

**PT Bank Mandiri (Persero) Tbk.  
and Subsidiaries**

Consolidated financial statements  
as of December 31, 2015 and  
for the year then ended  
with independent auditors' report

*These consolidated financial statements are originally issued in Bahasa.*

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2015 AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

**Table of Contents**

**Pages**

Directors' Statement	
Independent Auditors' Report	
Consolidated Statement of Financial Position .....	1 - 6
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	7 - 8
Consolidated Statement of Changes in Equity .....	9 - 10
Consolidated Statement of Cash Flows .....	11 - 13
Notes to the Consolidated Financial Statements .....	14 - 254
Parent Entity Financial Information	
Statement of Financial Position - Parent Entity Only .....	Appendix 1
Statement of Profit or Loss and Other Comprehensive Income - Parent Entity Only...	Appendix 2
Statement of Changes in Equity - Parent Entity Only .....	Appendix 3
Statement of Cash Flows - Parent Entity Only .....	Appendix 4

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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 2015  
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

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

We, the undersigned:

1. Name : Sulaiman Arif Arianto  
Office address : Jl. Jend. Gatot Subroto Kav. 36-38  
Jakarta 12190  
Residential address as stated in ID : Jl. Maribaya G III No.4 Puri Cinere RT. 006 RW.005  
Kelurahan Pangkalan Jati, Kecamatan Cinere,  
Kotamadya Depok  
Phone number : 021 – 5245108  
Title : Deputy Group CEO
2. Name : Kartika Wirjoatmodjo  
Office address : Jl. Jend. Gatot Subroto Kav. 36-38  
Jakarta 12190  
Residential address as stated in ID : Jl. Duren Tiga Selatan No.14 RT. 004 RW. 002  
Kelurahan Duren Tiga, Kecamatan Pancoran,  
Kotamadya Jakarta Selatan  
Phone number : 021 – 5245653  
Title : 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.

*h* Jakarta, 28 January 2016

  


**Sulaiman Arif Arianto**  
Deputy Group CEO

**Kartika Wirjoatmodjo**  
Director



# Purwantono, Sungkoro & Surja

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Tower 2, 7<sup>th</sup> Floor  
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## Independent Auditors' Report

Report No. RPC-293/PSS/2016

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

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

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

#### Auditors' responsibility

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

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

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



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## **Independent Auditors' Report (continued)**

Report No. RPC-293/PSS/2016 (continued)

### **Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2015, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

### **Other matters**

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31 2015, and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2015, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements as a whole.

The consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2014 and for the year then ended, were audited by other Independent auditors who expressed an unmodified opinion on such consolidated financial statements on February 2, 2015.

Purwantono, Sungkoro & Surja

Danil Setiadi Handaja, CPA  
Public Accountant Registration No. AP.1008

January 28, 2016

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2015	December 31, 2014
<b>ASSETS</b>			
Cash	2c,2g	25,109,124	20,704,563
Current accounts with Bank Indonesia	2c,2g,2h,4	56,314,316	50,598,840
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	55	24,515	20,937
Third parties		10,131,111	8,965,894
		10,155,626	8,986,831
Less: allowance for impairment losses		(3,412)	(3,364)
Total - net		10,152,214	8,983,467
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	55	1,991,278	1,503,078
Third parties		35,396,345	59,709,674
		37,387,623	61,212,752
Less: allowance for impairment losses		(66,760)	(95,147)
Total - net		37,320,863	61,117,605
Marketable securities	2c,2f,2j,7		
Related parties	55	16,516,404	14,803,097
Third parties		27,787,131	26,048,061
		44,303,535	40,851,158
Less: unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses		(661,971)	(386,000)
Total - net		43,641,564	40,465,158
Government bonds - net- related party	2c,2f,2k,8,55	103,869,361	86,153,906
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	55	7,051,775	6,414,623
Third parties		7,860,738	6,823,344
		14,912,513	13,237,967
Less: allowance for impairment losses		(1,727,747)	(1,586,271)
Total - net		13,184,766	11,651,696
Securities purchased under resale agreements	2c,2m,10		
Third parties		676,900	19,786,745
Less: allowance for impairment losses		-	(41,941)
Total - net		676,900	19,744,804
Derivative receivables	2c,2f,2n,11		
Related parties	55	32,152	5,807
Third parties		668,732	65,237
Total		700,884	71,044

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2015	December 31, 2014
<b>ASSETS (continued)</b>			
Loans and sharia financing/receivables	2c,2f,2o,12		
Related parties	55	75,405,807	67,613,532
Third parties		511,269,630	455,488,285
		586,675,437	523,101,817
Less: allowance for impairment losses		(22,281,842)	(17,706,947)
Total - net		564,393,595	505,394,870
Consumer financing receivables	2c,2f,2p,13		
Related parties	55	5,886	7,420
Third parties		8,172,177	6,080,567
		8,178,063	6,087,987
Less: allowance for impairment losses		(270,614)	(194,852)
Total - net		7,907,449	5,893,135
Investment in lease financing	2c,2q,14		
Third parties		604,150	783,737
Less: allowance for impairment losses		(5,791)	(17,213)
Total - net		598,359	766,524
Acceptances receivable	2c,2f,2u,15		
Related parties	55	409,880	252,138
Third parties		10,921,393	12,861,921
		11,331,273	13,114,059
Less: allowance for impairment losses		(107,030)	(106,927)
Total - net		11,224,243	13,007,132
Investment in shares - net of allowance for impairment losses of Rp10,250 and Rp3,182 as of December 31, 2015 and 2014, respectively	2s,16	48,394	55,490
Prepaid expenses	17	2,299,852	1,837,500
Prepaid taxes	2ad,33a	4,817,396	2,591,982
Fixed assets - net of accumulated depreciation of Rp7,708,438 and Rp6,558,196 as of December 31, 2015 and 2014, respectively	2r.i, 2r.ii,18	9,761,688	8,928,856
Intangible assets - net of accumulated of amortisation of Rp1,877,989 and Rp1,575,399 as of December 31, 2015 and 2014, respectively	2r.iii, 2s,19	1,915,192	1,644,583
Other assets - net of allowance for possible losses of Rp432,029 and Rp251,505 as of December 31, 2015 and 2014, respectively	2c,2t,2v,20	11,292,727	11,239,398
Deferred tax assets - net	2ad,33e	4,834,522	4,189,120
<b>TOTAL ASSETS</b>		<b>910,063,409</b>	<b>855,039,673</b>

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

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2015	December 31, 2014
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>			
<b>LIABILITIES</b>			
Obligation due immediately	2w	1,156,327	1,156,366
Deposits from customers			
Demand deposits/ <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	55	38,252,185	19,751,219
Third parties		133,902,303	108,302,339
Total		172,154,488	128,053,558
Saving deposits/ <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	55	1,342,075	121,683
Third parties		247,609,564	231,339,573
Total		248,951,639	231,461,256
Time deposits	2c,2f,2x,23		
Related parties	55	37,257,210	33,459,942
Third parties		163,968,994	190,474,155
Total		201,226,204	223,934,097
Total deposits from customers		622,332,331	583,448,911
Deposits from other banks			
Demand/ <i>wadiah</i> saving deposits and saving deposits	2c,2f,2y,24		
Related parties	55	70,176	25,569
Third parties		3,674,113	3,473,493
Total		3,744,289	3,499,062
Inter bank call money	2c,2f,2y,25		
Related parties	55	600,000	-
Third parties		3,164,363	2,892,000
Total		3,764,363	2,892,000
Time deposits	2c,2y,26		
Third parties		5,127,585	11,140,783
Total deposits from other banks		12,636,237	17,531,845
Liability to unit-linked policyholders	2z,27	17,019,049	17,343,799
Securities sold under repurchase agreements	2c,2f,2m,28		
Related parties	55	467,123	-
Third parties		4,396,048	6,112,589
Total		4,863,171	6,112,589

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2015	December 31, 2014
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>LIABILITIES (continued)</b>			
Derivative payables	2c,2f,2n,11		
Related parties	55	3,095	8,679
Third parties		295,984	148,376
Total		299,079	157,055
Acceptances payable	2c,2f,2u,29		
Related parties	55	606,737	1,366,249
Third parties		10,724,536	11,747,810
Total		11,331,273	13,114,059
Marketable securities issued	2c,2f,2aa,30		
Related parties	55	587,750	437,000
Third parties		1,815,018	1,575,256
		2,402,768	2,012,256
Less: Unamortised issuance cost		(4,590)	(2,631)
Total - net		2,398,178	2,009,625
Estimated losses on commitment and contingencies	2c,31c	395,610	196,793
Accrued expenses	2c,2af,32	3,490,801	3,880,273
Taxes payable	2ad,33b	2,131,616	1,875,141
Employee benefit liabilities	2ai,34,50	5,777,077	5,181,160
Provision	62b	676,170	667,644
Other liabilities	2c,35	14,189,412	16,370,686
Fund borrowings	2c,2f,2ab,36		
Related parties	55	25,178	252,149
Third parties		33,739,493	23,974,955
Total		33,764,671	24,227,104
Subordinated loans	2c,2f,2ac,37		
Related parties	55	1,687,800	1,909,800
Third parties		2,053,867	1,844,241
Total		3,741,667	3,754,041
Less: Unamortised issuance cost		(3,964)	(7,467)
Total		3,737,703	3,746,574
<b>TOTAL LIABILITIES</b>		<b>736,198,705</b>	<b>697,019,624</b>

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2015	December 31, 2014
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>TEMPORARY SYIRKAH FUNDS</b>			
Deposits from customers	2f,2ae,38		
Related parties	55		
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	38a.2a	228,059	37,195
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	438,297	455,230
Total related parties		666,356	492,425
Third parties			
Demand deposits - restricted Investments and <i>Mudharabah Musytarakah</i> demand deposits	38a.1	11,502	13,533
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	38a.2a	22,527,832	20,946,548
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	30,849,240	31,480,676
Total third parties		53,388,574	52,440,757
Total deposits from customers		54,054,930	52,933,182
Deposits from other banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	244,385	163,544
<i>Mudharabah</i> time deposit - unrestricted investment	38b	73,548	78,761
Total deposits from other banks		317,933	242,305
<b>TOTAL TEMPORARY SYIRKAH FUNDS</b>		<b>54,372,863</b>	<b>53,175,487</b>
<b>EQUITY</b>			
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 of December 31, 2015 and 2014, respectively	40a	11,666,667	11,666,667

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>EQUITY (continued)</b>			
Additional paid-in capital	40b	17,316,192	17,316,192
Difference arising from translation of financial statements in foreign currencies	2e	242,807	203,625
Difference arising from transaction with non controlling interest	1g	(92,751)	-
Unrealised losses on available for sale marketable securities and government bonds - net of deferred tax	2j,2k	(1,565,019)	(571,348)
Gains from actuarial defined benefit plan net of deferred tax	2ai,33	277,676	-
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital as a result of quasi-reorganisation as of April 30, 2003)			
Appropriated	40c	12,402,382	9,779,446
Unappropriated		76,822,336	64,263,299
Total Retained Earnings		89,224,718	74,042,745
Noncontrolling interests in net assets of consolidated Subsidiaries	2d,39	2,421,551	2,186,681
<b>TOTAL EQUITY</b>		<b>119,491,841</b>	<b>104,844,562</b>
<b>TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>		<b>910,063,409</b>	<b>855,039,673</b>

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan	Year ended December 31,	
		2015	2014
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
Interest income and sharia income	2f,2af,41,55	71,570,127	62,637,942
Interest expense and sharia expense	2f,2af,42,55	(26,207,024)	(23,505,518)
<b>NET INTEREST AND SHARIA INCOME</b>		<b>45,363,103</b>	<b>39,132,424</b>
Premium income	2ag	9,546,893	9,364,287
Claims expense	2ag	(6,409,823)	(6,683,717)
<b>NET PREMIUM INCOME</b>		<b>3,137,070</b>	<b>2,680,570</b>
<b>NET INTEREST, SHARIA AND PREMIUM INCOME</b>		<b>48,500,173</b>	<b>41,812,994</b>
Other operating income			
Other fees and commissions	2ah	10,014,810	9,131,975
Foreign exchange gains and derivative transactions – net	2e,2n	2,238,098	1,587,639
Others	43	6,125,770	3,968,201
Total other operating Income		18,378,678	14,687,815
Allowance for impairment losses	2c,44	(11,664,837)	(5,718,130)
(Provision for) reversal of impairment losses on commitments and contingencies	2c,31c	(198,450)	5,313
(Provision for) reversal of possible losses	2t,45	(179,242)	183,481
Unrealised (loss)/gain on marketable securities, government bonds and policyholders' investment in unit-linked contracts	2j,2k,2z,46	(18,306)	146,521
Gains on sale of marketable securities and government bonds	2j,2k,47	275,499	234,463
Other operating expenses			
Salaries and employee Benefits	2f,2ai,48,50,55	(12,376,655)	(10,848,031)
General and administrative	2r,49	(12,799,851)	(11,448,310)
Others - net	51	(3,578,037)	(3,078,010)
Total other operating expenses		(28,754,543)	(25,374,351)
<b>INCOME FROM OPERATION</b>		<b>26,338,972</b>	<b>25,978,106</b>
Non operating income - net	52	30,458	29,909
<b>INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST</b>		<b>26,369,430</b>	<b>26,008,015</b>
Income tax expense			
Current	2ad,33c,33d	(5,548,058)	(5,309,919)
Deferred	2ad,33c,33e	331,026	(43,313)
Income tax expense - net		(5,217,032)	(5,353,232)
<b>NET INCOME</b>		<b>21,152,398</b>	<b>20,654,783</b>

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (continued)**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan	Year ended December 31,	
		2015	2014
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Gains from actuarial defined benefit program	2ai	339,697	-
Income tax related to the item that will not be reclassified to profit or loss		(65,960)	-
		<u>273,737</u>	-
<b>Items that will be reclassified to profit or loss</b>			
Difference arising from translation of financial statements in foreign currencies	2e	39,182	(17,995)
Changes in fair value of available for sale financial assets	2j,2k	(1,268,960)	1,057,365
Income tax related to items that will be reclassified to profit and loss		250,472	(211,473)
		<u>(979,306)</u>	<u>827,897</u>
Other comprehensive income for the year - net of tax		<u>(705,569)</u>	<u>827,897</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>20,446,829</u></b>	<b><u>21,482,680</u></b>
<b>Net income attributable to:</b>			
Parent entity		20,334,968	19,871,873
Noncontrolling interest	2d	817,430	782,910
		<b><u>21,152,398</u></b>	<b><u>20,654,783</u></b>
<b>Total comprehensive income attributable to:</b>			
Parent entity		19,658,155	20,699,770
Noncontrolling interest	2d	788,674	782,910
		<b><u>20,446,829</u></b>	<b><u>21,482,680</u></b>
<b>EARNINGS PER SHARE</b>			
Basic (full amount of Rupiah)	2aj	871.50	851.66
Diluted (full amount of Rupiah)		871.50	851.66

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised gain (loss) on available for sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with non controlling interest	Actuarial gain on post - employment benefits - net of deferred tax	Retained earnings			Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
								Appropriated	Unappropriated	Total		
<b>Balance as of January 1, 2015</b>		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
First implementation of allowance for impairment losses in a Subsidiary	64	-	-	-	-	-	-	-	(185,027)	(185,027)	-	(185,027)
Dividends payment from 2014 net income	40c	-	-	-	-	-	-	-	(4,967,968)	(4,967,968)	-	(4,967,968)
The establishment of specific reserves from 2014 net income	40c	-	-	-	-	-	-	2,622,936	(2,622,936)	-	-	-
Difference arising from transactions with noncontrolling interest		-	-	-	-	(92,751)	-	-	-	-	-	(92,751)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	(553,804)	(553,804)
Income for the year		-	-	-	-	-	-	-	20,334,968	20,334,968	817,430	21,152,398
Comprehensive income for the year ended December 31, 2015		-	-	39,182	(993,671)	-	277,676	-	-	-	(28,756)	(705,569)
<b>Balance as of December 31, 2015</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>242,807</b>	<b>(1,565,019)</b>	<b>(92,751)</b>	<b>277,676</b>	<b>12,402,382</b>	<b>76,822,336</b>	<b>89,224,718</b>	<b>2,421,551</b>	<b>119,491,841</b>

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised gain (loss) on available for Sale marketable securities and government bonds - net of deferred tax	Retained Earnings			Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
						Appropriated	Unappropriated	Total		
<b>Balance as of January 1, 2014</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>221,620</b>	<b>(1,417,240)</b>	<b>7,431,162</b>	<b>52,200,836</b>	<b>59,631,998</b>	<b>1,371,359</b>	<b>88,790,596</b>
Dividend payment from 2013 net income	40c	-	-	-	-	-	(5,461,126)	(5,461,126)	-	(5,461,126)
The establishment of specific reserves from 2013 net income	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 December 31, 2014		-	-	(17,995)	845,892	-	19,871,873	19,871,873	782,910	21,482,680
<b>Balance as of December 31, 2014</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>203,625</b>	<b>(571,348)</b>	<b>9,779,446</b>	<b>64,263,299</b>	<b>74,042,745</b>	<b>2,186,681</b>	<b>104,844,562</b>

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan	Year ended December 31,	
		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interest income and sharia income		68,561,085	59,752,177
Receipts from provision, commissions and premium income - net		13,151,880	11,812,545
Payments of interest expense and sharia expense		(26,303,441)	(23,121,999)
Receipts from the sale of government bonds - fair value through profit or loss		31,695,656	26,624,838
Acquisition of government bonds - fair value through profit or loss		(32,543,993)	(26,249,130)
Foreign exchange gains - net		568,115	1,876,047
Other operating income - others		2,695,638	1,360,996
Other operating expenses - others		(3,884,426)	(2,912,216)
Salaries and employee benefits		(11,503,062)	(10,251,940)
General and administrative expenses		(11,309,466)	(10,266,219)
Non-operating income - net		30,458	29,909
Payment of corporate income tax		(5,299,131)	(5,716,191)
Cash flow from operating activities before changes in operating assets and liabilities		25,859,313	22,938,817
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(74,344)	(2,321,185)
Marketable securities - fair value through profit or loss		5,930,922	(11,765,022)
Other receivables - trade transactions		(1,674,546)	(4,289,584)
Loans		(71,254,097)	(59,909,017)
Securities purchased under resale agreements		19,109,845	(16,049,132)
Consumer financing receivable		(2,305,938)	(1,590,704)
Net investment in lease financing		170,521	(165,177)
Prepaid taxes		(2,225,414)	(1,465,433)
Prepaid expenses		(462,352)	(348,490)
Other assets		627,894	(1,583,311)
Proceeds from collection of financial assets already written-off		3,430,132	2,607,206
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional Banking			
Demand deposits		44,702,559	4,832,745
Saving deposits		17,133,981	15,682,853
Time deposits		(28,721,091)	57,414,439
Inter-bank call money		872,363	1,611,150
Obligation due immediately		(39)	394,236
Liability to unit - linked policyholders		(324,750)	5,340,802
Other taxes payable		(306,828)	244,614
Other liabilities		(1,484,053)	3,910,075

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



These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan	Year ended December 31,	
		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(continued)</b>			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Sharia banking - temporary <i>syirkah</i> funds			
Demand deposit - restricted investment and demand deposit - <i>mudharabah musytarakah</i>		(2,031)	(4,342)
Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		1,852,989	509,134
<i>Mudharabah</i> time deposit - unrestricted investment		(653,582)	5,097,017
<b>Net cash provided by operating activities</b>		<b>10,201,454</b>	<b>21,091,691</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of fixed assets		4,202	6,661
Increase in government bonds - available for sale and held to maturity		(17,604,588)	(3,169,133)
Increase in marketable securities - available for sale and held to maturity		(9,640,061)	(965,192)
Acquisition of fixed assets	18	(1,135,677)	(2,250,724)
Acquisition of intangible assets	19	(573,199)	(705,614)
<b>Net cash used in investing activities</b>		<b>(28,949,323)</b>	<b>(7,084,002)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in fund borrowings		7,291,307	8,026,295
Increase in marketable securities issued		388,553	230,028
Payments of dividends	40c	(4,967,968)	(5,461,126)
Payment of subordinated loans		(8,871)	(719,041)
Increase (decrease) in securities sold under repurchase agreements	28	(1,249,418)	1,456,440
Decrease of investment in subsidiaries		(675,283)	(36,365)
<b>Net cash provided by financing activities</b>		<b>778,320</b>	<b>3,496,231</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(17,969,549)</b>	<b>17,503,920</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>4,832,573</b>	<b>277,305</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>138,804,383</b>	<b>121,023,158</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>125,667,407</b>	<b>138,804,383</b>

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

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2015**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Catatan	Year ended December 31,	
		2015	2014
Cash and cash equivalents at end of year consist of:			
Cash		25,109,124	20,704,563
Current accounts with Bank Indonesia	4	56,314,316	50,598,840
Current accounts with other banks	5	10,155,626	8,986,831
Placements with Bank Indonesia and other banks		33,791,391	57,690,864
Certificates of Bank Indonesia		296,950	823,285
<b>Total Cash and Cash Equivalents</b>		<b>125,667,407</b>	<b>138,804,383</b>
<b>Supplemental Cash Flows Information</b>			
Activities not affecting cash flows:			
Unrealised losses on available for sale marketable securities and government bonds - net of deferred tax		(1,565,019)	(571,348)
Acquisition of fixed assets - payable		(889,153)	(949,120)

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## 1. GENERAL INFORMATION

### a. Establishment

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

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

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

Articles of Association of Bank Mandiri has been amended several times. The latest amendment is in relation to the provisions of (i) Regulation of the Indonesia Financial Services Authority (Otoritas Jasa Keuangan (“OJK”)) No. 32/POJK.04/2014 on the Planning and Implementation of the Shareholders General Meeting of Shareholders of the Public Company and (ii) the FSA Regulation No. 33/POJK.04/2014 of the Board of Directors and Board of Commissioners of Public Company. Amendments to the Articles of Association referred to the amendment of Article 4, paragraph 4, Article 4, paragraph 5, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14, Article 15, Article 16, Article 17, Article 18, Article 19, Article 20, Article 21, Article 22, Article 24, Article 25 and Article 26. This amendment implemented by Deed Ashoya Ratam, SH, M.kn No, 14 dated April 14, 2015 and has been reported to the Ministry of Law and Human Rights Republic of Indonesia with receipt No. AHU-AH.01.03-0924779 on April 16, 2015 and has been registered in the Company Register No. AHU-3493045.AH.01.11.Tahun 2015 dated April 16, 2015.

### 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 on July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks into Bank Mandiri also covered the following:

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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

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

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**c. Recapitalisation (continued)**

Based on Government Regulation No. 97 of 1999 dated December 24, 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment 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 October 13, 1999 and Rp75,000,000 on December 28, 1999 so that as of December 31, 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

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

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

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003 and KMK-RI No. 420/KMK-02/2003 dated September 30, 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri 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 OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

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

**Initial Public Offering of Bank Mandiri (continued)**

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

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

**Quasi-Reorganisation**

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

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

Bank Mandiri's Articles of Association were amended 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 September 29, 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-25309.HT.01.04.TH.2003 dated October 23, 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated October 23, 2003.

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

**e. Divestment of Government Share Ownership**

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

**f. Public offering of Bank Mandiri subordinated bonds, limited public offering and changes in share capital of Bank Mandiri**

**Public Offering of Bank Mandiri Subordinated Bonds**

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**1. GENERAL INFORMATION (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 OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

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 February 14, 2011 until February 21, 2011.

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

**Changes in share capital of Bank Mandiri**

The details of changes in issued and paid-in-share capital (Note 40a) are as follows:

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates**

Subsidiaries included in the consolidated financial statements as of December 31, 2015 and 2014, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2015	2014
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	Commercial Banking	Denpasar	58.25****)	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	80.00**)	60.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00*)	-
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.00****)	-

\*) Effective starting from January 21, 2015

\*\*\*) Effective starting from March 30, 2015

\*\*\*\*) Effective starting from May 28, 2015

\*\*\*\*\*) Effective starting from June 23, 2015

The Subsidiaries' total assets as of December 31, 2015 and 2014 (before elimination) are follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2015	December 31, 2014
PT Bank Syariah Mandiri	1955	70,369,709	66,942,422
Bank Mandiri (Europe) Limited	1999	2,543,040	2,334,225
PT Mandiri Sekuritas	1992	1,712,002	2,969,264
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	1970	2,578,095	1,761,790
PT Mandiri Tunas Finance	1989	9,202,994	7,419,798
Mandiri International Remittance Sdn Bhd	2009	11,404	11,523
PT AXA Mandiri Financial Services	1991	23,032,740	23,385,397
PT Mandiri AXA General Insurance	1962	1,551,866	1,177,732
PT Asuransi Jiwa InHealth Indonesia	2008	1,841,695	1,779,156
PT Mandiri Utama Finance	2015	114,121	-
PT Mandiri Capital Indonesia	2015	11,376	-
<b>Total</b>		<b>112,969,042</b>	<b>107,781,307</b>

**PT Bank Syariah Mandiri**

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with Islamic banking principles, was established under the name PT Bank Industri Nasional ("PT Bina") on June 15, 1955. On October 4, 1967, the subsidiary's name was changed from PT Bina to PT Bank Maritim Indonesia which subsequently changed to PT Bank Susila Bhakti on August 10, 1973 which is a subsidiary of BDN. The latest change of the subsidiary's name to PT Bank Syariah Mandiri (BSM) is based on Notarial Deed of Sutjipto, S.H, No. 23 dated September 8, 1999. BSM obtain an operating license based on the decree of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated December 19, 1995 as a commercial bank based on Islamic principles and began operating in 1999.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates (continued)**

**PT Bank Syariah Mandiri (continued)**

On January 9, 2009, the Bank made additional capital investment in cash at the BSM, amounting Rp100,000. The Bank has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On December 31, 2008, the Bank made an investment capital of Rp199,871, in the form of cash and inbreng (non-cash/exchange) of land and buildings. The Bank has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No.10 dated June 19, 2008.

On March 18, 2011, the Bank made an investment capital in cash of Rp200.000. The Bank has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated February 28, 2011 with Notarial Deed No.19 dated March 21, 2011 on the additional capital.

On December 29, 2011, the Bank made additional capital investment in cash at the BSM for Rp300,000. The Bank has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the additional capital.

On December 21, 2012, the Bank made additional capital investment in cash at the BSM for Rp300,000. The Bank has received approval from Bank Indonesia through letter dated December 21, 2012 and Circular Resolution of Shareholders dated December 21, 2012 with Notarial Deed No. 38 dated December 28, 2012 on the additional capital.

On December 30, 2013, the Bank made additional equity in the form of non-cash (inbreng) of land and buildings on BSM for Rp30,778. The Bank has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 22 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the additional capital.

On November 24, 2015, the Bank made additional equity in the form of cash on BSM amounted to Rp500,000. The Bank has received approval from the Bank Indonesia through letter dated November 4, 2015 and Circular Resolution of Shareholder dated November 18, 2015 with Notarial Deed No.33 dated November 25, 2015 on the additional capital.

**Bank Mandiri (Europe) Limited**

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates (continued)**

**PT Mandiri Sekuritas**

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, SH Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") is accomplished by means of merging BDS and ES into the MSI. MSI obtain a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, SH, which was approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of the total shares of PT Mandiri Investment Management, subsidiaries established on October 26, 2004 and is engaged in investment management and advisory.

On December 28, 2012, the Bank made additional capital investment in cash at Mandiri Sekuritas, amounting to Rp29,512. Bank Mandiri has obtained approval from Bank Indonesia through its letter dated October 31, 2012 and the Decision of the Shareholders Meeting Outside (circular resolution) dated December 27, 2012 on the increase in capital. After the implementation of the increase in capital, the Bank's ownership at Mandiri Sekuritas increased from 95.69% to 99.99% of the total shares issued by Mandiri Sekuritas.

**PT Bank Mandiri Taspen Pos**

PT Bank Sinar Harapan Bali ("BSHB") was established as the Bank Market on February 23, 1970 under the name MAI Market Bank Sinar Harapan Bali, then on November 3, 1992 The Bank changes legal form into Limited Liability Company based on Deed 4 made before Ida Bagus Alit Sudiarmika, SH, Notary in Denpasar and obtained a business license as a commercial bank under the decree of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 dated March 10, 1994. On May 3, 2008, the signing of the acquisition deed between shareholders BSHB and Bank Mandiri, as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, SH, Notary in Denpasar. This acquisition marks the signing of the deed of ownership of the bank early on BSHB 80.00% stake, which further BSHB management will be carried out separately from the Bank as a bank to remain independent (stand-alone bank) with a primary focus on business development of Micro and Small Enterprises.

On October 22, 2009, the Bank increased its investment in BSHB amounted to 1.46% of the total shares issued and fully paid, or at Rp1,460,657,000 (full amount) by purchasing all shares BSHB owned by the Managing Director as much as 2,921,314 shares, as contained in the Deed Sale and Purchase of Shares No. 52 dated October 22, 2009 before a Notary Ni Wayan Widastri, SH, Notary in Denpasar, Bali.

Additional investment in BSHB Bank was conducted in order to comply with Bank Indonesia on Good Corporate Governance which among other things requires the Director of Bank should come from an independent party. Additional investment in BSHB Bank Mandiri has received approval from Bank Indonesia as contained in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

After the implementation of the increase in capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued BSHB with a total investment value of Rp81,461 from the beginning of Rp80,000.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates (continued)**

**PT Bank Mandiri Taspen Pos (continued)**

On May 28, 2013, the Bank increased its investment in BSHB amounted to 11.77% of the total shares issued and fully paid, or at Rp32,377,072,750 (full amount) to purchase shares owned by a couple BSHB minority shareholders with a total of 23,546,962 shares (full amount). The addition of the Bank's investments in BSHB has received approval from Bank Indonesia as contained in the letter of Bank Indonesia No, 15/33/DPB1/PB1-1 dated May 6, 2013.

On December 22, 2014, BSHB hold a Extraordinary General Meeting of Shareholders approved the issuance of 800,000,000 (full amount) of new shares to be bought by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). Changes in the composition of ownership has been effective on May 28, 2015 with the approval of the statement of changes in shareholders BSHB by FSA Banking, with the composition of the final ownership is Bank Mandiri (58.25%), PT Taspen (20.2%), PT Pos (20,2%) and individual shareholders (1.35%). FSA Banking also approved Taspen and PT Pos as a new shareholder as well as additional capital injection BSHB Bank in BSHB amounted to Rp198,000.

On July 24, 2015, the FSA has approved the change of name of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Post and give permission to conduct business under the name of Bank Mantap. The name change is accompanied permit change of logo of the FSA on July 31, 2015. The name and logo change has been announced to the public on August 7, 2015.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri, Taspen, Pos amounting to Rp19,219 amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2015 amounted to Rp21,043.

**PT Mandiri Tunas Finance**

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates (continued)**

**PT Mandiri Tunas Finance (continued)**

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

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

Prior to January 1, 2011, goodwill arising from acquisitions amounted to Rp156,807 MTF amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2015 amounted to Rp96,697.

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

**PT AXA Mandiri Financial Services**

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries & associates (continued)**

**PT AXA Mandiri Financial Services (continued)**

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

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounting to Rp40,128 amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2015 amounted to Rp37,194.

**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 July 28, 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated January 20, 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated December 17, 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

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

On October 11, 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated October 11, 2011. After this acquisition, Bank Mandiri became the controlling shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ratified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated October 11, 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 October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been 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 October 25, 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries and Associates (continued)**

**PT Mandiri AXA General Insurance (continued)**

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

OJK through its letter No.S-42/PB.31/2014 dated May 14, 2014 and letter No.S-94/PB.31/2014 dated October 31, 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 Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment does not change the percentage of share holders' ownership where as Bank Mandiri own 60% and AXA S.A by 40% of MAGI.

Based on the letter of approval from the OJK No. S-52/PB.31/ 2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank made additional capital investments continued to MAGI Rp30,000. On July 9, 2015 has been carried out the execution of the additional investment to the MAGI Rp30,000. The total increase in capital to the PT MAGI is amounting to 50,000 by the amount of additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A amounted to Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

**PT Asuransi Jiwa InHealth Indonesia**

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

On December 23, 2013, Bank Mandiri and PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the purchaser by the Social Security Agency of Health (BPJS; formerly PT Askes (Persero)) and the Cooperative Bhakti Askes as the seller has signed a Share Purchase Agreement Conditional on PT Asuransi Jiwa InHealth Indonesia ("InHealth") where the execution of transactions will be conducted in two (2) phases as follows:

1. Phase 1, namely the acquisition of 80% ownership of InHealth, where the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk, and PT Asuransi Jasa Indonesia (Persero) respectively 10%, as well as Health BPJS still has 20%; and
2. Phase 2, namely the acquisition of 20% ownership BPJS on InHealth by the Bank so that the total ownership of the bank is to be equal to 80%. The composition of shareholding after the transaction InHealth stage 2 into Bank Mandiri has 80%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) respectively 10% of the total shares issued and fully paid InHealth.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries and Associates (continued)**

**PT Asuransi Jiwa InHealth Indonesia (continued)**

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, the bank also has received the approval of the proposed acquisition of FSA according Letter No. S-37/PB/31/2014 dated April 17, 2014 regarding the Application for Approval of Equity PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On May 2, 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 May 2, 2014 by Notary Mala Mukti S.H., LL.M.

With the signing of the Sale and Purchase Agreements, the Bank has effectively become the majority shareholder in InHealth with ownership of 60% (Rp990,000), PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) respectively by 10% (Rp165,000) and BPJS by 20% (Rp330,000). Changes in share ownership has been approved by the General Meeting of Shareholders InHealth by Notary Mala Mukti SH, LL.M. No. 19 dated May 5, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received through letter No. AHU-06507.40.22.2014 dated May 5, 2014 regarding the Company's Receipt of Notification of change of PT Asuransi Jiwa InHealth Indonesia.

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

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on December 23, 2013. The finalisation of second phase is currently awaiting for FSA approval.

On March 30, 2015, the Bank carry out additional investment in InHealth shares by buying 200,000 shares owned by Employment Social Security Agency (BPJS) through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, S.H., LL.M., Notary in Jakarta, which is 20.00% of the total shares issued by InHealth. Total purchase price amounted to Rp330,000. The addition of these investments has been approved by the OJK as mentioned in his letter No. S-19/PB.31/2015 dated February 20, 2015. The difference in the number recorded non-controlling interest in the fair value of consideration paid for the additional shares amounting to 20.00% InHealth Rp92,751 amount recorded as "Difference in transactions with non-controlling interest".

Since the signing date of the Sale and Purchase Deed, the Bank has effectively become the majority shareholder of InHealth with ownership of 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. It has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti S.H., LL.M. No.109 dated March 30, 2015 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-AH.01.03-0020238 dated March 30, 2015 regarding Acceptance Notification of the Data Change of PT Asuransi Jiwa Indonesia InHealth.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries and Associates (continued)**

**PT Asuransi Jiwa InHealth Indonesia (continued)**

Bank Mandiri acquired 80% shares in Inhealth with total value of Rp1,320,000. Goodwill arising from the acquisition of InHealth amounted to Rp268,181 as of December 31, 2015. The Bank periodically evaluates the impairment of goodwill the accordance with SFAS 48, "Impairment of Assets" (Note 2s).

**PT Mandiri Utama Finance**

On April 16, 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI"), has signed an agreement signing of a preliminary agreement to set up a finance company to be able to accelerate Bank Mandiri finance portfolio, especially in the segment of vehicle financing.

On October 22, 2014, Bank Mandiri with ASCO and TURI has signed a shareholders' agreement which had been agreed on the establishment of a finance company with an authorized capital is Rp100,000 with an ownership composition of the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, the Bank obtained a license principle equity participation in the company's new financing from Bank Supervision FSA.

On January 21, 2015, the deed of incorporation of a new subsidiary of Bank Mandiri named PT Mandiri Utama Finance ("MUF") has been signed as outlined in the notarial deed Ashoya Ratam, SH, M.Kn. No. 19 dated January 21, 2015 and was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decree No. AHU-0003452.AH.01.01.TAHUN 2015 dated January 26, 2015. Concurrent with the signing of the deed of incorporation of the Bank also submit capital amounted to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, where such changes have been registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

After the signing of the deed, MUF submit application of financing company business license to OJK - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the OJK No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516 /NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

**PT Mandiri Capital Indonesia**

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas has established new subsidiary engaged in venture capital under the name of PT Mandiri Capital Indonesia ( "MCI").

Establishment of the company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounting Rp9,900,000,000 (full amount) representing 99% ownership stake in MCI and PT Mandiri Sekuritas to injected capital amounting to 100,000,000 (full amount) which represents a 1% stake in MCI, so that the capital structure of MCI amounted Rp10,000,000,000 (full amount).



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries and Associates (continued)**

**PT Mandiri Capital Indonesia (continued)**

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the OJK per its the letter No. S-48/PB.31/2015 regarding Application for Approval of Equity PT Bank Mandiri (Persero), Tbk. for the establishment of Venture Capital Company on June 11, 2015.

As of June 26, 2015, the establishment of MCI was approved by the Minister of Law and Human Rights through letter No. AHU-2445684.AH.01.01 2015. MCI has obtained a license to carry out business activities in the field of venture capital on 10 November 2015 through the OJK letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

**h. Structure and Management**

Bank Mandiri's head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia. As of December 31, 2015 and 2014, Bank Mandiri's domestic and overseas offices are as follows (unaudited):

	<b>31 December 2015</b>	<b>31 December 2014</b>
Domestic Regional Offices	12	12
Domestic Branches:		
Area	76	74
Community Branches	1,143	1.080
Mandiri Mitra Usaha offices	994	897
Cash Outlets	244	261
	<hr/>	<hr/>
	2,457	2,312
Overseas branches	6	6

As of December 31, 2015, 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 the Best Bank in ASEAN in 2020", Bank Mandiri divided its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units, responsible for the Bank's main business development consists of 2 (two) segments namely Wholesale segments consists of Corporate, Commercial, Treasury & Markets, and Retail retail segments consist of SME, Micro Banking and consumer/Individual (include priority customers segment).
2. Corporate Center, responsible for supporting unit whom support overall Bank's operational consists of Risk, Legal & Compliance, Finance & Strategy, Technology & Operations, Retail Risk, Wholesale Risk, Human Capital, Internal Audit, Corporate Transformation and Enterprise Data Management.
3. Distributions, responsible for selling products and goods unit to all segments of Bank's customers, consist of 12 (twelve) Regional Offices spread across Indonesia.

On January 1, 2015, Bank restructured its organization structure and role and responsibilities of the Directors.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**h. Structure and management (continued)**

As of December 31, 2015 and 2014, the members of Bank Mandiri's Boards of Commissioners are as follows:

	<b>December 31, 2015</b>
<u>Board of Commissioners</u>	
Chairman	: Wimboh Santoso*)
Deputy Chairman	: Imam Apriyanto Putro
Independent Commissioner	: Abdul Aziz
Commissioner	: Askolani
Independent Commissioner	: Aviliani
Commissioner	: Suwhono
Independent Commissioner	: Goei Siau Hong
Independent Commissioner	: Bangun Sarwito Kusmuljono

\*)According to the results Bank Mandiri Extraordinary General Meeting of Shareholders dated December 18, 2015 was appointed as a Commissioner of Bank Mandiri, where the appointment of Chief Commissioner will be effective after the approval of OJK on Fit and Proper Test and meet prevailing regulations.

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

	<b>December 31, 2014</b>
<u>Board of Commissioners</u>	
Chairman	: Mahmuddin Yasin
Independent Commissioner	: Pradjoto
Independent Commissioner	: Krisna Wijaya
Commissioner	: Abdul Aziz
Commissioner	: Askolani
Independent Commissioner	: Aviliani
Independent Commissioner	: Anton Hermanto Gunawan

As of December 31, 2015, the members of Bank Mandiri's Board of Directors are as follows:

	<b>December 31, 2015</b>
<u>Board of Directors</u>	
President Director	: Budi Gunadi Sadikin
Deputy President Director	: Sulaiman Arif Arianto
Distributions Director	: Sentot A. Sentausa
Technology & Operations Director	: Ogi Prastomiyono
Treasury & Markets Director	: Pahala N. Mansury
Corporate Banking Director	: Royke Tumilaar
Consumer Banking Director	: Hery Gunardi
Micro & Business Banking Director	: Tardi
Risk Management & Compliance Director	: Ahmad Siddik Badruddin
Commercial Banking Director	: Kartini Sally
Finance & Strategy Director	: Kartika Wirjoatmodjo

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**1. GENERAL INFORMATION (continued)**

**h. Structure and Management (continued)**

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

**December 31, 2014**

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

As of December 31, 2015 and 2014, the members of Bank's Mandiri Audit Committee consists of:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Chariman and member	: Aviliani	Krisna Wijaya
Member	: Askolani	Aviliani
Member	: Goei Siau Hong	Askolani
Member	: Budi Sulistio	Anton Hermanto Gunawan
Member	: Ridwan Darmawan Ayub	Budi Sulistio
Member	: -	Ridwan Darmawan Ayub

As of December 31, 2015 and 2014, Bank Mandiri's Remuneration Committee and Nomination consists of:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Chairman and member	: Bangun Sarwito Kusmuljono	Pradjoto
Member	: Imam Apriyanto Putro	Krisna Wijaya
Member	: Abdul Aziz	Abdul Aziz
Member	: Aviliani	Mahmuddin Yasin
Member	: Askolani	Aviliani
Member	: Suwhono	Askolani
Member	: Goei Siaw Hong	Anton Hermanto Gunawan
Secretary (ex-officio)	: Group Head Human Capital Strategy & Policy	Group Head Human Capital Strategy & Policy

As of December 31, 2015, Bank Mandiri's Risk Oversight consists of:

	<b>December 31, 2015</b>
Chairman and member	: Abdul Aziz
Member	: Imam Apriyanto Putro
Member	: Suwhono
Member	: Ridwan Darmawan Ayub
Member	: Budi Sulistio
Secretary (ex-officio)	: Group Head Operational Risk

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

**h. Structure and Management (continued)**

As of December 31, 2015, Bank Mandiri's Integrated Governance Committee consists of:

**December 31, 2015**

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Chairman and member	: Abdul Aziz
Member	: Goei Siau Hong
Member	: Aviliani
Member	: Bangun Sarwito Kusmuljono
Member	: Ramzi A. Zuhdi (PT Bank Syariah Mandiri)
Member	: M. Syafii Antonio (PT Bank Syariah Mandiri-DP)
Member	: I Wayan D. Ardjana (PT Bank Mandiri Taspen Pos)
Member	: Frans A. Wiyono (PT Mandiri AXA General Insurance)
Member	: I Ketut Sendra (PT Asuransi Jiwa Inhealth Indonesia)
Member	: D. Cyril Noerhadi (PT Mandiri Sekuritas)
Member	: Jiantok Hardjiman (PT Mandiri Manajemen Investasi)*)
Member	: Hanifah Purnama (PT Mandiri Tunas Finance)
Member	: Wihana Kirana Jaya (PT AXA Mandiri Financial Services)

\*) No longer serve as an independent commissioner since April 8, 2015 .

As of December 31, 2014, Bank Mandiri's Risk Oversight Committee and Good Corporate Governance consists of:

**December 31, 2014**

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Chairman and member	: Anton Hermanto Gunawan
Member	: Pradjoto
Member	: Krisna Wijaya
Member	: Abdul Aziz
Member	: Ridwan Darmawan Ayub
Member	: Budi Sulistio
Secretary (ex-officio)	: Group Head Market & Operational Risk

As of December 31, 2015, Chairman of the Internal Audit Committee of Bank Mandiri is Mustaslimah which was approved by the Board of Commissioners of Bank Mandiri through letter No. KOM/035/2015 dated April 8, 2015 and has been reported to OJK through letter No. CEO/152/2015 dated April 14, 2015 and Indonesia Stock Exchange by letter No. FST.CSC/CMA.1131/2015 dated April 14, 2015, while the Chairman of the Internal Audit of Bank Mandiri as of December 31, 2014 is Riyani T. Bondan.

