount, after VAT) was recorded as fixed assets amounting to USD65,521,171.68 (full amount, after VAT). The estimated percentage of project completion on 31 December 2010 was 99.93%.

On 1 August 2006, the Bank entered into an agreement to enhance the eMAS feature with Vendor, for a total contract value (after VAT of 10%) of USD2,934,352.08 (full amount). The actual payment until 31 December 2010 (after VAT) amounting to USD2,132,928.25 (full amount) was recorded as construction in progress amounting to USD12,672.00 (full amount) and as fixed assets amounting to USD2,120,256.25 (full amount). The estimated percentage of completion as at 31 December 2010 was 99.41%.

On 14 September 2009, the Bank entered into an agreement to enhance the eMAS feature with Vendor for a total contract value (after VAT) of USD693,000 (full amount). The payments realisation until 31 December 2010 (after VAT) amounting to USD547,112.50 (full amount) was recorded as fixed assets amounting to USD449,350.00 (full amount) and was recorded as construction in progress amounting to USD97,762.50 (full amount). The estimated percentage of completion as at 31 December 2010 was 82.13%.

57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Legal Matters

The Bank along with several other defendants are facing a civil lawsuit filed by Third Party (Plaintiff) related to the construction on one of the hotels and apartments located in Jakarta. The lawsuit has been decided by the Court and punishes the Bank and some other defendants to pay the claim equally for an amount of USD8,355,163 (full amount). The Bank and several other defendants and the plaintiff is in the process of implementing this decision through a peace treaty mechanism.

In addition to the above claim, the Bank also faces a lawsuit from a party as a result of criminal fraud committed by syndicates. The lawsuit was decided by the court which sentenced the Bank to pay compensation amounting to Rp89,083. Currently the Bank is awaiting official notification from the Court regarding this decision.

The Bank's total potential exposure arising from outstanding lawsuits as at 31 December 2010, 2009 and 2008 amounting to Rp1,172,323, Rp2,204,722 and Rp1,277,161 respectively. As at 31 December 2010, 2009 and 2008, Bank Mandiri has provided a provision (included in Other Liabilities) for a number of outstanding lawsuits involving Bank Mandiri amounting to Rp574,928, Rp514,366 and Rp176,316 respectively (Note 30). Management believes that the provision is adequate to cover estimated losses arising from pending litigation or litigation cases currently in progress.

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Transactions

There is a difference in opinions concerning tax applied on *Murabahah* financing transaction between the Directorate General of Taxation Tax Audit Team with the Subsidiary, Bank Syariah Mandiri (BSM).

The Directorate General of Taxation Tax Audit Team concluded that *Murabahah* transaction is subject to VAT according to the Law No. 8 year 1983 regarding Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, as the latest revision in Law No. 18 year 2000 article 1A paragraph (1). Related to this matter, the tax office issued a tax assessment letter confirming underpayment (SKPKB) and tax collection letter (STP) of VAT for fiscal year 2003 for BSM's head office and some branches totalling of Rp37,649.

On 10 January 2005, BSM submitted an objection and did not make payment on the above SKPKB and STP on the basis that, at that time, the tax regulation was not specifically address sharia banking activities, especially *Murabahah* financing transactions.

BSM believes that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Syariah Banking, as such *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 year 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities transaction undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and as such, *Murabahah* transaction shall not be included as a type of banking services.

57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Financing Transactions (continued)

On 1 December 2005, the Directorate General of Taxation rejected BSM's objection through its letter No. Kep-277/PJ.54/2005.

Based on newly issued Law No. 42 year 2009 dated 15 October 2009 in relation to the third amendment of Law No. 8 year 1983 regarding Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, it is stated that financing services, which include sharia financing, is exempted from VAT. This Law started effectively on 1 April 2010.

In 2010, the Government issued Law No. 2 Year 2010 in relation to the Amendment of Law No. 47 Year 2009 regarding State Budget of Revenues and Expenditures (APBN) 2010 dated 25 May 2010. The article and explanatory paragraph of this Law stated that the Government bear VAT on *murabahah* transactions of several sharia banks. Based on the explanatory paragraph of this Law, the BSM's VAT borne by the Government amounting to Rp25,542 from the total outstanding SKPKB and STP received by BSM of Rp37,649.

BSM management believes that difference between VAT borne by Government and total SKPKB and STP received by BSM will not be billed to BSM which is inline with objective and purposes of the law.

d. Trade Financing with Asian Development Bank (ADB)

On 25 November 2009, Bank Mandiri signed a Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) under Trade Finance Facilitation Program (TFFP) with ADB.

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

e. Settlement Mandatory Convertible Bond (MCB) PT Garuda Indonesia (Persero)

In 2000, the debt of PT Garuda Indonesia (Persero) ("Garuda") at Bank Mandiri was restructured bilaterally, through conversion of Garuda's borrowing to Bank Mandiri amounting to USD103,000,000 (full amount), which consist of loans of USD80,000,000 (full amount) and Rp168,409, into Mandatory Convertible Bond (MCB) denominated in Rupiah currency with 4.00% coupon rate per annum, 5 years tenor and expected IRR of 18.00% per annum. This MCB facility matured on 2 November 2006.

57. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Settlement Mandatory Convertible Bond (MCB) PT Garuda Indonesia (Persero) (continued)

On 10 November 2009, Bank Mandiri received a letter from Bank Indonesia which stated that Bank Indonesia has no objection on the proposed settlement plan of Garuda's MCB by converting the MCB into Bank Mandiri's temporary investment in Garuda.

On 30 December 2009, Bank Mandiri and Garuda signed the MCB Settlement Agreement based on Notarial Deed No. 272 dated 30 December 2009 in front of Notary Aulia Taufani S.H., as the substitute of Notary Sutjipto S.H. On the signing date, Garuda made cash payments of 5.00% of MCB principal, amounting to Rp50,940 and converted the remaining MCB balance of 95.00% of MCB principal into Bank Mandiri's investment in Garuda's share, amounting to Rp967,869 or equivalent to 967,869 shares (equivalent to 10.60% ownership). In accordance with Letter of Minister of State Owned Enterprises', the investment in Garuda's shares can be divested in conjunction with Garuda's planned Initial Public Offering (IPO) which is expected to be done in 2011. Based on regulation of Capital Market Supervisory Board and Financial Institution No. IX.A.6, Appendix of the Decree of the Chairman of Capital Market and Financial Institution Supervisory Board No. 06/PM/2001 regarding Restriction on Shares Issued Prior to Public Offering, the divestment of Garuda's shares by Bank Mandiri can only be done if the Registration Statement of IPO of Garuda is submitted more than 6 (six) months after the date of conversion of MCB into temporary investment.

