

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

Consolidated financial statements  
as of December 31, 2017 and  
for the year then ended  
with independent auditors' report

**BOARD OF DIRECTORS' STATEMENT  
REGARDING  
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017  
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

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

We, the undersigned:

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

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

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

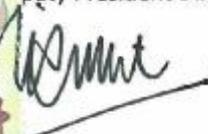
Thus this statement is made truthfully.

Jakarta, 31 January 2018

President Director

Deputy President Director

  
Kartika Wirjoatmodjo

  
Sulaiman Arif Arianto



The consolidated financial statements are originally issued in Indonesian language.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017 AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

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# Purwantono, Sungkoro & Surja

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The original report included herein is in the Indonesian language.

## Independent Auditors' Report

Report No. RPC-5645/PSS/2018

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

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditors' responsibility

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

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

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



The original report included herein is in the Indonesian language.

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

Report No. RPC-5645/PSS/2018 (continued)

### **Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

### **Other matter**

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2017 and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

**Purwantono, Sungkoro & Surja**

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

January 31, 2018

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2017	December 31, 2016
<b>ASSETS</b>			
Cash	2c,2g,61.B.(viii)	24,268,563	22,906,775
Current accounts with Bank Indonesia	2c,2g,2h,4	50,188,118	52,484,974
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	55	27,533	25,861
Third parties		12,305,856	10,337,353
		12,333,389	10,363,214
Less: allowance for impairment losses		(3,442)	(3,049)
Net		12,329,947	10,360,165
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	55	3,152,167	1,725,571
Third parties		71,498,349	71,974,664
		74,650,516	73,700,235
Less: allowance for impairment losses		(49,713)	(83,308)
Net		74,600,803	73,616,927
Marketable securities	2c,2f,2j,7		
Related parties	55	20,775,463	18,571,548
Third parties		38,756,238	38,250,931
		59,531,701	56,822,479
Add/(less): unamortised premiums/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value and allowance for impairment losses		78,271	(270,836)
Net		59,609,972	56,551,643
Government bonds - net - related party	2c,2f,2k,8,55	103,411,188	98,933,278
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	55	10,517,587	5,934,300
Third parties		14,921,890	9,989,818
		25,439,477	15,924,118
Less: allowance for impairment losses		(1,349,349)	(1,756,847)
Net		24,090,128	14,167,271
Securities purchased under resale agreements	2c,2m,10		
Third parties		2,629,315	5,054,488
Derivative receivables	2c,2f,2n,11		
Related parties	55	23,824	3,660
Third parties		422,635	235,600
		446,459	239,260