As of December 31, 2015 and 2014, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of the Bank Mandiri on December 31, 2015 and 2014 are 36,737 and 34,696 people, respectively (unaudited).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Management is responsible for the preparation of the accompanying consolidated financial statements which were completed and authorised for issuance by the Board of Directors on January 28, 2016.

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 June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared 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 statement are prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

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

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 2014), "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 prevailing Statements of Financial Accounting Standards, as long as not contradict with Sharia principle also Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

The preparation of consolidated 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

Effective on January 1, 2015, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date as follows:

- 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 65 "Consolidated financial statements"
- SFAS 66 "Joint arrangements"
- SFAS 67 "Disclosure of interests in other entities"
- SFAS 68 "Fair value measurement"
- SFAS 46 (revised 2014) "Income tax"
- SFAS 48 (revised 2014) "Impairment of asset"
- SFAS 50 (revised 2014) "Financial instrument : Presentation"
- SFAS 55 (revised 2014) "Financial instrument : Recognition and measurement"
- SFAS 60 (revised 2014) "Financial instrument : Disclosures"
- IFAS 26 "Reassessment of embedded derivatives"

The above new and revised standards and interpretations have no material impact to the Bank and Subsidiaries' consolidated financial statements, except changes in consolidated the financial statement presentation which separated items that will be reclassified to profit or loss with items that will never be reclassified to profit or loss and addition of certain disclosures.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b. Changes in accounting policies (continued)**

Changes in the Group's accounting policy have been inline with the requirements in each standards and interpretation.

**c. Financial instruments**

**A. Financial assets**

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

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

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

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

A financial asset designated as fair value through profit or loss at inception are held to 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 profit or loss and other comprehensive income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of profit or loss and other comprehensive income and are reported respectively as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Gains/(losses) from sale of financial instruments". Interest income on financial instruments held for trading are included in "Interest income".

(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 of 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**A. Financial assets (continued)**

(b) Loans and receivables (continued)

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

(c) 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 of 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 profit or loss and other comprehensive income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Available-for-sale financial assets

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

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 statement of profit or loss and other comprehensive income, 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 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**B. Financial liabilities**

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

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

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as of 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 profit or loss and other comprehensive income and are reported as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments". Interest expenses on financial liabilities held for trading are included in "Interest expenses".

If the Group designated certain debt securities upon initial recognition as of 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 less 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".

**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.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**C. Derecognition (continued)**

Collateral that is submitted by the Group under the agreement of securities sold under repurchase agreements and securities lending and borrowing transactions is not derecognized because the Group substantially has all the risks and benefits of the collateral, based on the requirement that the repurchase price has been determined at the beginning, so that the criteria for derecognition are not met.

Write-Offs

In the case of financial assets' write-off is a continuation of the financial assets' settlement by taking over collaterals, the amount written off is approximately equal to the difference between the fair value of repossessed assets after taking into account the financial assets' cost of sales and carrying amount.

Financial assets can be written off when the allowance for impairment losses have been established 100%.

Write-off done overall to the financial assets' carrying amount by debiting the allowance for impairment losses.

**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 assets' original principal through scheduled payments or prepayments; or
- (c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**E. Classes of financial instruments**

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

Category		Class	Sub-classes	
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Marketable securities	
			Government bonds	
			Derivative receivables - Non hedging related	
	Loans and receivables		Current accounts with Bank Indonesia	
			Current accounts with other banks	
			Placements with Bank Indonesia and other banks	
			Marketable securities	
			Other receivables - trade transaction	
			Securities purchased under resale agreements	
			Loans and sharia financing/receivables	
			Consumer financing receivables	
			Investment in lease financing	
			Acceptance receivables	
			Other assets	Accrued income
				Receivables from customer transactions
				Receivables from sale of marketable securities
	Receivables to policyholders			
	Receivables related to ATM and credit card transaction			
	Held-to-maturity investments		Marketable securities	
			Government bonds	
Available-for-sale financial assets		Marketable securities		
		Government bonds		
		Investments in shares - less than 20%		

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**E. Classes of financial instruments (continued)**

Category		Class	Sub-classes
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related
		Obligation due immediately	
	Financial liabilities at amortised cost	Deposits from customers	Demand/ <i>wadiah</i> deposits
			Saving/ <i>wadiah</i> deposits
			Time deposits
	Deposits from other banks		Demand/ <i>wadiah</i> and saving/ <i>wadiah</i> deposits
			Inter-bank call money
			Time deposits
	Securities sold under repurchase agreements		
	Acceptance payables		
	Marketable securities issued		
	Accrued expenses		
	Other liabilities		Payable to customers
			Guarantee deposits
Payable from purchase of marketable securities			
Liabilities related to ATM and credit card transaction			
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 presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This means that the right to set off:

- a. Must not be contingent on a future event, and
- b. Must be legally enforceable in all of the following circumstances:
  - i. The normal course of business
  - ii. The event of default
  - iii. The event of insolvency or bankruptcy

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**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 January 20, 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.
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. Financial assets that are individually assessed but non-impaired, those financial assets are still classified as financial assets that are assessed individually. Though the Group provides allowance for impairment losses based on probability of default for each segment that are generated by evaluating impairment of loans collectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

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

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

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**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 assets 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, consists of roll rates analysis method and migration analysis method for financial assets impairment which are collectively assessed, using at the minimum of 3 (three) years historical data.

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

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

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

Subsequent recoveries of loans written off in 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 operating income.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

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

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

Allowance for possible losses on earning assets of Subsidiary based on sharia

1. For *Murabahah*, Subsidiary evaluates 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 current statement of consolidated profit or loss and other 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 July 10, 2013 and OJK's letter No. S-129/PB.13/2014 dated November 6, 2014, for the first adoption, the Subsidiary may apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation. The transition rule can be applied at the latest December 31, 2014.

Since January 1, 2015, allowance for impairment on *Murabahah* receivables calculated using collective according to SFAS No.55, "Financial Instruments: Recognition and Measurement". According to the transition rule, the addition (reversal) of allowance for collective impairment as the implementation date of January 1, 2015 is charged to retained earnings as of January 1, 2015. Refer to Note 64 on the impact of the deduction to the financial statements.

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

(b) Financial assets classified as available for sale

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

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

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

(c) Financial guarantee contracts and commitments

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.

**H. Investment in sukuk**

Before the initial recognition, the Group determines the classification of investment in sukuk based on the Group's investment objective. Investment in sukuk can be measured as follows:

- Acquisition Cost

If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. At the initial measurement, the investment is recorded at acquisition cost plus transaction cost. After the initial recognition, the sukuk investment is measured at amortized cost. The difference between acquisition cost and nominal value is amortized using straight line method during the period of the sukuk instrument.

If there is an indication of impairment, then the Bank will measure the recoverable amount. If the recoverable amount is less than recorded amount, then the Bank will recognize the impairment losses. Recoverable amount represents the amount which will be recoverable from the principal repayment regardless of its present value.

- Fair Value

Fair value on investment is determined according to the following hierarchy: market quotation in an actively traded market, or the current transaction market price incurred if an active market quotation does not exist, or similar instrument fair value if there is no active market quotation and no available current transaction price.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**H. Investment in sukuk (continued)**

- Fair Value (continued)

On the initial recognition, the investment is measured at acquisition cost, excluding transaction cost. After initial recognition, the investment is recognized at fair value. The difference between fair value and recorded amount is recognized in the consolidated statement of profit or loss and other comprehensive income.

**I. Sukuk *Mudharabah* issued**

Recognition and Measurement

Sukuk *Mudharabah* issued is recognized when the entity has been a party following requirement of sukuk *Mudharabah* issuance. Sukuk *Mudharabah* is recognized at nominal value. Transaction costs are recognized separately from sukuk *Mudharabah* and amortized using straight line following the period of sukuk *Mudharabah*.

Presentation

Sukuk *Mudharabah* is presented as liability and the transaction costs are recognized as deferred expenses, part of assets.

**J. Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability should be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

**J. Determination of fair value (continued)**

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

For government bonds with no quoted market prices, a reasonable estimate of the fair value is 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 in which the majority shareholding are owned or controlled by the Bank.

Effective since January 1, 2015, the Bank has applied SFAS No.65 "Consolidated Financial Statements". The application of this SFAS does not significantly impact to the financial reporting and disclosure in the consolidated financial statements.

Where an entity either began or ceased to be controlled during the year, the results of operations of that entity are included in the consolidated financial statements only from the date that the control commenced or up to the date that control ceased.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

The Bank controls Subsidiaries if and only if the Bank acquires these rights:

- a) Power over the investee (has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the Subsidiaries' returns);
- b) Exposure, or rights, to variable returns from its involvement with the subsidiaries;
- c) The ability to use its power over the Subsidiaries to affect the amount of the Bank's returns

In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of Subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation are presented as part of liabilities in the consolidated statement of financial position.

The consolidated financial statements are prepared 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Principles of consolidation (continued)**

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

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

Changes in the Bank's ownership interest in Subsidiaries that does not result in a loss of control is accounted for as an equity transaction, ie. a transaction with owners in their capacity as owners. Any difference between the amount by when the non-controlling interest are adjusted and their fair value if the consideration paid or received shall be recognized directly in equity and attributable to the owners of the parent.

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/share premium.

**e. Foreign currency transactions and balances**

Subsidiaries and overseas branches

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

- (1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
- (2) Revenues, expenses, 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 currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2015 and 2014. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Foreign Currency Transactions and Balances (continued)**

Transactions and balances in foreign currencies (continued)

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

	<u>2015</u>	<u>2014</u>
Great Britain Pound Sterling 1/Rp	20,439.02	19,288.40
Euro 1/Rp	15,056.67	15,053.35
United Stated Dollar 1/Rp	13,785.00	12,385.00
Japanese Yen 100/Rp	11,452.00	10,356.00

Other foreign currencies are not disclosed as above since it is considered not material in the translation of transaction in foreign currencies of the Bank and Subsidiaries.

**f. Transactions with related parties**

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures" and Regulation of OJK (formerly Bapepam and LK) No. KEP-347/BL/2012, dated June 25, 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 voting rights which gives them significant influence;
- IV. Entities controlled by investors under Note III above;
- V. Key employees and their 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**

The minimum statutory reserve

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Current accounts with Bank Indonesia and other banks (continued)**

The minimum statutory reserve (continued)

Based on Bank Indonesia Regulation No.10/19/PBI/2008 dated October 14, 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 October 23, 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated October 4, 2010 as amended by Bank Indonesia Regulation No. 13/10/PBI/2011 dated February 9, 2011 which has been amended with PBI No. 15/15/PBI/2013 dated December 24, 2013 and updated by Bank Indonesia Regulation No.17/21/PBI/2015 dated November 26, 2015, 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 Funding Ratio (LFR) GWM.

Primary GWM in Rupiah is set at 7.50% (2014:8.00%) from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LFR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LFR and target LFR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting November 1, 2010 and GWM LDR is applied effectively starting 1 March 2011. GWM LFR applied effectively on August 3, 2015 to replace GWM LDR.

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

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 August 3, 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 October 5, 2006 and the latest amendment using Bank Indonesia Regulation No. 10/23/PBI/2008 dated October 16, 2008 and subsequently replace by PBI No.15/16/PBI/2013 dated December 24, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j. Marketable securities**

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

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

Investments in mutual 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 impairment in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year's consolidated statement of profit or loss and other comprehensive income.

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 profit or loss and other comprehensive income.

In 2015, a Subsidiary, AXA Mandiri Financial Services (AMFS) has reclassified the marketable securities (bonds) directly held by the subsidiary related to insurance technical reserves (shareholders fund reserves) in the financial statements. The subsidiary has changed the classification of the aforementioned marketable securities from financial assets at fair value through profit or loss to available-for-sale financial assets. This change is deemed as change in accounting policy therefore applied retrospectively. Since the impact of this change to the prior year's financial statements as a whole is immaterial, therefore the impact of the change is directly charged to the current year's financial statements. No restatement of the prior year's financial statements is considered necessary.

**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, held to maturity and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity and at cost.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Derivative receivables and derivative payables (continued)**

3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.
4. Gain or loss arising from derivative contract that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

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

**o. Loans and sharia receivables/financing**

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

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

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

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

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

*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 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.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**o. Loans and syariah receivables/financing (continued)**

*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 fee (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* receivables included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (Subsidiary) which obligate to 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 are 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.

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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**p. Consumer financing receivables (continued)**

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

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

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

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

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

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

**q. Net investment in lease financing**

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

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

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is recognized in the current year consolidated statement of profit or loss and other comprehensive income.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Fixed Assets, leased assets and intangible 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 repair and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of profit or loss and other comprehensive 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 fixed assets and intangible assets as follows:

	<u>Years</u>
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 profit or loss and other comprehensive income in the year the asset is derecognised.

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

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

In accordance with SFAS 16 (revised 2011) "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 rights is likely to or definitely not obtained.

SFAS No. 48 (Revised 2014), "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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Fixed assets and leased assets (continued)**

**i. Fixed assets and software (continued)**

Bank Mandiri and Subsidiaries applied SFAS No. 16 (Revised 2011) "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**

Group apply SFAS No. 30 (Revised 2011) "Lease", effective beginning on or after January 1, 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 fulfilment 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 benefit related to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits related to ownership of assets.

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

Under an operating lease, the Group 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 Group assessed the classification of each element as a finance lease or an operating lease separately.

**iii. Intangible assets**

Intangible assets are recognized if, and if only when its cost can be measured reliably and it is probable that expected future benefits that are attributable to it will flow to the Bank and Subsidiaries. Intangible assets consist of goodwill and computer software that are purchased by the Bank and Subsidiaries.

Software purchased by the Bank and subsidiaries is recorded at cost less accumulated amortization and accumulation of possible losses. Amortization method, estimated useful life and residual value is reviewed at end of reporting period and adjusted if necessary.

Refer to Note 2s for the accounting treatment of goodwill.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**s. Investments in shares**

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

Investments in shares in associated company represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting 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 January 20, 2005 on "Asset Quality Ratings for Commercial Banks", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investment in shares with ownership below 20% 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 assessment of goodwill impairment regularly.

**t. Allowance for possible losses on non-earning assets**

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

The Bank 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 financial assets in loans and receivables category. 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.

**v. Other assets**

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

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral where the debtor could not fulfil their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**v. Other assets (continued)**

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

Reposessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the reposessed assets less estimated costs of liquidating the reposessed assets. Any excess of the loan balance over the value of the reposessed 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 reposessed assets are recognised as current year's gain or loss at the time of sale.

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

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 BSM's policy. *Wadiah* saving and demand deposits are stated at the Subsidiaries's liability amount.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### y. Deposits from other banks

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

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

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

### z. Insurance contract

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

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

The Subsidiaries issues insurance contracts for traditional insurance product and investment-linked insurance product. Both of these products have significant insurance risk.

The Subsidiaries's products are divided into the following main categories:

- Traditional nonparticipating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-linked, is the insurance product with single and regular premium payment which linked to investment products, which provide a combined benefit of the protection and investment.

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

The Subsidiary unbundles the deposit component of unit-linked contract as required by SFAS No. 62 when both the following conditions are met:

- The Subsidiary can measure separately the "deposit" component (including any embedded surrender option, i.e. without taking into account the "insurance" component);
- The Subsidiary's accounting policies do not otherwise require to recognise all obligations and rights arising from the "deposit" component.

The Subsidiary does not separate the deposit component because only one of the above condition is met.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**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 method of acquiring, servicing and measuring the profitability of its insurance contracts.

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

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

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

Reinsurance

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

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

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

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



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**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 profit or loss and other 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 premium income in the consolidated statements of profit or loss and other comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from insurance cost of mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders.

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

Funds received from customers for sharia unit-linked products is recognized as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-linked product income.

Unexpired Risk Reserve (URR)

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

---

**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 travellers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of marketable securities issued.

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

**ab. Fund borrowings**

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

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

**ac. Subordinated loans**

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

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

**ad. Income tax**

Bank Mandiri and Subsidiaries applies SFAS No.46 (Revised 2014) "Income Tax" which required Bank Mandiri and Subsidiaries to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the consolidated statement of financial position; and transactions and other events of the current period.

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

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

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

Deferred tax assets are recognized if there is probable future that taxable income will be sufficient to be applied against the deductible temporary.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### ad. Income tax (continued)

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 equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's assessment as of the date of consolidated statement of financial position. Assumptions and estimation used in the 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### ae. Temporary *syirkah* funds

Temporary *syirkah* funds represent investment received by 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 muqayyadah* 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ae. Temporary *syirkah* funds (continued)**

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.

**af. Interest and sharia income and expense**

(i) Conventional

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

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

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

(ii) Sharia income

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

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

According to SFAS No.102 (Revised 2013), *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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**af. Interest and sharia income and expense (continued)**

(ii) Sharia income (continued)

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.

(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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 directly attributable unamortised fees and commissions balances relating to loans and consumer financing receivables and investment in lease financing which settled prior to maturity are recognised upon settlement date, of such loans, consumer financing and investment in lease financing.

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

**ai. Employee benefits**

**Pension liability**

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

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

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

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

Prior to January 1, 2015, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ai. Employee benefits (continued)**

**Pension liability (continued)**

Effective on January 1, 2015, the Bank and subsidiaries applied SFAS No. 24 (Revised 2013), "Employee Benefits". The revised SFAS, among others, removes the corridor mechanism and contingent liability disclosures to simplify classification and disclosures. The accumulated unrecognized actuarial gains or losses incurred are recognized as "Other Comprehensive Income" and is presented in the equity section. Past service cost directly charge to profit or loss. Since the impact of the revised SFAS is not significant to the consolidated financial statements, then the implementation of the revised SFAS is applied prospectively.

The post-employment benefits expense recognized during the current year consists of service cost in profit and loss, net interest on the net defined benefit liability in profit and loss and re-measurement of the net defined benefit liabilities in other comprehensive income.

Net interest on the net defined benefit liabilities is the interest income component of plan assets, interest expense of defined benefit liabilities and interest on the effect of asset ceiling.

Remeasurements of the net defined benefit liability consists of:

- Actuarial gains and losses;
- Return on plan assets, excluding amount included in net interest on the net defined benefit liability; and
- Any change in effect of the asset ceiling, excluding amount including in net interest on the net defined benefit liability.

Actuarial gains and losses may arise from the adjustments made based on the experience and changes in actuarial assumption.

**Other post-employment benefit obligations**

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

**Tantiem distribution**

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statement of profit or loss and other comprehensive income.

**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 of December 31, 2015 and 2014 are 23,333,333,333 shares, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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.

In accordance with the change in organization structure applied in early January 2015, the operating segment starting December 31, 2015 are separated in these operating segments: Corporation, Commercial, Micro and Business, Consumer/Individual, Treasury and Market, Head Office, Subsidiaries, Shariah Subsidiary, Subsidiary - Insurance and other Subsidiaries.

A geographical segment is represent component of the Bank and its Subsidiaries that are providing services in different 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 profit or loss and other comprehensive income of respective year.

## **3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Several estimates and assumptions are required in the consolidated financial statements in which the management judgment is required in the determining the methodology in 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.

### **Key sources of estimation uncertainty**

#### **a. Allowances for impairment losses of financial assets**

Evaluation of impairment losses on financial assets carried at amortized cost and debt securities classified as available for sale are described in Note 2c.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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

**Key sources of estimation uncertainty (continued)**

**a. Allowances for impairment losses of financial assets (continued)**

Allowance for impairment losses related to a specific counterparty in the entire allowance for impairment losses established for the charges that are individually evaluated for impairment based on Management's best estimate of the present value of cash flows expected to be received. In calculating the allowance for impairment losses, management makes consideration of the financial condition of the counterparty and the net realizable value of the collateral received. Each asset is impaired are evaluated, and its completion strategy and estimation of cash flows considered recoverable are independently approved by the Credit Risk Management Unit.

Evaluation of impairment losses collectively cover credit losses inherent in the portfolio bill with similar economic characteristics when there is objective evidence that impairment has occurred in the portfolio of the bill, but the decline in the value of the individual cannot be identified. In determining the need to establish loss reserves a collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required reserves, the assumptions made to determine default and loss model to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of this backup depends on how precise the estimated future cash flows to determine the individual reserves and the model assumptions and parameters used in determining collective reserves.

**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. Pension programs**

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.

**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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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

**Key sources of estimation uncertainty (continued)**

**e. Deferred tax assets**

Deferred tax assets are recognized for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be used. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognized, based on current usage and the level of taxable income and future tax planning strategies. Banks do not take into account some of the benefits of deferred tax assets as management believes that deferred tax assets will not be recoverable in the future.

**f. Depreciation and estimated useful life of fixed assets**

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank management estimates the useful lives of the assets between 5 (five) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of fixed assets Bank disclosed in Note 18.

**g. Impairment of non-financial assets**

Bank Mandiri and its subsidiaries assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value of non-financial assets cannot be recovered. Important factors that could cause impairment of non-financial assets are as follows:

- a) Performance is not achieved significantly against expectations of historical or projected operating results in the future;
- b) A significant change in the way the use of the asset or the overall business strategy; and
- c) Industry or economic trends are significantly negative.

Management of the Bank and Subsidiaries recognize an impairment loss if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher value between the fair value minus costs of disposal with the use value of the asset (or cash-generating unit). Estimated recoverable amount for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

**Accounting considerations are important in applying accounting policies the Bank and Subsidiaries**

Accounting considerations are important in applying accounting policies the Bank and Subsidiaries include:

**Going Concern**

Bank and Subsidiaries Management has assessed the ability of the Bank and Subsidiaries to continue its business continuity and believes that the Bank and Subsidiaries have the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank and Subsidiaries to maintain its viability. Therefore, the consolidated financial statements have been prepared on the basis of a going concern.

**Classification of financial assets and liabilities**

Management of the Bank and Subsidiaries determine the classification of the assets and certain liabilities as financial assets and financial liabilities by considering if the definitions set SFAS No. 55 (Revised 2014) have been met. Accordingly, financial assets and financial liabilities are recognized in accordance with the accounting policy of the Bank and Subsidiaries as disclosed in Note 2.c.E.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**4. CURRENT ACCOUNTS WITH BANK INDONESIA**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	44,557,520	40,379,267
United States Dollar (Note 61B.(v))	11,756,796	10,219,573
	<b>56,314,316</b>	<b>50,598,840</b>

As of December 31, 2015 and 2014, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated February 9, 2011, which latest amended by BI Regulation No. 17/21/PBI/2015 dated November 26, 2015 regarding the latest amendment of Bank Indonesia Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
- Primary Minimum Statutory Reserve*)	7.50%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	4.00%
Foreign Currencies	8.00%	8.00%

\*) Primary Minimum Statutory Reserve liabilities Rupiah as of December 1, 2015 decrease from 8.00% to 7.50%.

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 Funding Ratio (LFR) 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 LFR below the minimum of LFR targeted by Bank Indonesia (78%) and if the Bank's LFR above the maximum of LFR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio below BI requirement of 14%.

LFR is a ratio of loan to third parties issued by the bank in Rupiah and foreign currency, not include loan to other banks, towards:

- a. Third Party Funds that includes current accounts, saving accounts, and time deposits in Rupiah and foreign currencies, excluding interbank funds; and
- b. Marketable securities in Rupiah and foreign currencies that meet certain requirements issued by the Bank for obtaining capital.

Based on Bank Indonesia (BI) Regulation No. 17/11/PBI/2015 dated June 25, 2015, the citation of Loan to Deposit Ratio (LDR) on Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 has been changed into Loan to Funding Ratio (LFR) since August 3, 2015 and calculation of Minimum Statutory Reserve of LFR has become effective since August 3, 2015.

Excess Reserve is an excess Bank's balance of the Rupiah Account of Primary Minimum Statutory Reserve and Minimum Statutory Reserve on Loan to Funding Ratio that should be maintained in Bank Indonesia.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)**

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as of December 31, 2015 and 2014, are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
- Primary Minimum Statutory Reserve	7.50%	8.00%
- Secondary Minimum Statutory Reserve	14.35%	17.74%
- Minimum Statutory Reserve on Loan to Funding Ratio	-	-
Foreign currencies	8.50%	8.49%

Bank Mandiri's LFR as of December 31, 2015 is between 78.00%-92.00%, while in December 31, 2014, the Bank still using LDR.

**5. CURRENT ACCOUNTS WITH OTHER BANKS**

a. By currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Related parties (Note 55)	23,070	19,869
Third parties	448,180	258,212
Total	471,250	278,081
Foreign currencies		
Related parties (Note 55)	1,445	1,068
Third parties	9,682,931	8,707,682
Total foreign currencies (Note 61B.(v))	9,684,376	8,708,750
Total	10,155,626	8,986,831
Less: Allowance for impairment losses	(3,412)	(3,364)
<b>Net</b>	<b>10,152,214</b>	<b>8,983,467</b>

Included in foreign currencies are mainly Great Britain Pound Sterling, European Euro, United States Dollar, Japanese Yen, Australian Dollar, Hong Kong Dollar, Chinese Yuan, and Singapore Dollar.

b. By Bank Indonesia's collectibility:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah - Current	471,250	278,081
Foreign currencies		
Current	9,681,195	8,705,569
Loss	3,181	3,181
Total (Note 61B.(v))	9,684,376	8,708,750
Total	10,155,626	8,986,831
Less: Allowance for impairment losses	(3,412)	(3,364)
	<b>10,152,214</b>	<b>8,983,467</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)**

c. The average interest rate (yield) per annum:

	December 31, 2015	December 31, 2014
Rupiah	0.01%	0.14%
Foreign currencies	0.04%	0.08%

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

	December 31, 2015	December 31, 2014
Beginning balance	3,364	11,591
Reversal during the year (Note 44)	(46)	(6,846)
Others*)	94	(1,381)
<b>Ending balance</b>	<b>3,412</b>	<b>3,364</b>

\*) Includes effect of foreign currency translation.

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

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

**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS**

a. By type, currency, maturity and Bank Indonesia's collectibility:

December 31, 2015				
	Maturity	Current	Loss	Total
<b>Rupiah:</b>				
Bank Indonesia	< 1 month	5,909,168	-	5,909,168
Call money	< 1 month	1,110,000	-	1,110,000
Time deposit	≥ 1 month ≤ 3 months	100,000	-	100,000
	< 1 month	2,191,281	-	2,191,281
Saving	≥ 1 month ≤ 3 months	1,481,832	-	1,481,832
	> 3 months ≤ 6 months	725,358	-	725,358
	> 6 months ≤ 12 months	42,500	-	42,500
	no maturity	486	-	486
Total		11,560,625	-	11,560,625
<b>Foreign currencies:</b>				
Bank Indonesia	< 1 month	20,539,650	-	20,539,650
Call money	≥ 1 month ≤ 3 months	689,250	-	689,250
	< 1 month	2,615,015	-	2,615,015
Fixed-term placement	≥ 1 month ≤ 3 months	68,925	-	68,925
	> 12 months	-	45,063	45,063
	< 1 month	1,090,184	-	1,090,184
Time deposit	≥ 1 month ≤ 3 months	308,780	-	308,780
	> 3 months ≤ 6 months	125,857	-	125,857
	> 12 months	-	1,038	1,038
Others	< 1 month	88,385	-	88,385
	≥ 1 month ≤ 3 months	27,590	-	27,590
Total (Note 61B.(v))	> 6 months < 12 months	75,656	-	75,656
	> 12 months	151,605	-	151,605
		25,780,897	46,101	25,826,998
Less: Allowance for impairment losses				37,387,623
Net				(66,760)
				<b>37,320,863</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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

a. By type, currency, maturity and Bank Indonesia's collectability (continued):

December 31, 2014				
	Maturity	Current	Loss	Total
<b>Rupiah:</b>				
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		35,851,924	-	35,851,924
<b>Foreign currencies:</b>				
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 (Note 61B.(v))		25,314,737	46,091	25,360,828
				61,212,752
Less: Allowance for impairment losses				(95,147)
Net				<b>61,117,605</b>

b. By related parties and third parties:

	December 31, 2015	December 31, 2014
<b>Rupiah:</b>		
Related parties (Note 55)	1,572,113	1,250,349
Third parties	9,988,512	34,601,575
Total	11,560,625	35,851,924
<b>Foreign currencies:</b>		
Related parties (Note 55)	419,165	252,729
Third parties	25,407,833	25,108,099
Total (Note 61B.(v))	25,826,998	25,360,828
	37,387,623	61,212,752
Less: Allowance for impairment losses	(66,760)	(95,147)
	<b>37,320,863</b>	<b>61,117,605</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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

c. Average interest rate (yield) per annum:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	3.79%	4.25%
Foreign currencies	0.17%	0.15%

d. As of December 31, 2015, placement in other banks-others with the total amount USD5,488,263 and USD10,997,811 is pledge as collateral for fund borrowing from other banks (December 31, 2014: There was no placement in other banks which had been pledged as collateral) (Notes 36c).

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	95,147	105,599
Allowance during the year (Note 44)	(26,256)	(10,321)
Others*)	(2,131)	(131)
<b>Balance at end of year</b>	<b>66,760</b>	<b>95,147</b>

\*) 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 November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a set-off with the balance of demand deposit, inter-bank call money and L/C UPAS payable of the Subsidiary to the financial institution. The balance of Bank Mandiri's placement with the financial institution (in liquidation) as of December 31, 2015 and 2014 amounted to EUR3,061,829 (full amount) and EUR3,061,829 (full amount), respectively. As of December 31, 2015 and 2014, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES**

a. By purpose, related parties and third parties:

	December 31, 2015	December 31, 2014
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	1,670,013	699,913
Available for sale	8,826,132	6,628,460
Held to maturity	1,013,537	1,157,606
At cost*)	411,507	295,000
	<u>11,921,189</u>	<u>8,780,979</u>
Third parties:		
Fair value through profit or loss	1,751,959	3,693,306
Available for sale	8,850,569	6,599,574
Held to maturity	6,299,438	6,034,421
At cost*)	308,201	217,933
	<u>17,210,167</u>	<u>16,545,234</u>
<u>Investments in unit-linked contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	4,595,215	6,022,118
Third parties:		
Fair value through profit or loss	10,576,964	9,502,827
Total	44,303,535	40,851,158
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of marketable securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	<u>(661,971)</u>	<u>(386,000)</u>
	<u><b>43,641,564</b></u>	<u><b>40,465,158</b></u>

\*) Marketable securities own by Subsidiary, PT Bank Syariah Mandiri.

\*\*) Investments in unit-linked contracts are investments owned by policyholders unit-linked contracts of Subsidiary's PT Axa Mandiri Financial Services, which are presented at fair value.

b. By type, currency and Bank Indonesia's collectibility:

	December 31, 2015						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,707,505	-	11,661	1,719,166	-	-	1,719,166
Investments in mutual fund units	868,552	-	5,425	873,977	-	-	873,977
Certificates of Bank Indonesia	581,325	-	10,044	591,369	-	-	591,369
Shares	27,644	-	(35)	27,609	-	-	27,609
	<u>3,185,026</u>	<u>-</u>	<u>27,095</u>	<u>3,212,121</u>	<u>-</u>	<u>-</u>	<u>3,212,121</u>

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

\*\*) Held to maturity securities are presented at amortised cost.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

b. By type, currency and Bank Indonesia's collectability (continued):

	December 31, 2015 (continued)						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah (continued):							
<u>Investments in unit-linked contracts *)</u>							
Shares	14,962,203	-	-	14,962,203	-	-	14,962,203
Investments in mutual fund units	173,462	-	-	173,462	-	-	173,462
Bonds	36,514	-	-	36,514	-	-	36,514
	<u>15,172,179</u>	-	-	<u>15,172,179</u>	-	-	<u>15,172,179</u>
	<u>18,357,205</u>	-	<u>27,095</u>	<u>18,384,300</u>	-	-	<u>18,384,300</u>
Available for sale							
Investments in mutual fund units	6,300,000	-	43,036	6,343,036	-	-	6,343,036
Bonds	3,085,863	-	(24,808)	3,061,055	-	-	3,061,055
Negotiable Certificate of Deposit	610,599	-	(1,502)	609,097	-	-	609,097
Medium term notes	317,500	-	-	317,500	-	-	317,500
Certificate of Bank Indonesia	48,351	-	-	48,351	-	-	48,351
	<u>10,362,313</u>	-	<u>16,726</u>	<u>10,379,039</u>	-	-	<u>10,379,039</u>
Held to maturity							
Bonds	2,217,000	-	-	2,130,000	-	87,000	2,217,000
Certificates of Bank Indonesia	1,955,000	(773)	-	1,954,227	-	-	1,954,227
Medium term notes	1,150,000	(1,217)	-	1,148,783	-	-	1,148,783
Export bills	740,285	-	-	740,285	-	-	740,285
	<u>6,062,285</u>	<u>(1,990)</u>	-	<u>5,973,295</u>	-	<u>87,000</u>	<u>6,060,295</u>
At cost***)							
Sharia Corporate bonds	515,000	6	-	378,006	-	137,000	515,006
Export bills	204,501	-	-	204,501	-	-	204,501
	<u>719,501</u>	<u>6</u>	-	<u>582,507</u>	-	<u>137,000</u>	<u>719,507</u>
Total	<u>35,501,304</u>	<u>(1,984)</u>	<u>43,821</u>	<u>35,319,141</u>	-	<u>224,000</u>	<u>35,543,141</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	236,946	-	303	237,249	-	-	237,249
Available for sale							
Bonds	6,414,494	-	(393,804)	6,020,690	-	-	6,020,690
Treasury bills	899,894	-	(1,138)	898,756	-	-	898,756
	<u>7,314,388</u>	-	<u>(394,942)</u>	<u>6,919,446</u>	-	-	<u>6,919,446</u>
Held to maturity							
Export bills	1,250,690	-	-	1,250,690	-	-	1,250,690
At cost***)							
Export bills	207	-	-	207	-	-	207
Total (Note 61B.(v))	<u>8,802,231</u>	-	<u>(394,639)</u>	<u>8,407,592</u>	-	-	<u>8,407,592</u>
	<u>44,303,535</u>	<u>(1,984)</u>	<u>(350,818)</u>	<u>43,726,733</u>	-	<u>224,000</u>	<u>43,950,733</u>
Less: Allowance for impairment losses							(309,169)
<b>Net</b>							<b><u>43,641,564</u></b>

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

\*\*) Held to maturity securities are presented at amortised cost.

\*\*\*) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2014						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
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
Bonds	565,649	-	(6,311)	559,338	-	-	559,338
Shares	170,893	-	5,081	175,974	-	-	175,974
	<u>4,163,596</u>	<u>-</u>	<u>14,134</u>	<u>4,177,730</u>	<u>-</u>	<u>-</u>	<u>4,177,730</u>
<u>Investments in unit-linked contracts *)</u>							
Shares	15,367,204	-	-	15,367,204	-	-	15,367,204
Investments in mutual fund units	114,716	-	-	114,716	-	-	114,716
Bonds	43,025	-	-	43,025	-	-	43,025
	<u>15,524,945</u>	<u>-</u>	<u>-</u>	<u>15,524,945</u>	<u>-</u>	<u>-</u>	<u>15,524,945</u>
	<u>19,688,541</u>	<u>-</u>	<u>14,134</u>	<u>19,702,675</u>	<u>-</u>	<u>-</u>	<u>19,702,675</u>
Available for sale							
Investments in mutual fund units	4,927,000	-	45,419	4,972,419	-	-	4,972,419
Bonds	2,447,545	-	(40,253)	2,407,292	-	-	2,407,292
Medium term notes	450,000	-	-	450,000	-	-	450,000
Negotiable Certificate of Deposit	361,581	-	109	361,690	-	-	361,690
	<u>8,186,126</u>	<u>-</u>	<u>5,275</u>	<u>8,191,401</u>	<u>-</u>	<u>-</u>	<u>8,191,401</u>
Held to maturity							
Certificates of Bank Indonesia	2,868,304	(2,527)	-	2,865,777	-	-	2,865,777
Bonds	1,986,000	(91)	-	1,898,949	86,960	-	1,985,909
Medium term notes	1,150,000	(1,915)	-	1,148,085	-	-	1,148,085
Export bills	128,754	-	-	128,754	-	-	128,754
	<u>6,133,058</u>	<u>(4,533)</u>	<u>-</u>	<u>6,041,565</u>	<u>86,960</u>	<u>-</u>	<u>6,128,525</u>
At cost****)							
Sharia Corporate bonds	495,000	980	-	358,980	-	137,000	495,980
Export bills	17,044	-	-	17,044	-	-	17,044
	<u>512,044</u>	<u>980</u>	<u>-</u>	<u>376,024</u>	<u>-</u>	<u>137,000</u>	<u>513,024</u>
<b>Total Rupiah</b>	<u>34,519,769</u>	<u>(3,553)</u>	<u>19,409</u>	<u>34,311,665</u>	<u>86,960</u>	<u>137,000</u>	<u>34,535,625</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	229,623	-	(17)	229,606	-	-	229,606
Available for sale							
Bonds	4,784,762	-	(96,865)	4,687,897	-	-	4,687,897
Treasury bills	257,146	-	(3,195)	253,951	-	-	253,951
	<u>5,041,908</u>	<u>-</u>	<u>(100,060)</u>	<u>4,941,848</u>	<u>-</u>	<u>-</u>	<u>4,941,848</u>
Held to maturity							
Export bills	1,058,969	-	-	1,058,969	-	-	1,058,969
At cost****)							
Export bills	889	-	-	889	-	-	889
<b>Total (Note 61B.(v))</b>	<u>6,331,389</u>	<u>-</u>	<u>(100,077)</u>	<u>6,231,312</u>	<u>-</u>	<u>-</u>	<u>6,231,312</u>
<b>Total</b>	<u>40,851,158</u>	<u>(3,553)</u>	<u>(80,668)</u>	<u>40,542,977</u>	<u>86,960</u>	<u>137,000</u>	<u>40,766,937</u>
Less: Allowance for impairment losses							(301,779)
<b>Net</b>							<u><b>40,465,158</b></u>

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

\*\*) Held to maturity securities are presented at amortised cost.

\*\*\*) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

c. By remaining period to maturity:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,883,196	1,823,931
≤ 1 year	6,281,973	10,668,922
> 1 ≤ 5 years	11,763,956	6,358,971
> 5 < 10 years	400,000	143,000
<b>Total</b>	<b>20,329,125</b>	<b>18,994,824</b>
Foreign currencies:		
≤ 1 year	2,532,755	1,423,613
> 1 ≤ 5 years	1,414,964	889,588
> 5 < 10 years	4,854,512	4,018,188
<b>Total</b>	<b>8,802,231</b>	<b>6,331,389</b>
<u>Investments in unit-linked *)</u>		
Rupiah:		
No maturity date	15,135,665	15,481,920
≤ 1 year	12,668	-
≥ 1 ≤ 5 years	23,846	20,148
> 5 ≤ 10 years	-	22,877
<b>Total</b>	<b>15,172,179</b>	<b>15,524,945</b>
	<b>44,303,535</b>	<b>40,851,158</b>
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	<b>(661,971)</b>	<b>(386,000)</b>
	<b>43,641,564</b>	<b>40,465,158</b>

\*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts, PT AXA Mandiri Financial Services, which are presented at fair value.

d. By issuer:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<u>Marketable securities</u>		
Corporate	19,813,436	16,459,149
Central Bank	2,807,843	5,385,943
Banks	4,171,897	3,016,163
Government	2,338,180	464,958
	<b>29,131,356</b>	<b>25,326,213</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

d. By issuer (continued):

	December 31, 2015	December 31, 2014
<u>Investments in unit-linked contracts *)</u>		
Banks	3,966,025	4,214,249
Corporate	11,206,154	11,310,696
	<u>15,172,179</u>	<u>15,524,945</u>
Total	44,303,535	40,851,158
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	<u>(661,971)</u>	<u>(386,000)</u>
<b>Net</b>	<b><u>43,641,564</u></b>	<b><u>40,465,158</u></b>

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

e. Details of bonds by rating:

	Rating Agencies	Rating*)		Fair value/at cost/amortised cost	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<u>Marketable securities</u>					
Bonds					
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	-	45,000	-
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAAA	34,255	43,968
PT Federal International Finance	Pefindo	idAAA	idAA+	14,946	38,059
PT Bank Maybank Indonesia Tbk.	Pefindo	idAAA	idAAA	10,942	10,933
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	9,977	9,797
PT Aneka Tambang (Persero) Tbk.	Pefindo	-	idA	-	6,451
PT Sumberdaya Sewatama	Pefindo	-	idA	-	982
Others **)	Various	Various	Various	<u>1,604,046</u>	<u>449,148</u>
				<u>1,719,166</u>	<u>559,338</u>

\*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

\*\*) Bonds classified as fair value through profit or loss mainly consist of treasury bills (Surat Perbendaharaan Negara) which has no rating.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

e. Details of bonds by rating (continued):

	Rating Agencies	Rating*)		Fair value/at cost/amortised cost	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Rupiah (continued)</b>					
<b>Fair value through profit or loss (continued)</b>					
<u>Investments in unit-linked contracts ***)</u>					
PT AKR Corporindo Tbk. Pefindo		idAA-	idAA-	20,418	25,760
PT Adira Dinamika Multi Finance Tbk. Pefindo		idAAA	idAAA	2,001	1,969
PT Toyota Astra Financial Services Pefindo		idAA+	-	1,929	-
Others	Various	Various	Various	12,166	15,296
				<u>36,514</u>	<u>43,025</u>
				<u>1,755,680</u>	<u>602,363</u>
<b>Available for sale</b>					
<u>Marketable securities</u>					
Bonds					
PT Indofood Sukses Makmur Tbk. Pefindo		idAA+	idAA+	349,725	330,400
PT Sarana Multigriya Finansial (Persero) Pefindo		idAA+	idAA+	292,627	143,665
PT Telekomunikasi Indonesia Tbk Pefindo		idAAA	-	255,484	-
PT Astra Sedaya Finance Pefindo		idAAA	idAAA	251,930	249,350
PT Jasa Marga (Persero) Tbk. Pefindo		idAA	idAA	204,795	317,620
PT Bank OCBC NISPTbk. Pefindo		idAAA	idAAA	157,550	105,530
PT Medco Energi Internasional Tbk. Pefindo		idA+	idAA-	68,075	66,010
PT Panorama Sentrawisata Tbk. Pefindo		idA-	idA-	49,546	50,277
PT Bank Maybank Indonesia Tbk. Pefindo		idAAA	idAAA	24,450	122,988
PT Pembangunan Jaya Ancol Tbk. Pefindo		idAA-	idAA-	9,586	49,263
Others	Various	Various	Various	1,397,287	972,189
				<u>3,061,055</u>	<u>2,407,292</u>
<b>Held to maturity</b>					
<u>Marketable securities</u>					
Bonds					
PT Tunas Baru Lampung Tbk. Pefindo		idA	idA	500,000	500,000
PT Surya Artha Nusantara Finance Pefindo		idAA-	idAA-	600,000	300,000
PT Medco Energi International Tbk. Pefindo		idA+	idAA-	223,000	223,000
PT Arpeni Pratama Ocena Line Tbk. Pefindo		idD	idD	87,000	86,960
PT Mayora Indah Tbk Pefindo		idAA-	idAA-	74,000	74,000
PT Indosat Tbk Pefindo		idAAA	idAAA	36,000	60,949
Others	Various	Various	Various	697,000	741,000
				<u>2,217,000</u>	<u>1,985,909</u>
<b>At cost**)</b>					
<u>Marketable securities</u>					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero) Pefindo		idAAA	idAAA	265,000	295,572
PT Berlian Laju Tanker Tbk. Pefindo		idD	idD	87,000	87,000
Others	Various	Various	Various	163,006	113,408
				<u>515,006</u>	<u>495,980</u>
				<u>2,732,006</u>	<u>2,481,889</u>
<b>Total</b>				<b><u>7,548,741</u></b>	<b><u>5,491,544</u></b>

\*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

\*\*) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri

\*\*\*) Investments in unit-linked contracts are investments own by policyholder of Subsidiary's unit link unit contracts which are presented at fair value.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

e. Details of bonds by rating (continued):

	Rating Agencies	Rating*)		Fair value/at cost/amortised cost	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Foreign currencies</b>					
<b>Available for sale</b>					
<b>Marketable securities</b>					
<b>Bonds</b>					
PT Pertamina (Persero)	Moody's/Fitch	Baa3	BBB-	4,217,700	3,803,297
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	1,049,993	213,177
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	292,018	407,219
PT Perusahaan Gas Negara (Persero) Tbk.	Moody's	Baa3	Baa3	132,751	88,608
Bank of China Hongkong, Ltd	S&P	A+	A+	132,704	25,563
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,204	122,612
PT Pelindo (Persero)	Moody's	Baa3	-	73,320	-
Bank Of East Asia	S&P	-	A-	-	27,421
<b>Total</b>				<b>6,020,690</b>	<b>4,687,897</b>

\*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2015	December 31, 2014
Rupiah	7.85%	6.74%
Foreign currencies	3.88%	5.56%

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

	December 31, 2015	December 31, 2014
Beginning balance	301,779	317,066
Allowance during the year (Note 44)	34,394	18,804
Others*)	(27,004)	(34,091)
<b>Balance at end of year</b>	<b>309,169</b>	<b>301,779</b>

\*) 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**7. MARKETABLE SECURITIES (continued)**

- i. Investment in mutual fund of the Bank are classified as available for sale:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Protected Mutual Fund BNP Paribas Selaras IV	2,513,844	-
Protected Mutual Fund Schroder IDR Income Plan I	1,005,484	-
Protected Mutual Fund Emco VII	905,628	-
Protected Mutual Fund Emco VIII	603,764	-
Protected Mutual Fund Emco Terproteksi	412,883	411,671
Protected Mutual Fund BNP Paribas Selaras	-	1,507,907
Protected Mutual Fund BNP Paribas Selaras II	-	1,010,412
Protected Mutual Fund Schroder Income Plan X	-	808,405
Protected Mutual Fund Schroder IDR Income Plan XI	-	804,267
	<b>5,441,603</b>	<b>4,542,662</b>

RDT Schroder Regular Income Plan XI and BNP Paribas Selaras II matured on April 2015, Reksa Dana Terproteksi BNP Paribas Selaras and Reksa Dana Terproteksi Schroder Regular Income Plan X matured in November 2015. The main underlying assets of the mutual funds consist of government bonds.