In December 2010, Garuda has submitted its Initial Public Offering (IPO) registration to the Capital Market Supervisory Board and Financial Institution (Bapepam-LK) and it has became effective in February 2011. Through this IPO, Garuda offered 9.3 billion shares or 36.48% of the total issued shares, which consists of 7.4 billion new shares and 1.9 billion Bank Mandiri's shares in Garuda (after stock split).

See Note 60b Subsequent Events for Completion of Garuda's IPO.

As at 31 December 2010 and 2009, this temporary investment in Garuda's shares is not recorded in the Bank's consolidated balance sheet instead it is recorded as an *extra-comtable* account (Notes 11B.m and 60).

58. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Decree of the Minister of Finance of the Republic of Indonesia No. 26/KMK.017/1998 dated 28 January 1998, as amended by Decree of the Minister of Finance of the Republic of Indonesia No. 179/KMK.017/2000 dated 26 May 2000, the Government of the Republic of Indonesia guarantees certain obligations of locally incorporated banks including demand deposits, saving deposits, time deposits and deposit on call, bonds, securities, interbank loans, fund borrowings, foreign currency swap transactions and other contingent liabilities such as bank guarantees, standby letters of credit and other liabilities, excluding subordinated loans and obligations to directors, commissioners and parties that have a special relationship.

In accordance with the Joint Decree of the Chairman of the Board of Directors of Bank Indonesia and IBRA No. 32/46/KEP/DIR and No. 181/BPPN/0599 dated 14 May 1999, the term of these guarantees have been extended automatically, unless IBRA issued a notification for not to extend the term of such guarantee at least 6 (six) months time before the expiry of that period. In 2001, the Joint Decree of the Chairman of the Board of Directors of Bank Indonesia and IBRA canceled by Bank Indonesia Regulation No. 3/7/PBI/2001 and IBRA Chairman Decision No. 1035/BPPN/0401.

In 2001, the Chairman of IBRA issued Decree No. SK-1036/BPPN/0401 that regulated specific guidelines for the Government of the Republic of Indonesia guarantees on the obligations of locally incorporated banks.

58. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS (continued)

The government charged the premium associated with the guarantee program in accordance with applicable regulations (Note 36).

Based on Presidential Decree No. 15/2004 dated 27 February 2004 about the duty cessation and the closure of IBRA, and the Minister of Finance Decree No. 84/KMK.06/2004 dated 27 February 2004, the Government of the Republic of Indonesia established a Government Guarantee Unit (UP3), a new institution to replace IBRA, to continue implementing the Government Guarantee Program for Liability in Local Banks.

In accordance with the Regulation of the Minister of Finance No. 17/PMK.05/2005 dated 3 March 2005, starting on 18 April 2005 types of bank liabilities are guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and fund borrowings from other banks in form of Interbank Money Market transactions.

Government Guarantee Program through Government Guarantee Unit (UP3) was terminated on 22 September 2005, as stated in the Regulation of the Minister of Finance of the Republic of Indonesia No. 68/PMK.05/2005 dated 10 August 2005 about Premium Calculation and Payment of Government Guarantee Programs on Obligations of Banks for the period 1 July until 21 September 2005. In lieu of UP3, the Government has established an independent institution, the Indonesia Deposit Insurance Corporation (LPS) based on the Law of the Republic of Indonesia No. 24 year 2004 dated 22 September 2004 concerning the Indonesia Deposit Insurance Corporation, where LPS ensure public funds, including funds from other banks in demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Indonesia Deposit Insurance Corporation Regulation No. 1/PLPS/2006 dated 9 March 2006 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is amounting to Rp100,000,000 (full amount).

In accordance with Government Regulation (PP) No. 66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by Indonesia Deposit Insurance Corporation, the value of each customer deposits in one bank guaranteed by the Government is amounting to Rp2,000,000,000 (full amount) which was previously Rp100,000,000 (full amount), effective since 13 October 2008.

Based on the Law of the Republic of Indonesia No. 7 year 2009, Government Regulation in Lieu of Law on the Indonesia Deposit Insurance Corporation has been enacted into Law since the date of 13 January 2009.

59. NEW ACCOUNTING STANDARDS

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued revision of the following accounting standards which will be effective as at 1 January 2011 as follows:

- SFAS 1 (Revised 2009) - Presentation of Financial Statements,
- SFAS 2 (Revised 2009) - Statements of Cashflows,
- SFAS 3 (Revised 2010) – Interim Financial Reporting,
- SFAS 4 (Revised 2009) - Consolidated Financial Statements and Separate Financial Statements,
- SFAS 5 (Revised 2009) - Operating Segments,
- SFAS 7 (Revised 2010) - Related Party Disclosures,

59. NEW ACCOUNTING STANDARDS (continued)

- SFAS 8 (Revised 2010) - Events after the Reporting Period,
- SFAS 12 (Revised 2009) - Interest in Joint Ventures,
- SFAS 15 (Revised 2009) - Investment in Associates,
- SFAS 19 (Revised 2010) - Intangible Assets,
- SFAS 22 (Revised 2010) - Business Combination,
- SFAS 23 (Revised 2010) - Revenue,
- SFAS 25 (Revised 2009) - Accounting Policies, Changes in Accounting Estimates and Errors,
- SFAS 48 (Revised 2009) - Impairment of Assets,
- SFAS 57 (Revised 2009) - Provisions, Contingent Liabilities and Contingent Assets,
- SFAS 58 (Revised 2009) - Non-Current Assets Held for Sale and Discountinued Operations,
- Interpretation of SFAS 7 (Revised 2009) - Consolidation of Special Purpose Entities,
- Interpretation of SFAS 9 - Changes in Existing Decommissioning, Restoration and Similar Liabilities,
- Interpretation of SFAS 10 - Customer Loyalty Program,
- Interpretation of SFAS 11 - Distribution of Non-Cash Assets to Owners,
- Interpretation of SFAS 12 - Jointly Controlled Entities - Non Monetary Contributions by Venturers,
- Interpretation of SFAS 14 - Intangible Assets - Web Site Cost,
- Interpretation of SFAS 17 - Interim Financial Reporting and Impairment.

DSAK-IAI has also issued revision of the following accounting standards which are applicable for financial statements covering periods beginning on or after 1 January 2012:

- SFAS 10 (Revised 2010) - The Effects of Changes in Foreign Exchange Rates,
- SFAS 24 (Revised 2010) - Employee Benefits,
- SFAS 46 (Revised 2010) - Income Taxes,
- SFAS 53 (Revised 2010) - Share-Based Payment,
- SFAS 61 (Revised 2010) - Accounting for Government Grants and Disclosure of Government Assistance,
- SFAS 63 - Financial Reporting in Hyperinflationary Economies,
- Interpretation of SFAS 13 - Hedge of Net Investment in a Foreign Operation,
- Interpretation of SFAS 15 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,
- Interpretation of SFAS 18 - Government Assistance,
- Interpretation of SFAS 20 - Income Taxes – Changes in the Tax Status of an Entity or its Shareholders.