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2017	December 31, 2016
<b>ASSETS (continued)</b>			
Loans and sharia financing/receivables	2c,2f,2o,12		
Related parties	55	113,611,412	100,201,483
Third parties		598,426,453	549,121,470
		712,037,865	649,322,953
Less: allowance for impairment losses		(33,745,345)	(32,616,760)
Net		678,292,520	616,706,193
Consumer financing receivables	2c,2f,2p,13		
Related parties	55	7,957	10,532
Third parties		15,137,262	11,844,684
		15,145,219	11,855,216
Less: allowance for impairment losses		(362,887)	(323,378)
Net		14,782,332	11,531,838
Investment in lease financing	2c,2q,14		
Third parties		2,364,629	834,483
Less: allowance for impairment losses		(7,739)	(4,538)
Net		2,356,890	829,945
Acceptances receivables	2c,2f,2u,15		
Related parties	55	1,049,343	415,848
Third parties		11,495,151	14,373,396
		12,544,494	14,789,244
Less: allowance for impairment losses		(254,234)	(241,041)
Net		12,290,260	14,548,203
Investment in shares	2s,16		
Related parties	55	89,110	50,331
Third parties		257,126	205,078
		346,236	255,409
Less: allowance for impairment losses		(12,924)	(10,273)
Net		333,312	245,136
Prepaid expenses	17	2,784,234	2,751,081
Prepaid taxes	2ad,33a	2,688,049	2,612,707
Fixed assets	2r.i, 2r.ii,18	46,991,375	44,736,920
Less: accumulated depreciation		(10,372,622)	(9,073,630)
Net		36,618,753	35,663,290
Intangible assets	2r.iii, 2s,19	5,102,247	4,213,322
Less: accumulated amortisation		(2,700,780)	(2,257,826)
Net		2,401,467	1,955,496
Other assets	2c,2t,2v,20	15,632,008	12,071,684
Less: Other allowances		(617,790)	(514,446)
Net		15,014,218	11,557,238
Deferred tax assets - net	2ad,33e	5,564,319	5,990,101
<b>TOTAL ASSETS</b>		<b>1,124,700,847</b>	<b>1,038,706,009</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2017	December 31, 2016
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>			
<b>LIABILITIES</b>			
Obligation due immediately	2w	2,838,567	1,569,911
Deposits from customers			
Demand deposits/ <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	55	46,108,385	48,729,926
Third parties		156,756,475	138,253,402
Total		202,864,860	186,983,328
Saving deposits/ <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	55	3,548,205	1,973,087
Third parties		305,163,703	275,196,737
Total		308,711,908	277,169,824
Time deposits	2c,2f,2x,23		
Related parties	55	35,491,966	46,271,999
Third parties		202,515,248	191,635,079
Total		238,007,214	237,907,078
Total deposits from customers		749,583,982	702,060,230
Deposits from other banks			
Demand/ <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24		
Related parties	55	252,785	45,912
Third parties		3,985,605	4,254,853
Total		4,238,390	4,300,765
Interbank call money	2c,2f,2y,25		
Related parties	55	-	40,000
Third parties		1,007,655	1,240,952
Total		1,007,655	1,280,952
Time deposits	2c,2y,26		
Related parties	55	108,473	286,210
Third parties		2,994,989	3,471,269
Total		3,103,462	3,757,479
Total deposits from other banks		8,349,507	9,339,196
Liability to unit-link policyholders	2z,27	23,254,035	19,602,950

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2017	December 31, 2016
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>LIABILITIES (continued)</b>			
Securities sold under repurchase agreements	2c,2f,2m,28		
Related parties	55	-	230,024
Third parties		3,592,883	3,123,018
Total		3,592,883	3,353,042
Derivative payables	2c,2f,2n,11		
Related parties	55	16,582	10,058
Third parties		259,661	492,411
Total		276,243	502,469
Acceptances payables	2c,2f,2u,29		
Related parties	55	602,894	2,481,708
Third parties		11,941,600	12,307,536
Total		12,544,494	14,789,244
Marketable securities issued	2c,2f,2aa,30		
Related parties	55	8,546,200	3,662,000
Third parties		8,341,088	5,398,035
		16,887,288	9,060,035
Less: Unamortised issuance cost		(43,693)	(34,041)
Net		16,843,595	9,025,994
Estimated losses on commitments and contingencies	2c,31c	381,771	207,401
Accrued expenses	2c,2af,32	4,307,193	3,743,496
Taxes payable	2ad,33b	1,009,832	1,258,792
Employee benefit liabilities	2ai,34,50	8,277,388	6,763,068
Provision	62b	375,770	435,880
Other liabilities	2c,35	20,496,377	15,810,036
Fund borrowings - third parties	2c,2f,2ab,36	35,703,679	35,882,757
Subordinated loans - third parties	2c,2f,2ac,37	191,501	215,432
<b>TOTAL LIABILITIES</b>		<b>888,026,817</b>	<b>824,559,898</b>

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2017	December 31, 2016
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>TEMPORARY SYIRKAH FUNDS</b>	2f,2ae,38		
Deposits from customers			
Related parties	55		
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	2a,38a	34,784	28,047
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	939,315	886,344
Total related parties		974,099	914,391
Third parties			
Demand deposits - restricted investments and <i>mudharabah musytarakah - musyarakah</i> demand deposits	1,38a	525,285	68,925
Saving deposits - restricted investment and unrestricted investment - <i>mudharabah</i> saving deposits	2a,38a	28,165,952	25,129,743
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	36,557,273	34,327,415
Total third parties		65,248,510	59,526,083
Total deposits from customers		66,222,609	60,440,474
Deposits from other banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	316,574	258,325
<i>Mudharabah</i> time deposit - unrestricted investment	38b	128,715	77,589
Total deposits from other banks		445,289	335,914
<b>TOTAL TEMPORARY SYIRKAH FUNDS</b>		<b>66,667,898</b>	<b>60,776,388</b>