- j. As of December 31, 2015, marketable securities with total nominal amount are Rp500,000 (December 31, 2014: Rp450,000) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2015, marketable securities with total nominal amount USD65,000,000 (full amount) (December 31, 2014: Rp65,000,000 (full amount)) 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 of December 31, 2015 and 2014, with details as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Related party (Note 55)		
<u>Government bonds</u>		
Fair value through profit or loss	1,583,907	1,745,205
Available for sale	74,153,603	61,187,145
Held to maturity	20,811,293	21,195,694
At cost*)	6,054,722	875,973
<u>Investments in unit-linked contracts **)</u>		
Fair value through profit or loss	1,265,836	1,149,889
	<b>103,869,361</b>	<b>86,153,906</b>

\*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 follows:

	December 31, 2015	December 31, 2014
<b>Rupiah</b>		
<b>Fair value through profit or loss</b>		
<u>Government bond</u>		
Less than 1 year	621,972	114,550
1 - 5 years	384,211	601,347
5 - 10 years	407,901	410,816
Over 10 years	137,447	618,492
	1,551,531	1,745,205
<u>Investments in unit-link contracts **)</u>		
Less than 1 year	210,782	18,721
1 - 5 years	44,968	97,069
5 - 10 years	525,698	562,420
Over 10 years	484,388	471,679
	1,265,836	1,149,889
	2,817,367	2,895,094
<b>Available for sale</b>		
Less than 1 year	2,576,119	1,895,913
1 - 5 years	43,744,002	22,979,323
5 - 10 years	3,097,608	24,716,089
Over 10 years	514,063	-
	49,931,792	49,591,325
<b>Held to maturity</b>		
Less than 1 year	10,897,849	412,758
1 - 5 years	9,439,045	20,326,052
5 - 10 years	50,272	40,756
Over 10 years	148,349	157,528
	20,535,515	20,937,094
<b>At cost**)</b>		
Less than 1 year	2,890,495	714,000
1 - 5 years	3,013,879	23,385
	5,904,374	737,385
<b>Total</b>	79,189,048	74,160,898

\*) 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.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**8. GOVERNMENT BONDS (continued)**

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Foreign currency</b>		
<b>Fair value through profit or loss</b>		
5 - 10 years	4,454	-
Over 10 years	27,922	-
	<u>32,376</u>	<u>-</u>
<b>Available for sale</b>		
Less than 1 year	896,439	608,113
1 - 5 years	14,656,555	8,002,450
5 - 10 Years	8,166,190	2,985,257
Over 10 years	502,627	-
	<u>24,221,811</u>	<u>11,595,820</u>
<b>Held to maturity</b>		
Less than 1 year	193,320	-
1 - 5 years	27,566	209,310
5 - 10 years	54,892	49,290
	<u>275,778</u>	<u>258,600</u>
<b>At cost**)</b>		
1 - 5 years	150,348	138,588
Total (Note 61B.(v))	<u>24,680,313</u>	<u>11,993,008</u>
	<b><u>103,869,361</u></b>	<b><u>86,153,906</u></b>

\*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

b. By type

	<b>December 31, 2015</b>				
	<b>Nominal</b>	<b>Interest rates per annum</b>	<b>Fair value</b>	<b>Maturity dates</b>	<b>Frequency of interest payment</b>
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<u>1,589,173</u>	5.25%-12.80%	<u>1,551,531</u>	27/02/2016 - 15/03/2034	1 and 6 months
<b>Investments in unit-link contracts **)</b>					
Fixed rate bonds	<u>1,265,836</u>	6.00%-11.00%	<u>1,265,836</u>	07/01/2016 - 15/05/2036	1,6 and SPN 3 months
<b>Available for sale</b>					
Fixed rate bonds	14,671,740	5.25%-12.90%	14,375,481	27/02/2016- 15/02/2044	1 and 6 months
Variable rate bonds	36,011,774	SPN 3 months	35,556,311	25/03/2016 - 25/07/2020	3 months
	<u>50,683,514</u>		<u>49,931,792</u>		

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**8. GOVERNMENT BONDS (continued)**

b. By type (continued)

<b>December 31, 2015</b>				
	<b>Amortised cost</b>	<b>Interest rates per annum</b>	<b>Maturity dates</b>	<b>Frequency of interest payment</b>
<b>Rupiah</b>				
<b>Held to maturity</b>				
Fixed rate bonds	296,936	8.25%-11.75%	15/05/2016 - 15/05/2037	6 months
Variable rate bonds	20,238,579	SPN 3 months	25/03/2016 - 25/09/2017	3 months
	<b><u>20,535,515</u></b>			
<b>At cost*)</b>				
Fixed rate bonds	<b><u>5,904,374</u></b>	7.00%-8.75%	15/01/2016 - 25/01/2019	1 and 6 months

<b>December 31, 2015</b>					
	<b>Nominal</b>	<b>Interest rates per annum</b>	<b>Fair value</b>	<b>Maturity dates</b>	<b>Frequency of interest payment</b>
<b>Foreign currency</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<b><u>32,856</u></b>	3.30%-5.25%	<b><u>32,376</u></b>	21/11/2022 - 17/01/2042	6 months
<b>Available for sale</b>					
Fixed rate bonds	<b><u>23,271,954</u></b>	3.30%-11.63%	<b><u>24,221,811</u></b>	15/01/2016- 08/01/2026	6 months

<b>December 31, 2015</b>				
	<b>Amortised Cost</b>	<b>Interest rates per annum</b>	<b>Maturity dates</b>	<b>Frequency of interest payment</b>
<b>Foreign currency</b>				
<b>Held to maturity</b>				
Fixed rate bonds	<b><u>275,778</u></b>	5.88%-7.50%	15/01/2016 - 15/01/2024	6 months
<b>At cost*)</b>				
Fixed rate bonds	<b><u>150,348</u></b>	6.13%	15/03/2019	6 months

\*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

<b>December 31, 2014</b>					
	<b>Nominal</b>	<b>Interest rates per annum</b>	<b>Fair value</b>	<b>Maturity dates</b>	<b>Frequency of interest payment</b>
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<b><u>1,751,082</u></b>	5.25%-12.80%	<b><u>1,745,205</u></b>	15/06/2015 - 15/02/2044	1 and 6 months
<b>Investments in unit-linked contracts **)</b>					
Fixed rate bonds	<b><u>1,149,889</u></b>	6.25%-11.00%	<b><u>1,149,889</u></b>	21/09/2015 - 15/03/2034	1 and 6 months
<b>Available for sale</b>					
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	<b><u>41,074,774</u></b>	SPN 3 months	<b><u>40,572,829</u></b>	25/11/2015 - 25/07/2020	3 months
	<b><u>50,255,887</u></b>		<b><u>49,591,325</u></b>		

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**8. GOVERNMENT BONDS (continued)**

b. By type (continued)

December 31, 2014				
	Amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Rupiah</b>				
<b>Held to maturity</b>				
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
	<u>20,937,094</u>			
<b>At cost*)</b>				
Fixed rate bonds	<u>737,385</u>	8.75%-11.80%	15/08/2015 - 05/03/2017	6 months

December 31, 2014					
	Nominal	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Foreign currency</b>					
<b>Available for sale</b>					
Fixed rate bonds	<u>10,975,339</u>	3.30%-11.63%	<u>11,595,820</u>	20/04/2015 - 15/04/2023	6 months

December 31, 2014				
	Amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Foreign currency</b>				
<b>Held to maturity</b>				
Fixed rate bonds	<u>258,600</u>	5.88%-7.50%	15/01/2016 - 15/01/2024	6 months
<b>At cost*)</b>				
Fixed rate bonds	<u>138,588</u>	6.13%	15/03/2019	6 months

\*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

c. Other information

As of December 31, 2015, government bonds with total nominal amount of Rp5,072,742 were sold under repurchase agreements (December 31, 2014: Rp6,821,742) (Note 28).

As of December 31, 2015, government bonds with total nominal amount of Rp4,626,109 and USD594,500,000 (full amount) (December 31, 2014: Rp13,772,473 and USD581,729,000(full amount)) had been pledged as collateral for fund borrowings from other banks (Note 36b and 36c).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**9. OTHER RECEIVABLES - TRADE TRANSACTIONS**

a. By type, currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	1,682,124	29,126
Others	3,236,509	3,514,462
	<u>4,918,633</u>	<u>3,543,588</u>
Third parties		
Usance L/C payable at sight	1,769,163	966,481
Others	2,701,587	1,570,028
	<u>4,470,750</u>	<u>2,536,509</u>
Total	<u>9,389,383</u>	<u>6,080,097</u>
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	1,639,139	2,328,822
Others	494,003	542,213
	<u>2,133,142</u>	<u>2,871,035</u>
Third parties		
Usance L/C payable at sight	1,417,022	2,626,818
Others	1,972,966	1,660,017
	<u>3,389,988</u>	<u>4,286,835</u>
Total (Note 61B.(v))	<u>5,523,130</u>	<u>7,157,870</u>
	14,912,513	13,237,967
Less: allowance for impairment losses	(1,727,747)	(1,586,271)
<b>Net</b>	<b><u>13,184,766</u></b>	<b><u>11,651,696</u></b>

b. By Bank Indonesia's collectibility:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current	13,246,935	11,577,417
Special mention	503,147	599,234
Substandard	-	54,964
Doubtful	58,819	-
Loss	1,103,612	1,006,352
	<u>14,912,513</u>	<u>13,237,967</u>
Less: allowance for impairment losses	(1,727,747)	(1,586,271)
<b>Net</b>	<b><u>13,184,766</u></b>	<b><u>11,651,696</u></b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)**

c. By maturity:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Less than 1 month	2,494,602	1,639,539
1 - 3 months	4,148,854	2,836,836
3 - 6 months	2,558,731	1,379,292
6 - 12 months	41,254	78,487
Over 12 months	145,942	145,943
<b>Total</b>	<b>9,389,383</b>	<b>6,080,097</b>
Foreign currencies:		
Less than 1 month	1,664,266	663,299
1 - 3 months	1,462,208	2,567,987
3 - 6 months	1,430,991	3,014,228
6 - 12 months	317	51,948
Over 12 months	965,348	860,408
<b>Total (Note 61B.(v))</b>	<b>5,523,130</b>	<b>7,157,870</b>
	<b>14,912,513</b>	<b>13,237,967</b>
Less: allowance for impairment losses	<b>(1,727,747)</b>	<b>(1,586,271)</b>
	<b>13,184,766</b>	<b>11,651,696</b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	1,586,271	1,424,454
(Reversal)/allowance during the year (Note 44)	(41,428)	115,522
Others*)	182,904	46,295
<b>Balance at end of year</b>	<b>1,727,747</b>	<b>1,586,271</b>

\*) 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS**

a. Securities purchased under resale agreements

<b>December 31, 2015</b>					
<b>Type of securities</b>	<b>Starting date</b>	<b>Maturity date</b>	<b>Resale amount</b>	<b>Unamortised interest</b>	<b>Carrying amount</b>
Third parties					
Rupiah					
SBSN	04/12/2015	04/01/2016	185,179	131	185,048
SBSN	11/12/2015	08/01/2016	184,183	261	183,922
Shares	09/07/2015	05/01/2016	64,800	139	64,661
Shares	24/11/2015	25/05/2016	54,067	3,270	50,797
Shares	22/10/2015	22/02/2016	37,033	890	36,143
Shares	23/07/2015	19/01/2016	32,400	263	32,137
Shares	15/12/2015	15/06/2016	27,033	1,861	25,172
Shares	19/11/2015	09/11/2016	28,956	3,963	24,993
Shares	23/11/2015	11/11/2016	28,933	3,984	24,949
Shares	25/11/2015	15/11/2016	28,956	4,033	24,923
Shares	15/10/2015	29/01/2016	13,651	181	13,470
Shares	29/07/2015	25/01/2016	<u>10,800</u>	<u>115</u>	<u>10,685</u>
Total			<u>695,991</u>	<u>19,091</u>	<u>676,900</u>
Allowance for impairment losses					-
<b>Net</b>					<u><b>676,900</b></u>

<b>December 31, 2014</b>					
<b>Type of securities</b>	<b>Starting date</b>	<b>Maturity date</b>	<b>Resale amount</b>	<b>Unamortised interest</b>	<b>Carrying amount</b>
Third parties					
Rupiah					
Bonds FR0044	29/12/2014	26/01/2015	999,092	4,143	994,949
Bonds FR0071	05/12/2014	06/01/2015	942,780	784	941,996
Bonds FR0053	12/12/2014	08/01/2015	902,401	1,050	901,351
Bonds FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Bonds FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Bonds FR0066	02/12/2014	02/01/2015	872,905	145	872,760
Bonds 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
Bonds FR0044	29/12/2014	26/01/2015	769,244	3,190	766,054
Bonds FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Bonds FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Bonds FR0063	29/12/2014	26/01/2015	716,466	2,971	713,495
Bonds FR0031	04/12/2014	05/01/2015	710,241	473	709,768
Bonds FR0027	30/12/2014	27/01/2015	645,911	2,786	643,125
Bonds 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
Bonds FR0053	12/12/2014	08/01/2015	517,577	602	516,975
Bonds FR0057	17/11/2014	12/01/2015	511,502	975	510,527
Bonds 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
Bonds FR0056	30/12/2014	27/01/2015	420,260	1,812	418,448
Bonds FR0070	29/12/2014	26/01/2015	404,335	1,677	402,658
Bonds FR0057	13/11/2014	08/01/2015	315,380	383	314,997
Bonds FR0066	06/11/2014	02/01/2015	262,602	45	262,557
Bonds FR0058	24/11/2014	19/01/2015	247,838	777	247,061
Bonds FR0058	24/11/2014	19/01/2015	247,827	773	247,054
Bonds FR0035	29/12/2014	26/01/2015	228,114	946	227,168
Bonds FR0061	15/12/2014	09/02/2015	226,438	1,531	224,907
Bonds FR0059	03/12/2014	28/01/2015	220,719	1,031	219,688
Bonds FR0069	04/12/2014	05/01/2015	219,023	146	218,877
Bonds FR0064	03/12/2014	28/01/2015	202,007	945	201,062
SBSN	19/12/2014	16/01/2015	197,803	526	197,277
Bonds FR0059	30/12/2014	27/01/2015	182,449	787	181,662
Shares	29/09/2014	15/01/2015	163,139	1,083	162,056
Bonds FR0058	24/11/2014	19/01/2015	155,483	488	154,995
Bonds FR0058	24/11/2014	19/01/2015	146,630	460	146,170
Bonds 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
Shares	16/10/2014	14/04/2015	134,688	6,432	128,256

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)**

a. Securities purchased under resale agreements (continued)

Type of securities	December 31, 2014				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
SBSN	05/12/2014	02/01/2015	121,352	40	121,312
Bonds 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
Bonds 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
Shares	18/11/2014	18/11/2015	58,111	8,128	49,983
Shares	20/11/2014	20/11/2015	58,111	8,175	49,936
Shares	24/11/2014	24/11/2015	58,111	8,269	49,842
Shares	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
Bonds FR0062	13/11/2014	08/01/2015	30,015	37	29,978
Shares	13/06/2014	12/06/2015	28,539	1,888	26,651
Shares	15/10/2014	12/06/2015	27,417	1,899	25,518
Shares	27/10/2014	26/01/2015	10,303	102	10,201
Shares	12/12/2014	11/06/2015	10,603	686	9,917
Shares	29/09/2014	15/01/2015	8,892	59	8,833
Bonds 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)
<b>Net</b>					<b>19,744,804</b>

b. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	676,900	19,786,745
Less: allowance for impairment losses	-	(41,941)
	<b>676,900</b>	<b>19,744,804</b>

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

	December 31, 2015	December 31, 2014
Beginning balance	41,941	-
(Reversal)/allowance during the year (Note 44)	(41,941)	41,941
<b>Ending balance</b>	<b>-</b>	<b>41,941</b>

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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**11. DERIVATIVE RECEIVABLES AND PAYABLES**

As of December 31, 2015, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Related parties (Note 55)</b>			
<u>Foreign exchange related</u>			
1. Forward - sell			
United States Dollar	2,222,820	18,861	1,504
2. Swap - sell			
United States Dollar	1,184,300	12,924	1,290
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar		-	2
Others		367	299
Total related parties		32,152	3,095
<b>Third parties</b>			
<u>Foreign exchange related</u>			
1. Forward - buy			
United States Dollar	800,095	851	12,385
Others	45,691	524	-
2. Forward - sell			
United States Dollar	6,736,246	211,196	1,132
Others	138,559	840	249
3. Swap - buy			
United States Dollar	8,778,275	34,575	33,976
Other	3,340,455	42,858	194
4. Swap - sell			
United States Dollar	9,964,506	128,560	18,065
Others	762,529	631	3,067
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar		15,921	224,998
Others		232,776	1,918
Total third parties		668,732	295,984
<b>Total</b>		<b>700,884</b>	<b>299,079</b>

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

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Related parties (Note 55)</b>			
<u>Foreign exchange related</u>			
1. Forward - buy			
United States Dollar	38,685	827	15
2. Forward - sell			
United States Dollar	555,467	4,980	515
<u>Interest rate related</u>			
1. Swap - interest rate			
Others		-	8,149
Total related parties		5,807	8,679



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)**

As of December 31, 2014, the summary of derivative transactions is as follows (continued):

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Third parties</b>			
<u>Foreign exchange related</u>			
1. Forward - buy			
United States Dollar	1,338,106	12,266	5,466
Others	47,302	-	572
2. Forward - sell			
United States Dollar	4,898,228	25,129	6,284
Others	40,324	386	-
3. Swap - buy			
United States Dollar	3,652,953	8,505	17,852
Others	446,524	571	-
4. Swap - sell			
United States Dollar	9,524,366	6,904	75,923
Others	685,980	1,680	1,368
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar		7,205	4,155
Others		2,591	36,756
Total third parties		65,237	148,376
<b>Total</b>		<b>71,044</b>	<b>157,055</b>

As of December 31, 2015 and 2014, derivative contracts were not designated as hedge accounting.

As of December 31, 2015 and 2014, Bank Indonesia's collectibility for derivative receivables is current.

**12. LOANS AND SHARIA FINANCING/RECEIVABLES**

A. Details of loans and sharia financing/receivables:

a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)	51,584,235	44,247,390
Third parties	442,937,919	400,188,347
Total	494,522,154	444,435,737
Foreign currencies:		
Related parties (Note 55)	23,821,572	23,366,142
Third parties	68,331,711	55,299,938
Total (Note 61B.(v))	92,153,283	78,666,080
Less: allowance for impairment losses	586,675,437 (22,281,842)	523,101,817 (17,706,947)
<b>Net</b>	<b>564,393,595</b>	<b>505,394,870</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

b.1 By type:

	<b>December 31, 2015</b>		
	<b>Non-impaired <sup>**)</sup></b>	<b>Impaired <sup>*)**)</sup></b>	<b>Total</b>
Rupiah:			
Working capital	208,014,952	15,610,895	223,625,847
Investment	119,075,029	8,985,836	128,060,865
Consumer	111,634,458	2,162,270	113,796,728
Syndicated	12,444,018	754,225	13,198,243
Export	10,702,639	149,861	10,852,500
Employees	4,008,931	67,680	4,076,611
Government program	759,051	152,309	911,360
<b>Total</b>	<b>466,639,078</b>	<b>27,883,076</b>	<b>494,522,154</b>
Foreign currencies:			
Working capital	28,485,384	5,220,454	33,705,838
Investment	27,410,237	7,464,351	34,874,588
Consumer	278,873	-	278,873
Syndicated	12,936,393	242,545	13,178,938
Export	9,251,222	863,087	10,114,309
Employees	737	-	737
<b>Total (Note 61B.(v))</b>	<b>78,362,846</b>	<b>13,790,437</b>	<b>92,153,283</b>
	545,001,924	41,673,513 <sup>1)</sup>	586,675,437
Less: allowance for impairment losses	(5,507,533)	(16,774,309) <sup>2)</sup>	(22,281,842)
<b>Net</b>	<b>539,494,391</b>	<b>24,899,204<sup>3)</sup></b>	<b>564,393,595</b>

\*) 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 over Rp5,000 (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 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp30,423,173 and Rp11,250,340, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp13,265,021 and Rp3,509,288 respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp17,158,152 and Rp7,741,052, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

b.1 By type (continued):

	<b>December 31, 2014</b>		
	<u>Non-impaired <sup>**)</sup></u>	<u>Impaired <sup>*)**)</sup></u>	<u>Total</u>
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
Employees	1,388,904	7,194	1,396,098
Government program	1,097,564	180,753	1,278,317
<b>Total</b>	<u>426,312,232</u>	<u>18,123,505</u>	<u>444,435,737</u>
Foreign currencies:			
Working capital	21,077,580	1,788,591	22,866,171
Investment	22,776,225	3,610,070	26,386,295
Consumer	444,186	2,968	447,154
Syndicated	14,951,884	51,518	15,003,402
Export	13,130,837	831,386	13,962,223
Employees	835	-	835
<b>Total (Note 61B.(v))</b>	<u>72,381,547</u>	<u>6,284,533</u>	<u>78,666,080</u>
	498,693,779	24,408,038 <sup>1)</sup>	523,101,817
Less: allowance for impairment losses	<u>(4,907,064)</u>	<u>(12,799,883) <sup>2)</sup></u>	<u>(17,706,947)</u>
<b>Net</b>	<u><b>493,786,715</b></u>	<u><b>11,608,155</b> <sup>3)</sup></u>	<u><b>505,394,870</b></u>

\*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans over Rp5,000 (Note 2c.G.(a)).

\*\*) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

b.2 By type and Bank Indonesia's collectibility:

	<b>December 31, 2015</b>					
	<u>Current</u>	<u>Special mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Rupiah:						
Working capital	205,509,646	9,563,744	1,596,981	1,070,148	5,885,328	223,625,847
Investment	120,452,660	4,927,420	580,394	198,996	1,901,395	128,060,865
Consumer	104,952,575	6,789,491	465,328	585,609	1,003,725	113,796,728
Syndicated	12,599,908	343,794	254,541	-	-	13,198,243
Export	10,592,324	120,717	99,730	20,000	19,729	10,852,500
Employees	3,808,837	240,478	21,547	1,980	3,769	4,076,611
Government program	753,864	54,785	23,152	26,169	53,390	911,360
<b>Total</b>	<b>458,669,814</b>	<b>22,040,429</b>	<b>3,041,673</b>	<b>1,902,902</b>	<b>8,867,336</b>	<b>494,522,154</b>
Foreign currencies:						
Working capital	30,726,925	2,750,266	-	228,557	90	33,705,838
Investment	32,818,873	1,430,134	138,091	286,516	200,974	34,874,588
Consumer	278,873	-	-	-	-	278,873
Syndicated	12,936,393	191,008	72	-	51,465	13,178,938
Export	9,321,662	133,000	46,621	61,468	551,558	10,114,309
Employees	737	-	-	-	-	737
<b>Total (Note 61B.(v))</b>	<b>86,083,463</b>	<b>4,504,408</b>	<b>184,784</b>	<b>576,541</b>	<b>804,087</b>	<b>92,153,283</b>
	544,753,277	26,544,837	3,226,457	2,479,443	9,671,423	586,675,437
Less: allowance for impairment losses	(5,868,080)	(6,319,154)	(1,281,970)	(1,464,641)	(7,347,997)	(22,281,842)
<b>Net</b>	<b>538,885,197</b>	<b>20,225,683</b>	<b>1,944,487</b>	<b>1,014,802</b>	<b>2,323,426</b>	<b>564,393,595</b>
	<b>December 31, 2014</b>					
	<u>Current</u>	<u>Special mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
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
Employees	1,381,539	7,367	1,588	788	4,816	1,396,098
Government program	946,548	151,015	45,556	25,787	109,411	1,278,317
<b>Total</b>	<b>414,515,046</b>	<b>20,116,706</b>	<b>1,603,335</b>	<b>2,171,396</b>	<b>6,029,254</b>	<b>444,435,737</b>
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
<b>Total</b>	<b>74,726,688</b>	<b>2,445,544</b>	<b>588,817</b>	<b>204</b>	<b>904,827</b>	<b>78,666,080</b>
(Note 61B.(v))	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)
<b>Net</b>	<b>483,791,393</b>	<b>17,413,906</b>	<b>1,375,413</b>	<b>760,290</b>	<b>2,053,868</b>	<b>505,394,870</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

c.1 By economic sector:

	December 31, 2015		
	Non-impaired <sup>**)</sup>	Impaired <sup>*)**)</sup>	Total
Rupiah:			
Trading, restaurant and hotel	90,466,211	8,450,015	98,916,226
Manufacturing	99,311,806	6,814,058	106,125,864
Business services	38,264,375	1,105,551	39,369,926
Agriculture	59,466,879	1,478,409	60,945,288
Construction	18,578,951	1,500,964	20,079,915
Transportation, warehousing and communications	17,182,722	2,503,190	19,685,912
Electricity, gas and water	12,502,285	1,359,638	13,861,923
Mining	5,019,901	2,135,630	7,155,531
Social services	5,899,004	197,071	6,096,075
Others	119,946,944	2,338,550	122,285,494
<b>Total</b>	<b>466,639,078</b>	<b>27,883,076</b>	<b>494,522,154</b>
Foreign currencies:			
Trading, restaurant and hotel	7,643,925	2,519,700	10,163,625
Manufacturing	18,426,393	6,814,526	25,240,919
Business services	2,578,465	330,822	2,909,287
Agriculture	9,049,586	58,570	9,108,156
Construction	931,390	40,807	972,197
Transportation, warehousing and communications	5,374,522	1,001,860	6,376,382
Electricity, gas and water	626,444	731,356	1,357,800
Mining	23,236,185	2,292,715	25,528,900
Social services	641,852	-	641,852
Others	9,854,084	81	9,854,165
<b>Total (Note 61 B.(v))</b>	<b>78,362,846</b>	<b>13,790,437</b>	<b>92,153,283</b>
	545,001,924	41,673,513 <sup>1)</sup>	586,675,437
Less: allowance for impairment losses	(5,507,533)	(16,774,309) <sup>2)</sup>	(22,281,842)
<b>Net</b>	<b>539,494,391</b>	<b>24,899,204<sup>3)</sup></b>	<b>564,393,595</b>

\*) 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 over Rp5,000 (Note 2c.G.(a)).

\*\*) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 62 (revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp30,423,173 and Rp11,250,340, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp13,265,021 and Rp3,509,288, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp17,158,152 and Rp7,741,052, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

c.1 By economic sector (continued):

	<b>December 31, 2014</b>		
	<b>Non-impaired <sup>**)</sup></b>	<b>Impaired <sup>**)</sup></b>	<b>Total</b>
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	<u>88,243,158</u>	<u>2,323,945</u>	<u>90,567,103</u>
Total	<u>426,312,232</u>	<u>18,123,505</u>	<u>444,435,737</u>
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	<u>8,519,772</u>	<u>2,968</u>	<u>8,522,740</u>
Total (Note 61B.(v))	<u>72,381,547</u>	<u>6,284,533</u>	<u>78,666,080</u>
	498,693,779	24,408,038 <sup>1)</sup>	523,101,817
Less: allowance for impairment losses	<u>(4,907,064)</u>	<u>(12,799,883) <sup>2)</sup></u>	<u>(17,706,947)</u>
<b>Net</b>	<b><u>493,786,715</u></b>	<b><u>11,608,155 <sup>3)</sup></u></b>	<b><u>505,394,870</u></b>

\*) 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 over Rp5,000 (Note 2c.G.(a)).

\*\*) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No.102 (revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

December 31, 2015						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
<b>Rupiah:</b>						
Trading, restaurant and hotel	88,340,554	5,502,232	910,277	807,983	3,355,180	98,916,226
Manufacturing	99,227,507	3,725,665	1,197,246	115,434	1,860,012	106,125,864
Business services	37,849,178	892,602	111,614	72,061	444,471	39,369,926
Agriculture	59,750,287	621,538	51,510	100,253	421,700	60,945,288
Construction	19,026,635	876,948	18,560	18,620	139,152	20,079,915
Transportation, warehousing and communications	16,846,089	2,290,406	123,475	139,996	285,946	19,685,912
Electricity, gas and water	12,741,855	443,261	-	4,101	672,706	13,861,923
Mining	6,083,600	412,380	96,924	17,219	545,408	7,155,531
Social services	5,839,481	138,708	9,768	20,450	87,668	6,096,075
Others	112,964,628	7,136,689	522,299	606,785	1,055,093	122,285,494
<b>Total</b>	<b>458,669,814</b>	<b>22,040,429</b>	<b>3,041,673</b>	<b>1,902,902</b>	<b>8,867,336</b>	<b>494,522,154</b>
<b>Foreign currencies:</b>						
Trading, restaurant and hotel	9,607,144	39,900	-	-	516,581	10,163,625
Manufacturing	20,981,632	3,782,053	46,620	395,547	35,067	25,240,919
Business services	2,857,822	-	-	-	51,465	2,909,287
Agriculture	9,108,156	-	-	-	-	9,108,156
Construction	931,390	40,807	-	-	-	972,197
Transportation, warehousing and communications	5,777,811	216,612	72	180,994	200,893	6,376,382
Electricity, gas and water	1,021,847	197,861	138,092	-	-	1,357,800
Mining	25,301,725	227,175	-	-	-	25,528,900
Social services	641,852	-	-	-	-	641,852
Others	9,854,084	-	-	-	81	9,854,165
<b>Total (Note 61 B.(v))</b>	<b>86,083,463</b>	<b>4,504,408</b>	<b>184,784</b>	<b>576,541</b>	<b>804,087</b>	<b>92,153,283</b>
	<b>544,753,277</b>	<b>26,544,837</b>	<b>3,226,457</b>	<b>2,479,443</b>	<b>9,671,423</b>	<b>586,675,437</b>
Less: allowance for impairment losses	(5,868,080)	(6,319,154)	(1,281,970)	(1,464,641)	(7,347,997)	(22,281,842)
<b>Net</b>	<b>538,885,197</b>	<b>20,225,683</b>	<b>1,944,487</b>	<b>1,014,802</b>	<b>2,323,426</b>	<b>564,393,595</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

	December 31, 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
<b>Total</b>	<b>414,515,046</b>	<b>20,116,706</b>	<b>1,603,335</b>	<b>2,171,396</b>	<b>6,029,254</b>	<b>444,435,737</b>
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
<b>Total (Note 61B.(v))</b>	<b>74,726,688</b>	<b>2,445,544</b>	<b>588,817</b>	<b>204</b>	<b>904,827</b>	<b>78,666,080</b>
	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)
<b>Net</b>	<b>483,791,393</b>	<b>17,413,906</b>	<b>1,375,413</b>	<b>760,290</b>	<b>2,053,868</b>	<b>505,394,870</b>



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

A. Details of loans and sharia financing/receivables (continued):

d. By period:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 year	63,647,781	83,911,433
1 - 2 years	35,141,876	53,278,747
2 - 5 years	148,904,485	138,176,408
Over 5 years	246,828,012	169,069,149
<b>Total</b>	<b>494,522,154</b>	<b>444,435,737</b>
Foreign currencies:		
Less than 1 year	19,672,332	23,385,679
1 - 2 years	3,313,752	4,492,955
2 - 5 years	17,704,549	13,781,931
Over 5 years	51,462,650	37,005,515
Total (Note 61B.(v))	92,153,283	78,666,080
	586,675,437	523,101,817
Less: allowance for impairment losses	(22,281,842)	(17,706,947)
<b>Net</b>	<b>564,393,595</b>	<b>505,394,870</b>

The ratio of non-performing loans of Bank Mandiri and Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2015 and 2014, were 2.60% and 2.15%, respectively (the ratios for Bank Mandiri only were 2.29% and 1.66% as of December 31, 2015 and 2014, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as of December 31, 2015 and 2014, were 0.90% and 0.81%, respectively (the ratios for Bank Mandiri only were 0.60% and 0.44% as of December 31, 2015 and 2014, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as of December 31, 2015 and 2014 are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated December 14, 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 December 16, 2011, is calculated from the loan amount, excluding loan to other banks amounting to Rp2,409,938 and Rp2,683,707 as of December 31, 2015 and 2014, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

B. Other significant information related to loans and sharia financing/receivables:

- a. Included in loans are sharia financing receivables granted by Subsidiaries amounting to Rp50,265,370 and Rp48,226,582, respectively, as of December 31, 2015 and 2014, which consist of:

	December 31, 2015	December 31, 2014
Receivables from <i>Murabahah</i> and <i>Istishna Musyarakah</i> financing	34,818,598	33,749,635
Other sharia financing	10,591,076	7,645,537
	4,855,696	6,831,410
<b>Total</b>	<b>50,265,370</b>	<b>48,226,582</b>
Less: allowance for impairment losses	(1,796,952)	(1,769,012)
<b>Net</b>	<b>48,468,418</b>	<b>46,457,570</b>

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

	December 31, 2015	December 31, 2014
Rupiah	12.15%	12.10%
Foreign currencies	4.84%	5.01%

Range of profit sharing per annum:

	December 31, 2015	December 31, 2014
Receivables from <i>Murabahah</i> and <i>Istishna Musyarakah</i> financing	5.12% - 19.10%	4.92% - 17.03%
Other sharia financing	4.42% - 15.67%	3.51% - 15.67%
	1.79% - 15.70%	4.17%- 15.43%

- 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 pledged as cash collateral for loans as of December 31, 2015 and 2014 amounted to Rp33,655,043 and Rp26,776,099, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

B. Other significant information related to loans and sharia financing/receivables (continued):

e. Syndicated loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans at December 31, 2015 and 2014 were respectively ranged from 6.73% to 94.52% and 22.22% to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at December 31, 2015 and 2014 ranged from 0.61% to 99.38% and 0.02% to 99.29%, respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2015 and 2014:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Extension of loan maturity dates	24,525,588	8,424,554
Extension of loan maturity dates and reduction of interest rates	1,626,032	1,203,717
Long-term loans with options to convert debt to equity	322,172	197,894
Additional loan facilities	34,202	44,608
Extension of loan maturity dates and other restructuring schemes*)	6,005,590	4,044,090
	<b><u>32,513,584</u></b>	<b><u>13,914,863</u></b>

\*) 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 of December 31, 2015 and 2014 are amounting to Rp4,605,600 and Rp2,478,248, 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 are 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.

h. Legal Lending Limit (LLL)

As of December 31, 2015 and 2014, 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).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

B. Other significant information related to loans and sharia financing/receivables (continued):

j. Movements of allowance for impairment losses on loans and sharia financing/receivables:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance <sup>1)</sup>	17,706,947	16,535,651
Beginning balance adjustment relating to implementation of PSAK No. 102 in Subsidiary <sup>2)</sup>	246,727	-
Allowance during the year (Note 44)	11,460,581	5,294,726
Write-offs <sup>3)</sup>	(7,495,451)	(3,977,648)
Others <sup>4)</sup>	363,038	(145,782)
<b>Ending balance<sup>4)</sup></b>	<b>22,281,842</b>	<b>17,706,947</b>

\*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 41).

1) Beginning balance as of December 31, 2015 and 2014 is amounting to Rp9,744,022 and Rp9,583,003, respectively, which were calculated using individual assessment and Rp7,962,925 and Rp6,952,648, respectively, which were calculated using collective assessment.

2) Adjustment in collective allowance calculation (Note 64).

3) Write-off as of December 31, 2015 and 2014 is amounting to Rp1,853,346 and Rp627,225, respectively, which are calculated using individual assessment and Rp5,642,105 and Rp3,350,423, respectively, which are calculated using collective assessment.

4) Ending balance as of December 31, 2015 and 2014 is amounting to Rp13,265,021 and Rp9,744,022, respectively, which were calculated using individual assessment and Rp9,016,821 and Rp7,962,925, respectively, which were calculated using collective assessment.

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

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

	<b>Non-performing loans (based on Bank Indonesia regulation)</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Rupiah:</b>		
Trading, restaurant and hotel	5,073,440	3,202,283
Manufacturing	3,172,692	1,034,263
Electricity, gas and water	676,807	677,080
Mining	659,551	328,443
Business services	628,146	1,295,669
Agriculture	573,463	469,509
Transportation, warehousing and communications	549,417	421,738
Others	2,478,395	2,375,000
<b>Total</b>	<b>13,811,911</b>	<b>9,803,985</b>
<b>Foreign currencies:</b>		
Trading, restaurant and hotel	516,581	464,240
Manufacturing	477,234	723,269
Electricity, gas and water	138,092	9,784
Business services	51,465	66,960
Transportation, warehousing and communications	381,959	226,627
Others	81	2,968
<b>Total</b>	<b>1,565,412</b>	<b>1,493,848</b>
	<b>15,377,323</b>	<b>11,297,833</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

B. Other significant information related to loans and sharia financing/receivables (continued):

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

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

	<b>Minimum allowance for impairment losses</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Trading, restaurant and hotel	3,895,713	2,691,199
Manufacturing	2,097,316	941,002
Electricity, gas and water	674,757	341,921
Mining	568,556	174,464
Business services	497,244	801,017
Agriculture	479,553	365,761
Transportation, warehousing and communications	374,465	351,550
Others	1,687,434	1,688,538
<b>Total</b>	<b>10,275,038</b>	<b>7,355,452</b>
Foreign currencies:		
Trading, restaurant and hotel	516,581	464,138
Manufacturing	239,834	415,462
Electricity, gas and water	20,714	9,784
Business services	51,465	66,906
Transportation; warehousing and communications	291,401	33,994
Others	81	2,968
<b>Total</b>	<b>1,120,076</b>	<b>993,252</b>
	<b>11,395,114</b>	<b>8,348,704</b>

l. Write-off of "Loss" category loans

For the year ended December 31, 2015 and 2014, Bank Mandiri written-off loans in the "loss" category amounting to Rp5,993,139 and Rp2,986,162 (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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)**

B. Other significant information related to loans and sharia financing/receivables (continued):

m. Written-off loans are recorded in extra-comptable. 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-comptable loans for the years ended December 31, 2015 and 2014 are as follows (Bank Mandiri only):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	35,937,424	35,143,579
Write-offs	5,993,139	2,986,162
Cash recoveries	(3,040,568)	(2,686,428)
Others*)	1,924,916	494,111
<b>Ending balance</b>	<b>40,814,911</b>	<b>35,937,424</b>

\*) Represents effect of foreign currency translation.

n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2015 and 2014 were amounted to Rp11,197,705 and Rp14,277,980, respectively.

o. The carrying amount of loans and sharia financing/receivables at amortised cost are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Loans (Note 12A)	586,675,437	523,101,817
Accrued interest receivables	2,401,623	2,013,782
Deferred income (directly attributable) (Note 35)	(521,003)	(503,018)
Allowance for impairment losses (Note 12A and 12B.j)	(22,281,842)	(17,706,947)
	<b>566,274,215</b>	<b>506,905,634</b>

**13. CONSUMER FINANCING RECEIVABLES**

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	5,886	7,420
Third parties	32,100,824	24,699,084
	32,106,710	24,706,504
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	(20,906,390)	(16,638,656)
Total consumer financing receivables - gross	11,200,320	8,067,848

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Less:</b>		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(5,928,224)	(4,329,066)
<b>Less:</b>		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	2,905,967	2,349,205
<b>Total unearned income on consumer financing</b>	<b>(3,022,257)</b>	<b>(1,979,861)</b>
Total	8,178,063	6,087,987
Less: Allowance for impairment losses	(270,614)	(194,852)
<b>Net</b>	<b>7,907,449</b>	<b>5,893,135</b>

Installments of consumer financing receivables - gross as of December 31, 2015 and 2014 which will be received from customers based on the maturity dates are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Year</u>		
2015	-	10,303,514
2016	12,911,158	7,615,902
2017	9,814,508	4,677,818
2018	6,124,477	1,877,611
2019	2,592,788	230,824
2020 and later	663,779	835
	<b>32,106,710</b>	<b>24,706,504</b>

On February 6, 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the amount of facility amounting to Rp2,000,000, whereby the MTF bears the credit risk in accordance to its financing portion (without recourse). The agreement was amended several times, the latest amendment dated December 4, 2014, which increases the amount of 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 August 29, 2013, PT Bank Mandiri (Persero) Tbk. and MTF signed a Consumer Asset Purchase Agreement with a total facility amounting to Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse).

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

Included in consumer financing receivables transactions are related parties that amounting to Rp5,886 and Rp7,420 as of December 31, 2015 and 2014, respectively (refer to Note 55).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**13. CONSUMER FINANCING RECEIVABLES (continued)**

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current	7,540,389	5,644,332
Special mention	501,081	361,451
Sub-standard	51,276	36,056
Doubtful	76,581	40,092
Loss	8,736	6,056
<b>Total</b>	<b>8,178,063</b>	<b>6,087,987</b>
Less: Allowance for impairment losses	(270,614)	(194,852)
	<b>7,907,449</b>	<b>5,893,135</b>

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Car	16.06%	16.06%
Motorcycle	35.28%	35.17%

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	194,852	133,356
Allowance during the years (Note 44)	291,624	209,113
Cash recoveries	40,641	28,414
Write-offs	(256,503)	(176,031)
<b>Ending balance</b>	<b>270,614</b>	<b>194,852</b>

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

- e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.
- f. As of December 31, 2015 and 2014, consumer financing receivables pledged as collateral for fund borrowing amounting to Rp3,778,856 and Rp3,088,414, respectively (Note 36f).