Bank Mandiri and Subsidiaries is currently evaluating the impact of the implementation of these revised standards on the consolidated financial statements.

60. SUBSEQUENT EVENTS

a. Limited Public Offering

On 27 December 2010, the Bank has submitted its first registration to the Capital Market Supervisory Board and Financial Institution (Bapepam-LK) in relation to the Limited Public Offering with Pre-emptive Right Issue (LPO) of 2,336,838,591 shares of B series. The LPO has been approved by Board of Commissioners through its letter dated 29 April 2010. The Bank has informed Bank Indonesia about the LPO through its letter dated 17 September 2010. The LPO has also been legislated through Government Regulation (PP) No. 75 year 2010 dated 20 November 2010.

The LPO has been approved by Bapepam-LK through letter No.S-807/BL/2011 on 27 January 2011, where the LPO would become effective after obtaining approval from the shareholders in the Extraordinary General Shareholders Meeting which were held on 28 January 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

60. SUBSEQUENT EVENTS (continued)

a. Limited Public Offering (continued)

The Republic of Indonesia, as the Bank's controlling shareholder, did not exercise all of its pre-emptive rights portion owned by the Republic of Indonesia of 1,558,152,476 shares, which subsequently sold through private placement. The pre-emptive rights were traded during the period of 14 – 21 February 2011 with the execution price of Rp5,000 (full amount) per share. Through this LPO, the Bank received funds of Rp 11,684,192,955,000 (full amount before deducting LPO expenses). After this LPO, the Bank's shareholders composition is as follows:

	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage of Ownership
Issued and Fully Paid-in 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	60.00%
Public (less than 5% each)				
- Common Shares B Series	9,333,333,333	500	4,666,666,666,500	40.00%
Total Issued and Fully Paid-in Capital	**23,333,333,333**	**500**	**11,666,666,666,500**	**100.00%**

b. Settlement of Mandatory Convertible Bond (MCB) of PT Garuda Indonesia (Persero)

On 11 February 2011, IPO of Garuda has been completed and Bank Mandiri's investment in Garuda's shares totaling 1.9 billion shares (after stock split) has been divested at the price of Rp750 (full amount) per share (Note 57e). Bank Mandiri has received the proceeds from the sale of Garuda shares after net-off IPO expenses in totalling Rp1,400,923, on 10 February 2011 and recognised it as other operating income in the February 2011's consolidated statement of income. The Bank recorded its temporary investments in Garuda shares and related selling in accordance with Bank Indonesia (PBI) No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks.

In relation to Garuda's IPO, a Subsidiary , PT Mandiri Sekuritas, entered into cooperation with several securities companies based on underwriting agreement to underwrite issuance of shares of Garuda. Based on the underwriting agreement, the Subsidiary and several securities companies are fully committed to buy the remaining shares which are not purchased by the investors in accordance with their respective underwriting portion. As at 29 March 2011, the remaining shares of Garuda owned by the Subsidiary was amounted to Rp 219,615 for 414,367,500 shares.

c. Additional capital investment in Bank Syariah Mandiri

On 18 March 2011, Bank has injected additional investment in a Subsidiary, Bank Syariah Mandiri in form of cash amounted to Rp200,000,000,000 (full amount). The Bank has obtained approvals for this additional investment from Bank Indonesia through it's letter dated 31 January 2011 and the Shareholders' Circular Resolution (*Keputusan Pemegang Saham Di Luar Rapat*) dated 28 February 2011.

61. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/14 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the parent company only, which presents the Bank's investments in subsidiaries under the equity method.

Appendix 6/10 - 6/14 provide information about the quality of earning assets in accordance with the Bank Indonesia Regulation No. 3/22/PBI/2001 dated 13 December 2001 regarding the Transparency of Bank's Financial Condition as amended by Bank Indonesia Regulation No. 7/50/PBI/2005 dated 29 November 2005 and Bank Indonesia Circular Letter (*SE BI*) No. 3/30/DPNP dated 14 December 2001 regarding Quarterly Report and Monthly Publication Financial Report of Commercial Banks and Certain Reports Submitted to Bank Indonesia, as amended by Bank Indonesia Circular Letter No. 12/11/DPNP dated 31 March 2010.

On the basis that the differences between the parent company financial statements and consolidated financial statements are not material, notes to the financial statements of the parent company have not been included in this supplementary financial information.

PT BANK MANDIRI (PERSERO) Tbk.
BALANCE SHEETS - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
ASSETS			
Cash	8,799,241	8,397,724	8,063,502
Current Accounts with Bank Indonesia	23,392,421	15,070,892	12,526,144
Current Accounts with Other Banks - net of allowance for impairment losses of Rp4,811, Rp84,178 and Rp84,588 as at 31 December 2010, 2009 and 2008	7,934,407	6,710,448	6,814,854
Placements with Bank Indonesia and Other Banks - net of allowance for impairment losses of Rp135,985, Rp344,907 and Rp386,366 as at 31 December 2010, 2009 and 2008	25,859,099	40,326,918	29,166,762
Marketable Securities			
Related parties	-	25,000	-
Third parties	24,416,986	14,561,822	21,243,380
	24,416,986	14,586,822	21,243,380
(Less)/add:			
Unamortised discounts, unrealised gains/(losses) from increase/decrease in value of marketable securities and allowance for impairment losses	(60,698)	2,022	10,497
	24,356,288	14,588,844	21,253,877
Government Bonds	76,647,514	87,985,192	87,771,938
Other Receivables - Trade Transactions - net of allowance for impairment losses of Rp1,146,327, Rp844,781 and Rp1,158,049 as at 31 December 2010, 2009 and 2008	2,560,718	3,127,594	3,493,784
Securities Purchased under Resale Agreements - net of allowance for impairment losses of Rp Nil, Rp30,488 and Rp32,531 as at 31 December 2010, 2009 and 2008	8,977,703	4,784,254	95,934
Derivative Receivables - net of allowance for impairment losses of RpNil, Rp1,765 and Rp6,313 as at 31 December 2010, 2009 and 2008	36,496	169,298	327,230
Loans			
Related parties	793,338	591,201	577,895
Third parties	218,239,145	179,096,644	158,430,490
Total loans	219,032,483	179,687,845	159,008,385
Less: Deferred income	-	-	(1,334)
Total loans after deferred Income	219,032,483	179,687,845	159,007,051
Less: Allowance for impairment losses	(10,379,434)	(11,594,955)	(11,271,655)
Loans – net	208,653,049	168,092,890	147,735,396
Acceptance Receivable - net of allowance for impairment losses of Rp171,097, Rp52,773 and Rp246,008 as at 31 December 2010, 2009 and 2008	3,779,409	4,304,000	3,596,359