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>			
<b>EQUITY</b>			
Equity attributable to equity holders of the parent entity			
Share capital - Rp250 (full amount) par value per share as of December 31, 2017 and Rp500 (full amount) par value per share as of December 31, 2016			
Authorised capital - 1 share			
Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of December 31, 2016			
Issued and fully paid-in capital - 1 share			
Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of December 31, 2016			
	40a	11,666,667	11,666,667
Additional paid-in capital	40b	17,316,192	17,316,192
Difference arising from translation of financial statements in foreign currencies	2e	168,412	202,363
Unrealised gain/(losses) from increase/(decrease) in fair value on available for sale marketable securities and government bonds net of deferred tax	2j,2k	1,117,864	(759,364)
Effective portion of cash flow hedge	2n,11	(6,436)	-
Asset revaluation reserve	2r.i,18	25,666,631	25,140,523
Net actuarial (losses)/gain on defined benefit plan - net of deferred tax	2ai,33,50	(462,008)	49,515
Difference arising from transaction with non controlling interest	1g	(106,001)	(92,751)
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital as a result of quasi - reorganisation as of April 30, 2003)			
Appropriated		5,380,268	5,380,268
Unappropriated		105,977,254	91,550,525
Total retained earnings		111,357,522	96,930,793
		166,718,843	150,453,938
Noncontrolling interests in net assets of consolidated Subsidiaries	2d,39	3,287,289	2,915,785
<b>TOTAL EQUITY</b>		<b>170,006,132</b>	<b>153,369,723</b>
<b>TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>		<b>1,124,700,847</b>	<b>1,038,706,009</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2017	2016
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
Interest income and sharia income	2f,2af,41,55		
Interest income		73,271,984	71,145,401
Sharia income		6,229,546	5,564,487
Total interest income and sharia income		79,501,530	76,709,888
Interest expense and sharia expense	2f,2af,42,55		
Interest expense		(24,633,241)	(22,544,799)
Sharia expense		(2,541,130)	(2,399,720)
Total interest expense and sharia expense		(27,174,371)	(24,884,519)
<b>NET INTEREST AND SHARIA INCOME</b>		<b>52,327,159</b>	<b>51,825,369</b>
Premium income	2ag	10,325,187	9,377,741
Claims expense	2ag	(7,860,112)	(6,725,310)
<b>NET PREMIUM INCOME</b>		<b>2,465,075</b>	<b>2,652,431</b>
<b>NET INTEREST, SHARIA AND PREMIUM INCOME</b>		<b>54,792,234</b>	<b>54,477,800</b>
Other operating income			
Other fees and commissions	2ah	12,483,134	11,440,002
Foreign exchange gains and derivative transactions - net	2e,2n	2,888,082	2,265,234
Others	43	6,910,425	5,581,189
Total other operating income		22,281,641	19,286,425
Allowance for impairment losses	2c,44	(15,646,385)	(24,943,938)
(Provision for)/reversal of impairment losses on commitments and contingencies	2c,31c	(173,402)	181,459
(Provision for)/reversal of other allowances	2t,45	(132,050)	117,637
Unrealised gains from increase in fair value of marketable securities, government bonds and policyholders' investment in unit-link contracts	2j,2k,2z,46	167,892	15,638
Gains on sale of marketable securities and government bonds	2j,2k,47	893,570	745,904

