PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014 AND 2013

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BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
www.bankmandiri.co.id

We, the undersigned:

1.	Name	:	Budi Gunadi Sadikin
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Residential address as stated in ID	:	Jl. Galuh II No.2 RT. 003 RW.001 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
	Phone number	:	021 – 5245649
	Title	:	Group CEO
2.	Name	:	Pahala N. Mansury
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Residential address as stated in ID	:	Jl. Empu Sendok No.23 RT.008 RW.003 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
	Phone number	:	021 – 5245577
	Title	:	Director

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

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been disclosed in a complete and truthful manner;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain any incorrect information or material facts, nor do they omit information or material fact;
4. We are responsible for the Bank and Subsidiaries' internal control system.

Thus this statement is made truthfully.

Jakarta, 2 February 2015

METERAI TEMPEL
PAJAK MEMBANGUN BANGSA
TGL 20
1956CACF546772242
ENAM RIBU RUPIAH
6000 DJP

Budi G. Sadikin	**Pahala N. Mansury**
Group CEO	Director

FM 001

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. (the "Bank") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as at 31 December 2014, the consolidated financial performance, and their consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
2 February 2015

Drs. Haryanto Sahari, CPA
License of Public Accountant No. AP.0223

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A150202001/DC2/HSH/II/2015.B

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013
ASSETS			
Cash	2c, 2g	20,704,563	19,051,934
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	50,598,840	43,904,419
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5		
Related parties	55	20,937	39,388
Third parties		8,965,894	14,008,687
		8,986,831	14,048,075
Less: Allowance for impairment losses		(3,364)	(11,591)
Current Accounts with Other Banks - net		8,983,467	14,036,484
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6		
Related parties	55	1,503,078	916,782
Third parties		59,709,674	44,302,651
		61,212,752	45,219,433
Less: Allowance for impairment losses		(95,147)	(105,599)
Placements with Bank Indonesia and Other Banks - net		61,117,605	45,113,834
Marketable Securities	2c, 2f, 2j, 7		
Related parties	55	14,803,097	8,937,255
Third parties		26,048,061	18,451,995
		40,851,158	27,389,250
Less: Unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses		(386,000)	(586,702)
Marketable Securities - net		40,465,158	26,802,548
Government Bonds - Related party	2c, 2f, 2k, 8, 55	86,153,906	82,227,428
Other Receivables - Trade Transactions	2c, 2f, 2l, 9		
Related parties	55	6,414,623	3,904,858
Third parties		6,823,344	5,043,525
		13,237,967	8,948,383
Less: Allowance for impairment losses		(1,586,271)	(1,424,454)
Other Receivables - Trade Transactions - net		11,651,696	7,523,929
Securities Purchased under Resale Agreements	2c, 2m, 10		
Third parties		19,786,745	3,737,613
Less: Allowance for impairment losses		(41,941)	-
Total Securities Purchased under Resale Agreements - net		19,744,804	3,737,613
Derivative Receivables	2c, 2f, 2n, 11		
Related parties	55	5,807	2,792
Third parties		65,237	168,086
Derivative Receivables - net		71,044	170,878
Loans	2c, 2f, 2o, 12		
Related parties	55	67,613,532	57,315,200
Third parties		455,488,285	409,855,249
Total loans		523,101,817	467,170,449
Less: Allowance for impairment losses		(17,706,947)	(16,535,651)
Loans - net		505,394,870	450,634,798

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013
ASSETS (continued)			
Consumer Financing Receivables	2c, 2f, 2p, 13		
Related parties	55	7,420	5,738
Third parties		6,080,567	4,639,163
		6,087,987	4,644,901
Less: Allowance for impairment losses		(194,852)	(133,356)
Consumer Financing Receivables - net		5,893,135	4,511,545
Investment in Lease Financing			
Third parties		783,737	619,691
		783,737	619,691
Less: Allowance for impairment losses		(17,213)	(7,537)
Investment in Lease Financing - net	2c, 2q, 14	766,524	612,154
Acceptance Receivables	2c, 2f, 2u, 15		
Related parties	55	252,138	779,807
Third parties		12,861,921	9,398,563
		13,114,059	10,178,370
Less: Allowance for impairment losses		(106,927)	(63,481)
Acceptance Receivables - net		13,007,132	10,114,889
Investments in Shares - net of allowance for impairment losses of Rp3,182 and Rp3,224 as at 31 December 2014 and 2013	2s, 16	55,490	4,667
Prepaid Expenses	17	1,837,500	1,489,010
Prepaid Taxes	2ad, 33a	2,591,982	1,126,549
Fixed Assets - net of accumulated depreciation of Rp6,558,196 and Rp5,612,651 as at 31 December 2014 and 2013	2r, 18	8,928,856	7,645,598
Intangible Assets - net of amortisation of Rp1,575,399 and Rp1,354,113 as at 31 December 2014 and 2013	2r.i, 2s, 19	1,644,583	1,160,255
Other Assets - net of allowance for possible losses of Rp251,505 and Rp289,412 as at 31 December 2014 and 2013	2c,2t, 2v, 20	11,239,398	8,908,732
Deferred Tax Assets	2ad, 33e	4,189,120	4,322,498
TOTAL ASSETS		**855,039,673**	**733,099,762**

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY			
LIABILITIES			
Obligation due Immediately	2w	1,156,366	762,130
Deposits from Customers			
Demand deposits	2c, 2f, 2x, 21		
Related parties	55	19,751,219	26,507,150
Third parties		108,302,339	96,920,499
Total Demand deposits		128,053,558	123,427,649
Saving deposits	2c, 2f, 2x, 22		
Related parties	55	121,683	202,205
Third parties		231,339,573	215,815,405
Total Saving deposits		231,461,256	216,017,610
Time deposits	2c, 2f, 2x, 23		
Related parties	55	33,459,942	27,976,500
Third parties		190,474,155	141,574,497
Total Time deposits		223,934,097	169,550,997
Total Deposits from Customers		583,448,911	508,996,256
Deposits from Other Banks			
Demand and saving deposits	2c, 2f, 2y, 24		
Related parties	55	25,569	63,613
Third parties		3,473,493	2,989,406
Total Demand and saving deposits		3,499,062	3,053,019
Inter-bank call money - Third parties	2c, 2y, 25	2,892,000	1,280,850
Time deposits	2c, 2y, 26		
Third parties		11,140,783	8,109,444
Total Deposits from Other Banks		17,531,845	12,443,313
Liability to Unit-Linked Policyholders	2z, 27	17,343,799	12,002,997
Securities sold under Repurchase Agreements	2c, 2f, 2m, 28		
Related parties	55	-	1,509,324
Third parties		6,112,589	3,146,825
Total Securities sold under Repurchase Agreements		6,112,589	4,656,149
Derivative Payables	2c, 2f, 2n, 11		
Related parties	55	8,679	372
Third parties		148,376	225,796
Total Derivative Payables		157,055	226,168
Acceptance Payables	2c, 2f, 2u, 29		
Related parties	55	1,366,249	445,929
Third parties		11,747,810	9,732,441
Total Acceptance Payables		13,114,059	10,178,370
Marketable Securities Issued	2c, 2f, 2aa, 30		
Related parties	55	437,000	328,000
Third parties		1,575,256	1,454,862
		2,012,256	1,782,862
Less: Unamortised issuance cost		(2,631)	(3,265)
Total Marketable Securities Issued		2,009,625	1,779,597

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Estimated Losses on Commitment and Contingencies	31c	196,793	200,501
Accrued Expenses	2c, 2af, 32	3,880,273	3,326,475
Taxes Payable	2ad, 33b		
Current Income Tax		897,644	1,673,030
Other Taxes		977,497	453,834
Total Current Tax Payable		1,875,141	2,126,864
Employee Benefit Liabilities	2ai, 34, 50	5,181,160	4,585,069
Provision		667,644	822,582
Other Liabilities	2c, 35	16,370,686	14,166,214
Fund Borrowings	2c, 2f, 2ab, 36		
Related parties	55	252,149	778,314
Third parties		23,974,955	15,218,874
Total Fund Borrowings		24,227,104	15,997,188
Subordinated Loans	2c, 2f, 2ac, 37		
Related parties	55	1,909,800	1,939,800
Third parties		1,836,774	2,525,815
Total Subordinated Loans		3,746,574	4,465,615
TOTAL LIABILITIES		**697,019,624**	**596,735,488**
TEMPORARY *SYIRKAH* FUNDS	2f, 2ae, 38		
Deposits from Customers			
Related parties	55		
Saving Deposits - Restricted Investment and *Mudharabah* Saving Deposits - Unrestricted Investment	38a.2a	37,195	94,833
Mudharabah Time Deposits - Unrestricted Investment	38a.3	455,230	931,213
Total related parties		492,425	1,026,046
Third parties			
Demand Deposits - Restricted Investments and *Mudharabah Musytarakah*	38a.1	13,533	17,875
Saving Deposits - Restricted Investment and *Mudharabah* Saving Deposits - Unrestricted Investment	38a.2a	20,946,548	20,398,444
Mudharabah Time Deposits - Unrestricted Investment	38a.3	31,480,676	25,903,040
Total third parties		52,440,757	46,319,359
Total Deposits from Customers		52,933,182	47,345,405
Deposits from Other Banks			
Third parties			
Mudharabah saving deposit - Unrestricted investment	38b	163,544	144,876
Mudharabah time deposit - Unrestricted investment	38b	78,761	83,397
Total Deposits from Other Banks		242,305	228,273
TOTAL TEMPORARY *SYIRKAH* FUNDS		**53,175,487**	**47,573,678**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)			
EQUITY			
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2014 and 2013	40a	11,666,667	11,666,667
Additional Paid-in Capital/Agio	40b	17,316,192	17,316,192
Differences Arising from Translation of Financial Statements in Foreign Currencies	2e	203,625	221,620
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	2j, 2k, 2s	(571,348)	(1,417,240)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)			
- Appropriated	40c	9,779,446	7,431,162
- Unappropriated		64,263,299	52,200,836
Total Retained Earnings		74,042,745	59,631,998
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2d, 39	2,186,681	1,371,359
TOTAL EQUITY		**104,844,562**	**88,790,596**
TOTAL LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY		**855,039,673**	**733,099,762**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013*)
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Sharia Income	2f, 2af, 41, 55	62,637,942	50,208,842
Interest Expense and Sharia Expense	2f, 2af, 42, 55	(23,505,518)	(16,399,424)
NET INTEREST AND SHARIA INCOME		**39,132,424**	**33,809,418**
Premium Income	2ag	9,364,287	6,446,149
Claims Expense	2ag	(6,683,717)	(3,820,143)
NET PREMIUM INCOME		**2,680,570**	**2,626,006**
NET INTEREST, SHARIA AND PREMIUM INCOME		**41,812,994**	**36,435,424**
Other Operating Income			
Other fees and commissions	2ah	9,131,975	8,704,095
Foreign exchange gains - net	2e	1,587,639	1,853,099
Others	43	3,968,201	4,129,443
Total Other Operating Income		14,687,815	14,686,637
Allowance for Impairment Losses	2c, 44	(5,718,130)	(4,871,442)
Reversal for Impairment Losses on Commitments and Contingencies	2c, 31c	5,313	10,784
Reversal for Possible Losses	2t, 45	183,481	4,324
Unrealised Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 46	146,521	(219,353)
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 47	234,463	39,116
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 48, 50, 55	(10,848,031)	(9,431,337)
General and administrative expenses	2r, 49	(11,448,310)	(9,898,400)
Others - net	51	(3,078,010)	(3,204,042)
Total Other Operating Expenses		(25,374,351)	(22,533,779)
INCOME FROM OPERATIONS		**25,978,106**	**23,551,711**
Non Operating Income - Net	52	29,909	510,126
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		**26,008,015**	**24,061,837**
Income Tax Expense			
Current	2ad, 33c, 33d	(5,309,919)	(5,288,489)
Deferred	2ad, 33c, 33e	(43,313)	56,586
Income Tax Expense - Net		(5,353,232)	(5,231,903)
NET INCOME		**20,654,783**	**18,829,934**

*) Reclassified, refer to Note 64.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013*)
Other Comprehensive Income			
Difference Arising from Translation of Financial Statements in Foreign Currencies	2e	(17,995)	173,943
Net Unrealised Gains/(Losses) from Increase/ (Decrease) in Fair Value of Available for Sale Financial Assets	2j, 2k	1,057,365	(1,259,738)
Income Tax related to other comprehensive income		(211,473)	251,947
Other Comprehensive Income/(Losses) - Net of Tax		827,897	(833,848)
TOTAL COMPREHENSIVE INCOME		**21,482,680**	**17,996,086**
Net Income Attributable to:			
Parent Entity		**19,871,873**	**18,203,753**
Non Controlling Interest	2d	**782,910**	**626,181**
		20,654,783	**18,829,934**
Comprehensive Income Attributable to:			
Parent Entity		**20,699,770**	**17,369,905**
Non Controlling Interest	2d	**782,910**	**626,181**
		21,482,680	**17,996,086**
EARNING PER SHARE	2aj		
Basic (full amount)		**851.66**	**780.16**
Diluted (full amount)		**851.66**	**780.16**

*) Reclassified, refer to Note 64.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Non Controlling Interest in Net Assets of Consolidated Subsidiaries	Total Equity
						Appropriated	Unappropriated	Total		
Balance as at 1 January 2014		**11,666,667**	**17,316,192**	**221,620**	**(1,417,240)**	**7,431,162**	**52,200,836**	**59,631,998**	**1,371,359**	**88,790,596**
Dividends allocated from 2013 net income	40c	-	-	-	-	-	(5,461,126)	(5,461,126)	-	(5,461,126)
The establishment of specific reserves from net profit in 2013	40c	-	-	-	-	2,348,284	(2,348,284)	-	-	-
Non controlling interest arising from distribution of dividend	2d	-	-	-	-	-	-	-	32,412	32,412
Comprehensive income for the year ended 31 December 2014		-	-	(17,995)	845,892	-	19,871,873	19,871,873	782,910	21,482,680
Balance as at 31 December 2014		**11,666,667**	**17,316,192**	**203,625**	**(571,348)**	**9,779,446**	**64,263,299**	**74,042,745**	**2,186,681**	**104,844,562**

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*) Appropriated	Retained Earnings*) Unappropriated	Retained Earnings*) Total	Non Controlling Interest in Net Assets of Consolidated Subsidiaries	Total Equity
Balance as at 1 January 2013		**11,666,667**	**17,195,760**	**47,677**	**(409,449)**	**5,927,268**	**40,152,197**	**46,079,465**	**1,175,469**	**75,755,589**
Dividends allocated from 2012 net income	40c	-	-	-	-	-	(4,651,220)	(4,651,220)	-	(4,651,220)
The establishment of specific reserves from net profit in 2012	40c	-	-	-	-	1,503,894	(1,503,894)	-	-	-
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	(430,291)	(430,291)
Comprehensive income for the year ended 31 December 2013		-	-	173,943	(1,007,791)	-	18,203,753	18,203,753	626,181	17,996,086
Gain from sale of Subsidiaries to entities under common control and others	1g, 40b	-	120,432	-	-	-	-	-	-	120,432
Balance as at 31 December 2013		**11,666,667**	**17,316,192**	**221,620**	**(1,417,240)**	**7,431,162**	**52,200,836**	**59,631,998**	**1,371,359**	**88,790,596**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income and sharia income		59,752,177	48,006,235
Receipts from fees, commissions and premium - net		11,812,545	11,330,101
Payments of interest expense and sharia expense		(23,121,999)	(16,258,800)
Receipts from the sale of Government Bonds - fair value through profit or loss		26,624,838	26,689,634
Acquisition of Government Bonds - fair value through profit or loss		(26,249,130)	(26,364,288)
Foreign exchange gains/(losses) - net		1,876,047	(1,684,990)
Other operating income - others		1,360,996	1,126,887
Other operating expenses - others		(2,912,216)	(2,327,867)
Salaries and employee benefits		(10,251,940)	(8,659,586)
General and administrative expenses		(10,266,219)	(8,935,985)
Non-operating income - net		29,909	523,356
Payment of corporate income tax		(5,716,191)	(5,911,725)
Cash flow from operating activities before changes in operating assets and liabilities		22,938,817	17,532,972
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(2,321,185)	(975,057)
Marketable securities - fair value through profit or loss		(11,765,022)	(743,827)
Other receivables - trade transactions		(4,289,584)	(2,273,965)
Loans		(59,909,017)	(85,610,294)
Securities purchased under resale agreements		(16,049,132)	10,777,622
Consumer financing receivable		(1,590,704)	(833,329)
Net investment in lease financing		(165,177)	(291,229)
Prepaid taxes		(1,465,433)	(1,098,375)
Prepaid expenses		(348,490)	(53,253)
Other assets		(1,583,311)	172,342
Proceeds from collection of financial assets already written-off		2,607,206	3,002,556
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:			
Conventional Banking			
Demand deposits		4,832,745	10,098,878
Saving deposits		15,682,853	32,276,298
Time deposits		57,414,439	21,255,943
Inter-bank call money		1,611,150	953,750
Obligation due immediately		394,236	(932,101)
Liability to unit – Linked Policyholders		5,340,802	968,758
Other taxes payable		244,614	(211,620)
Other liabilities		3,910,075	1,523,844
Sharia Banking - Temporary *Syirkah* Funds			
Demand deposit - restricted investment and demand deposit - *mudharabah musytarakah*		(4,342)	14,717
Saving deposit - restricted investment and *mudharabah* saving deposit - unrestricted investment		509,134	2,210,646
Mudharabah time deposit - unrestricted investment		5,097,017	4,968,241
Net cash provided by operating activities		**21,091,691**	**12,733,517**

*) Reclassified, refer to Note 64.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013*)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - available for sale and held to maturity		(965,192)	(6,410,209)
Increase in Government Bonds - available for sale and held to maturity		(3,169,133)	(4,642,580)
Proceeds from sale of fixed assets		6,661	119,287
Acquisition of fixed assets	18	(2,250,724)	(1,584,388)
Acquisition of intangible assets	19	(705,614)	(439,775)
Sale of investment in PT Bumi Daya Plaza	1g	-	264,000
Sale of investment in PT Usaha Gedung Mandiri	1g	-	132,000
Net cash used in investing activities		**(7,084,002)**	**(12,561,665)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease of investment in subsidiaries		(36,365)	98,830
Increase in marketable securities issued		230,028	233,721
Increase in fund borrowings		8,026,295	6,688,977
Payment of subordinated loans		(719,041)	(672,335)
Increase in securities sold under repurchase agreements	28	1,456,440	4,656,149
Payments of dividends	40c	(5,461,126)	(4,651,220)
Net cash provided by financing activities		**3,496,231**	**6,354,122**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**17,503,920**	**6,525,974**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**277,305**	**2,993,395**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**121,023,158**	**111,503,789**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**138,804,383**	**121,023,158**
Cash and cash equivalents at end of year consist of:			
Cash		20,704,563	19,051,934
Current accounts with Bank Indonesia	4	50,598,840	43,904,419
Current accounts with other banks	5	8,986,831	14,048,075
Placements with Bank Indonesia and other banks		57,690,864	44,018,730
Certificate of Bank Indonesia		823,285	-
Total Cash and Cash Equivalents		**138,804,383**	**121,023,158**
Supplemental Cash Flows Information			
Activities not affecting cash flows:			
Unrealised losses from decrease in fair value of available for sale marketable securities and Government Bonds - net of deferred tax		(571,348)	(1,417,240)
Acquisition of fixed assets - payable		(949,120)	(812,181)

*) Reclassified, refer to Note 64.

1. GENERAL

a. Establishment

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

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

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

Bank Mandiri's Articles of Association have been amended several times. The latest amendment were relating to additional clause in the article 5 regarding B series share. The change of Articles of Association has been notarised in notarial deed of Ashoya Ratam, S.H., M.kn, No. 29 dated 19 March 2014, which has been reported to the Ministry of Law and Human Rights of Republic of Indonesia through a report No. AHU-AH.01.10-16389 dated 21 April 2014 and has been registered in company listing No. AHU-0030279.AH.01.09.year 2014 dated 21 April 2014.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as "Government") announced its plan to restructure the Merged Banks. In connection with that restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government's shares of stock of the Merged Banks (Notes 40a and 40b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered as not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

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

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

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

1. GENERAL (continued)

b. Merger (continued)

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the surviving bank;
- All operations and business activities of the Merged Banks were transferred to and operated by Bank Mandiri;
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share represented the remaining shares owned by the Government in the Merged Banks (Notes 40a and 40b).

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

c. Recapitalisation

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

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

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

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

1. GENERAL (continued)

c. Recapitalisation (continued)

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

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

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

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated 24 April 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on 25 April 2003 (Note 40b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003 and KMK-RI No. 420/KMK-02/2003 dated 30 September 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri was amounting to Rp173,801,315 (Note 40b).

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation

Initial Public Offering of Bank Mandiri

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

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

1. GENERAL (continued)

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation (continued)

Initial Public Offering of Bank Mandiri (continued)

On 14 July 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 40a).

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

Quasi-Reorganisation

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

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

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

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

e. Divestment of Government Share Ownership

On 11 March 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 40a).

f. Public Offering of Bank Mandiri Subordinated Bonds, Limited Public Offering and Changes in Share Capital of Bank Mandiri

Public Offering of Bank Mandiri Subordinated Bonds

On 3 December 2009, Bank Mandiri received the effective approval from the Chairman of Bapepam and LK through in its letter No. S-10414/BL/2009 dated 3 December 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On 14 December 2009, the aforementioned Bond was listed on Indonesia Stock Exchange (Note 37).

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

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

Limited Public Offering of Bank Mandiri

To strengthen the capital structure, the Bank increased its issued and paid up capital through the Limited Public Offering ("LPO") with Pre-emptive rights ("Rights"). Bank Mandiri submitted the first and second registration statement of this LPO to Financial Service Authority (OJK), previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on 26 December 2010 and 18 January 2011 and received the effective notification from Bapepam and LK on 27 January 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Shareholder Meeting dated 28 January 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated 25 February 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated 10 March 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated 10 March 2011.

Number of Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp5,000 (full amount) per share determined on 25 January 2011 and the execution period of pre-emptive rights trading started from 14 February 2011 until 21 February 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government’s ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of pre-emptive rights, to 60.00% after the execution of the pre-emptive rights.

Changes in Share Capital of Bank Mandiri

The details of changes in Issued and Paid-in-Share Capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with Pre-emptive Rights in 2011	2,336,838,591
	23,333,333,333

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2014 and 2013, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership 2014	Percentage of Ownership 2013
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99
PT Bank Sinar Harapan Bali (BSHB)	Commercial Banking	Denpasar	93.23	93.23
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	60.00	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	60.00 *)	-

*) Effective starting from 2 May 2014

The Subsidiaries' total assets as at 31 December 2014 and 2013 (before elimination) amounting to Rp107,781,308 and Rp94,293,194 or 12.61% and 12.86% of the total consolidated assets, respectively.

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities in accordance with sharia banking principles. BSM was established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Then PT Bina changed its name to PT Bank Maritim Indonesia on 4 October 1967 which then subsequently changed the name to become PT Bank Susila Bhakti on 10 August 1973, a Subsidiary of BDN. Subsequently it became PT Bank Syariah Mandiri based on notarial deed of Sutjipto, S.H., No. 23 dated 8 September 1999. BSM obtained a license as a commercial bank based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated 19 December 1995 and officially commenced its sharia operations in 1999.

On 18 March 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp200,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 31 January 2011 and from shareholders through the shareholder circular resolution letter dated 28 February 2011 on the increase in capital.

On 29 December 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 27 December 2011 and from shareholders through the shareholder circular resolution letter dated 29 December 2011 on the increase in capital.

On 21 December 2012, Bank made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 21 December 2012 and from shareholders through the shareholder circular resolution letter dated 21 December 2012 on the increase in capital.

On 30 December 2013, Bank Mandiri made an additional capital contribution in form of non cash, land and building (*inbreng*), to Subsidiary amounted to Rp30,778. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 19 December 2013 and from shareholders through the shareholder circular resolution letter dated dated 27 December 2013 on the increase in capital.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

Bank Mandiri (Europe) Limited

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

PT Mandiri Sekuritas

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

On 28 December 2012, the Bank made additional equity investments in Subsidiary, amounted to Rp29,512. The Bank has obtained an approval from Bank Indonesia through a letter dated 31 October 2012 and the approval from Decision made out of meeting of Shareholder (circular resolution) dated 27 December 2012 on the increase in capital. Through this additional capital, the share ownership of Bank Mandiri in Mandiri Sekuritas increased from 95.69% to 99,99% of the total issued shares in Mandiri Sekuritas.

PT Bank Sinar Harapan Bali

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

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

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Sinar Harapan Bali (continued)

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

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

On 28 May 2013, the Bank made an additional investment in BSHB, of 11.77% from the total shares issued and fully paid or amounted to Rp32,377,072,750 (full amount), by purchasing BSHB's shares owned by several minority shareholders amounted to 23,546,962 shares (full amount). Bank Mandiri has obtained an approval from Bank Indonesia through its letter No.15/33/DPB1/PB1-1 dated 6 May 2013 for the additional capital in BSHB.

Goodwill arising from the acquisition of BSHB amounted to Rp19,219 was amortised over 5 (five) years on a straight line basis as it represented the estimated economic life. As at 31 December 2014, the unamortised goodwill balance amounted to Rp21,043. The Bank will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

On 22 December 2014, BSHB's Extraordinary General Shareholders's Meeting approved the issuance of 800,000,000 (full amount) new shares which were purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). This transaction will change the shareholders ownership compotition which will be effective upon receiving approval from OJK (refer to Note 62.e)

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated 17 May 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and published in State Gazette No. 57, Supplement No. 1369 dated 18 July 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated 7 September 1989, No. 54/KMK.013/1992 dated 15 January 1992 and No. 19/KMK.017/2001 dated 19 January 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., 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.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Tunas Finance (continued)

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

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

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

Goodwill arising from acquisition of MTF amounted to Rp156,807 was amortised over 5 (five) years on a straight line basis as its represented the estimate economic life. The unamortised goodwill balance as at 31 December 2010 amounted to Rp96,697. The Bank will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

Mandiri International Remittance Sendirian Berhad

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

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.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services (continued)

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

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

Goodwill arising from acquisition of AXA Mandiri amounting to Rp40,128 was amortised using the straight-line method over 5 (five) years in line with the estimation of economic benefits of the goodwill. The balance of unamortised goodwill as at 31 December 2010 amounted to Rp37,194. The Bank will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance ("MAGI") is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated 28 July 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated 20 January 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated 17 December 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated 26 March 1998.

In Bank Mandiri's General Shareholder Meeting dated 23 May 2011, Bank Mandiri's shareholders approved the Bank's plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank's investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated 28 July 2011.

On 11 October 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated 11 October 2011. After this acquisition, Bank Mandiri became the controlling shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ractified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated 11 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated 17 October 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated 18 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated 25 October 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI already obtained a license from the Insurance Bureau of Bapepam and LK Ministry of Finance of the Republic of Indonesia *(Biro Perasuransian Bapepam dan LK Kementerian Keuangan)* through letter No. S-12583/BL/2011 dated 22 November 2011 concerning the Activation of General Insurance Business License and Change of the Company Name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance.

Financial Services Authority through its letter No.S-42/PB.31/2014 dated 14 May 2014 and letter No.S-94/PB.31/2014 dated 31 October 2014 has approved the Increase of Investment PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounted to Rp24,000 and Rp63,000. The increase in investment shares has been approved by circularised decision of the General's Meeting Shareholder (RUPS). as documented in Notarial Deed of Wiwiek Widhi Astuti No. 20 dated 6 June 2014 and No. 27 dated 21 November 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated 12 June 2014 and No. AHU-08879.40.21.2014 dated 26 November 2014. The addition of the equity investment does not change the percentage of shareholders' ownership whereas Bank Mandiri own 60% and AXA S.A by 40% of MAGI.

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth ("InHealth") was established on 6 October 2008 based on the notarial deed No. 2 of NM Dipo Nusantara Pua Upa, SH. InHealth has obtained its license based on the Minister of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-90399.AH.01.01 dated 26 November 2008. InHealth obtained its license to operate in life insurance based on the decision letter of the Minister of Finance of the Republic of Indonesia No. KEP-381KM.1012009 dated 20 March 2009.

On 2 May 2014, the Bank with PT Kimia Farma (Persero) Tbk., and PT Asuransi Jasa Indonesia (Persero) as the Buyer with Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan) (formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the Seller has signed a Sale and Purchase agreement of InHealth's share as recorded in Notarial deed of sale and purchase agreement No. 01 dated 2 May 2014 by Notary Mala Mukti SH, LLM.

Since the signing date of the Sale and Purchase Deed, the Bank has effectively become the majority shareholder of InHealth with ownership of 60%, BPJS Kesehatan own 20% and PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. The change in ownership has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti SH LLM No.19 dated 5 May 2014 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-06507.40.22.2014 to dated 5 May 2014 regarding Acceptance Notification of the Change of PT Asuransi Jiwa Indonesia InHealth Data.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on 23 December 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LLM No. 20 dated 5 May 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated 6 May 2014.

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on 23 December 2013. The finalisation of second phase is currently awaiting for OJK approval (refer to Note 62.f).

The Bank has obtained the approval of the General Meeting of Shareholders on 27 February 2014 regarding the acquisition of InHealth. The Bank has also received the approval from regulator regarding the acquisition plan phase one through its letter No. S-37/PB/31/2014 dated 17 April 2014.

Bank Mandiri acquired 60% shares in Inhealth with total value of Rp990,000, and Goodwill arising from the acquisition of InHealth amounted to Rp268,181. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS 22, "Business Combinations" (refer to Note 2s).

PT Usaha Gedung Mandiri

PT Usaha Gedung Mandiri ("UGM", formerly PT Usaha Gedung Bank Dagang Negara ("UGBDN")) is engaged in property management and office rental activities. UGBDN was established in Jakarta based on notarial deed No. 104 of Abdul Latief, S.H., dated 29 October 1971 and officially commenced its operations in that year. The Company's Article of Association has been amended several times. The latest amendment as notarised by Hadijah, SH number 11 dated 9 May 2011 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia No. AHU-32285.AHA.01.02 Year 2011 dated 28 June 2011. UGBDN owns 25.00% of PT Pengelola Investama Mandiri ("PIM") share capital, a company which was initially established to manage ex-legacy banks' share investments that have now been transferred to PIM.

The amendment of the UGBDN's name to become UGM was undertaken on 9 November 2012, in accordance with a resolution on notarial deed No. 44 dated 26 September 2012, notarised by notarial Hadijah, S.H., MKn regarding changes in entity's logo and entity's name from PT Usaha Gedung Bank Dagang Negara to become PT Usaha Gedung Mandiri. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-57420.AH.01.02 dated 9 November 2012.

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp132,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to (Rp5,429) and Rp46,468 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (Note 40b).

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bumi Daya Plaza

PT Bumi Daya Plaza ("BDP") is engaged in property management and office rental activities. BDP was established in Jakarta, Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H., dated 22 December 1978 and officially commenced its operations in that year. The Company's Articles of Association has been amended several times, where the latest amendment has been approved by the Ministry of Justice of the Republic of Indonesia based on its decision letter No. AHU-27050.AH.01.02 Year 2010, dated 26 May 2010. The amendment has been registered in the company listing of Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-0040061.AH.01.09 Year 2010 dated 26 May 2010. BDP owns 75.00% of PIM's share capital.

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp264,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to Rp119,246 and Rp227,464 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (Note 40b).

h. Structure and Management

Bank Mandiri's head office is located on Jl. Jend. Gatot Subroto Kav. 36-38, South Jakarta, Indonesia. As at 31 December 2014 and 2013, Bank Mandiri's domestic and overseas offices are as follows:

	2014*)	2013*)
Domestic Regional Offices	12	12
Domestic Branches:		
Area	74	70
Community Branches	1,080	992
Mandiri Mitra Usaha offices	897	687
Cash Outlets	261	301
	2,312	2,050
Overseas Branches	6	5

*) Unaudited

As at 31 December 2014, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza.

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

1. Business Units, responsible for the Bank's main business development consists of 7 (seven) Directorates namely Institutional Banking, Corporate Banking, Commercial & Business Banking, Consumer Finance, Micro & Retail Banking, Treasury, Financial Institution & Special Asset Management and Transaction Banking;
2. Corporate Center, responsible for the management of the Bank's critical resources and providing support for the Bank's policies, consisting of 7 (seven) Directorates which are Risk Management, Compliance & Legal, Finance & Strategy, Retail Risk, Change Management Office, Internal Audit and Human Capital;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

On 1 January 2015, Bank restructured its organization structure and role and responsibilities of the Directors (refer to Note 66).

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2014 and 2013, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	2014	2013
Board of Commissioners		
Chairman	: Mahmuddin Yasin	Edwin Gerungan
Commissioner	: -	Wahyu Hidayat
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: -	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya
Commissioner	: -	Agus Suprijanto
Commissioner	: Abdul Aziz	Abdul Aziz
Commissioner	: Askolani	-
Independent Commissioner	: Aviliani	-
Independent Commissioner	: Anton Hermanto Gunawan	-

	2014	2013
Board of Directors		
President Director	: Budi Gunadi Sadikin	Budi Gunadi Sadikin
Deputy President Director	: Riswinandi	Riswinandi
Institutional Banking Director	: Abdul Rachman	Abdul Rachman
Risk Management Director	: Sentot A. Sentausa	Sentot A. Sentausa
Compliance & Human Capital Director	: -	Ogi Prastomiyono
Compliance & Legal Director	: Ogi Prastomiyono	-
Finance & Strategy Director	: Pahala N. Mansury	Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok	Fransisca N. Mok
Commercial & Business Banking Director	: Sunarso	Sunarso
Technology & Operations Director	: Kresno Sediarsi	Kresno Sediarsi
Treasury, Financial Institution & Special Asset Management Director	: Royke Tumilaar	Royke Tumilaar
Micro & Retail Banking Director	: Hery Gunardi	Hery Gunardi

As at 31 December 2014 and 2013, the members of Bank Mandiri's Audit Committees are as follows:

	2014	2013
Chairman, concurrently as member	: Krisna Wijaya	Gunarni Soeworo
Member	: Aviliani	Krisna Wijaya
Member	: Askolani	Wahyu Hidayat
Member	: Anton Hermanto Gunawan	Agus Suprijanto
Member	: Budi Sulistio	Zulkifli Djaelani
Member	: Ridwan Darmawan Ayub	Imam Soekarno

As at 31 December 2014 and 2013, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

	2014	2013
Chairman, concurrently as member	: Pradjoto	Edwin Gerungan
Member	: Krisna Wijaya	Pradjoto
Member	: Abdul Aziz	Gunarni Soeworo
Member	: Mahmuddin Yasin	Krisna Wijaya
Member	: Aviliani	Wahyu Hidayat
Member	: Askolani	Agus Suprijanto
Member	: Anton Hermanto Gunawan	Abdul Aziz
Secretary (ex-officio)	: Sanjay N. Bharwani	Alex Denni

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2014 and 2013, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

		2014	2013
Chairman, concurrently as member	:	Anton Hermanto Gunawan	Pradjoto
Member	:	Pradjoto	Edwin Gerungan
Member	:	Krisna Wijaya	Krisna Wijaya
Member	:	Abdul Aziz	Tama Widjaja
Member	:	Ridwan Darmawan Ayub	-
Member	:	Budi Sulistio	-
Secretary (ex-officio)	:	Lisana Irianiwati	Lisana Irianiwati

As at 31 December 2014 and 2013, Head of Internal Audit Bank Mandiri is Riyani T. Bondan.

As at 31 December 2014, Corporate Secretary Bank Mandiri is Rohan Hafas (2013: Nixon L.P Napitulu).

As at 31 December 2014 and 2013 Bank Mandiri has a total of 34,696 employees and 33,982 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Bank and Subsidiaries (“Group”) were authorised by the Board of Directors on 2 February 2015.

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

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, and the Capital Market Supervisory Agency and Financial Institution (Bapepam and LK) regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK’s decree No. KEP-347/BL/2012 dated 25 June 2012, regarding “Financial Statements Presentation and Disclosure for Issuer or Public Companies”.

a. Basis of Preparation of the Consolidated Financial Statements

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

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating activities, investing and financing activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (lanjutan)

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

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) 101 (Revised 2011), "Presentation of Financial Statement for Sharia Banking", SFAS 102 (Revised 2013) "Accounting for *Murabahah"*, SFAS 104 "Accounting for *Istishna*", SFAS 105 "Accounting for *Mudharabah"*, SFAS 106 "Accounting for *Musyarakah*", SFAS 107 "Accounting for *Ijarah*", SFAS 110 "Accounting for *Sukuk*" and other Statements of Financial Accounting Standards of Accountants, as long as not contradict with Sharia principle also Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

The preparation of financial statements in accordance with Indonesian Financial Accounting Standards requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the accounting policies the Group. The area that is complex or requires a higher level of consideration or areas where assumptions and estimates could have a significant impact on the consolidated financial statements are disclosed in Note 3.

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

b. Changes in accounting policies

On 1 January 2014, Subsidiary operates in Sharia changed its accounting policies in accordance with SFAS 102 (Revised 2013) and PAPSI 2013, The changes were as follows:

1. For Murabahah, Subsidiary evaluate whether there is an objective evidence that the individually significant financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated. Impairment is recognised as allowance and charged to the statement of consolidated comprehensive income for the current year. The individual assessment is performed on the individually significant impaired financial assets, using discounted cash flow method.

   For the collective impairment, as allowed under SFAS 102 (Revised 2013), Bank Indonesia's circular letter No, 15/26/Dpbs dated 10 July 2013 and Otoritas Jasa Keuangan (OJK) No. S-129/PB.13/2014 dated 6 November 2014, for the first adoption, the Subsidiary could apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation. The transition rule can be applied at the latest until 31 December 2014.

2. Directly attributable income and expenses relating to financing receivables which are recognised as part of financing assets and will be recognised as income or expense by amortising the carrying value of financing receivable using the effective interest rate. Before 1 January 2014, directly attributable income and expenses are recognised into consolidated statement of comprehensive income as incurred.

c. Financial instruments

A. Financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (lanjutan)

c. Financial instruments (continued)

A. Financial assets (continued)

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

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

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

A financial asset designated as fair value through profit or loss at inception are held to back the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

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

(b) Loans and receivables

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(c) Held-to-maturity financial assets

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

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

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

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

(d) Available-for-sale financial assets

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

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

Recognition

The Bank uses trade date accounting for regular way contracts when recording marketable securities and Government Bonds transactions. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated statement of financial position as “receivables from assets pledged as collateral”, if the transferee has the right to sell or repledge them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities

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

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

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

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

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

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

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

(b) Financial liabilities at amortised cost

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

C. Derecognition

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

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

D. Reclassification of financial assets

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

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

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

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

E. Classes of financial instrument

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

<table>
<tr><th colspan="2">Category as defined by SFAS 55</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="25">Financial assets</td><td rowspan="3">Financial assets at fair value through profit or loss</td><td rowspan="3">Financial assets held for trading</td><td>Marketable securities</td></tr>
<tr><td>Government Bonds</td></tr>
<tr><td>Derivative receivables - Non hedging related</td></tr>
<tr><td rowspan="17">Loans and receivables</td><td colspan="2">Cash</td></tr>
<tr><td colspan="2">Current accounts with Bank Indonesia</td></tr>
<tr><td colspan="2">Current accounts with other banks</td></tr>
<tr><td colspan="2">Placements with Bank Indonesia and other banks</td></tr>
<tr><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Other receivables- trade transactions</td></tr>
<tr><td colspan="2">Securities purchased under resale agreements</td></tr>
<tr><td colspan="2">Loans</td></tr>
<tr><td colspan="2">Consumer financing receivables</td></tr>
<tr><td colspan="2">Net investment in lease financing</td></tr>
<tr><td colspan="2">Acceptance receivables</td></tr>
<tr><td rowspan="6">Other assets</td><td>Accrued income</td></tr>
<tr><td>Receivables from customer transactions</td></tr>
<tr><td>Receivables from sale of marketable securities</td></tr>
<tr><td>Receivables from transactions related to ATM and credit card</td></tr>
<tr><td>Receivables from policyholder</td></tr>
<tr><td>Receivables from Government Bonds pledged as collateral</td></tr>
<tr><td rowspan="2">Held-to-maturity investments</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td rowspan="3">Available-for-sale financial assets</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td colspan="2">Investments in shares</td></tr>
</table>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

Category as defined by SFAS 55		Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related
	Financial liabilities at amortised cost	Deposits from customers	Demand deposits
			Saving deposits
			Time deposits
		Deposits from other banks	Demand and saving deposits
			Inter-bank call money
			Time deposits
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
		Other liabilities	Payable to customer
			Guarantee deposits
			Payable from purchase of marketable securities
			Claim payable
			Liability related to ATM and credit card transaction
			Other liabilities related with UPAS transactions
		Fund Borrowings	
		Subordinated loans	
Off-balance sheet financial instruments	Committed unused loan facilities granted		
	Outstanding irrevocable letters of credit		
	Bank Guarantees issued		
	Standby letters of credit		

F. Offsetting financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

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

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

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

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

1. Loans classified as Sub-standard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks.
2. All restructured loans.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

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

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

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

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

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

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

Individual impairment calculation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Collective impairment calculation

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

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

The Group uses statistical model analysis methods, namely roll rates analysis method and migration analysis method for financial assets impairment which collectively assessed, using at the minimum of 3 (three) years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occuring for each identified portfolio, except for Micro banking segment in which the loss identification period used 9 months.

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

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

Subsequent recoveries of loans written off in the current year are credited to the allowance for impairment losses account.

Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Allowance for possible posses on earning assets of Sharia's Subsidiary

1. Subsidiary evaluate whether there is an objective evidence the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated. Impairment is recognised as allowance and charged to the statement of consolidated comprehensive income current year.

   For the collective impairment, as allowed under SFAS 102 (Revised 2013), Bank Indonesia's circular letter No, 15/26/Dpbs dated 10 July 2013 and Otoritas Jasa Keuangan (OJK) No. S-129/PB.13/2014 dated 6 November 2014, for the first adoption the Subsidiary could apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation, The transition rule can be applied at the latest 31 December 2014.

2. Directly attributable income and expenses are recognised using the initial effective interest rate used to discount the future cash flow of the assets.

Before 1 January 2014, Subsidiary engaged in sharia business calculated allowance for possible losses of earning assets in accordance with Bank Indonesia Regulation (PBI) No. 8/21/PBI/2006 dated 5 October 2006 regarding The Quality Rating of assets of Commercial Banks Conducting Business Based on Sharia principles, which has been amended with PBI No. 9/9/PBI/2007 dated 18 June 2007, PBI No. 10/24/PBI/2008 dated 16 October 2008 and the latest amendment PBI No. 13/13/PBI/2011 dated 24 March 2011, as follows:

a. General reserve shall be no less than 1% of total earning asset classified as Current;
b. Specific reserve shall be at least:
   - 5% of earning assets classified as Special Mention after deducted by collateral value;
   - 15% of earning assets classified as Substandard after deducted by collateral value;
   - 50% of earning assets classified as Doubtful after deducted by collateral value;
   - 100% of earning asset classified as Loss after deducted by collateral value.
c. The requirement to establish allowance for possible losses shall not be applicable for *ijarah* leasing or *ijarah muntahi'yah bittamlik.*

(b) Financial assets classified as available for sale

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

(b) Financial assets classified as available for sale (continued)

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

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

(c) Financial guarantee contracts and commitments

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

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

Bank determines impairment losses on financial assets of financial guarantee contracts that have credit risk and commitment based on the value of the higher of the amortised value (carrying value) and the present value of the payment of liabilities that are expected to occur (when payment under the guarantee has become probable) or value impairment losses were calculated based on historical loss data for a collective evaluation of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

H. Determination of fair value

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

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

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

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

d. Principles of Consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries. Control is presumed to exist where more than 50.00% of a Subsidiary's voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary's Board of Directors. In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation are presented as part of liabilities in the consolidated statement of financial position.

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

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

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of Consolidation (continued)

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause a change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

The entity that accepts or releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/agio.

e. Foreign Currency Transactions and Balances

Subsidiaries and overseas branches

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

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

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

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on 31 December 2014 and 2013. The resulting gains or losses are credited or charged to the current year's consolidated statements of comprehensive income.