PT BANK MANDIRI (PERSERO) Tbk.
BALANCE SHEETS - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
ASSETS (continued)			
Investments in Shares - net of allowance for impairment losses of Rp5,179, Rp2,106 and Rp1,656 as at 31 December 2010, 2009 and 2008	4,148,874	3,691,466	2,965,034
Fixed Assets - net of accumulated depreciation and amortisation of Rp4,835,351, Rp4,485,569 and Rp4,125,336 as at 31 December 2010, 2009 and 2008	5,108,094	4,728,390	4,417,162
Deferred Tax Assets - net of allowance of Rp1,065,606, RpNil and RpNil as at 31 December 2010, 2009 and 2008	4,262,422	5,940,042	6,081,870
Other Assets - net of allowance for possible losses of Rp717,353, Rp909,790 and Rp639,575 as at 31 December 2010, 2009 and 2008	3,310,426	2,393,042	4,094,419
TOTAL ASSETS	**407,826,161**	**370,310,994**	**338,404,265**

PT BANK MANDIRI (PERSERO) Tbk.
BALANCE SHEETS - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Obligation due Immediately	730,228	552,885	549,319
Deposits from Customers			
Demand deposits			
Related parties	432,496	313,676	126,801
Third parties	64,087,390	69,548,886	66,780,948
	64,519,886	69,862,562	66,907,749
Saving deposits			
Related parties	100,315	86,257	76,145
Third parties	123,397,553	106,363,602	89,534,573
	123,497,868	106,449,859	89,610,718
Time deposits			
Related parties	1,423,641	875,091	381,302
Third parties	143,286,461	122,534,428	116,666,052
	144,710,102	123,409,519	117,047,354
Total Deposits from Customers	332,727,856	299,721,940	273,565,821
Deposits from Other Banks			
Demand and saving deposits	1,868,424	5,884,195	3,139,899
Inter-bank call money	85,000	-	7,588
Time deposits	5,307,789	3,851,482	2,628,843
Total Deposits from Other Banks	7,261,213	9,735,677	5,776,330
Securities Sold under Repurchase Agreements	-	316,356	885,478
Derivative Payables	32,247	41,611	150,644
Acceptance Payables	3,950,506	4,356,773	3,842,367
Marketable Securities Issued - net of unamortised discount of RpNil, RpNil and RpNil as at 31 December 2010, 2009 and 2008	467,744	622,619	779,203
Fund Borrowings	4,713,947	3,307,830	8,638,583
Estimated Losses on Commitments and Contingencies	368,063	326,566	313,889
Accrued Expenses	482,607	443,764	641,750
Taxes Payable	1,237,317	1,749,791	3,140,796
Other Liabilities	8,249,439	7,809,345	6,769,566
Subordinated Loans	6,062,186	6,217,068	2,836,650
TOTAL LIABILITIES	**366,283,353**	**335,202,225**	**307,890,396**