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (continued)**  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2017	2016
Other operating expenses			
Salaries and benefits	2f,2ai, 48,50,55	(14,858,642)	(13,618,745)
General and administrative expenses	2r,49	(15,405,579)	(13,958,211)
Others - net	51	(4,749,528)	(3,691,242)
Total other operating expenses		(35,013,749)	(31,268,198)
<b>INCOME FROM OPERATION</b>		<b>27,169,751</b>	<b>18,612,727</b>
Non operating expense - net	52	(12,888)	(39,762)
<b>INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST</b>		<b>27,156,863</b>	<b>18,572,965</b>
Tax expense			
Current	2ad,33c,33d	(5,593,293)	(5,088,924)
Deferred	2ad,33c,33e	(120,528)	1,166,122
Total tax expense - net		(5,713,821)	(3,922,802)
<b>NET INCOME FOR THE YEAR</b>		<b>21,443,042</b>	<b>14,650,163</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gains on fixed asset revaluation	2r,i	526,108	25,140,558
Actuarial losses from defined benefit plan	2ai	(641,569)	(288,896)
Income tax related to items that will not be reclassified to profit or loss		125,139	57,776
		9,678	24,909,438
<b>Items that will be reclassified to profit or loss</b>			
Difference arising from translation of financial statements in foreign currencies	2e	(32,750)	(40,722)
Changes in fair value of available for sale financial assets	2j,2k	2,364,089	945,231
Effective portion of cash flow hedge		(16,826)	-
Income tax related to items that will be reclassified to profit or loss		(446,198)	(119,062)
		1,868,315	785,447
<b>Other comprehensive income for the year - net of income tax</b>		<b>1,877,993</b>	<b>25,694,885</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>23,321,035</b>	<b>40,345,048</b>
<b>Net income attributable to:</b>			
Parent Entity		20,639,683	13,806,565
Noncontrolling interest	2d	803,359	843,598
		<b>21,443,042</b>	<b>14,650,163</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (continued)**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2017	2016
<b>Total comprehensive income attributable to:</b>			
Parent Entity		22,491,109	39,484,138
Noncontrolling interest	2d	829,926	860,910
		<b>23,321,035</b>	<b>40,345,048</b>
<b>EARNINGS PER SHARE</b>			
	2aj		
Basic (full amount of Rupiah)		442.28	295.85 <sup>*)</sup>
Diluted (full amount of Rupiah)		442.28	295.85 <sup>*)</sup>

<sup>\*)</sup> As restated, see Note 2aj.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised gain from increase in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion of cash flow hedge	Asset revaluation reserve	Net actuarial loss on defined benefit plan - net of of deferred tax	Difference arising from transaction with noncontrolling interest	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
										Appropriated	Unappropriated	Total		
<b>Balance as of January 1, 2017</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>202,363</b>	<b>(759,364)</b>	<b>-</b>	<b>25,140,523</b>	<b>49,515</b>	<b>(92,751)</b>	<b>5,380,268</b>	<b>91,550,525</b>	<b>96,930,793</b>	<b>2,915,785</b>	<b>153,369,723</b>
Dividend payment from 2016 net income	40c	-	-	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	-	(6,212,954)
Difference arising from transaction with noncontrolling interest		-	-	-	-	-	-	-	(13,250)	-	-	-	-	(13,250)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	(458,422)	(458,422)
Income for the current year		-	-	-	-	-	-	-	-	-	20,639,683	20,639,683	803,359	21,443,042
Comprehensive income for the current year		-	-	(33,951)	1,877,228	(6,436)	526,108	(511,523)	-	-	-	-	26,567	1,877,993
<b>Balance as of December 31, 2017</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>168,412</b>	<b>1,117,864</b>	<b>(6,436)</b>	<b>25,666,631</b>	<b>(462,008)</b>	<b>(106,001)</b>	<b>5,380,268</b>	<b>105,977,254</b>	<b>111,357,522</b>	<b>3,287,289</b>	<b>170,006,132</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Difference arising from translation of financial statements in foreign currencies	Net unrealised loss from decrease in fair value on available for sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with noncontrolling interest	Asset revaluation reserve	Net actuarial gain on defined benefit plan - net of deferred tax	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total equity
									Appropriated	Unappropriated	Total		
<b>Balance as of January 1, 2016</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>
Dividend payment from 2015 net income	40c	-	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	-	(6,100,490)
The establishment of specific reserves from 2015 net income	40c	-	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-	-
Reclassification from specific reserves into retained earnings	40c	-	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-	-
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	(366,676)	(366,676)
Income for the current year		-	-	-	-	-	-	-	-	13,806,565	13,806,565	843,598	14,650,163
Comprehensive income for the current year		-	-	(40,444)	805,655	-	25,140,523	(228,161)	-	-	-	17,312	25,694,885
<b>Balance as of December 31, 2016</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>202,363</b>	<b>(759,364)</b>	<b>(92,751)</b>	<b>25,140,523</b>	<b>49,515</b>	<b>5,380,268</b>	<b>91,550,525</b>	<b>96,930,793</b>	<b>2,915,785</b>	<b>153,369,723</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interest income		69,888,604	68,369,500
Receipts from sharia income		6,247,610	5,402,923
Receipts from provision, commissions and premium income - net		14,948,209	14,092,433
Payments of interest expense		(24,478,983)	(22,253,266)
Payments of sharia expense		(2,520,782)	(2,382,950)
Receipts from the sale of government bonds - fair value through profit or loss		53,656,513	47,558,159
Acquisition of government bonds - fair value through profit or loss		(53,707,496)	(46,378,950)
Foreign exchange gains - net		2,392,249	3,151,361
Other operating income - others		2,417,018	1,879,255
Other operating expenses - others		(4,158,256)	(3,707,546)
Salaries and employee benefits		(13,855,845)	(12,860,915)
General and administrative expenses		(13,573,478)	(12,200,718)
Non-operating expense - net		(57,665)	(39,882)
Payment of corporate income tax		(5,968,499)	(5,943,662)
Cash flows from operating activities before changes in operating assets and liabilities		<b>31,229,199</b>	<b>34,685,742</b>
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(624,042)	1,105,862
Marketable securities - fair value through profit or loss		(2,048,245)	(3,700,426)
Other receivables - trade transactions		(9,515,359)	(1,011,605)
Loans		(69,117,327)	(69,655,474)
Sharia financing/receivable		(7,521,377)	(5,983,097)
Securities purchased under resale agreements		2,425,173	(4,377,588)
Consumer financing receivables		(3,961,788)	(4,079,414)
Net investment in lease financing		(1,533,591)	(231,782)
Prepaid taxes		(59,783)	2,204,689
Prepaid expenses		(33,153)	(451,229)
Other assets		(3,240,312)	(42,059)
Recovery of written-off financial assets		4,565,412	3,701,934
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		15,766,883	15,377,874
Saving deposits		31,594,358	28,225,627
Time deposits		(553,881)	35,310,768
Interbank call money		(273,297)	(2,483,411)
Obligation due immediately		1,268,656	413,584
Liability to unit - linked policyholders	27	3,651,085	2,583,901