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

	2014	2013
Great Britain Pound Sterling 1/Rp	19,288.40	20,110.93
Euro 1/Rp	15,053.35	16,759.31
United Stated Dollar 1/Rp	12,385.00	12,170.00
Japanese Yen 100/Rp	10,356.00	11,575.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with Related Parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding “Related Party Disclosures” and Regulation of Financial Services Authority (formerly Bapepam and LK) No. KEP-347/BL/2012, dated 25 June 2012 regarding “Financial Statements Presentation and Disclosure of Issuers or Public Companies”, which are defined, among others, as:

I. entities under the control of the Bank and Subsidiaries;
II. associated companies;
III. investors with an interest in the voting that gives them significant influence;
IV. entities controlled by investors under Note III above;
V. key employees and family members; and
VI. entity that is controlled, jointly controlled or significantly influenced by Government, which is defined as the Minister of Finance or Provincial Government who has share ownership in the entity.

All significant transactions with related parties have been disclosed in Note 55.

g. Cash and Cash Equivalents

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

h. Current Accounts with Bank Indonesia and Other Banks

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

<u>The Minimum Statutory Reserve</u>

Based on Bank Indonesia Regulation No.10/19/PBI/2008 dated 14 October 2008 concerning Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by Bank Indonesia Regulation No. 10/25/PBI/2008 dated 23 October 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated 4 October 2010 as amended by Bank Indonesia Regulation No. 13/10/PBI/2011 dated 9 February 2011 which has been amended with PBI No. 15/15/PBI/2013 dated 24 December 2013, the Bank should comply with a minimum reserve requirement (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Deposit Ratio GWM.

Primary GWM in Rupiah is set at 8.00% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LDR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank’s LDR and target LDR by taking into account the difference between Bank’s Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting 1 November 2010 and GWM LDR is applied effectively starting 1 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current Accounts with Bank Indonesia and Other Banks (continued)

The Minimum Statutory Reserve (continued)

GWM in foreign currency is set at 8.00% of foreign currency third party fund.

Subsidiary company that engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with Bank Indonesia Regulation No. 6/21/PBI/2004 dated 3 August 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that engaged in business operation based on Sharia principle, which amended by Bank Indonesia Regulation No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using Bank Indonesia Regulation No. 10/23/PBI/2008 dated 16 October 2008 and subsequently replace by PBI No.15/16/PBI/2013 dated 24 December 2013, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in foreign currencies

i. Placements with Bank Indonesia and Other Banks

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

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

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

j. Marketable Securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (SBI), Sharia Certificates of Bank Indonesia (SBIS), *Surat Perbendaharaan Negara* (SPN), Negotiable Cerfiticates of Deposits, Medium Term Notes, Treasury Bills issued by government of other country and Government of Republic of Indonesia, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including Sharia Corporate bonds.

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

Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Marketable Securities (continued)

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

k. Government Bonds

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

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

l. Other Receivables - Trade Transactions

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

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

m. Securities Purchased/Sold under Resale/Repurchase Agreements

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative Receivables and Derivative Payables

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

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

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

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

2. The effective portion arising from gain or loss of derivative contracts, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective portion is recognised as a gain or loss in the current year consolidated statement of income.

3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.

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

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

o. Loans

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

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

Included in loans are financing by Bank Syariah Mandiri (“BSM”), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

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

Mudharabah financing is a co-operation for certain project between first party (*malik*, *shahibul mal* or Subsidiary) as owner of fund and second party (*amil*, *mudharib* or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared based on the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* is *musyarakah* in which the fund portion of each partner is stated explicitly in the contract and remains the same until the contract expires. Declining *musyarakah* (*musyarakah mutanaqisha*) is *musyarakah* in which the fund portion of the Bank will be transferred in several stages to the other partner, resulting in the declining of fund portion of the Bank and, at the end of contract, the other partner will become the sole owner of the business. *Musyarakah* financing is stated at the outstanding financing balance less allowance for possible losses.

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. *Ijarah muntahiyah bittamlik* is an agreement on the availability of fund in relation to transferring the use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of it lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah receivables are the financing of goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses.

Istishna receivables are the financing of goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* receivables are presented based on the outstanding billings less allowance for possible losses.

Qardh receivables are a borrowing at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a free (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* receivables included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (subsidiary) which obligate to bear or paid.

Rahn represents the mortgage of goods or assets owned by the customer for an equivalent amount of money. Assets or goods mortgaged are appraised based on market value, less a certain deduction percentage. The Subsidiary will obtain a fee (*ujrah*), which is recognised upon receipt. *Qardh* receivables is stated at its outstanding balance less allowance for possible losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Loan Restructuring

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

Losses on loan restructurings due to modification the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

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

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised into income proportionately based on the amount of capitalised interest to the loan principal upon credit collection.

p. Consumer Financing Receivables

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

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

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

Credit restructuring can be done by over contract, asset relacement, repay back, change the due date, change the tenor and/or increase the down payment.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers bear credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

Joint financing receivables where jointly financed with other parties, bear credit risk in accordance with their financing portion (without recourse) and presented on a net basis in the consolidated statement of financial position. Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer Financing Receivables (continued)

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

q. Net Investment in Finance Lease

Net investment in finance lease represent lease receivable plus the residual value at the end of the lease period and net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognised as unearned lease income. Unearned lease income is allocated to current year consolidated statement of comprehensive income based on a constant rate of return on net investment using the effective interest rate.

The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is credited or charged to the current year consolidated statement of comprehensive income.

Net investment in finance leases are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

r. Fixed Assets and Leased Assets

i. Fixed assets and Software

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

i. Fixed assets and Software (continued)

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

In accordance with IAS 16 "Fixed Assets" and ISAK 25 "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognised as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

Land rights in the form of right to cultivate, right to build and use rights are not depreciated, unless there is evidence to indicate that the extension or renewal of land is likely to or definitely not obtained.

SFAS No. 48 (Revised 2009), “Impairment of Assets” states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. When carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

Bank Mandiri applied SFAS No. 16 (Revised 2007) “Fixed Assets”. Bank Mandiri and Subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time adoption of SFAS No. 16 (Revised 2007), which were presented in the shareholders’ equity section amounting to Rp3,046,936 in the consolidated statement of financial position, were reclassified to appropriated retained earnings in 2008.

ii. Leased assets

Bank Mandiri apply SFAS No. 30 (Revised 2011) “Lease”, effective beginning on or after 1 January 2012. Under SFAS No. 30 (Revised 2011), determination of whether an agreement is a lease agreement or lease agreement containing the substance of the agreement based on the inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and rewards incidental to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits incidental to ownership of assets.

Based on SFAS No. 30 (Revised 2011), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalised leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

ii. Leased assets (continued)

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

If a rental agreement contains elements of land and buildings, the Bank assessed the classification of each element as a finance lease or an operating lease separately.

s. Investments in Shares

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

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

Temporary investment is written-off from the consolidated statement of financial position if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated 24 October 2012 regarding "Asset Quality Rating for Commercial Banks".

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

Goodwill is recognised, when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the acquisition date. Goodwill is presented as other assets. The Bank conducts an assesment of goodwill impairment regulary.

t. Allowance for Possible Losses on Non-Earning Assets

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

The Bank provided an allowance for impairment of collateral confiscated and abandoned property equivalent to different between carrying amount and fair value net of costs to sell. As for the inter-office account and suspense account, equivalent to different between carrying value and the recovery value.

u. Acceptance Receivables and Payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other Assets

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

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

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

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

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of comprehensive income. Any permanent impairment occurred will be charged to the current year's consolidated statement of comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. Obligation due Immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation due immediately are classified as financial liabilities at amortised cost.

x. Deposits from Customers

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from Customers (continued)

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

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

y. Deposits from Other Banks

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

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates *Mudharabah* Investment Bank (SIMA).

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

z. Insurance Contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiaries issue insurance contracts that accepted siginificant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurence of an insured event of at least 10% more than the benefits payable if the insured event did not occur. When an insurance contract does not have significant insurance risk, it is classified as Investment contracts.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

The Subsidiary unbundles the deposit component of unit-linked contract as required by SFAS 62 when both the following conditions are met:
- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary's accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.
- The Subsidiary does not separate the deposit component because only one of the above condition is met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability adequacy test

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary's manner of acquiring, servicing and measuring the profitability of its insurance contracts.

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow include all guaranteed benefit and guaranteed additional benefit, non guaranteed participation benefit feature (if any), all expenses for policies issuance and maintainance, as well as reflecting the future cash inflow, i.e. future premium receipt. The liabilities are calculated based on discounted cash flow basis for all related cash flows i.e. both of cash outflows and cash inflows as mentioned above using a set of most recent best estimate assumptions set by the Subsidiary's appointed actuary, included discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions. Subsidiary operates in life insurance use Gross Premium Reserve with best estimate and margin for adverse deviation therefore liability adequacy test is not required.

For loss insurance, Subsidiary performs liability adequacy testing on the reporting date by using present value of future cash flow based on insurance contracts.

If the testing shows a deficiency between insurance liabilities carrying amount (deducted with deffered acquisition cost for loss insurance) and estimation of future cash flows, the deficiency will be charged in the consolidated statement of comprehensive income.

Reinsurance

The Subsidiaries reinsure a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Recovery amount from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiaries present separately reinsurance asset as asset of the insurance liability.

If a reinsurance asset is impaired, the Subsidiaries comprehensive the carrying amount accordingly and recognises that impairment loss in the consolidated statement of income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability for future policy benefits

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary's actuary or registered independent actuary.

The Subsidiaries calculate the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt.

Increase (decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of comprehensive income.

Liability to unit-linked policyholders classified as insurance liability.

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

Funds received from customers for non-sharia unit-linked products are reported as gross premiums in the consolidated statements of comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from the cost of insurance to cover mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to unit-linked policyholders in the statements of income and liability to unit-linked policyholders in the statement of financial position.

Funds received from customers for sharia unit-linked products is recognized as liabilities to unit-linked policyholders in the statement of financial position for the amount received net of the portion reprensenting the Company's fees in managing the unit-linked product revenue.

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Marketable Securities Issued

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

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

ab. Fund Borrowings

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

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

ac. Subordinated Loans

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

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

ad. Income Tax

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Group's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income Tax (continued)

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's assessment as at the date of consolidated statement of financial position. Assumptions and estimation used in the provisioning calculation may involve element of uncertainty.

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

ae. Temporary *Syirkah* Funds

Temporary *syirkah* funds represent investment received by Subsidiary (PT Bank Syariah Mandiri). The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah, mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah, mudharabah muqayyadah, mudharabah musytarakah* and other similar accounts.

1) *Mudharabah muthlaqah* represents *mudharabah* in which the fund owner (*shahibul maal*) entrusts to fund manager (*mudharib*/Subsidiary) in managing its investment.
2) *Mudharabah muqayyadah* represents *mudharabah* in which the fund owner sets restrictions against fund manager regarding, among others, the place, the means and/or the object of investment.
3) *Mudharabah musytarakah* represents *mudharabah* in which fund manager also submits its capital or fund in the investment.

Temporary *syirkah* funds cannot be classified as liability because the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realised gain from current asset and other non-investment accounts.

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to mixing the funds with the other funds.

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised as “interest income” and “interest expense” in the consolidated statement of comprehensive income using the effective interest method.

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

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

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiary's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

Murabahah income through deferred payment or installment is recognised during the period of the contract based on effective method (annuity).

Since 1 January 2014, murabahah income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *Ijarah* is recognised proportionally during the contract period.

Profit sharing for passive partner in *musyarakah* is recognised in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *mudharabah* is recognised in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(iii) Third Parties' Share on Return of Temporary *Syirkah* Funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *mudharabah mutlaqah*, *mudharabah muqayyadah* and *mudharabah musytarakah* principles. The profit sharing is determined on a cash basis.

Distribution of profit sharing is based on profit sharing principle which calculated from the Subsidiary's gross profit margin.

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Subsidiary based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined ratio. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium Income and Claims Expenses

Premium received from short duration insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long duration contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

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

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

ah. Fees and Commissions Income

Fees and commissions income and transaction cost that are directly attributable to lending and consumer financing activities, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortising the carrying value of loan and consumer financing receivables using effective interest rate method.

The unamortised fees and commissions balances relating to loans and consumer financing receivables which settled prior to maturity are recognised upon settlement date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee Benefits

Pension Liability

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

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

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined contribution plan is a pension plan that defines an amount of pension contribution based on pension Fund Regulation and all contribution including investment return are recorded in its account's member as pension benefit as stated in Pension Fund Law No. 11 year 1992 dated 20 April 1992 regarding Pension Fund.

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

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

Other Post-Employment Benefit Obligations

The entitlement of these benefits is provided to the employee until read the retirement age and the completion of a minimum service period. The costs estimation for these benefits are accrued over the period of employment calculated, using similar methodology used for defined benefit pension plans but simplified. These obligations are calculated annually by independent qualified actuaries.

Tantiem Distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Earnings Per Share

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

The weighted-average number of outstanding shares used in computing basis and diluted earnings per share as at 31 December 2014 and 2013 are 23,333,333,333 shares and 23,333,333,333 shares, respectively.

ak. Operating Segment

An operating segment is a component of entity which:

(a) involves in business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
(b) operations result is observed regularly by chief decision maker for decision making on allocation of resources and performance evaluation on works; and
(c) separate financial information is available.

In accordance with SFAS 5 - Operating Segment, the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The decision maker is the Board of Directors. The operating segments have been divided into the following segments: corporate, commercial and business; micro and retail; consumer; Treasury, Financial Institution and Special Asset Management (SAM); Institutional banking; head office; Subsidiaries: Subsidiary - sharia, Subsidiary – insurance and Subsidiary - others.

A geographical segment is represent component of the Bank and its Subsidiaries that are providing services in defferent economic environment and have a different risk and reward compare to others operate in different economic environment. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong and Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

Since 2013, fund allocation for partnership program and community development program are no longer allocated from retained earning approved by General shareholders meeting instead, it is accrued and charged directly to the current year consolidated statement of comprehensive income of respective year.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates and assumption are made in the preparation of the consolidated financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with Statements of Financial Accounting Standard are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

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

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 2c.

The specific condition of impaired counterparty is considered in calculating allowances for impairment applies to financial assets and evaluated individually for impairment based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired financial assets is assessed on its merits, and the workout strategy and estimated cash flows considered recoverable are independently accepted and approved by the Credit Risk Management Unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality and type of product. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and a lack of price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c. Employee benefit

Pension programs are determined based on actuarial valuation. The actuary valuation involves making assumptions about discount rate, expected rate of return investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact to the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in the similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

(Expressed in millions of Rupiah, unless otherwise stated)

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

d. Insurance liabilities on insurance contracts

Technical reserves of subsidiaries recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, unexpired risk reserve (URR) and liability to policyholders.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	2014	2013
Rupiah	40,379,267	34,292,655
United States Dollar (Note 61B.(v))	10,219,573	9,611,764
	50,598,840	**43,904,419**

As at 31 December 2014 and 2013, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated 9 February 2011, which latest amended by BI Regulation No. 15/15/PBI/2013 dated 24 December 2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	2014	2013
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	4.00%
Foreign Currencies	8.00%	8.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia. Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (SBI), Certificate of Bank Indonesia Deposit (SDBI), Treasury Bills and/or Excess Reserve, which is determined by Bank Indonesia. Minimum statutory reserve on Loan to Deposit Ratio (LDR) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia, if the Bank's LDR below the minimum of LDR targeted by Bank Indonesia (78%) and if the Bank's LDR above the maximum of LDR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is above BI requirement of 14%.

Excess Reserve, represents the excess balance of the Bank's Current Accounts in Rupiah over the Primary Minimum Statutory Reserve and the Minimum Statutory Reserve on Loan to Deposit Ratio (LDR).

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as at 31 December 2014 and 2013, are as follows:

	2014	2013
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	17.74%	18.08%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.00%	0.00%
Foreign currencies	8.49%	8.10%

*) The additional minimum reserve calculated based on difference between Bank's LDR with the minimum or the maximum Bank Indonesia's Loan to Deposit Ratio Target. Difference between Bank's LDR with the minimum Bank Indonesia's LDR target multiply by 10%, whereas difference between the Bank's LDR with the maximum Bank Indonesia's LDR target multiply by 20%. The regulation was effective starting from 31 December 2013. Bank Mandiri's LDR as at 31 December 2014 and 2013 is between 78% - 92%, therefore no GWM LDR required.

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah		
Related parties (Note 55)	19,869	38,982
Third parties	258,212	162,747
Total Rupiah	278,081	201,729
Foreign currencies		
Related parties (Note 55)	1,068	406
Third parties	8,707,682	13,845,940
Total foreign currencies (Note 61B.(v))	8,708,750	13,846,346
Total	8,986,831	14,048,075
Less: Allowance for impairment losses	(3,364)	(11,591)
	8,983,467	**14,036,484**

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

b. By Bank Indonesia's Collectibility:

	2014	2013
Rupiah - Current	278,081	201,729
Foreign currencies		
Current	8,705,569	13,841,687
Loss	3,181	4,659
Total foreign currencies (Note 61B.(v))	8,708,750	13,846,346
Total	8,986,831	14,048,075
Less: Allowance for impairment losses	(3,364)	(11,591)
	8,983,467	**14,036,484**

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

	2014	2013
Rupiah	0.14%	0.02%
Foreign currencies	0.08%	0.06%

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

	2014	2013
Balance at beginning of year	11,591	6,268
(Reversal)/allowance during the year (Note 44)	(6,846)	3,726
Others*)	(1,381)	1,597
Balance at end of year	**3,364**	**11,591**

*) Includes effect of foreign currency translation.

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

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

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

2014	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	25,211,529	-	25,211,529
Call Money	< 1 month	5,886,000	-	5,886,000
	≥ 1 month ≤ 3 months	980,000	-	980,000
Time Deposit	< 1 month	2,036,190	-	2,036,190
	≥ 1 month ≤ 3 months	1,476,877	-	1,476,877
	> 3 months ≤ 6 months	240,273	-	240,273
	>6 months ≤12 months	20,000	-	20,000
Saving	no maturity	1,055	-	1,055
Total Rupiah		35,851,924	-	35,851,924
Foreign currencies:				
Bank Indonesia	< 1 month	17,524,775	-	17,524,775
Call Money	< 1 month	5,824,715	-	5,824,715
	> 12 months	-	45,053	45,053
Fixed Term Placement	< 1 month	1,756,361	-	1,756,361
	≥ 1 month ≤ 3 months	545	-	545
	> 3 months ≤ 6 months	199,770	-	199,770
	> 12 months	-	1,038	1,038
Time Deposit	< 1 month	8,571	-	8,571
Total foreign currencies (Note 61B.(v))		25,314,737	46,091	25,360,828
Total				61,212,752
Less: Allowance for impairment losses				(95,147)
				61,117,605

2013	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	18,795,721	-	18,795,721
Call Money	< 1 month	2,785,000	-	2,785,000
Time Deposit	< 1 month	1,045,652	-	1,045,652
	≥ 1 month ≤ 3 months	604,000	-	604,000
	> 3 months ≤ 6 months	451,449	-	451,449
	>6 months ≤ 12 months	5,000	-	5,000
Saving	no maturity	1,373	-	1,373
Total Rupiah		23,688,195	-	23,688,195
Foreign currencies:				
Bank Indonesia	< 1 month	15,821,000	-	15,821,000
Call Money	< 1 month	3,741,791	-	3,741,791
	≥ 1 month ≤ 3 months	9,736	-	9,736
	> 12 months	-	66,079	66,079
Fixed-Term Placement	< 1 month	1,757,734	-	1,757,734
	≥ 1 month ≤ 3 months	122,235	-	122,235
	> 12 months	-	1,521	1,521
Time Deposit	< 1 month	7,851	-	7,851
	≥ 1 month ≤ 3 months	3,291	-	3,291
Total foreign currencies (Note 61B.(v))		21,463,638	67,600	21,531,238
Total				45,219,433
Less: Allowance for impairment losses				(105,599)
				45,113,834

(Expressed in millions of Rupiah, unless otherwise stated)

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

b. By Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)	1,250,349	668,504
Third parties	34,601,575	23,019,691
Total Rupiah	35,851,924	23,688,195
Foreign currencies:		
Related parties (Note 55)	252,729	248,278
Third parties	25,108,099	21,282,960
Total foreign currencies (Note 61B.(v))	25,360,828	21,531,238
Total	61,212,752	45,219,433
Less: Allowance for impairment losses	(95,147)	(105,599)
	61,117,605	**45,113,834**

c. Average Interest Rate (yield) per Annum:

	2014	2013
Rupiah	4.25%	3.50%
Foreign currencies	0.15%	0.16%

d. As at 31 December 2014 and 2013, there were no placements pledged as cash collateral.

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

	2014	2013
Balance at beginning of year	105,599	85,258
(Reversal)/allowance during the year (Note 44)	(10,321)	8,548
Others*)	(131)	11,793
Balance at end of year	**95,147**	**105,599**

*) Includes effect of foreign currency translation.

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

Bank Mandiri has a placement with a financial institution (in liquidation), which has been classified as loss or “impaired”. Bank Mandiri’s claims that have been approved by the Trustee based on the creditors meeting on 5 November 2009 amounted to EUR16,395,092 (full amount) for the placement. On 10 March 2010, 24 November 2010, 6 September 2012 and 23 January 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a set-off with the balance of demand deposit, inter-bank call money and L/C UPAS obligation of the Subsidiary to the financial institution. The balance of Bank Mandiri's placement with the financial institution (in liquidation) as at 31 December 2014 and 2013 amounted to EUR3,061,829 (full amount) and EUR4,033,599 (full amount), respectively. As at 31 December 2014 and 2013, Bank Mandiri has established full reserve for impairment losses on the remaining outstanding balance of placement with the financial institution.

f. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	2014	2013
Marketable securities		
Related parties (Note 55):		
Fair value through profit or loss	699,913	939,437
Available for sale	6,628,460	3,661,685
Held to maturity	1,157,606	334,199
At cost*)	295,000	423,000
	8,780,979	5,358,321
Third parties:		
Fair value through profit or loss	3,693,306	1,644,183
Available for sale	6,599,574	6,764,572
Held to maturity	6,034,421	2,831,050
At cost*)	217,933	316,778
Loans and Receivables	-	13,210
	16,545,234	11,569,793
Investments in unit-linked contracts **)		
Related parties (Note 55):		
Fair value through profit or loss	6,022,118	3,578,934
Third parties:		
Fair value through profit or loss	9,502,827	6,882,202
Total	40,851,158	27,389,250
Add/(less):		
Unamortised (discounts)/premium	(3,553)	1,496
Unrealised loss on decrease in fair value of marketable securities	(80,668)	(271,132)
Allowance for impairment losses	(301,779)	(317,066)
	(386,000)	(586,702)
	40,465,158	**26,802,548**

*) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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

	2014						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Marketable securities							
Bonds	565,649	-	(6,311)	559,338	-	-	559,338
Certificates of Bank Indonesia	2,288,015	-	5,858	2,293,873	-	-	2,293,873
Investments in mutual fund units	1,139,039	-	9,506	1,148,545	-	-	1,148,545
Shares	170,893	-	5,081	175,974	-	-	175,974
	4,163,596	-	14,134	4,177,730	-	-	4,177,730
Investments in unitlinked contracts ***)							
Shares	15,367,204	-	-	15,367,204	-	-	15,367,204
Bonds	43,025	-	-	43,025	-	-	43,025
Investments in mutual fund units	114,716	-	-	114,716	-	-	114,716
	15,524,945	-	-	15,524,945	-	-	15,524,945
	19,688,541	-	14,134	19,702,675	-	-	19,702,675

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	2014						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)			
				Current	Substandard	Loss	Total
Rupiah (continued):							
Available for sale							
Investments in mutual fund units	4,927,000	-	45,419	4,972,419	-	-	4,972,419
Bonds	2,447,545	-	(40,253)	2,407,292	-	-	2,407,292
Medium term notes	450,000	-	-	450,000	-	-	450,000
Negotiable Certificate of Deposit	361,581	-	109	361,690	-	-	361,690
	8,186,126	-	5,275	8,191,401	-	-	8,191,401
Held to maturity							
Certificates of Bank Indonesia	2,868,304	(2,527)	-	2,865,777	-	-	2,865,777
Bonds	1,986,000	(91)	-	1,898,949	86,960	-	1,985,909
Medium term notes	1,150,000	(1,915)	-	1,148,085	-	-	1,148,085
Export bills	128,754	-	-	128,754	-	-	128,754
	6,133,058	(4,533)	-	6,041,565	86,960	-	6,128,525
At cost***)							
Sharia Corporate bonds	495,000	980	-	358,980		137,000	495,980
Export bills	17,044	-	-	17,044	-	-	17,044
	512,044	980	-	376,024	-	137,000	513,024
Total Rupiah	34,519,769	(3,553)	19,409	34,311,665	86,960	137,000	34,535,625
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	229,623	-	(17)	229,606	-	-	229,606
Available for sale							
Bonds	4,784,762	-	(96,865)	4,687,897	-	-	4,687,897
Treasury bills	257,146	-	(3,195)	253,951	-	-	253,951
	5,041,908	-	(100,060)	4,941,848	-	-	4,941,848
Held to maturity							
Export bills	1,058,969	-	-	1,058,969	-	-	1,058,969
At cost***)							
Export bills	889	-	-	889	-	-	889
Total foreign currencies (Note 61B.(v))	6,331,389	-	(100,077)	6,231,312	-	-	6,231,312
Total	40,851,158	(3,553)	(80,668)	40,542,977	86,960	137,000	40,766,937
Less: Allowance for impairment losses							(301,779)
Net							**40,465,158**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	2013						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Marketable securities							
Bonds	1,400,328	-	(12,645)	1,387,683	-	-	1,387,683
Investments in mutual fund units	969,861	-	1,089	970,950	-	-	970,950
Shares	695	-	(216)	479	-	-	479
	2,370,884	-	(11,772)	2,359,112	-	-	2,359,112
Investments in unit-linked contracts ***)							
Shares	10,155,646	-	-	10,155,646	-	-	10,155,646
Bonds	205,139	-	-	205,139	-	-	205,139
Investments in mutual fund units	100,351	-	-	100,351	-	-	100,351
	10,461,136	-	-	10,461,136	-	-	10,461,136
	12,832,020	-	(11,772)	12,820,248	-	-	12,820,248
Available for sale							
Investments in mutual fund units	5,427,000	-	32,446	5,459,446	-	-	5,459,446
Bonds	1,655,854	-	(15,826)	1,640,028	-	-	1,640,028
Medium term notes	600,058	-	982	601,040	-	-	601,040
Certificates of Bank Indonesia	4,928	-	-	4,928	-	-	4,928
	7,687,840	-	17,602	7,705,442	-	-	7,705,442
Held to maturity							
Bonds	1,077,000	(1,183)	-	989,049	-	86,768	1,075,817
Export bills	168,985	-	-	168,985	-	-	168,985
Certificates of Bank Indonesia	130,000	(162)	-	129,838	-	-	129,838
	1,375,985	(1,345)	-	1,287,872	-	86,768	1,374,640
At cost****)							
Sharia Corporate bonds	728,000	2,841	-	593,841	-	137,000	730,841
Export bills	11,778	-	-	11,778	-	-	11,778
	739,778	2,841	-	605,619	-	137,000	742,619
Total Rupiah	22,635,623	1,496	5,830	22,419,181	-	223,768	22,642,949
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	212,736	-	(65)	212,671	-	-	212,671
Available for sale							
Bonds	2,617,430	-	(270,645)	2,346,785	-	-	2,346,785
Treasury bills	120,879	-	(6,252)	114,627	-	-	114,627
Shares	108	-	-	-	-	108	108
	2,738,417	-	(276,897)	2,461,412	-	108	2,461,520
Held to maturity							
Export bills	1,789,264	-	-	1,789,264	-	-	1,789,264
Loans and receivables bond	13,210	-	-	-		13,210	13,210
Total foreign currencies (Note 61B.(v))	4,753,627	-	(276,962)	4,463,347	-	13,318	4,476,665
Total	27,389,250	1,496	(271,132)	26,882,528	-	237,086	27,119,614
Less: Allowance for impairment losses							(317,066)
Net							**26,802,548**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.
****) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	2014	2013
Marketable securities		
Rupiah:		
No maturity date	1,823,931	1,064,557
< 1 year	10,668,922	2,747,514
≥ 1 < 5 years	6,358,971	7,878,416
≥ 5 ≤ 10 years	143,000	484,000
Total Rupiah	18,994,824	12,174,487
Foreign currencies:		
No maturity date	-	108
< 1 year	1,423,613	2,002,001
≥ 1 < 5 years	889,588	250,652
≥ 5 ≤ 10 years	4,018,188	2,500,866
> 10 years	-	-
Total foreign currencies (Note 61B.(v))	6,331,389	4,753,627
Investments in unit-linked contracts *)		
Rupiah:		
No maturity date	15,481,920	10,255,997
< 1 year	-	93,421
≥ 1 < 5 years	20,148	58,001
≥ 5 ≤ 10 years	22,877	53,717
Total Rupiah	15,524,945	10,461,136
Total	40,851,158	27,389,250
Add/(less):		
Unamortised (discounts)/premiums	(3,553)	1,496
Unrealised loss on decrease in fair value of securities	(80,668)	(271,132)
Allowance for impairment losses	(301,779)	(317,066)
	(386,000)	(586,702)
	40,465,158	**26,802,548**

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

d. By Issuer:

	2014	2013
Marketable securities		
Corporate	16,459,149	13,292,637
Central Bank	5,385,943	322,558
Banks	3,016,163	2,598,377
Government	464,958	714,542
	25,326,213	16,928,114
Investments in unit-linked contracts *)		
Banks	4,214,249	2,514,009
Corporate	11,310,696	7,947,127
	15,524,945	10,461,136
Total	40,851,158	27,389,250
Add/(less):		
Unamortised (discounts)/premiums	(3,553)	1,496
Unrealised loss on decrease in fair value of securities	(80,668)	(271,132)
Allowance for impairment losses	(301,779)	(317,066)
	(386,000)	(586,702)
	40,465,158	**26,802,548**

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating:

	Rating Agencies	Rating*) 2014	Rating*) 2013	Fair Value/Amortised Cost**) 2014	Fair Value/Amortised Cost**) 2013
Rupiah					
Fair value through profit or loss					
Marketable securities					
Bonds					
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAA+	43,968	13,911
PT Federal International Finance	Pefindo	idAA+	idAA+	38,059	74,411
PT Bank International Indonesia Tbk.	Pefindo	idAAA	idAAA	10,933	10,863
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	9,797	58,702
PT Aneka Tambang (Persero) Tbk.	Pefindo	idA	idAA-	6,451	6,531
PT Sumberdaya Sewatama	Pefindo	idA	idA	982	967
PTJasa Marga (Persero) Tbk.	Pefindo	-	idAA	-	149,625
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAA	-	54,964
PT BCA Finance Tbk.	Pefindo	-	idAA+	-	24,820
Others ***)	Various	idAA-, idAA, idAA+, idAAA	idA-, idAAA, AA- (idn)	449,148	992,889
				559,338	1,387,683
Investments in unit-linked contracts ****)					
PT AKR Corporindo Tbk.	Pefindo	idAA-	idAA-	25,760	52,617
PT Adira Dinamika Multi Finance Tbk.	Pefindo	idAAA	idAA+	1,969	4,942
PT Astra Sedaya Finance	Pefindo	-	idAA+	-	53,520
PT Bank CIMB Niaga Tbk.	Pefindo	-	idAAA	-	22,281
PT Jasa Marga (Persero) Tbk.	Pefindo	-	idAA	-	14,486
PT Bank Panin Indonesia Tbk.	Pefindo	-	idAA	-	13,435
PT Toyota Astra Financial Services	Pefindo	-	idAA	-	11,817
Others	Pefindo	idA, idA+, idAA-	idA, idAAA	15,296	32,041
				43,025	205,139
				602,363	1,592,822
Available for sale					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	330,400	316,638
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	317,620	199,580
PT Astra Sedaya Finance	Pefindo	idAAA	idAA+	249,350	198,750
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	idAA	143,665	100,025
PT Bank Internasional Indonesia Tbk.	Pefindo	idAAA	idAAA	122,988	120,183
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	105,530	97,350
PT Medco Energi Internasional Tbk.	Pefindo	idAA-	idAA-	66,010	68,600
PT Panorama Sentrawisata Tbk.	Pefindo	idA-	idA-	50,277	50,260
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA-	idAA-	49,263	49,062
PT Wijaya Karya (Persero) Tbk.	Pefindo	-	idA+	-	300,000
Others	Various	idA, idA+, idAA- idAA+, idAAA	idA-, idAAA AA- (idn)	972,189	139,580
				2,407,292	1,640,028

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.
**) Held to maturity securities are stated at amortised costs.
***) Bonds classified as fair value through profit or loss mainly consist of treasury bills (Surat Perbendaharaan Negara) which has no rating
****) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

	Rating*)			Fair Value/Amortised Cost**)	
	Rating Agencies	2014	2013	2014	2013
Rupiah (continued)					
Held to maturity					
Bonds					
PT Tunas Baru Lampung Tbk.	Pefindo	idA	idA	500,000	500,000
PT Surya Artha Nusantara Finance Tbk.	Pefindo	idAA-	-	300,000	-
PT Medco Energi International Tbk.	Pefindo	idAA-	idAA-	223,000	223,000
PT Arpeni Pratama Ocean Line Tbk.	Pefindo	idD	idD	86,960	86,768
PT Mayora Indah Tbk.	Pefindo	idAA-	idAA-	74,000	55,000
PT Indosat Tbk.	Pefindo	idAAA	idAA+	60,949	211,049
Others	Various	idA, idAA-, idAA idAA+, idAAA	-	741,000	-
				1,985,909	1,075,817
At cost*)**					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero) Tbk.	Pefindo	idAAA	idAAA	295,572	316,581
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
PT Indosat Tbk.	Pefindo	-	idAA+	-	108,007
PT Salim Ivomas Pratama Tbk.	Pefindo	-	idAA	-	60,000
Others	Various	A+ (idn) idD, idA	A+ (idn) idD, idA+	113,408	159,253
				495,980	730,841
				2,481,889	1,806,658
Total Rupiah				**5,491,544**	**5,039,508**
Foreign currencies					
Available for sale					
Bonds					
PT Pertamina (Persero)	Fitch	BBB-	BBB-	3,803,297	2,071,368
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	407,219	36,528
PT Perusahaan Listrik Negara (Persero) Tbk.	Pefindo	idAAA	-	213,177	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,612	114,094
Perusahaan Gas Negara (Persero) Tbk.	Moody's	Baa3	-	88,608	-
Bank Of East Asia	S&P	A-	A-	27,421	26,588
Bank of China Hong kong	S&P	A+	A+	25,563	25,734
Lembaga Pembiayaan Ekspor Indonesia	Moody's	-	Baa3	-	72,473
				4,687,897	2,346,785
Loan and Receivable					
Bond					
Advance SCT****)	-	-	-	-	13,210
Total foreign currencies (Note 61B.(v))				**4,687,897**	**2,359,995**

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.
**) Held to maturity securities are stated at amortised costs.
***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".
****) Bond that has no rating.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2014	2013
Rupiah	6.74%	5.25%
Foreign currencies	5.56%	6.02%

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

	2014	2013
Balance at beginning of year	317,066	281,513
Allowance during the year (Note 44)	18,804	30,199
Others*)	(34,091)	5,354
Balance at end of year	**301,779**	**317,066**

*) Includes effect of foreign exchange translation.

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

h. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

i. In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of marketable securities from “held to maturity” into “available for sale” classification with nominal value of Rp194,720. The reclassification was not more than insignificant amount of the “held to maturity” portfolio in the consolidated financial statements, therefore, it did not resut to a breach of tainting rule in the consolidated financial statements.

j. As at 31 December 2014 and 2013, the Bank has become the major investor in some mutual funds classified as available for sale, which consist of Reksa Dana Terproteksi BNP Paribas Selaras, Reksa Dana Terproteksi BNP Paribas Selaras 2, Reksa Dana Terproteksi Schroder Regular Income Plan X, Reksa Dana Terproteksi Schroder Regular Income Plan XI, Reksa Dana Terproteksi Schroder Regular Income Plan XII (liquidated in 2014) with fair value as at 31 December 2014 amounting to Rp1,507,907, Rp1,010,412, Rp808,405, Rp804,267 dan RpNil, respectively (2013: amounting to Rp1,507,088, Rp1,008,918, Rp803,804, Rp807,095 and Rp901,011), respectively. The main underlying assets of the mutual funds consist of Government Bonds.

k. As at 31 December 2014, marketable securities with total nominal amount of USD65,000,000 (full amount) (2013: USDNil) had been pledged as collateral for funds borrowing from other banks (Note 36c).

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as at 31 December 2014 and 2013. With details as follows:

	2014	2013
Related party (Note 55)		
Government Bonds		
Fair value through profit or loss, at fair value	1,745,205	1,381,747
Available for sale, at fair value	61,187,145	57,213,114
Held to maturity, at amortised cost	21,195,694	22,467,976
At cost *)	875,973	712,585
Investments in unit-linked contracts **)		
Fair value through profit or loss, at fair value	1,149,889	452,006
	86,153,906	**82,227,428**

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”.
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By Maturity

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

	2014	2013
Rupiah		
Fair value through profit or loss		
Government Bond		
Less than 1 year	114,550	77,856
1 - 5 years	601,347	363,993
5 - 10 years	410,816	226,558
Over 10 years	618,492	651,622
	1,745,205	1,320,029
Investments in unit-linked contracts **)		
Less than 1 year	18,721	8,523
1 - 5 years	97,069	17,578
5 - 10 years	562,420	7,963
Over 10 years	471,679	417,942
	1,149,889	452,006
	2,895,094	1,772,035
Available for sale		
Less than 1 year	1,895,913	1,091,145
1 - 5 years	22,979,323	13,791,159
5 - 10 years	24,716,089	33,997,367
	49,591,325	48,879,671
Held to maturity		
Less than 1 year	412,758	1,190,166
1 - 5 years	20,326,052	20,722,372
5 - 10 years	40,756	55,851
Over 10 years	157,528	80,743
	20,937,094	22,049,132
At cost*)		
Less than 1 year	714,000	-
1 - 5 years	23,385	712,585
	737,385	712,585
Total Rupiah	74,160,898	73,413,423
Foreign currency		
Fair value through profit or loss		
5 - 10 years	-	61,718
Available for sale		
Less than 1 year	608,113	3,621,881
1 - 5 years	8,002,450	1,602,618
5 - 10 Years	2,985,257	3,108,944
	11,595,820	8,333,443
Held to maturity		
Less than 1 year	-	212,599
1 - 5 years	209,310	24,331
5 - 10 years	49,290	181,914
	258,600	418,844
At cost*)		
1 - 5 years	138,588	-
Total foreign currency (Note 61B.(v))	11,993,008	8,814,005
	86,153,906	**82,227,428**

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type

	2014				
	Nominal	**Interest Rates per Annum**	**Fair Value**	**Maturity Dates**	**Frequency of Interest Payment**
Rupiah					
Fair value through profit or loss					
Government Bonds					
Fixed rate bonds	**1,751,082**	5.25%-12.80%	**1,745,205**	15/06/2015 – 15/02/2044	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	**1,149,889**	6.25%-11.00%	**1,149,889**	21/09/2015 – 15/03/2034	1 and 6 months
Available for sale					
Fixed rate bonds	9,181,113	5.25%-8.50%	9,018,496	21/09/2015 – 15/04/2019	1 and 6 months
Variable rate bonds	41,074,774	SPN 3 months	40,572,829	25/11/2015 – 25/07/2020	3 months
	50,255,887		**49,591,325**		

	Amortised Cost	**Interest Rates Per Annum**	**Maturity Dates**	**Frequency of Interest Payment**
Held to maturity				
Fixed rate bonds	306,797	8.25%-11.75%	15/06/2015 – 15/05/2037	6 months
Variable rate bonds	20,630,297	SPN 3 months	25/04/2015 – 25/09/2017	3 months
	20,937,094			
At cost*)				
Fixed rate bonds	**737,385**	8.75%-11.80%	15/08/2015 – 05/03/2017	6 months

	Nominal	**Interest Rates per Annum**	**Fair Value**	**Maturity Dates**	**Frequency of Interest Payment**
Foreign currency					
Available for sale					
Fixed rate bonds	**10,975,339**	3.30%-11.63%	**11,595,820**	20/4/2015 – 15/4/2023	6 months

	Amortised Cost	**Interest Rates Per Annum**	**Maturity Dates**	**Frequency of Interest Payment**
Held to maturity				
Fixed rate bonds	**258,600**	5.88%-7.50%	15/1/2016 – 15/1/2024	6 months
At cost*)				
Fixed rate bonds	**138,588**	6.13%	15/03/2019	6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”.
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	2013				
	Nominal	**Interest Rates per Annum**	**Fair Value**	**Maturity Dates**	**Frequency of Interest Payment**
Rupiah					
Fair value through profit or loss					
Government Bonds					
Fixed rate bonds	**1,378,823**	5.25% - 12.80%	**1,320,029**	23/02/2014 – 15/02/2044	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	**452,006**	6.00% - 11.60%	**452,006**	23/02/2014 – 15/03/2034	1 and 6 months
Available for sale					
Fixed rate bonds	4,910,875	5.25% - 6.25%	4,578,589	21/09/2015 – 15/05/2018	1 and 6 months
Variable rate bonds	44,874,774	SPN 3 months	44,301,082	25/12/2014 – 25/07/2020	3 months
	49,785,649		**48,879,671**		

	Amortised Cost	**Interest Rates Per Annum**	**Maturity Dates**	**Frequency of Interest Payment**
Rupiah				
Held to maturity				
Fixed rate bonds	304,534	9.00% - 11.75%	15/10/2014 – 15/05/2037	6 months
Variable rate bonds	21,744,598	SPN 3 months	25/12/2014 – 25/09/2017	3 months
	22,049,132			
At cost*)				
Fixed rate bonds	**712,585**	9.25% - 11.80%	15/08/2015 – 15/09/2015	6 months

	Nominal	**Interest Rates per Annum**	**Fair Value**	**Maturity Dates**	**Frequency of Interest Payment**
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	**60,850**	3.50%	**61,718**	15/05/2017	6 months
Available for sale					
Fixed rate bonds	**8,705,603**	3.30% - 10.38%	**8,333,443**	10/3/2014 – 17/10/2023	6 months

	Amortised Cost	**Interest Rates Per Annum**	**Maturity Dates**	**Frequency of Interest Payment**
Foreign currency				
Held to maturity				
Fixed rate bonds	**418,844**	5.38% - 10.38%	10/03/2014 – 17/10/2023	6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”.
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

c. Other Information

As at 31 December 2014, Government Bonds with total nominal amount of Rp6,821,742 and marketable securities with total nominal amount of Rp450,000 were sold under repurchase agreements (31 December 2013: Rp5,482,742) (Note 28).

As at 31 December 2014, Government Bonds with total nominal amount of Rp13,772,473 and USD581,729,000 (full amount) (2013: Rp14,012,379 and USD158,300,000 (full amount)) had been pledged as collateral for funds borrowing from other banks and subordinated loans (Note 36c, 36d and 37).

In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of Government Bonds from "held to maturity" into "available for sale" classification with nominal value of Rp121,700. This reclassification was not more than insignificant amount of the "held to maturity" portfolio in the consolidated financial statements, therefore, it did not result to a breach of tainting rule in the consolidated financial statements. On 18 December 2013, the Subsidiary sold a portion of these Government Bonds amounting to Rp129,565 and recognised gains of Rp7,865.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type, Currency, Related Parties and Third Parties:

	2014	**2013**
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	29,126	19,533
Others	3,514,462	2,815,817
	3,543,588	2,835,350
Third parties		
Usance L/C payable at sight	966,481	681,186
Others	1,570,028	965,060
	2,536,509	1,646,246
Total Rupiah	6,080,097	4,481,596
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	2,328,822	988,190
Others	542,213	81,318
	2,871,035	1,069,508
Third parties		
Usance L/C payable at sight	2,626,818	1,426,719
Others	1,660,017	1,970,560
	4,286,835	3,397,279
Total foreign currencies (Note 61B.(v))	7,157,870	4,466,787
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	(1,586,271)	(1,424,454)
	11,651,696	**7,523,929**

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2014	2013
Current	11,577,417	7,497,681
Special mention	599,234	459,251
Substandard	54,964	-
Loss	1,006,352	991,451
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	(1,586,271)	(1,424,454)
	11,651,696	**7,523,929**

c. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	1,639,539	1,340,698
1 - 3 months	2,836,836	2,105,976
3 - 6 months	1,379,292	882,676
6 - 12 months	78,487	6,302
Over 12 months	145,943	145,944
Total Rupiah	6,080,097	4,481,596
Foreign currencies:		
Less than 1 month	663,299	794,118
1 - 3 months	2,567,987	1,312,949
3 - 6 months	3,014,228	1,477,670
6 - 12 months	51,948	36,579
Over 12 months	860,408	845,471
Total foreign currencies (Note 61B.(v))	7,157,870	4,466,787
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	(1,586,271)	(1,424,454)
	11,651,696	**7,523,929**

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

	2014	2013
Balance at beginning of year	1,424,454	1,125,015
Allowance during the year (Note 44)	115,522	39,848
Others*)	46,295	259,591
Balance at end of year	**1,586,271**	**1,424,454**

*) Includes effect of foreign exchange translation.