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**14. NET INVESTMENT FINANCE LEASES**

a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2015	December 31, 2014
Net investment finance leases Rupiah		
Third parties		
Gross lease financing receivables	700,117	920,620
Guaranteed residual value	226,130	236,200
Deferred lease income	(95,967)	(136,883)
Security deposit	(226,130)	(236,200)
Total net investment finance leases	604,150	783,737
Less: Allowance for impairment losses	(5,791)	(17,213)
	<b>598,359</b>	<b>766,524</b>

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

Based on maturity date details of finance leases receivables are as follows:

	December 31, 2015	December 31, 2014
Year		
2015	-	458,400
2016	380,726	296,360
2017	216,434	129,785
2018	90,783	35,972
2019 and later	12,174	103
	700,117	920,620
Guaranteed residual value, deferred lease income, and security deposit	(95,967)	(136,883)
<b>Finance leases receivable</b>	<b>604,150</b>	<b>783,737</b>

b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Current	568,663	718,818
Special mention	32,437	34,738
Substandard	1,734	2,777
Doubtful	1,209	27,404
Loss	107	-
Total	604,150	783,737
Less: Allowance for impairment losses	(5,791)	(17,213)
	<b>598,359</b>	<b>766,524</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**14. NET INVESTMENT IN FINANCE LEASE (continued)**

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2015 and 2014, are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Car	17.88%	19.34%
Heavy Equipment	13.85%	14.31%

- d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	17,213	7,537
(Reversal)/allowance during the years (Note 44)	(2,356)	10,806
Write-offs	(9,380)	(1,684)
Cash recoveries	314	554
<b>Ending balance</b>	<b>5,791</b>	<b>17,213</b>

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

- e. Information in respect of classification of “not impaired” and “impaired” is disclosed in Note 61A.
- f. As of December 31, 2015 and 2014, net investment in finance lease pledged as collateral for fund borrowing were amounting to Rp321,506 and Rp645,197, respectively (Note 36f).

**15. ACCEPTANCES RECEIVABLE**

- a. By currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	66,151	19,436
Third parties	257,786	176,639
	323,937	196,075
Receivables from debtors		
Related parties (Note 55)	140,652	165,412
Third parties	1,953,453	576,520
	2,094,105	741,932
<b>Total</b>	<b>2,418,042</b>	<b>938,007</b>
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	1,625	3,065
Third parties	122,949	86,413
	124,574	89,478

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**15. ACCEPTANCES RECEIVABLE (continued)**

a. By currency, related parties and third parties (continued):

	December 31, 2015	December 31, 2014
Foreign currencies (continued):		
Receivables from debtors		
Related parties (Note 55)	201,452	64,225
Third parties	8,587,205	12,022,349
	<u>8,788,657</u>	<u>12,086,574</u>
Total (Note 61B.(v))	8,913,231	12,176,052
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
<b>Net</b>	<b><u>11,224,243</u></b>	<b><u>13,007,132</u></b>

b. By maturity:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	543,142	270,125
1 - 3 months	1,129,975	515,103
3 - 6 months	626,010	152,779
6 - 12 months	118,915	-
Total	<u>2,418,042</u>	<u>938,007</u>
Foreign currencies:		
Less than 1 month	2,154,980	3,228,606
1 - 3 months	3,252,351	4,295,136
3 - 6 months	2,160,479	4,643,115
6 - 12 months	1,345,421	9,195
Total (Note 61B.(v))	<u>8,913,231</u>	<u>12,176,052</u>
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
<b>Net</b>	<b><u>11,224,243</u></b>	<b><u>13,007,132</u></b>

c. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	11,311,709	13,107,724
Special mention	19,564	6,335
	<u>11,331,273</u>	<u>13,114,059</u>
Less: Allowance for impairment losses	(107,030)	(106,927)
<b>Net</b>	<b><u>11,224,243</u></b>	<b><u>13,007,132</u></b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**15. ACCEPTANCES RECEIVABLE (continued)**

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

	December 31, 2015	December 31, 2014
Beginning balance	106,927	63,481
Allowance/(reversal) during the year (Note 44)	(16,822)	44,873
Others*)	16,925	(1,427)
<b>Ending balance</b>	<b>107,030</b>	<b>106,927</b>

\*) Includes effect of foreign currency translation.

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

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

**16. INVESTMENT IN SHARES**

a. The detail of investment in shares are as follows:

	December 31, 2015	December 31, 2014
Investment in shares	58,644	58,672
Less: Allowance for impairment losses	(10,250)	(3,182)
	<b>48,394</b>	<b>55,490</b>

The detail of investment in shares as of December 31, 2015 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	138
Cost and Equity Method			
PT Istaka Karya (Persero)	Construction service	5.00%	50,331
Others (each less than Rp3,000)	Various	3.99% - 34.00%	8,175
			58,644
Less: Allowance for impairment losses			(10,250)
<b>Net</b>			<b>48,394</b>

The detail of investment in shares as of December 31, 2014 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	266
Cost and Equity Method:			
PT Istaka Karya (Persero)	Construction service	5.00%	50,331
Others (each less than Rp3,000)	Various	3.99% - 34.00%	8,075
			58,672
Less: Allowance for impairment losses			(3,182)
<b>Net</b>			<b>55,490</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**16. INVESTMENT IN SHARES (continued)**

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current	8,175	58,405
Substandard	50,331	-
Doubtful	-	266
Loss	138	1
	<u>58,644</u>	<u>58,672</u>
Less: Allowance for impairment losses	(10,250)	(3,182)
<b>Net</b>	<b><u>48,394</u></b>	<b><u>55,490</u></b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	3,182	3,224
Allowance/(reversal) during the year (Note 44)	7,087	(488)
Others*)	(19)	446
<b>Ending balance</b>	<b><u>10,250</u></b>	<b><u>3,182</u></b>

\*) Includes effect of foreign currency translation

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

**17. PREPAID EXPENSES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Prepaid rent	1,299,001	1,017,201
Building maintenance	587,060	557,942
Others	413,791	262,357
	<u>2,299,852</u>	<u>1,837,500</u>

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**18. FIXED ASSETS**

The details of fixed assets were as follows:

	December 31, 2015				Ending Balance
	Beginning Balance	Additions	Deductions	Reclassifications	
At Cost					
Direct ownership					
Land	2,839,124	-	-	6,805	2,845,929
Building	3,309,328	106,978	(8,158)	660,920	4,069,068
Furnitures, office equipment and computer	7,121,181	372,619	(29,524)	1,338,029	8,802,305
Vehicles	279,190	6,502	(3,998)	6,876	288,570
Construction in progress	1,925,734	1,538,731	(76)	(2,012,630)	1,451,759
	15,474,557	2,024,830	(41,756)	-	17,457,631
Leased assets	12,495	-	-	-	12,495
	15,487,052	2,024,830	(41,756)	-	17,470,126
Accumulated Depreciation (Note 49)					
Direct ownership					
Building	1,450,960	189,886	(7,526)	-	1,633,320
Furnitures, office equipment and computer	4,948,105	962,248	(26,374)	-	5,883,979
Vehicles	156,996	35,036	(3,653)	-	188,379
	6,556,061	1,187,170	(37,553)	-	7,705,678
Leased assets	2,135	625	-	-	2,760
	6,558,196	1,187,795	(37,553)	-	7,708,438
Net book value					
Direct ownership					
Land					2,845,929
Building					2,435,748
Furniture, office equipment and computer					2,918,326
Vehicles					100,191
Construction in progress					1,451,759
					9,751,953
Leased assets					9,735
					<b>9,761,688</b>

	December 31, 2014				Ending Balance
	Beginning Balance	Additions	Deductions	Reclassifications	
At Cost					
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, office equipment and computer	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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**18. FIXED ASSETS (continued)**

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

	December 31, 2014				Ending Balance
	Beginning Balance	Additions	Deductions	Reclassifications	
Accumulated Depreciation					
Direct ownership					
Buildings	1,283,489	167,693	(217)	(5)	1,450,960
Furnitures, office equipment and computer	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
Furniture, office equipment and computer					2,173,076
Buildings					1,858,368
Vehicles					122,194
Construction in progress					1,925,734
					8,918,496
Leased assets					10,360
					<b>8,928,856</b>

Construction in progress as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Computers and other hardware that have not been installed	783,085	577,528
Buildings	399,543	1,045,831
Office equipment and inventory	184,177	260,958
Vehicles	10,391	6,876
Others	74,563	34,541
	<b>1,451,759</b>	<b>1,925,734</b>

The estimated percentage of completion of construction in progress as of December 31, 2015 and 2014 for computers and other hardwares that have not been installed was ranging between 15.00% - 90.00% and 32.00% - 95.00%, respectively.

**Others**

- a. Bank Mandiri has an Agreement on Construction; Management and Transfer ("BOT Agreement") with PT Duta Anggada Realty Tbk. ("Duta Anggada") based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by Act No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower as high as 27 floors of offices by Duta Anggada, which the land owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ends on May 15, 2014 and May 15, 2016, respectively.

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding temporary utilization agreement, in which is Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**18. FIXED ASSETS (continued)**

**Others (continued)**

- b. Estimated fair values of land and buildings owned by the Bank as of December 31, 2015 and 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 of December 31, 2015, the NJOP of land and buildings owned by the Bank are Rp19,502,208 and Rp3,658,460, respectively (December 31, 2014: Rp17,899,621 and Rp3,470,513). 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 2016 and 2039. Based on past experience, the Group has the confidence to extend the HGB.
- d. As of December 31, 2015, 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 (formerly 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 (formerly 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, PT Rama Satria Wibawa, PT Asuransi Parolamas dan PT Asuransi Sinar Mas, with total sum insured Rp8,878,933 dan USDNil (full amount) (December 31, 2014: Rp5,560,233 and USD1,213,609 (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 of December 31, 2015 and 2014.

**19. INTANGIBLE ASSETS**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Software	1,492,077 <sup>*)</sup>	1,221,468 <sup>*)</sup>
Goodwill	423,115	423,115
	<b>1,915,192</b>	<b>1,644,583</b>

<sup>\*)</sup> Net of amortisation of Rp1,877,989 and Rp1,575,399 as of December 31, 2015 and 2014.

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

As of December 31, 2015 and 2014, included in the software balance are construction in progress for software amounting to Rp471,478 and Rp374,844, respectively. The estimated percentage of completion of software as of December 31, 2015 was ranging between 15.00% - 95.00% (December 31, 2014: 15.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2015 and 2014 there is no impairment of goodwill.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**20. OTHER ASSETS**

	December 31, 2015	December 31, 2014
Accrued income	4,060,993	3,272,972
Others - net	7,231,734	7,966,426
	<b>11,292,727</b>	<b>11,239,398</b>

**Accrued Income**

	December 31, 2015	December 31, 2014
Rupiah	3,297,600	2,725,046
Foreign currencies (Note 61B.(v))	763,393	547,926
	<b>4,060,993</b>	<b>3,272,972</b>

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

**Others - net**

	December 31, 2015	December 31, 2014
Rupiah:		
Receivables from customer transactions	888,426	1,757,865
Receivables from mutual fund	626,492	696,502
Receivables from government bonds pledged as collateral	592,668	592,614
Receivables from transactions related to ATM and credit card	477,159	636,502
Receivables from policy holders	453,560	144,861
Abandoned properties - net of accumulated losses amounting to Rp947 as of December 31, 2015 and 2014	149,325	149,325
Receivables from sales of marketable securities	92,688	-
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2015 and 2014	11,565	23,688
Others	3,255,764	2,821,972
Total	6,547,647	6,823,329
Foreign currencies:		
Receivables to policyholder (Note 61B.(v))	23,247	6,389
Receivable from sale of marketable securities (Note 61B.(v))	6,922	261,870
Receivables from customer transactions (Note 61B.(v))	6,802	6,337
Others	1,079,145	1,120,006
Total	1,116,116	1,394,602
	7,663,763	8,217,931
Less: Allowance for possible losses	(432,029)	(251,505)
<b>Net</b>	<b>7,231,734</b>	<b>7,966,426</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 of December 31, 2015 and 2014, included in receivables from customer transactions is an impaired portfolio amounting to Rp214,365 and Rp67,134, respectively.

Receivables from mutual fund related to receivable from securities portfolio transactions of unit-linked contracts in 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 Master Card 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 36e). This receivable will be settled by net basis with the settlement of the corresponding liabilities of Rp600,000 to the counterparty on the due date July 25, 2020.

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

Accrue sales of marketable securities are receivables from sale of marketable securities which have settlement date on January 6, 2016 and January 2, 2015, respectively for the year ended December 31, 2015 and 2014.

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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balace	251,505	289,412
Allowance/(reversal) during the year (Note 45)	157,382	(42,475)
Others*)	23,142	4,568
<b>Ending balance</b>	<b>432,029</b>	<b>251,505</b>

\*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

**21. DEPOSITS FROM CUSTOMERS - DEMAND/WADIAH DEMAND DEPOSITS**

a. By currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Related parties (Note 55)	22,839,976	9,752,670
Third parties	78,390,328	69,226,136
<b>Total</b>	<b>101,230,304</b>	<b>78,978,806</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**21. DEPOSITS FROM CUSTOMERS - DEMAND/WADIAH DEMAND DEPOSITS (continued)**

a. By currency, related parties and third parties (continued):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Foreign currencies:		
Related parties (Note 55)	15,412,209	9,998,549
Third parties	55,511,975	39,076,203
Total (Note 61B.(v))	70,924,184	49,074,752
	<b>172,154,488</b>	<b>128,053,558</b>

Included in demand deposits were *wadiah* deposits amounting Rp5,818,708 and Rp5,186,571 as of December 31, 2015 and 2014, respectively.

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

Average interest rates (cost of funds) per annum:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Rupiah	2.07%	2.00%
Foreign currencies	0.29%	0.27%

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

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Rupiah	0.71% - 0.84%	0.70% - 0.81%
Foreign currencies	0.18% - 0.84%	0.18% - 0.81%

c. As of 31 December 2015 and 2014, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting Rp5,323,777 and Rp3,959,724, respectively (Note 12B.c and 31e).

**22. DEPOSITS FROM CUSTOMERS - SAVING/WADIAH SAVING DEPOSITS**

a. By currency, type, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Related parties (Note 55)		
Mandiri Saving Deposits	1,111,778	111,904
Third parties		
Mandiri Saving Deposits	219,154,260	205,731,289
Hajj Mandiri Saving Deposits	666,507	877,926
Total	220,932,545	206,721,119

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**22. DEPOSITS FROM CUSTOMERS - SAVING/WADIAH SAVING DEPOSITS (continued)**

a. By currency, type, related parties and third parties (continued):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving Deposits	230,297	9,779
Third parties		
Mandiri Saving Deposits	27,788,797	24,730,358
Total (Note 61B.(v))	28,019,094	24,740,137
	<b>248,951,639</b>	<b>231,461,256</b>

Included in saving deposits were *wadiah* deposits amounting Rp2,239,241 and Rp1,700,819 as of December 31, 2015 and 2014, respectively.

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	1.24%	1.50%
Foreign currencies	0.20%	0.20%

c. As of December 31, 2015 and 2014, total saving pledged as collateral on loans were amounting Rp7,655,250 and Rp6,180,991, respectively (Note 12B.c).

**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS**

a. By currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Related parties (Note 55)	30,689,101	28,301,811
Third parties	148,221,550	166,127,536
Total	178,910,651	194,429,347
Foreign currencies		
Related parties (Note 55)	6,568,109	5,158,131
Third parties	15,747,444	24,346,619
Total (Note 61B.(v))	22,315,553	29,504,750
	<b>201,226,204</b>	<b>223,934,097</b>

Include in deposits from customers - time deposits are Negotiable Certificate of Deposit (NCD) amounting Rp145,237 and RpNil as of December 31, 2015 and 2014, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)**

b. By contract period:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
1 month	96,126,946	112,370,849
3 months	63,937,370	54,302,197
6 months	10,695,019	17,021,891
12 months	6,681,979	9,903,428
Over 12 months	1,469,337	830,982
<b>Total</b>	<b>178,910,651</b>	<b>194,429,347</b>
Foreign currencies:		
1 month	15,045,077	25,009,765
3 months	2,981,268	1,738,095
6 months	1,354,467	2,232,298
12 months	2,636,163	498,355
Over 12 months	298,578	26,237
<b>Total (Note 61B.(v))</b>	<b>22,315,553</b>	<b>29,504,750</b>
	<b>201,226,204</b>	<b>223,934,097</b>

c. By remaining period until maturity date:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Less than 1 month	113,525,112	122,668,578
1 - 3 months	52,252,923	52,424,800
3 - 6 months	8,485,894	13,364,000
6 - 12 months	3,415,205	5,195,621
Over 12 months	1,231,517	776,348
<b>Total</b>	<b>178,910,651</b>	<b>194,429,347</b>
Foreign currencies:		
Less than 1 month	16,241,112	22,542,957
1 - 3 months	3,223,240	4,473,904
3 - 6 months	1,110,921	2,004,405
6 - 12 months	1,728,799	461,839
Over 12 months	11,481	21,645
<b>Total (Note 61B.(v))</b>	<b>22,315,553</b>	<b>29,504,750</b>
	<b>201,226,204</b>	<b>223,934,097</b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	7.77%	7.67%
Foreign currencies	1.17%	1.20%

e. As of December 31, 2015 and 2014, total time deposits pledged as collateral on loans were amounting Rp23,162,101 and Rp18,274,445, respectively (Note 12B.c).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**24. DEPOSITS FROM OTHER BANKS - DEMAND/WADIAH DEMAND AND SAVING DEPOSITS**

a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Demand/ <i>wadiah</i> demand deposits		
Related parties (Note 55)		
Rupiah	39,729	8,637
Foreign currencies (Note 61B.(v))	30,447	16,932
	<u>70,176</u>	<u>25,569</u>
Third parties		
Rupiah	1,125,495	1,147,015
Foreign currencies (Note 61B.(v))	1,602,074	1,023,532
	<u>2,727,569</u>	<u>2,170,547</u>
Total	<u>2,797,745</u>	<u>2,196,116</u>
Saving deposits		
Third parties		
Rupiah	946,444	1,302,946
Foreign currencies (Note 61B.(v))	100	-
	<u>946,544</u>	<u>1,302,946</u>
Total	<u>3,744,289</u>	<u>3,499,062</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp44,424 and Rp41,838 as of December 31, 2015 and 2014, respectively.

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

Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Demand deposits/ <i>wadiah</i> demand deposit		
Rupiah	2.07%	2.00%
Foreign currencies	0.29%	0.27%
Saving deposits		
Rupiah	1.24%	1.50%
Foreign currencies	0.20%	-

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

	Year ended December 31,	
	2015	2014
Rupiah	0.62 - 1.79%	0.70 - 0.81%

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**24. DEPOSITS FROM OTHER BANKS - DEMAND/WADIAH DEMAND AND SAVING DEPOSITS (continued)**

- c. As of December 31, 2015 and 2014, total demand/*wadiah* demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting Rp15,592 and Rp20,079, respectively (Note 12B.c and 31e).

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

- a. By currency:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Related parties (Note 55)		
Rupiah	600,000	-
Third parties		
Rupiah	1,200,000	415,000
Foreign currencies (Note 61B.(v))	1,964,363	2,477,000
Total	<u>3,164,363</u>	<u>2,892,000</u>
	<b><u>3,764,363</u></b>	<b><u>2,892,000</u></b>

- b. By remaining period until maturity date:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Less than 1 month	1,800,000	415,000
Foreign currencies		
Less than 1 month	1,860,975	2,322,188
More than 1 month	103,388	154,812
Total (Note 61B.(v))	<u>1,964,363</u>	<u>2,477,000</u>
	<b><u>3,764,363</u></b>	<b><u>2,892,000</u></b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	8.58%	6.18%
Foreign currencies	0.38%	1.30%

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS**

a. By currency:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Third parties	4,720,928	11,140,783
Foreign currencies		
Third parties (Note 61B.(V))	406,657	-
<b>Total</b>	<b>5,127,585</b>	<b>11,140,783</b>

Include in deposits from customers - time deposits are Negotiable Certificate of Deposit (NCD) amounting to Rp1,550,767 and RpNil as of Desember 31, 2015 and 2014, respectively.

b. By period:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
1 month	2,099,550	10,920,705
3 months	172,742	156,085
6 months	578,192	8,418
12 months	562,478	55,575
More than 12 months	1,307,966	-
<b>Total</b>	<b>4,720,928</b>	<b>11,140,783</b>
Foreign currencies		
1 month	137,850	-
12 months	137,850	-
More than 12 months	130,957	-
<b>Total (Note 61B.(v))</b>	<b>406,657</b>	<b>-</b>
	<b>5,127,585</b>	<b>11,140,783</b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	7.77%	7.67%
Foreign currencies	1.21%	1.20%

d. As of December 31, 2015 and 2014, time deposits from other banks pledged as collateral on loans amounting Rp94,551 and Rp112,073, respectively (Note 12B.c).



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**27. LIABILITY TO UNIT-LINKED HOLDERS**

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

	December 31, 2015	December 31, 2014
Non-Sharia	16,147,095	16,407,185
Sharia	871,954	936,614
	<b>17,019,049</b>	<b>17,343,799</b>

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

	December 31, 2015	December 31, 2014
Dynamic Money	7,531,851	7,911,912
Attractive Money	4,518,537	4,219,272
Progressive Money	2,119,308	2,295,561
Excellent Equity	1,290,405	1,426,903
Protected Money	394,396	261,701
Active Money	154,507	150,537
Secure Money	71,131	77,101
Fixed Money	55,850	54,146
Money Market	11,110	10,052
	<b>16,147,095</b>	<b>16,407,185</b>

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

	December 31, 2015	December 31, 2014
Attractive money sharia	741,366	802,467
Active money sharia	91,258	90,292
Amanah equity sharia	24,182	20,933
Advanced commodity sharia	15,148	22,922
	<b>871,954</b>	<b>936,614</b>

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2015 and 2014, 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 of December 31, 2015 and 2014 amounted to Rp37,500 and Rp177,776, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as of December 31, 2015 and 2014 amounted to USD1,886,869 (full amount) and USD2,378,155 (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*.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**27. LIABILITY TO UNIT-LINKED HOLDERS (continued)**

Attractive money

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

Progressive money

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

Excellent equity

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

Protected money

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

Active money

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

Secure money

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

Fixed money

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

Money market

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 December 31, 2015 and 2014 amounted to Rp20,000.

Attractive money sharia

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

Active money sharia

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

Amanah equity sharia

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**27. LIABILITY TO UNIT-LINKED HOLDERS(continued)**

Advanced commodity sharia

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

**28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

December 31, 2015						
Rupiah	Nominal	Start	Maturity	Buy Back	Unamortised	Net
Related parties	Value	Date	Date	Value	Interest	Value
Securities	Value	Date	Date	Value	Expense	Value
IDSD020316182S	300,000	29/12/2015	06/01/2016	282,321	391	281,930
IDBI200516273C	200,000	29/12/2015	06/01/2016	185,450	257	185,193
	<u>500,000</u>			<u>467,771</u>	<u>648</u>	<u>467,123</u>
Third parties						
Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,667	501,221
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,529	740,247
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,529	740,247
Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,610	539,950
Bonds VR0030	800,000	30/12/2015	06/01/2016	750,591	833	749,758
Bonds VR0030	200,000	30/12/2015	06/01/2016	187,648	208	187,440
Bonds VR0030	800,000	30/12/2015	06/01/2016	750,554	807	749,747
Bonds VR0030	200,000	30/12/2015	06/01/2016	187,639	201	187,438
	<u>5,072,742</u>			<u>5,374,432</u>	<u>978,384</u>	<u>4,396,048</u>
Total	<u><b>5,572,742</b></u>			<u><b>5,842,203</b></u>	<u><b>979,032</b></u>	<u><b>4,863,171</b></u>

December 31, 2014						
Rupiah	Nominal	Start	Maturity	Buy Back	Unamortised	Net
Third parties	Value	Date	Date	Value	Interest	Value
Securities	Value	Date	Date	Value	Expense	Value
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
Bonds FR0069	750,000	30/12/2014	30/01/2015	644,611	3,408	641,203
Bonds FR0069	750,000	29/12/2014	29/01/2015	644,220	3,288	640,932
Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,686	539,874
Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,778	501,110
Bonds VR0029	359,000	29/12/2014	12/01/2015	321,380	601	320,779
Bonds SR004	350,000	30/12/2014	30/01/2015	296,988	1,570	295,418
Bonds ORI010	250,000	29/12/2014	05/01/2015	215,743	147	215,596
Bonds ORI011	250,000	29/12/2014	05/01/2015	215,543	147	215,396
Bonds FR0069	250,000	29/12/2014	05/01/2015	213,339	146	213,193
Bonds SR004	250,000	29/12/2014	05/01/2015	211,304	144	211,160
Bonds 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
Bonds 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
Total	<u><b>7,271,742</b></u>			<u><b>7,102,063</b></u>	<u><b>989,474</b></u>	<u><b>6,112,589</b></u>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**29. ACCEPTANCES PAYABLE**

a. By currency, related parties and third parties:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Payable to other banks		
Related parties (Note 55)	476,752	296,959
Third parties	1,607,070	444,973
Payable to debtors		
Related parties (Note 55)	41,327	72,868
Third parties	292,893	123,207
Total	<u>2,418,042</u>	<u>938,007</u>
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	87,377	991,837
Third parties	8,701,280	11,094,737
Payable to debtors		
Related parties (Note 55)	1,281	4,585
Third parties	123,293	84,893
Total (Note 61B.(v))	<u>8,913,231</u>	<u>12,176,052</u>
	<b><u>11,331,273</u></b>	<b><u>13,114,059</u></b>

b. By maturity:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Less than 1 month	543,142	270,125
1 - 3 months	1,129,975	515,103
3 - 6 months	626,010	152,779
6 - 12 months	118,915	-
Total	<u>2,418,042</u>	<u>938,007</u>
Foreign currencies:		
Less than 1 month	2,154,980	3,228,606
1 - 3 months	3,252,351	4,295,136
3 - 6 months	2,160,479	4,643,115
6 - 12 months	1,345,421	9,195
Total (Note 61B.(v))	<u>8,913,231</u>	<u>12,176,052</u>
	<b><u>11,331,273</u></b>	<b><u>13,114,059</u></b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**30. MARKETABLE SECURITIES ISSUED**

By type and currencies:

	December 31, 2015	December 31, 2014
Rupiah :		
Related parties (Note 55)		
Bonds	537,750	387,000
Subordinated notes sharia <i>mudharabah</i>	50,000	50,000
Total	587,750	437,000
Third parties		
Bonds	1,287,250	840,000
Subordinated notes sharia <i>mudharabah</i>	450,000	450,000
Mandiri travelers' cheques	77,204	84,692
Medium-term notes (MTN)	-	200,000
Others	564	564
Total	1,815,018	1,575,256
	2,402,768	2,012,256
Less: Unamortised issuance cost	(4,590)	(2,631)
<b>Net</b>	<b>2,398,178</b>	<b>2,009,625</b>

**Bonds**

On December 18, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds II Mandiri Tunas Finance Phase I year 2015 ("Continuous Bonds II Phase I") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Continuous Bonds II PT Mandiri Tunas Finance Phase I year 2015 is PT Bank Mega Tbk.

As of December 31, 2015, based on Pefindo's rating for Continuous Bonds II Mandiri Tunas Finance Phase I is idAA (double A).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase III year 2015 ("Continuous Bonds III") to the Indonesia Stock Exchange with a nominal value of Rp150,000 as follows:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Continuous Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase III year 2015 is PT Bank Mega Tbk.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**30. MARKETABLE SECURITIES ISSUED (continued)**

**Bonds (continued)**

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

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	425,000	10.70%	May 23, 2017
Series B	175,000	10.85%	May 23, 2018

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 is PT Bank Mega Tbk.

On June 5, 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered continuous Bonds I PT Mandiri Tunas Finance Phase I Year 2013 ("Continuous Bonds I") with a nominal value of Rp500,000, which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	425,000	7.75%	June 5, 2016
Series B	75,000	7.80%	June 5, 2017

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

On December 31, 2015, the rating for Continuous Bonds I PT Mandiri Tunas Finance Phase I, II and III is idAA (double A).

On May 20, 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:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	48,000	8.60%	May 23, 2012
Series B	52,000	9.60%	May 19, 2013
Series C	350,000	10.00%	May 19, 2014
Series D	150,000	10.70%	May 19, 2015

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000, Series B for Rp52,000, Series C for Rp350,000 and series D for Rp150,000 had been paid at the maturity date.

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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### 30. MARKETABLE SECURITIES ISSUED (continued)

#### **Subordinated Notes *Sharia Mudharabah***

On December 19, 2011, PT Bank Syariah Mandiri (BSM) issued limited offering of sharia *mudharabah* sukuk subordinated notes Year 2011 ("Subnotes BSM") with a nominal value of Rp500,000. BSM Subnotes have term of ten (10) years with the right to purchase (call option) in the fifth year from the date of issuance with the following terms and conditions:

- Profit sharing is calculated by multiplying the Bank's Subnotes nisbah shareholders with revenue which is distributed and listed in the unaudited last-quarter financial statements and approved by BSM's Directors not later than 10 (ten) days before the payment date.
- The distributed revenue was obtained from the funding portfolio revenue denominated in Rupiah amounting to Rp5,000,000 obtained during the 1 (one) quarter as listed in each unaudited BSM's financial report.
- Nisbah provided to the BSM Subnotes holders' is 16.30% per annum of the profit sharing which is paid every three (3) months.

The issuance of BSM Subnotes divided into three (3) phases:

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

Subnotes are neither covered by a specific collateral nor guaranteed by a third party or by the Republic of Indonesia and not included in the Bank Guarantee Program implemented by Bank Indonesia or other guarantee institution in accordance to with the law and regulation in force. Subnotes are obligation of the BSM that is subordinated. During the validity period of Subnotes, and before the redemption of all of principal and profit sharing, the BSM is obliged to: (i) maintain the amount of assets that are not pledged at a minimum of 150% of total liabilities; (ii) ensure that Subnotes not owned by more than forty-nine (49) investors; (iii) submit to the monitoring agent financial information as follows: annual audited financial statements, quarterly financial statements, and the financial statements used for the calculation of profit sharing and BSM health rating reports issued by Bank Indonesia.

Without written approval from the monitoring agent, the BSM is not allowed to do the following: (i) reduce the issued and paid-in capital; (ii) make some changes in business field; (iii) do a merger or consolidation or reorganization, except if there was some regulation from the Government or Bank Indonesia; (iv) do a merger, consolidation, acquisition with another entity that will result to the dissolution of BSM.

The Trustees of Bank Syariah Mandiri *mudharabah* subordinated notes year 2011 are PT Bank Mandiri (Persero) Tbk. and PT Bank CIMB Niaga Tbk.

Based on the latest rating report released on December, 2015 and 2014, the BSM's Subnotes' is rated idAA by the securities rating agency PT Pefindo.

#### **Medium Term Notes (MTN)**

On January 24, 2012, Subsidiary, PT Mandiri Tunas Finance, 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 amounting to Rp200,000 has 3 (three) years effective period starting from February 2, 2012 to February 2, 2015, and has been fully repaid at maturity.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**30. MARKETABLE SECURITIES ISSUED (continued)**

**Medium Term Notes (MTN) (continued)**

December 31, 2014					
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	February 2, 2015	36	9.95%	200,000
					<u><u>200,000</u></u>

During the years ended December 31, 2015 and 2014, the Subsidiaries had fulfilled the covenants as stipulated in the agreements.

**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:

	December 31, 2015	December 31, 2014
Rupiah:		
Bank guarantees issued (Note 53)	37,077,825	26,853,713
Committed unused loan facilities granted	22,273,685	26,516,482
Outstanding irrevocable letters of credit (Note 53)	2,426,922	2,112,407
Standby letters of credit (Note 53)	1,970,917	1,709,373
Total	<u>63,749,349</u>	<u>57,191,975</u>
Foreign currencies:		
Bank guarantees issued (Note 53)	37,433,266	34,359,188
Committed unused loan facilities granted	7,006,333	7,046,517
Outstanding irrevocable letters of credit (Note 53)	8,497,666	13,055,707
Standby letters of credit (Note 53)	10,764,808	10,180,077
Total	<u>63,702,073</u>	<u>64,641,489</u>
	<u><b>127,451,422</b></u>	<u><b>121,833,464</b></u>

- b. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	126,481,063	121,384,434
Special mention	685,904	367,646
Sub-standard	230,090	7,064
Doubtful	16,541	10,551
Loss	37,824	63,769
Total	<u>127,451,422</u>	<u>121,833,464</u>
Less: Allowance for impairment losses	(395,610)	(196,793)
<b>Commitments and contingencies - net</b>	<u><b>127,055,812</b></u>	<u><b>121,636,671</b></u>



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)**

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance	196,793	200,501
Allowance/(reversal) during the year	198,450	(5,313)
Others*)	367	1,605
<b>Ending balance</b>	<b>395,610</b>	<b>196,793</b>

\*) Includes effect of foreign currencies translation.

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

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

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as of December 31, 2015 and 2014 amounting to Rp2,596,228 and Rp1,771,213, respectively (Notes 21c and 24c).

**32. ACCRUED EXPENSES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Fixed asset and software procurement	1,073,300	1,308,820
Interest expenses	969,433	1,082,993
Outsourcing expenses	287,102	258,401
Promotions	232,779	302,512
Employee related costs: uniform, recreation and others	67,326	70,706
Others	860,861	856,841
	<b>3,490,801</b>	<b>3,880,273</b>

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

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Bank Mandiri	4,570,305	2,417,736
Subsidiaries	247,091	174,246
	<b>4,817,396</b>	<b>2,591,982</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**33. TAXATION (continued)**

**b. Taxes payable**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current Income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	1,065,696	744,342
Subsidiaries		
Corporate Income Tax - Article 29	194,096	153,302
	<u>1,259,792</u>	<u>897,644</u>
Taxes payable - others		
Bank Mandiri		
Income taxes		
Article 25	255,893	369,114
Article 21	122,795	110,231
Article 4 (2)	256,196	276,939
Others	100,764	89,939
	<u>735,648</u>	<u>846,223</u>
Subsidiaries	136,176	131,274
	<u>871,824</u>	<u>977,497</u>
	<u><b>2,131,616</b></u>	<u><b>1,875,141</b></u>

**c. Tax expense/(benefit)**

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
Tax expense - current:		
Bank Mandiri	4,932,830	4,674,771
Subsidiaries	615,228	635,148
	<u>5,548,058</u>	<u>5,309,919</u>
Tax (benefit)/expense - deferred:		
Bank Mandiri	(337,514)	82,730
Subsidiaries	6,488	(39,417)
	<u>(331,026)</u>	<u>43,313</u>
	<u><b>5,217,032</b></u>	<u><b>5,353,232</b></u>

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**33. TAXATION (continued)**

**d. Tax expense - current**

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

	Year ended December 31,	
	2015	2014
Consolidated income before tax expense and non-controlling interests	26,369,430	26,008,015
Less:		
Income before tax expense of Subsidiaries - after elimination	(1,900,221)	(2,265,732)
Impact of changes in presenting investment from equity method to cost method	230,537	443,546
Income before tax expense and non-controlling interests - Bank Mandiri only	24,699,746	24,185,829
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(1,732,048)	(398,481)
Others	8,880	158
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	799,374	(1,025,957)
Allowance for impairment losses on financial assets other than loans	83,164	151,940
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	816,084	496,970
Unrealised gain on BOT transactions	(7,799)	187,205
Allowance for estimated losses arising from legal cases	33,551	(124,212)
Provision for estimated losses on commitments and contingencies	175,580	(2,660)
Depreciation of fixed assets	(228,162)	(102,848)
Unrealised losses on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	15,779	6,964
Allowance for possible losses of abandoned properties	-	(1,051)
Estimated taxable income	24,664,149	23,373,857
Estimated tax expense - current		
Bank Mandiri only	4,932,830	4,674,771
Subsidiaries	615,228	635,148
<b>Estimated tax expense - current</b>	<b>5,548,058</b>	<b>5,309,919</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**33. TAXATION (continued)**

**d. Tax expense - current (continued)**

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

	December 31,	
	2015	2014
Consolidated income before tax expense	26,369,430	26,008,015
Tax calculated at applicable tax rates	5,368,896	5,403,600
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(503,341)	(171,684)
- Expense not deductible for tax purposes	156,932	91,987
	(346,409)	(79,697)
Subsidiaries	194,545	29,329
Total tax effect	(151,864)	(50,368)
<b>Income tax expense</b>	<b>5,217,032</b>	<b>5,353,232</b>

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

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

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No. 56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate 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, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the taxpayer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**33. TAXATION (continued)**

**d. Tax expense - current (continued)**

Based on Certificate No. DE/I/2016-0117 dated January 5, 2016 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated Desember 31, 2015 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, OJK (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 December 31, 2015 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:

	December 31, 2015			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
<b>Bank Mandiri</b>				
<b>Deferred tax assets:</b>				
Loans write-off until 2008	1,331,538	(82,825)	-	1,248,713
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	963,865	163,217	(58,110)	1,068,972
Allowance for impairment loan losses	869,007	242,700	-	1,111,707
Allowance for impairment losses on financial assets other than loans	410,180	16,632	-	426,812
Unrealised losses on decrease in fair value of marketable securities and government bonds (available for sale)	139,816	-	235,953	375,769
Allowance for estimated losses arising from legal cases	100,936	6,710	-	107,646
Estimated losses on commitments and contingencies	39,030	35,116	-	74,146
Allowance for possible losses on abandoned properties	29,819	-	-	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 losses on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	1,501	3,156	-	4,657
Accumulated losses arising from difference in net realisable value of abandoned properties	189	-	-	189
<b>Deferred tax assets</b>	<b>3,889,844</b>	<b>384,706</b>	<b>177,843</b>	<b>4,452,393</b>
<b>Deferred tax liabilities:</b>				
Unrealised gain on BOT transactions	(20,268)	(1,560)	-	(21,828)
Net book value of fixed assets	(66,252)	(45,632)	-	(111,884)
<b>Deferred tax assets - Bank Mandiri only</b>	<b>3,803,324</b>	<b>337,514</b>	<b>177,843</b>	<b>4,318,681</b>
Net deferred tax assets - Subsidiaries	385,796			515,841
<b>Total consolidated deferred tax assets - net</b>	<b>4,189,120</b>			<b>4,834,522</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**33. TAXATION (continued)**

**e. Deferred tax assets - net (continued)**

	December 31, 2014			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
<b>Bank Mandiri</b>				
<b>Deferred tax assets:</b>				
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 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 losses on 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
<b>Deferred tax assets</b>	<b>4,197,156</b>	<b>(99,600)</b>	<b>(207,712)</b>	<b>3,889,844</b>
<b>Deferred tax liabilities:</b>				
Unrealised gain on BOT transactions	(57,709)	37,441	-	(20,268)
Net book value of fixed assets	(45,681)	(20,571)	-	(66,252)
<b>Deferred tax assets - Bank Mandiri only</b>	<b>4,093,766</b>	<b>(82,730)</b>	<b>(207,712)</b>	<b>3,803,324</b>
Net deferred tax assets - Subsidiaries	<u>228,732</u>			<u>385,796</u>
<b>Total consolidated deferred tax assets - net</b>	<u><b>4,322,498</b></u>			<u><b>4,189,120</b></u>

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 on fixed assets revaluation**

Bank through letter No. FST/1042/2015 dated December 8, 2015 has filed to the tax office, an application of fixed assets revaluation for tax purposes were filed in 2015 by taxpayers who have not been revalued fixed assets.

Based on the Regulation of the Minister of Finance No. 191/PMK.010/2015 dated October 15, 2015 the application filed until the date of December 31, 2015, will receive special treatment in the form of final income tax of 3%. In this regard, the Bank has estimated the fair value of fixed assets such as land and later on increase in fair value compared to the book value of existing fixed assets, the Bank has made tax payments amounting to Rp693,277 on December 11, 2015, although it has not been approved from the Tax Office. The tax payments are recorded as prepaid taxes as of December 31, 2015.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**33. TAXATION (continued)**

**g. Tax assessment letters**

**Fiscal year 2013**

Based on verification process done by Tax office, on December 16, 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 has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on December 31, 2015 and 2014. Until the date of these consolidated financial statements, the tax objection is still in progress.

**Fiscal year 2010**

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

Management disagree with the Tax Underpayment Assessment letter result and on March 4, 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 of December 31, 2015 and 2014.

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 VAT. 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 February 21, 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 May 19, 2014. Until the date of these consolidated financial statements, the appeal in tax court is still on progress.

**h. Tax collection letter**

**Fiscal year 2014**

Based on assesment process done by Tax Office on December 29, 2015, Tax Office issued Tax Collection Letter (STP) which stated underpayment of corporate tax expense for 2014 fiscal year of Rp1,459,120 and penalties of Rp233,459.

Management disagree with the Tax Collection Letter and Bank has submitted an application letter for cancellation Tax Collection Letter to Tax Office on December 31, 2015. Bank has paid all the tax underpayment of Rp1,459,120 and recorded it as prepaid tax on December 31, 2015. Until the date of these consolidated financial statements, Bank is still waiting for the result on the above concellation request.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**34. EMPLOYEE BENEFIT LIABILITIES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Provision for post-employment benefit (Note 50)	2,411,613	2,234,193
Provisions for bonuses, leave and holiday entitlements	3,365,464	2,946,967
	<b>5,777,077</b>	<b>5,181,160</b>

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**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Liability to policyholders	3,486,140	3,144,685
Guarantee deposits	1,053,344	737,225
Liability related to ATM and credit card transaction	966,227	966,018
Payable to customers	926,371	2,018,396
Liabilities related to unit-link	596,316	1,152,424
Deferred income (directly attributable)	517,242	501,082
Deferred income (not directly attributable)	356,577	242,143
Customers transfer transaction	124,431	57,367
Payable from purchase of marketable securities	42,194	13,201
Others	3,442,846	4,320,549
Total	11,511,688	13,153,090
Foreign currencies:		
Guarantee deposits	906,797	1,178,359
Other liabilities related to UPAS transactions	743,551	796,728
Deferred income (not directly attributable)	321,721	422,854
Customers transfer transaction	64,301	555,859
Deferred income (directly attributable)	3,761	1,936
Others	637,593	261,860
Total (Note 61B.(v))	2,677,724	3,217,596
	<b>14,189,412</b>	<b>16,370,686</b>

Liabilities to policyholders consist of liabilities of the Subsidiaries (AXA Mandiri Financial Services, Mandiri AXA General Insurance and PT Asuransi Jiwa Indonesia InHealth) as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Future policy benefits from non unit-linked products	1,705,778	1,724,888
Claim payables	89,324	93,824
Unearned premiums	1,188,453	954,692
Estimated claim liabilities	502,585	371,281
	<b>3,486,140</b>	<b>3,144,685</b>



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**35. OTHER LIABILITIES (continued)**

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

Liabilities associated with ATM and credit card transactions consists of liabilities on ATM transactions within ATM Bersama, ATM links and ATM Prima and liabilities to Visa and Master Card for credit card transactions.

Liabilities related to unit link represents unit-linked liabilities to third parties and unit-linked policyholders' fund liabilities of a subsidiary (AXA Mandiri Financial Services).

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortized loan.

Unearned income which is not directly attributed consists of deferred fees/commissions that are not directly related to the unamortized loan.

Purchase of securities accrued arising from the purchase of securities which was fully paid respectively on January 5, 2016 and January 5, 2015 as of December 31, 2015 and 2014.

Other liabilities on UPAS transaction is a liability to the payer bank in foreign currency related with bill of UPAS to importers.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

**36. FUND BORROWINGS**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Related parties (Note 55)		
(f) Others	25,178	202,609
Third parties		
(a) Ministry of Public Work and Housing (Kemenpupera)	132,948	137,570
(b) Direct off-shore loans	300,000	300,000
(e) Repo to maturity	494,301	494,301
(f) Others	4,237,157	3,221,252
	<u>5,164,406</u>	<u>4,153,123</u>
Total	<u>5,189,584</u>	<u>4,355,732</u>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Foreign currencies:		
Related parties (Note 55)		
(d) Trade financing facilities	-	49,540
Third parties		
(b) Direct off-shore loans	18,730,838	10,500,576
(c) Bilateral loans	6,891,192	6,190,452
(d) Trade financing facilities	2,953,057	3,130,804
	<u>28,575,087</u>	<u>19,821,832</u>
Total (Note 61B.(v))	<u>28,575,087</u>	<u>19,871,372</u>
	<b><u>33,764,671</u></b>	<b><u>24,227,104</u></b>

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Work and Housing's fund and 30.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated February 15, 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated February 15, 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 of December 31, 2015 and 2014 was amounted to Rp132,948 and Rp137,570. 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 the fund disbursed from date of 1 until 10) and start the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpupera will be made not later than the date of 10 for each month.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans

The details of direct off-shore loans are as follows:

	December 31, 2015	December 31, 2014
Rupiah:		
Bank of America, Singapore	300,000	300,000
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,624,789	-
- Tranche B	4,040,859	-
Nomura International Plc, London	2,732,021	2,442,369
Bank of America, Hong Kong	1,585,275	1,424,275
Agence Française de Développement, France	541,559	690,577
Asian Development Bank		
- Tranche A	206,335	370,105
Standard Chartered Bank, Singapore	-	3,096,250
Deutsche Bank AG, Singapore	-	2,477,000
Total	18,730,838	10,500,576
	<b>19,030,838</b>	<b>10,800,576</b>

**Bank of America, Singapore**

December 31, 2015 and 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America, Singapore	November 3, 2017	36	Fixed 9%	-	<u><u>300,000</u></u>

On October 31, 2014, Bank Mandiri obtained an unsecured loan facility from Bank of America, Singapore amounting to Rp300,000 with a fixed interest rate of 9% per year.