PT BANK MANDIRI (PERSERO) Tbk.
BALANCE SHEETS - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B, Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 20,996,494,741 common shares Series B as at 31 December 2010, 1 share Dwiwarna Series A and 20,970,116,804 common shares Series B as at 31 December 2009, 1 share Dwiwarna Series A and 20,905,647,787 common shares Series B as at 31 December 2008	10,498,247	10,485,058	10,452,824
Additional Paid-in Capital/Agio	6,960,680	6,911,587	6,809,056
Differences Arising from Translation of Foreign Currency Financial Statements	69,593	120,963	239,625
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(405,197)	(260,756)	(170,130)
Difference in Transactions of Equity Changes in Subsidiaries	(22,702)	(22,890)	(50,935)
Share - based Compensation Reserve	-	16,174	54,465
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)			
- Appropriated	5,706,921	5,706,921	5,680,357
- Unappropriated	18,735,266	12,151,712	7,498,787
Total Retained Earnings	24,442,187	17,858,633	13,179,144
TOTAL SHAREHOLDERS' EQUITY	**41,542,808**	35,108,769	30,513,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**407,826,161**	**370,310,994**	**338,404,265**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF INCOME - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income			
Interest income	30,447,660	29,020,892	24,290,244
Fees and commissions	-	856,054	794,379
Total Interest Income	30,447,660	29,876,946	25,084,623
Interest Expense			
Interest expense	(12,930,975)	(14,381,146)	(11,314,098)
Other financing expenses	(18,443)	(146,636)	(165,200)
Total Interest Expense	(12,949,418)	(14,527,782)	(11,479,298)
NET INTEREST INCOME	**17,498,242**	**15,349,164**	**13,605,325**
Other Operating Income			
Other fees and commissions	4,354,423	3,732,918	2,946,122
Foreign exchange gains – net	577,568	621,574	766,995
Others	3,117,290	844,943	617,744
Total Other Operating Income	8,049,281	5,199,435	4,330,861
Allowance for Impairment Losses	(2,422,317)	(845,134)	(2,661,993)
Allowance for Impairment Losses on Commitments and Contingencies	(52,596)	(37,596)	222,189
Allowance for Possible Losses	105,880	(806,790)	194,439
Unrealised Gains/(Losses) from Increase/Decrease in Fair Value of Marketable Securities and Government Bonds	19,937	(2,052)	3,602
Gains/(Losses) on Sale of Marketable Securities and Government Bonds	242,767	129,866	(55,217)
Other Operating Expenses			
Salaries and employee benefits	(4,817,817)	(4,205,057)	(4,095,663)
General and administrative expenses	(4,507,237)	(3,734,754)	(3,367,710)
Others - net	(714,330)	(734,613)	(422,993)
Total Other Operating Expenses	(10,039,384)	(8,674,424)	(7,886,366)
INCOME FROM OPERATIONS	**13,401,810**	**10,312,469**	**7,752,840**
Non-operating Income - net	109,883	277,109	174,476
INCOME BEFORE TAX (EXPENSE)/BENEFIT	**13,511,693**	**10,589,578**	**7,927,316**
Tax (Expense)/Benefit			
Current	(2,656,204)	(3,271,570)	(4,551,185)
Deferred	(1,637,191)	(162,544)	1,936,690
Total Tax Expense - net	(4,293,395)	(3,434,114)	(2,614,495)
NET INCOME	**9,218,298**	**7,155,464**	**5,312,821**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as at 31 December 2009	**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**35,108,769**
Adjustment to opening balance in respect of implementation of SFAS 55 (Revised 2006) - net of deferred tax	-	-	-	-	2,772	-	-	164,343	164,343	167,115
Dividends allocated from 2009 net income	-	-	-	-	-	-	-	(2,100,437)	(2,100,437)	(2,100,437)
Cooperative development fund program and community development reserve allocated from 2009 net income	-	-	-	-	-	-	-	(286,219)	(286,219)	(286,219)
Dividends Interim allocated from 2010 net income	-	-	-	-	-	-	-	(412,431)	(412,431)	(412,431)
Execution of shares options from Management Stock Option Plan (MSOP)	13,189	49,093	-	-	-	(16,174)	-	-	-	46,108
Differences arising from translation of foreign currency financial statements	-	-	(51,370)	-	-	-	-	-	-	(51,370)
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	-	-	-	(144,441)	-	-	-	-	-	(144,441)
Difference in transactions of equity changes in subsidiaries	-	-	-	-	(2,584)	-	-	-	-	(2,584)
Net income for the years ended 31 December 2010	-	-	-	-	-	-	-	9,218,298	9,218,298	9,218,298
Balance as at 31December 2010	**10,498,247**	**6,960,680**	**69,593**	**(405,197)**	**(22,702)**	**-**	**5,706,921**	**18,735,266**	**24,442,187**	**41,542,808**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Shareholders' Equity
							Appropriated	Unappropriated	Total	
Balance as at 31 December 2008	**10,452,824**	**6,809,056**	**239,625**	**(170,310)**	**(50,935)**	**54,465**	**5,680,357**	**7,498,787**	**13,179,144**	**30,513,869**
General and specific reserve allocated from 2008 net income	-	-	-	-	-	-	26,564	(26,564)	-	-
Dividens allocated from 2008 net income	-	-	-	-	-	-	-	(1,859,488)	(1,859,488)	(1,859,488)
Cooperative development fund program and community development reserve allocated from 2008 net income	-	-	-	-	-	-	-	(212,512)	(212,512)	(212,512)
Interim dividends allocated from 2009 net income	-	-	-	-	-	-	-	(403,975)	(403,975)	(403,975)
Execution of shares options from Management Stock Option Plan (MSOP)	32,234	102,531	-	-	-	(38,291)	-	-	-	96,474
Differences arising from translation of foreign currency financial statements 2d	-	-	(118,662)	-	-	-	-	-	-	(118,662)
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	-	-	-	(90,446)	-	-	-	-	-	(90,446)
Difference in transactions of equity changes in subsidiaries	-	-	-	-	28,045	-	-	-	-	28,045
Net income for the year ended 31 December 2009	-	-	-	-	-	-	-	7,155,464	7,155,464	7,155,464
Balance as at 31 December 2009	**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**35,108,769**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Funds for Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Fixed Asset Revaluation Reserve	Difference in Transactions of Equity Changes in Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Shareholders' Equity
									Appropriated	Unappropriated	Total	
Balance as at 31 December 2007	**10,374,776**	**127,593**	**6,570,959**	**113,447**	**(3,568)**	**3,046,936**	**1,432**	**107,320**	**2,611,690**	**6,293,147**	**8,904,837**	**29,243,732**
General and specific reserve allocated from 2007 net income	-	-	-	-	-	-	-	-	21,731	(21,731)	-	-
Dividends allocated from 2007 net income	-	-	-	-	-	-	-	-	-	(3,911,601)	(3,911,601)	(3,911,601)
Cooperative development fund program and community development reserve allocated from 2007 net income	-	-	-	-	-	-	-	-	-	(173,849)	(173,849)	(173,849)
Execution of shares options from Management Stock Option Plan (MSOP)	78,048	(127,593)	238,097	-	-	-	-	(52,855)	-	-	-	135,697
Reclassification of revaluation of Fixed Assets	-	-	-	-	-	(3,046,936)	-	-	3,046,936	-	3,046,936	-
Differences arising from translation of foreign currency financial statements	-	-	-	126,178	-	-	-	-	-	-	-	126,178
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	-	-	-	-	(166,742)	-	-	-	-	-	-	(166,742)
Difference in transactions of equity changes in subsidiaries	-	-	-	-	-	-	(52,367)	-	-	-	-	(52,367)
Net income for the year ended 31 December 2008	-	-	-	-	-	-	-	-	-	5,312,821	5,312,821	5,312,821
Balance as at 31 December 2008	**10,452,824**	**-**	**6,809,056**	**239,625**	**(170,310)**	**-**	**(50,935)**	**54,465**	**5,680,357**	**7,498,787**	**13,179,144**	**30,513,869**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income	29,541,739	29,466,193	23,900,414
Receipts from fees and commissions	4,354,423	4,588,972	3,740,496
Payments of interest expense	(12,910,575)	(14,579,133)	(11,132,554)
Payments of other financing expenses	-	(146,636)	(165,200)
Receipts from the sale of Government Bonds – fair value through profit or loss	37,628,006	9,349,047	6,003,599
Acquisition of Government Bonds - fair value through profit or loss	(36,985,217)	(9,722,868)	(5,184,940)
Foreign exchange gains/(losses) - net	233,041	(499,769)	446,695
Operating income - others	1,302,938	489,106	301,814
Operating expenses - others	(4,363,358)	(1,490,556)	(422,955)
Salaries and employee benefits	(4,423,678)	(4,205,057)	(2,934,937)
General and administrative expenses	(4,150,221)	(3,343,759)	(2,858,731)
Non-operating income - others	43,429	88,997	29,915
Cash flow from operating activities before changes in operating assets and liabilities	10,270,527	9,994,537	11,723,576
(Increase)/decrease in operating assets:			
Placements with Bank Indonesia and other banks *)	40,241,539	(11,118,697)	(12,489,707)
Marketable securities - fair value through profit or loss *)	(3,586,997)	6,639,853	3,061,408
Other receivables - trade transactions	265,330	679,459	(2,087,073)
Loans	(39,344,638)	(22,902,980)	(32,642,886)
Other assets	(53,103)	1,230,557	105,832
Proceeds from collection of earning assets already written-off	2,348,642	2,263,730	2,308,856
Increase/(decrease) in operating liabilities:			
Demand deposits	(9,358,447)	5,607,303	6,647,888
Saving deposits	17,048,009	16,930,947	2,580,780
Time deposits	22,756,890	7,584,804	26,110,631
Inter-bank call money	85,000	(7,588)	(823,257)
Obligation due immediately	177,343	3,567	(257,555)
Taxes payable	(3,168,678)	(4,662,574)	(2,629,794)
Other liabilities	393,221	1,039,779	(2,712,363)
Net cash provided by operating activities	**38,074,638**	**13,282,697**	**(1,103,664)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Decrease)/increase in marketable securities - available for sale and held-to-maturity portfolio	(5,728,723)	(93,256)	708,475
Decrease in Government Bonds - available for sale and held-to-maturity portfolio	11,119,300	159,812	773,241
Acquisition of PT Mandiri Tunas Finance	-	(290,000)	-
Capital injection to Mandiri International Remittance Sendirian Berhard	(11,756)	(13,435)	-
Acquisition of PT AXA Mandiri Financial Services (Subsidiary)	(48,427)	-	-
Increase in investment in shares	(400,110)	(10,459)	(116,438)
Proceeds from sale of fixed assets	78,715	59,129	80,178
Acquisition of fixed assets	(751,018)	(547,721)	(532,118)
(Increase)/decrease in securities purchased under resale agreements	(4,162,961)	(4,686,278)	2,050,365
Net cash provided by/(used in) investing activities	**95,020**	**(5,422,208)**	**2,963,703**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2010	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in marketable securities issued	(154,875)	(156,584)	(2,990,457)
Increase/(decrease) in fund borrowings	1,563,572	(5,330,753)	(223,989)
Proceeds from issuance of Subordinated Bond	-	3,500,000	-
Payments of subordinated loans	(147,239)	150,374	(98,374)
Decrease in securities sold under repurchase agreements	(316,356)	(569,123)	(1,621,645)
Execution of shares option	46,108	96,474	135,697
Payments of dividends, cooperative development fund Program and community development fund program**)	(2,799,087)	(2,475,975)	(4,085,450)
Net cash used in financing activities	**(1,807,877)**	**(5,086,335)**	**(8,884,218)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**36,361,781**	**2,774,154**	**(7,024,179)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,263,242	27,489,088	34,513,267
CASH AND CASH EQUIVALENTS AT END OF YEAR	**66,625,023**	**30,263,242**	**27,489,088**
Cash and cash equivalents at end of year consist of:			
Cash	8,799,241	8,397,724	8,063,502
Current accounts with Bank Indonesia	23,392,421	15,070,892	12,526,144
Current accounts with other banks	7,939,218	6,974,626	6,899,442
Placements with Bank Indonesia and other banks *)	25,564,798	-	-
Certificate of Bank Indonesia *)	929,345	-	-
Total Cash and Cash Equivalents	**66,625,023**	**30,263,242**	**27,489,088**