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

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

		2014			
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Third parties					
Rupiah					
Obligasi FR0044	29/12/2014	26/01/2015	999,092	4,143	994,949
Obligasi FR0071	05/12/2014	06/01/2015	942,780	784	941,996
Obligasi FR0053	12/12/2014	08/01/2015	902,401	1,050	901,351
Obligasi FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Obligasi FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Obligasi FR0066	02/12/2014	02/01/2015	872,905	145	872,760
Obligasi FR0027	30/12/2014	27/01/2015	872,458	3,763	868,695
SPN109-011015	30/12/2014	27/01/2015	814,148	3,512	810,636
Obligasi FR0044	29/12/2014	26/01/2015	769,244	3,190	766,054
Obligasi FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Obligasi FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Obligasi FR0063	29/12/2014	26/01/2015	716,466	2,971	713,495
Obligasi FR0031	04/12/2014	05/01/2015	710,241	473	709,768
Obligasi FR0027	30/12/2014	27/01/2015	645,911	2,786	643,125
Obligasi FR0064	06/11/2014	02/01/2015	578,887	99	578,788
SPN109-011015	30/12/2014	27/01/2015	542,765	2,341	540,424
Obligasi FR0053	12/12/2014	08/01/2015	517,577	602	516,975
Obligasi FR0057	17/11/2014	12/01/2015	511,502	975	510,527
Obligasi FR0058	24/11/2014	19/01/2015	495,669	1,552	494,117
SPN107-030915	30/12/2014	27/01/2015	454,949	1,963	452,986
Obligasi FR0056	30/12/2014	27/01/2015	420,260	1,812	418,448
Obligasi FR0070	29/12/2014	26/01/2015	404,335	1,677	402,658
Obligasi FR0057	13/11/2014	08/01/2015	315,380	383	314,997
Obligasi FR0066	06/11/2014	02/01/2015	262,602	45	262,557
Obligasi FR0058	24/11/2014	19/01/2015	247,838	777	247,061
Obligasi FR0058	24/11/2014	19/01/2015	247,827	773	247,054
Obligasi FR0035	29/12/2014	26/01/2015	228,114	946	227,168
Obligasi FR0061	15/12/2014	09/02/2015	226,438	1,531	224,907
Obligasi FR0059	03/12/2014	28/01/2015	220,719	1,031	219,688
Obligasi FR0069	04/12/2014	05/01/2015	219,023	146	218,877
Obligasi FR0064	03/12/2014	28/01/2015	202,007	945	201,062
SBSN	19/12/2014	16/01/2015	197,803	526	197,277
Obligasi FR0059	30/12/2014	27/01/2015	182,449	787	181,662
Saham	29/09/2014	15/01/2015	163,139	1,083	162,056
Obligasi FR0058	24/11/2014	19/01/2015	155,483	488	154,995
Obligasi FR0058	24/11/2014	19/01/2015	146,630	460	146,170
Obligasi FR0053	04/12/2014	05/01/2015	139,522	93	139,429
SPN104-JUL15	29/12/2014	26/01/2015	138,305	574	137,731
Saham	16/10/2014	14/04/2015	134,688	6,432	128,256
SBSN	05/12/2014	02/01/2015	121,352	40	121,312
Obligasi FR0071	05/12/2014	06/01/2015	104,753	87	104,666
SBSN	07/12/2014	16/01/2015	99,078	264	98,814
SBSN	05/12/2014	02/01/2015	81,774	27	81,747
Obligasi FR0061	12/12/2014	08/01/2015	75,763	88	75,675
SBSN	19/12/2014	16/01/2015	66,894	178	66,716
SBSN	05/12/2014	02/01/2015	55,749	18	55,731
Saham	18/11/2014	18/11/2015	58,111	8,128	49,983
Saham	20/11/2014	20/11/2015	58,111	8,175	49,936
Saham	24/11/2014	24/11/2015	58,111	8,269	49,842
Saham	29/09/2014	15/01/2015	40,508	269	40,239
SBSN	05/12/2014	02/01/2015	39,742	13	39,729
SBSN	19/12/2014	16/01/2015	31,101	83	31,018
Obligasi FR0062	13/11/2014	08/01/2015	30,015	37	29,978
Saham	13/06/2014	12/06/2015	28,539	1,888	26,651
Saham	15/10/2014	12/06/2015	27,417	1,899	25,518
Saham	27/10/2014	26/01/2015	10,303	102	10,201
Saham	12/12/2014	11/06/2015	10,603	686	9,917
Saham	29/09/2014	15/01/2015	8,892	59	8,833
Obligasi FR0065	24/11/2014	19/01/2015	7,161	23	7,138
SBSN	05/12/2014	02/01/2015	4,651	1	4,650
Total			19,881,769	95,024	19,786,745
Allowance for impairment losses					(41,941)
Net					**19,744,804**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

2013					
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Third parties					
Rupiah					
Obligasi SR005	31/12/2013	07/01/2014	501,962	614	501,348
Obligasi FR0045	19/12/2013	03/01/2014	488,205	183	488,022
Obligasi SPN87-310714	18/12/2013	08/01/2014	390,243	523	389,720
Obligasi SPN85-030714	18/12/2013	08/01/2014	339,934	456	339,478
Obligasi FR0040	20/12/2013	06/01/2014	324,974	304	324,670
Obligasi SR005	31/12/2013	07/01/2014	302,908	371	302,537
Obligasi ORI008	23/12/2013	06/01/2014	247,914	235	247,679
Obligasi FR0068	23/12/2013	06/01/2014	215,017	204	214,813
Obligasi FR0044	20/12/2013	06/01/2014	179,971	168	179,803
Obligasi FR0044	19/12/2013	03/01/2014	115,323	43	115,280
SBSN	27/12/2013	24/01/2014	99,306	412	98,894
Saham	11/11/2013	08/05/2014	84,474	9,161	75,313
Saham	17/10/2013	15/04/2014	58,300	1,907	56,393
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	27/12/2013	24/01/2014	49,529	205	49,324
SBSN	13/12/2013	10/01/2014	46,049	81	45,968
Saham	13/12/2013	11/06/2014	47,700	2,415	45,285
Saham	12/12/2013	10/06/2014	32,100	1,867	30,233
SBSN	06/12/2013	03/01/2014	24,925	13	24,912
Obligasi SR004	29/11/2013	28/01/2014	5,197	57	5,140
Saham	30/10/2013	28/04/2014	2,170	111	2,059
Obligasi SR003	29/11/2013	28/01/2014	1,466	16	1,450
Total			3,757,185	19,572	3,737,613
Allowance for impairment losses					-
Net					**3,737,613**

b. By Bank Indonesia's Collectibility:

	2014	**2013**
Current	19,786,745	3,737,613
Less: Allowance for impairment losses	(41,941)	-
	19,744,804	**3,737,613**

c. Movements of allowance for impairment losses on securities purchased under resale agreements:

	2014	**2013**
Balance at beginning of year	-	
Allowance during the year (Note 44)	41,941	-
Balance at end of year	**41,941**	-

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

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2014, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value: Derivative Receivables	Fair Value: Derivative Payables
Related parties (Note 55)			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	38,685	827	15
2. Forward - sell			
United States Dollar	555,467	4,980	515
Interest Rate Related			
1. Swap - interest rate			
Others		-	8,149
Total related parties		5,807	8,679
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,338,106	12,266	5,466
Others	47,302	-	572
2. Forward - sell			
United States Dollar	4,898,228	25,129	6,284
Others	40,324	386	-
3. Swap - buy			
United States Dollar	3,652,953	8,505	17,852
Other	446,524	571	-
4. Swap - sell			
United States Dollar	9,524,366	6,904	75,923
Others	685,980	1,680	1,368
Interest Rate Related			
1. Swap - interest rate			
United States Dollar		7,205	4,155
Others		2,591	36,756
Total third parties		65,237	148,376
Total		71,044	157,055
Less: Allowance for impairment losses		-	-
		71,044	**157,055**

As at 31 December 2013, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value: Derivative Receivables	Fair Value: Derivative Payables
Related parties (Note 55)			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	10,962	55	42
2. Forward - sell			
United States Dollar	79,379	46	135
3. Swap - sell			
United States Dollar	489,910	2,691	195
Total related parties		2,792	372

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2013, the summary of derivative transactions is as follow: (continued)

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value: Derivative Receivables	Fair Value: Derivative Payables
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,812,261	71,351	1,497
Others	29,898	-	56
2. Forward - sell			
United States Dollar	3,479,371	11,531	48,697
Others	30,991	30	82
3. Swap - buy			
United States Dollar	6,142,524	33,040	38,150
4. Swap - sell			
United States Dollar	12,619,832	28,819	131,164
Others	205,783	551	694
Interest Rate Related			
1. Swap - interest rate			
Others		22,764	5,456
Total third parties		168,086	225,796
Total		170,878	226,168
Less: Allowance for impairment losses		-	-
		170,878	**226,168**

As at 31 December 2014 and 2013, derivative contracts were not designated as hedge accounting.

As at 31 December 2014 and 2013, Bank Indonesia's collectibility for derivative receivables are as follows:

	2014	2013
Current	71,044	170,878
Less: Allowance for impairment losses	-	-
	71,044	**170,878**

As at 31 December 2014 and 2013, there is no derivative receivables classified as impaired.

12. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)	44,247,390	41,242,751
Third parties	400,188,347	355,526,631
Total Rupiah	444,435,737	396,769,382
Foreign currencies:		
Related parties (Note 55)	23,366,142	16,072,449
Third parties	55,299,938	54,328,618
Total foreign currencies (Note 61B.(v))	78,666,080	70,401,067
Total	523,101,817	467,170,449
Less: Allowance for impairment losses	(17,706,947)	(16,535,651)
	505,394,870	**450,634,798**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type:

	2014		
	Non-impaired[**)]	**Impaired**[*)**)]	**Total**
Rupiah:			
Working capital	181,634,846	10,896,067	192,530,913
Investment	117,352,314	3,878,429	121,230,743
Consumer	105,920,129	2,534,914	108,455,043
Syndicated	10,535,032	171,817	10,706,849
Export	8,383,443	454,331	8,837,774
Government program	1,097,564	180,753	1,278,317
Employees	1,388,904	7,194	1,396,098
Total Rupiah	426,312,232	18,123,505	444,435,737
Foreign currencies:			
Working capital	21,077,580	1,788,591	22,866,171
Investment	22,776,225	3,610,070	26,386,295
Consumer	444,186	2,968	447,154
Syndicated	14,951,884	51,518	15,003,402
Export	13,130,837	831,386	13,962,223
Employees	835	-	835
Total foreign currencies (Note 61B.(v))	72,381,547	6,284,533	78,666,080
Total	498,693,779	24,408,038 [1)]	523,101,817
Less: Allowance for impairment losses	(4,907,064)	(12,799,883) [2)]	(17,706,947)
	493,786,715	**11,608,155** [3)]	**505,394,870**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS 102.

1) Loans evaluated by using individual and collective assessment are amounting to Rp14,703,940 and Rp9,704,098, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	2013		
	Non-impaired**)	**Impaired***)**)	**Total**
Rupiah:			
Working capital	151,686,333	7,571,323	159,257,656
Investment	113,068,612	3,953,663	117,022,275
Consumer	92,986,516	1,676,538	94,663,054
Export	12,128,811	560,005	12,688,816
Syndicated	9,748,668	252,648	10,001,316
Government program	1,498,009	196,973	1,694,982
Employees	1,434,988	6,295	1,441,283
Total Rupiah	382,551,937	14,217,445	396,769,382
Foreign currencies:			
Working capital	18,312,562	2,026,443	20,339,005
Investment	21,786,906	2,443,768	24,230,674
Consumer	69,591	-	69,591
Export	13,923,589	866,077	14,789,666
Syndicated	9,330,277	1,640,183	10,970,460
Employees	1,671	-	1,671
Total foreign currencies (Note 61B.(v))	63,424,596	6,976,471	70,401,067
Total	445,976,533	21,193,916 1)	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601) 2)	(16,535,651)
	441,641,483	**8,993,315 3)**	**450,634,798**

*) Included in “impaired portfolio” are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp 8,141,182, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

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

	2014					
	Current	**Special Mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Rupiah:						
Working capital	178,822,876	8,314,895	527,009	1,091,670	3,774,463	192,530,913
Investment	115,508,532	3,935,983	395,608	595,912	794,708	121,230,743
Consumer	98,587,033	7,561,556	513,800	457,239	1,335,415	108,455,043
Syndicated	10,469,284	117,791	119,774	-	-	10,706,849
Export	8,799,234	28,099	-	-	10,441	8,837,774
Government program	946,548	151,015	45,556	25,787	109,411	1,278,317
Employees	1,381,539	7,367	1,588	788	4,816	1,396,098
Total Rupiah	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Working capital	21,146,429	1,388,627	205,345	204	125,566	22,866,171
Investment	24,969,244	834,375	321,873	-	260,803	26,386,295
Consumer	443,786	400	-	-	2,968	447,154
Syndicated	14,772,676	179,208	64	-	51,454	15,003,402
Export	13,393,718	42,934	61,535	-	464,036	13,962,223
Employees	835	-	-	-	-	835
Total foreign currencies (Note 61B.(v))	74,726,688	2,445,544	588,817	204	904,827	78,666,080
Total	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: Allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
	483,791,393	**17,413,906**	**1,375,413**	**760,290**	**2,053,868**	**505,394,870**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

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

	2013					
	Current	**Special Mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Rupiah:						
Working capital	149,785,619	5,472,865	493,497	481,525	3,024,150	159,257,656
Investment	112,892,363	2,556,822	355,970	196,596	1,020,524	117,022,275
Consumer	85,972,562	7,141,053	300,837	315,956	932,646	94,663,054
Export	12,673,053	926	4,396	-	10,441	12,688,816
Syndicated	9,881,343	-	-	-	119,973	10,001,316
Government program	1,395,028	102,981	33,400	24,253	139,320	1,694,982
Employees	1,423,515	11,473	218	948	5,129	1,441,283
Total Rupiah	374,023,483	15,286,120	1,188,318	1,019,278	5,252,183	396,769,382
Foreign currencies:						
Working capital	18,452,181	1,212,181	-	-	674,643	20,339,005
Investment	23,171,139	814,008	-	-	245,527	24,230,674
Consumer	69,387	204	-	-	-	69,591
Export	14,223,512	106,628	-	-	459,526	14,789,666
Syndicated	10,879,925	-	63	-	90,472	10,970,460
Employees	1,671	-	-	-	-	1,671
Total foreign currencies (Note 61B.(v))	66,797,815	2,133,021	63	-	1,470,168	70,401,067
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	(5,791,666)	(4,487,182)	(347,632)	(529,934)	(5,379,237)	(16,535,651)
	435,029,632	**12,931,959**	**840,749**	**489,344**	**1,343,114**	**450,634,798**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector:

	2014		
	Non-impaired **)	**Impaired** *) **)	**Total**
Rupiah:			
Trading, restaurant and hotel	83,559,457	5,113,407	88,672,864
Manufacturing	83,378,801	4,728,162	88,106,963
Business services	61,303,039	1,632,010	62,935,049
Agriculture	52,403,677	817,685	53,221,362
Construction	17,758,273	1,054,733	18,813,006
Transportation, warehousing and communications	17,233,273	1,271,732	18,505,005
Electricity, gas and water	11,192,536	677,080	11,869,616
Mining	6,542,767	380,756	6,923,523
Social services	4,697,251	123,995	4,821,246
Others	88,243,158	2,323,945	90,567,103
Total Rupiah	426,312,232	18,123,505	444,435,737
Foreign currencies:			
Trading, restaurant and hotel	6,492,201	464,240	6,956,441
Manufacturing	14,083,054	4,674,713	18,757,767
Business services	4,363,829	66,961	4,430,790
Agriculture	4,736,891	-	4,736,891
Construction	1,531,989	20,058	1,552,047
Transportation, warehousing and communications	5,333,801	493,276	5,827,077
Electricity, gas and water	2,062,833	320,856	2,383,689
Mining	25,195,321	241,461	25,436,782
Social services	61,856	-	61,856
Others	8,519,772	2,968	8,522,740
Total foreign currencies (Note 61B.(v))	72,381,547	6,284,533	78,666,080
Total	498,693,779	24,408,038 1)	523,101,817
Less: Allowance for impairment losses	(4,907,064)	(12,799,883) 2)	(17,706,947)
	493,786,715	**11,608,155** 3)	**505,394,870**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS 102.
1) Loans evaluated by using individual and collective assessment are amounting to Rp14,703,940 and Rp9,704,098, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	2013		
	Non-impaired**)	Impaired*) **)	Total
Rupiah:			
Trading, restaurant and hotel	73,442,892	3,268,693	76,711,585
Manufacturing	70,819,381	4,963,701	75,783,082
Business services	55,785,529	1,206,601	56,992,130
Agriculture	47,745,815	873,158	48,618,973
Transportation, warehousing and communications	20,758,151	792,508	21,550,659
Construction	15,349,089	891,278	16,240,367
Electricity, gas and water	10,694,714	462,004	11,156,718
Mining	4,983,708	20,642	5,004,350
Social services	4,563,173	147,086	4,710,259
Others	78,409,485	1,591,774	80,001,259
Total Rupiah	382,551,937	14,217,445	396,769,382
Foreign currencies:			
Trading, restaurant and hotel	9,609,759	581,515	10,191,274
Manufacturing	11,424,281	5,355,385	16,779,666
Business services	3,239,216	364,183	3,603,399
Agriculture	4,338,076	-	4,338,076
Transportation, warehousing and communications	3,972,526	266,072	4,238,598
Construction	2,079,637	19,684	2,099,321
Electricity, gas and water	2,593,870	389,520	2,983,390
Mining	24,078,215	-	24,078,215
Social services	125,950	112	126,062
Others	1,963,066	-	1,963,066
Total foreign currencies (Note 61B.(v))	63,424,596	6,976,471	70,401,067
Total	445,976,533	21,193,916 1)	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601) 2)	(16,535,651)
	441,641,483	**8,993,315 3)**	**450,634,798**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp 8,141,182, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

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

	2014					
	Current	**Special Mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Rupiah:						
Trading, restaurant and hotel	80,285,126	5,185,455	327,314	465,734	2,409,235	88,672,864
Manufacturing	84,451,452	2,621,248	101,648	13,720	918,895	88,106,963
Business services	59,203,669	2,435,711	488,872	158,222	648,575	62,935,049
Agriculture	52,046,095	705,758	59,776	105,876	303,857	53,221,362
Construction	17,699,269	877,299	55,770	27,393	153,275	18,813,006
Transportation, warehousing and communications	16,796,604	1,286,663	58,828	40,369	322,541	18,505,005
Electricity, gas and water	11,190,847	1,689	45	670,242	6,793	11,869,616
Mining	6,395,171	199,909	20,046	273,879	34,518	6,923,523
Social services	4,567,664	164,257	13,549	8,610	67,166	4,821,246
Others	81,879,149	6,638,717	477,487	407,351	1,164,399	90,567,103
Total Rupiah	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Trading, restaurant and hotel	6,492,201	-	-	204	464,036	6,956,441
Manufacturing	16,374,068	1,660,430	362,126	-	361,143	18,757,767
Business services	4,342,685	21,145	64	-	66,896	4,430,790
Agriculture	4,736,891	-	-	-	-	4,736,891
Construction	1,431,522	120,525	-	-	-	1,552,047
Transportation, warehousing and communications	5,333,801	266,649	226,627	-	-	5,827,077
Electricity, gas and water	2,248,773	125,132	-	-	9,784	2,383,689
Mining	25,185,520	251,262	-	-	-	25,436,782
Social services	61,856	-	-	-	-	61,856
Others	8,519,371	401	-	-	2,968	8,522,740
Total foreign currencies (Note 61B.(v))	74,726,688	2,445,544	588,817	204	904,827	78,666,080
Total	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: Allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
	483,791,393	**17,413,906**	**1,375,413**	**760,290**	**2,053,868**	**505,394,870**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

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

	2013					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	70,913,582	3,206,214	268,168	373,033	1,950,588	76,711,585
Manufacturing	72,967,003	1,611,505	153,275	18,041	1,033,258	75,783,082
Business services	53,237,718	2,863,698	150,635	193,721	546,358	56,992,130
Agriculture	47,641,918	595,754	93,398	92,885	195,018	48,618,973
Transportation, warehousing and communications	20,781,796	374,447	57,856	13,803	322,757	21,550,659
Construction	15,198,755	697,079	114,036	15,116	215,381	16,240,367
Electricity, gas and water	10,691,184	429,273	360	26,381	9,520	11,156,718
Mining	4,912,969	71,665	2,380	2,254	15,082	5,004,350
Social services	4,414,485	163,856	77,940	12,398	41,580	4,710,259
Others	73,264,073	5,272,629	270,270	271,646	922,641	80,001,259
Total Rupiah	374,023,483	15,286,120	1,188,318	1,019,278	5,252,183	396,769,382
Foreign currencies:						
Trading, restaurant and hotel	9,593,383	45,369	-	-	552,522	10,191,274
Manufacturing	14,256,031	1,683,600	-	-	840,035	16,779,666
Business services	3,525,837	-	63	-	77,499	3,603,399
Agriculture	4,332,179	5,897	-	-	-	4,338,076
Transportation, warehousing and communications	3,950,117	288,481	-	-	-	4,238,598
Construction	2,062,718	36,603	-	-	-	2,099,321
Electricity, gas and water	2,983,390	-	-	-	-	2,983,390
Mining	24,005,348	72,867	-	-	-	24,078,215
Social services	125,950	-	-	-	112	126,062
Others	1,962,862	204	-	-	-	1,963,066
Total foreign currencies (Note 61B.(v))	66,797,815	2,133,021	63	-	1,470,168	70,401,067
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	(5,791,666)	(4,487,182)	(347,632)	(529,934)	(5,379,237)	(16,535,651)
	435,029,632	**12,931,959**	**840,749**	**489,344**	**1,343,114**	**450,634,798**

d. By Period:

	2014	2013
Rupiah:		
Less than 1 year	83,911,433	97,714,585
1 - 2 years	53,278,747	45,596,406
2 - 5 years	138,176,408	111,478,432
Over 5 years	169,069,149	141,979,959
Total Rupiah	444,435,737	396,769,382

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

d. By Period (continued):

	2014	**2013**
Foreign currencies:		
Less than 1 year	23,385,679	26,577,567
1 - 2 years	4,492,955	2,910,791
2 - 5 years	13,781,931	15,877,770
Over 5 years	37,005,515	25,034,939
Total foreign currencies (Note 61B.(v))	78,666,080	70,401,067
Total	523,101,817	467,170,449
Less: Allowance for impairment losses	(17,706,947)	(16,535,651)
	505,394,870	**450,634,798**

The ratio of non-performing loans of Bank Mandiri and Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as at 31 December 2014 and 2013, were 2.15% and 1.90%, respectively (the ratios for Bank Mandiri only were 1.66% and 1.60% as at 31 December 2014 and 2013, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2014 and 2013, were 0.81% and 0.58%,respectively (the ratios for Bank Mandiri only were 0.44% and 0.37% as at 31 December 2014 and 2013, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2014 and 2013 are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 with regards to Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia, as last amended by Bank Indonesia Circular Letter No. 13/30/DPNP dated 16 December 2011, is calculated from the loan amount, excluding loan to other banks amounting to Rp2,683,707 and Rp2,530,617 as at 31 December 2014 and 2013, respectively.

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp48,226,582 and Rp50,125,273, respectively, as at 31 December 2014 and 2013, which consist of:

	2014	**2013**
Receivables from *Murabahah* and *Istishna*	33,749,635	33,265,329
Musyarakah financing	7,645,537	7,338,125
Other sharia financing	6,831,410	9,521,819
Total	48,226,582	50,125,273
Less: Allowance for impairment losses	(1,769,012)	(1,523,485)
	46,457,570	**48,601,788**

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

Average interest rates (yield) per annum:

	2014	**2013**
Rupiah	12.10%	11.23%
Foreign currencies	5.01%	4.77%

Range of profit sharing per annum:

	2014	**2013**
Receivables from *Murabahah* and *Istishna*	4.92% - 17.03%	1.45% - 14.59%
Musyarakah financing	3.51% - 15.67%	1.29% - 14.32%
Other sharia financing	4.17% - 15.43%	3.03% - 29.42%

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

c. Collaterals for Loans

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and Subsidiaries. Deposits from customers and deposits from other banks that pledge as cash collateral for loans as at 31 December 2014 and 2013 amounted to Rp26,776,099 and Rp20,175,049, respectively (Notes 21c, 22c, 23e, 24c and 26d).

d. Government Program Loans

Government Program Loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Fasilitas Likuiditas Pembiayaan Perumahan*) which can be partially and/or fully funded by the Government.

e. Syndicated Loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans at 31 December 2014 and 2013 were respectively ranged from 22.22% to 94.52% and 16.67 % to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2014 and 2013 were respectively ranged from 0.02% to 99.29% and 0.02% to 94.33% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2014 and 2013:

	2014	2013
Extension of loan maturity dates	8,424,554	8,220,775
Extension of loan maturity dates and reduction of interest rates	1,203,717	1,181,698
Long-term loans with options to convert debt to equity	197,894	346,594
Additional loan facilities	44,608	37,380
Extension of loan maturity dates and other restructuring schemes*)	4,044,090	5,168,842
	13,914,863	**14,955,289**

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

Total restructured loans under non-performing loans (NPL) category as at 31 December 2014 and 2013 are amounting to Rp2,478,248 and Rp2,327,956 respectively.

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Note 55.

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing loans at 4.30% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

h. Legal Lending Limit (LLL)

As at 31 December 2014 and 2013, there are no breach or violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 60).

j. Movements of allowance for impairment losses on loans

The movements of allowance for impairment losses on loans are as follows:

	2014	**2013***)
Balance at beginning of year[1)]	16,535,651	14,011,350
Allowance during the year (Note 44)	5,294,726	4,635,551
Write-offs[2)]	(3,977,648)	(3,021,551)
Others[*)]	(145,782)	910,301
Balance at end of year[3)]	**17,706,947**	**16,535,651**

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 44).
1) Beginning balance 2014 and 2013 consists of Rp9,583,003 and Rp8,302,030 which were calculated using individual assessment and Rp6,952,648 and Rp5,709,320 which were calculated using collective assessment.
2) Write-off as of 31 December 2014 and 2013 consists of Rp627,225 and Rp524,532 which are calculated using individual assessment and Rp3,350,423 and Rp2,497,019 which are calculated using collective assessment.
3) Ending balance as at 31 December 2014 and 2013 consists of Rp9,744,022 and Rp9,583,003 which were calculated using individual assessment and Rp7,962,925 and Rp6,952,648 which were calculated using collective assessment.

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

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia regulation)	
	2014	**2013**
Rupiah:		
Trading, restaurant and hotel	3,202,283	2,591,789
Business services	1,295,669	890,714
Manufacturing	1,034,263	1,204,574
Others	4,271,770	2,772,702
Total Rupiah	9,803,985	7,459,779
Foreign currencies:		
Trading, restaurant and hotel	464,240	552,522
Business services	66,960	77,562
Manufacturing	723,269	840,035
Others	239,379	112
Total foreign currencies (Note 61B.(v))	1,493,848	1,470,231
	11,297,833	**8,930,010**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses is as follows: (continued)

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2014	**2013**
Rupiah:		
Trading, restaurant and hotel	2,691,199	2,095,811
Manufacturing	941,002	1,043,989
Business services	801,017	568,316
Others	2,922,234	1,736,790
Total Rupiah	7,355,452	5,444,906
Foreign currencies:		
Trading, restaurant and hotel	464,138	552,522
Manufacturing	415,462	840,035
Business services	66,906	77,508
Others	46,746	112
Total foreign currencies (Note 61B.(v))	993,252	1,470,177
	8,348,704	**6,915,083**

l. Write-off of “Loss” category Loans

For the year ended 31 December 2014 and 2013, Bank Mandiri written-off loans in the “loss” category amounting to Rp2,986,162 and Rp2,304,223 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

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

m. Written-off loans are recorded in extra-comtable. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the consolidated statement of financial position of the Bank. A summary of movements of extra-comtable loans for the years ended 31 December 2014 and 2013 are as follows (Bank Mandiri only):

	2014	**2013**
Balance at beginning of year	35,143,579	32,751,370
Write-offs	2,986,162	2,304,223
Cash recoveries	(2,686,428)	(3,075,755)
Others*)	494,111	3,163,741
Balance at end of year	**35,937,424**	**35,143,579**

*) Represents effect of foreign currency translation.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

n. Loans channelled by Bank Mandiri through direct financing (executing) to Multifinance Company and joint financing mechanism as at 31 December 2014 and 2013 were amounted to Rp14,277,980 and Rp12,119,550, respectively.

o. The carrying amount of loans at amortised cost is as follows:

	2014	2013
Loans (Note 12A)	523,101,817	467,170,449
Accrued interest receivables	2,013,782	1,587,351
Deferred income (directly attributable) (Note 35)	(503,018)	(560,814)
Allowance for impairment losses (Note 12A and 12B.j)	(17,706,947)	(16,535,651)
	506,905,634	**451,661,335**

13. CONSUMER FINANCING RECEIVABLES

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

	2014	2013
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	7,420	5,738
Third parties	24,699,084	17,844,672
	24,706,504	17,850,410
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	(16,638,656)	(11,858,993)
	(16,638,656)	(11,858,993)
Total consumer financing receivables - gross	**8,067,848**	**5,991,417**
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(4,329,066)	(2,842,296)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	2,349,205	1,495,780
	2,349,205	1,495,780
Total unearned income on consumer financing	(1,979,861)	(1,346,516)
Total consumer financing receivables	6,087,987	4,644,901
Less: Allowance for impairment losses	(194,852)	(133,356)
Net	**5,893,135**	**4,511,545**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

Installments of consumer financing receivables - gross balance as of 31 December 2014 and 2013 which will be received from customers based on the maturity dates are as follows:

	2014	2013
Year		
2014	-	7,868,722
2015	10,303,514	5,640,765
2016	7,615,902	3,067,720
2017	4,677,818	1,097,519
2018	1,877,611	175,244
2019	230,824	440
2020 and later	835	-
	24,706,504	**17,850,410**

On 6 February 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the total joint financing facility in the amount of Rp2,000,000, whereby the MTF bears the credit risk in accordance with its financing portion (without recourse). The agreement was amended several times, the latest by the amendment of the Joint Financing agreement between Bank Mandiri and MTF dated 4 December 2014, which increase the total joint financing facility to Rp20,500,000 with the portion of joint financing facility to minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On 29 August 2013, PT Bank Mandiri (Persero) Tbk. and MTF signed a Consumer Asset Purchase Agreement with a total facility of Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). The period of this facility started on 29 August 2013 up to 28 February 2015.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 60 months.

Included in the above is consumer financing receivables transactions with related parties of Rp7,420 and Rp5,738 as at 31 December 2014 and 2013, respectively (refer to Note 55).

b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2014 and 2013 are as follows:

	2014	2013
Current	5,644,332	4,261,668
Special mention	361,451	306,429
Sub-standard	36,056	30,454
Doubtful	40,092	40,038
Loss	6,056	6,312
Total	6,087,987	4,644,901
Less: Allowance for impairment losses	(194,852)	(133,356)
	5,893,135	**4,511,545**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

	2014	2013
Balance at beginning of year	133,356	90,777
Allowance during the years (Note 44)	209,113	150,153
Cash recoveries	28,414	27,290
Write-offs	(176,031)	(134,864)
Balance at end of year	**194,852**	**133,356**

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

d. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

14. NET INVESTMENT IN LEASE FINANCING

a. Details of Subsidiary’s net investment in lease financing are as follows:

	2014	2013
Net investment in lease financing		
Rupiah		
Third parties		
Gross lease financing receivables	920,620	713,332
Guaranteed residual value	236,200	173,118
Deferred lease income	(136,883)	(93,641)
Security deposit	(236,200)	(173,118)
Total net investment in lease financing	**783,737**	**619,691**
Less: Allowance for impairment losses	(17,213)	(7,537)
Net	**766,524**	**612,154**

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 36 months.

Finance leases receivable - gross have the following settlement agreement are as follows:

	2014	2013
Year		
2014	-	368,706
2015	458,400	267,864
2016	296,360	64,788
2017	129,785	11,315
2018	35,972	659
2019 and later	103	-
	920,620	713,332
Guaranteed residual value, deferred lease income, and security deposit	(136,883)	(93,641)
Finance leases receivable	**783,737**	**619,691**

(Expressed in millions of Rupiah, unless otherwise stated)

14. NET INVESTMENT IN LEASE FINANCING (continued)

b. Details of net investment in lease financing by Bank Indonesia's collectibility as at 31 December 2014 and 2013 are as follows:

	2014	2013
Current	718,818	576,394
Special mention	34,738	29,361
Substandard	2,777	3,568
Doubtful	27,404	1,253
Loss	-	9,115
Total	783,737	619,691
Less: Allowance for impairment losses	(17,213)	(7,537)
	766,524	**612,154**

c. Movements of allowance for impairment losses on net investment in lease financing are as follows:

	2014	2013
Balance at beginning of year	7,537	1,767
Allowance during the years (Note 44)	10,806	6,756
Write-offs	(1,684)	(1,486)
Cash recoveries	554	500
Balance at end of year	**17,213**	**7,537**

Management believes that the allowance for impairment losses on net investment in lease financing is adequate.

d. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 61A.

15. ACCEPTANCE RECEIVABLES

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	19,436	53,201
Third parties	176,639	241,133
	196,075	294,334
Receivables from debtors		
Related parties (Note 55)	165,412	178,887
Third parties	576,520	258,936
	741,932	437,823
Total Rupiah	938,007	732,157
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	3,065	-
Third parties	86,413	387,330
	89,478	387,330
Receivables from debtors		
Related parties (Note 55)	64,225	547,719
Third parties	12,022,349	8,511,164
	12,086,574	9,058,883
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	**10,114,889**

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	270,125	304,786
1 - 3 months	515,103	373,086
3 - 6 months	152,779	54,285
Total Rupiah	938,007	732,157
Foreign currencies:		
Less than 1 month	3,228,606	2,957,937
1 - 3 months	4,295,136	3,370,377
3 - 6 months	4,643,115	2,805,160
6 - 12 months	9,195	312,739
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	**10,114,889**

c. By Bank Indonesia's Collectibility:

	2014	2013
Current	13,107,724	10,153,572
Special mention	6,335	24,798
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	**10,114,889**

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

	2014	2013*)
Balance at beginning of year	63,481	37,041
Allowance/(reversal) during the year (Note 44)	44,873	(3,649)
Others*)	(1,427)	30,089
Balance at end of year	**106,927**	**63,481**

*) Includes effect of foreign currency translation.

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

e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENTS IN SHARES

a. The detail of investments in shares is as follows:

	2014	2013
Investment in shares	58,672	7,891
Less: Allowance for impairment losses	(3,182)	(3,224)
	55,490	**4,667**

The detail of investments in shares as at 31 December 2014 is as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	266
Cost Method:			
Others (each less than Rp3,000)	Various	3.99% - 34.00%	58,406
Total			58,672
Less: Allowance for impairment losses			(3,182)
			55,490

The detail of investments in shares as at 31 December 2013 is as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	1,362
Cost and Equity Method:			
Others (each less than Rp3,000)	Various	3.99% - 34.00%	6,529
Total			7,891
Less: Allowance for impairment losses			(3,224)
			4,667

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

	2014	2013
Current	58,405	6,528
Doubtful	266	1,362
Loss	1	1
Total	58,672	7,891
Less: Allowance for impairment losses	(3,182)	(3,224)
	55,490	**4,667**

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

	2014	2013
Balance at beginning of year	3,224	3,044
(Reversal)/allowance during the year (Note 44)	(488)	310
Others*)	446	(130)
Balance at end of year	**3,182**	**3,224**

*) Includes effect of foreign currency translation

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

(Expressed in millions of Rupiah, unless otherwise stated)

17. PREPAID EXPENSES

	2014	2013
- Prepaid rent	1,017,201	789,658
- Building maintenance	557,942	454,705
- Others	262,357	244,647
	1,837,500	**1,489,010**

Prepaid rent mostly consists of rent on buildings which are used as the Group branch's offices and official residence across Indonesia.

18. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2014 to 31 December 2014	**Beginning Balance**	**Additions*)**	**Deductions**	**Reclassifications**	**Ending Balance**
Cost/Revalued Amount					
Direct ownership					
Land	2,807,067	16,540	(1)	15,518	2,839,124
Buildings	2,591,342	302,313	(217)	415,890	3,309,328
Furnitures, fixtures, office equipment and computer equipment	6,374,639	233,843	(12,602)	525,301	7,121,181
Vehicles	259,936	19,489	(2,981)	2,746	279,190
Construction in progress	1,212,770	1,678,539	(6,120)	(959,455)	1,925,734
	13,245,754	2,250,724	(21,921)	-	15,474,557
Leased assets	12,495	-	-	-	12,495
	13,258,249	2,250,724	(21,921)	-	15,487,052
Accumulated Depreciation					
Direct ownership					
Buildings	1,283,489	167,693	(217)	(5)	1,450,960
Furnitures, fixtures, office equipment and computer equipment	4,206,743	753,453	(12,096)	5	4,948,105
Vehicles	120,909	39,034	(2,947)	-	156,996
	5,611,141	960,180	(15,260)	-	6,556,061
Leased assets	1,510	625	-	-	2,135
	5,612,651	960,805	(15,260)	-	6,558,196
Net book value					
Direct ownership					
Land					2,839,124
Buildings					1,858,368
Furniture, fixtures, office equipment and computer equipment					2,173,076
Vehicles					122,194
Construction in progress					1,925,734
					8,918,496
Leased assets					10,360
					8,928,856

*) Included in the additions of fixed asset is the acquisition cost of fixed assets amounted Rp33,622 and accumulated depreciation amounted to Rp20,140 resulted from consolidation of InHealth, a subsidiary since 2 May 2014.

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

The details of fixed assets were as follows: (continued)

Movements from 1 January 2013 to 31 December 2013	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,783,546	47,715	(27,265)	3,071	2,807,067
Buildings	2,402,634	65,009	(158,851)	282,550	2,591,342
Furnitures, fixtures, office equipment and computer equipment	5,511,558	249,920	(66,842)	680,003	6,374,639
Vehicles	234,601	35,238	(13,109)	3,206	259,936
Construction in progress	995,931	1,186,506	(837)	(968,830)	1,212,770
	11,928,270	1,584,388	(266,904)	-	13,245,754
Leased assets	12,495	-	-	-	12,495
	11,940,765	1,584,388	(266,904)	-	13,258,249
Accumulated Depreciation					
Direct ownership					
Buildings	1,267,706	113,110	(97,327)	-	1,283,489
Furnitures, fixtures, office equipment and computer equipment	3,575,089	669,855	(38,201)	-	4,206,743
Vehicles	94,395	38,603	(12,089)	-	120,909
	4,937,190	821,568	(147,617)	-	5,611,141
Leased assets	885	625	-	-	1,510
	4,938,075	822,193	(147,617)	-	5,612,651
Net book value					
Direct ownership					
Land					2,807,067
Buildings					1,307,853
Furniture, fixtures, office equipment and computer equipment					2,167,896
Vehicles					139,027
Construction in progress					1,212,770
					7,634,613
Leased assets					10,985
					7,645,598

Construction in progress as at 31 December 2013 and 2014 were comprised of:

	2014	2013
Buildings	1,045,831	638,895
Computers and other hardware that have not been installed	577,528	427,977
Office equipment and inventory	260,958	106,833
Vehicles	6,876	2,746
Others	34,541	36,319
	1,925,734	**1,212,770**

The estimated percentage of completion of construction in progress as at 31 December 2014 for computers and other hardwares that have not been installed was ranging between 32% - 95% and 31 December 2013 was ranging between 20% - 97%.

18. FIXED ASSETS (continued)

Others

a. On 22 February 1990, the Bank signed a Joint Operation agreement (KSO) with PT Pakuwon Jati, where PT Pakuwon Jati will build a shopping center and office tower with 17 storeys and other supporting facilities on land owned by Bank Mandiri, which located on Jalan Basuki Rachmat No. 2, 4, 6 Surabaya. PT Pakuwon Jati is entitled to utilise the building for 22 years. The KSO agreement has matured on 21 February 2012 and the ownership of building has been transferred to Bank Mandiri.

   Through the Temporary utilisation agreement No. 05 dated 21 February 2012, developers can still utilise the building in the form of room rental for one year period until 20 February 2013. On 20 February 2013, the agreement has been extended until 20 February 2014. And through the Temporary utilisation agreement No. 02 dated on 2 April 2014, the agreement has been extended from 21 February 2014 until 20 February 2015. However, the Bank has the right to terminate the agreement anytime if the Bank want to utilise the building or transfer the rights to third party.

   The Bank signed Joint Operation Agreement (“KSO”) with PT Duta Anggada Realty Tbk. through Deed No. 105 on KSO Agreement dated 24 May 1991, which was amended by Deed No. 70 Addendum I on KSO Agreement dated 14 June 1991 and Deed No. 65 Addendum II on KSO Agreement dated 21 December 2011. These agreements regulate, amongst others, the construction and management of two office towers, each with 27 floors, on land owned by the Bank. Duta Anggada is entitled to utilise the Tower 1 and Tower 2 buildings up to 15 May 2014 and 15 May 2016, respectively.

   On 19 May 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri and Deed No. 43 dated 19 May 2014 regarding temporary utilisation agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to 15 May 2016.

b. Estimated fair values of land and buildings owned by the Bank as at 31 December 2014 is determined using value of Sales Value of Tax Object (NJOP). NJOP is regarded as the best estimates which reflect the fair value. As at 31 December 2014, the NJOP of land and buildings owned by the Bank are Rp17,899,621 and Rp3,470,513, respectively. For assets other than lands and buildings, there is no significant difference between the estimated fair value and carrying value of fixed assets.

c. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2015 and 2039. Based on past experience, the Group has the confidence to extend the HGB.

d. As at 31 December 2014, Bank Mandiri have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (was PT Asuransi Staco Jasapratama), PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Mandiri AXA General Insurance (was PT Asuransi Dharma Bangsa), PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967, PT Asuransi Astra Buana, PT Asuransi Bangun Askrida, PT Asuransi Bintang, PT Asuransi Tugu Pratama, PT Central Asia Raya and PT Axa Mandiri Financial Services, with total sum insured of Rp5,560,233 and USD1,213,609 (full amount) (2013:Rp3,931,075 and USD92,520,780 (full amount)). Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.

e. Management also believes that there is no impairment of fixed assets as at 31 December 2014 and 2013.

(Expressed in millions of Rupiah, unless otherwise stated)

19. INTANGIBLE ASSETS

	2014	2013
- Software	1,221,468*)	1,005,320*)
- Goodwill	423,115	154,935
	1,644,583	**1,160,255**

*) Net of amortisation of Rp1,575,399 and Rp1,354,113 as at 31 December 2014 and 2013.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As at 31 December 2014 and 2013, include in the software balance are construction in progress for software amounting to Rp374,844 and Rp314,410, respectively. The estimated percentage of completion of software as at 31 December 2014 was ranging between 15% - 95% (2013: 5% - 95%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiary's assets acquired. Increase of goodwill balance in 2014 represents goodwill from acquisition of InHealth (Subsidiary) in May 2014 (refer to Note 1g). Goodwill is assessed regularly for impairment. As at 31 December 2014 and 2013 there is no impairment on the Bank's goodwill.

20. OTHER ASSETS

	2014	2013
Accrued income	3,272,972	2,563,524
Others - net	7,966,426	6,345,208
	11,239,398	**8,908,732**

Accrued Income

	2014	2013
Rupiah	2,725,046	2,175,900
Foreign currencies (Note 61B.(v))	547,926	387,624
	3,272,972	**2,563,524**

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

Others - net

	2014	2013
Rupiah:		
Receivables from customer transactions	1,757,865	1,860,011
Receivables from mutual fund	696,502	1,000,521
Receivables from transactions related to ATM and credit card	636,502	597,376
Receivables from Government Bonds pledged as collateral	592,614	-
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp947 and Rp947 as at 31 December 2014 and 2013, respectively	149,325	150,376
Receivables from policyholders	144,861	81,735
Repossessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,850 and Rp9,850 as at 31 December 2014 and 2013, respectively	23,688	23,988
Receivables from sales of marketable securities	-	254
Others	2,821,972	2,287,150
Total Rupiah	**6,823,329**	**6,001,411**
Foreign currencies:		
Receivables from customer transactions (Note 61B.(v))	6,337	5,622
Receivables to policyholder (Note 61B.(v))	6,389	3,046
Receivable from sale of marketable securities (Note 61B.(v))	261,870	-
Others	1,120,006	624,541
Total foreign currencies	**1,394,602**	**633,209**
Total	8,217,931	6,634,620
Less: Allowance for possible losses	(251,505)	(289,412)
	7,966,426	**6,345,208**

(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2014 and 2013, included in receivables from customer transactions is an impaired portfolio amounting to Rp67,134 and Rp89,330, respectively.