The loan facility has a tenor of 3 (three) years and will be matured on November 3, 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on November 5, 2014.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**China Development Bank, China**

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 16, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,649,500
Less:						
Unamortised issuance costs					(1,792,643)	(24,711)
					<b>698,207,357</b>	<b>9,624,789</b>
Tranche B (CNY Currency)	China Development Bank, China	September 16, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	4,051,289
Less:						
Unamortised issuance costs					(4,913,289)	(10,430)
					<b>1,903,506,711</b>	<b>4,040,859</b>

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral credit agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) and will be matured in 10 (ten) years after agreement date with an interest rate of LIBOR 6 (six) monthly plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing 10 (ten) years after the agreement date with SHIBOR interest rate of six (6) months plus a certain margin. The loan was withdrawn on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015.

**Nomura International Plc, London**

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,757,000
Less:						
Unamortised issuance costs					(1,812,028)	(24,979)
					<b>198,187,972</b>	<b>2,732,021</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Nomura International Plc, London (continued)**

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,477,000
Less:						
Unamortised issuance costs					(2,796,169)	(34,631)
					<b>197,203,831</b>	<b>2,442,369</b>

On October 8, 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 October 17, 2017. Bank Mandiri has drawdown of this loan facility amounting to USD200,000,000 (full amount) on October 17, 2014.

This loan facility is secured with as follows (Note 8c) :

	Nominal amount (USD full amount)	
	December 31, 2015	December 31, 2014
ROI 16	12,230,000	12,230,000
ROI 17	98,498,000	98,498,000
ROI 18	46,106,000	46,106,000
ROI 19	61,500,000	61,500,000
ROI 20	6,000,000	6,000,000
ROI 21	6,800,000	-

**Bank of America, Hong Kong**

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,585,275

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Bank of America, Hong Kong (continued)**

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	<u>1,424,275</u>

On October 30, 2014, Bank Mandiri obtained a loan facility from Bank Of America, Hongkong amounting of USD115,000,000 (full amount) with interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on November 13, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on November 12, 2014. As of December 31, 2015, this loan facility was secured by government bonds series VR0028 with a nominal value of Rp2,150,000 (December 31, 2014: Rp2,150,000) and ROI 19 series USD9,471,000 (full amount) (December 31, 2014: Nil) (Note 8c).

**Agence Française de Développement, France**

December 31, 2015						
Type	Arranger	Maturity date	Interest rate per annum	Nominal amount		
				USD (full amount)	Rupiah equivalent	
Bilateral loan	Agence Française de Développement	March 31, 2016	LIBOR (6 months) + certain margin	2,727,273	37,595	
Less:						
Unamortised issuance costs				(1,014)	(14)	
				<u>2,726,259</u>	<u>37,581</u>	
Bilateral loan	Agence Française de Développement	September 30, 2018	LIBOR (6 months) + certain margin	6,857,143	94,526	
Less:						
Unamortised issuance costs				(12,074)	(166)	
				<u>6,845,069</u>	<u>94,360</u>	
Bilateral loan	Agence Française de Développement	September 30, 2017	LIBOR (6 months) + certain margin	14,545,455	200,509	
Less:						
Unamortised issuance costs				(21,915)	(302)	
				<u>14,523,540</u>	<u>200,207</u>	
Bilateral loan	Agence Française de Développement	March 31, 2019	LIBOR (6 months) + certain margin	5,500,000	75,817	
Less:						
Unamortised issuance costs				(11,466)	(158)	
				<u>5,488,534</u>	<u>75,659</u>	
Bilateral loan	Agence Française de Développement	September 30, 2023	LIBOR (6 months) + certain margin	10,000,000	137,850	
Less:						
Unamortised issuance costs				(297,259)	(4,098)	
				<u>9,702,741</u>	<u>133,752</u>	
				<u>39,286,143</u>	<u>541,559</u>	

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France (continued)**

December 31, 2014					
Type	Arranger	Maturity date	Interest rate per annum	Nominal amount	
				USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2016	LIBOR (6 months) + certain margin	8,181,818	101,332
Less:					
Unamortised issuance costs				(9,380)	(116)
				<b>8,172,438</b>	<b>101,216</b>
Bilateral loan	Agence Française de Développement	September 30, 2018	LIBOR (6 months) + certain margin	9,142,857	113,234
Less:					
Unamortised issuance costs				(21,224)	(263)
				<b>9,121,633</b>	<b>112,971</b>
Bilateral loan	Agence Française de Développement	September 30, 2017	LIBOR (6 months) + certain margin	21,818,182	270,218
Less:					
Unamortised issuance costs				(48,744)	(604)
				<b>21,769,438</b>	<b>269,614</b>
Bilateral loan	Agence Française de Développement	March 31, 2019	LIBOR (6 months) + certain margin	7,071,429	87,580
Less:					
Unamortised issuance costs				(18,746)	(232)
				<b>7,052,683</b>	<b>87,348</b>
Bilateral loan	Agence Française de Développement	September 30, 2023	LIBOR (6 months) + certain margin	10,000,000	123,850
Less:					
Unamortised issuance costs				(357,065)	(4,422)
				<b>9,642,935</b>	<b>119,428</b>
				<b>55,759,127</b>	<b>690,577</b>

On June 17, 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin and will be used to finance the projects that related to the carbon emission reduction.

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On December 15, 2010, the Bank drawdown the borrowing from AFD amounting to USD30,000,000 (full amount), which will be matured on March 31, 2016.

On February 16, 2012, May 30, 2012 and May 31, 2012, the Bank drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will be matured on September 30, 2018, September 30, 2017 and March 31, 2019, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France (continued)**

The drawdown of the above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

On November 8, 2013, Bank Mandiri signed a second new loan facility agreement or second line of credit with AFD amounting to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank has drawdown the loan amounting to USD10,000,000 (full amount), which will be matured on September 30, 2023.

**Asian Development Bank**

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	October 31, 2016	84	LIBOR (6 months) + certain margin	15,000,000	206,775
Less:						
Unamortised issuance costs					(31,935)	(440)
					<b>14,968,065</b>	<b>206,335</b>

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	October 31, 2016	84	LIBOR (6 months) + certain margin	30,000,000	371,550
Less:						
Unamortised issuance costs					(116,720)	(1,445)
					<b>29,883,280</b>	<b>370,105</b>

On October 30, 2009, as further amended and restated on November 13, 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).

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, and 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 January 28, 2010. As of December 31, 2015, the Bank has repaid this loan amounting to USD90,000,000 (full amount). Tranche B Facility was repaid at maturity. As of December 31, 2015, the credit facility is secured by Government Bonds VR0031 series with a nominal value of Rp444,045 (2014: Rp1,286,663) (Note 8c).



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Standard Chartered Bank, Singapore**

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Standard Chartered Bank, Singapore	July 9, 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>3,096,250</u>

On June 28, 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 3 (three) years of tenor and will be matured on July 9, 2015. Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount) on July 9, 2012. This loan has been fully paid at maturity date.

As of December 31, 2015, this loan was fully paid at maturity date July 9, 2015, so there was no government bonds has been secured. As of December 31, 2014, this loan facility was secured by government bonds VR0030 series with nominal value of Rp3,460,000 and VR0031 series with nominal value of Rp843,746 (Note 8c).

**Deutsche Bank AG, Singapore**

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Standby loan	Deutsche Bank AG, Singapore	June 23, 2016	60	LIBOR (6 months) + certain margin	200,000,000	<u>2,477,000</u>

On June 16, 2011, Bank Mandiri obtained a loan facility from Deutsche Bank AG, Singapore. The agreement has amended by latest addendum of agreement dated July 31, 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 June 23, 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On June 27, 2011, Bank Mandiri exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on September 28, 2011, the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). Those outstanding loans were repaid on September 24, 2014.

On December 31, 2014, Bank Mandiri exercised another drawdown amounting to USD200,000,000 (full amount). Based on the withdrawal, it was fully paid on March 6, 2015.

As of December 31, 2015, this loan facility has been fully paid on March 6, 2015 so there was no government bonds pledged (December 31, 2014 this loan facility was secured by government bonds VR0031 series with a nominal value of Rp4,000,000) (Note 8c).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(c) Bilateral loans

The details of bilateral loans are as follows:

	December 31, 2015	December 31, 2014
JP Morgan, Jakarta	5,512,692	4,951,952
Standard Chartered Bank, Jakarta	1,378,500	1,238,500
	<b>6,891,192</b>	<b>6,190,452</b>

**JP Morgan, Jakarta**

**December 31, 2015**

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2016	36	LIBOR (3 months) + certain margin	150,000,000	2,067,750
Less:						
Unamortised issuance costs					(33,732)	(465)
					<b>149,966,268</b>	<b>2,067,285</b>
Bilateral loan	JP Morgan, Jakarta	September 5, 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,446,250
Less:						
Unamortised issuance costs					(61,123)	(843)
					<b>249,938,877</b>	<b>3,445,407</b>
					<b>399,905,145</b>	<b>5,512,692</b>

**December 31, 2014**

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2016	36	LIBOR (3 months) + certain margin	150,000,000	1,857,750
Less:						
Unamortised issuance costs					(69,562)	(862)
					<b>149,930,438</b>	<b>1,856,888</b>
Bilateral loan	JP Morgan, Jakarta	September 5, 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,096,250
Less:						
Unamortised issuance costs					(95,768)	(1,186)
					<b>249,904,232</b>	<b>3,095,064</b>
					<b>399,834,670</b>	<b>4,951,952</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(c) Bilateral loans (continued)

**JP Morgan, Jakarta (continued)**

On November 15, 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (full amount) with an interest rate at 3 months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on November 21, 2013.

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2015	December 31, 2014
ORI 011*)	288,276	-
ORI 009*)	-	288,276
ROI 23**)	17,500,000	17,500,000
ROI 21**)	36,500,000	-
ROI 15**)	-	40,000,000
ROI 16**)	48,000,000	48,000,000
INDOIS 22**)	60,000,000	60,000,000

\*) In million rupiah

\*\*\*) In USD (full amount)

This loan facility was secured by placement with others bank USD5,488,263 (full amount) (Note 6d).

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and will be matured on September 5, 2017. The Bank has drawdown on the loan facility amounting to USD250,000,000 (full amount) on September 2, 2014.

This loan was secured by (Note 7k and 8c):

	Nominal amount	
	December 31, 2015	December 31, 2014
ORI 011*)	669,000	-
ORI 009*)	-	669,000
ROI 23**)	37,000,000	37,000,000
ROI 19**)	27,295,000	27,295,000
ROI 18**)	29,100,000	29,100,000
INDOIS 22**)	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000

\*) In million rupiah

\*\*\*) In USD (full amount)

This loan facility is also secured by placement with others bank USD10,997,811 (full amount) (Note 6d).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(c) Bilateral loans (continued)

**Standard Chartered Bank, Jakarta**

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Standard Chartered Bank, Jakarta	July 11, 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u>1,378,500</u>

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Standard Chartered Bank, Jakarta	July 11, 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u>1,238,500</u>

On July 4, 2011, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta as amount to USD100,000,000 (full amount) with an interest rate at 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will be matured on July 11, 2016. On July 11, 2011, Bank Mandiri has drawdown this loan facility as amount to USD100,000,000 (full amount). As of December 31, 2015, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (December 31, 2014: Rp1,074,788) (Note 8c).

(d) Trade financing facilities (bankers acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 90 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 of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Wells Fargo Bank NA, United States of America	689,250	743,100
Wells Fargo Bank NA, United Kingdom	689,250	-
Bank of America NA, Singapore	441,120	-
Bank of New York, Mellon, Singapore	344,625	-
Westpac Banking Corporation, Singapore	275,700	-
Standard Chartered Bank, New York	206,775	421,090
CTBC Bank Co.Ltd, Singapore	137,850	743,100
Citibank NA, Hong Kong	99,562	-
Hongkong and Shanghai Banking Corp, Hong Kong	68,925	-
Bank of New York Mellon, Cayman Island	-	371,550
Bank of Montreal, Canada	-	307,024
Bank of New York Mellon, Jakarta	-	247,700
Bank of America NA, Hong Kong	-	123,850
Bank of New York Mellon, Hong Kong	-	111,465
Hongkong and Shanghai Banking Corp, Jakarta	-	61,925
PT Bank Negara Indonesia (Persero), New York	-	49,540
	<u>2,953,057</u>	<u>3,180,344</u>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(e) Repo to Maturity

On October 31, 2014, Bank Mandiri signed a loan agreement amounting to Rp600,000 with the scheme of repo to maturity with Bank of America Singapore Limited (BOA). In this transaction, Bank Mandiri transferred Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which is amount Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognises receivable amounting cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on July 25, 2020, which match with the maturity date of VR0031. On the maturity date, the transaction settlement will be made net of loan and receivable between Bank Mandiri and BOA.

On November 19, 2014, BOA sent "Transfer Notice" which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha.

(f) Others

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
PT Bank Pan Indonesia Tbk.	2,504,667	1,607,830
PT Bank Jabar Banten Tbk.	518,560	308,216
PT Bank Central Asia Tbk.	426,100	585,661
PT Bank KEB Hana Indonesia	355,988	-
PT Bank DKI	296,078	238,041
PT Bank Chinatrust Indonesia	66,549	99,751
PT Bank Commonwealth	47,090	113,291
PT Bank Negara Indonesia (Persero) Tbk.	25,178	52,609
Standard Chartered Bank, Jakarta	20,000	-
Bank of China, Jakarta	2,125	116,245
PT Bank Tabungan Pensiunan Nasional Tbk.	-	150,000
PT Sarana Multigriya Finansial (Persero)	-	150,000
PT Bank OCBC NISP Tbk.	-	2,217
	<b>4,262,335</b>	<b>3,423,861</b>

**PT Bank Pan Indonesia Tbk.**

On February 16, 2011, August 8, 2011 and latest amended on September 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provide some non revolving term loan facilities with a total limit of Rp4,331,000 and bear a fixed interest rate. These facilities have various maturity, which ranging from January 2016 until November 2019.

On May 12, 2011, the Subsidiary (PT Mandiri Tunas Finance) 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 November 12, 2012 with additional facility up to Rp300,000 and maturity date was extended to May 12, 2016.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

On July 11, 2003, the Subsidiary (PT Mandiri Sekuritas) entered into working capital facility agreement with Panin. The agreement has been amended by latest addendum of agreement dated June 25, 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 guarantee 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 (PT Mandiri Sekuritas).

As of December 31, 2015 and 2014, borrowing from Panin was amounted to Rp2,504,667 and Rp1,607,830.

**PT Bank Jabar Banten Tbk.**

On November 1, 2011, November 30, 2012 and latest amended on Desember 4, 2015 the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Jabar Banten Tbk. (BJB) signed a loan agreement whereby BJB provide some non revolving term loan facilities with a total limit of Rp675,000 and bear a fixed interest rate. These facilities have various maturity, which ranging from Maret 2017 until December 2018.

As of December 31, 2015 and 2014, borrowing from BJB was amounted to Rp518,560 and Rp308,216.

**PT Bank Central Asia Tbk.**

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides an overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and will be matured June 12, 2014. This loan was extended until March 12, 2016.

On March 24, 2011 and the last on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered into several loan agreements where BCA provides some non revolving term loan facilities with a total limit of Rp1,275,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between January 2016 until June 2017.

On June 11, 2013 and the last on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement whereby the BCA provides revolving money market facility with a limit of Rp100,000 and bears a floating interest rate. The facility matures on March 12, 2016.

On February 25, 2013, the Subsidiary (PT Mandiri Sekuritas) entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000, which consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be matured on February 22, 2016. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility. This loan has been repaid by the Subsidiary (PT Mandiri Sekuritas).

As of December 31, 2015 and 2014, borrowing from BCA was amounted to Rp426,100 and Rp585,661.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Bank KEB Hana Indonesia**

On March 19, 2015 and the last on Juli 31, 2015, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Hana Indonesia (Hana) signed a loan agreement where Hana provides revolving money market facilities with a limit of Rp150,000 and bears a floating interest rate and some non revolving working capital loan facilities with limit of Rp400,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between March 2018 until September 2018.

As of December 31, 2015 borrowing from Hana was amounted to Rp355,988.

**PT Bank DKI**

On March 2, 2011 and the latest on December 2, 2015, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several non revolving term loan facilities with a total facility of Rp830,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between January 2016 until December 2018.

As of December 31, 2015 and 2014, borrowing from Bank DKI was amounted to Rp296,078 and Rp238,041.

**PT Bank Chinatrust Indonesia**

On December 18, 2014, the Subsidiary (PT Mandiri Tunas Finance) and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides several working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities will be matured on December 2017.

As of December 31, 2015 and 2014, borrowing from BCT was amounted to Rp66,549 and Rp99,751.

**PT Bank Commonwealth**

On March 5, 2013 and the last on March 27, 2014, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Commonwealth (Commonwealth) signed a loan agreement in which Commonwealth provides several non revolving term loan facilities with total limit of Rp199,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 until June 2017.

As of December 31, 2015 and 2014, borrowing from Commonwealth was amounted to Rp47,090 and Rp113,291.

**PT Bank Negara Indonesia (Persero) Tbk.**

On November 23, 2011, the Subsidiary (PT Mandiri Tunas Finance) 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 Rp277,743 and bear a fixed interest rate. These facilities have various maturity dates, which ranging between February 2016 until November 2016.

As of December 31, 2015 and 2014, borrowing from BNI was amounted to Rp25,178 and Rp52,609.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**Standard Chartered Bank, Jakarta**

On September 8, 2006, the Subsidiary (PT Mandiri Sekuritas) entered into working capital facility agreement with Standard Chartered Bank (SCB). The agreement has been amended by latest addendum of agreement dated November 23, 2015, whereby the Subsidiary (PT Mandiri Sekuritas) has been provided by bank guarantee facility of Rp75,000. The bank guarantee is issued for KPEI as one of factors considered in determining the Subsidiary's (PT Mandiri Sekuritas) limit of shares transaction. The Subsidiary also obtained short-term loan facility amounted to Rp250,000. This facility has been automatically extended for one year. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB. This loan facility has maturity on January 2016.

As of December 31, 2015 and 2014, borrowing from SCB was amounted to Rp20,000 and RpNil.

**Bank Of China, Jakarta**

On November 20, 2013, the Subsidiary (PT Mandiri Tunas Finance) and Bank Of China (BOC) signed loan agreement whereby BOC provides several non revolving term loan facilities with total facility of Rp8,500 and bear fixed interest rate. These facilities will be matured on June 27, 2016.

As of December 31, 2015 and 2014, borrowing from BOC was amounted to Rp2,125 and Rp116,245.

**PT Bank Tabungan Pensiunan Nasional Tbk.**

On January 26, 2011, the Subsidiary (PT Mandiri Sekuritas) entered into money market facility agreement as amount to Rp150,000 with PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). The agreement has been amended by latest addendum of agreement dated March 6, 2013 with an increase in facility limit to Rp200,000 and maturity date until January 26, 2014. The agreement has been subsequently extended until January 26, 2016. Under the terms of the agreement, the interest for the funding facility is determined based on the annual lending rate of BTPN. This borrowing was fully repaid by the Subsidiary (PT Mandiri Sekuritas).

As of December 31, 2014, borrowing from BTPN amounted to Rp150,000.

**PT Sarana Multigriya Finansial (Persero)**

On October 3, 2011, the Subsidiary (PT Bank Syariah Mandiri (*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 (Pembiayaan Pemilikan Rumah (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.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Sarana Multigriya Finansial (Persero) (continued)**

On December 29, 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 December 29, 2011 and January 30, 2012. Revenue sharing will be paid monthly starting from January 2012. This facility will be due on January 30, 2015. This borrowing was fully repaid by the Subsidiary.

As of December 31, 2014, borrowing SMF was amounted to Rp150,000.

**PT Bank OCBC NISP Tbk.**

On June 27, 2011 and December 16, 2011, the Subsidiary (PT Mandiri Tunas Finance) 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 facilities have various maturity dates ranging between December 2014 until February 2015. This loan was fully repaid by Subsidiary (PT Mandiri Tunas Finance).

As of December 31, 2014, borrowing from OCBC was amounted to Rp2,217.

The loans received by PT Mandiri Tunas Finance was secured by consumer financing receivables amounted Rp3,778,356 as of December 31, 2015 (December 31, 2014: Rp3,088,414) (Note 13f) and receivables from lease financing amounted Rp321,506 as of December 31, 2015 (December 31, 2014: Rp645,197) (Note 14f).

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from January 1, 2015 to December 31, 2015.

During year ended December 31, 2015 and 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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,687,800	1,909,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	31,957	53,261
Subordinated Bond Rupiah Bank Mandiri I	1,797,200	1,575,200
	<u>1,829,157</u>	<u>1,628,461</u>
Total	<u>3,516,957</u>	<u>3,538,261</u>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**37. SUBORDINATED LOANS (continued)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(b) Asian Development Bank (ADB)	224,710	215,780
	<b>3,741,667</b>	<b>3,754,041</b>
Less: Unamortized issuance costs	(3,964)	(7,467)
<b>Net</b>	<b>3,737,703</b>	<b>3,746,574</b>

**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:

<b>Credit Facility</b>	<b>Purpose</b>	<b>Repayment Period</b>
Nordic Investment Bank IV	To promote and finance high priority investment projects in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	April 15, 1997 - February 28, 2017 with the 1 <sup>st</sup> installment on August 31, 2002.

The details of credit facilities from NIB are as follow:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Nordic Investment Bank IV (NIB IV)	31,957	53,261

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 relent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

<b>Credit Facility</b>	<b>Purpose</b>	<b>Repayment Period</b>
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1 <sup>st</sup> installment on January 15, 2005.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**37. SUBORDINATED LOANS (continued)**

**Two-Step Loans (TSL) (continued)**

(b) Asian Development Bank (ADB) (continued)

The details of credit facilities from ADB are as follow:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
ADB Loan 1327 - INO (SF)	224,710	215,780

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 2004, has approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every January 15, and July 15, with the first installment paid on January 15, 2005 and will ended on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15, and July 15, every year starting from its drawdown.

**Subordinated Bond Rupiah Bank Mandiri I 2009**

In order to strengthen the capital structure and support the loan expansion, on December 14, 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 of December 31, 2015, the unamortised issuance cost of subordinated bond is amounting to Rp Rp3,964 (December 31, 2014: Rp7,467).

The subordinated bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated December 14, 2009 and became effective through the letter of Chairman of OJK (formerly Capital Market & Financial Institutions Supervisory Agency (Bapepam and LK)), No. S-10414/BL/2009 dated December 3, 2009.

Bank Mandiri had listed the subordinated bond at the Indonesia Stock Exchange (BEI) on December 14, 2009, based on announcement from BEI on December 11, 2009. The subordinated bond has tenor of 7 (seven) years and will mature on December 11, 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 March 11, 2010 and the last payment date including the maturity date of the subordinated bond on December 11, 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 during year ended December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the rating of the subordinated bond based on Pefindo was idAA+ (double A Plus).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**38. TEMPORARY SYIRKAH FUNDS**

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2015	December 31, 2014
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musyarakah</i>	10,501	10,563
Demand deposits - restricted investment	1,001	2,970
	<b>11,502</b>	<b>13,533</b>

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

2) Saving Deposits

a. Based on type:

	December 31, 2015	December 31, 2014
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	217,264	7,405
<i>Mabrur</i> saving deposits	112	57
<i>Investa Cendekia</i> saving deposits	288	304
<i>Berencana</i> BSM saving deposits	310	173
Institution <i>Mudharabah</i> saving deposits	10,085	29,256
	228,059	37,195
Third parties		
Saving deposits - restricted investment	1,057,746	534,110
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	17,541,960	16,817,638
<i>Mabrur</i> saving deposits	3,318,723	3,064,239
<i>Investa Cendekia</i> saving deposits	361,059	329,290
<i>Berencana</i> BSM saving deposits	158,014	160,300
Retirement saving deposits	89,900	40,437
<i>Qurban</i> saving deposits	429	532
<i>Al-Washilyah</i> Mandiri saving deposits	1	2
	22,527,832	20,946,548
	<b>22,755,891</b>	<b>20,983,743</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**38. TEMPORARY SYIRKAH FUNDS (continued)**

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Saving Deposits - unrestricted investment:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Profit sharing ratio	0.22% - 5.46%	0.22% - 5.25%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah		
Related parties (Note 55)	195,996	455,067
Third parties	27,228,698	27,353,981
Total	27,424,694	27,809,048
Foreign currency		
Related parties (Note 55)	242,301	163
Third parties	3,620,542	4,126,695
Total	3,862,843	4,126,858
	<b>31,287,537</b>	<b>31,935,906</b>

b. Deposits from Other Banks

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	244,385	163,544
<i>Mudharabah</i> time deposits - unrestricted investment	73,548	78,761
	<b>317,933</b>	<b>242,305</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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.

- 1) By contract period:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
1 month	20,814,126	1,382,343
3 months	3,204,667	2,470,300
6 months	1,124,115	3,347,624
12 months	2,355,334	20,687,542
Total	<u>27,498,242</u>	<u>27,887,809</u>
Foreign currency:		
1 month	3,072,455	109,638
3 months	282,518	232,991
6 months	315,341	1,585,296
12 months	192,529	2,198,933
Total	<u>3,862,843</u>	<u>4,126,858</u>
	<b><u>31,361,085</u></b>	<b><u>32,014,667</u></b>

- 2) By remaining period until maturity date:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah:		
Less than 1 month	21,654,675	21,278,429
1 - 3 months	3,314,400	3,830,385
3 - 6 months	1,152,496	1,200,898
6 - 12 months	1,376,671	1,578,097
Total	<u>27,498,242</u>	<u>27,887,809</u>
Foreign currency:		
Less than 1 month	3,318,078	3,799,870
1 - 3 months	71,628	217,363
3 - 6 months	316,410	40,141
6 - 12 months	156,727	69,484
Total	<u>3,862,843</u>	<u>4,126,858</u>
	<b><u>31,361,085</u></b>	<b><u>32,014,667</u></b>

*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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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):

- 3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Rupiah	3.97% - 6.30%	3.96% - 6.05%
Foreign currency	1.15% - 1.59%	1.14% - 1.61%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp7,777,091 and Rp2,935,027 as of December 31, 2015 and 2014, respectively.

**39. NON CONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES**

This account represents non controlling interests in net assets of consolidated Subsidiaries are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
PT AXA Mandiri Financial Services	1,068,962	1,058,826
PT Mandiri Tunas Finance	574,592	441,306
PT Bank Mandiri Taspen Pos ("Bank Mantap")	294,599	13,766
PT Asuransi Jiwa InHealth Indonesia	268,778	528,262
PT Mandiri Axa General Insurance	172,000	144,401
PT Mandiri Utama Finance	42,395	-
PT Mandiri Sekuritas	124	120
PT Mandiri Capital Indonesia	101	-
	<b>2,421,551</b>	<b>2,186,681</b>

**40. SHARE CAPITAL**

**a. Authorised, Issued and Fully Paid Capital**

The Bank's authorised, issued and fully paid capital as of December 31, 2015 and 2014, respectively, are as follows:

	<b>December 31, 2015 and 2014</b>			
	<b>Number of Shares</b>	<b>Nominal Value Per Share (full amount)</b>	<b>Share Value (full amount)</b>	<b>Percentage Of Ownership</b>
<b>Authorised Capital</b>				
- 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%
<b>Total Authorised Capital</b>	<b>32,000,000,000</b>		<b>16,000,000,000,000</b>	<b>100.00%</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid Capital (continued)**

The Bank's authorised, issued and fully paid capital as of December 31, 2015 and 2014, respectively, are as follows (continued):

	December 31, 2015 and 2014			Percentage Of Ownership
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	
<b>Issued and Fully Paid Capital</b>				
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%
<b>Total Issued and Fully Paid Capital</b>	<b>23,333,333,333</b>		<b>11,666,666,666,500</b>	<b>100.00%</b>

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

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

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the share holders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 2003, the shareholders approved these following matters:

- (i) Execution of Initial Public Offering.
- (ii) Changes in capital structure of Bank Mandiri.
- (iii) Changes in articles of association of Bank Mandiri.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**40. SHARE CAPITAL(continued)**

**a. Authorised, Issued and Fully Paid-in Capital (continued)**

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

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounting to Rp168,801,315 as share premium.

The above changes in capital structure became effective started from May 23, 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the Extraordinary General Meeting of Shareholders.

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003.

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

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation No. 26 year 2003 dated May 29, 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated October 29, 2002.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**40. SHARE CAPITAL(continued)**

**a. Authorised, Issued and Fully Paid-in Capital (continued)**

2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia (“KMK RI”) No. 227/202.02/2003 dated May 23, 2003 regarding “The Final Amount and Implementation of the Government’s Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program”.

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders’ agreed on employee stock ownership plan through an Employee Stock Allocation (ESA) Program (ESA) and a Management Stock Option Plan (MSOP). The ESA program consists of a Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders’ Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders’ equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/share premium.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**40. SHARE CAPITAL(continued)**

**a. Authorised, Issued and Fully Paid-in Capital (continued)**

The Annual General Meeting of Shareholders on May 22, 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated February 14, 2011 until February 21, 2011. The unexercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The limited public offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

**b. Additional Paid-In Capital/Share Premium**

The additional paid-in capital/share premium as of December 31, 2015 and 2014 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**40. SHARE CAPITAL(continued)**

**b. Additional Paid-In Capital/Share Premium (continued)**

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

- a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
- b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

**c. Distribution of Net Income**

Based on the Annual General Share holders' Meeting held on March 16, 2015 and February 27, 2014, the shareholders approved the distribution of the 2014 and 2013 net income as follows:

	<b>2014</b>	<b>2013</b>
Dividends	4,967,968	5,461,126
Retained Earnings		
Appropriated	2,622,936	2,348,284
Unappropriated	12,280,969	10,394,343
	<b>19,871,873</b>	<b>18,203,753</b>
Dividend per share (full amount)	212.91292	234.04825

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**40. SHARE CAPITAL(continued)**

**c. Distribution of Net Income (continued)**

Dividends from 2014 net income amounted to Rp4,967,968 were paid on April 17, 2015 and dividends from 2013 net income amounted to Rp5,461,126 were paid on April 15, 2014. 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 2014 amounting Rp2,622,936 and 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.

**41. INTEREST INCOME AND SHARIA INCOME**

Interest income and sharia income are as follow:

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<u>Interest income</u>		
Loans	55,191,771	48,237,589
Government bonds	5,273,855	4,634,503
Marketable securities	1,626,369	1,652,818
Consumer financing income	1,523,637	1,118,631
Placements with Bank Indonesia and other banks	1,337,831	1,104,672
Others	1,413,196	815,051
	66,366,659	57,563,264
<u>Sharia income</u>		
<i>Murabahah and Istishna</i> income - net	3,832,690	3,878,231
<i>Musyarakah</i> income	887,760	750,937
<i>Mudharabah</i> income	364,450	420,136
<i>Ijarah</i> income - net	118,568	25,374
	5,203,468	5,074,678
	<b>71,570,127</b>	<b>62,637,942</b>

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended December 31, 2015 and 2014 amounting to Rp560,920 and Rp470,717 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2015 and 2014 amounting to Rp1,586,373 and Rp1,705,602.

Included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp334,442 and Rp284,145, respectively for the years ended on December 31, 2015 and 2014.

As of December 31, 2015 and 2014 included in interest income and sharia income is income from transaction with related parties on government bonds and treasury bill amounting to Rp5,364,814 and Rp4,681,935 respectively (refer to Note 55).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**42. INTEREST EXPENSE AND SHARIA EXPENSE**

Interest expense and sharia expense are incurred on the following:

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Time deposits	18,487,729	16,481,206
Saving deposits	2,918,599	3,352,005
Demand deposits	1,961,379	1,562,423
Fund borrowings	1,206,241	825,948
Marketable securities issued	454,181	446,278
Subordinated loans	424,118	425,860
Others	754,777	411,798
	<b>26,207,024</b>	<b>23,505,518</b>

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended December 31, 2015 and 2014 amounting to Rp2,438,112 and Rp2,451,302, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended December 31, 2015 and 2014 amounting to Rp3,759 and Rp59,292, respectively (Note 55).

**43. OTHER OPERATING INCOME - OTHERS**

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Income from loan written-off	3,430,132	2,607,206
Income from penalty	196,154	156,921
Stamp duty income	47,275	48,237
Safety deposit box	34,954	34,979
Others	2,417,255	1,120,858
	<b>6,125,770</b>	<b>3,968,201</b>

**44. ALLOWANCE FOR IMPAIRMENT LOSSES**

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	46	6,846
Placements with other banks (Note 6e)	26,256	10,321
Marketable securities (Note 7g)	(34,394)	(18,804)
Other receivables - trade transactions (Note 9d)	41,428	(115,522)
Securities purchased under resale agreements (Note 10c)	41,941	(41,941)
Loans (Note 12B.j)	(11,460,581)	(5,294,726)
Consumer financing receivables (Note 13c)	(291,624)	(209,113)
Net investment in lease finance (Note 14c)	2,356	(10,806)
Acceptance receivables (Note 15d)	16,822	(44,873)
Investments in shares (Note 16c)	(7,087)	488
	<b>(11,664,837)</b>	<b>(5,718,130)</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**45. (PROVISION FOR) REVERSAL OF POSSIBLE LOSSES**

	For the year ended December 31,	
	2015	2014
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(10,266)	11,710
Estimated losses arising from legal cases	(11,594)	129,296
Others assets (Note 20)	(157,382)	42,475
	<b>(179,242)</b>	<b>183,481</b>

**46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINKED CONTRACTS**

	For the year ended December 31,	
	2015	2014
Marketable securities	992	93,824
Government bonds	(19,298)	52,697
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	2,142,173	2,860,353
- Increase in liability in unit-linked contracts	(2,142,173)	(2,860,353)
	<b>(18,306)</b>	<b>146,521</b>

**47. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS**

	For the year ended December 31,	
	2015	2014
Marketable securities		
Fair value through profit and loss	(27,760)	39,425
Available for sale	62,683	33,355
Government bonds		
Fair value through profit and loss	21,219	45,220
Available for sale	219,357	116,463
	<b>275,499</b>	<b>234,463</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**48. SALARIES AND EMPLOYEE BENEFITS**

	For the year ended December 31,	
	2015	2014
Salaries, wages, pension and tax allowances	6,890,207	6,100,140
Holidays allowance, leave and related entitlements	1,192,666	1,206,130
Employee benefits in kind	945,705	904,372
Training and education	557,580	463,904
Provision for post-employment benefit expenses	491,225	293,932
Provision of tantiem	226,952	152,273
Bonuses and others	2,072,320	1,727,280
	<b>12,376,655</b>	<b>10,848,031</b>

Total gross salaries and allowances, bonus and 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 Rp857,365 and Rp717,073 (Note 55) for the years ended December 31, 2015 and 2014, respectively as follows:

	For the year ended December 31,			
	2015			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	38,248	63,591	3,700	105,539
Directors	128,803	206,908	28,241	363,952
Audit Committee and Risk Monitoring Committee	4,364	-	-	4,364
Syariah Supervisory Board	1,246	138	-	1,384
Senior Executive Vice Presidents and Senior Vice Presidents	218,186	149,276	14,664	382,126
	<b>390,847</b>	<b>419,913</b>	<b>46,605</b>	<b>857,365</b>

  

	For the year ended December 31,			
	2014			
	Salaries and allowance	Bonus and 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
	<b>321,052</b>	<b>367,800</b>	<b>28,221</b>	<b>717,073</b>

\*) Effective from January 9, 2014, Executive Vice Presidents changed to Senior Executive Vice Presidents as mentioned at Board of Directors' Decree (SK) No. KEP.DIR/12/2014



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**49. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Professional fees	2,750,772	2,380,440
Rent	1,627,002	1,291,413
Depreciation of fixed assets (Note 18)	1,187,795	938,547
Goods/services provided by third parties	1,186,835	1,116,362
Communication	1,025,079	918,280
Repairs and maintenance	1,039,401	973,698
Promotion	982,701	986,272
Office supplies	518,344	488,373
Electricity, water and gas	527,356	512,952
Transportations	365,134	339,631
Amortisation of intangible assets	302,590	217,254
Traveling expenses	187,991	247,239
Insurance expenses	66,899	70,404
Others	1,031,952	967,445
	<b>12,799,851</b>	<b>11,448,310</b>

For the year ended December 31, 2015 and 2014, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp68,648 and Rp48,145, respectively.

**50. EMPLOYEE BENEFITS**

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

***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 August 1, 1999. The DPBM's regulations were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated July 14, 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated April 26, 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated July 22, 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated September 27, 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated June 28, 2005.

Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. DPBM invests a part of its investment fund in Bank Mandiri time deposits and deposit on-call, of which total balance as of December 31, 2015 and 2014 were Rp198,800 and Rp374,090, respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended December 31, 2015 and 2014, the Bank has paid pension contributions amounting to Rp331,278 and Rp290,647, respectively.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**50. EMPLOYEE BENEFITS (continued)**

***Pension Plan (continued)***

- b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). Participants of defined benefit pension plans are come from the legacy banks with three years working periods or more at the time of the merger consisting of active employees of the bank, former employees (employees who stopped working and did not transfer his rights to another pension fund) and retirees.

The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated November 15, 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated March 6, 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations (*Peraturan Dana Pensiun (PDP)*) which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, all dated March 31, 2003.

Based on the decision of the General Meeting of Shareholders dated May 28, 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated July 20, 2007.

Based on the approval of the General Meeting of Shareholders (AGM) on May 17, 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated August 10, 2010 (DPBMS); No. KEP-442/KM.10/2010 dated August 10, 2010 (DPBMD); No. KEP-443/KM.10/2010 dated August 10, 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated August 10, 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on May 23, 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated July 20, 2011 (DPBMS); No. KEP-589/KM.10/2011 dated July 20, 2011 (DPBMD); No. KEP-590/KM.10/2011 dated July 20, 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated July 20, 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on April 2, 2013, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-349/NB.1/2013 dated June 14, 2013 (DPBMS); No. KEP-350/NB.1/2013 dated June 14, 2013 (DPBMD); No. KEP-351/NB.1/2013 dated June 14, 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated June 14, 2013 (DPBME).

The AGM also decided granting of another benefits as well as the delegation of authority to the Board to decide on the increase in pension benefits and other benefits to the extent consistent with applicable regulations, ie after the increase in pension benefits or the provision of other benefits Adequacy Ration Fund, DPBMS, DPBMD, DPBMT and DPBME minimum of 115%.

Based on the approval of the Board of Commissioner Meeting on July 2, 2014, Bank Mandiri gave other benefits to each pension fund. Decision to give this other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Minister of Finance Decree No. KEP-1773/NB.1/2014 dated July 17, 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**50. EMPLOYEE BENEFITS (continued)**

***Pension Plan (continued)***

July 17, 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated July 17, 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated July 17, 2014 (DPBME).

Based on the approval of the Board of Commissioner of Bank Mandiri dated June 3, 2015, Bank Mandiri provides other benefits to each pension fund. Fund the deviation to provide other benefits embodied in the regulations of each pension fund and it has been approved by OJK Board of Commissioners through decree No. KEP-525/NB.1/2015 dated June 29, 2015 (DPBMS), No. KEP-526/NB.1/2015 dated June 29, 2015 (DPBMD), No. KEP-527/NB.1/2015 (DPBMT) and No. KEP-528/NB.1/2015 dated June 29, 2015 (DPBME).

The provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated January 5, 2016 for the year ended December 31, 2015.