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Other taxes payable		110,687	(7,543)
Other liabilities		6,931,895	3,531,241
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit <i>musyarakah - mudharabah musyarakah</i>		456,360	57,423
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		3,101,195	2,415,839
- <i>Mudharabah</i> time deposit - unrestricted investment		2,333,955	3,930,263
<b>Net cash provided by operating activities</b>		<b>4,952,703</b>	<b>41,521,119</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in marketable securities - other than fair value through profit or loss		(1,083,092)	(8,924,594)
Increase/(decrease) in government bonds - other than fair value through profit or loss		(1,540,676)	5,320,566
Proceeds from sale of fixed assets		51,269	10,935
Acquisition of fixed assets		(1,786,436)	(2,149,547)
Acquisition of intangible assets		(888,925)	(420,141)
<b>Net cash used in investing activities</b>		<b>(5,247,860)</b>	<b>(6,162,781)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase of investment in Subsidiaries		(497,153)	(546,129)
Increase in marketable securities issued		7,827,253	6,627,816
(Decrease)/increase in fund borrowings		(630,913)	3,076,681
Decrease in subordinated loans		(23,931)	(3,522,271)
(Increase)/decrease in securities sold under repurchase agreements	28	239,841	(1,510,129)
Payments of dividends	40c	(6,212,954)	(6,100,490)
<b>Net cash provided by/(used in) financing activities</b>		<b>702,143</b>	<b>(1,974,522)</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2017**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2017	2016
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>406,986</b>	<b>33,383,816</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>808,703</b>	<b>(1,491,116)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>157,560,107</b>	<b>125,667,407</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>158,775,796</b>	<b>157,560,107</b>
Cash and cash equivalents at end of year consists of:			
Cash		24,268,563	22,906,775
Current accounts with Bank Indonesia	4	50,188,118	52,484,974
Current accounts with other banks	5	12,333,389	10,363,214
Placements with Bank Indonesia and other banks		71,536,104	71,209,865
Certificates of Bank Indonesia		449,622	595,279
<b>Total cash and cash equivalents</b>		<b>158,775,796</b>	<b>157,560,107</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2017 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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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.