Receivables from mutual fund related with receivable from securities portfolio transactions of unit-linked contracts, from mutual funds that consolidated by Subsidiary.

Receivables related to ATM and credit card transactions represent receivable arising from ATM transactions within ATM Bersama, Prima and Link network and receivable from Visa and MasterCard on credit card transactions.

Receivables from Government Bonds pledged as collateral represent receivables in relation to “repo to maturity” transaction with a counterparty, where the Bank has transferred VR0031 with nominal value of Rp600,000 and recognised a receivable equivalent to the cash value of VR0031 (Refer to Note 36f). This receivable will be settled at a net basis with the settlement of the corresponding liabilities of Rp600,000 to the counterparty on the due date 25 July 2020.

Receivables to policyholders represent the Subsidiary’s receivables to policyholders related to policyholders’ premium of non unit-linked products.

Receivables from sales of marketable securities represent receivables arising from sale of marketable securities which have settlement date on 2 January 2015 and 2 January 2014, respectively for the year 2014 and 2013.

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

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

	2014	2013
Balance at beginning of the year	289,412	276,769
Reversal during the year (Note 45)	(42,475)	(23,070)
Others*)	4,568	35,713
Balance at end of the year	**251,505**	**289,412**

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)	9,752,670	11,183,111
Third parties	69,226,136	62,224,062
Total Rupiah	78,978,806	73,407,173
Foreign currencies:		
Related parties (Note 55)	9,998,549	15,324,039
Third parties	39,076,203	34,696,437
Total foreign currencies (Note 61B.(v))	49,074,752	50,020,476
	128,053,558	**123,427,649**

Included in demand deposits were *wadiah* deposits amounting Rp5,186,571 and Rp7,507,387 as at 31 December 2014 and 2013, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS (continued)

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

Average interest rates (cost of funds) per annum:

	2014	2013
Rupiah	2.00%	1.97%
Foreign currencies	0.27%	0.29%

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

	2014	2013
Rupiah	0.70% - 0.81%	0.72% - 0.87%
Foreign currencies	0.18% - 0.81%	0.17% - 0.87%

c. As at 31 December 2014 and 2013, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting Rp3,959,724 and Rp3,392,353, respectively (Note 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Currency, Type, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)		
Mandiri Saving	111,904	194,151
Third parties		
Mandiri Saving	205,731,289	193,529,509
Mandiri Haji Saving	877,926	943,190
Total Rupiah	206,721,119	194,666,850
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving	9,779	8,054
Third parties		
Mandiri Saving	24,730,358	21,342,706
Total foreign currencies (Note 61B.(v))	24,740,137	21,350,760
	231,461,256	**216,017,610**

Included in saving deposits were *wadiah* deposits amounting Rp1,700,819 and Rp1,607,905 as at 31 December 2014 and 2013, respectively.

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

	2014	2013
Rupiah	1.50%	1.54%
Foreign currencies	0.20%	0.21%

c. As at 31 December 2014 and 2013, total saving pledged as collateral on loans were amounting Rp6,180,991 and Rp4,994,583, respectively (Note 12B.c).

(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah		
Related parties (Note 55)	28,301,811	20,137,578
Third parties	166,127,536	121,540,895
Total Rupiah	194,429,347	141,678,473
Foreign currencies		
Related parties (Note 55)	5,158,131	7,838,922
Third parties	24,346,619	20,033,602
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	**169,550,997**

b. By Contract Period:

	2014	2013
Rupiah:		
1 month	112,370,849	90,271,968
3 months	54,302,197	29,572,387
6 months	17,021,891	12,436,614
12 months	9,903,428	9,222,714
Over 12 months	830,982	174,790
Total Rupiah	194,429,347	141,678,473
Foreign currencies:		
1 month	25,009,765	25,084,080
3 months	1,738,095	1,295,605
6 months	2,232,298	966,597
12 months	498,355	507,168
Over 12 months	26,237	19,074
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	**169,550,997**

c. By remaining period until maturity dates:

	2014	2013
Rupiah:		
Less than 1 month	122,668,578	98,919,518
1 - 3 months	52,424,800	27,370,781
3 - 6 months	13,364,000	7,276,167
6 - 12 months	5,195,621	7,867,987
Over 12 months	776,348	244,020
Total Rupiah	194,429,347	141,678,473
Foreign currencies:		
Less than 1 month	22,542,957	25,139,216
1 - 3 months	4,473,904	1,812,614
3 - 6 months	2,004,405	507,615
6 - 12 months	461,839	404,484
Over 12 months	21,645	8,595
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	**169,550,997**

(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

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

	2014	2013
Rupiah	7.67%	5.50%
Foreign currencies	1.20%	0.68%

e. As at 31 December 2014 and 2013, total time deposits pledged as collateral on loans were amounting Rp18,274,445 and Rp12,893,916, respectively (Note 12B.c).

24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Demand Deposits		
Related parties (Note 55)		
Rupiah	8,637	63,613
Foreign currencies (Note 61B.(v))	16,932	-
	25,569	63,613
Third parties		
Rupiah	1,147,015	937,632
Foreign currencies (Note 61B.(v))	1,023,532	988,034
	2,170,547	1,925,666
Total Demand Deposits	2,196,116	1,989,279
Saving Deposits		
Third parties		
Rupiah	1,302,946	1,063,740
Foreign currencies (Note 61B.(v))	-	-
Total Saving Deposits	1,302,946	1,063,740
Total Demand and Saving Deposits	**3,499,062**	**3,053,019**

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp41,838 and Rp28,199 as at 31 December 2014 and 2013, respectively.

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

Average interest rates (cost of funds) per annum:

	2014	2013
Demand Deposits		
Rupiah	2.00%	1.97%
Saving Deposits		
Rupiah	1.50%	1.54%

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

	2014	2013
Rupiah	0.70 - 0.81%	0.72% – 0.87%

c. As at 31 December 2014 and 2013, total demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting Rp20,079 and Rp16,446, respectively (Note 12B.c and 31e).

(Expressed in millions of Rupiah, unless otherwise stated)

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

a. By Currency:

	2014	2013
Third parties		
Rupiah	415,000	1,220,000
Foreign currencies (Note 61B.(v))	2,477,000	60,850
	2,892,000	**1,280,850**

b. By Remaining Period Until Maturity Date:

	2014	2013
Rupiah		
Less than 1 month	415,000	1,220,000
Foreign currencies		
Less than 1 month	2,322,188	60,850
More than 1 month	154,812	-
Total foreign currencies (Note 61B.(v))	2,477,000	60,850
	2,892,000	**1,280,850**

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

	2014	2013
Rupiah	6.18%	6.56%
Foreign currencies	1.30%	1.76%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2014	2013
Third parties		
Rupiah	11,140,783	8,109,444
Total Rupiah	**11,140,783**	**8,109,444**

b. By Contract Period:

	2014	2013
Rupiah:		
1 month	10,920,705	6,463,990
3 months	156,085	1,542,759
6 months	8,418	35,300
12 months	55,575	13,985
above 12 months	-	53,410
Total Rupiah	**11,140,783**	**8,109,444**

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

	2014	2013
Rupiah	7.67%	5.50%
Foreign currencies	1.20%	0.68%

d. As at 31 December 2014 and 2013, time deposits from other banks pledged as collateral on loans amounting Rp112,073 and Rp94,681, respectively (Note 12B.c).

(Expressed in millions of Rupiah, unless otherwise stated)

27. LIABILITY TO UNIT-LINKED HOLDERS

This account represents Subsidiary's liability to unit-linked holders placed in unit-linked investment, with details as follow:

	2014	2013
Non-Sharia	16,407,185	11,251,409
Sharia	936,614	751,588
	17,343,799	**12,002,997**

The details of non-sharia unit-linked investments based on the type of contracts are as follow:

	2014	2013
Dynamic Money	7,911,912	5,903,460
Attractive Money	4,219,272	2,345,304
Progressive Money	2,295,561	2,022,887
Excellent Equity	1,426,903	735,400
Protected Money	261,701	-
Active Money	150,537	109,912
Secure Money	77,101	77,602
Fixed Money	54,146	47,821
Money Market	10,052	9,023
	16,407,185	**11,251,409**

The details of sharia unit-linked investments based on the type of contracts are as follow:

	2014	2013
Attractive Money Syariah	802,467	640,873
Active Money Syariah	90,292	77,473
Advanced Commodity Syariah	22,922	21,467
Amanah Equity Syariah	20,933	11,775
	936,614	**751,588**

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Goverment Bonds. As at 31 December 2014 and 2013, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

The policyholders' funds non-sharia placed in statutory deposits as at 31 December 2014 and 2013 amounted to Rp177,776 and Rp177,639, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2014 and 2013 amounted to USD2,378,155 (full amount) and USD2,603,328 (full amount), respectively.

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

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

27. LIABILITY TO UNIT-LINKED HOLDERS (continued)

Progressive Money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Campuran Progresif.

Excellent Equity
This is an equity fund with underlying exposures in small cap equities (exclude top 20) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Protected Money
This is a placement of funds based combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities of less than 1 year.

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

Secure Money
Secure Money Rupiah fund is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Obligasi Mantap. The USD fund has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund Investa Dana Dollar Mandiri.

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

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

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2014 and 2013 amounted to Rp20,000 and Rp15,917, respectively.

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

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

Advanced Commodity Syariah
This is an equity fund with underlying exposures mainly in commodity and commodity - related stocks that listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Komoditas Syariah Plus.

Amanah Syariah Equity
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund BNP Paribas Pesona Amanah.

(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2014						
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Third parties							
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Obligasi FR0069	750,000	30/12/2014	30/01/2015	644,611	3,408	641,203
	Obligasi FR0069	750,000	29/12/2014	29/01/2015	644,220	3,288	640,932
	Obligasi FR0066	650,000	21/06/2013	15/05/2018	741,560	201,686	539,874
	Obligasi VR0027	622,742	20/06/2013	20/06/2018	702,888	201,778	501,110
	Obligasi VR0029	359,000	29/12/2014	12/01/2015	321,380	601	320,779
	Sukuk SR004	350,000	30/12/2014	30/01/2015	296,988	1,570	295,418
	Obligasi ORI010	250,000	29/12/2014	05/01/2015	215,743	147	215,596
	Obligasi ORI011	250,000	29/12/2014	05/01/2015	215,543	147	215,396
	Obligasi FR0069	250,000	29/12/2014	05/01/2015	213,339	146	213,193
	Sukuk SR004	250,000	29/12/2014	05/01/2015	211,304	144	211,160
	Sukuk SR005	250,000	29/12/2014	05/01/2015	210,330	144	210,186
	IDBI130315273S	250,000	30/12/2014	30/01/2015	210,659	1,114	209,545
	Obligasi ORI009	200,000	30/12/2014	30/01/2015	169,545	896	168,649
	SPN97-060215	100,000	30/12/2014	30/01/2015	84,922	449	84,473
	VR0029	90,000	24/12/2014	07/01/2015	80,557	82	80,475
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
		7,271,742			7,102,063	989,474	6,112,589
Total		7,271,742			7,102,063	989,474	6,112,589

	31 December 2013						
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Related parties							
	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,548	390	250,158
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,547	389	250,158
Total		1,660,000			1,511,279	1,955	1,509,324
Third parties							
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	650,000	21/06/2013	15/05/2018	741,560	201,139	540,421
	Obligasi VR0027	622,742	20/06/2013	20/06/2018	702,888	191,333	511,555
	Sukuk SR004	250,000	30/12/2013	07/01/2014	206,261	251	206,010
	Obligasi ORI009	250,000	30/12/2013	06/01/2014	205,288	206	205,082
	Sukuk SR005	250,000	30/12/2013	08/01/2014	203,579	290	203,289
Total		3,822,742			4,113,128	966,303	3,146,825
		5,482,742			5,624,407	968,258	4,656,149

29. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Payable to other banks		
Related parties (Note 55)	296,959	138,029
Third parties	444,973	299,794
Payable to debtors		
Related parties (Note 55)	72,868	89,003
Third parties	123,207	205,331
Total Rupiah	938,007	732,157
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	991,837	125,065
Third parties	11,094,737	8,933,818
Payable to debtors		
Related parties (Note 55)	4,585	93,832
Third parties	84,893	293,498
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
	13,114,059	**10,178,370**

(Expressed in millions of Rupiah, unless otherwise stated)

29. ACCEPTANCE PAYABLES (continued)

b. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	270,125	304,786
1 - 3 months	515,103	373,086
3 - 6 months	152,779	54,285
Total Rupiah	938,007	732,157
Foreign currencies:		
Less than 1 month	3,228,606	2,957,937
1 - 3 months	4,295,136	3,370,377
3 - 6 months	4,643,115	2,805,160
6 - 12 months	9,195	312,739
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
	13,114,059	**10,178,370**

30. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2014	2013
Rupiah :		
Related Party (Note 55)		
Bonds	387,000	278,000
Subordinated Notes Syariah *Mudharabah*	50,000	50,000
Total Related Party	437,000	328,000
Third Party		
Bonds	840,000	699,000
Subordinated Notes Syariah *Mudharabah*	450,000	450,000
Medium-Term Notes (MTN)	200,000	200,000
Mandiri travelers' cheques	84,692	105,298
Others	564	564
Total Third Party	1,575,256	1,454,862
	2,012,256	1,782,862
Less: Unamortised issuance cost	(2,631)	(3,265)
	2,009,625	**1,779,597**

Bonds

On 23 May 2014, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 ("Continuous Bonds II") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consist of 2 (two) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	425,000	10.70%	23 May 2017
Series B	175,000	10.85%	23 May 2018

The trustee for Continuous Bonds II is PT Bank Mega Tbk.

On 28 May 2013, the Subsidiary (PT Mandiri Tunas Finance) received the effective notification from the Financial Service Authority through its letter No S-144/D.04/2013 in conjuction with continuing public offering of Mandiri Tunas finance continuing Bonds I Phase I Year 2013 ("Continuous Bonds I") with a nominal value of Rp500.000, which consist of 2 (two) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	425,000	7.75%	5 June 2016
Series B	75,000	7.80%	5 June 2017

The trustee for Continuous Bonds I is PT Bank Mega Tbk.

(Expressed in millions of Rupiah, unless otherwise stated)

30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

On 20 May 2011, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Bonds VI Year 2011 ("Bonds VI") at the Indonesian Stock Exchange (formerly the Surabaya Stock Exchange) with a nominal value of Rp600,000 consisting of 4 (four) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	48,000	8.60%	23 May 2012
Series B	52,000	9.60%	19 May 2013
Series C	350,000	10.00%	19 May 2014
Series D	150,000	10.70%	19 May 2015

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000, Series B for Rp52,000 and Series C for Rp350,000 had been paid at the maturity date.

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 31 December 2014, the rating for Continuous Bonds and Bonds VI is idAA (double A).

Subordinated Notes *Syariah Mudharabah*

On 19 December 2011, PT Bank Syariah Mandiri (BSM) conducted a limited offering and sale of Sukuk Subordinated Notes *Syariah Mudharabah* Year 2011 ("BSM subnotes") with a nominal value Rp500,000. The period of these BSM subnotes is 10 (ten) years with call option on the 5^{th} (fifth) year starting the issuance date. The issuance of BSM Subnotes is conducted in 3 (three) phases, as follows:

- Phase I dated 19 December 2011 with a nominal amount of Rp75,000
- Phase II dated 19 December 2011 with a nominal amount of Rp275,000
- Phase III dated 19 December 2011 with a nominal amount of Rp150,000

Medium Term Notes (MTN)

On 24 January 2012, Subsidiary had issued and registered Medium Term Notes (MTN) III amounting to Rp200,000 with a fixed interest rate of 9.95% per annum, at Kustodian Sentral Efek Indonesia (KSEI). MTN III has 3 (three) years effective period starting from 2 February 2012 to 2 February 2015.

2014 and 2013					
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	2 February 2015	36	9.95%	200,000
					200,000

Subsidiaries had paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period from 1 January 2014 to 31 December 2014.

For the period from 1 January 2014 to 31 December 2014, Subsidiaries had fulfilled the covenants as stipulated in the agreements.

(Expressed in millions of Rupiah, unless otherwise stated)

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a. Transactions of commitment and contingent in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	2014	2013
Rupiah:		
Bank guarantees issued (Note 53)	26,853,713	23,777,965
Committed unused loan facilities granted (Note 53)	26,516,482	23,503,517
Outstanding irrevocable letters of credit (Note 53)	2,112,407	3,039,253
Standby letters of credit (Note 53)	1,709,373	1,626,837
Total Rupiah	57,191,975	51,947,572
Foreign currencies:		
Bank guarantees issued (Note 53)	34,359,188	32,641,571
Committed unused loan facilities granted (Note 53)	7,046,517	5,405,644
Outstanding irrevocable letters of credit (Note 53)	13,055,707	12,178,877
Standby letters of credit (Note 53)	10,180,077	7,025,509
Total foreign currencies	64,641,489	57,251,601
	121,833,464	**109,199,173**

b. By Bank Indonesia's collectibility:

	2014	2013
Current	121,384,434	108,786,436
Special mention	367,646	352,792
Sub-standard	7,064	383
Doubtful	10,551	509
Loss	63,769	59,053
Total	121,833,464	109,199,173
Less: Allowance for impairment losses	(196,793)	(200,501)
Commitments and contingencies - net	**121,636,671**	**108,998,672**

c. Movements of allowance for impairment losses on commitments and contingencies:

	2014	2013
Balance at beginning of year	200,501	189,085
Reversal during the year	(5,313)	(10,784)
Others*)	1,605	22,200
Balance at end of year	**196,793**	**200,501**

*) Includes effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as at 31 December 2014 and 2013 amounting to Rp1,771,213 and Rp1,216,930, respectively (Notes 21c and 24c).

(Expressed in millions of Rupiah, unless otherwise stated)

32. ACCRUED EXPENSES

	2014	2013
- Fixed asset and software procurement	1,308,820	1,094,820
- Interest expenses	1,082,993	699,474
- Promotions	302,512	336,129
- Outsourcing expenses	258,401	225,672
- Employee related costs: uniform, recreation and others	70,706	88,352
- Others	856,841	882,028
	3,880,273	**3,326,475**

Included in the fixed asset and software procurement are payables to vendors related with operational and maintenance activities for buildings, equipments, software, ATM machines and Bank's IT System.

33. TAXATION

a. Prepaid Taxes

	2014	2013
Bank Mandiri	2,417,736	1,108,430
Subsidiaries	174,246	18,119
	2,591,982	**1,126,549**

b. Tax Payables

	2014	2013
Current Income tax payables		
Bank Mandiri		
Corporate Income Tax - Article 29	744,342	1,515,818
Subsidiaries		
Corporate Income Tax - Article 29	153,302	157,212
	897,644	**1,673,030**
Taxes Payables - Others		
Bank Mandiri		
Income taxes		
Article 25	369,114	-
Article 21	110,231	90,059
Article 4 (2)	276,939	196,617
Others	89,939	65,935
	846,223	352,611
Subsidiaries	131,274	101,223
	977,497	**453,834**
Total Taxes Payables	**1,875,141**	**2,126,864**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

c. Tax (Benefit)/Expense

	2014	2013
Tax expense - current:		
Bank Mandiri	4,674,771	4,528,782
Subsidiaries	635,148	759,707
	5,309,919	5,288,489
Tax (benefit)/expense - deferred:		
Bank Mandiri	82,730	(70,285)
Subsidiaries	(39,417)	13,699
	43,313	(56,586)
	5,353,232	**5,231,903**

As explained in Note 2ad, income tax for Bank Mandiri and its subsidiaries are calculated for each separate legal entity.

d. Tax Expense - Current

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of comprehensive income and income tax calculations and the related estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2014	2013
Consolidated income before tax expense and non-controlling interests	26,008,015	24,061,837
Less:		
Income before tax expense of Subsidiaries - after elimination	(2,265,732)	(3,408,523)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method)	443,546	1,018,151
Income before tax expense and non-controlling interests - Bank Mandiri only	24,185,829	21,671,465
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(398,481)	626,250
Others	158	(5,229)
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,025,957)	(762,212)
Allowance for impairment losses on financial assets other than loans	151,940	417,111
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	496,970	717,993
Unrealised gain on BOT transactions	187,205	(15,597)
Allowance for estimated losses arising from legal cases	(124,212)	66,412
Provision for estimated losses on commitments and contingencies	(2,660)	11,693
Depreciation of fixed assets	(102,848)	(61,070)
Unrealised lossess on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	6,964	6,052
Allowance for possible losses on other assets	-	(19,555)
Allowance for possible losses of abandoned properties	(1,051)	(9,402)
Estimated taxable income	23,373,857	22,643,911
Estimated tax expense-current		
Bank Mandiri only	4,674,771	4,528,782
Subsidiaries	635,148	759,707
Estimated tax expense-current	**5,309,919**	**5,288,489**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax Expense - Current (continued)

The calculation of income tax for the year ended 31 December 2014 is a preliminary estimate made for accounting purposes and are subject to change at the time of the Bank submit its annual tax return.

Tax calculation for the year ended 31 December 2013 in accordance with the income tax (SPT) Bank Mandiri.

The tax on Bank Mandiri and Subsidiaries (Group)'s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities as follows:

	2014	2013
Consolidated income before tax expense and minority interest	26,008,015	24,061,837
Tax calculated at applicable tax rates:	5,403,600	5,186,425
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(171,684)	(150,620)
- Expense not deductible for tax purposes	91,987	274,824
	(79,697)	124,204
Subsidiaries	29,329	(78,726)
Total tax effect	(50,368)	45,478
Income tax expense	**5,353,232**	**5,231,903**

Under the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the Annual Corporate Income Tax Returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fullfiling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated 10 June 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated 9 March 2010.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated 28 December 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated 21 November 2013 regarding Reduction of Income Tax Rate for Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated 30 December 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Resident Corporate Taxpayers, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange and must be recorded in depository and settlement institutional, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the taxpayer at the minimum 183 (one hundred and eighty three) calender days in a period of (1) one fiscal year.

Tax payer should include the certificate from Securities Administration Agency in the annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No X.H.1 for each respective fiscal year.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax Expense - Current (continued)

Based on Certificate No. DE/I/2015-0231 dated 6 January 2015 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form no X.H. 1-2 dated 2 January 2015 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fullfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 year 2013. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, the Financial Services Authority (previously “Bapepam-LK”) will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank’s corporate income tax for the year ended 31 December 2014 are calculated using the tax rate of 20%.

Based on Certificate No.DE/I/2014-0111 dated 3 January 2014 regarding Monthly Stock Ownership of Publicly Listed Companies Report and the Recapitulation Form No.X.H.I-2 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fullfilled the requirements to obtain the income tax rate reduction to become 20%. Until now, the effective date of GR No.77 Year 2013 is still in discussion which will be clarified through revision of GR No.77 year 2013. However Management believes that Bank Mandiri has met all requirements to obtain income tax reduction for 2013 fiscal year. Therefore, the Bank's corporate income tax for the year ended 31 December 2013 are calculated using the tax rate of 20%.

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	2014			
	Beginning balance	**Credited/ (charged) to consolidated statement of comprehensive income**	**Charged to equity**	**Ending balance**
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,486,003	(154,465)	-	1,331,538
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	864,471	99,394	-	963,865
Allowance for impairment loan losses	919,733	(50,726)	-	869,007
Allowance for impairment losses on financial assets other than loans	379,792	30,388	-	410,180
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	347,528	-	(207,712)	139,816
Allowance for estimated losses arising from legal cases	125,778	(24,842)	-	100,936
Estimated losses on commitments and contingencies	39,562	(532)	-	39,030
Allowance for possible losses on abandoned properties	30,029	(210)	-	29,819
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	108	1,393	-	1,501
Accumulated losses arising from difference in net realisable value of abandoned properties	189	-	-	189
Deferred tax assets	**4,197,156**	**(99,600)**	**(207,712)**	**3,889,844**
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(57,709)	37,441	-	(20,268)
Net book value of fixed assets	(45,681)	(20,571)	-	(66,252)
Deferred tax assets - Bank Mandiri only	**4,093,766**	**(82,730)**	**(207,712)**	**3,803,324**
Net deferred tax assets - Subsidiaries	**228,732**			**385,796**
Total consolidated deferred tax assets - net	**4,322,498**			**4,189,120**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	2013			
	Beginning balance	Credited/ (charged) to consolidated statement of comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,707,651	(221,648)	-	1,486,003
Allowance for impairment loan losses	850,527	69,206	-	919,733
Allowance for impairment losses on financial assets other than loans	296,370	83,422	-	379,792
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	720,872	143,599	-	864,471
Allowance for estimated losses arising from legal cases	112,496	13,282	-	125,778
Estimated losses on commitments and contingencies	37,223	2,339	-	39,562
Allowance for possible losses on abandoned properties	33,940	(3,911)	-	30,029
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	(1,880)	-	189
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	101,158	-	246,370	347,528
Deferred tax assets	**3,866,269**	**84,409**	**246,370**	**4,197,048**
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(54,590)	(3,119)	-	(57,709)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(1,102)	1,210	-	108
Net book value of fixed assets	(33,466)	(12,215)	-	(45,681)
Deferred tax assets - Bank Mandiri only	**3,777,111**	**70,285**	**246,370**	**4,093,766**
Net deferred tax assets - Subsidiaries	**189,502**			**228,732**
Total consolidated deferred tax assets - net	**3,966,613**			**4,322,498**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

f. Tax assessment letters

Fiscal Year 2013

Based on verification process done by Tax office, on 16 December 2014, Tax Office issued Tax Underpayment Assessment Letter (SKPKB) which stated underpayment of corporate tax expense in relation to the use of tax rate for 2013 fiscal year of Rp1,313,347 (including penalties).

Management disagree with the Tax Underpayment Assessment Letter and will submit an objection letter to Tax Office. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on 31 December 2014.

Fiscal Year 2010

Based on tax audit result, on 6 December 2012, the Bank received Tax Underpayment Assessment Letters (SKPKB) which stated underpayments of corporate income tax related with loan write offs and Value Added Tax (VAT) and Tax Collection Letter penalties (STP) for fiscal year 2010 totalled to Rp1,108,071 (including penalties).

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

f. Tax assessment letters (continued)

Fiscal Year 2010 (continued)

Management disagree with the Tax Underpayment Assessment letter result and on 4 March 2013, Bank has submitted an objection letter to the tax office. The Bank has paid all the tax underpayment which recorded as prepaid tax as at 31 December 2014 and 2013.

On December 2013, the Tax Office issued a decision letter to the Bank's objection letters on VAT above and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to value added tax. The Bank disagreed with the above decision letter and has submitted an appeal for on the above decision letter to the Tax Court in March 2014. Until the date of this consolidated financial statements, the tax court is still on progress.

On 21 February 2014, Tax Office issued a decision letter to the Bank's objection letters on tax underpayment on corporate income tax and Tax office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on 19 May 2014. Until the date of this consolidated financial statements, the tax court is still on progress.

34. EMPLOYEE BENEFIT LIABILITIES

	2014	2013
Rupiah		
- Provision for post-employment benefit (Note 50)	2,234,193	1,965,656
- Provisions for bonuses, leave and holiday entitlements	2,946,967	2,619,413
	5,181,160	**4,585,069**

The provision for post-employment benefit such as pension fund and other long term remuneration is according to Bank and Subsidiaries' policy which had been calculated using actuarial calculation.

35. OTHER LIABILITIES

	2014	2013
Rupiah:		
Liability to policyholders	3,144,685	1,955,475
Payable to customers	2,018,396	1,271,409
Non controlling interest from Subsidiary's mutual fund consolidation	1,152,424	857,009
Liability related to ATM and credit card transaction	966,018	1,001,071
Guarantee deposits	737,225	744,712
Deferred income (directly attributable)	501,082	555,001
Deferred income (not directly attributable)	242,143	181,831
Customers transfer transaction	57,367	138,046
Payable from purchase of marketable securities	13,201	726
Others	4,320,549	4,624,750
Total Rupiah	13,153,090	11,330,030
Foreign currencies:		
Guarantee deposits	1,178,359	1,357,207
Customers transfer transaction	555,859	535,090
Deferred income (not directly attributable)	422,854	447,467
Other liabilities related to UPAS transactions	796,728	283,127
Deferred income (directly attributable)	1,936	5,813
Others	261,860	207,480
Total foreign currencies (Note 61B.(v))	3,217,596	2,836,184
	16,370,686	**14,166,214**

Liabilities to policyholders consists of Subsidiaries' (AXA Mandiri Financial Services and Mandiri AXA General Insurance and PT Asuransi Jiwa InHealth Indonesia) liability for future policy benefits for non unit-linked policyholders, claim payables, unearned premium income and estimated claim liabilities, amounting to Rp1,724,888, Rp93,824, Rp954,692 and Rp371,251 as at 31 December 2014 and amounting to Rp1,368,306, Rp35,394, Rp399,103 and Rp152,672 as at 31 December 2013.

(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

Payable to customers mostly represent payable arising from marketable securities transactions done by PT Mandiri Sekuritas (the Bank's subsidiary).

Liability related to ATM and credit card transactions represents payable arising from ATM transactions via ATM Bersama, ATM Link and ATM Prima network and payable to Visa and MasterCard on credit card transactions.

Non-controling interest from Subsidiary's mutual funds consolidation represents the portion of non-controling arises from consolidation of mutual funds controlled by Subsidiary (AXA Mandiri Financial Services).

Guarantee deposits are cash guarantee deposited by the Bank's customers for export and import transaction and bank guarantee issuance.

Deferred income (directly attributable) represents unamortised provision/commissions income directly attributable to loans.

Deferred income (not directly attributable) represents unamortised provision/commissions income not directly attributable to loans.

Payable from purchase of marketable securities represents the Bank's liability related to purchase of marketable securities transactions that have been subsequently settled on 5 January 2015 and 3 January 2014, respectively for the year 2014 and 2013.

Other liabilities related to UPAS transactions represents liability to the paying bank in foreign currencies in relation to UPAS receivables from importer.

Others mostly consist of inter-office account, liabilities related to import transaction, suspense and unsettled transaction such as customer's financial transaction.

36. FUND BORROWINGS

	2014	2013
Rupiah:		
Related parties (Note 55)		
(a) PT Permodalan Nasional Madani (Persero)	-	2,369
(g) Others	202,609	775,945
	202,609	778,314
Third parties		
(b) Ministry of Public Housing (Kemenpera)	137,570	109,021
(c) Direct Off-shore Loans	300,000	-
(f) Repo to Maturity	494,301	-
(g) Others	3,221,252	3,241,145
	4,153,123	3,350,166
Total Rupiah	4,355,732	4,128,480
Foreign currencies:		
Related parties (Note 55)		
(e) Trade Financing Facilities	49,540	-
Third parties		
(c) Direct Off-shore Loans	10,500,576	8,121,615
(d) Bilateral Loan	6,190,452	3,041,233
(e) Trade Financing Facilities	3,130,804	705,860
Total foreign currencies (Note 61B.(v))	19,821,832	11,868,708
	19,871,372	11,868,708
	24,227,104	**15,997,188**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(a) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowings granted by PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2014 and 2013 for Bank Mandiri are RpNil and RpNil, respectively, and for BSHB are RpNil and Rp2,369, respectively. These facilities bear interest rate at 7.00% per annum. The payment schedule of fund borrowing terms depend on the terms of the individual loan agreement, the last in June 2013 for the Bank and in June 2014 for BSHB. Bank Mandiri lent this fund to the members of Primary Cooperation (*Kredit Koperasi Primer kepada Anggotanya* (KKPA)). The Bank and BSHB has repaid the loan in June 2013 and 2014. The outstanding balance as at 31 December 2013 was from BSHB.

(b) Ministry of Public Housing (Kemenpera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Housing's fund and 30.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated 15 February 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated 15 February 2012 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan.

The outstanding loan balance as at 31 December 2014 and 2013 was amounted to Rp137,570 and Rp109,021. The facility bears interest at 0.50% per annum. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for fund disbursed from date of 1 until 10), and start the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpera will be made not later than the date of 10 for each month.

(c) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2014	2013
Rupiah:		
Bank Of America, Singapore	300,000	-
Total Rupiah	300,000	-
Foreign currencies:		
Standard Chartered Bank, Singapore	3,096,250	3,042,500
Deutsche Bank AG, Singapore	2,477,000	3,651,000
Nomura International Plc, London	2,442,369	-
Bank of America, Hong Kong	1,424,275	-
Agence Française de Développement	690,577	762,165
Asian Development Bank		
- Tranche A	370,105	544,570
- Tranche B	-	121,380
Total Foreign currencies	10,500,576	8,121,615
	10,800,576	**8,121,615**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Bank Of America, Singapore

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Billateral Loan	Bank Of America, Singapore	3 November 2017	36	Fixed 9%	-	300,000

On 31 October 2014, Bank Mandiri obtained an unsecured loan facility from Bank of America, Singapore amounting to Rp300,000 with a fixed interest rate of 9% per year.

The loan facility has a tenor of 3 (three) years and will be matured on 3 November 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on 5 November 2014.

Standard Chartered Bank, Singapore

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	9 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	3,096,250

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	9 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	3,042,500

On 28 June 2012, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Singapore amounting to USD250,000,000 (full amount) with an interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 9 July 2015. On 9 July 2012, Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount). As at 31 December 2014, this loan facility was secured by Government Bonds VR0030 series with a nominal value of Rp3,460,000 (2013: Rp3,000,000) and VR0031 series with a nominal value of Rp843,746 (31 December 2013: Rp843,746) (Note 8c).

Deutsche Bank AG, Singapore

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	200,000,000	2,477,000

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Deutsche Bank AG, Singapore (continued)

2013						
				Interest	Nominal amount	
Type	Arranger	Maturity Date	Tenor (months)	Rate per annum	USD (full amount)	Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	**3,651,000**

On 16 June 2011, Bank Mandiri obtained a loan facility from Deutsche Bank AG, Singapore. The agreement has amended by latest addendum of agreement dated 31 July 2013 whereby the Bank has been provided borrowing amounting to USD300,000,000 (full amount) with an interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will be matured on 23 June 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On 27 June 2011, Bank Mandiri exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on 28 September 2011, the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). Those outstanding loans were repaid on 24 September 2014.

On 30 December 2014, Bank Mandiri has made another drawdown amounting to USD200,000,000 (full amount). As at 31 December 2014, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp4,000,000 (2013: Rp5,457,447) (Note 8c).

Nomura International Plc, London

2014						
				Interest	Nominal amount	
Type	Arranger	Maturity Date	Tenor (months)	Rate per annum	USD (full amount)	Rupiah equivalent
Bilateral Loan	Nomura International Plc, London	17 October 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,477,000
Less:						
Unamortised issuance costs					(2,796,169)	(34,631)
					197,203,831	**2,442,369**

On 8 October 2014, Bank Mandiri obtained a loan facility from Nomura International Plc, London amounting to USD200,000,000 (full amount) with an interest rate at 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 17 October 2017. During the tenor of the loan facility, Bank Mandiri could drawdown of this loan facility amounting to USD200,000,000 (full amount) on 17 October 2014. As at 31 December 2014, this loan facility was secured by Government Bonds series ROI 16 with a nominal value of USD12,230,000 (full amount), ROI series 17 with a nominal value of USD98,498,000 (full amount), ROI series 18 with a nominal value of USD46,106,000 (full amount), ROI series 19 with a nominal value of USD61,500,000 (full amount), and ROI 20 with a nominal value of USD6,000,000 (full amount) (Note 8c).

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Bank Of America, Hong Kong

2014						
					Nominal amount	
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	USD (full amount)	Rupiah equivalent
Billateral Loan	Bank Of America Hong Kong	13 November 2017	36	LIBOR (6 months) + certain margin	115,000,000	**1,424,275**

On 30 October 2014, Bank Mandiri obtained a loan facility from Bank Of America, Hongkong amounting of USD115,000,000 (full amount) with interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 13 November 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on 12 November 2014. As at 31 December 2014, this loan facility was secured by Government Bonds series VR0028 with a nominal value of Rp2,150,000 (Note 8c).

Agence Française de Développement

2014					
				Nominal amount	
Type	Arranger	Maturity Date	Interest Rate per annum	USD (full amount)	Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	8,181,818	101,332
Less: Unamortised issuance costs				(9,380)	(116)
				8,172,438	**101,216**
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 months) + certain margin	9,142,857	113,234
Less: Unamortised issuance costs				(21,224)	(263)
				9,121,633	**112,971**
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	21,818,182	270,218
Less: Unamortised issuance costs				(48,744)	(604)
				21,769,438	**269,614**
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	7,071,429	87,580
Less: Unamortised issuance costs				(18,746)	(232)
				7,052,683	**87,348**
Bilateral Loan	Agence Française de Développement	30 September 2023	LIBOR (6 months) + certain margin	10,000,000	123,850
Less: Unamortised issuance costs				(357,065)	(4,422)
				9,642,935	**119,428**
				55,759,127	**690,577**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

2013					
Type	**Arranger**	**Maturity Date**	**Interest Rate per annum**	**Nominal amount USD (full amount)**	**Nominal amount Rupiah equivalent**
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	13,636,364	165,954
Less: Unamortised issuance costs				(26,087)	(317)
				13,610,277	**165,637**
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 months) + certain margin	11,428,571	139,086
Less: Unamortised issuance costs				(32,786)	(399)
				11,395,785	**138,687**
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	29,090,909	354,036
Less: Unamortised issuance costs				(85,653)	(1,042)
				29,005,256	**352,994**
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	8,642,857	105,184
Less: Unamortised issuance costs				(27,688)	(337)
				8,615,169	**104,847**
				62,626,487	**762,165**

On 17 June 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin and will be used to finance the projects that related to the carbon emission reduction.

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On 15 December 2010, the Bank drawdown the borrowing from AFD amounting to USD30,000,000 (full amount), which will be matured on 31 March 2016.

On 16 February 2012, 30 May 2012 and 31 May 2012, the Bank drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will be matured on 30 September 2018, 30 September 2017 and 31 March 2019, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

The drawdown of the above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

On 8 November 2013, Bank Mandiri signed a new loan facility agreement with AFD amounting to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank has drawdown the loan amounting to USD 10,000,000 (full amount), which will be matured on 30 September 2023.

Asian Development Bank

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	30,000,000	371,550
Less:						
Unamortised issuance costs					(116,720)	(1,445)
					29,883,280	**370,105**

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	45,000,000	547,650
Less:						
Unamortised issuance costs					(253,063)	(3,080)
					44,746,937	**544,570**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	10,000,000	121,700
Less:						
Unamortised issuance costs					(26,274)	(320)
					9,973,726	**121,380**
					54,720,663	**665,950**

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).

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Asian Development Bank (continued)

The loan consists of 2 (two) facilities, where Tranche A Facility is a direct loan from ADB with total facility amounting to USD75,000,000 (full amount) and will be matured in 7 (seven) years after the agreement date, whilst Tranche B from ADB as Lender of Record is funded by commercial banks through the Participation Agreements between ADB and the commercial banks with a total facility amounting to USD30,000,000 (full amount) and will be matured in 5 (five) years after the agreement date. The loan was withdrawn on 28 January 2010. As of 31 December 2014, the Bank has repaid this loan amounting to USD75,000,000 (full amount). Tranche B Facility was repaid at maturity. As at 31 December 2014 and 2013, the credit facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

(d) Bilateral Loans

The details of bilateral loans are as follows:

	2014	2013
JP Morgan, Jakarta	4,951,952	1,824,233
Standard Chartered Bank, Jakarta	1,238,500	1,217,000
	6,190,452	**3,041,233**

JP Morgan, Jakarta

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	JP Morgan, Jakarta	21 November 2016	36	LIBOR (3 months) + certain margin	150,000,000	1,857,750
Less:						
Unamortised issuance costs					(69,562)	(862)
					149,930,438	**1,856,888**
Bilateral Loan	JP Morgan, Jakarta	5 September 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,096,250
Less:						
Unamortised issuance costs					(95,768)	(1,186)
					249,904,232	**3,095,064**
					399,834,670	**4,951,952**

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	JP Morgan, Jakarta	21 November 2016	36	LIBOR (3 bulan) + marjin tertentu	150,000,000	1,825,500
Less:						
Unamortised issuance costs					(104,136)	(1,267)
					149,895,864	**1,824,233**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Bilateral Loans (continued)

JP Morgan, Jakarta (continued)

On 15 November 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150.000.000 (full amount) with an interest rate at LIBOR 3 (three) months plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 21 November 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on 21 November 2013. As at 31 December 2014, this loan facility was secured by Government Bonds ORI 009 series with a nominal value of Rp288,276, ROI 23 series with a nominal value of USD17,500,000 (full value), ROI 15 series with a nominal value of USD40,000,000 (full amount) and ROI 16 series with a nominal value of USD48,000,000 (full amount) and INDOIS 22 series with a nominal value of USD60,000,000 (full amount) (31 December 2013: Government Bonds ORI 009 series of Rp288,276, series of USD17,500,000 ROI 23 (full amount), series 15 of USD40,000,000 ROI (full amount) and series ROI 14 for USD100,800,000 (full amount) (Note 8c).

On 20 August 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and will be matured on 5 September 2017. The Bank has drawdown on the loan facility amounting to USD250,000,000 (full amount) on 2 September 2014. As at 31 December 2014, this loan facility was secured by Government Bonds ORI 009 series with a nominal value of Rp669,000, ROI series 23 with a nominal value of USD37,000,000 (full amount), ROI series 19 with a nominal value of USD27,295,000 (full amount), ROI series 18 with a nominal value of USD29,100,000 (full amount), INDOIS 22 series with a nominal value of USD98,500,000 (full amount) and Pertamina 23 Corporate Bond series with a nominal value of USD65,000,000 (full amount) (Note 7k and 8c).

Standard Chartered Bank, Jakarta

2014

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	1,238,500

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	1,217,000

On 4 July 2011, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta amounting to USD100,000,000 (full amount) with an interest rate at 3-months LIBOR plus a certain margin.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Bilateral Loans (continued)

Standard Chartered Bank, Jakarta (continued)

This loan facility has a tenor of 5 (five) years and will be matured on 11 July 2016. On 11 July 2011, Bank Mandiri has drawdown this loan facility amounting to USD100,000,000 (full amount). As at 31 December 2014 and 2013, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (Note 8c).

(e) Trade Financing Facilities (Bankers Acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 30 days to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued or received by Bank Mandiri. The balance as at 31 December 2014 and 2013 are as follows:

	2014	2013
CTBC Bank Co. Ltd. Singapura	743,100	-
Wells Fargo Bank NA, Amerika Serikat	743,100	-
Standard Chartered Bank, New York	421,090	-
Bank of New York Mellon	371,550	-
Bank of Montreal, Canada	307,024	60,850
Bank of New York, Mellon, Jakarta	247,700	-
Bank of America NA, Hong Kong	123,850	243,400
Bank of New York, Mellon, Hong Kong	111,465	-
Hongkong and Shanghai Banking Corp, Jakarta	61,925	-
Bank Negara Indonesia, New York	49,540	-
Bank of America NA, Singapura	-	243,400
Bank of New York, Mellon, Singapura	-	158,210
	3,180,344	**705,860**

(f) Repo to Maturity

On 31 October 2014, Bank Mandiri signed a loan agreement amounting to Rp600,000 with the scheme of repo to maturity with Bank of America Singapore Limited (BOA). In this transaction, Bank Mandiri transfered Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which is amounting Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognises receivable amounting cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on 25 July 2020, which match with the maturity date of VR0031. On the maturity date, the transaction settlement will be made net of loan and receivable between Bank Mandiri and BOA.

On 19 November 2014, BOA sent "Transfer Notice" which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha as stated in the agreement.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(g) Others

	2014	2013
PT Panin Bank Tbk.	1,607,830	1,155,421
PT Bank Central Asia Tbk.	585,661	954,787
PT Bank Jabar Banten Tbk.	308,216	175,933
PT Bank DKI	238,041	297,449
PT Sarana Multigriya Finansial (Persero)	150,000	600,000
PT Bank BTPN Tbk.	150,000	200,000
Bank of China	116,245	-
PT Bank Commonwealth	113,291	99,122
Bank Chinatrust	99,751	-
PT Bank Negara Indonesia (Persero) Tbk.	52,609	175,945
PT Bank OCBC NISP Tbk.	2,217	36,772
PT Bank Internasional Indonesia Tbk.	-	150,000
The Hongkong and Shanghai Banking Corporation Ltd	-	120,000
Standard Chartered Bank, Jakarta	-	45,000
PT Bank Danamon Indonesia Tbk.	-	6,661
	3,423,861	**4,017,090**

PT Panin Bank Tbk.