The assumptions used for the years ended December 31, 2015 and 2014 are as follows:

	<b>DPBMS</b>	<b>DPBMD</b>	<b>DPBMT</b>	<b>DPBME</b>
Discount rate	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)
Expected rate of return on pension plan assets	9.50% per annum (2014: 9.50%)	9.50% per annum (2014: 9.00%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 9.00%)
Working period used	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	2015 and 2014: 10.00% of TMI III	2015 and 2014: 10.00% of TMI III	2015 and 2014: 10.00% of TMI III	2015 and 2014: 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	75.00% 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	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 3.00% of pension benefit

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 of December 31, 2015, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,482,397)	(1,600,083)	(606,730)	(445,196)
Fair value of plan assets	1,516,555	1,820,417	817,262	578,209
Funded Status	34,158	220,334	210,532	133,013
Asset ceiling*)	(34,158)	(220,334)	(210,532)	(133,013)
<b>Pension Plan Program Assets recognised in consolidated statement of financial position **)</b>	-	-	-	-

\*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

\*\*) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as of December 31, 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	-	-	-	-
Asset ceiling*)	(55,823)	(62,736)	(45,654)	(44,867)
<b>Pension Plan Program Assets recognised in consolidated statements of financial position **)</b>	-	-	-	-

\*) 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 December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	21%	23%	10%	10%
Bonds	38%	50%	35%	37%
Direct investment	7%	15%	28%	15%
Land and building	19%	4%	20%	10%
Shares	7%	2%	-	2%
Government Bonds	3%	4%	6%	11%
Others	5%	2%	1%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 December 31, 2015 and 2014 are as follows:(continued)

	December 31, 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%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

***Labor Law No. 13/2003***

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As of December 31, 2015 and 2014 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp2,411,613 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp2,234,193 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as of December 31, 2015 and 2014 are estimated using the employees service entitlements calculation for the years ended December 31, 2015 and 2014 as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated January 5, 2016 for the year ended December 31, 2015 and the independent actuarial reports of PT Milliman Indonesia dated January 17, 2015 for the year ended December 31, 2014. The assumptions used by the actuary for the years ended December 31, 2015 and 2014 are as follows:

- a. Discount rate is 9.10% per annum (2014: 8.50% per annum).
- b. Expected rate of annual salary increase is 9.50% per annum (2014: 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 between 36 to 56 years according to the grades.
- 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):

	December 31, 2015	December 31, 2014
Present value of obligations	1,976,724	1,924,202
Unrecognised past service cost	-	(10,530)
Unrecognised actuarial losses	-	(6,800)
<b>Provision for post employment benefits presented in statement of financial position</b>	<b>1,976,724</b>	<b>1,906,872</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Beginning balance of present value of obligation	1,924,202	1,597,813
Interest cost	158,580	134,108
Current service cost	260,608	146,083
Benefit paid	(69,315)	(94,869)
Impact of changes actuarial adjustment	-	45,247
Actuarial (gains)/losses	(297,351)	95,820
<b>Ending Balance of Present Value of Obligation</b>	<b>1,976,724</b>	<b>1,924,202</b>

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Current service cost	260,608	146,083
Interest cost	158,580	134,108
Bank payment for termination benefit	13,683	-
Amortisation of unrecognised past service cost	-	5,142
<b>Cost of Pension benefits</b>	<b>432,871</b>	<b>285,333</b>

Reconciliations of provision for post employment benefits are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b><u>Bank Mandiri</u></b>		
Beginning balance of provision for post employment benefits	1,906,872	1,716,408
Expenses during the year	432,871	285,333
Payments of benefits	(69,315)	(94,869)
Adjustment	(3,152)	-
Recognition of actuarial gains in other comprehensive income	(290,552)	-
<b>Provision for post employment benefits (Bank Mandiri)</b>	<b>1,976,724</b>	<b>1,906,872</b>
<b><u>Subsidiaries</u></b>		
Provision for post employment benefits	426,649	319,081
<b>Total provision for post employment benefits</b>	<b>2,403,373*)</b>	<b>2,225,953*)</b>

\*) As of December 31, 2015 and 2014, the amount does not include unpaid severance for resigned employees amounting to Rp8,240, which was excluded from actuarial computation.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**50. EMPLOYEE BENEFITS (continued)**

**Labor Law No. 13/2003 (continued)**

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):

	2015	2014	2013	2012	2011
Present value of defined benefit obligations	1,976,724	1,924,202	1,597,813	1,757,767	1,547,952
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	1,976,724	1,924,202	1,597,813	1,757,767	1,547,952
Experience adjustments on plan liabilities	62,579	95,820	24,497	93,991	127,820
Experience adjustments on plan assets	-	-	-	-	-

Reconciliation of PVDBO:

	December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Beginning balances of PVDBO	1,474,919	1,647,936	634,988	504,829	1,924,202
Current service cost	-	-	-	-	260,608
Interest cost of PVDBO	119,608	134,162	51,639	41,416	158,580
Provision for termination benefit	-	-	-	-	13,684
Benefit payments from plan assets	(161,482)	(178,782)	(73,142)	(46,806)	-
Benefit payments by the company (other than termination benefit)	-	-	-	-	(69,315)
Benefit payments for termination by the company	-	-	-	-	(13,683)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in demographics	(168)	(237)	(101)	(132)	(26,013)
(Gains)/losses on change of assumption in economic	(111,371)	(131,029)	(48,331)	(40,587)	(208,760)
(Gains)/losses on experience adjustment	160,891	128,032	41,677	(13,524)	(62,579)
<b>Ending balances of PVDBO</b>	<b>1,482,397</b>	<b>1,600,082</b>	<b>606,730</b>	<b>445,196</b>	<b>1,976,724</b>

	December 31, 2014				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Beginning balances of PVDBO	1,391,476	1,472,346	589,041	474,597	1,597,813
Current service cost	-	-	-	-	146,083
Past service cost on benefit change	6,493	5,417	3,164	1,181	-
Interest cost of PVDBO	120,563	127,166	50,805	41,314	134,108
Provision for termination benefit	-	-	-	-	59,659
Benefit payments from plan assets	(160,688)	(175,925)	(73,935)	(48,516)	-
Benefit payments by the company (other than termination benefit)	-	-	-	-	(94,869)
Benefit payments for termination by the company	-	-	-	-	(59,659)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in economics	68,247	82,286	31,512	29,084	45,247
(Gains)/losses on experience adjustment	48,828	136,646	34,401	7,169	95,820
<b>Ending balances of PVDBO</b>	<b>1,474,919</b>	<b>1,647,936</b>	<b>634,988</b>	<b>504,829</b>	<b>1,924,202</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**50. EMPLOYEE BENEFITS (continued)**

**Labor Law No. 13/2003 (continued)**

Reconciliation of plan assets:

December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,566,369	1,894,023	806,043	559,406
Benefit payments from plan assets	(161,482)	(178,782)	(73,142)	(46,806)
Interest income on plan assets	127,382	155,080	66,179	46,055
Result of plan assets (exclude interest income)	(15,714)	(49,904)	18,182	19,554
<b>Ending fair value plan assets</b>	<b>1,516,555</b>	<b>1,820,417</b>	<b>817,262</b>	<b>578,209</b>

  

December 31, 2014				
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,540,476	1,770,137	816,426	551,037
Benefit payments from plan assets	(160,688)	(175,925)	(73,935)	(48,516)
Interest income on plan assets	138,712	151,396	66,254	47,410
Result of plan assets (exclude interest income)	47,869	148,415	(2,702)	9,475
<b>Ending fair value plan assets</b>	<b>1,566,369</b>	<b>1,894,023</b>	<b>806,043</b>	<b>559,406</b>

Mutations in other comprehensive income:

December 31, 2015					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Accumulation of actuarial gains/(losses) on beginning year	-	-	-	-	-
Actuarial gains of the current year	7,087	5,913	3,454	1,290	290,552
<b>Accumulation of actuarial gains on ending year</b>	<b>7,087</b>	<b>5,913</b>	<b>3,454</b>	<b>1,290</b>	<b>290,552</b>

Employee benefits liabilities maturing on December 31, 2015 are as follows:

For the year then ended December 31, 2015					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Year-1	169,430	151,898	60,499	40,588	80,019
Year-2	140,213	144,781	56,286	37,858	108,555
Year-3	127,861	134,276	51,893	35,246	119,280
Year-4	115,083	123,797	46,887	32,538	137,994
Year-5	103,741	111,855	42,541	31,279	137,705
Year-6 to year-10	385,608	419,279	160,716	120,384	1,007,614
Year-11 to year-15	220,597	248,519	93,246	67,828	1,098,142
Year-16 to year-20	118,186	136,308	49,821	37,642	611,596
Year-20 up	101,678	129,369	44,841	41,833	831,335
<b>Total</b>	<b>1,482,397</b>	<b>1,600,082</b>	<b>606,730</b>	<b>445,196</b>	<b>4,132,240</b>



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**50. EMPLOYEE BENEFITS (continued)**

Provision for Subsidiaries post-employment benefit on December 31, 2015 and 2014 has been calculated by an independent actuary as stated in the following independent actuarial reports:

Subsidiaries	Independent actuary	Actuary report date	
		2015	2014
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	December 23, 2015	December 18, 2014
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	January 11, 2016	January 9, 2015
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 4, 2016	January 4, 2016 <sup>*</sup>
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo (2014: PT Ricky Leonard Jasatama)	January 14, 2016	January 15, 2015
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 7, 2016	January 5, 2015
PT Mandiri AXA General Insurance	PT Dayamandiri Dharmakonsilindo	January 7, 2016	January 3, 2015
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	December 31, 2015	January 9, 2015
PT Mandiri Utama Finance	PT Kompujasa Aktuarial	December 31, 2015	-

<sup>\*</sup>) Employee benefit expense for PT Bank Mandiri Taspen Pos as of December 31, 2014 has been recalculated.

**51. OTHER OPERATING EXPENSES - OTHERS - NET**

	For the year ended December 31,	
	2015	2014
Insurance premiums on third party funds guarantee program	1,327,476	1,171,997
Insurance sales force compensation	852,220	306,156
Fees and commissions expenses	737,454	709,392
Fees related to credit card and ATM transaction	397,698	340,818
Fees from RTGS, remittance and clearing transactions	61,171	62,206
Employee restructuring costs	-	69,733
Others	202,018	417,708
	<b>3,578,037</b>	<b>3,078,010</b>

**52. NON-OPERATING INCOME - NET**

	For the year ended December 31,	
	2015	2014
Building rental income	14,848	10,235
Gain on sale of fixed assets	228	4,122
Penalties	(6,413)	(10,904)
BOT transactions income	29,266	15,597
Others - net	(7,471)	10,859
	<b>30,458</b>	<b>29,909</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**53. COMMITMENTS AND CONTINGENCIES**

The following accounts represent accounts which are recorded as off-balance sheet:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>COMMITMENTS</b>		
Commitment Payables:		
Unused loan facilities granted*):		
Related parties	(20,811,629)	(26,730,367)
Third parties	(84,527,024)	(66,675,601)
	(105,338,653)	(93,405,968)
Outstanding irrevocable letters of credit (Note 31):		
Related parties	(5,107,643)	(8,325,989)
Third parties	(5,816,945)	(6,842,125)
	(10,924,588)	(15,168,114)
<b>Commitment Payables - Net</b>	<b>(116,263,241)</b>	<b>(108,574,082)</b>
<b>CONTINGENCIES</b>		
Contingent Receivables:		
Guarantees received from other banks	20,021,563	18,764,479
Interest receivable on non-performing assets	9,466,919	8,567,219
Others	32,729	32,729
	29,521,211	27,364,427
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	(23,280,899)	(17,401,095)
Third parties	(51,230,192)	(43,811,806)
	(74,511,091)	(61,212,901)
Standby letters of credit (Note 31)		
Related parties	(6,560,416)	(6,510,384)
Third parties	(6,175,309)	(5,379,066)
	(12,735,725)	(11,889,450)
Others	(432,992)	(377,195)
<b>Total</b>	<b>(87,679,808)</b>	<b>(73,479,546)</b>
Contingent Payables - Net	(58,158,597)	(46,115,119)
	<b>(174,421,838)</b>	<b>(154,689,201)</b>

\*) Include committed and uncommitted unused loan facilities.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 of December 31, 2015 and 2014 are as follows:

Original Currency	December 31, 2015			
	Spot – Buy		Spot – Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	100,699,484	1,388,142	168,345,000	2,320,636
Others <sup>*)</sup>	-	127,487	-	68,210
		<u>1,515,629</u>		<u>2,388,846</u>
Original Currency	December 31, 2014			
	Spot – Buy		Spot – Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	77,621,682	961,345	91,040,000	1,127,530
Others <sup>*)</sup>	-	199,468	-	162,032
		<u>1,160,813</u>		<u>1,289,562</u>

\*) 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 December 19, 2013)
PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties (continued):

- **Related parties relationship by ownership and/or management (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**

<u>Related Parties</u>	<u>Nature of Relationship</u>
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 Aero System Indonesia	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 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
PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities (continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
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 Marga Bali Tol	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 KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
PT Kaltim Industrial Estate	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
PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina EP	Subsidiary of State Owned Enterprise
PT Pertamina Gas	Subsidiary of State Owned Enterprise
PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Pertamina Retail	Subsidiary of State Owned Enterprise
PT Pertamina Training & Consulting	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 Railink	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 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 Sinergi Perkebunan Nusantara (PT SPN)	Subsidiary of State Owned Enterprise
PT Stannia Bineka Jasa	Subsidiary of State Owned Enterprise
PT Sucofindo Episi	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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
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 (formerly PT ASKES (Persero))	State Owned Enterprise
BPJS Ketenagakerjaan (formerly PT Jamsostek (Persero))	State Owned Enterprise
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
Perum Jasa Tirta I (Persero)	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 Perhutani	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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Asuransi Jasa Raharja	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askrimdo (Persero)	State Owned Enterprise
PT Bahana Pembinaan Usaha Indonesia (Persero)	State Owned Enterprise
PT Balai Pustaka (Persero)	State Owned Enterprise
PT Bali Tourism Development Corporation	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhanda Ghara Reksa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farma (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Cambrics Primiissima (Persero)	State Owned Enterprise
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod (Persero)	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari (Persero)	State Owned Enterprise
PT 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 Indra Karya (Persero)	State Owned Enterprise
PT Industri Kapal Indonesia (Persero)	State Owned Enterprise



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Nuklir Indonesia (Persero) (formerly 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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
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 Pengelolaan Aset	State Owned Enterprise
PT Prasarana Perikanan Samudera	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

• **Related parties relationship with government related entities(continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (formerly 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
PT Penjamin Infrastruktur Indonesia (Persero)	State Owned Enterprise
Lembaga Pembiayaan Ekspor Indonesia	Financial Institution
PT Indonesia Infrastruktur Finance	Associate Entity of State Owned Enterprise

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bonds, other receivables - trade transaction, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, liabilities on securities sold under repurchase agreements, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

On December 19, 2013, Bank Mandiri sold all of its shares in UGM to Dana Pensiun Bank Mandiri, Dana Pensiun Bank Mandiri 2, Mandiri Healthcare and BDP to Dana Pensiun Bank Mandiri, Dana Pensiun Bank Mandiri 1, Mandiri Healthcare with market value amounting to Rp396,000. This transaction represents transaction between entities under common control (Note 1g and 40b).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 and 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 (Note 48) for the years ended December 31, 2015 and 2014 as amount Rp857,365 and Rp717,073 or 2.98% and 2.83% of total consolidated operating expenses - others, respectively.

Shares owned by the Directors from MSOP program for the years ended December 31, 2015 and 2014 amounting to 10,207,529 shares and 13,892,900 shares or 0.04% and 0.04% of total authorised capital, respectively.

Details of significant transactions with related parties as of December 31, 2015 and 2014, are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b><u>Assets</u></b>		
Current accounts with other banks (Note 5a)	24,515	20,937
Placements with Bank Indonesia and other banks (Note 6b)	1,991,278	1,503,078
Marketable securities (Note 7a)*	16,516,404	14,803,097
Government bonds (Note 8)	103,869,361	86,153,906
Other receivables - trade transactions (Note 9a)	7,051,775	6,414,623
Derivative receivables (Note 11)	32,152	5,807
Loans (Note 12A.a and 12B.g)	75,405,807	67,613,532
Consumer financing receivables (Note 13a)	5,886	7,420
Acceptance receivables (Note 15a)	409,880	252,138
Total assets with related parties	205,307,058	176,774,538
<b>Total consolidated assets</b>	<b>910,063,409</b>	<b>855,039,673</b>
<b>Percentage of total assets with related parties to total consolidated assets</b>	<b>22.56%</b>	<b>20.67%</b>
<b><u>Liabilities</u></b>		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposit (Note 21a)	38,252,185	19,751,219
Saving deposits/ <i>wadiah</i> saving deposit (Note 22a)	1,342,075	121,683
Time deposits (Note 23a)	37,257,210	33,459,942
Deposits from other banks		
Demand and saving deposits (Note 24a)	70,176	25,569
Inter-bank call money (Note 25a)	600,000	-
Derivative payables (Note 11)	3,095	8,679
Securities sold under repurchase agreements to repurchase (Note 28)	467,123	-
Acceptance payables (Note 29a)	606,737	1,366,249
Marketable securities issued (Note 30)	587,750	437,000
Fund borrowings (Note 36)	25,178	252,149
Subordinated loans (Note 37)	1,687,800	1,909,800
Total liabilities with related parties	80,899,329	57,332,290
<b>Total consolidated liabilities</b>	<b>736,198,705</b>	<b>697,019,624</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**55. RELATED PARTY TRANSACTIONS (continued)**

Details of significant transactions with related parties as of December 31, 2015 and 2014, are as follows (continued):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Percentage of total liabilities with related parties to total consolidated liabilities</b>	<b>10.99%</b>	<b>8.23%</b>
<b>Temporary <i>Syirkah</i> Funds (Note 38)</b>	<b>666,356</b>	<b>492,425</b>
<b>Percentage to total temporary <i>syirkah</i> funds</b>	<b>1.23%</b>	<b>0.93%</b>

\* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b><u>Statements of Comprehensive Income</u></b>		
Interest income from government bonds and treasury bills (Note 41)	5,364,814	4,681,935
<b>Percentage to interest income and sharia income</b>	<b>7.49%</b>	<b>7.47%</b>
Interest expense from fund borrowing (Note 42)	3,759	59,292
<b>Percentage to interest expense and sharia expense</b>	<b>0.01%</b>	<b>0.25%</b>
<b><u>Commitmens and contingencies (Note 53)</u></b>		
Unused loan facilities granted	20,811,629	26,730,367
Outstanding irrevocable letters of credit	5,107,643	8,325,989
Guarantees issued in the form of bank guarantee	23,280,899	17,401,095
Guarantees issued in the form of Standby letters of credit	6,560,416	6,510,384
Total commitments and contingencies for related parties	55,760,587	58,967,835
<b>Total commitmens and contingencies for consolidated</b>	<b>174,421,838</b>	<b>154,689,201</b>
<b>Percentage total commitmens and contingencies of related parties to consolidated aset</b>	<b>31.97%</b>	<b>38.12%</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## 56. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each reportable segments as of December 31, 2015:

- Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned, private enterprises and government entity.
- Commercial : including loans to medium scale, customer deposits and other transactions belonging to commercial customers.
- Micro dan Business : including loans granted to business entities or individuals with micro-scale to small, products and other services such as deposits, payment transactions and other transactions belonging to micro and small customers.
- Consumer/Individual : consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury & Markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market and fixed income. Segments of business markets, including, among others, international banking, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - Sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - Insurance : including all transactions conducted by subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**56. SEGMENT INFORMATION (continued)**

The following describes the operation in each of reportable segments as of December 31, 2014:

- 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 engaged in sharia banking.
- Subsidiaries - Insurance : includes all transactions undertaken by a Subsidiary engaged in life and general insurance.
- Subsidiary - other than Sharia and insurance : includes all transactions undertaken by Subsidiaries engaged in consumer financing, remittances, securities and banking.

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**56. SEGMENT INFORMATION (continued)**

December 31, 2015 <sup>*)</sup>											
Account	Corporate	Commercial	Micro and Business	Consumer/ individual	Treasury & Market	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance	Adjustment and elimination <sup>***)</sup>	Total
<b>Consolidated statement of profit or loss and other comprehensive income</b>											
Interest and sharia income <sup>**)</sup>	22,961,047	18,087,354	22,221,773	24,911,778	6,699,416	5,619,767	5,960,017	563,883	1,980,047	(37,434,955)	71,570,127
Interest and sharia expense <sup>**)</sup>	(15,602,692)	(11,044,146)	(10,299,032)	(13,251,341)	(3,075,044)	(2,319,080)	(2,438,224)	-	(834,364)	32,656,899	(26,207,024)
Net interest and sharia income	7,358,355	7,043,208	11,922,741	11,660,437	3,624,372	3,300,687	3,521,793	563,883	1,145,683	(4,778,056)	45,363,103
Net premium income	-	-	-	-	-	-	-	3,137,070	-	-	3,137,070
Net interest and sharia and premium income	7,358,355	7,043,208	11,922,741	11,660,437	3,624,372	3,300,687	3,521,793	3,700,953	1,145,683	(4,778,056)	48,500,173
<b>Other operating income:</b>											
Other fees and commission	1,473,053	1,090,116	2,067,761	3,924,852	628,743	397,209	531,382	-	499,485	(597,791)	10,014,810
Other	157,160	74,290	-	2,365,908	3,050,143	2,530,242	406,636	332,818	495,886	(1,049,215)	8,363,868
Total	1,630,213	1,164,406	2,067,761	6,290,760	3,678,886	2,927,451	938,018	332,818	995,371	(1,647,006)	18,378,678
Reversal of/(allowance for) impairment losses on financial assets and others	(417,617)	(3,299,185)	(3,692,115)	(1,765,019)	(107,010)	(1,423,487)****)	(1,046,506)	-	(317,315)	25,725	(12,042,529)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	2,402	-	(19,100)	(1,608)	-	(18,306)
Gain on sale of marketable securities and government bonds	-	-	-	-	-	300,559	-	(6,852)	(18,208)	-	275,499
<b>Other operating expenses:</b>											
Salaries and employee benefit	(201,940)	(256,884)	(1,657,435)	(307,182)	(229,018)	(7,250,762)	(1,370,215)	(390,981)	(712,238)	-	(12,376,655)
General and administrative expenses	(159,579)	(108,898)	(1,192,220)	(1,021,764)	(207,086)	(7,344,762)	(1,436,005)	(812,102)	(517,435)	-	(12,799,851)
Other	(312,366)	(105,220)	(237,232)	(741,646)	(115,081)	(1,397,201)	(246,762)	(946,066)	(74,256)	597,793	(3,578,037)
Total	(673,885)	(471,002)	(3,086,887)	(2,070,592)	(551,185)	(15,992,725)	(3,052,982)	(2,149,149)	(1,303,929)	597,793	(28,754,543)
Non operating	-	-	-	-	-	-	-	-	-	-	-
Income/(expense) - net	-	-	1	-	872	55,397	13,804	(15,363)	(24,253)	-	30,458
Tax expense	-	-	-	-	-	(4,595,316)	(84,551)	(402,538)	(134,627)	-	(5,217,032)
Net income	7,897,066	4,437,427	7,211,501	14,115,586	6,645,935	(15,425,032)	289,576	1,440,769	341,114	(5,801,544)	21,152,398
<b>Net income attributable to:</b>											
Non controlling interest	-	-	-	-	-	-	-	-	-	-	817,430
Parent entity	-	-	-	-	-	-	-	-	-	-	20,334,968
<b>Consolidated statement of financial position</b>											
Loans - gross	196,591,585	160,621,315	102,960,908	72,250,040	1,425,147	2,180,817	50,265,370	-	1,646,977	(1,266,722)	586,675,437
Total assets	210,851,234	160,085,871	100,195,492	71,809,645	208,997,625	55,611,246	70,369,709	26,426,301	16,173,033	(10,456,747)	910,063,409
Demand deposits/ Wadiah demand deposits	(86,552,341)	(38,120,057)	(37,191,011)	(2,350,335)	(2,191,203)	-	(5,818,708)	-	(57,625)	126,792	(172,154,488)
Saving deposit/ Wadiah saving deposits	(4,800,091)	(8,560,670)	(82,972,451)	(149,938,295)	(53,203)	-	(2,239,241)	-	(387,688)	-	(248,951,639)
Time deposits	(62,797,703)	(16,949,213)	(22,866,116)	(94,694,842)	(3,123,398)	-	-	-	(1,413,398)	618,466	(201,226,204)
Total deposit from customers	(154,150,135)	(63,629,940)	(143,029,578)	(246,983,472)	(5,367,804)	-	(8,057,949)	-	(1,858,711)	745,258	(622,332,331)
Total liabilities	(154,562,581)	(64,091,793)	(144,237,479)	(247,506,844)	(14,214,393)	(71,192,057)	(10,383,106)	(22,618,375)	(12,534,868)	5,142,791	(736,198,705)

<sup>\*)</sup> Appropriate with operation segments of Bank Mandiri (Note 2ak).

<sup>\*\*)</sup> Include component of internal transfer pricing among operating segments.

<sup>\*\*\*)</sup> Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

<sup>\*\*\*\*)</sup> Represent impact of foreign exchange which not being allocated to each operating segment.



These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**56. SEGMENT INFORMATION (continued)**

Account	December 31, 2014										Total	
	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking <sup>1</sup>	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance		Adjustment and elimination <sup>**</sup>
<b>Consolidated statement of profit or loss and other comprehensive income</b>												
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 of/(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
<b>Net income attributable to:</b>												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	782,910
Parent entity	-	-	-	-	-	-	-	-	-	-	-	19,871,873
<b>Consolidated statement of financial position</b>												
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/ wadiah 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 deposit/ wadiah 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 among 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 December 31, 2015:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Interest and sharia income	70,785,127	498,088	48,064	238,848	71,570,127
Interest and sharia expense	(26,137,564)	(59,491)	(7,602)	(2,367)	(26,207,024)
Net interest and sharia income	44,647,563	438,597	40,462	236,481	45,363,103
Net premium income	3,137,070	-	-	-	3,137,070
Net interest and sharia and premium income	47,784,633	438,597	40,462	236,481	48,500,173
Other operating income:					
Other fees and commissions	9,890,713	108,816	-	15,281	10,014,810
Others	8,324,401	27,651	9,464	2,352	8,363,868
Total	18,215,114	136,467	9,464	17,633	18,378,678
(Allowance for)/reversal of impairment losses	(12,017,145)	(82,013)	2,194	54,435	(12,042,529)
Unrealised gains/(losses) from fair value increase/(decrease) marketable securities, government bonds, and policyholders' investment	(18,621)	315	-	-	(18,306)
Gain on sale of marketable securities and government bonds	272,315	3,229	-	(45)	275,499
Other operating expenses:					
Salaries and employee benefit	(12,207,391)	(138,417)	(21,917)	(8,930)	(12,376,655)
General, administrative expenses and others	(16,220,389)	(108,800)	(21,055)	(27,644)	(16,377,888)
Total	(28,427,780)	(247,217)	(42,972)	(36,574)	(28,754,543)
Non operating income/(expense) - net	39,456	3,215	-	(12,213)	30,458
Tax expense	(5,184,006)	(31,373)	(1,653)	-	(5,217,032)
Net income	<b>20,663,966</b>	<b>221,220</b>	<b>7,495</b>	<b>259,717</b>	<b>21,152,398</b>
<b>Net income attributable to:</b>					
Non controlling interest	-	-	-	-	817,430
Parent entity	-	-	-	-	20,334,968
<b>Consolidated statement of financial position</b>					
Loans	565,407,232	13,895,797	61,582	7,310,826	586,675,437
Total Asset	876,142,485	21,856,619	2,543,040	9,521,265	910,063,409
Demand deposit/ <i>wadiah</i> demand deposits	(169,257,095)	(2,871,186)	(26,207)	-	(172,154,488)
Saving deposit/ <i>wadiah</i> saving deposits	(247,459,462)	(1,492,177)	-	-	(248,951,639)
Time deposits	(199,410,001)	(1,816,203)	-	-	(201,226,204)
Total deposit from customers	(616,126,558)	(6,179,566)	(26,207)	-	(622,332,331)
Total Liabilities	(702,900,723)	(21,854,051)	(1,896,441)	(9,547,490)	(736,198,705)

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**56. SEGMENT INFORMATION (continued)**

*Geographical Segment (continued)*

Information on geographical segment for the year ended December 31, 2014:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
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	14,687,815
(Allowance for)/reversal of impairment losses	(5,374,246)	2,991	(3,670)	(154,411)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) 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	<b>20,361,179</b>	<b>292,349</b>	<b>3,614</b>	<b>(2,359)</b>	<b>20,654,783</b>
<b>Net income attributable to:</b>					
Non controlling interest	-	-	-	-	782,910
Parent entity	-	-	-	-	19,871,873
<b>Consolidated statement of financial position</b>					
Loans	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 deposit/ <i>wadiah</i> demand deposits	(125,534,036)	(2,434,201)	(84,082)	(1,239)	(128,053,558)
Saving deposit/ <i>wadiah</i> 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)

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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.

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 Standardised Approach. Currently the Bank is developing the calculation methodology of capital adequacy with advanced approach, both regulatory (IRBA) and Economic Capital approach. Economic capital approach is developed for credit risk and operational risk. For the market risk, The Bank uses Standardised Model and The Bank has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

In the implementation of SE BI No. 13/6/DPNP dated February 18, 2011 regarding credit risk weighted asset using Standardised Approach, the Bank's risk weighted assets as of December 31, 2015 amounted to Rp497,912,789. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp805,426 and Rp78,627,774, respectively.

The Capital Adequacy Ratio (CAR) as of December 31, 2015 is calculated based on Peraturan Bank Indonesia (PBI) No. 15/12/PBI/2013 regarding the Minimum Capital Requirement for Conventional Banking while the Capital Adequacy Ratio (CAR) as of December 31, 2014 is calculated based on PBI No. 14/18/2012 regarding the Minimum Capital Requirement for Conventional Banking. The CAR of Bank Mandiri (Bank Mandiri only) as of December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Capital:		
Core capital*)	93,252,808	79,052,150
Supplementary capital	14,135,338	6,427,547
<b>Total Capital for credit risk, operational risk and market risk charge</b>	<b>107,388,146</b>	<b>85,479,697</b>
Risk-Weighted Assets for credit	497,912,789	445,254,441
Risk-Weighted Assets for operasional	78,627,774	67,786,852
Risk-Weighted Assets for market risk	805,426	1,863,243
<b>Total Risk-Weighted Assets for credit, operational and market risk charge</b>	<b>577,345,989</b>	<b>514,904,536</b>

\*) Excludes the impact of deferred tax amounting to Rp82,730 as of December 31, 2014 and unrealised losses on marketable securities and government bonds available for sale (Bank Mandiri Only) amounting to Rp699,085 as of December 31, 2014. On April 30, 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/share premium.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**57. CAPITAL ADEQUACY RATIO (continued)**

Capital Risk Management (continued)

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
CAR for core capital	16.15%	15.35%
CAR for credit risk	21.57%	19.20%
CAR for credit risk and operational risk	18.63%	16.66%
CAR for credit risk and market risk	21.53%	19.12%
CAR for credit risk, operational risk and market risk	18.60%	16.60%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile	9.00%	9.00%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2015 and 2014 including credit, operational and market risk is 17.99% and 16.13%, taking into account credit and operational risk is 18.02% and 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 (include off-balance sheet) as of December 31, 2015 and 2014 (Bank Mandiri only) are 1.54% and 1.13% respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as of December 31, 2015 and 2014 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2015 and 2014 are 122.80% and 122.55% respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as of December 31, 2015 and 2014 are 6.08% and 6.89% respectively.

The Legal Lending Limit (LLL) as of December 31, 2015 and 2014 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 2006.

**59. CUSTODIAL SERVICES AND TRUST OPERATIONS**

*Custodial Services*

Bank Mandiri started providing custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated October 4, 1999. Bank Mandiri's Custodial, which is the part of Financial Institutions Coverage & Solutions Group, provides a full range of custodial services as follows:

- a. Settlement and handling services for script and scripless trading transactions;
- b. Safekeeping and administration of marketable securities and other valuable assets;
- c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)**

*Custodial Services (continued)*

- d. Proxy services for its customers' General Meeting of Shareholders and General Meeting of bond holders;
- e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administered by Bank Mandiri's custodial.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

- a. General custodial which provide services for investors that are investing in capital market or money market in Indonesia;
- b. Local custodial for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and SBI;
- d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodial of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
- f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
- g. Custodial for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange;
- h. Custodial for Asset-Based Securities (Efek Beragun Aset (EBA)) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2015 and 2014, Bank Mandiri's Custodial Operations has 663 and 608 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 by currencies as of December 31, 2015 (unaudited) are amounting to Rp291,574,581, USD1,115,451,120 (full amount), EUR106,336 (full amount) and HKD153,500,000 (full amount) and as of December 31, 2014 (unaudited) are amounting to Rp261,185,495, USD846,795,769 (full amount), EUR106,336 (full amount) and HKD84,000,000 (full amount). Assets kept in custodial services activities are not included in the consolidated financial statements of Bank Mandiri and its subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the OJK regulation.

*Trust Operations*

Bank Mandiri has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The type of services offered by the Bank are as follows:

- a. Trustee for bonds & MTN
- b. Escrow Account Agent
- c. Paying Agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security Agent

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)**

*Trust Operations (continued)*

As of December 31, 2015, Bank Mandiri as Trustee has 85 trustee customers with the total value of bonds and MTN issued amounting to Rp50,760,000 and USD44,100,000 (full amount) and as of December 31, 2014 has 63 trustee customers with the total value of bonds and MTN issued amounting to Rp41,227,000 and USD9,900,000 (full amount) (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 April 26, 2013 and No.15/32/DPB1/PB1-1 date August 28, 2013.

Functions of independent trust service are:

- a. "Paying Agent" which receive and transfer money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agency" involve in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

The trust service provided by the Bank is also include managing customers from various segments, including Oil & Gas Company, Corporate and Commercial, Non-Profit Organization customers for activities among others Distribution of gas sales results, Sale and purchase/acquisition of companies, and pooling of funds for foreign aid.

**60. CHANNELING LOANS**

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Government:		
Agriculture	415,740	518,548
Manufacturing	14,543	91,200
Electricity, gas and water	-	6,970,950
Transportation and communications	-	1,371,414
Construction	-	32,149
Others	-	52,848
	<b>430,283</b>	<b>9,037,109</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**60. CHANNELING LOANS (continued)**

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and 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. However, based on the Regulation of the Ministry of Finance No 40/PMK.05/2015 dated March 6, 2015 stated starting October 1, 2015 management administration of overseas loans are governed by the Ministry of Finance, resulting all of the loans governed by the administrative bank being taken over by the Ministry of Finance.

Channeling loans are not included in the consolidated statement of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

**61. RISK MANAGEMENT**

Bank Mandiri segregates independent risk management function based on the requirement of Bank Indonesia's regulation and international best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which in line with Bank's business process and operational needs. ERM implementation will give value added to the Bank and stakeholders.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes with ERM, the Bank establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the Bank based on Bank Indonesia Regulation No. 8/6/PBI/2006 dated January 30, 2006.

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated May 19, 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated July 1, 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 (BMRMP), 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 - monitoring - risk mitigation) for all organisation levels.

Active supervision by the Board of Directors and the Board of Commissioners on risk management activities, directly and indirectly, are implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring Committee, Integrated Governance Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC) Capital & Subsidiaries Committee (CSC), Wholesale Business Committee (WBC), Retail Business Committee (RBC), Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) and Credit Committee.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## **61. RISK MANAGEMENT (continued)**

Out of 10 Executive Committee, there are 4 committees that are directly involves in risk management, i.e RMC, IRC, ALCO and PPC, RMC is the Committee that discuss and recommends policy and procedures as well as monitoring roifk profile and managing all the Bank's risks. Integrated IRC is the committee that provide recommendation on the integrated risk management policy including the application of risk management in subsidiaries. IRC is based on the application of OJK Rule No.14/POJK.03/2014 regarding integrated risk management. IRC has members from subsidiaries and discuss as well as recommends the policy and application of integrated risk management. ALCO is the committee that manages Bank's asset and liability management, interest rate and liquidity and other areas that are related to the asset and liability management of the Bank. PPC is the committee that discuss and recommends the adjustment or improvement in the Bank's policy and procedures.

Committees under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which has the task and responsibility to perform review and evaluation on policy and execution of Bank's risk management, as well as providing inputs and recommendation to the Board of Commissioners in their monitoring tasks.

Operationally, the related Directorate with risk management is divided into 2 (two) big parts, that is 1) Credit Approval as part of the four-eye principles, located at the Wholesale Risk Directorate and Retail Risk Directorate and 2) Independent Risk Management that is located in the Risk Management Directorate and Risk Management & Compliance Directorate. Risk Management & Compliance is headed by a Director that is responsible towards the Board of Director and also a member of the Integrated Risk Management Committee, and Policy & Procedure Committee. The bank has also established a Risk Management Working Unit under the Risk Management & Compliance. The Risk Management & Compliance Directorate is divided into 3 (three) groups, that is the Credit Portfolio Risk Group that is related to Credit Risk and portfolio and Risk Management integration through ERM, Market Risk Group and Operational Risk Group that is related to 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 that faced by the Bank, discussing and proposing risk management policies and guidelines.

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all embedded risks in the Bank's business activities, including consolidation with subsidiaries's risks.

### **A. Credit Risk**

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation to achieve optimum Return On Risk Weighted Asset (RORWA).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for non-performing/restructuring loans.

To improve the Bank's social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia regulation regarding 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

In principle, credit risk management is implemented to transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principles is executed by Credit Committee according to the authority limit and the loan approval process 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 mitigate credit risk, Credit Committee sets loan structure for every debtor through appropriate covenants that aligns with debtor needs and condition. This is to ensure the debtor uses the loan according to original purpose so that bank and debtor's interest are fulfilled.

The policies regarding to collateral in order to mitigate credit risk has been embedded in each segment's Credit Procedure Standard. The collateral that can be accepted by the Bank includes Movable Assets (among others cash, receivables, inventory, and marketable securities), Non-Movable Assets (among others property, land, and equipment), and personal/corporate guarantee. The collateral coverage criteria for each segment is divided as follows:

Segment	Collateral	Minimum Coverage Amount*)
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

\*) Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor

As credit collateral, fixed asset such as land and building are preferable than other types of collateral. The fair value of collateral is assessed by internal assessors (Credit Operation Unit) and an external assessors who have already been appointed by the Business Unit / Credit Recovery Unit.

Collateral can be exchanged as long as the new collateral fulfils marketability and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

To identify and measure risk of each credit application processed in the transactional level, as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which among other include Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum.

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attribution).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

BMRS that has been developed by the Bank consists of Rating System for Corporate & Commercial segment, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for Bank Perkreditan Rakyat (BPR).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank can identify and measure the risk level of Bank Counterpart which can be tolerated in granting Credit Line facilities

To improve the measurement of transactional risk in the overseas branches, the Bank has implemented BMRS overseas.

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. Besides, the Bank already has a guidance to set of probability of default (PD) to support implementation of internal rating based approach.

In order to monitor rating and scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain performance scoring and rating parameters based on limit (Rp5,000 – Rp15,000 for middle commercial and above Rp15,000 for large commercial and corporate). The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

As a preparation component for AIRB, the Bank has developed a Rating Model that aligns with PD, LGD and EAD development model for segments according to Basel Asset Class which are Corporate, Corporate SME, Project Finance, and Basel II Risk Parameter for Retail Segment. 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 quarter IV of 2015, the Bank has completed model development for PD and LGD in the Retail segment for several products such as consumer loans and credit card and PD model for Corporate, Corporate SME, and Project finance segment.

The model developed by the Bank is validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is done to minimize analysis error in calculating credit risk, especially in calculating PD value and assigning debtor rating.

Aside from Credit Rating and Scoring, another tool used by the Bank is the loan monitoring system, which identifies debtors that may potentially experience difficulty in repaying their loan obligation. The Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans with collectability 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and actions plan 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 Rp2,000 and portfolio method for debtor that have facility limit up to Rp2,000, 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 of business banking debtors.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

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 implements Portfolio Guideline (PG). PG consists of three items which include Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is being periodically reviewed and calculated the back testing for PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. The Bank has already reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

To continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy with 14 (fourteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of 31 December 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current accounts with Bank Indonesia	56,314,316	50,598,840
Current accounts with other banks	10,152,214	8,983,467
Placement with Bank Indonesia and other banks	37,320,863	61,117,605
Marketable securities*)		
Government		
Fair value through profit or loss	1,451,095	208,782
Available for sale	898,756	253,951
Non Government		
Fair value through profit or loss	1,998,275	4,198,554
Available for sale	16,390,715	12,879,298
Held to maturity	7,153,740	7,030,776
At cost	576,804	368,852
Government Bonds**)		
Fair value through profit or loss	1,583,907	1,745,205
Available for sale	74,153,603	61,187,145
Held to maturity	20,811,293	21,195,694
At cost	6,054,722	875,973
Other receivables - trade transactions	13,184,766	11,651,696
Securities purchased under resale agreements	676,900	19,744,804
Derivatives receivables	700,884	71,044
Loans		
Corporate	193,600,635	171,537,913
Commercial	151,730,845	188,999,684
Consumer/individual	71,026,792	63,456,545
Micro and Business Banking	99,566,905	34,943,158
Sharia	48,468,418	46,457,570
Consumer financing receivables	7,907,449	5,893,135
Net investment in finance leases	598,359	766,524
Acceptances receivables	11,224,243	13,007,132

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Other assets		
Accrued income	4,060,993	3,272,972
Receivables from customer transactions	762,373	1,698,106
Receivables from transactions related to ATM and credit card	477,159	636,502
Receivable from policyholder	476,807	151,250
Receivable from sale of marketable securities	99,610	261,870
Receivables from Government Bonds pledged as collateral	592,668	592,614
	<b>840,016,109</b>	<b>793,786,661</b>

\*) 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 allowance for impairment losses as of December 31, 2015 and 2014 are as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Bank guarantees issued	74,276,897	61,139,500
Committed unused loan facilities granted	29,268,015	33,510,008
Standby letter of credit	12,710,551	11,886,608
Outstanding irrevocable letters of credit	10,800,349	15,100,555
	<b>127,055,812</b>	<b>121,636,671</b>

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as of December 31, 2015 and 2014, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2015 and 2014. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	December 31, 2015					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	56,314,316	-	-	-	-	56,314,316
Current accounts with other banks	8,610,621	13,473	6,096	-	1,525,436	10,155,626
Placement with Bank Indonesia and other banks	35,351,717	-	-	-	2,035,906	37,387,623
Marketable securities **)						
Government						
Fair value through profit or loss	1,437,312	-	-	-	13,783	1,451,095
Available for sale	-	-	-	-	898,756	898,756
Non Government						
Fair value through profit or loss	1,774,808	-	-	-	223,467	1,998,275
Available for sale	15,954,713	-	-	-	445,016	16,399,729
Held to maturity	6,673,346	-	-	-	637,639	7,310,985
At cost	718,416	1,298	-	-	-	719,714
Government Bonds ***)						
Fair value through profit or loss	1,583,907	-	-	-	-	1,583,907
Available for sale	74,153,603	-	-	-	-	74,153,603
Held to maturity	20,811,293	-	-	-	-	20,811,293
At cost	6,054,722	-	-	-	-	6,054,722
Other receivables-trade transactions	14,519,640	-	-	-	392,873	14,912,513
Securities purchased under resale agreements	676,900	-	-	-	-	676,900
Derivatives receivables	700,080	-	-	-	804	700,884
Loans *)						
Corporate	135,414,765	31,884,919	8,822,600	2,907,783	21,169,075	200,199,142
Commercial	120,768,090	25,669,019	7,914,177	4,453,020	610,171	159,414,477
Consumer/individual	53,627,669	8,718,771	4,398,617	4,521,041	984,037	72,250,135
Micro and Business Banking	53,785,560	24,628,823	12,055,475	10,660,909	3,415,546	104,546,313
Sharia	34,436,276	8,755,256	3,860,376	2,137,087	1,076,375	50,265,370
Consumer financing receivables	5,085,283	1,917,373	623,977	551,430	-	8,178,063
Net investment in finance leases	481,780	-	4,995	117,375	-	604,150
Acceptances receivables	10,210,519	-	-	-	1,120,754	11,331,273
Other assets						
Accrued income	3,269,319	360,690	166,803	115,654	148,527	4,060,993
Receivables from customer transactions	870,571	13,430	4,682	5,625	920	895,228
Receivables from transactions related to ATM and credit card	477,159	-	-	-	-	477,159
Receivable to policyholder	437,361	25,598	9,551	4,297	-	476,807
Receivable from sale of marketable securities	99,610	-	-	-	-	99,610
Receivables from Government Bonds pledged as collateral	592,668	-	-	-	-	592,668
	<b>664,892,024</b>	<b>101,988,650</b>	<b>37,867,349</b>	<b>25,474,221</b>	<b>34,699,085</b>	<b>864,921,329</b>

\*) In accordance with the operating segments of Bank Mandiri (Note 2ak).

\*\*) 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.

\*\*\*\*) Others included in the portfolio is the area of Papua and overseas branches.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others***)	
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
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
	<b>637,299,143</b>	<b>90,066,482</b>	<b>33,995,172</b>	<b>20,900,588</b>	<b>31,645,813</b>	<b>813,907,198</b>

\*) 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.

\*\*\*) Others included in the portfolio is the area of Papua and overseas branches.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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:

	December 31, 2015					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others*)	
Administrative accounts						
Bank guarantees issued	72,782,994	12,319	7,933	2,027	1,705,818	74,511,091
Committed unused loan facilities granted	19,343,793	3,347,258	609,106	534,352	5,445,509	29,280,018
Outstanding irrevocable letters of credit	9,875,912	-	-	-	1,048,676	10,924,588
Standby letter of credit	12,542,046	-	-	-	193,679	12,735,725
	<b>114,544,745</b>	<b>3,359,577</b>	<b>617,039</b>	<b>536,379</b>	<b>8,393,682</b>	<b>127,451,422</b>
	December 31, 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
	<b>109,836,823</b>	<b>3,277,321</b>	<b>671,749</b>	<b>614,764</b>	<b>7,432,807</b>	<b>121,833,464</b>

\*) Other including portfolio in Papua and overseas branch

b) Industry sectors

The following table breaks down Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit enhancement), as categorised by the industry sectors as of December 31, 2015 and 2014.

	December 31, 2015						Total
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	56,314,316	-	-	-	-	56,314,316
Current accounts with other banks	-	10,155,626	-	-	-	-	10,155,626
Placement with Bank Indonesia and other banks	-	37,387,623	-	-	-	-	37,387,623
Marketable securities **)							
Government							
Fair value through profit or loss	1,451,095	-	-	-	-	-	1,451,095
Available for sale	898,756	-	-	-	-	-	898,756
Non Government							
Fair value through profit or loss	-	1,712,450	2,571	1,227	7,249	274,778	1,998,275
Available for sale	-	9,171,621	437,743	150,000	1,872,603	4,767,762	16,399,729
Held to maturity	-	4,840,202	1,102,783	-	68,000	1,300,000	7,310,985
At cost	-	317,714	-	-	402,000	-	719,714
Government Bonds ***)							
Fair value through profit or loss	1,583,907	-	-	-	-	-	1,583,907
Available for sale	74,153,603	-	-	-	-	-	74,153,603
Held to maturity	20,811,293	-	-	-	-	-	20,811,293
At cost	6,054,722	-	-	-	-	-	6,054,722
Other receivables-trade transactions	-	2,059,301	6,855,457	125,742	-	5,872,013	14,912,513
Securities purchased under resale agreements	-	368,970	-	-	-	307,930	676,900
Derivatives receivables	-	420,423	239,419	1,007	3,148	36,887	700,884

\*\*) 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.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	<b>December 31, 2015 (continued)</b>						<b>Total</b>
	<b>Government</b>	<b>Bank financial institution</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others****)</b>	
Loans *)							
Corporate	10,735,571	1,180,147	60,534,344	37,829,660	18,997,543	70,921,877	200,199,142
Commercial	-	1,041,870	61,359,106	18,592,864	11,332,673	67,087,964	159,414,477
Consumer/individual	-	-	-	-	-	72,250,135	72,250,135
Micro and Bussiness Banking	-	39,331	5,022,897	9,484,104	7,131,799	82,868,182	104,546,313
Sharia	483,903	4,117,346	4,449,551	4,147,410	4,730,988	32,336,172	50,265,370
Consumer financing receivables	12,178	-	2,054	2,719	23,720	8,137,392	8,178,063
Net investment in finance leases	-	-	6,325	4,877	27,924	565,024	604,150
Acceptances receivables	-	618,354	366,594	-	-	10,346,325	11,331,273
Other assets							
Accrued income	454,720	860,430	166,379	4,816	141,334	2,433,314	4,060,993
Receivables from customer transactions	211	518,851	16,876	1,149	741	357,400	895,228
Receivables from transactions related to ATM and credit card	-	-	-	-	-	477,159	477,159
Receivable to policyholders	-	151,184	-	-	-	325,623	476,807
Receivable from sale of marketable securities	-	99,610	-	-	-	-	99,610
Receivables from Government Bonds pledged as collateral	-	592,668	-	-	-	-	592,668
	<b>116,639,959</b>	<b>131,968,037</b>	<b>140,562,099</b>	<b>70,345,575</b>	<b>44,739,722</b>	<b>360,665,937</b>	<b>864,921,329</b>

\*) In accordance with the operating segments of Bank Mandiri (Note 2ak).