Supplemental Non-Cash Flow Information
Activities not affecting cash flows:

	2010	2009	2008
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(144,441)	(90,446)	(166,742)
Unrealised gains/(losses) from increase/decrease in fair value of marketable securities and Government Bonds – value through profit or loss	19,937	(2,052)	3,602
Addition of Fixed Asset from the Joint Operation Agreement (KSO)	-	131,640	-

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)
**) In 2007, the amount includes payments of tantiem amounting to Rp4,778

PT BANK MANDIRI (PERSERO) Tbk.
QUALITY OF EARNING ASSETS *) – PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

NO	ACCOUNT	31 December 2010					
		CURRENT	SPECIAL MENTION	SUB STANDARD	DOUBTFUL	LOSS	TOTAL
I	**RELATED PARTIES**						
1	Placements with other banks						
	a. Rupiah	-	-	-	-	-	-
	b. Foreign currencies	251,669	-	-	-	-	**251,669**
2	Spot and derivative receivables						
	a. Rupiah	-	-	-	-	-	-
	b. Foreign currencies	-	-	-	-	-	-
3	Marketable securities **)						
	a. Rupiah	-	-	-	-	-	-
	b. Foreign currencies	-	-	-	-	-	-
4	Securities purchased with agreement to resell						
	a. Rupiah	-	-	-	-	-	-
	b. Foreign currencies	-	-	-	-	-	-
5	Acceptance receivables	-	-	-	-	-	-
6	Other Receivables - Trade Transactions						
	a. Rupiah	-	-	-	-	-	-
	b. Foreign currencies	-	-	-	-	-	-
7	Loans						
	a. Micro, small and medium loans (UMKM)	**21,129**	**94**	-	-	-	**21,223**
	i. Rupiah	21,129	94	-	-	-	**21,223**
	ii. Foreign currencies	-	-	-	-	-	-
	b. Non UMKM	**771,726**	**389**	-	-	-	**772,115**
	i. Rupiah	539,563	389	-	-	-	**539,952**
	ii. Foreign currencies	232,163	-	-	-	-	**232,163**
	c. Restructured loans	-	-	-	-	-	-
	i. Rupiah	-	-	-	-	-	-
	ii. Foreign currencies	-	-	-	-	-	-
	d. Property loans	3,850	16	-	-	-	**3,866**
8	Investments in shares	4,152,809	-	-	-	-	**4,152,809**
9	Temporary investment	-	-	-	-	-	-
10	Commitments and contingencies						
	a. Rupiah	90,679	-	-	-	-	**90,679**
	b. Foreign currencies	7,090	-	-	-	-	**7,090**
11	Repossessed assets	-	-	-	-	-	-
II	**THIRD PARTIES**						
1	Placements with other banks						
	a. Rupiah	14,945,762	-	-	-	-	**14,945,762**
	b. Foreign currencies	18,662,174	-	-	-	74,697	**18,736,871**
2	Spot and derivative receivables						
	a. Rupiah	40,450		-	-	-	**40,450**
	b. Foreign currencies	19	-	-	-	-	**19**
3	Marketable securities **)						
	a. Rupiah	99,584,105	-	-	-	85,669	**99,669,774**
	b. Foreign currencies	1,522,046	-		-	-	**1,522,046**
4	Securities purchased with agreement to resell						
	a. Rupiah	8,977,703	-	-	-	-	**8,977,703**
	b. Foreign currencies	-	-	-	-	-	-
5	Acceptance receivables	3,642,453	307,543	510	-	-	**3,950,506**
6	Other Receivables - Trade Transactions						
	a. Rupiah	1,884,039	171,576	3,143	-	145,944	**2,204,702**
	b. Foreign currencies	553,771	321,657	974	-	625,941	**1,502,343**
7	Loans						
	a. Micro, small and medium loans (UMKM)	**29,582,786**	**2,206,722**	**118,441**	**225,531**	**657,974**	**32,791,454**
	i. Rupiah	29,245,516	2,191,218	116,639	225,531	654,647	**32,433,551**
	ii. Foreign currencies	337,270	15,504	1,802	-	3,327	**357,903**
	b. Non UMKM	**167,979,579**	**13,551,034**	**936,295**	**396,199**	**2,584,584**	**185,447,691**
	i. Rupiah	136,660,771	8,543,599	382,506	348,306	1,247,899	**147,183,081**
	ii. Foreign currencies	31,318,808	5,007,435	553,789	47,893	1,336,685	**38,264,610**
	c. Restructured loans	**5,208,808**	**7,768,575**	**550,109**	**78,539**	**646,441**	**14,252,472**
	i. Rupiah	4,328,855	3,417,786	107,182	54,783	498,118	**8,406,724**
	ii. Foreign currencies	879,953	4,350,789	442,927	23,756	148,323	**5,845,748**
	d. Property loans	14,440,947	1,736,313	32,174	44,286	287,992	**16,541,712**
8	Investments in shares	-	-	-	-	-	-
9	Temporary investment	-	-	-	1,244	-	**1,244**
10	Commitments and contingencies						
	a. Rupiah	15,209,619	138,644	128,841	5	9,952	**15,487,061**
	b. Foreign currencies	16,000,021	158,787	6,814	-	240	**16,165,862**
11	Repossessed assets	-	-	-	119,906	-	**119,906**