On 16 February 2011, 8 August 2011 and latest amended on 22 October 2014, the Subsidiary and PT Panin Bank Tbk. (Panin) signed a loan agreement whereby Panin provide some term loan facilities with a total limit of Rp2,748,400 and bear a fixed interest rate. These facilities have various maturity, which ranging from January 2015 until December 2018.

On 12 May 2011, the Subsidiary and Panin also signed loan agreement whereby Panin provide a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest amendment signed on 12 November 2012 with additional facility up to Rp300,000 and maturity date was extended to 12 May 2015.

On 11 July 2013, the Subsidiary entered into working capital facility agreement with Panin. The agreement has been amended by latest addendum of agreement dated 25 June 2013, whereby Bank Panin granted working capital facility of Rp200,000 cross clearing facility of Rp200,000, forex transaction facility (spot/forward) USD10,000,000 (full amount) and bank gurantee facility of Rp200,000. Based on the terms of the agreement, interest for the working capital is determined based on the annual term lending rate of Bank Panin.This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from Panin was amounted to Rp1,607,830 and Rp1,155,421.

PT Bank Central Asia Tbk.

On 7 March 2001, the Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides an overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 24 March 2011 with additional facility up to Rp55,000 and will be matured 12 June 2014. This loan was extended until 12 March 2015.

On 24 March 2011 and 19 July 2013, the Subsidiary and BCA also entered into several loan agreements where BCA provides some non-revolving term loan facilities with a total limit of Rp1,025,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between June 2015 until September 2016.

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Central Asia Tbk. (continued)

On 11 June 2013, the Subsidiary and BCA signed a loan agreement whereby the BCA prioritas revolving money market facility with a limit of Rp100,000 and bears a floating interest rate. The facility matures on 12 June 2014. This loan was extended until 12 March 2015.

On 25 February 2013, the Subsidiary entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000, which consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be matured on 24 February 2015. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility.

As at 31 December 2014 and 2013, borrowing from BCA was amounted to Rp585,661 and Rp954,787.

PT Bank Jabar Banten Tbk.

On 1 November 2011, 30 November 2012 and the last on 23 December 2014, the Subsidiary and PT Bank Jabar Banten Tbk. (BJB) signed loan agreement whereby BJB provides several non-revolving term loan facilities with total limit of Rp475,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between November 2015 until December 2017.

As at 31 December 2014 and 2013, borrowing from BJB was amounted to Rp308,216 and Rp175,933.

PT Bank DKI

On 2 March 2011 and the last on 10 October 2014, the Subsidiary and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several non-revolving term loan facilities with a total facility of Rp615,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between December 2014 until December 2017.

As at 31 December 2014 and 2013, borrowing from Bank DKI was amounted to Rp238,041 and Rp297,449.

PT Sarana Multigriya Finansial (Persero)

On 3 October 2011, the Subsidiary (*Mudharib*) and PT Sarana Multigriya Finansial (SMF) (*Shahibul Mal*) has entered into a *Mudharabah wal Murabahah* financing agreement which will be matured within 3 (three) years from the date of financing, amounting to Rp300,000. The financing is intended to support the *Mudharib*’s working capital in mortgage financing to debtors (PPR) using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 65.00% for *Shahibul Mal* and 35.00% for the *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, respectively Rp100,000 and Rp200,000 which began in October 2011. Revenue sharing will be paid monthly starting from November 2011.

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Sarana Multigriya Finansial (Persero) (continued)

On 29 December 2011, PT SMF provided additional facility amounting to Rp300,000 for 3 years since the date of financing establishment to provide *Mudharib* working capital for PPR facility by using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 62.00% for Shahibul Mal and 38.00% for *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, each at Rp150,000 on 29 December 2011 and 30 January 2012. Revenue sharing will be paid monthly starting from January 2012. This facility will be due on 30 January 2015.

As at 31 December 2014 and 2013, borrowing SMF was amounted to Rp150,000 and Rp600,000.

PT Bank BTPN Tbk.

On 26 January 2011, the Subsidiary entered into money market facility agreement amounting to Rp150,000 with PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). The agreement has been amended by latest addendum of agreement dated 6 March 2013 with an increase in facility limit to Rp200,000 and maturity date until 26 January 2015. The agreement has been subsequently extended until 26 January 2015. Under the terms of the agreement, the interest for the funding facility is determined based on the annual lending rate of BTPN.

As at 31 December 2014 and 2013, borrowing from BTPN was amounted to Rp150,000 and Rp200,000.

Bank Of China

On 20 November 2013, the Subsidiary and Bank Of China (BOC) signed loan agreement whereby BOC provides several non revolving term loan facilities with total facility of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates, which ranging between February 2015 until June 2016.

As at 31 December 2014 and 2013, borrowing from BOC was amounted to Rp116,245 and RpNil.

PT Bank Commonwealth

On 5 March 2013 and 27 March 2014, the Subsidiary and PT Bank Commonwealth signed a loan agreement in which Commonwealth provides a non revolving facility amounting to Rp199,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 until June 2017.

As at 31 December 2014 and 2013, borrowing from Commonwealth was amounted to Rp113,291 and Rp99,122.

Bank Chinatrust

On 18 December 2014, the Subsidiary and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides some working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities will be matured on December 2017.

As at 31 December 2014 and 2013, borrowing from BCT was amounted to Rp99,751 and RpNil.

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Negara Indonesia (Persero) Tbk.

On 23 November 2011, the Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed the joint financing agreement where BNI provides several non-revolving joint financing facilities with total limit of Rp563,473 and bear a fixed interest rate. These facilities have various maturity dates, which ranging between December 2014 until June 2016.

As at 31 December 2014 and 2013, borrowing from BNI was amounted to Rp52,609 and Rp175,945.

PT Bank OCBC NISP Tbk.

On 27 June 2011 and 16 December 2011, the Subsidiary and PT Bank OCBC NISP Tbk. (OCBC) signed loan agreement whereby OCBC provides several non revolving term loan facilities with total limit of Rp50,000 and bear fixed interest rate. These facility have various maturity dates ranging between December 2014 until February 2015.

As at 31 December 2014 and 2013, borrowing from OCBC was amounted to Rp2,217 and Rp36,772.

PT Bank International Indonesia Tbk.

On 30 May 2011, the Subsidiary entered into money market line facility agreement with PT Bank Internasional Indonesia Tbk (BII), whereby the Subsidiary has been granted money market line facility of Rp150,000 and sub limit facility in the form of uncommitted bank guarantee facility of Rp100,000 with maturity period until 1 June 2012. This facility has been extended to 1 June 2015. Under the terms of the agreement, interest for the money market line facility is determined based on the annual term lending rate of BII. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from BII was amounted to RpNil and Rp150,000.

The Hong Kong and Shanghai Banking Corporation Ltd

On 23 February 2011, the Subsidiary entered into renewal short-term funding facilities and exposure risk limit (weighted)/option facility agreements with The Hongkong and Shanghai Banking Corporation Ltd (HSBC) amounting to Rp175,000, USD5,000,000 (full amount), and USD1,000,000 (full amount), respectively. Under the terms of the agreement, interest for the funding facility is determined based on the annual lending rate of HSBC. On 30 May 2013, these facility agreements were renewed. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from HSBC was amounted to RpNil and Rp120,000.

Standard Chartered Bank, Jakarta

On 8 September 2006, the Subsidiary entered into working capital facility agreement with Standard Chartered Bank (SCB). The agreement has been amended by latest addendum of agreement dated 31 August 2012, whereby the Subsidiary has been provided by bank guarantee facility of Rp100,000 and was due on 31 August 2013. This facility has been automatically extended for one year. The bank guarantee is issued for KPEI as one of factors considered in determining the Subsidiary’s limit of shares transaction.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(g) Others (continued)

Standard Chartered Bank, Jakarta (continued)

On 28 September 2010, the Subsidiary also obtained short-term loan facility amounted to Rp175,000. The agreement is always extended and ended on 31 August 2014. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB.This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from SCB was amounted to RpNil and Rp45,000.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, the Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement No. 26 dated 20 May 2010. This agreement has been extended up to 20 June 2014. Danamon provides a revolving working capital facility amounting to Rp100,000 and bears a floating interest rate. Danamon also provides several revolving term loan facilities with total facility of Rp28,500 and bear fixed interest rate. These facility have various maturity dates, which ranging between June 2014 until July 2014. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from Danamon was amounted to RpNil and Rp6,661.

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from 1 January 2014 to 31 December 2014.

For the period from 1 January 2014 to 31 December 2014, Bank Mandiri and its Subsidiaries have fulfilled all debt covenants as stipulated in all of the above fund borrowing agreements.

37. SUBORDINATED LOANS

By Type and Currency:

	2014	2013
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,909,800	1,939,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	53,261	74,566
Bank Indonesia	-	687,153
Subordinated Bond Rupiah Bank Mandiri I	1,567,733	1,544,629
	1,620,994	2,306,348
Total Rupiah	3,530,794	4,246,148
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(c) Asian Development Bank (ADB)	215,780	219,467
Total foreign currencies (Note 61B.(v))	215,780	219,467
	3,746,574	**4,465,615**

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which relent 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:

	2014	**2013**
Nordic Investment Bank IV (NIB IV)	**53,261**	**74,566**

The interest rates of NIB IV facility is based on floating interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Bank Indonesia in the last 3 (three) months.

(b) Asian Development Bank (ADB)

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are re-lent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	**Purpose**	**Repayment Period**
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	15 January 2005 - 15 July 2029 with 1st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2014	**2013**
ADB 1327 - INO (SF)	**215,780**	**219,467**

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated 27 April 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated 22 April 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated 16 July 2004.

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) Asian Development Bank (ADB) (continued)

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every 15 January and 15 July, with the first installment paid on 15 January 2005 and will ended on 15 July 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every 15 January and 15 July every year starting from its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which was used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo were the ex-legacy of the Bank.

The details of this facility as at 31 December 2014 and 2013, are as follow:

Bank	Tenor	2014	2013	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 –30 June 2014 with 1st installment on 30 November 2004	-	687,153	0.20% per annum
		-	**687,153**	

Bank Indonesia agreed to restructure the subordinated loans of BDN amounting to Rp736,859 and from Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 as stated in Bank Indonesia letter No. 6/360/BKr dated 23 November 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into the amount of Rp2,491,859, with a repayment period of 10 (ten) years from 2004 to 2014. The restructured loan bears an interest rate of 0.20% per annum which is calculated based on the remaining principal loan balance. The restructuring of the subordinated loans was legalised in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated 7 December 2004 by Notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

Based on Bank Indonesia letter No. 14/327/DKBU dated 19 December 2012 regarding the Restructuring of Subordinated Loans, Bank Indonesia agreed to restructure the subordinated loans by changing the composition of principal amount installment over the remaining period and required additional collateral pledged in form of Government Bonds VR0029 series amounting to Rp2,061,459 without preference rights (Note 8c). The restructuring of the subordinated loans was legalised in the notarial deed No. 15 regarding the Addendum of the Restructuring of Subordinated Loans Agreement and notarial deed No. 16 regarding the submission of Collateral, which both dated on 19 December 2012 by Notary Mutiara Siswono Patiendra, S.H. in Jakarta. This loan has been repaid at maturity date in 2014.

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on 14 December 2009, Bank Mandiri has issued Subordinated Bond Rupiah Bank Mandiri I 2009 (Subordinated Bond) amounting to Rp3,500,000. The proceeds from the issuance of Subordinated Bond is treated as lower tier 2 capital in accordance with regulation of Bank Indonesia. As at 31 December 2014, the unamortised issuance cost of Subordinated Bond is amounting to Rp Rp7,467 (2013: Rp10,571).

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and became effective through the letter of Chairman of the Financial Service Authority (OJK) (formerly Capital Market & Financial Institutions Supervisory Agency (Bapepam and LK)), No. S-10414/BL/2009 dated 3 December 2009.

Bank Mandiri had listed the Subordinated Bond at the Indonesia Stock Exchange (BEI) on 14 December 2009, based on announcement from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, issued as scripless trading with a fixed coupon rate of 11.85% per annum. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interest on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including the maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance to the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2014 to 31 December 2014.

As at 31 December 2014 and 2013, the rating of the Subordinated Bond based on Pefindo was $_{id}$AA+ (double A Plus).

38. TEMPORARY *SYIRKAH* FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	2014	2013
Rupiah		
Third parties		
Demand deposits - *Mudharabah Musytarakah*	10,563	14,263
Demand deposits - restricted investment	2,970	3,612
Total	**13,533**	**17,875**

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of: (continued)

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	2014	2013
Related parties (Note 55)		
Mudharabah saving deposits - unrestricted investment		
Institution *Mudharabah* saving deposits	29,256	76,586
BSM saving deposits	7,405	16,177
Investa Cendekia saving deposits	304	1,217
Berencana BSM saving deposits	173	778
Mabrur saving deposits	57	75
	37,195	94,833
Third parties		
Saving deposits - restricted investment	534,110	689,174
Mudharabah saving deposits - unrestricted investment		
BSM saving deposits	16,817,638	16,293,842
Mabrur saving deposits	3,064,239	2,939,918
Investa Cendekia saving deposits	329,290	290,818
Berencana BSM saving deposits	160,300	156,646
Retirementsaving deposits	40,437	27,493
Qurban saving deposits	532	549
Al Washilyah Mandiri saving deposits	2	4
	20,946,548	20,398,444
	20,983,743	**20,493,277**

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Saving Deposits - unrestricted investment:

	2014	2013
Profit sharing ratio	0.22% - 5.25%	0.23% - 5.64%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	2014	2013
Rupiah		
Related parties (Note 55)	455,067	930,768
Third parties	27,353,981	23,430,232
Total Rupiah	27,809,048	24,361,000
Foreign currency		
Related parties (Note 55)	163	445
Third parties	4,126,695	2,472,808
Total foreign currencies	4,126,858	2,473,253
	31,935,906	**26,834,253**

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

b. Deposits from Other Banks

	2014	2013
Third parties		
Mudharabah saving deposits - unrestricted investment	163,544	144,876
Mudharabah time deposits - unrestricted investment	78,761	83,397
	242,305	228,273

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks.

1) By contract period:

	2014	2013
Rupiah:		
1 month	1,382,343	15,584,006
3 months	2,470,300	3,764,378
6 months	3,347,624	1,895,872
12 months	20,687,542	3,200,141
Total Rupiah	27,887,809	24,444,397
Foreign currency:		
1 month	109,638	1,697,126
3 months	232,991	297,369
6 months	1,585,296	398,047
12 months	2,198,933	80,711
Total foreign currencies	4,126,858	2,473,253
	32,014,667	26,917,650

2) By remaining period until maturity dates:

	2014	2013
Rupiah:		
Less than 1 month	21,278,429	16,875,441
1 - 3 months	3,830,385	2,772,305
3 - 6 months	1,200,898	2,981,251
6 - 12 months	1,578,097	1,815,400
Total Rupiah	27,887,809	24,444,397
Foreign currency:		
Less than 1 month	3,799,870	2,448,867
1 - 3 months	217,363	12,080
3 - 6 months	40,141	10,317
6 - 12 months	69,484	1,989
Total foreign currencies	4,126,858	2,473,253
	32,014,667	26,917,650

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio arranged in *Mudharabah Muthlaqah* agreement.

3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits:

	2014	2013
Rupiah	3.96% - 6.05%	4.06% - 6.51%
Foreign currency	1.14% - 1.61%	1.17% - 1.74%

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks. (continued)

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing was amounting to Rp Rp2,935,027 and Rp926,464 as at 31 December 2014 and 2013, respectively.

39. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	2014	2013
AXA Mandiri Financial Services	1,058,826	941,561
InHealth Indonesia Life Insurance	528,262	-
Mandiri Tunas Finance	441,306	337,047
Mandiri AXA General Insurance	144,401	80,180
Bank Sinar Harapan Bali	13,766	12,475
Mandiri Sekuritas	120	96
	2,186,681	**1,371,359**

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank’s authorised, issued and fully paid capital as at 31 December 2014 and 2013, respectively, were as follows:

	2014 and 2013			
	Number of Shares	**Nominal Value Per Share (full amount)**	**Share Value (full amount)**	**Percentage Of Ownership**
Authorised Capital				
- Dwiwarna Share Series A	1	500	500	0,00%
- Common Shares Series B	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	**32,000,000,000**		**16,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital				
Republic of Indonesia				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	13,999,999,999	500	6,999,999,999,500	60.00%
Public (less than 5% each)				
- Common Shares Series B	9,333.333,333	500	4,666,666,666,500	40.00%
Total Issued and Fully Paid Capital	**23,333,333,333**		**11,666,666,666,500**	**100.00%**

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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

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

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated 2 October 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated 24 July 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Shareholders' Meeting resolution dated 29 May 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated 29 May 2003, the shareholders approved these following matters:

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

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

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Shareholders' Meeting also approved the allocation on part of Recapitalisation Fund amounting to Rp168,801,315 as share premium.

The above changes in capital structure became effective started from 23 May 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the General Shareholders Meeting.

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Shareholders' Meeting can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The General Shareholders' Meeting agendas where the Dwiwarna Series A shareholder are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Notary Sutjipto, S.H. No. 2 dated 1 June 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated 8 August 2003.

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

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation (PP) No. 26 year 2003 dated 29 May 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated 29 October 2002.
2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated 23 May 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Management Stock Option Plan

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated 29 May 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On 14 July 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated 2 June 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated 19 January 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on 11 March 2004 through private placement.

On 14 July 2003, the date of the IPO, through MSOP Stage 1 (Management Stock Option Plan - Stage 1), the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004.

The Annual General Shareholders' Meeting on 16 May 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007dated 2 February 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/agio.

The Annual General Shareholders' Meeting on 22 May 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated 14 February 2011 until 21 February 2011. The un-exercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/agio.

On 27 December 2010, Bank Mandiri submitted a first registration to the Financial Services Authority (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the limited public offering to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The limited public offering has been approved by the Board of Commissioners through its letter dated 29 April 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated 17 September 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated 20 November 2010.

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The Limited Public Offering (LPO) has been approved by the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") through its letter No. S-807/BL/2011 dated 27 January 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on 28 January 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of 14 - 21 February 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/agio as at 31 December 2014 and 2013 amounted to Rp Rp17,316,192 is derived from Limited Public Offering and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in PT Usaha Gedung Mandiri and PT Bumi Daya Plaza (Note 1g). The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,972 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to entities under common control, which represents the difference between selling price and book value of shares in consolidated financial statements (Note 1g). The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

Based on the results of a due diligence review conducted on behalf of the Government dated 31 December 1999 and Management Contract (IMPA) dated 8 April 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on 7 July 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on 25 April 2003 based on approval from the shareholders during its meeting on 29 October 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated 29 October 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On 23 May 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated 30 September 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as at 30 April 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

c. Distribution of Net Income

Based on the Annual General Shareholders' Meeting held on 27 February 2014 and 2 April 2013, the shareholders approved the distribution of the 2013 and 2012 net income as follows:

	2013	2012
Dividends	5,461,126	4,651,220
Retained Earnings		
Appropriated	2,348,284	1,503,894
Unappropriated	10,394,343	9,348,953
	18,203,753	**15,504,067**
Dividend per share (full amount)	**234.04825**	**199.33799**

Dividends from 2013 net income amounted to Rp5,461,126 were paid on 15 April 2014 and dividends from 2012 net income amounted to Rp4,651,220 were paid on 16 May 2013. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment date.

The appropriated retained earnings for the year 2013 amounting Rp2,348,284 is allocated to business expansion and supporting infrastructure construction such as construction of Mandiri University, procurement of office building, procurement of ATM, non-IT capital expenditure and technology system development, meanwhile the appropriated retained earnings for the year 2012 amounting Rp1,503,894 was allocated to business expansion and supporting infrastructure construction such as procurement of office building and construction of Mandiri University.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	2014	2013
Interest income		
Loans	48,237,589	38,195,089
Government Bonds	4,634,503	3,483,598
Marketable securities	1,652,818	1,085,226
Placements with Bank Indonesia and other banks	1,104,672	846,733
Consumer financing income	1,118,631	919,784
Others	815,051	608,123
Total	57,563,264	45,138,553
Sharia income		
Murabahah and *Istishna* income - net	3,878,231	3,779,632
Mudharabah income	420,136	543,973
Musyarakah income	750,937	704,007
Ijarah income - net	25,374	42,677
Total	5,074,678	5,070,289
Total Interest Income and Sharia Income	**62,637,942**	**50,208,842**

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended 31 December 2014 and 2013 amounting to Rp470,717 and Rp428,314 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2014 and 2013 amounting to Rp1,705,602 and Rp1,142,351.

As at 31 December 2014 and 2013, included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp284,145 and Rp187,609, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

41. INTEREST INCOME AND SHARIA INCOME (continued)

As at 31 December 2014 and 2013 included in interest income and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp4,681,935 and Rp3,511,576 (refer to Note 55).

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	2014	2013
Time deposits	16,481,206	10,218,571
Saving deposits	3,352,005	3,218,371
Demand deposits	1,562,423	1,398,900
Fund borrowings	825,948	643,431
Subordinated loans	425,860	428,942
Marketable securities issued	446,278	218,599
Others	411,798	272,610
	23,505,518	**16,399,424**

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2014 and 2013 amounting to Rp2,451,302 and Rp2,080,042, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended 31 December 2014 and 2013 amounting to Rp59,292 and Rp77,562, respectively (refer to Note 55).

43. OTHER OPERATING INCOME - OTHERS

	2014	2013
Recovery of written-off loans in the previous period related to implementation of SFAS 55	2,396,825	2,667,367
Income from loan written-off	210,381	335,189
Income from penalty	156,921	129,525
Stamp duty income	48,237	52,369
Safety deposit box	34,979	35,243
Others	1,120,858	909,750
	3,968,201	**4,129,443**

44. ALLOWANCE FOR IMPAIRMENT LOSSES

	2014	2013
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	6,846	(3,726)
Placements with other banks (Note 6e)	10,321	(8,548)
Marketable Securities (Note 7g)	(18,804)	(30,199)
Securities purchased under resale agreements (Note 10c)	(41,941)	-
Other receivables – trade transactions (Note 9d)	(115,522)	(39,848)
Loans (Note 12B.j)	(5,294,726)	(4,635,551)
Consumer financing receivables (Note 13c)	(209,113)	(150,153)
Net investment in lease finance (Note 14c)	(10,806)	(6,756)
Acceptance receivables (Note 15d)	(44,873)	3,649
Investments in shares (Note 16c)	488	(310)
	(5,718,130)	**(4,871,442)**

(Expressed in millions of Rupiah, unless otherwise stated)

45. (ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

	2014	2013
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	11,710	(4,337)
Estimated losses arising from legal cases	129,296	(14,409)
Others assets (Note 20)	42,475	23,070
	183,481	**4,324**

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINKED CONTRACTS

	2014	2013
Marketable securities	93,824	(26,049)
Government Bonds	52,697	(193,304)
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	2,860,353	(737,407)
- Increase in liability in unit-linked contracts	(2,860,353)	737,407
	146,521	**(219,353)**

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

	2014	2013
Marketable securities		
Fair value through profit and loss	39,425	6,145
Available for sale	33,355	(2,709)
Government Bonds		
Fair value through profit and loss	45,220	(11,293)
Available for sale	116,463	46,973
	234,463	**39,116**

48. SALARIES AND EMPLOYEE BENEFITS

	2014	2013
Salaries, wages, pension and tax allowances	6,100,140	5,233,494
Holidays (THR), leave and related entitlements	1,206,130	956,753
Employee benefits in kind	904,372	752,661
Training and education	463,904	423,474
Provision for post-employment benefit expenses	293,932	321,791
Provision of tantiem	152,273	160,243
Bonuses and others	1,727,280	1,582,921
	10,848,031	**9,431,337**

(Expressed in millions of Rupiah, unless otherwise stated)

48. SALARIES AND EMPLOYEE BENEFITS (continued)

Total gross salaries and allowances, bonus/*tantiem,* long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Sharia Supervisory Board and Executive Vice President and Senior Vice President are amounting to Rp717,073 and Rp586,221 (Note 55) for the years ended 31 December 2014 and 2013, respectively as follows:

	2014			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	29,609	53,981	2,459	86,049
Directors	110,995	200,259	10,835	322,089
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,255	1,404	-	4,659
Syariah Supervisory Board	1,114	21	-	1,135
Senior Executive Vice Presidents and Senior Vice Presidents *)	176,079	112,135	14,927	303,141
	321,052	**367,800**	**28,221**	**717,073**

*) Effective from 9 January 2014, Execuvitve Vice Presidents changed to Senior Executive Vice Presidents as mentioned at Board of Directors' Decree (SK) No. KEP.DIR/12/2014

	2013			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	29,173	52,636	1,757	83,566
Directors	111,619	169,158	11,482	292,259
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,133	1,129	-	4,262
Sharia Supervisory Board	1,159	21	-	1,180
Executive Vice Presidents and Senior Vice Presidents	119,644	74,614	10,696	204,954
	264,728	**297,558**	**23,935**	**586,221**

49. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	**2013**
Professional fees	2,380,440	1,978,886
Rent	1,291,413	1,157,268
Goods/services provided by third parties	1,116,362	829,061
Promotions	986,272	989,542
Repairs and maintenance	973,698	883,411
Depreciation of fixed assets (Note 19)	938,547	822,193
Communications	918,280	824,442
Electricity, water and gas	512,952	433,332
Office supplies	488,373	412,631
Transportations	339,631	294,589
Traveling expenses	247,239	212,948
Amortisation of intangible assets	217,254	131,282
Insurance expenses	70,404	75,737
Others	967,445	853,078
	11,448,310	**9,898,400**

For the year ended 31 December 2014 and 2013, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp48,145 and Rp21,880, respectively.

50. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance (THR), medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

Pension Plan

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

a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on 1 August 1999. The DPBM's regulations were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated 14 July 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated 26 April 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated 22 July 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated 27 September 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated 28 June 2005.

   Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

   The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. DPBM invests a part of its investment fund in Bank Mandiri time deposits and deposit on-call, of which total balance as at 31 December 2014 and 2013 were Rp374,090 and Rp97,200 respectively. The interest rates on these time deposits are given on arms-length basis.

   For the years ended 31 December 2014 and 2013, the Bank has paid pension contributions amounting to Rp290,647 and Rp252,762, respectively.

b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated 15 November 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated 6 March 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations *(Peraturan Dana Pensiun (PDP))* which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, all dated 31 March 2003.

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The members of the defined benefit pension plans are the employees from the legacy banks who have rendered three or more services years at the time of merger and are comprise of active employees of the Bank, former employee (those who have resigned and did not transfer their beneficial right to other pension plan) and pensioners.

Based on the decision of the General Meeting of Shareholders dated 28 May 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated 20 July 2007.

Based on the approval of the General Meeting of Shareholders (AGM) on 17 May 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated 10 August 2010 (DPBMS); No. KEP-442/KM.10/2010 dated 10 August 2010 (DPBMD); No. KEP-443/KM.10/2010 dated 10 August 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated 10 August 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on 23 May 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated 20 July 2011 (DPBMS); No. KEP-589/KM.10/2011 dated 20 July 2011 (DPBMD); No. KEP-590/KM.10/2011 dated 20 July 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated 20 July 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on 2 April 2013, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-349/NB.1/2013 dated 14 June 2013 (DPBMS); No. KEP-350/NB.1/2013 dated 14 June 2013 (DPBMD); No. KEP-351/NB.1/2013 dated 14 June 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated 14 June 2013 (DPBME).

Based on the approval of the Board of Commissioner Meeting on 2 July 2014, Bank Mandiri gave other benefits to each pension fund. Decision to give this other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Minister of Finance Decree No. KEP-1773/NB.1/2014 dated 17 July 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated 17 July 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated 17 July 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated 17 July 2014 (DPBME).

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

As at 31 December 2014 and 2013, the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Milliman Indonesia dated 17 January 2015 for the year ended 31 December 2014 and the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013. PT Milliman Indonesia as stated in the independent actuarial report dated 17 January 2015 has also recalculated employee benefit costs for the year ended 31 December 2013 for Dana Pensiun Bank Mandiri Satu (DPBMS) and Dana Pensiun Bank Mandiri Empat (DPBME). The assumptions used for the years ended 31 December 2014 and 2013 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)
Expected rate of return on pension plan assets	9.50% per annum (2013: 9.50%)	9.00% per annum (2013: 9.00%)	8.50% per annum (2013: 8.50%)	9.00% per annum (2013: 9.00%)
Working period used	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999
Pensionable salary (PhDP) used	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55
Disability rate	2014 and 2013: 10.00% of TMI III	2014 and 2013: 10.00% of TMI III	2014 and 2013: 10.00% of TMI III	2014 and 2013: 10.00% of TMI III
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80.00% of PhDP	80.00% of PhDP	62.50% of PhDP	75.00% of PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	2.00% per year
Tax rates - average	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2014, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,474,919	1,647,936	634,988	504,829
Fair value of plan assets	1,566,369	1,894,023	806,043	559,406
Funded Status	91,450	246,087	171,055	54,577
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial losses	(35,627)	(183,351)	(125,401)	(9,710)
Surplus based on SFAS No. 24 (Revised 2010)	55,823	62,736	45,654	44,867
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in consolidated statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.
**) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as at 31 December 2013, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,391,476	1,472,346	589,041	474,597
Fair value of plan assets	1,540,476	1,770,137	816,426	551,037
Funded Status	149,000	297,791	227,385	76,440
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial losses	(104,833)	(268,790)	(213,160)	(9,710)
Surplus based on SFAS No. 24	44,167	29,001	14,225	66,730
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in consolidated statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.
**) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The composition of plan assets from Pension Fund for the years ended 31 December 2014 and 2013 are as follows:

	2014			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	38%	31%	11%	26%
Bonds	28%	42%	36%	34%
Direct investment	5%	14%	21%	13%
Land and building	15%	4%	26%	7%
Shares	8%	4%	-	1%
Government Bonds	-	4%	4%	5%
Others	6%	1%	2%	14%
Total	100%	100%	100%	100%

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the years ended 31 December 2014 and 2013 are as follows: (continued)

	2013			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	12%	29%	3%	18%
Bonds	43%	47%	35%	39%
Direct investment	5%	10%	21%	6%
Land and Building	13%	2%	24%	1%
Shares	12%	6%	4%	5%
Government Bonds	7%	5%	12%	24%
Others	8%	1%	1%	7%
Total	100%	100%	100%	100%

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As at 31 December 2014 and 2013 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp2,234,193 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp1,965,656 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as at 31 December 2014 and 2013 are estimated using the employees service entitlements calculation for the years ended 31 December 2014 and 2013 as shown in the independent actuarial reports of PT Milliman Indonesia dated 17 January 2015 for the year ended 31 December 2014 and the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013. The assumptions used by the actuary for the years ended 31 December 2014 and 2013 are as follows:

a. Discount rate is 8.50% per annum (2013: 8.65% per annum).
b. Expected rate of annual salary increase is 9.50% per annum (2013: 9.50% per annum).
c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
d. Turnover rate is 5% for employees’ age of 25 and decreasing linearly up to 0% at age 55.
e. Actuarial method is projected unit credit method.
f. Normal retirement age is 56 years.
g. Disability rate is 10% of TMI III.

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	2014	2013
Present value of obligations	1,924,202	1,597,813
Unrecognised past service cost	(10,530)	(15,672)
Unrecognised actuarial gains/(losses)	(6,800)	134,267
Provision for post employment benefits presented in statements of financial position	**1,906,872**	**1,716,408**

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	2014	2013
Beginning balance of present value of obligation	1,597,813	1,757,767
Past service cost - *Non Vested*	-	59,351
Past service cost - *Vested*	-	119
Interest cost	134,108	96,467
Current service cost	146,083	209,180
Benefit paid	(94,869)	(59,163)
Impact of changes actuarial adjustment	45,247	(490,405)
Actuarial (gains)/losses	95,820	24,497
Ending Balance of Present Value of Obligation	**1,924,202**	**1,597,813**

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	2014	2013
Current service cost	146,083	209,180
Interest cost	134,108	96,467
Amortisation of unrecognised pastservice cost	5,142	5,142
Amortisation of unrecognised actuarial gains/(losses)	-	16,494
Recognition of past service cost - vested	-	119
Cost of Pension benefits	**285,333**	**327,402**

Reconciliations of provision for post employment benefits are as follows:

	2014	2013
Bank Mandiri		
Beginning balance of provision for post employment benefits	1,716,408	1,448,170
Expenses during the year	285,333	327,402
Payments of benefits	(94,869)	(59,164)
Provision for post employment benefits (Bank Mandiri)	**1,906,872**	**1,716,408**
Subsidiaries		
Provision for post employment benefits	**319,081**	**241,008**
Total provision for post employment benefits	**2,225,953**	**1,957,416*)**

*) As at 31 December 2014 and 2013, the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp8,240 respectively, which was excluded from actuarial computation.

The present value of funded benefit obligations, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri only):

	2014	2013	2012	2011	2010
Present value of defined benefit obligations	1,924,202	1,597,813	1,757,767	1,547,952	1,262,717
Fair value of plan assets	-	-	-	-	-
Program Deficit	1,924,202	1,597,813	1,757,767	1,547,952	1,262,717
Experience adjustments on liabilities program	95,820	24,497	93,991	127,820	(58,912)
Experience adjustments on plan assets	-	-	-	-	-

51. OTHER OPERATING EXPENSES - OTHERS - NET

	2014	2013
Insurance premiums on third party funds guarantee program (Note 63)	1,171,997	1,032,792
Fees and commissions expenses	709,392	563,784
Fees related to Credit card and ATM transactions	340,818	239,117
Insurance sales force compensation	306,156	341,997
Employee restructuring costs	69,733	-
Fees from RTGS, remittance and clearing transactions	62,206	56,038
Others	417,708	970,314
	3,078,010	**3,204,042**

Others mainly consist of Subsidiary’s commission expense from bancassurance and other commission expenses.

(Expressed in millions of Rupiah, unless otherwise stated)

52. NON-OPERATING INCOME - NET

	2014	2013
BOT transactions income (Note 18a)	15,597	15,597
Building rental income	10,235	61,201
Gain on sale of fixed assets	4,122	129,416
Penalties	(10,904)	(9,759)
Others - net	10,859	313,671
	29,909	**510,126**

53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	2014	2013
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*)		
Related parties	26,730,367	23,511,102
Third parties	66,675,601	61,640,491
	93,405,968	85,151,593
Outstanding irrevocable letters of credit (Note 31):		
Related parties	8,325,989	5,797,403
Third parties	6,842,125	9,420,727
	15,168,114	15,218,130
Total Commitment Payables	108,574,082	100,369,723
Commitment Payables - Net	**(108,574,082)**	**(100,369,723)**
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	18,764,479	18,560,454
Interest receivable on non-performing assets	8,567,219	7,391,633
Others	32,729	32,730
Total Contingent Receivables	27,364,427	25,984,817
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	17,401,095	13,423,017
Third parties	43,811,806	42,996,519
	61,212,901	56,419,536
Standby letters of credit (Note 31)		
Related parties	6,510,384	6,098,592
Third parties	5,379,066	2,553,754
	11,889,450	8,652,346
Others	377,195	256,757
Total Contingent Payables	73,479,546	65,328,639
Contingent Payables - Net	**(46,115,119)**	**(39,343,822)**
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	**(154,689,201)**	**(139,713,545)**

*) Include committed and uncommitted unused loan facilities.

(Expressed in millions of Rupiah, unless otherwise stated)

54. FOREIGN CURRENCY TRANSACTIONS

The fair value of forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) as at 31 December 2014 and 2013 are as follows:

	2014			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	77,621,682	961,345	91,040,000	1,127,530
Others*)	-	199,468	-	162,032
		1,160,813		**1,289,562**

	2013			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	89,920,346	1,094,331	82,703,495	1,006,502
Others*)	-	142,876	-	181,257
		1,237,207		**1,187,759**

*) Consist of various foreign currencies.

55. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- **Related party relationship as the controlling shareholder:**
  The Government of the Republic of Indonesia through Ministry of Finance

- **Related parties relationship by ownership and/or management:**

Related Parties	Nature of Relationship
PT Kustodian Sentral Efek Indonesia	Associate Company
PT Sarana Bersama Pengembangan Indonesia	Associate Company
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

55. RELATED PARTY TRANSACTIONS (continued)

The nature of transactions with related parties includes among others, current accounts with other banks, investments in shares, securities, employee's pension plan, loans, deposits from customers and bank guarantee.

- **Related parties relationship with government related entities**

Related Parties	Nature of Relationship
Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
PT Abacus Distri System Indonesia	Subsidiary of State Owned Enterprise
PT Adhiguna Putera	Subsidiary of State Owned Enterprise
PT Aerojasa Perkasa	Subsidiary of State Owned Enterprise
PT Aerowisata	Subsidiary of State Owned Enterprise
PT Angkasa Citra Sarana Catering	Subsidiary of State Owned Enterprise
PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
PT Asrinda Arthasangga	Subsidiary of State Owned Enterprise
PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
PT Berlian Jasa Terminal Ind	Subsidiary of State Owned Enterprise
PT BNI LIFE INSURANCE	Subsidiary of State Owned Enterprise
PT BNI Multi Finance	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
PT Daya Laut Utama	Subsidiary of State Owned Enterprise
PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
PT Eltran Indonesia	Subsidiary of State Owned Enterprise
PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Galangan Pelni Surya	Subsidiary of State Owned Enterprise
PT Gapura Angkasa	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Haleyora Power	Subsidiary of State Owned Enterprise
PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Ismawa Trimitra	Subsidiary of State Owned Enterprise
PT Itci Hutani Manunggal	Subsidiary of State Owned Enterprise
PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
PT Kaltim Nusa Etika	Subsidiary of State Owned Enterprise
PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
PT Kertas Padalarang	Subsidiary of State Owned Enterprise
PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
PT Kodja Terramarin	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Krakatau Engineering	Subsidiary of State Owned Enterprise
PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
PT Mega Eltra	Subsidiary of State Owned Enterprise
PT Mitra Kerinci	Subsidiary of State Owned Enterprise
PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Pal Marine Service	Subsidiary of State Owned Enterprise
PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
PT Patra Jasa	Subsidiary of State Owned Enterprise
PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
PT Pelita Air Service	Subsidiary of State Owned Enterprise
PT Pelita Indonesia Djaya Corp	Subsidiary of State Owned Enterprise
PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
PT Perhutani Alam Wisata	Subsidiary of State Owned Enterprise
PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
PT Permodalan Nasional Madani Investment Management	Subsidiary of State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
PT Petrosida	Subsidiary of State Owned Enterprise
PT PLN Batam	Subsidiary of State Owned Enterprise
PT PLN Tarakan	Subsidiary of State Owned Enterprise
PT PP Dirganeka	Subsidiary of State Owned Enterprise
PT PP Pracetak	Subsidiary of State Owned Enterprise
PT Prima Layanan Nasional	Subsidiary of State Owned Enterprise
PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	Subsidiary of State Owned Enterprise
PT Pupuk Kujang	Subsidiary of State Owned Enterprise
PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
PT Railindo Global Karya	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
PT Rekaindo Global Jasa	Subsidiary of State Owned Enterprise
PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
PT Sariarthamas Hotel International	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Stannia Bineka Jasa	Subsidiary of State Owned Enterprise
PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
PT Surya Hutani Jaya	Subsidiary of State Owned Enterprise
PT Tambang Timah	Subsidiary of State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Tanjung Redeb Hutani	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Kodja	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Wijaya Karya Bangunan Gedung	Subsidiary of State Owned Enterprise
PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
BPJS Kesehatan (previously PT ASKES (Persero))	State Owned Enterprise
BPJS Ketenagakerjaan (previously PT Jamsostek (Persero))	State Owned Enterprise
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
Perum Jasa Tirta II (Persero)	State Owned Enterprise
Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
Perum PPD Tbk	State Owned Enterprise
Perum Produksi Film Negara	State Owned Enterprise
PT Adhi Karya (Persero) Tbk	State Owned Enterprise
PT Amarta Karya (Persero)	State Owned Enterprise
PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
PT Angkasa Pura I (Persero)	State Owned Enterprise
PT Angkasa Pura II (Persero)	State Owned Enterprise
PT ASABRI (Persero)	State Owned Enterprise
PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
PT Asei Reasuransi Indonesia (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Asuransi Jasa Raharja	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askrindo (Persero)	State Owned Enterprise
PT Bahana Pembinaan Usaha Indonesia (Persero)	State Owned Enterprise
PT Balai Pustaka (Persero)	State Owned Enterprise
PT Bali Tourism Development Corporation	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhanda Ghara Reksa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farma (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Cambrics Primissima (Persero)	State Owned Enterprise
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod (Persero)	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari (Persero)	State Owned Enterprise
PT Dok & Perkapalan Surabaya (Persero)	State Owned Enterprise
PT Elnusa Tbk.	State Owned Enterprise
PT Energi Manajemen Indonesia	State Owned Enterprise
PT Garam (Persero)	State Owned Enterprise
PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
PT Hotel Indonesia Natour	State Owned Enterprise
PT Hutama Karya (Persero)	State Owned Enterprise
PT Iglas (Persero)	State Owned Enterprise
PT Indah Karya	State Owned Enterprise
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indosat Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kapal Indonesia (Persero)	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Nuklir Indonesia (Persero) (previously PT Batan Teknologi)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Soda Indonesia (Persero)	State Owned Enterprise
PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
PT Inhutani I	State Owned Enterprise
PT Inhutani II	State Owned Enterprise
PT Inhutani III	State Owned Enterprise
PT Inhutani IV	State Owned Enterprise
PT Inhutani V	State Owned Enterprise
PT INTI (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Jiep	State Owned Enterprise
PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
PT Kawasan Industri Medan (Persero)	State Owned Enterprise
PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
PT Kertas Leces (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
PT Kliring Berjangka Indonesia (Persero)	State Owned Enterprise
PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
PT Len Industri (Persero)	State Owned Enterprise
PT Merpati Nusantara Airlines	State Owned Enterprise
PT Nindya Karya (Persero)	State Owned Enterprise
PT PAL Indonesia (Persero)	State Owned Enterprise
PT Pann Multi Finance (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Bahtera Adiguna	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Pengembangan Pariwisata Indonesia (Persero)	State Owned Enterprise
PT Pengusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
PT Perhutani	State Owned Enterprise
PT Perikanan Nusantara	State Owned Enterprise
PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
PT Permodalan Nasional Madani (Persero)	State Owned Enterprise
PT Pertamina (Persero)	State Owned Enterprise
PT Pertani (Persero)	State Owned Enterprise
PT Perusahaan Gas Negara Tbk.	State Owned Enterprise
PT Perusahaan Listrik Negara (Persero)	State Owned Enterprise
PT Perusahaan Pengelolaan Aset	State Owned Enterprise
PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise
PT Pindad (Persero)	State Owned Enterprise
PT Pos Indonesia (Persero)	State Owned Enterprise
PT Prasarana Perikanan Samudera	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise
PT Rajawali Nusantara Indonesia	State Owned Enterprise
PT Reasuransi Umum Indonesia	State Owned Enterprise
PT Rukindo	State Owned Enterprise
PT Sang Hyang Seri	State Owned Enterprise
PT Sarana Karya	State Owned Enterprise
PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (previously PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sier	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Taspen	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Virama Karya	State Owned Enterprise
PT Waskita Karya (Persero)	State Owned Enterprise
PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
PT Yodya Karya (Persero)	State Owned Enterprise
Lembaga Pembiayaan Ekspor Indonesia	Financial Institution
PT Indonesia Infrastruktur Finance	Financial Institution
PT Penjaminan Infrastruktur Indonesia (Persero)	Financial Institution
Pusat Investasi Pemerintah	Financial Institution

Nature of transactions with Government related entities are current accounts with other bank, placements with other banks, marketable securities, Government Bonds, other receivables - trade transaction, securities purchased under resale agreement, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to Government related entities.

On 19 December 2013, Bank Mandiri sold all of its shares in UGM to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 2, Mandiri Healthcare and BDP to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 1, Mandiri Healthcare with market value amounting to Rp396,000. This transaction represents transaction between entities under common control (refer Note 1g and 40b).

(Expressed in millions of Rupiah, unless otherwise stated)

55. RELATED PARTY TRANSACTIONS (continued)

- **Transactions with management and key personnel of Bank Mandiri**

  Total gross salaries and allowances, bonus/*tantiem*, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Syariah Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended 31 December 2014 and 2013 amounting to Rp717,073 and Rp586,221 or 2.83% and 2.60% of total consolidated operating expenses - others, respectively.

  Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2014 and 2013 amounting to 13,892,900 shares and 15,598,741 shares or 0.04% and 0.05% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2014 and 2013, are as follows:

	2014	2013
Assets		
Current accounts with other banks (Note 5a)	20,937	39,388
Placements with Bank Indonesia and other banks (Note 6b)	1,503,078	916,782
Marketable securities (Note 7a)*)	14,803,097	8,937,255
Government Bonds (Note 8)	86,153,906	82,227,428
Other receivables - trade transactions (Note 9a)	6,414,623	3,904,858
Derivative receivables (Note 11)	5,807	2,792
Loans (Note 12A.a and 12B.g)	67,613,532	57,315,200
Consumer financing receivables (Note 13a)	7,420	5,738
Acceptance receivables (Note 15a)	252,138	779,807
Total assets with related parties	176,774,538	154,129,248
Total consolidated assets	**855,039,673**	**733,099,762**
Percentage of total assets with related parties to total consolidated assets	**20.67%**	**21.02%**
Liabilities		
Deposits from customers		
Demand deposits (Note 21a)	19,751,219	26,507,150
Saving deposits (Note 22a)	121,683	202,205
Time deposits (Note 23a)	33,459,942	27,976,500
Deposits from other banks		
Demand and saving deposits (Note 24a)	25,569	63,613
Securities sold under repurchase agreements to repurchase (Note 28)	-	1,509,324
Derivative payables (Note 11)	8,679	372
Acceptance payables (Note 29a)	1,366,249	445,929
Marketable securities issued (Note 30)	437,000	328,000
Fund borrowings (Note 36)	252,149	778,314
Subordinated loans (Note 37)	1,909,800	1,939,800
Total liabilities with related parties	57,332,290	59,751,207
Total consolidated liabilities	**697,019,624**	**596,735,488**
Percentage of total liabilities with related parties to total consolidated liabilities	**8.23%**	**10.01%**
Temporary *Syirkah* Funds (Note 38)	**492,425**	**1,026,046**
Percentage to total temporary *syirkah* funds	**0.93%**	**2.16%**

*) Marketable securities is presented gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

(Expressed in millions of Rupiah, unless otherwise stated)

55. RELATED PARTY TRANSACTIONS (continued)

	2014	2013
Statements of Comprehensive Income		
Interest income from Government Bonds and Treasury bills (Note 41)	4,681,935	3,511,576
Percentage to interest income and sharia income	**7.47%**	**6.99%**
Interest expense from fund borrowing (Note 42)	59,292	77,562
Percentage to interest expense and sharia expense	**0.25%**	**0.47%**

56. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each of reportable segments:

- Corporate : includes loans, deposits and other transactions by corporate customers.
- Commercial and Business : includes loans, deposits and other transactions by commercial and business banking customers (small to medium size).
- Micro and Retail : focuses on products and services for individual customers in micro and retail segments. It includes loans, deposits, payment transactions and other transactions by retail customers.
- Consumer : represents consumer financing business including housing loan, credit cards and other transactions by consumer customers.
- Treasury, Financial Institution and Special Assets Management (SAM) : treasury undertakes treasury activities which include foreign exchange, money market, and fixed income business. Financial institution undertakes international business banking, capital market and Cayman islands branch. SAM activities include non performing loan and abandoned properties management.
- Institutional Banking : focuses on handling deposits and other transactions with government related entities, which are not undertaken by other segments.
- Head Office : mainly manages Group's assets and liabilities that are not managed by other segments, act as cost centre for providing central shared services to other segments and absorb costs that are not allocated to other segments.
- Subsidiary - Sharia : includes all transactions undertaken by a Subsidiary engages in sharia banking.
- Subsidiary - Insurance : includes all transactions undertaken by a Subsidiary engages in life and general insurance.
- Subsidiaries - other than Sharia and insurance : includes all transactions undertaken by Subsidiaries engage in consumer financing, remittances, securities and banking.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

2014

Account	Corporate	Commercial and Business	Micro and Retail	Consumer	*Treasury, Financial Institution and SAM*	*Institutional Banking* [1]	Head Offce	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance	Adjustment and elimination **)	Total
Consolidated statement of income												
Interest and sharia income *)	15,614,891	20,214,019	30,964,293	7,767,435	5,208,616	6,965,750	4,248,225	5,546,561	463,750	1,554,137	(35,909,735)	62,637,942
Interest and sharia expense *)	(10,738,414)	(13,149,766)	(13,528,314)	(4,848,192)	(2,403,749)	(5,089,973)	(1,483,153)	(2,451,302)	-	(664,386)	30,851,731	(23,505,518)
Net Interest and sharia income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	463,750	889,751	(5,058,004)	39,132,424
Net Premium income	-	-	-	-	-	-	-	-	2,680,570	-	-	2,680,570
Net Interest and sharia and premium income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	3,144,320	889,751	(5,058,004)	41,812,994
Other operating income:												
Other fees and commission	839,459	1,161,538	4,612,109	1,131,148	2,156,543	172,259	(1,775,987)	984,529	-	495,246	(644,869)	9,131,975
Other	55,091	418,102	875,086	449,817	2,078,019	-	1,493,187	17,037	354,494	381,830	(566,823)	5,555,840
Total	894,550	1,579,640	5,487,195	1,580,965	4,234,562	172,259	(282,800)	1,001,566	354,494	877,076	(1,211,692)	14,687,815
Reversal/(allowance) for impairment losses on financial assets and others	406,107	(1,661,263)	(1,455,667)	(992,256)	578,592	(2,648)	(1,121,120)	(1,004,044)	-	(254,668)	(22,369)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	2,578	-	132,858	11,085	-	146,521
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	183,617	-	8,084	42,762	-	234,463
Other operating expenses:												
Salaries and employee benefit	(274,261)	(898,753)	(4,346,999)	(286,643)	(215,906)	(47,774)	(2,542,866)	(1,359,776)	(272,801)	(602,252)	-	(10,848,031)
General and administrative expenses	(185,133)	(321,761)	(3,432,646)	(623,259)	(269,626)	(56,981)	(4,192,944)	(1,351,815)	(627,814)	(386,331)	-	(11,448,310)
Other	(143,071)	(40,121)	(845,935)	(104,068)	(90,560)	(113,863)	(1,092,337)	(285,070)	(925,578)	(91,626)	654,219	(3,078,010)
Total	(602,465)	(1,260,635)	(8,625,580)	(1,013,970)	(576,092)	(218,618)	(7,828,147)	(2,996,661)	(1,826,193)	(1,080,209)	654,219	(25,374,351)
Non operating income - net	1,305	-	894	(208)	(49,373)	-	70,743	13,673	2,606	(9,731)	-	29,909
Tax expense	-	-	-	-	-	-	(4,757,501)	(38,015)	(433,407)	(124,309)	-	(5,353,232)
Net income	5,575,974	5,721,995	12,842,821	2,493,774	6,992,556	1,826,770	(10,967,558)	71,778	1,382,762	351,757	(5,637,846)	20,654,783
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	**782,910**
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	**19,871,873**
Consolidated statements of financial position												
Loans – gross	142,597,627	196,182,613	36,030,708	64,705,595	5,055,677	30,694,606	-	48,226,583	-	919,827	(1,311,419)	523,101,817
Total Aset	156,397,003	198,430,658	40,837,873	65,027,274	228,286,307	31,776,127	36,283,970	66,942,422	26,342,284	14,496,601	(9,780,846)	855,039,673
Demand deposits	(40,275,004)	(13,223,418)	(50,425,065)	-	(1,302,746)	(17,816,423)	-	(5,186,571)	-	(101,224)	276,893	(128,053,558)
Saving deposits	(555,122)	(3,344,503)	(224,423,863)	-	(30,200)	(1,100,923)	-	(1,700,819)	-	(305,826)	-	(231,461,256)
Time deposits	(38,788,889)	(7,473,932)	(128,055,156)	-	(6,780,056)	(42,730,501)	-	-	-	(727,682)	622,119	(223,934,097)
Total deposit from customers	(79,619,015)	(24,041,853)	(402,904,084)	-	(8,113,002)	(61,647,847)	-	(6,887,390)	-	(1,134,732)	899,012	(583,448,911)
Total Liabilities	(87,903,489)	(27,494,162)	(406,253,339)	(838,056)	(20,980,313)	(61,656,991)	(54,581,314)	(8,829,956)	(22,606,318)	(11,770,972)	5,895,286	(697,019,624)

*) Include a component of internal transfer pricing amongst operating segments.
**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.
***) Represent impact of foreign exchange which not being allocated to each operating segment.
1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

	2013											
Account	**Corporate**	**Commercial and Business**	**Micro and Retail**	**Consumer**	***Treasury, Financial Institution and SAM***	***Institutional Banking*** [1]	**Head Offce**	**Subsidiary - Sharia**	**Subsidiary - Insurance**	**Subsidiaries - other than Sharia and insurance**	**Adjustment and elimination **)****)**	**Total**
Consolidated statement of income												
Interest and sharia income *)	12,018,419	16,856,799	20,653,671	6,344,540	3,808,308	4,698,210	3,264,806	5,437,851	218,690	1,230,528	(24,322,980)	50,208,842
Interest and sharia expense *)	(7,667,647)	(9,325,243)	(8,638,040)	(3,399,046)	(2,217,925)	(3,385,380)	(1,924,889)	(2,183,205)	-	(534,844)	22,876,795	(16,399,424)
Net Interest and sharia income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	218,690	695,684	(1,446,185)	33,809,418
Net Premium income	-	-	-	-	-	-	-	-	2,626,006	-	-	2,626,006
Net Interest and sharia and premium income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	2,844,696	695,684	(1,446,185)	36,435,424
Other operating income:												
Other fees and commission	900,670	445,954	4,041,935	937,724	422,442	153,097	642,292	1,163,604	-	483,402	(487,025)	8,704,095
Others	22,704	1,088,117	817,706	369,105	4,409,035	-	(972,912)	29,259	336,678	348,911	(466,061)	5,982,542
Total	923,374	1,534,071	4,859,641	1,306,829	4,831,477	153,097	(330,620)	1,192,863	336,678	832,313	(953,086)	14,686,637
(Allowance)/reversal for impairment losses on financial assets and others	205,493	(1,180,931)	(1,092,837)	(780,436)	312,215	(16,236)	(1,345,587)***	(835,662)	-	(154,539)	32,186	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	(2,769)	-	(219,954)	3,370	-	(219,353)
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	24,514	-	-	14,602	-	39,116
Other operating expenses:												
Salaries and employee benefit	(261,471)	(847,072)	(4,004,417)	(260,809)	(201,637)	(42,969)	(1,919,002)	(1,192,403)	(139,754)	(561,803)	-	(9,431,337)
General and administrative Expenses	(146,545)	(313,624)	(3,567,833)	(607,836)	(343,854)	(45,248)	(2,727,525)	(1,335,341)	(427,938)	(382,656)	-	(9,898,400)
Others - net	(131,151)	(64,790)	(1,398,858)	(79,342)	(87,666)	(101,190)	448,271	(209,201)	(886,960)	(147,388)	(545,767)	(3,204,042)
Total	(539,167)	(1,225,486)	(8,971,108)	(947,987)	(633,157)	(189,407)	(4,198,256)	(2,736,945)	(1,454,652)	(1,091,847)	(545,767)	(22,533,779)
Non operating income - net	10,121	24	3,397	39	542,935	-	(189,384)	8,934	1,030	160,396	(27,366)	510,126
Tax expense	-	-	-	-	-	-	(4,458,497)	(232,596)	(417,229)	(123,581)	-	(5,231,903)
Net income	4,950,593	6,659,234	6,814,724	2,523,939	6,643,853	1,260,284	(9,160,682)	651,240	1,090,569	336,398	(2,940,218)	18,829,934
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	**626,181**
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	**18,203,753**
Consolidated statements of financial position												
Loans – gross	138,784,783	163,402,908	27,049,793	56,603,364	6,174,114	24,963,069	-	50,125,273	-	734,028	(666,883)	467,170,449
Total Assets	136,546,324	160,654,227	39,209,271	56,823,336	128,696,764	25,026,890	101,293,365	63,965,361	17,444,167	13,270,221	(9,830,164)	733,099,762
Demand deposits	(37,031,828)	(17,056,237)	(41,827,746)	-	(1,198,359)	(19,136,692)	-	(7,507,387)	-	(67,941)	398,541	(123,427,649)
Saving deposits	(548,760)	(3,736,665)	(208,994,444)	-	(12,349)	(836,436)	-	(1,607,950)	-	(281,006)	-	(216,017,610)
Time deposits	(36,499,077)	(6,464,592)	(90,843,597)	-	(4,160,344)	(31,370,914)	-	-	-	(488,825)	276,352	(169,550,997)
Total deposit from customers	(74,079,665)	(27,257,494)	(341,665,787)	-	(5,371,052)	(51,344,042)	-	(9,115,337)	-	(837,772)	674,893	(508,996,256)
Total Liabilities	(74,545,756)	(25,121,684)	(338,136,349)	(465,220)	(17,926,045)	(52,445,688)	(57,048,121)	(11,529,685)	(15,428,860)	(10,552,166)	6,464,086	(596,735,488)

*) Include a component of internal transfer pricing amongst operating segments.
**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.
***) Represent impact of foreign exchange which not being allocated to each operating segment.
****) Reclassified, refer to Note 64.
1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

Geographical Segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended 31 December 2014:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	61,992,640	387,916	38,520	218,866	62,637,942
Interest and sharia expense	(23,443,855)	(45,441)	(4,146)	(12,076)	(23,505,518)
Net Interest and sharia income	38,548,785	342,475	34,374	206,790	39,132,424
Net Premium income	2,680,570	-	-	-	2,680,570
Net Interest and sharia and premium income	41,229,355	342,475	34,374	206,790	41,812,994
Other operating income:					
Other fees and commissions	9,008,691	113,554	-	9,730	9,131,975
Others	5,495,559	47,357	12,486	438	5,555,840
Total	14,504,250	160,911	12,486	10,168	14,687,816
(Allowance)/reversal for impairment losses	(5,374,246)	2,991	(3,670)	(154,411)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) in unit-linked contracts in fair value of marketable securities, Government Bonds, and policyholders' investment	146,568	(47)	-	-	146,521
Gain on sale of marketable securities and Government Bonds	217,055	3,346	-	14,062	234,463
Other operating expenses:					
Salaries and employee benefit	(10,693,968)	(125,780)	(20,141)	(8,142)	(10,848,031)
General, administrative expenses and others	(14,388,684)	(95,807)	(19,435)	(22,394)	(14,526,320)
Total	(25,082,652)	(221,587)	(39,576)	(30,536)	(25,374,351)
Non operating income - net	26,136	52,205	-	(48,432)	29,909
Tax expense	(5,305,287)	(47,945)	-	-	(5,353,232)
Net income	**20,361,179**	**292,349**	**3,614**	**(2,359)**	**20,654,783**
Net income attributable to:					
Non controlling interest	-	-	-	-	**782,910**
Parent Entity	-	-	-	-	**19,871,873**
Consolidated statements of financial position					
Loans - gross	504,659,448	13,110,662	32	5,331,675	523,101,817
Total Aset	824,343,716	20,885,950	2,334,225	7,475,782	855,039,673
Demand deposits	(125,534,036)	(2,434,201)	(84,082)	(1,239)	(128,053,558)
Saving deposits	(230,263,488)	(1,197,768)	-	-	(231,461,256)
Time deposits	(220,969,844)	(2,964,253)	-	-	(223,934,097)
Total deposit from customers	(576,767,368)	(6,596,222)	(84,082)	(1,239)	(583,448,911)
Total Liabilities	(665,302,888)	(20,866,724)	(3,385,824)	(7,464,188)	(697,019,624)

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

Geographical Segment (continued)

Information on geographical segment for the year ended 31 December 2013:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	49,830,621	255,613	23,580	99,028	50,208,842
Interest and sharia expense *)	(16,358,596)	(23,988)	(2,376)	(14,464)	(16,399,424)
Net Interest and sharia income	33,472,025	231,625	21,204	84,564	33,809,418
Net Premium income	2,626,006	-	-	-	2,626,006
Net Interest and sharia and premium income	36,098,031	231,625	21,204	84,564	36,435,424
Other operating income:					
Other fees and commissions	8,584,119	73,700	-	46,276	8,704,095
Others	5,920,308	26,043	34,324	1,867	5,982,542
Total	14,504,427	99,743	34,324	48,143	14,686,637
Allowance for impairment losses	(4,921,810)	25,838	784	38,854	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	(219,423)	70	-	-	(219,353)
Gain on sale of marketable securities and Government Bonds	40,460	(1,344)	-	-	39,116
Other operating expenses:					
Salaries and employee benefit	(9,293,151)	(103,361)	(28,860)	(5,965)	(9,431,337)
General, administrative expenses and others *)	(12,983,577)	(77,637)	(23,306)	(17,922)	(13,102,442)
Total	(22,276,728)	(180,998)	(52,166)	(23,887)	(22,533,779)
Non operating income - net	458,131	54,452	67	(2,524)	510,126
Tax expense	(5,210,764)	(21,139)	-	-	(5,231,903)
Net income	**18,472,324**	**208,247**	**4,213**	**145,150**	**18,829,934**
Net income attributable to:					
Non controlling interest	-	-	-	-	**626,181**
Parent Entity	-	-	-	-	**18,203,753**
Consolidated statements of financial position					
Loans - gross	455,298,247	9,587,501	39	2,284,662	467,170,449
Total Assets	710,133,177	15,060,004	3,164,504	4,742,077	733,099,762
Demand deposits	(121,571,613)	(1,854,819)	-	(1,217)	(123,427,649)
Saving deposits	(214,945,793)	(1,071,817)	-	-	(216,017,610)
Time deposits	(166,618,886)	(2,932,111)	-	-	(169,550,997)
Total deposit from customers	(503,136,292)	(5,858,747)	-	(1,217)	(508,996,256)
Total Liabilities	(574,390,876)	(15,031,364)	(2,593,230)	(4,720,018)	(596,735,488)

*) Reclassified, refer to Note 64.

(Expressed in millions of Rupiah, unless otherwise stated)

57. CAPITAL ADEQUACY RATIO

Capital Risk Management

Bank Mandiri's capital policy is to prudently diversify the source of its capital to anticipate the long-term strategic plan and to allocate capital efficiently to business segment that has a potential to provide an optimum risk of return, includes investment in subsidiaries in order to fulfil the stakeholders (investor and regulator) expectations.

Bank Mandiri ensures it maintains adequate capital to cover credit risk, market risk and operational risk, irrespective under the normal condition or distress condition which is used by the Bank as the basis to implement VBM (Value Based Management) through measurement of RORAC (Return on Risk Adjusted Capital) and RORWA (Return On Risk Weight Asset). Through the VBM, the Bank can identify which business units, segments, products and regions provide the best value adds to the Bank. Therefore, the Bank can be more focus in expanding the line of business which provide the most value adds to the Bank.

The Bank refers to Bank Indonesia regulation in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses Basel II Standardised Approach. For the market risk, Bank Mandiri uses Standardised Model and has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

With reference SE BI No. 13/6/DPNP dated 18 February 2011 regarding credit risk weighted asset using Standardised Approach, the Bank's risk weighted assets as at 31 December 2014 amounted to Rp445,254,441 with the component of counterparty credit risk weighted assets amounted to Rp504,774 which is dominated by repo transactions. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp1,863,243 and Rp67,786,852, respectively.

Currently the Bank is developing calculation for capital requirement for credit risk with IRBA approach as well as economic capital approach. The economic capital approach is developed both for credit risk and operational risk.

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk consist of core capital (Tier I) and supplementary capital (Tier II) less investments in subsidiaries. To calculate the market risk exposure, the Bank could include the supplementary capital (Tier III) in the form of short-term subordinated loans which meet the criteria as capital components. The CAR of Bank Mandiri (Bank Mandiri only) as at 31 December 2014 and 2013 are as follows:

	2014	**2013**
Capital:		
Core Capital*)	79,052,150	65,853,989
Supplementary Capital	6,427,547	7,491,432
Total Capital for credit risk, operational risk and market risk charge	**85,479,697**	**73,345,421**
Risk-Weighted Assets for credit	445,254,441	431,632,851
Risk-Weighted Assets for operasional	67,786,852	57,671,278
Risk-Weighted Assets for market risk	1,863,243	1,972,041
Total Risk-Weighted Assets for credit, operational and market risk charge	**514,904,536**	**491,276,170**

*) Excludes the impact of deferred tax benefit/(expense) of (Rp82,730) and Rp70,285 and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of (Rp699,085) and (Rp1,737,644) respectively as at 31 December 2014 and 2013. On 30 April 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/agio

(Expressed in millions of Rupiah, unless otherwise stated)

57. CAPITAL ADEQUACY RATIO (continued)

Capital Risk Management (continued)

	2014	2013
CAR for core capital	15.35%	13.40%
CAR for credit risk	19.20%	16.99%
CAR for credit risk and operational risk	16.66%	14.99%
CAR for credit risk and market risk	19.12%	16.92%
CAR for credit risk, operational and market risk	16.60%	14.93%
Minimum CAR core capital	6.00%	5.00%
Minimum CAR total capital	9.00-10.00%	8.00%

The Bank's capital adequacy ratio on a consolidated basis as at 31 December 2014 including credit, operational and market risk is 16.13% and taking into account credit and operational risk is 16.20%.

58. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio as at 31 December 2014 and 2013 (Bank Mandiri only) were 1.13% and 1.15% respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as at 31 December 2014 and 2013 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2014 and 2013 were 122.55% and 125.85% respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as at 31 December 2014 and 2013 were 6.89% and 6.56% respectively.

The Legal Lending Limit (LLL) as at 31 December 2014 and 2013 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated 5 October 2006.

59. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started providing custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated 4 October 1999. Bank Mandiri's Custodial, which is the part of Financial Institutions Coverage & Solutions Group, provides a full range of custodial services as follows:

a. Settlement and handling services for script and scriptless trading transactions;
b. Safekeeping and administration of marketable securities and other valuable assets;
c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
d. Proxy services for its customers' shareholders' meetings and bond holders' meetings;
e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodial.

59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

a. General custodial which provide services for investors that investing in capital market or money market in Indonesia;
b. Local custodial for American Depository Receipts (ADRs) and Global Depository Receipts (GDR) which is needed by the investors that are willing to convert the companies' shares listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry which provide services for investors that conduct the transaction and investment in Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBI;
d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
e. As direct participant of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels;
f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
g. Custodial services for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange.
h. Custodial services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitisation transactions owned by banks or other financial institutions.

As at 31 December 2014 and 2013, Bank Mandiri's Custodial Operations has 608 and 581 customers (unaudited), respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio value by currency as at 31 December 2014 (unaudited) is amounting to Rp261,185,495, USD846,795,769 (full amount), EUR106,336 (full amount) and HKD84,000,000 (full amount) and as at 31 December 2013 (unaudited) is amounting to Rp232,241,890, USD705,528,525 (full amount), EUR106,336 (full amount) and HKD16,000,000 (full amount). Assets kept in custodial services activities are not included in the consolidated financial statements of the Group.

Bank Mandiri insures the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the Financial Services Agency regulation.

Trust Operations

Bank Mandiri has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The type of services offered by the Bank are as follows:

a. Trustee for bonds & MTN
b. Escrow Account Agent
c. Paying Agent
d. Initial Public Offering/IPO Receiving Bank
e. Security Agent

(Expressed in millions of Rupiah, unless otherwise stated)

59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

As at 31 December 2014, Bank Mandiri as Trustee has 63 (unaudited) trustee customers with the total value of bonds and MTN issued amounting to Rp41,227,000 and USD9,900,000 (full amount) (unaudited) and as at 31 December 2013 has 55 (unaudited) trustee customers with the total value of bonds and MTN issued amounting to Rp31,633,000 (unaudited).

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

Trust

A trustee services including managing customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No.15/30/DPB1/PB1-1 dated 26 April 2013 and No.15/32/DPB1/PB1-1 date 28 August 2013.

Functions of independent trust service are:
a. "Paying Agent" which receive and transfer money and / or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
b. "Investment Agency" involve in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

The service trust provided by the Bank is also include managing customers from various segments, including Oil & Gas Company, Corporate and Commercial, Non-Profit Organization customers for activities among others Distribution of gas sales results, Sale and purchase / acquisition of companies, and pooling of funds for foreign aid.

60. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	2014	2013
Government:		
Electricity, gas and water	6,970,950	9,018,350
Transportation and communications	1,371,414	1,609,404
Agriculture	518,548	590,105
Manufacturing	91,200	91,200
Construction	32,149	32,149
Others	52,848	68,221
	9,037,109	**11,409,429**

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and Regional Governments, such as: Asian Development Bank, Banque Français & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, Switzerland Government, RDI - KI, Spain, U.B Denmark, US Export Import Bank and Overseas Economic Cooperation Fund.

Channeling loans are not included in the consolidated statements of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

61. RISK MANAGEMENT

Bank Mandiri clearly segregates risk management functions from the business units functions in line with the requirement of Bank Indonesia's Regulations and international best practices, which are applied in banking industry. Bank Mandiri also adopts the Enterprise Risk Management (ERM) concept as one of the comprehensive and integrated risk management strategies in line to the Bank's business process and operations. The ERM implementation gives an added value to the Bank and stakeholders, especially in respect of the implementation of Strategic Business Unit (SBU) and Risk Based Performance.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. It is a holistic approach that establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the bank based on Bank Indonesia Regulation No. 8/6/PBI/2006 dated 30 January 2006.

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated 19 May 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated 1 July 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (KMRBM), which is in line with the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - mitigation - monitoring) at all organisation levels.

Active supervision by the Board of Directors and the Board of Commissioners on the Bank's risk management activities, directly and indirectly, are implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring & Good Corporate Governance (KPR & GCG) Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO), Risk Management Committee (RMC), Capital & Subsidiaries Committee (CSC), Business Committee (BC), Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), and Credit Committee.

Risk Management Committee (RMC) is the committee directly responsible for managing the risks management, which discusses and recommends policies and procedures as well as monitoring risk profile and managing the entire risks of the Bank. Moreover, Asset & Liability Committee (ALCO) are also involve in risk management activities in determining the assets and liabilities management strategy, to determine interest rate and liquidity, along with other aspects related to the managing the Bank's assets and liabilities.

Risk Monitoring and GCG Committee and Audit Committee are responsible for assessing and evaluating the policies and the implementation of Bank's risk management and also responsible for providing recommendations to Board of Commissioners in implementing monitoring function.

The Risk Management Directorate is lead by a Director who reports to the Board of Directors and member with voting right in the Risk and Capital Committee (RCC). The Bank also established a risk management working unit which is under the Risk Management Directorate.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) Credit Approval as part of four-eye principle, and 2) Independent Risk Management Unit which is divided into two groups: Credit Risk and Portfolio Management Group which manages credit risk and portfolio risk and integrated risk management through ERM, and Market and Operational Risk Group which manages market risk, liquidity risk and operational risk.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 8 (eight) types of risk faced by the Bank, discussing and proposing risk management policies and guidelines.

61. RISK MANAGEMENT (continued)

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all risks embedded in the Bank's business activities, including consolidation with subsidiaries's risks.

A. Credit Risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and loan maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation to achieve optimum Return On Risk Adjusted Capital (RORAC).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general and credit by business segment. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for troubled/restructured loans.

To improve the Bank's social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia regulation regarding Assessing the Quality of Asset on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor's effort to maintain its environment.

In principle, credit risk management is implemented at both the transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principle concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principle is executed by Credit Committee according to the authority limit and the loan approval process is conducted through Credit Committee Meeting mechanism. Executive Credit Officer as Credit Committee members, must be highly competent as well as having strong capacity and integrity so that the loan granting process can be conducted objectively, comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the Executive Credit Officer can be monitored from time to time.

To identify and measure risk of each credit application processed in the transactional level, as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which among other include Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum and loan monitoring system in the form of watch list tools that already integrated to the Integrated Processing System (IPS)/Loan Origination System (LOS) on end to end process, the Bank uses Rating and Scoring systems. The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attrition).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank, in granting Credit Line facilities, can identify and measure the risk level of Counterparty Bank which can be tolerated. The Bank is also developing a rating system for Financial Institution - Non Bank, i.e. Multifinance Companies.

To improve the measurement of transactional risk in the overseas branches, the Bank has implemented BMRS. The Bank has also developed a rating system tailored for *Bank Perkreditan Rakyat* (BPR), to enable the Bank in measuring the risk for each individual debtor based on the respective risk rating. Furthermore the Bank has also conducted a calibration on the scoring model for Small Medium Enterprise (SME) therefore the Bank currently has 4 (four) risk measurement models for SME segment.

In quarter IV of 2014, in order to maintain consistency of the estimation model, the Bank performed calibration or model development. For the Consumer Card segment, pre approved credit card applications model has been developed.

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To support the development of model, the Bank has issued Guideline for the development of credit rating and credit scoring models, a complete guidance for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. By reviewing and monitoring the rating models using validation methodology, the Bank can understand the performance of the models from time to time. At the moment, the model validation is conducted internally by Model Risk Validation unit, which is an independent unit and separated from the model development unit. This to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) and debtors' rating. In both measuring economic capital for credit risk and to comply with Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) and Lost Given Default (LGD) model internally. In order to monitor rating and scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain information concerning scoring and rating parameters presented by industrial sector. The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

In response to the global economic crisis which has not ended yet, to identify debtors which may potentially experience difficulty in repaying their loan obligation, the Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans with collectability 1 and 2 on quarterly basis using Loan Monitoring System. Based on the analysis, the Bank determines account strategy and early actions to prevent Non Performing Loan (NPL).

The Bank also conducts Watch List analysis for Business Banking segment using individual method for debtors that have facility limit above 2 (two) billion Rupiah (full amount) and portfolio method for debtor that have facility limit up to 2 billion Rupiah (full amount), in order to strengthen the monitoring over Business Banking's debtors. The expectation is that it could become an early warning and therefore could improve the management of NPL (Non Performing Loan) level.

As part of mitigating debtors' credit risk, the Credit Committee determines the credit structure, including appropriate covenant in accordance with the requirements and debtors' condition, to ensure the effectiveness of credit and profitable for both debtors and Bank Mandiri.

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification to optimum levels with risk exposure within the risk appetite level decided by the Bank. The Bank does implement Portfolio Guideline (PG). PG consists of three items which include Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit).The Bank has been implementing an integrated Limit Management System Solutionto monitor and manage limit and exposures,for both individual and portfolio level.

PG is being periodically reviewed and the back testing for PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. The Bank has already reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, 25 largest debtors, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take preventive actions and risk mitigation in both individual and portfolio level.

To monitor the quality and to test the elasticity of portfolio quality (NPL and Yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and at ad hoc basis conducts a stress test to the credit portfolio e.g. for large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank is able to get an understanding regarding the possibility of negative impact to the business performance of Bank Mandiri, as well as earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution for short-term and long-term strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained.

To continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy with 18 (eighteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

(i) Maximum exposure to credit risk before collateral held and other credit support

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit support as at 31 December 2014 and 2013 are as follows:

	2014	2013
Current accounts with Bank Indonesia	50,598,840	43,904,419
Current accounts with other banks	8,983,467	14,036,484
Placement with Bank Indonesia and other banks	61,117,605	45,113,834
Marketable securities *)		
Government		
Fair value through profit or loss	208,782	597,309
Available for sale	253,951	114,626
Non Government		
Fair value through profit or loss	4,198,554	1,974,474
Available for sale	12,879,298	10,051,962
Held to maturity	7,030,776	3,003,478
At cost	368,852	599,563
Government Bonds **)		
Fair value through profit or loss	1,745,205	1,381,747
Available for sale	61,187,145	57,213,114
Held to maturity	21,195,694	22,467,976
At cost	875,973	712,585
Other receivables - trade transactions	11,651,696	7,523,929
Securities purchased under resale agreements	19,744,804	3,737,613
Derivatives receivables	71,044	170,878
Loans		
Corporate	171,537,913	162,334,201
Commercial and Business Banking	188,999,684	157,934,782
Consumer	63,456,545	55,521,352
Micro and Retail	34,943,158	26,242,674
Sharia	46,457,570	48,601,789

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

	2014	**2013**
Consumer financing receivables	5,893,135	4,511,545
Net investment in finance leases	766,524	612,154
Acceptances receivables	13,007,132	10,114,889
Other assets		
Accrued income	3,272,972	2,563,524
Receivables from customer transactions	1,698,106	1,777,864
Receivables from transactions related to ATM and credit card	636,502	597,376
Receivable from policyholder	151,250	84,781
Receivable from sale of marketable securities	261,870	254
Receivables from Government Bonds pledged as collateral	592,614	-
	793,786,661	**683,501,176**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

Credit risk exposures relating to administrative accounts net after impairment provision as 31 December 2014 and 2013 are as follows:

	2014	**2013**
Bank guarantees issued	61,139,500	56,380,588
Committed unused loan facilities granted	33,510,008	28,830,629
Outstanding irrevocable letters of credit	15,100,555	15,135,211
Standby letter of credit	11,886,608	8,652,244
	121,636,671	**108,998,672**

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as at 31 December 2014 and 2013, without taking into account any collateral held or other credit support attached. For financial assets in the statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

<u>Concentration of risks of financial assets with credit risk exposure</u>

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of 31 December 2014 and 2013. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	2014					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Current accounts with Bank Indonesia	50,598,840	-	-	-	-	50,598,840
Current accounts with other banks	6,713,624	33	8,909	3	2,264,262	8,986,831
Placement with Bank						
Indonesia and other banks	58,447,823	-	-	-	2,764,929	61,212,752
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	-	-	208,782
Available for sale	-	-	-	-	253,951	253,951
Non Government						
Fair value through profit or loss	3,968,948	-	-	-	229,606	4,198,554
Available for sale	12,826,314	-	-	-	52,984	12,879,298
Held to maturity	7,187,494	-	-	-	-	7,187,494
At cost	513,913	-	-	-	-	513,913
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	-	-	1,745,205
Available for sale	61,138,371	-	-	-	48,774	61,187,145
Held to maturity	20,937,094	-	-	-	258,600	21,195,694
At cost	875,973	-	-	-	-	875,973
Other receivables-trade transactions	13,037,723	-	-	-	200,244	13,237,967
Securities purchased under resale						
agreements	19,786,745	-	-	-	-	19,786,745
Derivatives receivables	68,111	-	-	-	2,933	71,044

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	2014					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Loans						
Corporate	122,280,812	27,566,114	8,293,468	1,634,581	18,399,392	178,174,367
Commercial and Business Banking	132,977,018	35,569,769	15,559,340	8,985,522	1,953,122	195,044,771
Consumer	49,340,611	6,835,578	3,848,116	3,827,294	853,996	64,705,595
Micro and Retail	20,705,947	8,809,805	2,530,994	3,513,790	1,389,966	36,950,502
Sharia	32,389,459	9,477,884	3,198,689	2,384,871	775,679	48,226,582
Consumer financing receivables	3,845,389	1,484,977	429,830	327,791	-	6,087,987
Net investment in finance leases	649,050	294	4,138	130,255	-	783,737
Acceptances receivables	11,052,190	-	-	-	2,061,869	13,114,059
Other assets						
Accrued income	2,623,970	306,969	115,117	91,410	135,506	3,272,972
Receivables from customer transactions	1,764,202	-	-	-	-	1,764,202
Receivables from transactions related to ATM and credit card	636,502	-	-	-	-	636,502
Receivable to policyholder	124,549	15,059	6,571	5,071	-	151,250
Receivable from sale of marketable securities	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	-	-	592,614
	637,299,143	**90,066,482**	**33,995,172**	**20,900,588**	**31,645,813**	**813,907,198**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Current accounts with Bank Indonesia	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	12,600,070	3	16,257	-	1,431,745	14,048,075
Placement with Bank Indonesia and other banks	42,488,961	-	-	-	2,730,472	45,219,433
Marketable securities *)						
Government						
Fair value through profit or loss	572,201	-	-	-	25,108	597,309
Available for sale	-	-	-	-	114,626	114,626
Non Government						
Fair value through profit or loss	1,786,910	-	-	-	187,564	1,974,474
Available for sale	9,776,811	-	-	-	275,525	10,052,336
Held to maturity	2,230,777	-	-	-	933,127	3,163,904
At cost	742,619	-	-	-	-	742,619
Loans and receivables	-	-	-	-	13,210	13,210
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	-	-	1,381,747
Available for sale	57,170,170	-	-	-	42,944	57,213,114
Held to maturity	22,049,132	-	-	-	418,844	22,467,976
At cost	712,585	-	-	-	-	712,585
Other receivables-trade transactions	8,481,703	-	258	-	466,422	8,948,383
Securities purchased under resale agreements	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	170,878	-	-	-	-	170,878
Loans						
Corporate	119,805,908	26,787,874	9,083,723	2,156,552	11,834,584	169,668,641
Commercial and Business Banking	112,026,207	29,600,649	12,864,511	6,985,717	1,512,265	162,989,349
Consumer	41,237,847	6,523,232	3,896,246	4,104,322	841,756	56,603,403
Micro and Retail	15,954,854	6,183,077	1,976,325	2,618,920	1,050,607	27,783,783
Sharia	31,899,657	11,961,106	3,286,796	2,477,604	500,110	50,125,273
Consumer financing receivables	2,783,608	1,292,806	329,595	238,892	-	4,644,901
Net investment in finance leases	559,942	517	-	59,232	-	619,691
Acceptances receivables	9,248,572	-	-	-	929,798	10,178,370
Other assets						
Accrued income	2,051,404	263,654	98,926	73,008	76,532	2,563,524
Receivables from customer transactions	1,865,633	-	-	-	-	1,865,633
Receivables from transactions	597,376	-	-	-	-	597,376
related to ATM and credit card	66,147	11,660	3,617	3,357	-	84,781
Receivable to policyholder						
Receivables from sale of marketable securities	254	-	-	-	-	254
	545,904,005	**82,624,578**	**31,556,254**	**18,717,604**	**23,385,239**	**702,187,680**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	2014					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank guarantees issued	59,742,968	8,152	1,417	9,250	1,451,114	61,212,901
Committed unused loan facilities granted	24,267,611	3,269,169	670,332	605,514	4,750,373	33,562,999
Outstanding irrevocable letters of credit	14,110,804	-	-	-	1,057,310	15,168,114
Standby letter of credit	11,715,440	-	-	-	174,010	11,889,450
	109,836,823	**3,277,321**	**671,749**	**614,764**	**7,432,807**	**121,833,464**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank guarantees issued	55,516,417	12,724	11,151	1,556	877,688	56,419,536
Committed unused loan facilities granted	19,960,528	4,545,088	678,338	374,280	3,350,927	28,909,161
Outstanding irrevocable letters of credit	14,280,318	-	-	-	937,812	15,218,130
Standby letter of credit	8,464,320	-	-	-	188,026	8,652,346
	98,221,583	**4,557,812**	**689,489**	**375,836**	**5,354,453**	**109,199,173**

b) Industry sectors

The following table breaks down Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses collateral held or other credit support), as categorised by the industry sectors as at 31 December 2014 and 2013.