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

	<b>December 31, 2014</b>						<b>Total</b>
	<b>Government</b>	<b>Bank financial institution</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others***)</b>	
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
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

\*) 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.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014 (continued)						Total
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others***)	
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
	<b>94,086,376</b>	<b>163,395,121</b>	<b>114,171,555</b>	<b>58,608,357</b>	<b>68,438,686</b>	<b>315,207,103</b>	<b>813,907,198</b>

\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2015						Net
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others*)	
Administrative accounts							
Bank guarantees issued	60,479	25,208,943	20,293,915	74,293	504,200	28,369,261	74,511,091
Committed unused loan facilities granted	1,183	11,710,408	-	-	3,119,721	14,448,706	29,280,018
Outstanding irrevocable letters of credit	242,004	9,489	2,946,205	7,614	1,014,908	6,704,368	10,924,588
Standby letter of credit	-	-	453,874	27,570	556,348	11,697,933	12,735,725
	<b>303,666</b>	<b>36,928,840</b>	<b>23,693,994</b>	<b>109,477</b>	<b>5,195,177</b>	<b>61,220,268</b>	<b>127,451,422</b>

	December 31, 2014						Net
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others*)	
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
	<b>4,579,741</b>	<b>26,781,583</b>	<b>19,427,706</b>	<b>1,195,001</b>	<b>5,688,915</b>	<b>64,160,518</b>	<b>121,833,464</b>

\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

c) Credit quality of financial assets

As of December 31, 2015 and 2014, exposure to credit risk on financial assets are as follows:

	December 31, 2015					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current accounts with						
Bank Indonesia	56,314,316	-	-	56,314,316	-	56,314,316
Current accounts with other Banks	10,152,445	-	3,181	10,155,626	(3,412)	10,152,214
Placement with Bank Indonesia and other banks	37,341,522	-	46,101	37,387,623	(66,760)	37,320,863
Marketable securities **)						
Government						
Fair value through profit or loss	1,451,095	-	-	1,451,095	-	1,451,095
Available for sale	898,756	-	-	898,756	-	898,756

\*\*) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2015 (continued)					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Non Government						
Fair value through profit or loss	1,998,275	-	-	1,998,275	-	1,998,275
Available for sale	16,399,729	-	-	16,399,729	(9,014)	16,390,715
Held to maturity	7,147,045	-	163,940	7,310,985	(157,245)	7,153,740
At cost	582,714	-	137,000	719,714	(142,910)	576,804
Government Bonds ***)						
Fair value through profit or loss	1,583,907	-	-	1,583,907	-	1,583,907
Available for sale	74,153,603	-	-	74,153,603	-	74,153,603
Held to maturity	20,811,293	-	-	20,811,293	-	20,811,293
At cost	6,054,722	-	-	6,054,722	-	6,054,722
Other receivables- trade transactions	10,302,074	-	4,610,439	14,912,513	(1,727,747)	13,184,766
Securities purchased under resale agreements	676,900	-	-	676,900	-	676,900
Derivatives receivables	700,884	-	-	700,884	-	700,884
Loans <sup>*)</sup>						
Corporate	189,574,354	374,723	10,250,065	200,199,142	(6,598,507)	193,600,635
Commercial	138,690,267	2,169,339	18,554,871	159,414,477	(7,683,632)	151,730,845
Consumer	65,096,815	5,880,606	1,272,714	72,250,135	(1,223,343)	71,026,792
Micro and Bussiness Banking	95,548,213	5,046,917	3,951,183	104,546,313	(4,979,408)	99,566,905
Syariah	40,416,076	2,204,614	7,644,680	50,265,370	(1,796,952)	48,468,418
Consumer financing receivables	7,540,389	501,081	136,593	8,178,063	(270,614)	7,907,449
Net Investment in finance leases	568,663	32,437	3,050	604,150	(5,791)	598,359
Acceptances receivables	10,686,186	-	645,087	11,331,273	(107,030)	11,224,243
Other assets						
Accrued income	4,060,993	-	-	4,060,993	-	4,060,993
Receivables from customer transactions	680,863	-	214,365	895,228	(132,855)	762,373
Receivables from transactions related to ATM and credit card	477,159	-	-	477,159	-	477,159
Receivable to policyholders	476,807	-	-	476,807	-	476,807
Receivable from sale of marketable securities	99,610	-	-	99,610	-	99,610
Receivables from Government Bonds pledged as collateral	592,668	-	-	592,668	-	592,668
	<b>801,078,343</b>	<b>16,209,717</b>	<b>47,633,269</b>	<b>864,921,329</b>	<b>(24,905,220)</b>	<b>840,016,109</b>

	December 31, 2014					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
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

\*) Appropriate with operation segments of Bank Mandiri (Note 2ak).

\*\*) 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	<b>December 31, 2014 (continued)</b>					<b>Net</b>
	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Impaired</b>	<b>Total</b>	<b>Impairment provision</b>	
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 Business 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 finance leases	718,817	34,738	30,182	783,737	(17,213)	766,524
Acceptance 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 transaction	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
Receivables to policy holders	151,250	-	-	151,250	-	151,250
Receivables from sale of marketable securities	261,870	-	-	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	592,614	-	592,614
	<b>770,804,937</b>	<b>13,152,949</b>	<b>29,949,312</b>	<b>813,907,198</b>	<b>(20,120,537)</b>	<b>793,786,661</b>

\*\*) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

As of December 31, 2015 and 2014, exposure to credit risk on administrative accounts are as follows:

	<b>December 31, 2015</b>					<b>Net</b>
	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Impaired</b>	<b>Total</b>	<b>Impairment provision</b>	
Administrative accounts						
Bank guarantees issued	56,136,976	-	18,374,115	74,511,091	(234,194)	74,276,897
Committed unused loan facilities granted	27,163,025	-	2,116,993	29,280,018	(12,003)	29,268,015
Outstanding irrevocable letters of credit	9,176,736	-	1,747,852	10,924,588	(124,239)	10,800,349
Standby letter of credit	12,373,404	-	362,321	12,735,725	(25,174)	12,710,551
	<b>104,850,141</b>	<b>-</b>	<b>22,601,281</b>	<b>127,451,422</b>	<b>(395,610)</b>	<b>127,055,812</b>
	<b>December 31, 2014</b>					
	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Impaired</b>	<b>Total</b>	<b>Impairment provision</b>	<b>Net</b>
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
	<b>105,391,749</b>	<b>-</b>	<b>16,441,715</b>	<b>121,833,464</b>	<b>(196,793)</b>	<b>121,636,671</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 of 31 December 2015 and 2014, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2015		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	56,314,316	-	56,314,316
Current accounts with other banks	10,152,445	-	10,152,445
Placement with Bank Indonesia and other banks	37,341,522	-	37,341,522
Marketable securities **)			
Government			
Fair value through profit or loss	1,451,095	-	1,451,095
Available for sale	898,756	-	898,756
Non Government			
Fair value through profit or loss	1,998,275	-	1,998,275
Available for sale	16,399,729	-	16,399,729
Held to maturity	7,095,395	51,650	7,147,045
At cost	582,714	-	582,714
Government Bonds ***)			
Fair value through profit or loss	1,583,907	-	1,583,907
Available for sale	74,153,603	-	74,153,603
Held to maturity	20,811,293	-	20,811,293
At cost	6,054,722	-	6,054,722
Other receivables-trade transactions	6,285,110	4,016,964	10,302,074
Securities purchased under resale agreements	676,900	-	676,900
Derivatives receivables	700,884	-	700,884
Loans*)			
Corporate	166,005,176	23,569,178	189,574,354
Commercial	114,191,247	24,499,020	138,690,267
Consumer	65,093,942	2,873	65,096,815
Micro and bussiness banking	95,018,115	530,098	95,548,213
Syariah	40,416,076	-	40,416,076
Consumer financing receivables	7,540,389	-	7,540,389
Net Investment in finance leases	568,663	-	568,663
Acceptances receivables	9,828,137	858,049	10,686,186
Other assets			
Accrued income	4,060,993	-	4,060,993
Receivables from customer transactions	680,863	-	680,863
Receivables from transactions			
related to ATM and credit card	477,159	-	477,159
Receivable to policyholders	476,807	-	476,807
Receivable from sale of marketable securities	99,610	-	99,610
Receivables from Government Bonds pledged as collateral	592,668	-	592,668
<b>Total</b>	<b>747,550,511</b>	<b>53,527,832</b>	<b>801,078,343</b>

\*) In accordance with operating segments of Bank Mandiri (Note 2ak).

\*\*\*) 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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	50,598,840	-	50,598,840
Current accounts with other banks	8,983,650	-	8,983,650
Placement with Bank Indonesia and other banks	61,166,661	-	61,166,661
Marketable securities *)			
Government			
Fair value through profit or loss	208,782	-	208,782
Available for sale	253,951	-	253,951
Non Government			
Fair value through profit or loss	4,198,554	-	4,198,554
Available for sale	12,879,298	-	12,879,298
Held to maturity	6,985,688	33,748	7,019,436
At cost	376,913	-	376,913
Government Bonds **)			
Fair value through profit or loss	1,745,205	-	1,745,205
Available for sale	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	21,195,694
At cost	875,973	-	875,973
Other receivables-trade transactions	5,559,651	3,021,413	8,581,064
Securities purchased under resale agreements	19,786,745	-	19,786,745
Derivatives receivables	71,044	-	71,044
Loans			
Corporate	146,874,797	20,463,825	167,338,622
Commercial and Business Banking	172,979,056	11,415,925	184,394,981
Consumer	59,051,893	644	59,052,537
Micro and Retail	33,628,344	9	33,628,353
Syariah	40,918,294	610,921	41,529,215
Consumer financing receivables	2,971,623	2,672,709	5,644,332
Net Investment in finance leases	437,508	281,309	718,817
Acceptances receivables	11,317,695	1,439,154	12,756,849
Other assets			
Accrued income	3,272,972	-	3,272,972
Receivables from customer transactions	1,697,068	-	1,697,068
Receivables from transactions			
related to ATM and credit card	636,502	-	636,502
Receivable to policyholders	151,250	-	151,250
Receivable from sale of marketable securities	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	592,614
<b>Total</b>	<b>730,865,280</b>	<b>39,939,657</b>	<b>770,804,937</b>

\*) 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.

As of December 31, 2015 and 2014, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2015		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	53,299,741	2,837,235	56,136,976
Committed unused loan facilities granted	26,461,949	701,076	27,163,025
Outstanding irrevocable letters of credit	7,596,959	1,579,777	9,176,736
Standby letters of credit	11,299,998	1,073,406	12,373,404
	<b>98,658,647</b>	<b>6,191,494</b>	<b>104,850,141</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014		Total
	Not under monitoring	Under monitoring	
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 letters of credit	10,734,006	687,211	11,421,217
	<u>100,268,408</u>	<u>5,123,341</u>	<u>105,391,749</u>

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 December 31, 2015 and 2014 there was no late payment in term of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectability at two (special mention) but with no overdue as of December 31, 2015 and 2014.

**Subsidiaries:**

Financial assets which have experienced past due in the past but no overdue as of December 31, 2015 and 2014.

Aging analysis of financial assets that were past due, but not impaired can be disaggregated based on days overdue as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			Total
	1 - 30 days	31 - 60 days	61 - 90 days	
<b>Assets</b>				
Loans <sup>*)</sup>				
Corporate	374,723	-	-	374,723
Commercial	1,566,836	104,893	497,610	2,169,339
Consumer/individual	4,514,899	768,711	596,996	5,880,606
Micro and bussiness banking	2,583,048	1,244,111	1,219,758	5,046,917
Sharia	1,136,537	517,556	550,521	2,204,614
Consumer financing receivables	310,565	127,665	62,851	501,081
Net Investment in finance leases	26,858	4,757	822	32,437
	<u>10,513,466</u>	<u>2,767,693</u>	<u>2,928,558</u>	<u>16,209,717</u>

<sup>\*)</sup> According to changes in organizational structure of PT Bank Mandiri (Persero) Tbk. which is effective in beginning of year 2015.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
<b>Assets</b>				
Other receivables - trade transactions	6,689	-	-	6,689
Loans				
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
Sharia	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
	<b>8,132,209</b>	<b>2,570,776</b>	<b>2,449,964</b>	<b>13,152,949</b>

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset of December 31, 2015 and 2014, are summarised in the tables below:

	December 31, 2015 <sup>1)</sup>					
	Corporate	Commercial	Consumer/ individual	Micro and Business Banking	Sharia	Total
<b>Individually Impaired</b>						
Gross amount	9,806,982	15,503,775	-	210,078	4,902,338	30,423,173
Allowance for impairment losses	(6,328,047)	(6,345,936)	-	(95,310)	(495,728)	(13,265,021)
Carrying amount	3,478,935	9,157,839	-	114,768	4,406,610	17,158,152
<b>Collectively impaired</b>						
Gross amount	443,083**)	3,051,096 **)	1,272,714	3,741,105	2,742,342	11,250,340
Allowance for impairment losses	(603)	(230,217)	(582,837)	(2,026,554)	(669,077)	(3,509,288)
Carrying amount	442,480	2,820,879	689,877	1,714,551	2,073,265	7,741,052
Total gross amount	10,250,065	18,554,871	1,272,714	3,951,183	7,644,680	41,673,513
Total allowance for impairment losses	(6,328,650)	(6,576,153)	(582,837)	(2,121,864)	(1,164,805)	(16,774,309)
<b>Total carrying amount</b>	<b>3,921,415</b>	<b>11,978,718</b>	<b>689,877</b>	<b>1,829,319</b>	<b>6,479,875</b>	<b>24,899,204</b>

<sup>1)</sup> In accordance with operating segments of Bank Mandiri (Note 2ak)

<sup>\*\*)</sup> Represent restructured and non performing debtors which had been subject to individual assessment but impairment loss are not recognised and therefore are collectively assessed.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(ii) Loans (continued)

	December 31, 2014					Total
	Corporate	Commercial and Business Banking	Consumer	Micro and Retail	Sharia	
<b>Individually Impaired</b>						
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
<b>Collectively impaired</b>						
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)
<b>Total carrying amount</b>	<b>4,453,617</b>	<b>2,815,977</b>	<b>844,919</b>	<b>1,127,943</b>	<b>2,365,699</b>	<b>11,608,155</b>

\*) Represent restructured and non performing debtors which had been subject to individual assessment but impairment loss are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2015		
	Non-impaired*)	Impaired	Total
Rupiah	471,250	-	471,250
Foreign currencies	9,681,195	3,181	9,684,376
Total	10,152,445	3,181	10,155,626
Less: Allowance for impairment losses	(231)	(3,181)	(3,412)
<b>Net</b>	<b>10,152,214</b>	<b>-</b>	<b>10,152,214</b>

	December 31, 2014		
	Non-impaired*)	Impaired	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)
<b>Net</b>	<b>8,983,467</b>	<b>-</b>	<b>8,983,467</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks

	<b>December 31, 2015</b>		
	<b>Non-impaired*)</b>	<b>Impaired</b>	<b>Total</b>
Rupiah:			
Bank Indonesia	5,909,168	-	5,909,168
Call money	1,210,000	-	1,210,000
Time deposits	4,440,971	-	4,440,971
Saving deposits	486	-	486
<b>Total</b>	<b>11,560,625</b>	<b>-</b>	<b>11,560,625</b>
Foreign currencies:			
Bank Indonesia	21,228,900	-	21,228,900
Call money	2,683,940	45,063	2,729,003
"Fixed-Term" Placement	1,524,821	1,038	1,525,859
Time deposit	115,975	-	115,975
Others	227,261	-	227,261
<b>Total</b>	<b>25,780,897</b>	<b>46,101</b>	<b>25,826,998</b>
	37,341,522	46,101	37,387,623
Less: Allowance for impairment losses	(20,659)	(46,101)	(66,760)
<b>Net</b>	<b>37,320,863</b>	<b>-</b>	<b>37,320,863</b>
	<b>December 31, 2014</b>		
	<b>Non-impaired*)</b>	<b>Impaired</b>	<b>Total</b>
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 deposits	1,055	-	1,055
<b>Total</b>	<b>35,851,924</b>	<b>-</b>	<b>35,851,924</b>
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
<b>Total</b>	<b>25,314,737</b>	<b>46,091</b>	<b>25,360,828</b>
	61,166,661	46,091	61,212,752
Less: Allowance for impairment losses	(49,056)	(46,091)	(95,147)
<b>Net</b>	<b>61,117,605</b>	<b>-</b>	<b>61,117,605</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(v) Marketable securities

	<b>December 31, 2015</b>		
	<b>Non-impaired*)</b>	<b>Impaired**)</b>	<b>Total</b>
Government			
Rupiah			
Bonds	1,437,312	-	1,437,312
Foreign currencies:			
Treasury bills	912,539	-	912,539
<b>Total</b>	<b>2,349,851</b>	<b>-</b>	<b>2,349,851</b>
Non Government			
Rupiah:			
Investments in mutual fund	7,217,013	-	7,217,013
Certificates of Bank Indonesia	2,593,947	-	2,593,947
Bonds	5,472,909	87,000	5,559,909
Medium term notes	1,466,283	-	1,466,283
Sharia corporate bonds	378,006	137,000	515,006
Negotiable Certificate of Deposit	609,097	-	609,097
Shares	27,609	-	27,609
Export bills	935,694	9,092	944,786
<b>Total</b>	<b>18,700,558</b>	<b>233,092</b>	<b>18,933,650</b>
Foreign currencies:			
Bonds	6,020,690	-	6,020,690
Export bills	1,183,049	67,848	1,250,897
Treasury bills	223,466	-	223,466
<b>Total</b>	<b>7,427,205</b>	<b>67,848</b>	<b>7,495,053</b>
<b>Total</b>	<b>26,127,763</b>	<b>300,940</b>	<b>26,428,703</b>
	28,477,614	300,940	28,778,554
Less: Allowance for impairment losses	(28,728)	(280,441)	(309,169)
<b>Net</b>	<b>28,448,886</b>	<b>20,499</b>	<b>28,469,385</b>
	<b>December 31, 2014</b>		
	<b>Non-impaired*)</b>	<b>Impaired**)</b>	<b>Total</b>
Government			
Rupiah			
Bonds	208,782	-	208,782
Foreign currencies:			
Treasury bills	253,951	-	253,951
<b>Total</b>	<b>462,733</b>	<b>-</b>	<b>462,733</b>
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
Mediumterm notes	1,598,085	-	1,598,085
Sharia Corporate bonds	358,980	137,000	495,980
Negotiable Certificate of Deposit	361,690	-	361,690
Shares	175,974	-	175,974
Export bills	145,638	160	145,798
<b>Total</b>	<b>18,577,778</b>	<b>224,120</b>	<b>18,801,898</b>
Foreign currencies:			
Bonds	4,687,897	-	4,687,897
Export bills	978,920	80,938	1,059,858
Treasury bills	229,606	-	229,606
<b>Total</b>	<b>5,896,423</b>	<b>80,938</b>	<b>5,977,361</b>
<b>Total</b>	<b>24,474,201</b>	<b>305,058</b>	<b>24,779,259</b>
	24,936,934	305,058	25,241,992
Less: Allowance for impairment losses	(18,066)	(283,713)	(301,779)
<b>Net</b>	<b>24,918,868</b>	<b>21,345</b>	<b>24,940,213</b>

\*) 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(vi) Other receivables - trade transactions

	<b>December 31, 2015</b>		
	<b>Non-impaired<sup>*)</sup></b>	<b>Impaired</b>	<b>Total</b>
Rupiah:			
Usance L/C payable at sight	3,303,112	148,175	3,451,287
Others	3,333,830	2,604,266	5,938,096
<b>Total</b>	<b>6,636,942</b>	<b>2,752,441</b>	<b>9,389,383</b>
Foreign currencies:			
Usance L/C payable at sight	2,479,967	576,194	3,056,161
Others	1,185,165	1,281,804	2,466,969
<b>Total</b>	<b>3,665,132</b>	<b>1,857,998</b>	<b>5,523,130</b>
Less: Allowance for impairment losses	10,302,074 (88,741)	4,610,439 (1,639,006)	14,912,513 (1,727,747)
<b>Net</b>	<b>10,213,333</b>	<b>2,971,433</b>	<b>13,184,766</b>
	<b>December 31, 2014</b>		
	<b>Non-impaired<sup>*)</sup></b>	<b>Impaired</b>	<b>Total</b>
Rupiah:			
Usance L/C payable at sight	943,156	52,451	995,607
Others	2,096,922	2,987,568	5,084,490
<b>Total</b>	<b>3,040,078</b>	<b>3,040,019</b>	<b>6,080,097</b>
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
<b>Total</b>	<b>5,547,675</b>	<b>1,610,195</b>	<b>7,157,870</b>
Less: Allowance for impairment losses	8,587,753 (27,559)	4,650,214 (1,558,712)	13,237,967 (1,586,271)
<b>Net</b>	<b>8,560,194</b>	<b>3,091,502</b>	<b>11,651,696</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

	<b>December 31, 2015</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	2,233,381	184,661	2,418,042
Foreign currencies	8,452,805	460,426	8,913,231
Less: Allowance for impairment losses	10,686,186 (32,933)	645,087 (74,097)	11,331,273 (107,030)
<b>Net</b>	<b>10,653,253</b>	<b>570,990</b>	<b>11,224,243</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(vii) Acceptances receivable (continued)

	<b>December 31, 2014</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	818,961	119,046	938,007
Foreign currencies	11,937,888	238,164	12,176,052
	12,756,849	357,210	13,114,059
Less: Allowance for impairment losses	(39,894)	(67,033)	(106,927)
<b>Net</b>	<b>12,716,955</b>	<b>290,177</b>	<b>13,007,132</b>

(viii) Consumer financing receivables

	<b>December 31, 2015</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	8,041,470	136,593	8,178,063
Foreign currencies	-	-	-
	8,041,470	136,593	8,178,063
Less: Allowance for impairment losses	(216,322)	(54,292)	(270,614)
<b>Net</b>	<b>7,825,148</b>	<b>82,301</b>	<b>7,907,449</b>

	<b>December 31, 2014</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	6,005,783	82,204	6,087,987
Foreign currencies	-	-	-
	6,005,783	82,204	6,087,987
Less: Allowance for impairment losses	(162,460)	(32,392)	(194,852)
<b>Net</b>	<b>5,843,323</b>	<b>49,812</b>	<b>5,893,135</b>

(ix) Securities purchased under resale agreement

	<b>December 31, 2015</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah			
SBSN	368,970	-	368,970
Shares	307,930	-	307,930
	676,900	-	676,900
Less: Allowance for impairment losses	-	-	-
<b>Net</b>	<b>676,900</b>	<b>-</b>	<b>676,900</b>

	<b>December 31, 2014</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah			
Bonds	18,528,319	-	18,528,319
SBSN	696,994	-	696,994
Shares	561,432	-	561,432
	19,786,745	-	19,786,745
Less: Allowance for impairment losses	(41,941)	-	(41,941)
<b>Net</b>	<b>19,744,804</b>	<b>-</b>	<b>19,744,804</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(x) Investment in finance lease

	<b>December 31, 2015</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	601,100	3,050	604,150
Foreign currencies	-	-	-
	601,100	3,050	604,150
Less: Allowance for impairment losses	(4,971)	(820)	(5,791)
<b>Net</b>	<b>596,129</b>	<b>2,230</b>	<b>598,359</b>

  

	<b>December 31, 2014</b>		
	<b>Non-impaired</b>	<b>Impaired</b>	<b>Total</b>
Rupiah	753,555	30,182	783,737
Foreign currencies	-	-	-
	753,555	30,182	783,737
Less: Allowance for impairment losses	(6,492)	(10,721)	(17,213)
<b>Net</b>	<b>747,063</b>	<b>19,461</b>	<b>766,524</b>

(xi) Estimated losses on commitments and contingencies

	<b>December 31, 2015</b>		
	<b>Non-impaired*) **)</b>	<b>Impaired</b>	<b>Total</b>
Rupiah:			
Bank guarantees issued	23,113,143	13,964,682	37,077,825
Committed unused loan facilities granted	20,308,032	1,965,653	22,273,685
Outstanding irrevocable letters of credit	1,645,272	781,650	2,426,922
Standby letters of credit	1,894,635	76,282	1,970,917
Total Rupiah	46,961,082	16,788,267	63,749,349
Foreign currencies:			
Bank guarantees issued	33,023,833	4,409,433	37,433,266
Committed unused loan facilities granted	6,854,993	151,340	7,006,333
Outstanding irrevocable letters of credit	7,531,464	966,202	8,497,666
Standby letters of credit	10,478,769	286,039	10,764,808
Total foreign currencies	57,889,059	5,813,014	63,702,073
	104,850,141	22,601,281	127,451,422
Less: Allowance for impairment losses	(7,906)	(387,704)	(395,610)
<b>Net</b>	<b>104,842,235</b>	<b>22,213,577</b>	<b>127,055,812</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

\*\*) Including balance amounting to Rp59,065 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp7,906.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	<b>December 31, 2014</b>		
	<b>Non-impaired* **)</b>	<b>Impaired</b>	<b>Total</b>
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
<b>Total</b>	<b>45,351,130</b>	<b>11,840,845</b>	<b>57,191,975</b>
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
<b>Total</b>	<b>60,040,619</b>	<b>4,600,870</b>	<b>64,641,489</b>
<b>Total</b>	<b>105,391,749</b>	<b>16,441,715</b>	<b>121,833,464</b>
Less: Allowance for impairment losses	(12,515)	(184,278)	(196,793)
	<b>105,379,234</b>	<b>16,257,437</b>	<b>121,636,671</b>

\*) 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.

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 the 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 funding ratio (LFR) and dependency on large customer deposits. GWM is a minimum current account required to be maintained by the Bank in the form of current accounts with Bank Indonesia or securities in which the minimum amount is set by Bank Indonesia based on certain percentage from total deposits from customers.

As of December 31, 2015, the Bank maintained primary reserve of 7.50% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LFR reserve of 0.00% and GWM secondary reserve of 14.35% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.50% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit (Bank only).



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(i) Liquidity risk management (continued)**

Secondary reserve (liquidity reserve) is the Bank's liquidity tool to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing the secondary reserve, the Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for three subsequent months. As of December 31, 2015, the liquidity reserve balance is above safety level (unaudited).

LFR is a ratio of loan to third parties and qualified marketable securities issued by the bank in Rupiah and foreign currency. LFR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits and marketable securities issued, which are usually short-term in nature. As of December 31, 2015, the Bank's LFR is 87.05%.

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 of December 31, 2015, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. The Bank's prepares alternative funding in order to deal with the possibility of the market liquidity diminishing or not in line with the Bank's prediction.

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to the condition of liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing as of Desember 31, 2015 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.

To increase awareness of unstable economic condition, either from crisis in Europe or various domestic issues, Bank Mandiri also monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M and the latest market informations.

The maturity profile as of December 31, 2015 and 2014 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 are as follows:

<b>December 31, 2015</b>								
Description	Total	No maturity Contract	< 1 month	1 - < 3 months	3 - < 6 months	6 - < 12 months	1 - < 3 years	> 3 years
<b>Aset</b>								
Current accounts with Bank Indonesia	56,314,316	-	56,314,316	-	-	-	-	-
Current accounts with other banks - gross	10,155,626	-	10,155,626	-	-	-	-	-
Placements with Bank Indonesia and other banks - gross	37,387,623	486	33,543,683	2,676,377	851,215	118,156	197,706	-
Marketable securities - gross	43,950,733	17,025,681	1,451,819	2,539,479	2,915,831	1,941,088	6,563,139	11,513,696
Government bonds	103,869,361	-	1,446,705	8,707,596	2,199,709	5,932,965	31,316,219	54,266,167
Other receivables - trade transactions-gross	14,912,513	-	4,158,868	5,611,062	3,989,722	41,571	7,680	1,103,610
Securities purchased under resale agreements - gross	676,900	-	489,923	36,143	75,969	74,865	-	-
Derivative receivables - gross	700,884	-	194,748	126,690	129,827	12,427	236,853	339
Loans - gross	586,675,437	-	57,448,611	39,269,859	57,095,905	87,114,894	94,946,018	250,800,150
Consumer financing receivables - gross	8,178,063	-	199,625	400,778	603,012	1,204,148	4,235,907	1,534,593
Net Investment in finance lease	604,150	-	31,853	59,275	82,805	145,049	273,819	11,349
Acceptances receivable - gross	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Other assets-gross	6,602,465	476,807	3,034,027	265,385	271,144	312,090	672,747	1,570,265
	<b>881,359,344</b>	<b>17,502,974</b>	<b>171,167,926</b>	<b>64,074,970</b>	<b>71,001,628</b>	<b>98,361,589</b>	<b>138,450,088</b>	<b>320,800,169</b>
<b>Allowance for impairment losses</b>	<b>(24,905,220)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>856,454,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>								
Deposit from customers								
Demand deposits	172,154,488	-	172,154,488	-	-	-	-	-
Saving deposits	248,951,639	-	248,951,639	-	-	-	-	-
Time deposits	201,226,204	-	129,766,224	55,476,163	9,596,815	5,144,004	1,242,998	-
Deposits from other banks								
Demand and saving deposits	3,744,289	-	3,744,289	-	-	-	-	-
Interbank call money	3,764,363	-	3,660,975	103,388	-	-	-	-
Time deposits	5,127,585	-	2,545,510	1,276,182	939,540	365,753	600	-
Securities sold under repurchase agreements	4,863,171	-	2,341,504	-	-	-	2,521,667	-
Derivative payables	299,079	-	43,110	17,157	9,669	2,727	226,416	-
Acceptances payable	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Marketable securities issued	2,398,178	-	77,768	-	411,921	-	1,308,984	599,505
Accrued expenses	3,490,801	209,445	3,267,592	13,764	-	-	-	-
Other liabilities	4,727,808	89,324	1,934,792	1,960,141	743,551	-	-	-
Fund borrowings	33,764,671	-	985,536	1,100,216	955,775	4,081,942	9,657,805	16,983,397
Subordinated loans	3,737,703	-	8,025	10,652	-	3,499,714	42,752	176,560
	<b>699,581,252</b>	<b>298,769</b>	<b>572,179,574</b>	<b>64,339,989</b>	<b>15,443,760</b>	<b>14,558,476</b>	<b>15,001,222</b>	<b>17,759,462</b>
<b>Maturity gap</b>	<b>181,778,092</b>	<b>17,204,205</b>	<b>(401,011,648)</b>	<b>(265,019)</b>	<b>55,557,868</b>	<b>83,803,113</b>	<b>123,448,866</b>	<b>303,040,707</b>
<b>Net position, net of allowance for impairment losses</b>	<b>156,872,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 are as follows (continued):

<b>December 31, 2014</b>								
Description	Total	No maturity Contract	< 1 month	1 - < 3 months	3 - < 6 months	6 - 12 < months	1 - < 3 years	> 3 years
<b>Assets</b>								
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 in 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
	<b>830,582,032</b>	<b>17,521,590</b>	<b>212,770,511</b>	<b>58,901,698</b>	<b>67,211,063</b>	<b>89,942,222</b>	<b>123,612,380</b>	<b>260,622,568</b>
Allowance for impairment losses	(20,120,537)							
<b>Total</b>	<b>810,461,495</b>							
<b>Liabilities</b>								
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
	<b>659,951,679</b>	<b>175,228</b>	<b>535,054,271</b>	<b>66,328,891</b>	<b>23,378,456</b>	<b>9,299,032</b>	<b>21,417,587</b>	<b>4,298,214</b>
<b>Maturity gap</b>	<b>170,630,353</b>	<b>17,346,362</b>	<b>(322,283,760)</b>	<b>(7,427,193)</b>	<b>43,832,607</b>	<b>80,643,190</b>	<b>102,194,793</b>	<b>256,324,354</b>
<b>Net position, net of allowance for impairment losses</b>	<b>150,509,816</b>							

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2015 and 2014 as follows:

December 31, 2015								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
<b>Liabilities</b>								
Deposit from customers								
Demand deposits/ <i>wadiah</i> demand deposit	172,314,777	-	172,314,777	-	-	-	-	-
Saving deposits/ <i>wadiah</i> saving deposit	249,203,885	-	249,176,290	4,172	5,228	6,940	7,076	4,179
Time deposits	203,106,041	-	137,707,371	56,078,496	9,768,485	5,268,100	1,283,589	-
Deposits from other banks								
Demand and saving deposits	3,747,587	-	3,747,587	-	-	-	-	-
Interbank call money	3,777,901	-	3,777,901	-	-	-	-	-
Time deposits	5,159,528	-	2,566,511	1,284,783	941,599	366,028	607	-
Securities sold under repurchase agreements	5,842,201	-	2,234,201	-	-	-	3,498,000	-
Derivative payables	300,757	-	43,672	17,798	10,747	3,503	225,037	-
Acceptances payable	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Marketable securities issued	2,780,482	-	77,768	-	501,320	73,369	1,474,370	653,655
Accrued expenses	3,490,801	209,445	3,267,592	13,764	-	-	-	-
Other liabilities	4,727,808	89,324	1,934,792	1,960,141	743,551	-	-	-
Fund borrowings	35,029,953	-	1,269,478	1,209,373	1,018,295	4,168,637	9,890,883	17,473,287
Subordinated loans	4,213,172	-	43,021	80,644	104,988	3,724,690	50,343	209,486
<b>Total</b>	<b><u>705,026,166</u></b>	<b><u>298,769</u></b>	<b><u>573,969,083</u></b>	<b><u>65,031,497</u></b>	<b><u>15,880,702</u></b>	<b><u>15,075,603</u></b>	<b><u>16,429,905</u></b>	<b><u>18,340,607</u></b>

December 31, 2014								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
<b>Liabilities</b>								
Deposit from customers								
Demand deposits/ <i>wadiah</i> demand deposit	128,175,515	-	128,175,515	-	-	-	-	-
Saving deposits/ <i>wadiah</i> saving deposit	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	-
Acceptances payable	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
<b>Total</b>	<b><u>666,518,252</u></b>	<b><u>175,228</u></b>	<b><u>536,782,000</u></b>	<b><u>67,329,560</u></b>	<b><u>23,816,738</u></b>	<b><u>9,777,601</u></b>	<b><u>23,105,465</u></b>	<b><u>5,531,660</u></b>

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2015 and 2014 are as follows:

December 31, 2015								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
Administrative accounts								
Bank guarantees issued	74,511,091	-	74,511,091	-	-	-	-	-
Committed unused loan facilities granted	29,280,018	-	29,280,018	-	-	-	-	-
Outstanding irrevocable letters of credit	10,924,588	-	2,763,261	5,313,631	1,967,369	485,826	394,501	-
Standby letter of credit	12,735,725	-	12,735,725	-	-	-	-	-
<b>Total</b>	<b><u>127,451,422</u></b>	<b><u>-</u></b>	<b><u>119,290,095</u></b>	<b><u>5,313,631</u></b>	<b><u>1,967,369</u></b>	<b><u>485,826</u></b>	<b><u>394,501</u></b>	<b><u>-</u></b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(i) Liquidity risk management (continued)**

December 31, 2014									
Description	No maturity		Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
	Total	-							
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	-	-	-	-	-
	<b>121,833,464</b>	<b>-</b>		<b>109,716,684</b>	<b>6,304,302</b>	<b>2,102,277</b>	<b>1,726,150</b>	<b>1,984,051</b>	<b>-</b>

**(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 of December 31, 2015 and 2014 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
<b>December 31, 2015</b>		
Increase/(decrease) net income (Rp billion)	(907.58)	(41.84)
<b>December 31, 2014</b>		
Increase/(decrease) net income (Rp billion)	741.97	(1,385.91)

The above projections assumed that all other variables are held constant at reporting date.

**b. Sensitivity to unrealised gains on available for sale marketable securities**

The table below shows the sensitivity of Bank Mandiri's unrealised gains on available for sale marketable securities to movement of interest rates as of December 31, 2015 and 2014 (Bank Mandiri only) as follows:

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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):

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
<b>December 31, 2015</b>		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	321.16	(321.16)
<b>December 31, 2014</b>		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	364.83	(364.83)

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of unrealised gains on available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

c. Bank Mandiri's exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	December 31, 2015									Total	
	Interest bearing								Non interest bearing		
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years			
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	-	56,314,316	56,314,316
Current accounts with other banks	9,700,440	-	-	-	-	-	-	-	-	455,186	10,155,626
Placements with Bank Indonesia and other banks	30,404,983	2,736,377	909,370	151,606	-	-	-	-	-	3,185,287	37,387,623
Marketable securities	417,159	1,643,815	2,690,501	4,453,204	1,328,624	1,251,474	345,994	4,735,556	27,084,406	43,950,733	
Government bonds	25,476,529	31,603,947	1,897,662	9,135,374	3,778,296	7,175,922	3,310,243	14,098,104	7,393,284	103,869,361	
Other receivables - trade transactions	1,501,500	2,233,631	2,408,831	1,481	-	-	-	-	-	8,767,070	14,912,513
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-	676,900	676,900
Derivative receivables	-	117	11,754	5,371	6,367	-	339	-	-	676,936	700,884
Loans	96,014,056	362,477,182	29,813,748	14,618,707	15,521,006	4,473,256	5,053,869	8,438,243	50,265,370	586,675,437	
Consumer financing receivables	199,634	400,794	1,807,232	2,300,136	1,938,433	1,153,286	378,548	-	-	8,178,063	
Net investment in finance lease	31,854	59,275	227,853	189,749	84,070	9,249	2,100	-	-	604,150	
Acceptances receivable	-	-	-	-	-	-	-	-	-	11,331,273	11,331,273
Other assets	-	-	-	-	-	-	-	-	-	6,602,465	6,602,465
	<u>163,746,155</u>	<u>401,155,138</u>	<u>39,766,951</u>	<u>30,855,628</u>	<u>22,656,796</u>	<u>14,063,187</u>	<u>9,091,093</u>	<u>27,271,903</u>	<u>172,752,493</u>	<u>881,359,344</u>	
Deposits from customers											
Demand deposits	57,624	-	166,091,002	-	-	-	-	-	-	6,005,862	172,154,488
Saving deposits	360,093	215,027,698	29,991,870	5,187	1,888	1,157	734	2,289	3,560,723	248,951,639	
Time deposits	135,657,100	51,871,183	12,037,350	1,660,571	-	-	-	-	-	201,226,204	
Deposits from other banks											
Demand and saving deposits	350,530	3,321,051	28,283	-	-	-	-	-	-	44,425	3,744,289
Interbank call money	3,764,363	-	-	-	-	-	-	-	-	3,764,363	
Time deposits	448,429	1,196,901	3,190,016	292,239	-	-	-	-	-	5,127,585	
Securities sold under repurchase agreements	2,341,504	-	-	-	2,521,667	-	-	-	-	4,863,171	
Derivative payables	-	197	556	1,418	-	-	-	-	296,908	299,079	
Acceptances payable	-	-	-	-	-	-	-	-	11,331,273	11,331,273	
Marketable securities issued	-	-	411,921	489,478	819,506	-	99,505	-	577,768	2,398,178	
Accrued expenses	1,721	96,793	1,868	531	-	-	-	-	3,389,888	3,490,801	
Other liabilities	-	-	-	-	-	-	-	-	4,727,808	4,727,808	
Fund borrowings	3,249,065	23,536,359	5,184,003	591,329	1,047,864	25,618	-	130,135	298	33,764,671	
Subordinated loans	42,357	-	-	3,464,362	-	-	-	230,984	-	3,737,703	
	<u>146,272,786</u>	<u>295,050,182</u>	<u>216,936,869</u>	<u>6,505,115</u>	<u>4,390,925</u>	<u>26,775</u>	<u>100,239</u>	<u>363,408</u>	<u>29,934,953</u>	<u>699,581,252</u>	
<b>Total interest repricing gap</b>	<b><u>17,473,369</u></b>	<b><u>106,104,956</u></b>	<b><u>(177,169,918)</u></b>	<b><u>24,350,513</u></b>	<b><u>18,265,871</u></b>	<b><u>14,036,412</u></b>	<b><u>8,990,854</u></b>	<b><u>26,908,495</u></b>	<b><u>142,817,540</u></b>	<b><u>181,778,092</u></b>	

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

	December 31, 2014								Non interest bearing	Total
	Interest bearing									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years		
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	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 in finance lease	32,984	66,067	277,498	256,752	116,649	33,686	101	-	-	783,737
Acceptances receivable	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Other assets	-	-	-	-	-	-	-	-	6,679,410	6,679,410
	<u>200,978,004</u>	<u>340,553,283</u>	<u>52,009,155</u>	<u>19,835,906</u>	<u>18,750,014</u>	<u>6,683,675</u>	<u>7,393,966</u>	<u>15,887,970</u>	<u>168,490,059</u>	<u>830,582,032</u>
Deposits from customers	101,224	-	119,879,757	-	-	-	-	-	8,072,577	128,053,558
Demand deposits	284,059	202,956,339	24,736,147	4,798	2,218	741	643	2,063	3,474,248	231,461,256
Saving deposits	156,605,581	46,088,403	20,428,258	810,653	1,202	-	-	-	-	223,934,097
Time deposits	-	-	-	-	-	-	-	-	-	-
Deposits from other banks	277,802	848,428	2,320,750	-	-	-	-	-	52,082	3,499,062
Demand and saving deposits	2,737,188	154,812	-	-	-	-	-	-	-	2,892,000
Interbank call money	10,955,675	126,235	58,873	-	-	-	-	-	-	11,140,783
Time deposits	-	-	-	-	-	-	-	-	-	-
Securities sold under repurchase 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
Acceptances payable	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Marketable securities issued	-	199,966	149,884	401,267	498,740	174,512	-	-	585,256	2,009,625
Accrued expenses	3,352	94,395	-	-	-	-	-	-	3,782,526	3,880,273
Other liabilities	-	-	-	-	-	-	-	-	5,723,644	5,723,644
Fund borrowings	7,735,910	5,393,804	8,202,389	611,561	2,145,871	-	-	137,569	-	24,227,104
Subordinated loans	-	53,261	-	3,477,533	-	-	-	215,780	-	3,746,574
	<u>180,808,509</u>	<u>257,404,144</u>	<u>175,786,215</u>	<u>5,339,973</u>	<u>2,648,031</u>	<u>2,696,364</u>	<u>643</u>	<u>355,412</u>	<u>34,912,388</u>	<u>659,951,679</u>
<b>Total interest repricing gap</b>	<u><b>20,169,495</b></u>	<u><b>83,149,139</b></u>	<u><b>(123,777,060)</b></u>	<u><b>14,495,933</b></u>	<u><b>16,101,983</b></u>	<u><b>3,987,311</b></u>	<u><b>7,393,323</b></u>	<u><b>15,532,558</b></u>	<u><b>133,577,671</b></u>	<u><b>170,630,353</b></u>

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing on the market risk of banking book.