PT BANK MANDIRI (PERSERO) Tbk.
QUALITY OF EARNING ASSETS *) – PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

NO	ACCOUNT	31 December 2010					
		CURRENT	SPECIAL MENTION	SUB STANDARD	DOUBTFUL	LOSS	TOTAL
III	**OTHER INFORMATION**						
1	Value of bank's assets pledge as collateral:						
	a. To Bank Indonesia						-
	b. To others						-
2	Total allowance for impairment of financial assets to earning assets						**12,192,984**
3	Total required allowance for possible losses on earning assets						**11,049,159**
4	Percentage of UMKM loans to total loans						**14.99%**
5	Percentage of UMK loans to total loans						**5.24%**
6	Percentage of UMKM debtors to total debtors						**63.07%**
7	Percentage of UMK debtors to total debtors						**61.48%**
8	Others						
	a. Chanelling of loans						**13,438,889**
	b. Mudharabah Muqayyadah financing						-
	c. Written off on earning assets						**2,921,053**
	d. Recovery from written off earning assets						**2,146,818**
	e. Written off on earning assets with elimination of right to collect						-

ALLOWANCE FOR IMPAIRMENT LOSSES

No	ACCOUNT	31 December 2010			
		CKPN		Required allowance for possible	
		Individual	Collective	General	Special
1	Placement with other banks	74,697	66,099	198,693	74,697
2	Spot and derivatve receivables	-	-	365	-
3	Marketable securities	130,078	57,940	72,755	85,669
4	Securities purchased with agreement to resell (Reverse Repo)	-	-	59,603	-
5	Acceptance receivables	160,508	10,589	36,425	15,454
6	Other Receivables - Trade Transactions	1,138,639	7,688	24,378	797,164
7	Loans	7,245,171	3,134,263	2,914,069	6,769,215
8	Investment in shares	4,557	-	50	-
9	Temporary investment	622	-	-	622

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b) Bank Indonesia's Circular Letter No. 3/30/DPNP dated 14 December 2001 regarding "Presentation of Quarterly and Monthly Published Financial Statements of Commercial Banks and Certain Report Submitted to Bank Indonesia", as amended by Bank Indonesia's Circular Letter No. 7/10/DPNP dated 31 March 2005 and further amended by Bank Indonesia Circular Letter No. 12/11/DPNP dated 31 March 2010. The presentation of financial information as at 31 December 2009 and 2008 are not adjusted.
c) Bank Indonesia's Regulation No. 4/7/PBI/2002 dated 27 September 2002 regarding "Prudential Principles for Purchase of Credit by Commercial Banks from the Indonesian Banks Restructuring Agency (IBRA)"

**) Include Government Bonds

***) The calculation of allowance for impairment losses on earning assets should be provided on the principal after deducting by collaterals. No allowance for impairment losses is required for certificates of Bank Indonesia, BI intervention and Government Bonds

PT BANK MANDIRI (PERSERO) Tbk.
QUALITY OF EARNING ASSETS *) – PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

NO	ACCOUNT	31 December 2009					
		CURRENT	SPECIAL MENTION	SUB STANDARD	DOUBTFUL	LOSS	TOTAL
I	**RELATED PARTIES**						
A.	**EARNING ASSETS**						
1	Placements with Other Banks	**243,221**	-	-	-	-	**243,221**
2	Marketable Securities **)	**24,785**	-	-	-	-	**24,785**
3	Loans to third parties	**591,138**	**63**	-	-	-	**591,201**
	a. Small scale business credit (Kredit Usaha Kecil ("KUK"))	18	-	-	-	-	18
	b. Property Loans	3,272	29	-	-	-	3,301
	i. Restructured	-	-	-	-	-	-
	ii. Unrestructured	3,272	29	-	-	-	3,301
	c. Other restructured loans	24,515	-	-	-	-	24,515
	d. Others	563,333	34	-	-	-	563,367
4	Investments in Shares to third parties	**3,693,572**	-	-	-	-	**3,693,572**
	a. In bank financial institutions	2,311,603	-	-	-	-	2,311,603
	b. In non-bank financial institutions	1,183,369	-	-	-	-	1,183,369
	c. From loan restructuring	-	-	-	-	-	-
	d. Others	198,600	-	-	-	-	198,600
5	Other Receivables to third parties	-	-	-	-	-	-
6	Commitments and Contingencies to third parties	**32,363**	-	-	-	-	**32,363**
B.	**NON EARNING ASSETS**						
1	Abandoned Properties	-	-	-	-	-	-
2	Repossessed Assets	-	-	-	-	-	-
3	Interbranch and suspense account	-	-	-	-	-	-
II	**THIRD PARTIES**						
A.	**EARNING ASSETS**						
1	Placements with Other Banks	**43,929,218**	-	-	-	**130,512**	**44,059,730**
2	Marketable Securities issued by Bank Indonesia and third parties**)	**105,635,296**	-	**113,936**	-	-	**105,749,232**
	Loans to third parties	**156,200,596**	**17,505,835**	**613,861**	**903,577**	**3,872,775**	**179,096,644**
3	a. Small scale business credit (Kredit Usaha Kecil ("KUK"))	4,681,414	787,834	61,997	71,921	201,078	5,804,244
	b. Property Loans	11,282,008	2,088,505	68,511	94,973	162,623	13,696,620
	i. Restructured	92,075	798,130	-	47,275	2	937,482
	ii. Unrestructured	11,189,933	1,290,375	68,511	47,698	162,621	12,759,138
	c. Other restructured loans	5,263,379	9,698,136	179,486	135,941	859,245	16,136,187
	d. Others	134,973,795	4,931,360	303,867	600,742	2,649,829	143,459,593
	Investments in Shares to third parties	-	-	-	-	-	-
4	a. In bank financial institutions	-	-	-	-	-	-
	b. In non-bank financial institutions	-	-	-	-	-	-
	c. From loan restructuring	-	-	-	-	-	-
	d. Others	-	-	-	-	-	-
5	Other Receivables to third parties	**11,930,531**	**585,791**	-	-	**798,631**	**13,314,953**
6	Commitments and Contingencies to third parties	**28,303,724**	**551,374**	**29,781**	-	**6,609**	**28,891,488**
	NON EARNING ASSETS						
B. 1	Abandoned Properties	-	-	-	**188,395**	-	**188,395**
2	Repossessed Assets	-	-	-	**124,443**	-	**124,443**
3	Interbranch and suspense account	**2,436,032**	-	-	-	**370,484**	**2,806,516**
	TOTAL	**353,020,476**	**18,643,063**	**757,578**	**1,216,415**	**5,179,011**	**378,816,543**
1	a. Minimum required allowance for possible losses on earning assets	2,468,925	4,426,579	259,879	451,789	4,808,527	12,415,699
	b. Required allowance to possible losses on non-earning assets	-	-	-	305,203	370,484	675,687
	Total required allowance for possible losses on assets *)**	**2,468,925**	**4,426,579**	**259,879**	**756,992**	**5,179,011**	**13,091,386**
2	a. Established allowance for possible losses on earning assets	2,496,911	5,038,489	332,352	636,268	4,814,981	13,319,001
	b. Established allowance for possible losses on non-earning assets	-	-	-	305,203	869,520	1,174,723
	Total established allowance for possible losses on assets	**2,496,911**	**5,038,489**	**332,352**	**941,471**	**5,684,501**	**14,493,724**