	2014						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Current accounts with Bank Indonesia	-	50,598,840	-	-	-	-	50,598,840
Current accounts with other banks	-	8,986,831	-	-	-	-	8,986,831
Placement with Bank Indonesia and other banks	-	61,212,752	-	-	-	-	61,212,752
Marketable securities *)							
Government							
Fair value through profit or loss	208,782	-	-	-	-	-	208,782
Available for sale	253,951	-	-	-	-	-	253,951
Non Government							
Fair value through profit or loss	-	3,968,616	66,180	2,069	120,556	41,133	4,198,554
Available for sale	-	6,941,062	330,400	300,000	1,340,315	3,967,521	12,879,298
Held to maturity	-	4,594,409	343,496	-	1,236,995	1,012,594	7,187,494
At cost	-	13,021	-	-	-	500,892	513,913
Government Bonds **)							
Fair value through profit or loss	1,745,205	-	-	-	-	-	1,745,205
Available for sale	61,187,145	-	-	-	-	-	61,187,145
Held to maturity	21,195,694	-	-	-	-	-	21,195,694
At cost	875,973	-	-	-	-	-	875,973
Other receivables-trade transactions	-	1,582,038	6,014,385	237,127	-	5,404,417	13,237,967
Securities purchased under resale agreements	-	19,225,313	-	-	-	561,432	19,786,745
Derivatives receivables	-	28,468	39,080	1,753	1,743	-	71,044

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors(continued)

	2014 (continued)						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Loans							
Corporate	7,584,351	1,054,814	46,806,196	34,632,962	18,648,676	69,447,368	178,174,367
Commercial and Bussiness Banking	-	32,000	57,281,077	18,561,333	21,282,789	97,887,572	195,044,771
Consumer	-	-	-	-	13,982,607	50,722,988	64,705,595
Micro and Retail	-	1,470,851	216,870	2,701,552	2,540,028	30,021,201	36,950,502
Sharia	949,942	1,462,598	2,559,988	2,054,577	9,062,907	32,136,570	48,226,582
Consumer financing receivables	-	-	1,801	1,744	23,884	6,060,558	6,087,987
Net Investment in finance leases	-	-	-	-	51,095	732,642	783,737
Acceptances receivables	-	285,554	177,222	-	-	12,651,283	13,114,059
Other assets							
Accrued income	85,333	989,993	334,860	112,208	147,091	1,603,487	3,272,972
Receivables from customer transactions	-	93,477	-	3,032	-	1,667,693	1,764,202
Receivables from transactions related to ATM and credit card	-	-	-	-	-	636,502	636,502
Receivable to policyholders	-	-	-	-	-	151,250	151,250
Receivable from sale of marketable securities	-	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	-	592,614	-	-	-	-	592,614
	94,086,376	**163,395,121**	**114,171,555**	**58,608,357**	**68,438,686**	**315,207,103**	**813,907,198**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Current accounts with Bank Indonesia	-	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	-	14,048,075	-	-	-	-	14,048,075
Placement with Bank Indonesia and other banks	-	45,219,433	-	-	-	-	45,219,433
Marketable securities *)							
Government							
Fair value through profit or loss	597,309	-	-	-	-	-	597,309
Available for sale	114,626	-	-	-	-	-	114,626
Non Government							
Fair value through profit or loss	-	1,676,800	54,850	5	233,675	9,144	1,974,474
Available for sale	-	6,344,982	2,475,980	501,040	360,404	369,930	10,052,336
Held to maturity	-	2,088,087	778,000	-	297,817	-	3,163,904
At cost	-	24,814	111,216	-	561,589	45,000	742,619
Loans and receivables	-	-	13,210	-	-	-	13,210
Government Bonds **)							
Fair value through profit or loss	1,381,747	-	-	-	-	-	1,381,747
Available for sale	57,213,114	-	-	-	-	-	57,213,114
Held to maturity	22,467,976	-	-	-	-	-	22,467,976
At cost	712,585	-	-	-	-	-	712,585
Other receivables-trade transactions	-	1,733,109	3,427,968	11,933	186,447	3,588,926	8,948,383
Securities purchased under resale agreements	-	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	-	88,916	57,018	21,459	3,383	102	170,878
Loans							
Corporate	1,777,232	1,014,516	41,507,712	34,887,117	16,534,924	73,947,140	169,668,641
Commercial and Business Banking	-	35,848	48,582,184	14,355,865	19,238,557	80,776,895	162,989,349
Consumer	-	-	-	-	10,761,702	45,841,701	56,603,403
Micro and Retail	-	1,238,390	208,846	2,074,325	3,194,093	21,068,129	27,783,783
Sharia	-	2,715,633	2,264,009	1,640,499	9,309,522	34,195,610	50,125,273
Consumer financing receivables	-	-	2,140	2,974	17,069	4,622,718	4,644,901
Net Investment in finance leases	-	-	-	-	77,408	542,283	619,691

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors(continued)

	2013 (continued)						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Acceptances receivables	-	681,664	487,461	-	-	9,009,245	10,178,370
Other assets							
Accrued income	32,145	121,317	289,348	119,829	128,117	1,872,768	2,563,524
Receivables from customer transactions	-	-	-	-	-	1,865,633	1,865,633
Receivables from transactions related to ATM and credit card	-	-	-	-	-	597,376	597,376
Receivable to policyholder	-	-	-	-	-	84,781	84,781
Receivables from sale of marketable securities	-	254	-	-	-	-	254
	84,296,734	**124,673,870**	**100,259,942**	**53,615,046**	**60,904,707**	**278,437,381**	**702,187,680**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

Credit risk exposure relating to administrative accounts items are as follows:

	2014						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Administrative accounts							
Bank guarantees issued	35,650	22,765,829	12,783,651	114,381	291,390	25,222,000	61,212,901
Committed unused loan facilities granted	4,544,091	4,015,754	6,168,228	1,080,620	4,334,146	13,420,160	33,562,999
Outstanding irrevocable letters of credit	-	-	859	-	-	15,167,255	15,168,114
Standby letter of credit	-	-	474,968	-	1,063,379	10,351,103	11,889,450
	4,579,741	**26,781,583**	**19,427,706**	**1,195,001**	**5,688,915**	**64,160,518**	**121,833,464**

	2013						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Administrative accounts							
Bank guarantees issued	25,449	21,881,068	11,996,191	97,756	152,729	22,266,343	56,419,536
Committed unused loan facilities granted	30,588	2,194,560	6,179,895	1,753,712	4,335,647	14,414,759	28,909,161
Outstanding irrevocable letters of credit	-	98,878	3,303,609	10,929	464,094	11,340,620	15,218,130
Standby letter of credit	-	-	794,207	365,100	182,127	7,310,912	8,652,346
	56,037	**24,174,506**	**22,273,902**	**2,227,497**	**5,134,597**	**55,332,634**	**109,199,173**

c) Credit quality of financial assets

As at 31 December 2014 and 2013, exposure to credit risk on financial assets are as follows:

	2014					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with Bank Indonesia	50,598,840	-	-	50,598,840	-	50,598,840
Current accounts with other Banks	8,983,650		3,181	8,986,831	(3,364)	8,983,467
Placement with Bank Indonesia and other banks	61,166,661	-	46,091	61,212,752	(95,147)	61,117,605
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	208,782	-	208,782
Available for sale	253,951	-	-	253,951	-	253,951
Non Government						
Fair value through profit or loss	4,198,554	-	-	4,198,554	-	4,198,554
Available for sale	12,879,298	-	-	12,879,298	-	12,879,298
Held to maturity	7,019,436	-	168,058	7,187,494	(156,718)	7,030,776
At cost	376,913	-	137,000	513,913	(145,061)	368,852

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2014 (continued)					
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**	**Impairment provision**	**Total**
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	1,745,205	-	1,745,205
Available for sale	61,187,145	-	-	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	-	21,195,694	-	21,195,694
At cost	875,973	-	-	875,973	-	875,973
Other receivables-trade transactions	8,581,064	6,689	4,650,214	13,237,967	(1,586,271)	11,651,696
Securities purchased under resale agreements	19,786,745	-	-	19,786,745	(41,941)	19,744,804
Derivatives receivables	71,044	-	-	71,044	-	71,044
Loans						
Corporate	167,338,622	-	10,835,745	178,174,367	(6,636,454)	171,537,913
Commercial and Bussiness Banking	184,394,981	4,069,244	6,580,546	195,044,771	(6,045,087)	188,999,684
Consumer	59,052,537	4,185,154	1,467,904	64,705,595	(1,249,050)	63,456,545
Micro and Retail	33,628,353	1,445,316	1,876,833	36,950,502	(2,007,344)	34,943,158
Syariah	41,529,215	3,050,357	3,647,010	48,226,582	(1,769,012)	46,457,570
Consumer financing receivables	5,644,332	361,451	82,204	6,087,987	(194,852)	5,893,135
Net Investment in finance leases	718,817	34,738	30,182	783,737	(17,213)	766,524
Acceptances receivables	12,756,849	-	357,210	13,114,059	(106,927)	13,007,132
Other assets						
Accrued income	3,272,972	-	-	3,272,972	-	3,272,972
Receivables from customer transactions	1,697,068	-	67,134	1,764,202	(66,096)	1,698,106
Receivables from transactions related to ATM and credit card	636,502	-	-	636,502	-	636,502
Receivable to policyholders	151,250	-	-	151,250	-	151,250
Receivable from sale of marketable securities	261,870	-	-	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	592,614	-	592,614
	770,804,937	**13,152,949**	**29,949,312**	**813,907,198**	**(20,120,537)**	**793,786,661**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013					
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**	**Impairment provision**	**Total**
Current accounts with Bank Indonesia	43,904,419	-	-	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	4,659	14,048,075	(11,591)	14,036,484
Placement with Bank Indonesia and other banks	45,151,833	-	67,600	45,219,433	(105,599)	45,113,834
Marketable securities *)						
Government						
Fair value through profit or loss	597,309	-	-	597,309	-	597,309
Available for sale	114,626	-	-	114,626	-	114,626
Non Government						
Fair value through profit or loss	1,974,474	-	-	1,974,474	-	1,974,474
Available for sale	10,052,228	-	108	10,052,336	(374)	10,051,962
Held to maturity	2,973,004	-	190,900	3,163,904	(160,426)	3,003,478
At cost	605,619	-	137,000	742,619	(143,056)	599,563
Loans and receivables	-	-	13,210	13,210	(13,210)	-
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	1,381,747	-	1,381,747
Available for sale	57,213,114	-	-	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	-	22,467,976	-	22,467,976
At cost	712,585	-	-	712,585	-	712,585
Other receivables-trade transactions	6,141,947	-	2,806,436	8,948,383	(1,424,454)	7,523,929
Securities purchased under resale agreements	3,737,613	-	-	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	-	170,878	-	170,878

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2013 (continued)					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Loans						
Corporate	157,986,759	11,755	11,670,127	169,668,641	(7,334,440)	162,334,201
Commercial and Business Banking	154,739,774	2,817,586	5,431,989	162,989,349	(5,054,567)	157,934,782
Consumer	49,297,970	6,214,684	1,090,749	56,603,403	(1,082,051)	55,521,352
Micro and Retail	24,643,781	2,310,422	829,580	27,783,783	(1,541,109)	26,242,674
Sharia	45,890,795	2,063,007	2,171,471	50,125,273	(1,523,484)	48,601,789
Consumer financing receivables	4,261,667	306,429	76,805	4,644,901	(133,356)	4,511,545
Net Investment in finance leases	576,395	29,361	13,935	619,691	(7,537)	612,154
Acceptances receivables	9,931,266	-	247,104	10,178,370	(63,481)	10,114,889
Other assets						
Accrued income	2,563,524	-	-	2,563,524	-	2,563,524
Receivables from customer transactions	1,776,303	-	89,330	1,865,633	(87,769)	1,777,864
Receivables from transactions related to ATM and credit card	597,376	-	-	597,376	-	597,376
Receivable to policyholder	84,781	-	-	84,781	-	84,781
Receivables from sale of marketable securities	254	-	-	254	-	254
	663,593,433	**13,753,244**	**24,841,003**	**702,187,680**	**(18,686,504)**	**683,501,176**

As at 31 December 2014 and 2013, exposure to credit risk on administrative accounts are as follows:

	2014					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	48,380,352	-	12,832,549	61,212,901	(73,401)	61,139,500
Committed unused loan facilities granted	31,949,328	-	1,613,671	33,562,999	(52,991)	33,510,008
Outstanding irrevocable letters of credit	13,640,852	-	1,527,262	15,168,114	(67,559)	15,100,555
Standby letter of credit	11,421,217	-	468,233	11,889,450	(2,842)	11,886,608
	105,391,749	**-**	**16,441,715**	**121,833,464**	**(196,793)**	**121,636,671**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	48,299,302	-	8,120,234	56,419,536	(38,948)	56,380,588
Committed unused loan facilities granted	28,433,865	-	475,296	28,909,161	(78,532)	28,830,629
Outstanding irrevocable letters of credit	13,847,770	-	1,370,360	15,218,130	(82,919)	15,135,211
Standby letter of credit	8,652,346	-	-	8,652,346	(102)	8,652,244
	99,233,283	**-**	**9,965,890**	**109,199,173**	**(200,501)**	**108,998,672**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As at 31 December 2014 and 2013, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	2014		
	Not under monitoring	**Under monitoring**	**Total**
Assets			
Current accounts with Bank Indonesia	50,598,840	-	50,598,840
Current accounts with other banks	8,983,650	-	8,983,650
Placement with Bank Indonesia and other banks	61,166,661	-	61,166,661
Marketable securities *)			
Government			
Fair value through profit or loss	208,782	-	208,782
Available for sale	253,951	-	253,951
Non Government			
Fair value through profit or loss	4,198,554	-	4,198,554
Available for sale	12,879,298	-	12,879,298
Held to maturity	6,985,688	33,748	7,019,436
At cost	376,913	-	376,913
Government Bonds **)			
Fair value through profit or loss	1,745,205	-	1,745,205
Available for sale	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	21,195,694
At cost	875,973	-	875,973
Other receivables-trade transactions	5,559,651	3,021,413	8,581,064
Securities purchased under resale agreements	19,786,745	-	19,786,745
Derivatives receivables	71,044	-	71,044
Loans			
Corporate	146,874,797	20,463,825	167,338,622
Commercial and Bussiness Banking	172,979,056	11,415,925	184,394,981
Consumer	59,051,893	644	59,052,537
Micro and Retail	33,628,344	9	33,628,353
Syariah	40,918,294	610,921	41,529,215
Consumer financing receivables	2,971,623	2,672,709	5,644,332
Net Investment in finance leases	437,508	281,309	718,817
Acceptances receivables	11,317,695	1,439,154	12,756,849
Other assets			
Accrued income	3,272,972	-	3,272,972
Receivables from customer transactions	1,697,068	-	1,697,068
Receivables from transactions related to ATM and credit card	636,502	-	636,502
Receivable to policyholders	151,250	-	151,250
Receivable from sale of marketable securities	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	592,614
Total	**730,865,280**	**39,939,657**	**770,804,937**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2013		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	14,043,416
Placement with Bank Indonesia and other banks	45,151,833	-	45,151,833
Marketable securities *)			
Government			
Fair value through profit or loss	597,309	-	597,309
Available for sale	114,626	-	114,626
Non Government			
Fair value through profit or loss	1,974,474	-	1,974,474
Available for sale	10,052,228	-	10,052,228
Held to maturity	2,959,365	13,639	2,973,004
At cost	605,619	-	605,619
Loans and receivables	-	-	-
Government Bonds **)			
Fair value through profit or loss	1,381,747	-	1,381,747
Available for sale	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	22,467,976
At cost	712,585	-	712,585
Other receivables-trade transactions	5,159,351	982,596	6,141,947
Securities purchased under resale agreements	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	170,878
Loans			
Corporate	142,472,699	15,514,060	157,986,759
Commercial and Business Banking	145,537,095	9,202,679	154,739,774
Consumer	49,297,970	-	49,297,970
Micro and Retail	24,643,781	-	24,643,781
Sharia	45,890,795	-	45,890,795
Consumer financing receivables	2,080,847	2,180,820	4,261,667
Net Investment in finance leases	399,827	176,568	576,395
Acceptances receivables	8,712,777	1,218,489	9,931,266
Other assets			
Accrued income	2,563,524	-	2,563,524
Receivables from customer transactions	1,776,303	-	1,776,303
Receivables from transactions related to ATM and credit card	597,376	-	597,376
Receivable to policyholders	84,781	-	84,781
Receivables from sale of marketable securities	254	-	254
Total	**634,304,582**	**29,288,851**	**663,593,433**

As at 31 December 2014 and 2013, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	2014		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	46,577,539	1,802,813	48,380,352
Committed unused loan facilities granted	31,614,464	334,864	31,949,328
Outstanding irrevocable letters of credit	11,342,399	2,298,453	13,640,852
Standby letter of credit	10,734,006	687,211	11,421,217
	100,268,408	**5,123,341**	**105,391,749**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2013		
	Not under monitoring	**Under monitoring**	**Total**
Administrative accounts			
Bank guarantees issued	47,709,398	589,904	48,299,302
Committed unused loan facilities granted	27,870,525	563,340	28,433,865
Outstanding irrevocable letters of credit	11,689,200	2,158,570	13,847,770
Standby letter of credit	8,371,796	280,550	8,652,346
	95,640,919	**3,592,364**	**99,233,283**

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- Not under monitoring
  There is no doubt on the recovery of the financial assets;

- Under monitoring

  Bank Mandiri:
  There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to 31 December 2014 and 2013 there was no late payment in term of principal installment as well as interest at maturity date. This amount included credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility 2 but have no overdue as at 31 December 2014 and 2013.

  Subsidiaries:
  Financial assets which have experienced past due in the past but no overdue as at 31 December 2014 and 2013.

Financial assets that were past due, but not impaired can be disaggregated based on days overdue at 31 December 2014 and 2013 as follows:

	2014			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables – trade transactions	6,689	-	-	6,689
Loans				
Corporate	-	-	-	-
Commercial and Bussiness Banking	2,303,730	845,899	919,615	4,069,244
Consumer	2,986,310	701,251	497,593	4,185,154
Micro and Retail	643,855	427,955	373,506	1,445,316
Syariah	1,913,840	509,640	626,877	3,050,357
Consumer financing receivables	246,687	83,539	31,225	361,451
Net Investment in finance leases	31,098	2,492	1,148	34,738
	8,132,209	**2,570,776**	**2,449,964**	**13,152,949**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2013			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Loans				
Corporate	11,755	-	-	11,755
Commercial and Business Banking	1,757,189	540,986	519,411	2,817,586
Consumer	5,099,735	638,381	476,568	6,214,684
Micro and Retail	1,727,348	306,227	276,847	2,310,422
Sharia	1,143,850	277,571	641,586	2,063,007
Consumer financing receivables	215,377	65,433	25,619	306,429
Net Investment in finance leases	24,892	538	3,931	29,361
	9,980,146	**1,829,136**	**1,943,962**	**13,753,244**

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset at 31 December 2014 and 2013, are summarised in the tables below:

	2014					
	Corporate	**Commercial and Business Banking**	**Consumer**	**Micro and Retail**	**Sharia**	**Total**
Individually Impaired						
Gross amount	8,945,903	4,807,554	-	19,794	930,689	14,703,940
Allowance for impairment losses	(6,379,260)	(2,901,267)	-	(19,762)	(443,733)	(9,744,022)
Carrying amount	2,566,643	1,906,287	-	32	486,956	4,959,918
Collectively impaired						
Gross amount	1,889,842 *)	1,772,992 *)	1,467,904	1,857,039	2,716,321	9,704,098
Allowance for impairment losses	(2,868)	(863,302)	(622,985)	(729,128)	(837,578)	(3,055,861)
Carrying amount	1,886,974	909,690	844,919	1,127,911	1,878,743	6,648,237
Total gross amount	10,835,745	6,580,546	1,467,904	1,876,833	3,647,010	24,408,038
Total allowance for impairment losses	(6,382,128)	(3,764,569)	(622,985)	(748,890)	(1,281,311)	(12,799,883)
Total carrying amount	**4,453,617**	**2,815,977**	**844,919**	**1,127,943**	**2,365,699**	**11,608,155**

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Loans (continued)

	2013					
	Corporate	Commercial and Business Banking	Consumer	Micro and Retail	Sharia	Total
Individually Impaired						
Gross amount	9,132,532	3,899,302	-	20,900	-	13,052,734
Allowance for impairment losses	(7,055,726)	(2,507,298)	-	(19,979)	-	(9,583,003)
Carrying amount	2,076,806	1,392,004	-	921	-	3,469,731
Collectively impaired						
Gross amount	2,537,595 *)	1,532,687 *)	1,090,749	808,680	2,171,471	8,141,182
Allowance for impairment losses	(4,469)	(732,782)	(488,084)	(471,680)	(920,583)	(2,617,598)
Carrying amount	2,533,126	799,905	602,665	337,000	1,250,888	5,523,584
Total gross amount	11,670,127	5,431,989	1,090,749	829,580	2,171,471	21,193,916
Total allowance for impairment losses	(7,060,195)	(3,240,080)	(488,084)	(491,659)	(920,583)	(12,200,601)
Total carrying amount	**4,609,932**	**2,191,909**	**602,665**	**337,921**	**1,250,888**	**8,993,315**

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	2014		
	Non-impaired (collective assessment)*)	Impaired (individual assessment)	Total
Rupiah	278,081	-	278,081
Foreign currencies	8,705,569	3,181	8,708,750
Total	8,983,650	3,181	8,986,831
Less: Allowance for impairment losses	(183)	(3,181)	(3,364)
	8,983,467	**-**	**8,983,467**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2013		
	Non-impaired (collective assessment)*)	Impaired (individual assessment)	Total
Rupiah	201,729	-	201,729
Foreign currencies	13,841,687	4,659	13,846,346
Total	14,043,416	4,659	14,048,075
Less: Allowance for impairment losses	(6,932)	(4,659)	(11,591)
	14,036,484	**-**	**14,036,484**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Placement with Bank Indonesia and other banks

	2014		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank Indonesia	25,211,529	-	25,211,529
Call money	6,866,000	-	6,866,000
Time deposits	3,773,340	-	3,773,340
Saving	1,055	-	1,055
Total Rupiah	35,851,924	-	35,851,924
Foreign currencies:			
Bank Indonesia	17,524,775	-	17,524,775
Call money	5,824,715	45,053	5,869,768
“Fixed-Term” Placement	1,956,676	1,038	1,957,714
Time deposit	8,571	-	8,571
Total foreign currencies	25,314,737	46,091	25,360,828
Total	61,166,661	46,091	61,212,752
Less: Allowance for impairment losses	(49,056)	(46,091)	(95,147)
	61,117,605	**-**	**61,117,605**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank Indonesia	18,795,721	-	18,795,721
Call money	2,785,000	-	2,785,000
Time deposits	2,106,101	-	2,106,101
Saving	1,373	-	1,373
Total Rupiah	23,688,195	-	23,688,195
Foreign currencies:			
Bank Indonesia	15,821,000	-	15,821,000
Call money	3,751,527	66,079	3,817,606
“Fixed-Term” Placement	1,879,969	1,521	1,881,490
Time deposit	11,142	-	11,142
Total foreign currencies	21,463,638	67,600	21,531,238
Total	45,151,833	67,600	45,219,433
Less: Allowance for impairment losses	(37,999)	(67,600)	(105,599)
	45,113,834	**-**	**45,113,834**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Marketable securities

	2014		
	Non-impaired (collective assessment)*)**)	Impaired (individual assessment)*)**)	Total
Government			
Rupiah			
Bonds	208,782	-	208,782
Foreign currencies:			
Treasury bills	253,951	-	253,951
Total Government	462,733	-	462,733
Non Government			
Rupiah:			
Investments in mutual fund	6,120,964	-	6,120,964
Certificates of Bank Indonesia	5,159,650	-	5,159,650
Bonds	4,656,797	86,960	4,743,757
Medium term notes	1,598,085	-	1,598,085
Sharia Corporate bonds	358,980	137,000	495,980
NCD	361,690	-	361,690
Shares	175,974	-	175,974
Export bills	145,638	160	145,798
Total Rupiah	18,577,778	224,120	18,801,898
Foreign currencies:			
Bonds	4,687,897	-	4,687,897
Export bills	978,920	80,938	1,059,858
Treasury bills	229,606	-	229,606
Total foreign currencies	5,896,423	80,938	5,977,361
Total non Government	24,474,201	305,058	24,779,259
Total	24,936,934	305,058	25,241,992
Less: Allowance for impairment losses	(18,066)	(283,713)	(301,779)
	24,918,868	**21,345**	**24,940,213**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	2013		
	Non-impaired (collective assessment)*)**)	Impaired (individual assessment)*)**)	Total
Government			
Rupiah			
Bonds	572,200	-	572,200
Foreign currencies:			
Treasury bills	139,735	-	139,735
Total Government	711,935	-	711,935
Non Government			
Rupiah:			
Investments in mutual fund	6,430,396	-	6,430,396
Bonds	3,444,560	86,768	3,531,328
Sharia Corporate bonds	593,841	137,000	730,841
Medium term notes	601,040	-	601,040
Export bills	157,068	23,695	180,763
Certificates of Bank Indonesia	134,766	-	134,766
Shares	479	-	479
Total Rupiah	11,362,150	247,463	11,609,613
Foreign currencies:			
Bonds	2,346,785	13,210	2,359,995
Export bills	1,708,827	80,437	1,789,264
Treasury bills	187,563	-	187,563
Shares	-	108	108
Total foreign currencies	4,243,175	93,755	4,336,930
Total Non Government	15,605,325	341,218	15,946,543
Total	16,317,260	341,218	16,658,478
Less: Allowance for impairment losses	(16,246)	(300,820)	(317,066)
	16,301,014	**40,398**	**16,341,412**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vi) Other receivables - trade transactions

	2014		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Usance L/C payable at sight	943,156	52,451	995,607
Others	2,096,922	2,987,568	5,084,490
Total Rupiah	3,040,078	3,040,019	6,080,097
Foreign currencies:			
Usance L/C payable at sight	4,348,509	607,131	4,955,640
Others	1,199,166	1,003,064	2,202,230
Total foreign currencies	5,547,675	1,610,195	7,157,870
Total	8,587,753	4,650,214	13,237,967
Less: Allowance for impairment losses	(27,559)	(1,558,712)	(1,586,271)
	8,560,194	**3,091,502**	**11,651,696**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Usance L/C payable at sight	672,234	28,485	700,719
Others	2,294,038	1,486,839	3,780,877
Total Rupiah	2,966,272	1,515,324	4,481,596
Foreign currencies:			
Usance L/C payable at sight	2,041,602	373,307	2,414,909
Others	1,134,073	917,805	2,051,878
Total foreign currencies	3,175,675	1,291,112	4,466,787
Total	6,141,947	2,806,436	8,948,383
Less: Allowance for impairment losses	(18,322)	(1,406,132)	(1,424,454)
	6,123,625	**1,400,304**	**7,523,929**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptance receivables

	2014		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	818,961	119,046	938,007
Foreign currencies	11,937,888	238,164	12,176,052
Total	12,756,849	357,210	13,114,059
Less: Allowance for impairment losses	(39,894)	(67,033)	(106,927)
	12,716,955	**290,177**	**13,007,132**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vii) Acceptance receivables (continued)

	2013		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	650,861	81,296	732,157
Foreign currencies	9,280,405	165,808	9,446,213
Total	9,931,266	247,104	10,178,370
Less: Allowance for impairment losses	(35,388)	(28,093)	(63,481)
	9,895,878	**219,011**	**10,114,889**

(viii) Consumer financing receivables

	2014		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	6,005,783	82,204	6,087,987
Foreign currencies	-	-	-
Total	6,005,783	82,204	6,087,987
Less: Allowance for impairment losses	(162,460)	(32,392)	(194,852)
	5,843,323	**49,812**	**5,893,135**

	2013		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	4,568,096	76,805	4,644,901
Foreign currencies	-	-	-
Total	4,568,096	76,805	4,644,901
Less: Allowance for impairment losses	(107,346)	(26,010)	(133,356)
	4,460,750	**50,795**	**4,511,545**

(ix) Securities purchased under resale agreements

	2014		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah			
Obligasi	18,528,319	-	18,528,319
SBSN	696,994	-	696,994
Saham	561,432	-	561,432
Total	19,786,745	-	19,786,745
Less: Allowance for impairment losses	(41,941)	-	(41,941)
	19,744,804	**-**	**19,744,804**

	2013		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah			
Obligasi	3,109,940	-	3,109,940
SBSN	418,390	-	418,390
Saham	209,283	-	209,283
Total	3,737,613	-	3,737,613
Less: Allowance for impairment losses	-	-	-
	3,737,613	**-**	**3,737,613**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Investment in finance lease

	2014		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	753,555	30,182	783,737
Foreign currencies	-	-	-
Total	753,555	30,182	783,737
Less: Allowance for impairment losses	(6,492)	(10,721)	(17,213)
	747,063	**19,461**	**766,524**

	2013		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	605,756	13,935	619,691
Foreign currencies	-	-	-
Total	605,756	13,935	619,691
Less: Allowance for impairment losses	(4,161)	(3,376)	(7,537)
	601,595	**10,559**	**612,154**

(xi) Estimated losses on commitments and contingencies

	2014		
	Non-impaired*) **)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank guarantees issued	17,131,168	9,722,545	26,853,713
Committed unused loan facilities granted	25,054,519	1,461,962	26,516,481
Outstanding irrevocable letters of credit	1,532,352	580,055	2,112,407
Standby letters of credit	1,633,091	76,283	1,709,374
Total Rupiah	45,351,130	11,840,845	57,191,975
Foreign currencies:			
Bank guarantees issued	31,249,184	3,110,004	34,359,188
Committed unused loan facilities granted	6,894,809	151,709	7,046,518
Outstanding irrevocable letters of credit	12,108,500	947,207	13,055,707
Standby letters of credit	9,788,126	391,950	10,180,076
Total foreign currencies	60,040,619	4,600,870	64,641,489
Total	105,391,749	16,441,715	121,833,464
Less: Allowance for impairment losses	(12,515)	(184,278)	(196,793)
	105,379,234	**16,257,437**	**121,636,671**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounting to Rp105,585 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp12,515.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	2013		
	Non-impaired*) **)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank guarantees issued	17,488,468	6,289,497	23,777,965
Committed unused loan facilities granted	23,108,797	394,720	23,503,517
Outstanding irrevocable letters of credit	2,173,772	865,481	3,039,253
Standby letters of credit	1,626,837	-	1,626,837
Total Rupiah	44,397,874	7,549,698	51,947,572
Foreign currencies:			
Bank guarantees issued	30,810,835	1,830,736	32,641,571
Committed unused loan facilities granted	5,325,068	80,576	5,405,644
Outstanding irrevocable letters of credit	11,673,997	504,880	12,178,877
Standby letters of credit	7,025,509	-	7,025,509
Totalforeign currencies	54,835,409	2,416,192	57,251,601
Total	99,233,283	9,965,890	109,199,173
Less: Allowance for impairment losses	(6,847)	(193,654)	(200,501)
	99,226,436	**9,772,236**	**108,998,672**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounting to Rp38,979 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp6,847.

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management

Liquidity risk represents potential loss due to the Bank's inability to meet all financial liabilities when they due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition. The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to counterparty and loan commitment to debtors. Liquidity risk is also caused by inability of the Bank to provide liquidity at fair price which would impact the profitability and capital of the Bank.

The Bank's liquidity risk is measured through several indicators, which among others include primary reserve ratio (GWM ratio and cash), secondary reserve (liquidity reserve), loan to deposit ratio (LDR) and dependency on large customer deposits. GWM is a minimum current account required to be maintained by the Bank in the form of current accounts with Bank Indonesia or securities in which the minimum amount is set by Bank Indonesia based on certain percentage from total customer deposits (DPK).

As at 31 December 2014, the Bank maintained primary reserve of 8.00% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LDR reserve of 0.00% and GWM secondary reserve of 17.74% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.49% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit.

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

Secondary reserve (liquidity reserve) is the Bank's liquidity to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing the secondary reserve, the Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for three subsequent months. As at 31 December 2014, the liquidity reserve balance is above safety level (unaudited).

LDR is a ratio of loan to third parties in Rupiah and foreign currency against total deposits. LDR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits, which are usually short-term in nature. As at 31 December 2014, the Bank's LDR is 82.02%.

The Bank uses liquidity gap methodology to project its liquidity conditions in the future. Liquidity gap is created on the basis of maturity mismatch between the components of assets and liabilities (including off-balance sheet), which are organised into time periods (time buckets) based on their contractual maturity or behavioral maturity. As at 31 December 2014, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. Currently, Bank's already prepared in order to deal with the possibility of market liquidity diminish due to the upward trend in interest rates.

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to the condition of liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing performed in quarter IV 2014 which was presented to the Management and Risk Monitoring Committee shows that the Bank can survive in times of liquidity crisis conditions. The Bank has Liquidity Contingency Plan (LCP) which covers funding strategy and pricing strategy. The funding strategy consists of money market lending, repo, bilateral loan, FX swap, sale of marketable securities. In LCP, the determination of liquidity condition and funding strategies has taken internal and external conditions into consideration.

In order to anticipate impacts from European crisis to the Bank's liquidity condition and business, the Bank has activated Business Command Center (BCC) to manage and monitor intensively the liquidity condition and Loan to Deposit Ratio (LDR) in foreign currency. BCC manages the adequacy of Bank's liquidity and foreign currency LDR by providing foreign currency liquidity for selective credit disbursement and monitoring the movement of foreign currency source of fund on a daily basis. Therefore, the foreign currency liquidity reserve can be maintained above the minimum liquidity reserve and LDR limits. BCC also coordinates programs to improve the source of funds for cheap and stable foreign currency.

To increase awareness of unstable economic condition, either from crisis in Europe or various domestic issues, BCC also monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR IM and the latest market informations.

Since the activation of BCC, the Bank's foreign currency liquidity reserve can be controlled over the limit and the foreign currency LDR realisation is at the maximum level of 85%.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile as at 31 December 2014 and 2013 are based on the remaining period from these dates. Historically, there was a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (fair value through profit and loss and available for sale) can be liquidated by selling or using it as collateral in interbank market. Steps taken by the Bank in managing the maturity gap between monetary assets and liabilities is by setting a gap limit which has been adjusted with the Bank's and its Subsidiaries' ability to obtain immediate liquidity.

The maturity profile of financial assets and liabilities presented using "discounted" cash flows method is as follows:

				2014				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Assets								
Current accounts with Bank Indonesia	50,598,840	-	50,598,840	-	-	-	-	-
Current accounts with other banks - gross	8,986,831	-	8,986,831	-	-	-	-	-
Placements with Bank Indonesia and other banks-gross	61,212,752	47,146	58,248,141	2,457,422	440,043	20,000	-	-
Marketable securities-gross	40,766,937	17,323,194	2,075,531	1,976,050	3,580,668	4,495,210	4,762,028	6,554,256
Government Bonds	86,153,906	-	-	-	1,052,579	2,711,475	28,914,851	53,475,001
Other receivables-trade transactions-gross	13,237,967	-	2,302,838	5,404,823	4,393,521	130,434	-	1,006,351
Securities purchased under resale agreements-gross	19,786,745	-	19,221,736	224,907	190,341	149,761	-	-
Derivative receivables-gross	71,044	-	27,868	28,901	7,070	-	7,205	-
Loans-gross	523,101,817	-	63,912,709	43,218,783	51,880,300	80,924,119	85,845,374	197,320,532
Consumer financing receivables-gross	6,087,987	-	179,792	363,226	545,443	1,054,396	3,212,860	732,270
Net Investment finance lease	783,737	-	32,984	66,067	98,344	179,153	373,401	33,788
Acceptance receivables-gross	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Other assets-gross	6,679,410	151,250	3,684,510	351,280	226,860	268,479	496,661	1,500,370
	830,582,032	**17,521,590**	**212,770,511**	**58,901,698**	**67,211,063**	**89,942,222**	**123,612,380**	**260,622,568**
Allowance for impairment losses	(20,120,537)							
Total	**810,461,495**							
Liabilities								
Deposit from customers								
Demand deposits	128,053,558	-	128,053,558	-	-	-	-	-
Saving deposits	231,461,256	-	231,461,256	-	-	-	-	-
Time deposits	223,934,097	-	145,211,535	56,898,704	15,368,405	5,657,460	797,993	-
Deposits from other banks								
Demand and saving deposits	3,499,062	-	3,499,062	-	-	-	-	-
Interbank call money	2,892,000	-	2,737,188	154,812	-	-	-	-
Time deposits	11,140,783	-	10,586,175	490,735	14,988	48,885	-	-
Securities sold under repurchase agreements	6,112,589	-	2,107,718	1,483,760	-	-	-	2,521,111
Derivative payables	157,055	-	46,978	62,934	4,111	8,871	34,161	-
Acceptance payables	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,009,625	-	85,256	199,966	149,884	-	900,007	674,512
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	24,227,104	-	1,109,324	292,942	2,199,999	3,547,707	16,147,167	929,965
Subordinated loans	3,746,574	-	7,192	10,652	-	17,845	3,538,259	172,626
	659,951,679	**175,228**	**535,054,271**	**66,328,891**	**23,378,456**	**9,299,032**	**21,417,587**	**4,298,214**
Maturity gap	**170,630,353**	**17,346,362**	**(322,283,760)**	**(7,427,193)**	**43,832,607**	**80,643,190**	**102,194,793**	**256,324,354**
Net position, net of allowance for impairment losses	**150,509,816**							

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile of financial assets and liabilities presented using "discounted" cash flows method is as follows (continued):

				2013				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Assets								
Current accounts with Bank Indonesia	43,904,419	-	43,904,419	-	-	-	-	-
Current accounts with other banks - gross	14,048,075	-	14,043,416	-	-	-	4,659	-
Placements with Bank Indonesia and other banks - gross	45,219,433	1,373	43,954,749	739,262	451,449	5,000	67,600	-
Marketable securities - gross	27,119,614	11,320,938	1,532,767	656,046	849,961	1,804,544	5,907,151	5,048,207
Government Bonds	82,227,428	-	-	1,676,924	2,193,940	2,331,306	15,595,465	60,429,793
Other receivables-trade transactions - gross	8,948,383	-	2,134,816	3,418,925	2,360,346	42,881	-	991,415
Securities purchased under resale agreements - gross	3,737,613	-	3,528,330	-	209,283	-	-	-
Derivative receivables - gross	170,878	-	67,411	60,427	11,993	21,143	9,904	-
Loans - gross	467,170,449	-	26,757,680	41,825,558	43,556,313	84,188,905	70,729,092	200,112,901
Consumer financing receivables - gross	4,644,901	-	155,548	309,232	446,017	857,443	2,481,137	395,524
Net Investment finance lease	619,691	-	26,846	55,598	74,402	146,742	316,103	-
Acceptance receivables - gross	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Other assets - gross	5,111,568	84,781	3,244,665	222,017	179,813	349,634	354,286	676,372
	713,100,822	**11,407,092**	**142,613,370**	**52,707,452**	**53,192,962**	**90,060,337**	**95,465,397**	**267,654,212**
Allowance for impairment losses	(18,686,504)							
Total	**694,414,318**							
Liabilities								
Deposit from customers								
Demand deposits	123,427,649	-	123,427,649	-	-	-	-	-
Saving deposits	216,017,610	-	216,017,610	-	-	-	-	-
Time deposits	169,550,997	-	124,058,734	29,183,396	7,783,782	8,272,470	252,615	-
Deposits from other banks								
Demand and saving deposits	3,053,019	-	3,053,019	-	-	-	-	-
Interbank call money	1,280,850	-	1,280,850	-	-	-	-	-
Time deposits	8,109,444	-	7,150,699	896,650	16,325	45,170	600	-
Securities sold under repurchase agreements	4,656,149	-	2,123,705	-	-	-	-	2,532,444
Derivative payables	226,168	-	62,858	98,005	40,247	25,058	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,779,597	-	105,862	-	349,715	-	749,392	574,628
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	15,997,188	-	840,767	585,742	124,091	580,520	12,145,813	1,720,255
Subordinated loans	4,465,615	-	3,540	697,805	-	14,192	3,555,356	194,722
	566,762,779	**148,755**	**486,809,682**	**37,352,022**	**11,473,998**	**9,252,497**	**16,703,776**	**5,022,049**
Maturity gap	**146,338,043**	**11,258,337**	**(344,196,312)**	**15,355,430**	**41,718,964**	**80,807,840**	**78,761,621**	**262,632,163**
Net position, net of allowance for impairment losses	**127,651,539**							

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The following table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows at 31 December 2014 and 2013:

2014

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	128,175,515	-	128,175,515	-	-	-	-	-
Saving deposits	231,691,459	-	231,671,754	2,116	3,654	5,534	7,016	1,385
Time deposits	226,605,886	-	146,487,168	57,738,717	15,668,823	5,838,927	872,251	-
Deposits from other banks								
Demand and saving deposits	3,528,725	-	3,528,725	-	-	-	-	-
Interbank call money	2,894,450	-	2,739,324	155,126	-	-	-	-
Time deposits	11,182,720	-	10,621,641	494,481	16,131	50,464	3	-
Securities sold under repurchase agreements	7,102,062	-	2,112,416	1,491,646	-	-	-	3,498,000
Derivative payables	171,654	-	48,010	87,714	16,906	8,892	10,132	-
Acceptance payables	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,251,606	-	85,256	201,790	156,076		1,068,805	739,679
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	25,569,067	-	1,154,315	306,295	2,206,935	3,621,506	17,176,527	1,103,489
Subordinated loans	4,627,132	-	8,847	117,289	107,144	234,014	3,970,731	189,107
Total	666,518,252	175,228	536,782,000	67,329,560	23,816,738	9,777,601	23,105,465	5,531,660

2013

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	123,543,328	-	123,543,328	-	-	-	-	-
Saving deposits	216,286,171	-	216,265,286	2,404	3,417	6,099	7,245	1,720
Time deposits	171,390,385	-	124,921,887	29,655,486	8,027,275	8,528,992	256,745	-
Deposits from other banks								
Demand and saving deposits	3,205,555	-	3,063,994	11,500	130,061	-	-	-
Interbank call money	1,282,437	-	1,282,437	-	-	-	-	-
Time deposits	8,158,509	-	7,201,145	892,768	17,410	46,583	603	-
Securities sold under repurchase agreements	5,624,407	-	2,126,407	-	-	-	-	3,498,000
Derivative payables	236,600	-	63,278	104,199	44,634	24,489	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,934,125	-	105,862	-	363,217	-	870,173	594,873
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	17,582,966	-	849,673	688,858	299,726	390,238	12,810,655	2,543,816
Subordinated loans	5,781,029	-	5,222	805,504	-	338,291	4,417,962	214,050
Total	573,224,005	148,755	488,112,908	38,051,143	12,045,578	9,649,779	18,363,383	6,852,459

The following table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows at 31 December 2014 and 2013:

2014

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Administrative accounts								
Bank guarantees issued	61,212,901	-	61,212,901	-	-	-	-	-
Committed unused loan facilities granted	33,562,999	-	33,562,999	-	-	-	-	-
Outstanding irrevocable letters of credit	15,168,114	-	3,051,334	6,304,302	2,102,277	1,726,150	1,984,051	-
Standby letter of credit	11,889,450	-	11,889,450	-	-	-	-	-
	121,833,464	**-**	**109,716,684**	**6,304,302**	**2,102,277**	**1,726,150**	**1,984,051**	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

2013								
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Administrative accounts								
Bank guarantees issued	56,419,536	-	56,419,536	-	-	-	-	-
Committed unused loan facilities granted	28,909,161	-	28,909,161	-	-	-	-	-
Outstanding irrevocable letters of credit	15,218,130	-	8,952,660	4,658,213	927,134	665,123	15,000	-
Standby letter of credit	8,652,346	-	8,652,346	-	-	-	-	-
	109,199,173	**-**	**102,933,703**	**4,658,213**	**927,134**	**665,123**	**15,000**	**-**

(ii) Interest Rate Risk Management

Market risk of banking book arises due to changes in interest rates and exchange rates in banking book activities. Banking book’s interest rate risk arises from movements in market interest rates as opposed to the position or transactions held by the Bank, which could affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value perspective).

Banking book’s market risk is managed by optimising the structure of the Bank's statement of financial position to obtain maximum yield at acceptable risk level to the Bank. The controls over Banking book’s market risk is performed by setting a limit which refers to the regulator’s requirements and the internal policies, and is monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book’s interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in the shape and slope of the yield curve) and the option risk (loan repayment or release of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as at 31 December 2014 and 2013 (Bank Mandiri only):

	Increased by 100 bps	**Decreased by 100 bps**
31 December 2014		
Increase/(decrease) net income (Rp Billion)	741.97	(1,385.91)
31 December 2013		
Increase/(decrease) net income (Rp Billion)	772.23	(1,386.55)

The projections assumed that all other variables are held constant at reporting date.

b. Sensitivity to unrealised gains on available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri’s unrealised gains on available for sale marketable securities to movement of interest rates as at 31 December 2014 and 2013 (Bank Mandiri only):

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

b. Sensitivity to unrealised gains on available for sale marketable securities (continued)

	Increased by 100 bps	Decreased by 100 bps
31 December 2014		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	364.83	(364.83)
31 December 2013		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	391.45	(391.45)

The projections assumed that all other variables are held constant at reporting date.

The above sensitivities of net income and unrealised gains on available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

c. Bank Mandiri's exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	2014									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	50,598,840	50,598,840
Current accounts with other banks	8,590,820	-	-	-	-	-	-	-	396,011	8,986,831
Placements with Bank Indonesia and other banks	51,206,117	2,457,421	460,043	-	-	-	-	-	7,089,171	61,212,752
Marketable securities	892,209	746,794	2,312,544	1,039,026	3,639,565	834,477	1,025,325	4,032,782	26,244,215	40,766,937
Government bonds	24,639,971	36,563,156	1,856,405	2,778,085	4,908,718	3,445,060	4,252,959	5,271,003	2,438,549	86,153,906
Other receivables - trade transactions	461,390	2,340,453	2,694,478	-	-	-	-	-	7,741,646	13,237,967
Securities purchased under resale agreements	18,303,413	224,907	-	-	-	-	-	-	1,258,425	19,786,745
Derivative receivables	-	-	2,591	7,205	-	-	-	-	61,248	71,044
Loans	96,671,308	297,791,259	42,805,757	13,879,416	8,747,645	1,707,278	2,046,484	6,584,185	52,868,485	523,101,817
Consumer financing receivables	179,792	363,226	1,599,839	1,875,422	1,337,437	663,174	69,097	-	-	6,087,987
Net investment finance lease	32,984	66,067	277,498	256,752	116,649	33,686	101	-	-	783,737
Acceptance receivables	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Other assets	-	-	-	-	-	-	-	-	6,679,410	6,679,410
	200,978,004	340,553,283	52,009,155	19,835,906	18,750,014	6,683,675	7,393,966	15,887,970	168,490,059	830,582,032
Deposits from customers										
Demand deposits	101,224	-	119,879,757	-	-	-	-	-	8,072,577	128,053,558
Saving deposits	284,059	202,956,339	24,736,147	4,798	2,218	741	643	2,063	3,474,248	231,461,256
Time deposits	156,605,581	46,088,403	20,428,258	810,653	1,202	-	-	-	-	223,934,097
Deposits from other banks										
Demand and saving deposits	277,802	848,428	2,320,750	-	-	-	-	-	52,082	3,499,062
Interbank call money	2,737,188	154,812	-	-	-	-	-	-	-	2,892,000
Time deposits	10,955,675	126,235	58,873	-	-	-	-	-	-	11,140,783
Liabilitties sold with repo agreements	2,107,718	1,483,760	-	-	-	2,521,111	-	-	-	6,112,589
Derivative payables	-	4,741	10,157	34,161	-	-	-	-	107,996	157,055
Acceptance payables	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Marketable securities issued	-	199,966	149,884	401,267	498,740	174,512	-	-	585,256	2,009,625
Accrued expenses	3,352	94,395	-	-	-	-	-	-	3,782,526	3,880,273
Other liabilities	-	-	-	-	-	-	-	-	5,723,644	5,723,644
Fund borrowings	7,735,910	5,393,804	8,202,389	611,561	2,145,871	-	-	137,569	-	24,227,104
Subordinated loans	-	53,261	-	3,477,533	-	-	-	215,780	-	3,746,574
	180,808,509	257,404,144	175,786,215	5,339,973	2,648,031	2,696,364	643	355,412	34,912,388	659,951,679
Total interest repricing gap	**20,169,495**	**83,149,139**	**(123,777,060)**	**14,495,933**	**16,101,983**	**3,987,311**	**7,393,323**	**15,532,558**	**133,577,671**	**170,630,353**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap)(continued)

	2013									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	43,904,419	43,904,419
Current accounts with other banks	13,493,751	-	-	-	-	-	-	-	554,324	14,048,075
Placements with Bank Indonesia and other banks	38,504,749	739,262	456,449	-	-	-	-	-	5,518,973	45,219,433
Marketable securities	236,152	325,742	1,958,391	4,895,292	866,258	1,349,396	875,330	2,458,270	14,154,783	27,119,614
Government Bonds	25,715,827	41,995,076	2,319,801	2,474,912	909,173	665,094	2,668,063	4,731,537	747,945	82,227,428
Other receivables - trade transactions	419,555	1,117,641	1,281,609	-	-	-	-	-	6,129,578	8,948,383
Securities purchased under resale agreements	3,109,940	-	-	-	-	-	-	-	627,673	3,737,613
Derivative receivables	141	2,808	9,910	9,904	-	-	-	-	148,115	170,878
Loans	64,508,752	287,164,291	28,548,718	16,053,374	13,422,945	1,517,421	1,374,267	4,455,408	50,125,273	467,170,449
Consumer financing receivables	155,548	309,232	1,303,460	1,522,976	958,161	346,657	48,867	-	-	4,644,901
Net investment finance lease	26,846	55,598	221,144	242,864	73,239	-	-	-	-	619,691
Acceptance receivables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Other assets	-	-	-	-	-	-	-	-	5,111,568	5,111,568
	146,171,261	331,709,650	36,099,482	25,199,322	16,229,776	3,878,568	4,966,527	11,645,215	137,201,021	713,100,822
Deposits from customers										
Demand deposits	67,941	-	115,678,457	-	-	-	-	-	7,681,251	123,427,649
Saving deposits	257,653	193,029,400	19,939,414	4,485	2,760	1,216	503	2,469	2,779,710	216,017,610
Time deposits	124,051,544	29,190,586	16,056,252	252,613	2	-	-	-	-	169,550,997
Deposits from other banks										
Demand and saving deposits	-	3,004,511	20,309	-	-	-	-	-	28,199	3,053,019
Interbank call money	1,280,850	-	-	-	-	-	-	-	-	1,280,850
Time deposits	7,158,699	943,650	6,495	600	-	-	-	-	-	8,109,444
Liabilitties sold with repo agreements	2,123,705	-	-	-	-	-	2,532,444	-	-	4,656,149
Derivative payables	-	-	5,456	-	-	-	-	-	220,712	226,168
Acceptance payables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Marketable securities issued	-	-	349,715	349,277	400,114	74,628	-	-	605,863	1,779,597
Accrued expenses	-	-	-	-	-	-	-	-	3,326,475	3,326,475
Other liabilities	-	-	-	-	-	-	-	-	4,693,648	4,693,648
Fund borrowings	5,099,895	1,347,114	6,270,728	212,706	1,327,303	1,030,421	-	109,021	600,000	15,997,188
Subordinated loans	-	761,719	-	-	3,484,429	-	219,467	-	-	4,465,615
	140,040,287	228,276,980	158,326,826	819,681	5,214,608	1,106,265	2,752,414	111,490	30,114,228	566,762,779
Total interest repricing gap	**6,130,974**	**103,432,670**	**(122,227,344)**	**24,379,641**	**11,015,168**	**2,772,303**	**2,214,113**	**11,533,725**	**107,086,793**	**146,338,043**

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing on the market risk of banking book.