**(iii) Pricing management**

As part of the management of interest rate risk, the Bank applies pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by determining the competitive climate.

Bank consistently manage to apply the strategy as a market leader in terms of fund pricing. However, determining liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(iii) Pricing management (continued)**

In setting interest rates, the Bank implements risk-based pricing by providing a various credit interest rate to customers based on the level of credit risk. In order to minimise interest rate risk, the credit interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, credit interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Credit rates can be either a floating or a fixed rate for certain tenors.

**(iv) Market risk management**

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applies segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using best practice approach and inline with the internal and external conditions apply.

**(v) Foreign exchange risk management**

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currency due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

The calculation of the net open position as of December 31, 2015 and 2014 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010. In accordance with Bank Indonesia Regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position are stated in Rupiah and the net difference between receivables and payables from commitments and contingencies for each foreign currency are recorded in administrative accounts are stated in Rupiah. While the net open position for the financial position is the net difference between total assets and liabilities for each foreign currency are stated in Rupiah.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2015 as follows:

Currency	Assets	Liabilities	Net Open Position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***</b>			
United States Dollar	255,181,458	253,283,271	1,898,187
European Euro	4,175,272	4,183,295	8,023
Singapore Dollar	3,214,700	3,340,210	125,510
Japanese Yen	1,071,988	1,059,898	12,090
Australian Dollar	500,121	504,482	4,361
Great Britain Pound Sterling	584,069	547,126	36,943
Hong Kong Dollar	251,864	246,119	5,745
Others	5,199,373	6,107,021	1,039,026*)
Total			<u>3,129,885</u>
<b>STATEMENT OF FINANCIAL POSITION</b>			
United States Dollar	243,475,165	228,099,215	15,375,950
European Euro	4,100,636	3,502,583	598,053
Singapore Dollar	3,118,110	2,078,649	1,039,461
Japanese Yen	1,005,119	991,059	14,060
Australian Dollar	436,140	307,732	128,408
Great Britain Pound Sterling	498,225	464,574	33,651
Hong Kong Dollar	209,175	69,134	140,041
Others	2,003,727	5,415,625	(3,411,898)**)
Total			<u>13,917,726</u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u><b>107,388,146</b></u>
NOP Ratio (Statements of Financial Position)			12.96%
NOP Ratio (Overall)			2.91%
Net Open Position ratio as of December 31, 2015 if calculated using November 2015 capital as follows (unaudited):			
Capital November 2015			106,123,011
NOP Ratio (Statements of Financial Position)			13.11%
NOP Ratio (Overall)****)			2.95%

\*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

\*\*\*) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

\*\*\*\*) The calculation of bank's net open position based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

The net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2014 as follows:

Currency	Assets	Liabilities	Net Open Position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)</b>			
United States Dollar	155,766,942	156,659,716	892,774
European Euro	2,224,762	1,890,731	334,031
Singapore Dollar	2,059,589	1,866,616	192,973
Japanese Yen	401,073	395,352	5,721
Australian Dollar	774,508	760,231	14,277
Great Britain Pound Sterling	132,803	96,711	36,092
Hong Kong Dollar	184,732	153,471	31,261
Others	369,815	162,277	207,538*)
Total			<u><u>1,714,667</u></u>
<b>STATEMENT OF FINANCIAL POSITION</b>			
United States Dollar	148,978,357	140,158,990	8,819,367
European Euro	2,132,334	1,503,939	628,395
Singapore Dollar	1,893,112	1,390,022	503,090
Japanese Yen	240,251	216,552	23,699
Australian Dollar	245,192	110,196	134,996
Great Britain Pound Sterling	109,730	75,494	34,236
Hong Kong Dollar	184,732	17,664	167,068
Others	346,604	99,662	246,942**)
Total			<u><u>10,557,793</u></u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u><u>85,479,697</u></u>
NOP Ratio (Statements of Financial Position)			12.35%
NOP Ratio (Overall)			2.01%

Below is the Net Open Position ratio of Bank Mandiri, as of December 31, 2014 if calculated using November 2014 capital (unaudited):

Capital November 2014	84,566,955
NOP Ratio (Statements of Financial Position)	12.48%
NOP Ratio (Overall)***)	2.03%

\*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

\*\*\*) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

\*\*\*) The calculation of bank's net open position based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 summarizes the Group's exposure of foreign currency exchange rate risk as of December 31, 2015 and 2014. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2015								Total
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	
<b>Asset</b>									
Cash	1,466,964	230,627	758,831	90,896	253,618	8,836	19,881	93,594	2,923,247
Current accounts with Bank Indonesia	11,756,796	-	-	-	-	-	-	-	11,756,796
Current accounts with other banks and other banks	8,146,579	266,766	196,469	399,282	26,922	20,924	233,989	393,445	9,684,376
Placement with Bank Indonesia									
and other banks	25,568,049	46,101	-	-	-	-	-	212,848	25,826,998
Marketable securities	7,960,436	7,731	271,359	2,748	-	164,716	-	602	8,407,592
Government Bonds	24,538,404	141,909	-	-	-	-	-	-	24,680,313
Other receivables - trade transactions	5,337,532	103,607	19,467	9,201	1,093	-	14,464	37,766	5,523,130
Derivatives receivable	422,888	640	499	-	83	-	1,187	267,035	692,332
Loans	88,079,275	1,594,439	1,452,019	1,027,468	-	-	82	-	92,153,283
Acceptances receivable	8,629,960	52,020	172,432	50,110	2,061	-	2,309	4,339	8,913,231
Other assets	780,751	10,251	4,882	108	35	81	17	4,239	800,364
<b>Total Assets</b>	<b>182,687,634</b>	<b>2,454,091</b>	<b>2,875,958</b>	<b>1,579,813</b>	<b>283,812</b>	<b>194,557</b>	<b>271,929</b>	<b>1,013,868</b>	<b>191,361,662</b>
<b>Liabilities</b>									
Deposits from Customers									
Demand deposits/Wadiah									
demand deposit	67,957,573	1,423,576	651,317	426,003	84,469	4,689	219,999	156,558	70,924,184
Saving deposits/Wadiah saving deposit	27,281,211	87,952	519,234	30,015	27,554	322	5,877	66,929	28,019,094
Time deposits	21,896,472	82,589	244,436	5,765	29,443	50,702	3,649	2,497	22,315,553
Deposits from other banks									
Demand and saving deposits	1,616,028	258	16,335	-	-	-	-	-	1,632,621
Inter bank call money	1,964,363	-	-	-	-	-	-	-	1,964,363
Time deposits	406,657	-	-	-	-	-	-	-	406,657
Derivative payable	293,352	1,662	-	222	1,386	-	151	89	296,862
Acceptances payable	8,629,960	52,020	172,432	50,110	2,061	-	2,309	4,339	8,913,231
Accrued Expenses	515,375	1,764	30,938	-	18	6,417	33	16,374	570,919
Other liabilities	2,473,030	103,651	25,188	23,745	31,636	1,987	5,265	11,222	2,677,724
Fund Borrowings	24,434,666	-	-	-	-	-	-	4,140,421	28,575,087
Subordinated Loans	224,710	-	-	-	-	-	-	-	224,710
<b>Total liabilities</b>	<b>157,695,397</b>	<b>1,753,472</b>	<b>1,659,880</b>	<b>535,860</b>	<b>176,567</b>	<b>64,117</b>	<b>237,283</b>	<b>4,398,429</b>	<b>166,521,005</b>
<b>Net statements of financial position</b>	<b>24,992,236</b>	<b>700,619</b>	<b>1,216,078</b>	<b>1,043,953</b>	<b>107,245</b>	<b>130,440</b>	<b>34,646</b>	<b>(3,384,561)</b>	<b>24,840,656</b>
Administrative accounts - net	(472,548)	(514,230)	(1,082,683)	(465)	(132,769)	(73,820)	3,292	2,504,250	231,027

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)

	December 31, 2014								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
<b>Asset</b>									
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
<b>Total assets</b>	<b>158,341,965</b>	<b>2,101,134</b>	<b>1,870,481</b>	<b>297,243</b>	<b>249,257</b>	<b>174,205</b>	<b>113,282</b>	<b>357,163</b>	<b>163,504,730</b>
<b>Liabilities</b>									
Deposits from Customers									
Demand deposits/ <i>Wadiah</i> 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/ <i>Wadiah</i> 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
<b>Total liabilities</b>	<b>139,877,545</b>	<b>1,454,024</b>	<b>1,351,968</b>	<b>215,764</b>	<b>94,194</b>	<b>16,139</b>	<b>73,953</b>	<b>94,861</b>	<b>143,178,448</b>
<b>Net on statements of financial position</b>	<b>18,464,420</b>	<b>647,110</b>	<b>518,513</b>	<b>81,479</b>	<b>155,063</b>	<b>158,066</b>	<b>39,329</b>	<b>262,302</b>	<b>20,326,282</b>
<b>Administrative accounts - net</b>	<b>(9,712,141)</b>	<b>(294,365)</b>	<b>(310,117)</b>	<b>(17,978)</b>	<b>(120,719)</b>	<b>(135,807)</b>	<b>1,855</b>	<b>(39,403)</b>	<b>(10,628,675)</b>

c. The balances of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets</b>		
<b>Cash</b>		
United States Dollar	1,466,964	106,417
European Euro	230,627	15,317
Singapore Dollar	758,831	77,757
Japanese Yen	90,896	793,713
Australian Dollar	253,618	25,151
Hong Kong Dollar	8,836	4,968
Great Britain Pound Sterling	19,881	973
Chinese Yuan	33,140	15,611
Others	60,454	4,385
	<b>2,923,247</b>	<b>1,044,292</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets (continued)</b>		
<b>Current accounts with Bank Indonesia</b>		
United States Dollar	11,756,796	852,869
<b>Current accounts with other banks</b>		
United States Dollar	8,146,579	590,974
European Euro	266,766	17,717
Singapore Dollar	196,469	20,132
Japanese Yen	399,282	3,486,570
Australian Dollar	26,922	2,670
Hong Kong Dollar	20,924	11,764
Great Britain Pound Sterling	233,989	11,448
Chinese Yuan	182,851	86,135
Others	210,594	15,277
	9,684,376	4,242,687
<b>Placements with Bank Indonesia and other banks</b>		
United States Dollar	25,568,049	1,854,773
European Euro	46,101	3,062
Chinese Yuan	212,848	100,265
	25,826,998	1,958,100
<b>Marketable securities</b>		
United States Dollar	7,960,436	577,471
European Euro	7,731	513
Singapore Dollar	271,359	27,806
Japanese Yen	2,748	23,996
Hong Kong Dollar	164,716	92,605
Others	602	44
	8,407,592	722,435
<b>Government bonds</b>		
United States Dollar	24,538,404	1,780,080
European Euro	141,909	9,425
	24,680,313	1,789,505
<b>Other receivables - trade transactions</b>		
United States Dollar	5,337,532	387,199
European Euro	103,607	6,881
Singapore Dollar	19,467	1,995
Japanese Yen	9,201	80,344

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets (continued)</b>		
<b>Other receivables - trade transactions (continued)</b>		
Australian Dollar	1,093	108
Great Britain Pound Sterling	14,464	708
Others	37,766	2,740
	5,523,130	479,975
<b>Derivative receivables</b>		
United States Dollar	422,888	30,677
European Euro	640	43
Singapore Dollar	499	51
Australian Dollar	83	8
Great Britain Pound Sterling	1,187	58
Others	267,035	19,371
	692,332	50,208
<b>Loan and sharia receivable/financing</b>		
United States Dollar	88,079,275	6,389,501
European Euro	1,594,439	105,896
Singapore Dollar	1,452,019	148,788
Japanese Yen	1,027,468	8,971,952
Great Britain Pound Sterling	82	4
	92,153,283	15,616,141
<b>Acceptances receivable</b>		
United States Dollar	8,629,960	626,040
European Euro	52,020	3,455
Singapore Dollar	172,432	17,669
Japanese Yen	50,110	437,565
Australian Dollar	2,061	204
Great Britain Pound Sterling	2,309	113
Others	4,339	315
	8,913,231	1,085,361
<b>Other assets</b>		
United States Dollar	780,751	56,638
European Euro	10,251	681
Singapore Dollar	4,882	500
Japanese Yen	108	943
Australian Dollar	35	3
Hong Kong Dollar	81	46
Great Britain Pound Sterling	17	1
Others	4,239	308
	800,364	59,120
<b>Total Assets</b>	<b>191,361,662</b>	<b>27,900,693</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities</b>		
<b>Deposits from customers</b>		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	67,957,573	4,929,820
European Euro	1,423,576	94,548
Singapore Dollar	651,317	66,740
Japanese Yen	426,003	3,719,900
Australian Dollar	84,469	8,377
Hong Kong Dollar	4,689	2,636
Great Britain Pound Sterling	219,999	10,764
Others	156,558	11,357
	70,924,184	8,844,142
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	27,281,211	1,979,050
European Euro	87,952	5,841
Singapore Dollar	519,234	53,206
Japanese Yen	30,015	262,094
Australian Dollar	27,554	2,733
Hong Kong Dollar	322	181
Great Britain Pound Sterling	5,877	288
Others	66,929	4,855
	28,019,094	2,308,248
Time deposits		
United States Dollar	21,896,472	1,588,427
European Euro	82,589	5,485
Singapore Dollar	244,436	25,047
Japanese Yen	5,765	50,341
Australian Dollar	29,443	2,920
Hong Kong Dollar	50,702	28,505
Great Britain Pound Sterling	3,649	179
Others	2,497	181
	22,315,553	1,701,085
<b>Deposits from other banks</b>		
Demand and saving deposits		
United States Dollar	1,616,028	117,231
European Euro	258	17
Singapore Dollar	16,335	1,674
	1,632,621	118,922
Interbank call money		
United States Dollar	1,964,363	142,500
Time deposits		
United States Dollar	406,657	29,500

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities (continued)</b>		
<b>Derivative payables</b>		
United States Dollar	293,352	21,281
Euro	1,662	110
Japanese Yen	222	1,939
Australian Dollar	1,386	137
Great Britain Pound Sterling	151	7
Others	89	6
	296,862	23,480
<b>Acceptances payable</b>		
United States Dollar	8,629,960	626,040
Euro	52,020	3,455
Singapore Dollar	172,432	17,669
Japanese Yen	50,110	437,565
Australian Dollar	2,061	204
Great Britain Pound Sterling	2,309	113
Others	4,339	315
	8,913,231	1,085,361
<b>Accrued expenses</b>		
United States Dollar	515,375	37,387
Euro	1,764	117
Singapore Dollar	30,938	3,170
Australian Dollar	18	2
Hong Kong Dollar	6,417	3,608
Great Britain Pound Sterling	33	2
Others	16,374	1,188
	570,919	45,474
<b>Others liabilities</b>		
United States Dollar	2,475,030	179,545
Euro	103,651	6,884
Singapore Dollar	25,188	2,581
Japanese Yen	23,745	207,344
Australian Dollar	31,636	3,137
Hong Kong Dollar	1,987	1,117
Great Britain Pound Sterling	5,265	258
Others	11,222	814
	2,677,724	401,680
<b>Fund borrowings</b>		
United States Dollar	24,434,666	1,772,555
Chinese Yuan	4,140,421	1,950,407
	28,575,087	3,722,962
<b>Subordinated loans</b>		
United States Dollar	224,710	16,301
<b>Total Liabilities</b>	<b>166,521,005</b>	<b>18,439,655</b>



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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)**

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2015 and 2014:

	<u>Increased by 5%</u>	<u>Decreased by 5%</u>
<b>December 31, 2015</b>		
Increase/(decrease) net income	768,797	(768,797)
<b>December 31, 2014</b>		
Increase/(decrease) net income	440,969	(440,969)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constantly at reporting date.

**(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 analysis financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices (not adjusted) from active market for asset or liability which are the same/identical (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows Group assets and liabilities that are measured at fair value as of December 31, 2015 and 2014:

	<b>December 31, 2015</b>			<b>Fair value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets measured at fair value</b>				
Marketable securities				
Fair value through profit or loss	16,677,923	1,943,626	-	18,621,549
Available for sale	6,108,710	11,189,775	-	17,298,485
Government Bonds				
Fair value through profit or loss	2,188,605	661,138	-	2,849,743
Available for sale	4,978,086	69,175,517	-	74,153,603
Derivatives receivables	-	700,884	-	700,884
<b>Assets disclosed at fair value</b>				
Held to maturity				
Marketable securities	2,202,298	5,027,330	-	7,229,628
Government bonds	597,967	20,085,647	-	20,683,614
Loans	-	163,073,872	401,113,987	564,187,859
Consumer financing receivables	-	8,631,925	-	8,631,925
Net investment in financing leases	-	633,146	-	633,146

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 (continued)**

The table below shows Group assets and liabilities that are measured at fair value as of December 31, 2015 and 2014 (continued):

	December 31, 2015			
	Level 1	Level 2	Level 3	Fair value
<b>Liabilities measured at fair value</b>				
Derivative payables	-	299,079	-	299,079
<b>Liabilities disclosed at fair values</b>				
Securities issued	-	1,717,367	-	1,717,367
Borrowings	-	33,744,627	-	33,744,627
Subordinated loan	-	3,804,651	-	3,804,651
	December 31, 2014			
	Level 1	Level 2	Level 3	Fair value
<b>Assets measured at fair values</b>				
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
<b>Liabilities measured at fair values</b>				
Derivatives payables	-	157,055	-	157,055

As of December 31, 2015 and 2014, for assets and liabilities held at year end report measured at fair value repeatedly, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid on December 31, 2015 and 2014 amounting to Rp35,556,311 (42.50% of total assets level 2) and Rp40,572,829 (64.03% of total assets level 2), respectively, which represent government bonds with variable interest rates and classified as available for sale.

The fair value of financial instruments traded in active markets (such as marketable securities which measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects actual and regular market transactions at a reasonable rate. Quoted market price for financial assets owned by the Group are now using offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX and securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive government bonds) is determined by internal valuation techniques.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 (continued)**

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable from market, therefore the instrument is included in level 2.

As of December 31, 2015 and 2014, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets</b>				
Marketable securities				
Held to maturity	7,153,740	7,229,628	7,030,776	7,008,937
At cost*)	576,804	572,738	368,852	367,872
Government bonds				
Held to maturity	20,811,293	20,683,614	21,195,694	21,052,909
At cost*)	6,054,722	6,065,296	875,973	902,039
Loans	564,393,595	564,187,859	505,394,870	503,813,342
Consumer financing receivable	7,907,449	8,631,925	5,893,135	6,241,516
Net Investment in finance leases	598,359	633,146	766,524	767,149
	<b>607,495,962</b>	<b>608,004,206</b>	<b>541,525,824</b>	<b>540,153,764</b>
<b>Liabilities</b>				
Marketable securities issued	2,398,178	1,717,367	2,009,625	2,008,124
Fund borrowings	33,764,671	33,744,627	24,227,104	24,143,015
Subordinated loans	3,737,703	3,804,651	3,746,574	3,839,041
	<b>39,900,552</b>	<b>39,266,645</b>	<b>29,983,303</b>	<b>29,990,180</b>

\*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk".

- (i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(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 (continued)**

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the amount payable carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, 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. When information is not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

**(vii) Value at Risk (VaR)**

The Bank calculate VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank as a result of market movement that affect the Bank's exposure to trading in normal conditions with a confidence level of 99%. VaR calculation method which is used by the bank is the Historical Simulation method which does not require the assumption that the movement of market factors are normally distributed. Bank calculated VaR based on the 250 days historical market factor data.

VaR realisation 2015 is as follows:

	December 31, 2015 <sup>*)</sup>			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
<b>Type of Risk</b>				
Interest rate risk	7,036	20,005	463	12,828
Foreign exchange risk	6,301	41,313	449	4,464
<b>Total</b>	<b>9,930</b>	<b>35,259</b>	<b>1,582</b>	<b>13,184</b>

<sup>\*)</sup> Only trading book position

The Bank performs backtesting to ensure the accuracy of the VaR calculation method in predicting the profit/loss of treasury activities. Backtesting compares the daily profit/loss with the VaR calculated by the Bank.

Backtesting result for the period December 2015 show that the VaR calculation has been done accurately, where the number of irregularities P/L of the daily VaR is still acceptable.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## **61. RISK MANAGEMENT (continued)**

### **C. Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate and/or dysfunction of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the effectiveness of Operational Risk Management, Bank has established a framework refer to Bank Indonesia regulations, Basel II and the Bank's internal regulations. The Bank has a Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

As part of the Enterprise Risk Management (ERM) framework, the Bank's framework using 2 (two) prong approach framework, namely managing risk through operations and managing risk through capital.

#### **Managing risk through operation**

In managing operational risk through operation, the Bank has: (i) establish risk governance of operational risk management, (ii) establish policies and procedures and conduct periodic review (iii) establish operational risk appetite, (iv) design methodologies and tools of operational risk management (v) provide Operational Risk System for entire unit, (vi) establish Risk Awareness across organizations including Risk Culture in the Bank's business activities, (vii) Implement the operational risk management to the entire unit Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system (viii) perform monitoring and reporting for internal and external (regulator).

The implementation of operational risk governance begins with (i) active surveillance of Board of Commissioners and Directors, through the Risk Management Committee (RMC), (ii) The implementation of risk management through three line of defense models where each unit as risk owner is first line of defense that directly responsible for operational risk management; Risk Management Unit is second line of defense that perform oversight function; and Internal Audit is third line of defense which performs independent assurance function.

The Bank has established internal policies and procedures for Operational Risk Management refers to the Bank Mandiri Risk Management Policy (KMRBM), which the basis of risk management implementation. Bank has guidelines for implementation of operational risk management through entire unit, guidelines for products or new Activities management, guidelines for Bank Risk Model, guidelines for BCM, guidelines for ORM Tools and Reporting of Fraud Events.

ORM Tools used are (i) Risk & Control Self Assessment (RCSA), used for identification and assessment of inherent risk activity and assessment of quality control (ii) Loss Event Database, to record losses due to operational risks that occur in each units, (iii) Key indicator (KI) is a quantitative indicator that is used to provide indicate risk level attached to the key process in one stage of the business unit / supporting unit process or end to end process, (iv) Issue & Action Management (IAM), to document the issue / problem, analyze its causes, and set action plan and monitor the implementation of the action plan by the unit.

As the output of Operational Risk Management process, each unit generates operational risk profile that describes the operational risk exposure which will be the basis for the Bank's operational risk profile. Bank's operational risk profile reports that have been reviewed by the Internal Audit unit was presented to the Board of Commissioners and reported to regulators periodically. Bank's Operational Risk Profile Report used as part to determine Risk-Based Bank Rating (RBBR).

In addition, in order to manage operational risk, there is Operational risk management reports that submitted to management as a means of monitoring and consideration to take priority action.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**61. RISK MANAGEMENT (continued)**

C. Operational risk (continued)

**Managing risk through capital**

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated January 27, 2009, the Bank has performed calculation of Risk Weighted Assets (RWA) for operational risk and the Minimum Capital Requirement for operational risk. Bank used Basic Indicator Approach for operational risk Capital Charge Calculation.

The results of operational risk capital charge of Bank Mandiri in 4<sup>th</sup> quarter 2015 is Rp6,290,221.95 and operational risk capital charge of Bank Mandiri with its subsidiaries is Rp7,651,234.99, with an alpha value of 15% over the last three years. Based on that result, the value of operational risk RWA is Rp78,627,774.32 for Bank Mandiri and Rp95,640,437.35 for the consolidation of Bank Mandiri with its subsidiaries. The operational risk RWA value is 12.5 times the operational risk capital charges. Bank has simulate calculation using Standardized Approach which is in line with risk-based performance measurement for Strategic Business Unit.

**62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES**

**a. Integrated banking system agreement with vendor**

On November 22, 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounting to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounting to USD2,056,125 (full amount, after VAT).

On December 31, 2015, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realisation value of USD977,900 (full amount, after VAT), so that estimated completion as of December 31, 2015 of 90.27%.

On September 3, 2013, the Bank entered into an agreements with vendors to enhance eMAS features related to Management Application's agreement 2013 with the system blanket order with a maximum contract value of USD2,583,700 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As of December 31, 2015 the contract value to the realisation payment approach is equal to USD2,393,300 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,234,400 (full amount) so that the estimated project completion as of December 31, 2015 of 93.36%.

On September 15, 2014, the Bank entered into an agreements with vendors to enhance eMAS features related to Management application 2014 with the system blanket order with a maximum contract value of USD3,550,000 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As of 31 December 2015 the contract value to the realisation payment approach is equal to USD2,648,300 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,386,310 (full amount) so that the estimated project completion as of December 31, 2015 of 90.11%.

**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 Rp99,771. 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 of December 31, 2015 and 2014 amounted to Rp2,420,417 and Rp4,411,270, respectively. As of December 31, 2015 and 2014, the Bank has formed a provision amounting to Rp537,693 and Rp507,707, respectively and believes that the provision is adequate.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

**c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *murabahah* financing transactions**

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Tax (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

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 October 15, 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 April 1, 2010. The Laws reiterates that financing services in sharia principles are categorised as services that are not subjected to VAT.

Later in year 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 May 25, 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being borne 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 November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) that are Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement ("RCA").

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

**d. Trade Financing with Asian Development Bank (ADB) (continued)**

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based on trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

**63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS**

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of Deposit Insurance Corporation (LPS). LPS insures public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Deposit Insurance Corporation Regulation No. 2/PLPS/2014 dated September 22, 2014 concerning amendment Deposit Insurance Corporation Regulation No. 2/PLPS/2010 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000 (full amount).

The interest rate of deposit insurance corporation as of December 31, 2015 and 2014 is 7.50% and 7.75% for deposits denominated in Rupiah, and 1.25% and 1.50% for deposits denominated in foreign currencies, 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 January 13, 2009.

**64. IMPACT OF FIRST IMPLEMENTATION OF COLLECTIVE PROVISION FOR IMPAIRMENT LOSSES**

Since January 1, 2015, the Subsidiary, BSM, has adopted SFAS No. 55 "Financial Instrument: Recognition and Measurement" to calculate the collective impairment in accordance with SFAS No. 102 "Accounting for Murabahah". On January 1, 2015, BSM recalculate collective impairment provision in accordance with the method set forth in SFAS No. 55 and in accordance with the transitional provisions of SFAS No. 102 "Accounting for Murabahah", the difference between the provision balance as of January 1, 2015 with the balance of collective impairment provision based on SFAS No. 55 amounted to Rp246,727, which is charged to retained earnings as of January 1, 2015 amounted to Rp185,027 and increase in deferred tax assets amounting to Rp61,700.



**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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## 65. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

(i) Amendments to SFAS 1: Presentation of Financial Statements on Disclosures Initiative, effective January 1, 2017

This amendments clarify, rather than significantly change, existing SFAS 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

(ii) Amendments to SFAS 4: Separate Financial Statements on Equity Method in Separate Financial Statements, effective January 1, 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

(iii) Amendments to SFAS 15: Investments in Associates and Joint Ventures on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65 Consolidated Financial Statements, provide clarification on the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

(iv) Amendments to SFAS 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016

The amendments clarify the principle in SFAS 16 and SFAS 19 Intangible Asset that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the property, plant and equipment.

(v) Amendments to SFAS 19: Intangible Assets on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016

The amendments clarify the principle in SFAS 16 Property, Plant and Equipment and SFAS 19 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

(vi) Amendments to SFAS 24: Employee Benefits on Defined Benefit Plans: Employee Contributions, effective January 1, 2016

SFAS 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of service years, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

(vii) Amendments to SFAS 65: Consolidated Financial Statements on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**65. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION (continued)**

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective (continued).

(viii) Amendments to SFAS 67: Disclosure of Interests in Other Entities on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65 Consolidated Financial Statements. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

(ix) SFAS 5 (2015 Improvement): Operating Segments, effective January 1, 2016

The improvement clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of SFAS 5 including a brief description of operating segments that have been aggregated and the economic characteristics.
- Disclose the reconciliation of segment assets to total assets if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

(x) SFAS 7 (2015 Improvement): Related Party Disclosures, effective January 1, 2016.

The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

(xi) SFAS 13 (2015 Improvement): Investment Property, effective January 1, 2016

The description of ancillary services in SFAS 13 differentiates between investment property and owner-occupied property. The improvement clarifies that SFAS 22, and not the description of ancillary services in SFAS 13, is used to determine if the transaction is the purchase of an asset or business combination.

(xii) SFAS 16 (2015 Improvement): Property, Plant and Equipment, effective January 1, 2016

The improvement clarifies that in SFAS 16 and SFAS 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

(xiii) SFAS 19 (2015 Improvement): Intangible Assets, effective January 1, 2016

The improvement clarifies that in SFAS 16 and SFAS 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

(xiv) SFAS 68 (2015 Improvement): Fair value Measurement, effective January 1, 2016

The improvement clarifies that the portfolio exception in SFAS 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of SFAS 55.

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2015 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**66. SUBSEQUENT EVENT**

Based on the approval letter from the OJK No. S-1/PB.31/2016 dated January 7, 2016 regarding to Application for Approval of Participation Bank Saudara to PT Mandiri Capital Indonesia (PT MCI), the FSA expressed no objection to the Bank's plan to make additional equity participation to PT MCI amounted Rp345,000.

On January 21, 2016, additional investment transaction has been executed to PT MCI for Rp340,000, so that MCI becomes the authorized capital amounting to Rp350,000.

The additional investment to PT MCI has been done by issuing 3,400 (full amount) new shares in PT MCI each share have a nominal value Rp100,000,000 (full amount) in which all the new shares executed 100% by Bank Mandiri.

The additional investment amounting to Rp340,000 which was carried out entirely by Bank Mandiri so the percentage ownership of equity in PT MCI owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounted to 0.03%, respectively.

**67. ADDITIONAL INFORMATION**

The additional information presented in appendix 1 - 4 is supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent, which presents the Bank's investments in subsidiaries based on cost method.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY  
As of December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>ASSETS</b>		
Cash	23,118,246	18,719,445
Current accounts with Bank Indonesia	53,276,224	47,772,187
Current accounts with other banks		
Related parties	349,373	306,556
Third parties	9,201,021	8,100,465
	9,550,394	8,407,021
Less: allowance for impairment losses	(3,181)	(3,181)
Total	9,547,213	8,403,840
Placements with Bank Indonesia and other banks		
Related parties	1,754,200	1,610,050
Third parties	28,808,026	49,624,245
	30,562,226	51,234,295
Less: allowance for impairment losses	(66,760)	(93,197)
Total - net	30,495,466	51,141,098
Marketable securities		
Related parties	10,234,479	7,194,304
Third parties	12,986,506	11,701,317
	23,220,985	18,895,621
Less:		
Unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses	(480,077)	(242,728)
Total - net	22,740,908	18,652,893
Government bonds - related parties	94,965,707	82,462,907
Other receivables - trade transactions		
Related parties	7,498,733	6,414,623
Third parties	7,051,776	6,368,419
	14,550,509	12,783,042
Less: allowance for impairment losses	(1,669,497)	(1,586,271)
Total - net	12,881,012	11,196,771

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY (continued)  
As of December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>ASSETS (continued)</b>		
Securities purchased under resale agreements		
Third parties	-	18,528,320
Total - net	-	18,528,320
Derivative receivables		
Related parties	32,152	5,807
Third parties	668,422	65,237
Total	700,574	71,044
Loans		
Related parties	74,937,297	68,918,738
Third parties	461,092,515	406,348,088
Total	536,029,812	475,266,826
Less: allowance for impairment losses	(20,470,785)	(15,927,985)
Loans - net	515,559,027	459,338,841
Acceptances receivable		
Related parties	409,880	252,138
Third parties	10,921,393	12,861,921
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
Total - net	11,224,243	13,007,132
Investments in shares - net of allowance for impairment losses of Rp57,730 and Rp31,984, as of December 31, 2015 and 2014, respectively	5,296,410	4,203,384
Prepaid expenses	1,691,677	1,279,377
Prepaid taxes	4,570,305	2,417,736
Fixed assets - net of accumulated depreciation of Rp6,443,338 and Rp5,514,581 as of December 31, 2015 and 2014, respectively	8,909,357	8,201,998
Intangible assets - net of amortisation of Rp1,733,034 and Rp1,472,720 as of December 31, 2015 and 2014, respectively	1,376,092	1,092,928
Other assets - net of allowance for possible losses of Rp298,234 and Rp238,443 as of December 31, 2015 and 2014, respectively	6,879,970	6,745,987
Deferred tax assets	4,318,681	3,803,324
<b>TOTAL ASSETS</b>	<b>807,551,112</b>	<b>757,039,212</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY (continued)  
As of December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Obligation due immediately	1,156,327	1,156,366
Deposits from customers		
Demand deposits		
Related parties	38,162,247	19,544,634
Third parties	128,242,700	103,498,022
Total demand deposits	166,404,947	123,042,656
Saving deposits		
Related parties	1,338,746	119,123
Third parties	244,985,964	229,335,488
Total saving deposits	246,324,710	229,454,611
Time deposits		
Related parties	37,870,850	33,454,266
Third parties	162,560,422	190,374,268
Total time deposits	200,431,272	223,828,534
Total	613,160,929	576,325,801
Deposits from other banks		
Demand and saving deposits		
Related parties	111,920	135,886
Third parties	3,656,991	3,482,457
Total demand and saving deposits	3,768,911	3,618,343
Interbank call money		
Related parties	651,000	42,000
Third parties	3,164,363	2,892,000
Total interbank call money	3,815,363	2,934,000
Time deposits		
Third parties	4,858,778	11,139,843
Total time deposits	4,858,778	11,139,843
Total	12,443,052	17,692,186
Securities sold under repurchase agreements		
Related parties	467,123	-
Third parties	4,396,048	6,112,589
Total	4,863,171	6,112,589

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY (continued)  
As of December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>LIABILITIES AND EQUITY (continued)</b>		
<b>LIABILITIES (continued)</b>		
Derivative payables		
Related parties	3,095	8,679
Third parties	295,870	148,376
Total	298,965	157,055
Acceptances payable		
Related parties	606,737	1,366,249
Third parties	10,724,536	11,747,810
Total	11,331,273	13,114,059
Marketable securities issued - net of unamortised discount of RpNil and RpNil as of December 31, 2015 and 2014	77,767	85,256
Estimated losses on commitments and contingencies	370,727	195,147
Accrued expenses	2,913,725	3,315,544
Current tax payable	1,801,344	1,590,565
Employee benefits liabilities	5,313,231	4,825,081
Provision	676,170	667,644
Other liabilities	7,714,157	9,343,302
Fund borrowings		
Related parties	429,269	611,792
Third parties	29,502,337	20,753,703
Total fund borrowings	29,931,606	21,365,495
Subordinated loans		
Related parties	1,702,800	1,924,800
Third parties	2,053,867	1,844,241
	3,756,667	3,769,041
Less: unamortised issued cost	(3,964)	(7,467)
Total	3,752,703	3,761,574
<b>TOTAL LIABILITIES</b>	<b>695,805,147</b>	<b>659,707,664</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY (continued)  
As of December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>EQUITY</b>		
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 of December 31, 2015 and 2014	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	69,774	98,192
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	(1,526,045)	(582,234)
Actuarial gain on post-employment benefits - net of deffered tax	250,184	-
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as of April 30, 2003)		
- appropriated	12,402,382	9,779,446
- unappropriated	71,406,695	58,893,169
Total retained earnings	83,809,077	68,672,615
<b>TOTAL EQUITY</b>	<b>111,745,965</b>	<b>97,331,548</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>807,551,112</b>	<b>757,039,212</b>



**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ONLY  
For the year ended December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
<b>INCOME AND EXPENSES FROM OPERATIONS</b>		
Interest income	63,093,448	55,092,073
Interest expense	(22,961,703)	(20,408,409)
<b>NET INTEREST INCOME</b>	<b>40,131,745</b>	<b>34,683,664</b>
Other operating income		
Other fees and commissions	9,581,734	8,297,069
Foreign exchange gains and derivative transactions - net	2,207,103	1,560,499
Others	5,970,640	3,808,803
Total other operating income	17,759,477	13,666,371
Allowance for impairment losses	(10,450,247)	(4,426,530)
(Allowance)/reversal for impairment losses on commitments and contingencies	(176,093)	4,240
(Allowance)/reversal for possible losses - others	(78,094)	174,035
Unrealised gains from increase in fair value of marketable securities and government bonds	2,402	2,578
Gains on sale of marketable securities and government bonds	300,560	183,617
Other operating expenses		
Salaries and employee benefits	(9,903,220)	(8,613,202)
General and administrative expenses	(10,034,308)	(9,082,350)
Others - net	(2,908,746)	(2,429,955)
Total other operating expenses	(22,846,274)	(20,125,507)
<b>INCOME FROM OPERATIONS</b>	<b>24,643,476</b>	<b>24,162,468</b>
Non-operating income - net	56,270	23,361
<b>INCOME BEFORE TAX EXPENSE</b>	<b>24,699,746</b>	<b>24,185,829</b>
Tax expense		
Current	(4,932,830)	(4,674,771)
Deferred	337,514	(82,730)
Total tax expense - net	(4,595,316)	(4,757,501)
<b>NET INCOME</b>	<b>20,104,430</b>	<b>19,428,328</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ONLY  
(continued)**

**For the year ended December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gain on post-employment benefits	308,294	-
Income tax related to the items that will not be reclassified to profit or loss	(58,110)	-
	250,184	-
<b>Items that will be reclassified to profit or loss</b>		
Differences arising from translation of financial statements in foreign currencies	(28,418)	(27,818)
Changes in fair value of available for sale financial assets	(1,179,764)	1,038,560
Income tax related to items that will be reclassified to profit and loss	235,953	(207,712)
	(972,229)	803,030
<b>Other comprehensive income for the year - net of tax</b>	<b>(722,045)</b>	<b>803,030</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>19,382,385</b>	<b>20,231,358</b>
<b>EARNING PER SHARE</b>		
Basic (full amount)	861.62	851.66
Diluted (full amount)	861.62	851.66

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF CHANGES IN EQUITY - PARENT ONLY  
For the year ended December 31, 2015  
(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	Actuarial gain on post-employment benefits net of deferred tax	Retained earnings			Total equity
						Appropriated	Unappropriated	Total	
<b>Balance as of January 1, 2015</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>98,192</b>	<b>(582,234)</b>	<b>-</b>	<b>9,779,446</b>	<b>58,893,169</b>	<b>68,672,615</b>	<b>97,331,548</b>
Dividends payment from 2014 net income	-	-	-	-	-	-	(4,967,968)	(4,967,968)	(4,967,968)
The establishment of spesific reserves from 2014 net income (refer to Note 40c)	-	-	-	-	-	2,622,936	(2,622,936)	-	-
Income for the year	-	-	-	-	-	-	20,104,430	20,104,430	20,104,430
Comprehensive income for the year ended December 31, 2015	-	-	(28,418)	(943,811)	250,184	-	-	-	(722,045)
<b>Balance as of December 31, 2015</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>69,774</b>	<b>(1,526,045)</b>	<b>250,184</b>	<b>12,402,382</b>	<b>71,406,695</b>	<b>83,809,077</b>	<b>111,745,965</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF CHANGES IN EQUITY - PARENT ONLY (continued)  
For the year ended December 31, 2015  
(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	
<b>Balance as of January 1, 2014</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>126,010</b>	<b>(1,413,082)</b>	<b>7,431,162</b>	<b>47,274,251</b>	<b>54,705,413</b>	<b>82,561,316</b>
Dividend payment from 2013 net income	-	-	-	-	-	(5,461,126)	(5,461,126)	(5,461,126)
The establishment of special reserves from 2013 net income	-	-	-	-	2,348,284	(2,348,284)	-	-
Comprehensive income for the year ended December 31, 2014	-	-	(27,818)	830,848	-	19,428,328	19,428,328	20,231,358
<b>Balance as of December 31, 2014</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>98,192</b>	<b>(582,234)</b>	<b>9,779,446</b>	<b>58,893,169</b>	<b>68,672,615</b>	<b>97,331,548</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CASH FLOWS - PARENT ONLY  
For the year ended December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from interest income	60,238,840	53,060,073
Receipts from provision commission	9,581,734	8,297,069
Payments of interest expense	(23,052,087)	(20,037,516)
Receipts from the sale of government bonds - fair value through profit or loss	31,445,218	26,339,529
Acquisition of government bonds - fair value through profit or loss	(31,690,614)	(26,147,846)
Foreign exchange gains - net	6,285	1,170,384
Other operating income - others	2,930,200	1,202,694
Other operating expenses - others	(3,233,515)	(2,307,540)
Salaries and employee benefits	(9,164,886)	(8,111,567)
General and administrative expenses	(8,833,173)	(8,185,850)
Non-operating income - net	56,270	23,361
Payment of corporate income tax	(4,724,697)	(5,077,133)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>23,559,575</b>	<b>20,225,658</b>
<b>Decrease/(Increase) in operating assets:</b>		
Placements with Bank Indonesia and other banks	939,340	(1,204,800)
Marketable securities - fair value through profit or loss	(305,574)	(400,950)
Other receivables - trade transactions	(1,767,467)	(4,131,481)
Loans	(66,756,125)	(61,274,958)
Securities purchased under resale agreements	18,528,320	(15,424,969)
Prepaid taxes	(2,152,569)	(1,309,306)
Prepaid expenses	(412,300)	(371,535)
Other assets	513,539	(2,061,231)
Proceeds from collection of financial assets already written-off	3,040,568	2,607,206
<b>Increase/(decrease) in operating liabilities:</b>		
Demand deposits	41,978,965	7,051,277
Saving deposits	18,403,993	15,564,787
Time deposits	(29,678,327)	57,476,599
Interbank call money	881,363	1,546,150
Obligation due immediately	(39)	394,236
Taxes payable	(175,197)	778,526
Other liabilities	(931,924)	1,561,282
<b>Net cash provided by operating activities</b>	<b>5,666,141</b>	<b>21,026,491</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	3,754	103
Increase in government bonds - available for sale and held-to-maturity	(12,900,528)	(1,794,649)
Increase in marketable securities - available for sale and held-to-maturity	(4,307,027)	(3,888,574)
Acquisition of fixed assets	(762,329)	(2,020,891)
Acquisition of intangible assets	(543,929)	(387,165)
Paid up capital in PT Bank Syariah Mandiri	(500,000)	-

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CASH FLOWS - PARENT ONLY (continued)  
For the year ended December 31, 2015  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*
<b>CASH FLOWS FROM INVESTING ACTIVITIES (continued)</b>		
Additional purchase of shares in PT Asuransi Jiwa Inhealth Indonesia	(330,000)	(990,000)
Additional purchase of shares in PT Bank Mandiri Taspen Pos	(198,000)	-
Purchase of shares PT Mandiri Utama Finance	(51,000)	-
Paid up capital to PT Mandiri Axa General Insurance	(30,000)	(87,000)
Establishment PT Mandiri Capital Indonesia	(9,900)	-
<b>Net cash used in investing activities</b>	<b>(19,628,959)</b>	<b>(9,168,176)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in fund borrowings	6,256,294	7,761,385
Payments of dividends	(4,967,968)	(5,461,126)
(Decrease)/increase marketable securities sold under repurchase agreement	(1,249,418)	1,456,440
Payments of subordinated loans	(8,871)	(709,041)
Decrease in marketable securities issued	(7,489)	(20,606)
<b>Net cash provided by financing activities</b>	<b>22,548</b>	<b>3,027,052</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,940,270)</b>	<b>14,885,367</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>4,727,417</b>	<b>109,208</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>124,217,476</b>	<b>109,222,901</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>115,004,623</b>	<b>124,217,476</b>
Cash and cash equivalents at end of year consist of:		
Cash	23,118,246	18,719,445
Current accounts with Bank Indonesia	58,276,224	47,772,187
Current accounts with other banks	9,550,394	8,407,021
Placements with Bank Indonesia and other banks	28,762,809	48,495,538
Certificate of Bank Indonesia	296,950	823,285
<b>Total cash and cash equivalents</b>	<b>115,004,623</b>	<b>124,217,476</b>
<b>Supplemental non-cash flow information</b>		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and government bonds - net of deferred tax	(1,526,045)	(582,234)
Acquisition of fixed assets - payable	(889,153)	(949,120)