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**) Include Government Bonds

***) The calculation of allowance for impairment losses on earning assets should be provided on the principal after deducting by collaterals. No allowance for impairment losses is required for certificates of Bank Indonesia, BI intervention and Government Bonds

PT BANK MANDIRI (PERSERO) Tbk.
QUALITY OF EARNING ASSETS *) – PARENT COMPANY ONLY
AS AT 31 DECEMBER 2010, 2009 AND 2008
(Expressed in millions of Rupiah, unless otherwise stated)

NO	ACCOUNT	31 December 2008					
		CURRENT	SPECIAL MENTION	SUB STANDARD	DOUBTFUL	LOSS	TOTAL
I	**RELATED PARTIES**						
A.	**EARNING ASSETS**						
	Placements with Other Banks	**166,313**	-	-	-	-	**166,313**
	Marketable Securities **)	-	-	-	-	-	-
	Loans to third parties	**577,895**	-	-	-	-	**577,895**
	a. Small scale business credit (Kredit Usaha Kecil ("KUK"))	-	-	-	-	-	-
	b. Property Loans	1,826	-	-	-	-	1,826
	i. Restructured	-	-	-	-	-	-
	ii. Unrestructured	1,826	-	-	-	-	1,826
	c. Other restructured loans	85,515	-	-	-	-	85,515
	d. Others	490,554	-	-	-	-	490,554
	Investments in Shares to third parties	**2,966,690**	-	-	-	-	**2,966,690**
	a. In bank financial institutions	1,995,359	-	-	-	-	1,995,359
	b. In non-bank financial institutions	793,227	-	-	-	-	793,227
	c. From loan restructuring	-	-	-	-	-	-
	d. Others	178,104	-	-	-	-	178,104
	Other Receivables to third parties	**128,465**	-	-	-	-	**128,465**
	Commitments and Contingencies to third parties	**5,274**	-	-	-	-	**5,274**
B.	**NON EARNING ASSETS**						
	Abandoned Properties	-	-	-	-	-	-
	Repossessed Assets	-	-	-	-	-	-
	Interbranch and suspense account	-	-	-	-	-	-
II	**THIRD PARTIES**						
A.	**EARNING ASSETS**						
	Placements with Other Banks	**36,047,154**	-	-	-	**239,103**	**36,286,257**
	Marketable Securities issued by Bank Indonesia and third parties**)	**109,051,611**	-	-	-	**5,464**	**109,057,075**
	Loans to third parties	**134,485,879**	**15,412,247**	**975,732**	**492,389**	**7,062,909**	**158,429,156**
	a. Small scale business credit (Kredit Usaha Kecil ("KUK"))	3,242,110	733,349	28,264	29,723	189,845	4,223,291
	b. Property Loans	10,158,054	2,411,581	40,742	40,875	363,539	13,014,791
	i. Restructured	162,701	814,505	12	-	3,383	980,601
	ii. Unrestructured	9,995,353	1,597,076	40,730	40,875	360,156	12,034,190
	c. Other restructured loans	4,621,420	7,503,847	694,099	279,440	1,986,817	15,085,623
	d. Others	116,464,295	4,763,470	212,627	142,351	4,522,708	126,105,451
	Investments in Shares to third parties	-	-	-	-	-	-
	a. In bank financial institutions	-	-	-	-	-	-
	b. In non-bank financial institutions	-	-	-	-	-	-
	c. From loan restructuring	-	-	-	-	-	-
	d. Others	-	-	-	-	-	-
	Other Receivables to third parties	**6,816,632**	**681,540**	**29,783**	-	**1,299,788**	**8,827,743**
	Commitments and Contingencies to third parties	**24,262,714**	**370,863**	-	**24,933**	**32,837**	**24,691,347**
	NON EARNING ASSETS						
B.	Abandoned Properties	-	-	**253,370**	-	-	**253,370**
	Repossessed Assets	-	-	**158,922**	-	-	**158,922**
	Interbranch and suspense account	**1,538,730**	-	-	-	**432,154**	**1,970,884**
	TOTAL	**316,047,357**	**16,464,650**	**1,417,807**	**517,322**	**9,072,255**	**343,519,391**
1	a. Minimum required allowance for possible losses on earning assets	2,005,844	2,828,418	214,259	374,813	7,618,010	13,041,344
	b. Required allowance to possible losses on non-earning assets	-	-	61,844	-	432,154	493,998
	Total required allowance for possible losses on assets *)**	**2,005,844**	**2,828,418**	**276,103**	**374,813**	**8,050,164**	**13,535,342**
2	a. Established allowance for possible losses on earning assets	2,077,116	2,828,725	294,025	439,374	7,893,075	13,532,315
	b. Established allowance for possible losses on non-earning assets	-	-	61,844	-	553,170	615,014
	Total established allowance for possible losses on assets	**2,077,116**	**2,828,725**	**355,869**	**439,374**	**8,446,245**	**14,147,329**

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