(iii) Pricing Management

As part of the management of interest rate risk, the Bank applies pricing policy for loans and deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and simultaneously support the Bank to achieve revenue market share in the competitive climate.

Bank consistently seeks to apply the strategy as a market leader in terms of pricing of funding. However, taking into account liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(iii) Pricing Management(continued)

In setting interest rates, the Bank implements risk-based pricing to customers, which varies based on the level of credit risk. In order to minimise interest rate risk, the lending interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, lending interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Lending rates can be either a floating or a fixed rate for certain tenures.

(iv) Market Risk Management

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applied segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using available best practice approach and inline with the internal and external regulations.

(v) Foreign Exchange Risk Management

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currency due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

Net Open Position as at 31 December 2014 and 2013 is calculated based on Bank Indonesia's Regulation No. 7/37/PBI/2005 dated 30 September 2005. In accordance with that regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in administrative accounts. The net open position for the financial position is the net difference between total assets and liabilities for each foreign currency (Rupiah equivalent).

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position

Below is the Net Open Position of Bank Mandiri, as at 31 December 2014 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	155,766,942	156,659,716	892,774
Euro	2,224,762	1,890,731	334,031
Singapore Dollar	2,059,589	1,866,616	192,973
Japanese Yen	401,073	395,352	5,721
Australian Dollar	774,508	760,231	14,277
Great BritainPound Sterling	132,803	96,711	36,092
Hongkong Dollar	184,732	153,471	31,261
Others	369,815	162,277	207,538*)
Total			**1,714,667**
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	148,978,357	140,158,990	8,819,367
Euro	2,132,334	1,503,939	628,395
Singapore Dollar	1,893,112	1,390,022	503,090
Japanese Yen	240,251	216,552	23,699
Australian Dollar	245,192	110,196	134,996
Great Britain Pound Sterling	109,730	75,494	34,236
Hong KongDollar	184,732	17,664	167,068
Others	346,604	99,662	246,942**)
Total			**10,557,793**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			85,479,697
NOP Ratio (On-Statements of Financial Position)			12.35%
NOP Ratio (Overall)			2.01%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2014 if calculated using November 2014 capital (unaudited):

Capital November2014	84,566,955
NOP Ratio (On-Statements of Financial Position)	12.48%
NOP Ratio (Overall)	2.03%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2013 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	141,365,598	140,351,277	1,014,321
Euro	1,935,689	2,082,806	147,117
Singapore Dollar	2,059,465	1,844,423	215,042
Japanese Yen	365,560	350,394	15,166
Australian Dollar	330,601	316,297	14,304
Great Britain Pound Sterling	125,039	128,600	(3,561)
Hongkong Dollar	114,489	95,404	19,085
Others	399,775	68,702	331,073*)
Total			**1,752,547**
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	132,096,093	123,119,352	8,976,741
Euro	1,866,473	1,941,095	(74,622)
Singapore Dollar	1,825,666	1,168,757	656,909
Japanese Yen	278,931	218,604	60,327
Australian Dollar	274,483	128,647	145,836
Great Britain Pound Sterling	91,414	53,023	38,391
Hong Kong Dollar	90,147	71,065	19,082
Others	386,530	53,708	332,822**)
Total			**10,155,486**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			**73,345,421**
NOP Ratio (On-Statements of Financial Position)			13.85%
NOP Ratio (Overall)			2.40%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2013 if calculated using November 2013 capital (unaudited):

Capital November2013	72,846,777
NOP Ratio (On-Statements of Financial Position)	13.94%
NOP Ratio (Overall)	2.42%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk

The table below summaries the Group's exposure to foreign currency exchange rate risk as at 31 December 2014 and 2013. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	2014								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
Asset									
Cash	1,224,413	85,928	481,322	62,604	97,572	13,804	19,308	115,331	2,100,282
Current accounts with Bank Indonesia	10,219,573	-	-	-	-	-	-	-	10,219,573
Current accounts with other banks	7,579,897	409,804	162,660	139,075	82,621	24,974	93,226	216,493	8,708,750
Placement with Bank Indonesia and other banks	25,205,086	46,091	84,386	-	-	-	-	25,265	25,360,828
Marketable Securities	5,861,307	4,006	230,426	1,563	-	134,010	-	-	6,231,312
Government Bonds	11,993,008	-	-	-	-	-	-	-	11,993,008
Other receivables - trade transactions	6,862,883	218,857	3,849	63,113	8,317	136	715	-	7,157,870
Derivatives receivable	65,816	1,324	343	-	897	-		73	68,453
Loans	76,537,941	1,213,058	898,449	16,025	575	-	32	-	78,666,080
Acceptances receivable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Other assets	728,215	30,847	2,528	374	59,275	1,281	1	1	822,522
Total Assets	158,341,965	2,101,134	1,870,481	297,243	249,257	174,205	113,282	357,163	163,504,730
Liabilities									
Deposits from Customers									
Demand deposits	47,112,193	1,096,615	545,908	138,179	39,576	6,994	56,665	78,622	49,074,752
Saving deposits	24,062,830	70,142	541,669	27,142	26,977	234	3,146	7,997	24,740,137
Time deposits	29,237,617	72,535	156,535	5,213	21,564	2,445	8,841	-	29,504,750
Deposits from other banks									
Demand and saving deposits	1,028,364	1,689	10,411	-	-	-	-	-	1,040,464
Inter bank call money	2,477,000	-	-	-	-	-	-	-	2,477,000
Derivative payable	110,210	299	-	-	1,122	-	-	246	111,877
Acceptances payable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Accrued Expenses	712,280	2,096	29,263		19	4,994	9	7	748,668
Other liabilities	2,986,073	119,429	61,664	30,741	4,936	1,472	5,292	7,989	3,217,596
Fund Borrowings	19,871,372	-	-	-	-	-	-	-	19,871,372
Subordinated Loans	215,780	-	-	-	-	-	-	-	215,780
Total liabilities	139,877,545	1,454,024	1,351,968	215,764	94,194	16,139	73,953	94,861	143,178,448
Net on statements of financial position	**18,464,420**	**647,110**	**518,513**	**81,479**	**155,063**	**158,066**	**39,329**	**262,302**	**20,326,282**
Administrative accounts - net	**(9,712,141)**	**(294,365)**	**(310,117)**	**(17,978)**	**(120,719)**	**(135,807)**	**1,855**	**(39,403)**	**(10,628,675)**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	2013								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
Asset									
Cash	1,395,902	145,158	604,656	53,146	179,707	17,107	4,927	1,161	2,401,764
Current accounts with Bank Indonesia	9,611,764	-	-	-	-	-	-	-	9,611,764
Current accounts with other banks	12,009,554	1,030,876	177,172	155,209	87,242	21,345	79,945	285,003	13,846,346
Placement with Bank Indonesia and other banks	21,259,107	168,127	101,032	-	-	-	-	2,972	21,531,238
Marketable Securities	4,223,713	8,889	201,726	4,286	-	37,458	-	593	4,476,665
Government Bonds	8,814,005	-	-	-	-	-	-	-	8,814,005
Other receivables - trade transactions	4,015,426	316,951	36,879	62,526	-	7,614	-	27,391	4,466,787
Derivatives receivable	147,533	30	471	-	80	-	-	-	148,114
Loans	69,567,153	86,746	745,045	-	-	2,123	-	-	70,401,067
Acceptances receivable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Other assets	393,946	206	1,945	185	-	10	-	-	396,292
Total Assets	140,731,793	1,832,920	1,872,716	347,477	267,029	85,657	85,543	317,120	145,540,255
Liabilities									
Deposits from Customers									
Demand deposits	48,199,274	1,059,833	509,154	92,360	82,391	28,977	29,616	18,871	50,020,476
Saving deposits	20,872,085	-	466,574	10,795	-	-	-	1,306	21,350,760
Time deposits	27,582,578	79,969	118,901	5,873	32,488	33,793	13,168	5,754	27,872,524
Deposits from other banks									
Demand and saving deposits	976,179	198	11,656	-	-	-	-	1	988,034
Inter bank call money	60,850	-	-	-	-	-	-	-	60,850
Time deposits	-	-	-	-	-	-	-	-	-
Derivative payable	219,880	138			241		447	6	220,712
Acceptances payable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Accrued Expenses	543,052	1,555	26,416	-	24	4,643	321	50	576,061
Other liabilities	2,079,538	678,339	7,816	36,264	12,054	98	9,983	12,092	2,836,184
Fund Borrowings	11,868,708	-	-	-	-	-	-	-	11,868,708
Subordinated Loans	219,467	-	-	-	-	-	-	-	219,467
Total liabilities	121,915,301	1,895,969	1,144,307	217,417	127,198	67,511	54,206	38,080	125,459,989
Net on statements of financial position	**18,816,492**	**(63,049)**	**728,409**	**130,060**	**139,831**	**18,146**	**31,337**	**279,040**	**20,080,266**
Administrative accounts - net	**-**	**(72,495)**	**(441,867)**	**(45,162)**	**(131,533)**	**2**	**(41,951)**	**(1,749)**	**(734,755)**

c. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates on 31 December 2014 and 2013:

	Increased by 5%	**Decreased by 5%**
31 December 2014		
Increase/(decrease) net income	440,969	(440,969)
31 December 2013		
Increase/(decrease) net income	446,965	(446,965)

The projection only assumes that the US Dollar rate moves while other foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most of all risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed on all trading book position including marketable securities owned by the Group in its available for sale portfolio.

The table below analyses financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices in active market for the same/identical instrument (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows Group assets and liabilities that are measured at fair value at 31 December 2014 and 2013:

	2014			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets				
Marketable securities				
Fair value through profit or loss	17,287,852	2,644,429	-	19,932,281
Available for sale	4,694,543	8,438,706	-	13,133,249
Government Bonds				
Fair value through profit or loss	2,855,829	39,265	-	2,895,094
Available for sale	9,018,496	52,168,649	-	61,187,145
Derivatives Receivables	-	71,044	-	71,044
Total assets	**33,856,720**	**63,362,093**	**-**	**97,218,813**
Liabilities				
Derivative Payables	-	157,055	-	157,055
Total liabilities	**-**	**157,055**	**-**	**157,055**

	2013			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets				
Marketable securities				
Fair value through profit or loss	11,687,464	1,345,455	-	13,032,919
Available for sale	5,868,507	4,298,455	-	10,166,962
Government Bonds				
Fair value through profit or loss	1,743,500	90,253	-	1,833,753
Available for sale	1,744,391	55,468,723	-	57,213,114
Derivatives Receivables	-	170,878	-	170,878
Total assets	**21,043,862**	**61,373,764**	**-**	**82,417,626**
Liabilities				
Derivatives Payables	-	226,168	-	226,168
Total liabilities	**-**	**226,168**	**-**	**226,168**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

As at 31 December 2014 and 2013, marketable securities classified as illiquid amounting to Rp40,572,829 (64.03% of total assets level 2) and Rp44,301,082 (72.18% of total assets level 2), respectively, which represent Government Bonds with variable interest rates and are classified as available for sale.

The fair value of financial instruments traded in active markets (such as trading securities and available-for-sale) is determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those prices reflect actual and regular market transactions at a reasonable rate. Quoted market price for financial assets owned by the Group are now using offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive Government Bonds) is determined by internal valuation techniques.

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable, the instrument is included in level 2.

As at 31 December 2014 and 2013, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Marketable securities				
Held to maturity	7,030,776	7,008,937	3,003,478	2,989,733
At cost*)	368,852	367,872	599,563	569,722
Government Bonds				
Held to maturity	21,195,694	21,052,909	22,467,976	22,278,994
At cost*)	875,973	902,039	712,585	749,935
Loans	505,394,870	503,813,342	450,634,798	449,509,644
Consumer financing receivable	5,893,135	6,241,516	4,511,545	4,772,654
Net Investment finance lease	766,524	767,149	612,154	609,468
	541,525,824	**540,153,764**	**482,542,099**	**481,480,150**
Liabilities				
Marketable securities issued	2,009,625	2,008,124	1,779,597	1,679,335
Fund borrowings	24,227,104	24,143,015	15,997,188	15,944,696
Subordinated loans	3,746,574	3,839,041	4,465,615	4,656,186
	29,983,303	**29,990,180**	**22,242,400**	**22,280,217**

*) Marketable securities and Government Bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk".

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

(i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptance receivables and other assets.

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

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is a reasonable approximation of fair value.

(ii) Marketable securities (held to maturity) and Government Bonds (held to maturity)

The fair value for held to maturity marketable securities and Government Bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value of loans and consumer financing receivable.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits on demand, which includes non-interest bearing deposits, is the carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

(v) Marketable securities issued, borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

61. RISK MANAGEMENT (continued)

C. Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or dysfunction of internal processes, human error, systems failure or external factors which impact the Bank’s operations. Effective operational risk management may reduce losses due to operational risk.

Operational Risk Management (ORM) Framework is based on Bank Indonesia regulations, Basel II and the provisions of the Bank's internal regulations. Currently, the Bank already has ORM Policy, ORM Standard Operating Procedure and ORM Technical Operating Procedures which cover governance and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation acts on 8 (eight) types of risks for New Products and Activities (PAB).

In order to improve the effectiveness of operational risk management, the Bank has performed the following initiatives:(i) define framework of operational risk management, (ii) review the operational risk management policy and procedure periodically, (iii) strengthen the operational risk management to all units in head office and regional office, (iv) provide “Letter to CEO” as a Whistle Blower System that can be used as a communication tool between CEO (President Director) and all employees including vendors who works with the Bank, to report fraud or fraud indication, and (v) implement Operational Risk Management Tools (ORM Tools) and application system called Integrated-Mandiri Operational Risk System (i-MORs).

ORM Tools used for carrying out ORM are as follows:

A. Risk & Control Self Assessment (RCSA)

RCSA is used for identification and assessment of inherent risks in Bank’s activities, and assessment the quality of control.

B. Mandiri Form Operational Risk System (MFORs)

The Bank uses MFORs to record losses due to operational risk which is inherent in each business unit.

C. Key Indicator (KI)

KI is a quantitative indicator used to provide an indication of inherent risk level in key processes within each business/supporting unit or end-to-end processing.

D. Issue & Action Management (IAM)

IAM is a tool used to document issue/problems related to operational risk. These issues/problems are analysed to determine the root causes as well as the action plan and monitoring of the action plan by the business unit.

With regard to operational risk management, Risk Management Unit acts as the second line of defense and Internal Audit as the third line of defense. Business Unit as a risk owner is the first line of defense responsible for the operational risk management of each unit of the Bank.

61. RISK MANAGEMENT (continued)

C. Operational Risk (continued)

As the output of Operational Risk Management process, each Business Unit generates an operational risk profile describing operational risk exposures of the respective business unit which will be used as the basis in preparing the operational risk profile of the Bank. The Bank's operational risk profile report, is reviewed by Internal Audit and presented to the Board of Commissioners and reported to Bank Indonesia periodically.

Capital Charge Calculation to Cover Operational Risk

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated 27 January 2009, the Bank has performed calculation of Risk Weighted Assets for operational risk and the Minimum Capital Requirement. The Bank used Basic Indicator Approach for Operational Risk Capital Charge Calculation.

The result of Capital Charge Calculation of operational risk (Bank Mandiri only) in 2014 amounting Rp5,422,948.13 (unaudited) with alpha value 15% for the past three years. Based on that, RWA for Operational Risk amounting to Rp67,786,851.59 (unaudited), which is 12.5 times Capital Charge of operational risk (Bank Mandiri only). Bank has simulated calculation using Standardised Approach which is in line with the implementation of risk-based performance measurement for Strategic Business Unit.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 22 November 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounting to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounting to USD2,056,125 (full amount, after VAT).

On 31 December 2014, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,078,350 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realisation value of USD977,900 (full amount, after VAT), with estimated completion as at 31 December 2014 of 90.68%.

On 3 September 2013, the Bank entered into an agreements with vendors to enhance eMAS features related to Management application 2013 with the system blanket order with a maximum contract value of USD2,583,700 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As at 31 December 2014 the contract value to the realisation payment approach is equal to USD2,328,900 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,253,300 (full amount) with the estimated project completion as at 31 December 2014 of 96.75%.

b. Legal Matters

The Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners as the result of agreement disputes that had been decided by the Court where the Bank was sentenced to pay compensation amounting to Rp89,110. Currently the Bank is still in the legal process to appeal against the decision.

The Bank's total potential financial exposure arising from outstanding lawsuits as at 31 December 2014 and 2013 amounted to Rp4,411,270 and Rp4,686,426 respectively. As at 31 December 2014 and 2013, the Bank has booked a provision amounting to Rp507,707 and Rp634,375, respectively and believes that the provision is adequate.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Financing Transactions

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Tax (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

The details of the SKPKB and STP are as follow: Jakarta head office amounting to Rp25,542, Jambi branches amounting to Rp1,589, Solo branches amounting to Rp5,831, Bandar Lampung branches amounting to Rp2,378 and Pekalongan branches amounting to Rp2,309.

In relation to the SKPKB and STP, BSM did not make any payments based on the ground of uncertainty in the legal status of *Murabahah* financing transactions. There was no specific and explicit regulations overseeing the sharia bank operation, particularly *Murabahah* financing, and therefore a process of interpretation was required.

BSM argued that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Sharia Banking, such as *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 Year 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and such as, *Murabahah* transaction shall not be included as a type of banking services.

On 15 October 2009, the Government has issued Laws No. 42 year 2009 regarding the third change of Laws No. 8 year 1983 regarding Value Added Tax for Goods and Services and Tax for Sales of Luxurious Goods which is effective starting from 1 April 2010. The Laws reiterates that financing services in sharia principles are categorised as services that are not subjected to VAT.

In 2010, the Government issued Laws of Republic of Indonesia No. 2 Year 2010 regarding Change of Laws No. 47 year 2009 regarding Budget of Government's Income and Expenses Year 2010 dated 25 May 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being shouldered by the Government. Based on explanatory paragraph from article 3 (2) the Bank's VAT that is borne by the Government amounting to Rp25,542 from the total SKPKB and STP received by BSM amounting to Rp37,649.

BSM believes that the difference between VAT borne by the Government and total SKPKB and STP received by BSM shall not be billed to BSM which is inline with objective and purposes of the law.

d. Trade Financing with Asian Development Bank (ADB)

On 25 November 2009, Bank Mandiri signed a Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) under Trade Finance Facilitation Program (TFFP) with Asian Development Bank (ADB).

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Trade Financing with Asian Development Bank (ADB) (continued)

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

e. Business Synergies between PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali

On 31 January 2013, Bank Mandiri together with PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed a "Memorandum of Understanding on Strategic Partnership to Achieve Business Synergies between PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali". In the agreement it has been agreed the shared ownership between Bank Mandiri, PT Taspen (Persero) and PT Pos (Persero) in BSHB, in which Bank Mandiri remains as the majority shareholder of BSHB.

On 29 April 2013, Bank Mandiri along with PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed the Conditional Agreement regarding capital contribution in which has been agreed that BSHB will issue 800,000,000 (full amount) of new shares that will be subscribed by Bank Mandiri, PT Taspen and PT Pos Indonesia (Persero) with capital contribution and final share ownership composition of 58.25%; 20.2% and 20.2%, respectively and Individual Shareholders own 1.35% share of BSHB's total share issued and fully paid.

On 21 August 2014, the Bank together with PT Taspen (Persero), and PT Pos Indonesia (Persero), has signed a shareholders agreement that regulate among others, regarding capital contribution as agreed in the conditional capital contribution agreement. This shareholders agreement also regulate corporate governance, transfer of shares, commitment and agreements in connection with BSHB and regulate the relationship between the shareholders of BSHB after the Effective Date.

As fulfillment of the shareholders agreement, on 22 December 2014 BSHB held an Extraordinary General Meeting of Shareholders to approve the issuance of 800,000,000 new shares which were subscribed by Bank Mandiri, PT Taspen (Persero), and PT Pos Indonesia (Persero) in accordance with the agreed composition.

As of the date of the consolidated financial statements, the changes in shareholding composition has not yet been effective, upon receipt of approval from BSHB changes of this shareholders composition by OJK Banking Division.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. The conditional agreement of share transaction between PT Bank Mandiri (Persero) Tbk., PT Kimia Farma (Persero) Tbk., PT Asuransi Jasa Indonesia (Persero), PT Askes (Persero) and Koperasi Bhakti PT Askes regarding the sale of shares PT Asuransi Jiwa InHealth Indonesia

On 23 December 2013, the Bank with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the Buyers with Badan Penyelenggara Jaminan Sosial (formerly known as PT Askes (Persero)) and Koperasi Bhakti Askes as the Sellers, have signed a Conditional Purchase and Sale Agreement of PT Asuransi Jiwa Inhealth Indonesia's ("InHealth") shares where the transaction will be conducted in 2 (two) stages as follow :

i. Stage 1, which is the transfer of 80% ownership in InHealth that was planned to be finalised at the latest on 30 June 2014, in which the ownership of the Bank Mandiri is 60% PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) each 10%, and
ii. Stage 2, the transfer of 20% ownership in InHealth to Bank Mandiri which was planned to be finalised at the latest on 31 December 2014, therefore Bank Mandiri's total ownership become 80%. Post transaction stage 2, the share ownership composition in PT Asuransi Jiwa Indonesia InHealth will be 80% owned by Bank Mandiri, PT Kimia Farma (Persero), PT Asuransi Jasa Indonesia (Persero) owned 10% each of issued and fully paid InHealth's shares.

On 27 February 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition of PT Asuransi Jiwa Indonesia InHealth. Furthermore, the Bank has also received the approval for the acquisition plan from OJK through its letter No.S-37/PB/31/2014 dated 17 April 2014 regarding the Application for Approval on investment in InHealth's shares.

On 2 May 2014, the sales and purchase agreement on InHealth's shares was signed by Bank Mandiri, PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) as the Buyer with Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan) previously PT Akses (Persero) and Koperasi Bhakti Askes as the Seller. Upon the signing of the sales and purchase agreement, Bank Mandiri effectively become the majority shareholder with ownership of 60%.

In relation to stage 2 acquisition of InHealth, Bank Mandiri has submit a request for approval to OJK on investment in shares through its letter No. FST/965/2014 dated 30 December 2014. The finalisation of stage 2 will be done upon receiving approval from OJK. Until the date of this consolidated financial statements, Bank Mandiri has not yet received the OJK approval for stage 2 acquisition.

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24 year 2004 dated 22 September 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of Deposit Insurance Corporation (LPS). LPS insures public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Deposit Insurance Corporation Regulation No. 1/PLPS/2006 dated 9 March 2006 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp100,000,000 (full amount).

(Expressed in millions of Rupiah, unless otherwise stated)

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS (continued)

Furthermore, in accordance with Government Regulation (PP) No.66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by Deposit Insurance Corporation, the value of each customer deposits in one bank guaranteed by the Government increased to Rp2,000,000,000 (full amount) from Rp100,000,000 (full amount) previously, effective starting from 13 October 2008.

The interest rate of deposit insurance corporation as at 31 December 2014 and 2013 is 7.75% and 7.25% for deposits denominated in Rupiah, and 1.5% and 1.5% for deposits denominated in foreign currency, respectively.

Based on the Law of the Republic of Indonesia No. 7 year 2009, Government Regulation in Lieu of Law on the Deposit Insurance Corporation has been enacted into Law starting from 13 January 2009.

64. ACCOUNTS RECLASSIFICATION

Account in the consolidated financial statements for the year ended 31 December 2013 has been reclassified to conform with the presentation of the consolidated financial statements for the year ended 31 December 2014. The reclassification is related to presentation of deposit insurance premiums expenses to be part of other operating expenses – others – net.

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	31 December 2013		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of comprehensive income			
Income and expense from operation			
Interest Expense and Sharia Expense	(17,432,216)	1,032,792	(16,399,424)
Other Operating Expenses			
Others - net	(2,171,250)	(1,032,792)	(3,204,042)
Consolidated statement of cash flows			
Cash flows from operating activities			
Payments of interest expense and Sharia expense	(17,291,592)	1,032,792	(16,258,800)
Operating Expenses Others	(1,295,075)	(1,032,792)	(2,327,867)

65. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board has issued several new accounting standard and interpretation or revision of SFAS and IFAS as mentioned below, which are relevant to Group consolidated financial statements, and will become effective for the annual period beginning 1 January 2015:

- IFAS 26 “Reassessment of embedded derivatives”
- SFAS 65 “Consolidated financial statements”
- SFAS 66 “Joint arrangements”
- SFAS 67 “Disclosure of interests in other entities”
- SFAS 68 “Fair value measurement”
- SFAS 1 (revised 2013) “Presentation of financial statements”
- SFAS 4 (revised 2013) “Separate financial statements”
- SFAS 15 (revised 2013) “Investment in associates and joint ventures”
- SFAS 24 (revised 2013) “Employee benefits”
- SFAS 46 (revised 2013) “Income tax”

(Expressed in millions of Rupiah, unless otherwise stated)

65. NEW ACCOUNTING PRONOUNCEMENTS (continued)

Financial Accounting Standard Board has issued several new accounting standard and interpretation or revision of SFAS and IFAS as mentioned below, which are relevant to Group consolidated financial statements, and will become effective for the annual period beginning 1 January 2015: (continued)

- SFAS 48 (revised 2013) “Impairment of asset”
- SFAS 50 (revised 2013) “Financial instrument : Presentation”
- SFAS 55 (revised 2013) “Financial instrument : Recognition and measurement”
- SFAS 60 (revised 2013) “Financial instrument : Disclosures”

Early adoption of these new and revised standards prior to 1 January 2015 is not permitted.

As at the authorisation date of this consolidated of financial statements, Bank Mandiri and Subsidiaries are still evaluating the potential impact of these new and revised standards.

66. SUBSEQUENT EVENT

Change in Organisation Structure

Bank Mandiri has restructured its organization structure that became effective as at 1 January 2015 as stated in the Decree (SK) of the Board of Directors No. KEP.DIR/001/2015 dated 2 January 2015 regarding Change in Organisation Structure PT. Bank Mandiri (Persero) Tbk. The organisation structure of Bank Mandiri are as follows:

1. Business Units, as the engine for business growth are divided into 7 (seven) Directorates, which are Treasury & Markets, Corporate Banking, Commercial Banking, Transaction Banking, Consumer Banking, Micro & Business Banking and Distributions;
2. Corporate Center, responsible for managing corporate strategic activities and support the corporate policies, which divided into 7 (seven) Directorates: Risk Management and Compliance, Human Capital, Finance & Strategy, Wholesale Risk, Retail Risk, Corporate Transformation and Internal Audit;
3. Shared Services, as a supporting unit to support the Bank’s overall operational activities and managed by the Directorate of Technology & Operations.

The new composition of Bank Mandiri’s Board of Directors became effective as at 1 January 2015, as stated in the Decree (SK) of the Board of Directors No. KEP.DIR/002/2015 dated 2 January 2015 regarding Roles and Responsibilities of the Directors and Appointment of Alternate Directors. The members of Board of Directors are as follows:

	1 January 2015
Board of Directors	
Group CEO	: Budi Gunadi Sadikin
Deputy Group CEO	: Riswinandi
Consumer Banking Director	: Abdul Rachman
Distributions Director	: Sentot A. Sentausa
Risk Management & Compliance Director	: Ogi Prastomiyono
Finance & Strategy Director	: Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok
Commercial Banking Director	: Sunarso
Technology & Operations Director	: Kresno Sediarsi
Treasury & Markets Director	: Royke Tumilaar
Micro & Business Banking Director	: Hery Gunardi

66. SUBSEQUENT EVENT (continued)

Investment in PT Mandiri Utama Finance

On 16 April 2014, Bank Mandiri with PT Asco Investindo (“ASCO”) and PT Tunas Ridean (Persero) Tbk. (“TURI”) had signed preliminary agreement to establish a multi-finance company that can accelerate Bank Mandiri’s financing, especially in automotive segment.

On 22 October 2014, Bank Mandiri with ASCO and TURI signed a shareholders agreement to establish a multi-finance company with total share capital of Rp100 billion, with the ownership composition of 51%, 37% and 12% respectively. On 23 December 2014, Bank Mandiri had obtained a principal approval from OJK Bank Supervisory.

On 21 January 2015, the agreement to set up the multi-finance company, namely PT Mandiri Utama Finance (“MUF”), was signed and Bank Mandiri has fully paid the shares capital amounting Rp51 billion in accordance with Bank Mandiri’s ownership in MUF.

There will be further processes before MUF can commence its commercial operations, amongst other, to obtain business license as a multi-finance company from OJK Non-Bank financial institution.

67. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/10 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent Entity only, which presents the Bank’s investments in Subsidiaries under the cost method.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013
ASSETS		
Cash	18,719,445	17,226,616
Current Accounts with Bank Indonesia	47,772,187	40,602,631
Current Accounts with Other Banks		
Related parties	306,556	100,701
Third parties	8,100,465	13,334,609
	8,407,021	13,435,310
Less: Allowance for impairment losses	(3,181)	(4,659)
Current Accounts with Other Banks - net	8,403,840	13,430,651
Placements with Bank Indonesia and Other Banks		
Related parties	1,610,050	2,731,740
Third parties	49,624,245	36,760,561
	51,234,295	39,492,301
Less: Allowance for impairment losses	(93,197)	(105,099)
Placements with Bank Indonesia and Other Banks - net	51,141,098	39,387,202
Marketable Securities		
Related parties	7,194,304	4,331,214
Third parties	11,701,317	9,605,262
	18,895,621	13,936,476
Less: Unamortised discounts, unrealised (losses)/gains from (decrease)/ increase in value of marketable securities and allowance for impairment losses	(242,728)	(414,115)
	18,652,893	13,522,361
Government Bonds - Related parties	82,462,907	79,843,595
Other Receivables - Trade Transactions		
Related parties	6,414,623	3,904,858
Third parties	6,368,419	4,746,703
	12,783,042	8,651,561
Less: Allowance for impairment losses	(1,586,271)	(1,424,454)
Other Receivables - Trade Transactions - net	11,196,771	7,227,107
Securities Purchased under Resale Agreements		
Related parties	-	-
Third parties	18,528,320	3,103,351
Securities Purchased under Resale Agreements - net	18,528,320	3,103,351
Derivative Receivables		
Related parties	5,807	2,792
Third parties	65,237	168,086
Derivative Receivables - net	71,044	170,878
Loans		
Related parties	68,918,738	56,955,282
Third parties	406,348,088	360,022,748
Total loans	475,266,826	416,978,030
Less: Allowance for impairment losses	(15,927,985)	(15,002,015)
Loans - net	459,338,841	401,976,015

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013
ASSETS (continued)		
Acceptance Receivables		
Related parties	252,138	779,807
Third parties	12,861,921	9,398,563
	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
Acceptance Receivables - net	13,007,132	10,114,889
Investments in Shares - net of allowance for impairment losses of Rp31,984 and Rp54,899, as at 31 December 2014 and 2013	4,203,384	3,104,566
Prepaid Expenses	1,279,377	907,842
Prepaid Taxes	2,417,736	1,108,430
Fixed Assets - net of accumulated depreciation and amortisation of Rp5,514,581 andRp4,807,311 as at 31 December 2014 and 2013	8,201,998	6,893,588
Intangible Assets - net of and amortisation of Rp1,472,720 and Rp1,288,191 as at 31 December 2014 and 2013	1,092,928	889,842
Other Assets - net of allowance for possible losses of Rp238,443 and Rp276,350 as at 31 December 2014 and 2013	6,745,987	4,646,847
Deferred Tax Assets	3,803,324	4,093,766
TOTAL ASSETS	**757,039,212**	**648,250,177**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due Immediately	1,156,366	762,130
Deposits from Customers		
Demand Deposits		
Related parties	19,544,634	26,904,930
Third parties	103,498,022	89,345,932
Total Demand Deposits	123,042,656	116,250,862
Saving Deposits		
Related parties	119,123	199,373
Third parties	229,335,488	213,929,281
Total Saving Deposits	229,454,611	214,128,654
Time Deposits		
Related parties	33,454,266	28,249,099
Third parties	190,374,268	141,089,425
Total Time Deposits	223,828,534	169,338,524
Total Deposits from Customers	576,325,801	499,718,040
Deposits from Other Banks		
Demand and Saving Deposits		
Related parties	135,886	159,681
Third parties	3,482,457	2,960,349
Total Demand and Saving Deposits	3,618,343	3,120,030
Inter - Bank Call Money		
Related parties	42,000	137,000
Third parties	2,892,000	1,250,850
Total Inter - Bank Call Money	2,934,000	1,387,850
Time Deposits		
Related parties	-	30,000
Third parties	11,139,843	8,123,254
Total Time Deposits	11,139,843	8,153,254
Total Deposits from Other Banks	17,692,186	12,661,134
Securities sold under Repurchase Agreements		
Related parties	-	1,509,324
Third parties	6,112,589	3,146,825
Total Securities sold under Repurchase Agreements	6,112,589	4,656,149
Derivative Payables		
Related parties	8,679	372
Third parties	148,376	224,462
Total Derivative Payables	157,055	224,834
Acceptance Payables		
Related parties	1,366,249	445,929
Third parties	11,747,810	9,732,441
Total Acceptance Payables	13,114,059	10,178,370
Marketable Securities Issued - net of unamortised discount of RpNil and RpNil as at 31 December 2014 and 2013	85,256	105,862

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Estimated Losses on Commitments and Contingencies	195,147	197,807
Accrued Expenses	3,315,544	2,808,305
Current Tax Payable		
Income Tax	744,342	1,515,818
Other Tax	846,223	352,611
Total Tax Payable	1,590,565	1,868,429
Employee Benefits Liabilities	4,825,081	4,323,446
Provision	667,644	822,582
Other Liabilities	9,343,302	8,896,985
Fund Borrowings		
Related parties	-	-
Third parties	21,365,495	13,994,173
Total Fund Borrowings	21,365,495	13,994,173
Subordinated Loans		
Related parties	1,924,800	1,944,800
Third parties	1,836,774	2,525,815
Total Subordinated Loans	3,761,574	4,470,615
TOTAL LIABILITIES	**659,707,664**	**565,688,861**
EQUITY		
Share Capital - Rp500 (full amount) par value per share, Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B, Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B, Issued and Fully Paid-in Capital as at 31 December 2014 and 2013	11,666,667	11,666,667
Additional Paid-in Capital/Agio	17,476,308	17,476,308
Differences Arising from Translation of Foreign Currency Financial Statements	98,192	126,010
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(582,234)	(1,413,082)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)		
- Appropriated	9,779,446	7,431,162
- Unappropriated	58,893,169	47,274,251
Total Retained Earnings	68,672,615	54,705,413
TOTAL EQUITY	**97,331,548**	**82,561,316**
TOTAL LIABILITIES AND EQUITY	**757,039,212**	**648,250,177**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013*)
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	55,092,073	43,339,930
Interest Expense	(20,408,409)	(13,803,482)
NET INTEREST INCOME	**34,683,664**	**29,536,448**
Other Operating Income		
Other fees and commissions	8,297,069	7,544,114
Foreign exchange gains - net	1,560,499	1,812,685
Others	3,808,803	3,921,070
Total Other Operating Income	13,666,371	13,277,869
Allowance for Impairment Losses	(4,426,530)	(3,907,443)
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	4,240	9,124
Reversal of Allowance for Possible Losses	174,035	1
Unrealised Gains/(Losses) from Increase in Fair Value of Marketable Securities and Government Bonds	2,578	(2,769)
Gains on Sale of Marketable Securities and Government Bonds	183,617	24,514
Other Operating Expenses		
Salaries and employee benefits	(8,613,202)	(7,537,377)
General and administrative expenses	(9,082,350)	(7,752,465)
Others - net	(2,429,955)	(2,343,568)
Total Other Operating Expenses	(20,125,507)	(17,633,410)
INCOME FROM OPERATIONS	**24,162,468**	**21,304,334**
Non-operating Income - net	23,361	367,131
INCOME BEFORE TAX EXPENSE	**24,185,829**	**21,671,465**
Tax Expense		
Current	(4,674,771)	(4,528,782)
Deferred	(82,730)	70,285
Total Tax Expense - net	(4,757,501)	(4,458,497)
NET INCOME	**19,428,328**	**17,212,968**
Comprehensive Income		
Difference Arising From Translation of Financial Statements in Foreign Currency	(27,818)	53,316
Unrealised Net Gains/(Losses) from Increase/(Decrease) in Fair Value of Available for Sale Financial Assets	1,038,560	(1,231,853)
Income Tax Related to Other Comprehensive Income	(207,712)	246,370
Comprehensive Income - After Tax	803,030	(932,167)
TOTAL COMPREHENSIVE INCOME	**20,231,358**	**16,280,801**

*) Reclassified, see Appendix 6/10.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2014	**11,666,667**	**17,476,308**	**126,010**	**(1,413,082)**	**7,431,162**	**47,274,251**	**54,705,413**	**82,561,316**
Dividends allocated from 2013 net income	-	-	-	-	-	(5,461,126)	(5,461,126)	(5,461,126)
The establishment of general and special reserves of net profit in 2013 (refer to Note 40c)	-	-	-	-	2,348,284	(2,348,284)	-	-
Comprehensive income for the year ended 31 December 2014		-	(27,818)	830,848	-	19,428,328	19,428,328	20,231,358
Balance as at 31 December 2014	**11,666,667**	**17,476,308**	**98,192**	**(582,234)**	**9,779,446**	**58,893,169**	**68,672,615**	**97,331,548**

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

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2013	**11,666,667**	**17,195,760**	**72,694**	**(427,599)**	**5,927,268**	**36,216,397**	**42,143,665**	**70,651,187**
Dividends allocated from 2012 net income	-	-	-	-	-	(4,651,220)	(4,651,220)	(4,651,220)
The establishment of general and special reserves of net profit in 2012 (refer to Note 40c)	-	-	-	-	1,503,894	(1,503,894)	-	-
Comprehensive income for the year ended 31 December 2013	-	-	53,316	(985,483)	-	17,212,968	17,212,968	16,280,801
Gain from sale of Subsidiaries to entitiy under common control and others (refer to Note 40b)	-	280,548	-	-	-	-	-	280,548
Balance as at 31 December 2013	**11,666,667**	**17,476,308**	**126,010**	**(1,413,082)**	**7,431,162**	**47,274,251**	**54,705,413**	**82,561,316**

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

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	53,060,073	41,236,356
Receipts from other fees and commissions	8,297,069	7,544,114
Payments of interest expense	(20,037,516)	(13,673,033)
Receipts from the sale of Government Bonds - fair value through profit or loss	26,339,529	26,635,916
Acquisition of Government Bonds - fair value through profit or loss	(26,147,846)	(25,456,801)
Foreign exchange gains/(losses) - net	1,170,384	(389,302)
Other operating income - others	1,202,694	918,211
Other operating expenses - others	(2,307,540)	(1,605,446)
Salaries and employee benefits	(8,111,567)	(6,818,290)
General and administrative expenses	(8,185,850)	(7,039,429)
Non-operating income - net	23,361	373,747
Payment of corporate income tax	(5,077,133)	(5,117,989)
Cash flow from operating activities before changes in operating assets and liabilities	20,225,658	16,608,054
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	(1,204,800)	(1,182,586)
Marketable securities - fair value through profit or loss	(400,950)	(843,318)
Other receivables - trade transactions	(4,131,481)	(2,136,731)
Loans	(61,274,958)	(76,232,808)
Securities purchased under resale agreements	(15,424,969)	11,219,011
Prepaid tax	(1,309,306)	(1,107,577)
Prepaid expenses	(371,535)	(140,385)
Other assets	(2,061,231)	1,086,923
Proceeds from collection of financial assets already written-off	2,607,206	3,002,556
Increase/(decrease) in operating liabilities:		
Demand deposits	7,051,277	9,114,254
Saving deposits	15,564,787	31,572,095
Time deposits	57,476,599	21,179,285
Inter-bank call money	1,546,150	935,750
Obligation due immediately	394,236	(932,101)
Taxes payable	778,526	(1,289,056)
Other liabilities	1,561,282	1,048,608
Net cash provided by operating activities	**21,026,491**	**11,901,974**
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities - available for sale and held-to-maturity portfolio	(3,888,574)	(4,459,784)
Increase in Government Bonds - available for sale and held-to-maturity portfolio	(1,794,649)	(4,958,007)
Proceeds from sale of fixed assets	103	14,749
Acquisition of fixed assets	(2,020,891)	(1,322,377)
Acquisition of intangible assets	(387,165)	(348,424)
Sale of investment in PT Bumi Daya Plaza	-	264,000
Sale of investment in PT Usaha Gedung Mandiri	-	132,000
Acquisition of investment in PT Asuransi Jiwa Inhealth Indonesia	(990,000)	-
Capital injection to PT Bank Sinar Harapan Bali (Subsidiary)	-	(32,377)
Capital injection to PT Mandiri Axa General Insurance	(87,000)	-
Net cash used in investing activities	**(9,168,176)**	**(10,710,220)**

*) Reclassified, see Appendix 6/10.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013*)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in marketable securities issued	(20,606)	(190,214)
Increase in fund borrowings	7,761,385	3,133,509
Payments of subordinated loans	(709,041)	(672,335)
Increase in marketable securities sold under repurchase agreement	1,456,440	4,656,149
Payments of dividends	(5,461,126)	(4,651,220)
Net cash provided by/(used in) financing activities	**3,027,052**	**2,275,889**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,885,367**	**3,467,643**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**109,208**	**2,883,248**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**109,222,901**	**102,872,010**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**124,217,476**	**109,222,901**
Cash and cash equivalents at end of year consist of:		
Cash	18,719,445	17,226,616
Current accounts with Bank Indonesia	47,772,187	40,602,631
Current accounts with other banks	8,407,021	13,435,310
Placements with Bank Indonesia and other banks	48,495,538	37,958,344
Certificate of Bank Indonesia	823,285	-
Total Cash and Cash Equivalents	**124,217,476**	**109,222,901**
Supplemental Non-Cash Flow Information		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(582,234)	(1,413,082)
Acquisition of fixed assets - payable	(949,120)	(812,181)
Capital injection to Bank Syariah Mandiri via inbreng mechanism	-	(30,778)

*) Reclassified, see Appendix 6/10.

PT BANK MANDIRI (PERSERO) Tbk.
PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

ACCOUNTS RECLASSIFICATION

Account in the financial statements - Parent Entity for the year ended 31 December 2013 has been reclassified to conform with the presentation of the financial statements - parent entity for the year ended 31 December 2014. The reclassification is related to presentation of deposit insurance premiums expenses to be part of other operating expenses - others – net

	31 December 2013		
	Before Reclassification	Reclassification	After Reclassification
Statement of comprehensive income - Parent Entity			
Income and expense from operation			
Interest Expense	(14,732,324)	928,842	(13,803,482)
Other Operating Expenses			
Others – net	(1,414,726)	(928,842)	(2,343,568)
Statement of cash flows - Parent Entity			
Cash flows from operating activities			
Payments of interest expense	(14,601,875)	928,842	(13,673,033)
Operating Expenses Others	(676,604)	(928,842)	(1,605,446)