The Articles of Association of Bank Mandiri has been amended several times, as the latest by Deed of Extraordinary General Meeting of Shareholders No. 36, dated August 24, 2017, made in front of Ashoya Ratam SH, Mkn, Notary in South Jakarta, in relation with the implementation of stock split. The amendment has been notified to the Minister of Law and Human Rights of the Republic of Indonesia in Letter no. AHU-AH.01.03-0166888 regarding Acceptance of Notification of Amendment of Company’s Articles of Association of PT Bank Mandiri (Persero) Tbk. dated August 29, 2017, and registered on the Company Register No. AHU-0107350.AH.01.11. year 2017 dated August 29, 2017.

### b. Merger

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

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2017 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)**

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

Effective from the date of the merger:

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

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

**c. Recapitalisation**

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

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2017 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 Bank Indonesia Letter No. 1/1/GBI/ DPIP dated October 11, 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of Republic of Indonesia's investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri's core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as of July 31, 1999 through September 30, 1999, with a condition that not later than October 15, 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

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

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

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

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

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

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

**Initial Public Offering of Bank Mandiri**

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

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2017 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL INFORMATION (continued)**

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

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

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

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

**Quasi-Reorganisation**

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

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

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

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

**e. Divestment of Government Share Ownership**

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

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

**Public Offering of Bank Mandiri Subordinated Bonds**

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

**Public Offering of Bank Mandiri Continuous Bonds**

On September 30, 2016, Bank Mandiri has issued Continuous Bonds I Bank Mandiri Phase I Year 2016 ("Continuous Bonds I Phase I") with nominal amount of Rp5,000,000 and on June 15, 2017, Bank Mandiri issued Continuous Bonds I Bank Mandiri Phase II Year 2017 ("Continuous Bonds I Phase II") with nominal amount of Rp6,000,000 (Note 30).

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2017 and for the year then ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

**1. GENERAL INFORMATION (continued)**

**f. Public offering of subordinated bonds, public offering of continuous bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)**

**Limited public offering of Bank Mandiri shares**

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

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

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

**Changes in share capital of Bank Mandiri**

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

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

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**1. GENERAL INFORMATION (continued)**

**f. Public offering of subordinated bonds, public offering of continuous bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)**

**Changes in share capital of Bank Mandiri (continued)**

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

	<b>Number of shares</b>
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with Pre-emptive Rights in 2011	2,336,838,591
Decrease of par value of stock from Rp500 (full amount) to Rp250 (full amount) per stock through stock split in 2017	23,333,333,333
<b>Total</b>	<b>46,666,666,666</b>

Stock split of Bank Mandiri:

Based on the decision of the Extraordinary General Meeting of Shareholders (RUPS-LB) dated August 21, 2017 as in the notarial deed of Ashoya Ratam, SH, M.Kn. No. 36 dated August 24, 2017, the shareholders of Bank Mandiri, among others, approved the stock split of the Bank from Rp500 (full amount) per share to Rp250 (full amount) per share so that the capital was placed into 46,666,666,666 shares consisting of 1 (one) Dwiwarna share series A and 46,666,666,665 shares series B.

**g. Subsidiaries**

Subsidiaries included in the consolidated financial statements as of December 31, 2017 and 2016, are as follows:

<b>Name of Subsidiaries</b>	<b>Nature of Business</b>	<b>Domicile</b>	<b>Percentage of Ownership</b>	
			<b>2017</b>	<b>2016</b>
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99
PT Bank Mandiri Taspen** (formerly PT Bank Mandiri Taspen Pos)	Commercial Banking	Denpasar	59.44	59.44
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance service	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	60.00	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	80.00	80.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.98 *)	99.97

\*) Effective since September 13, 2017

\*\*\*) Effective after General Meeting of Shareholders on October 9, 2017

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

The Subsidiaries' total assets as of December 31, 2017 and 2016 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2017	December 31, 2016
PT Bank Syariah Mandiri	1955	87,939,774	78,831,722
Bank Mandiri (Europe) Limited	1999	2,126,531	2,344,461
PT Mandiri Sekuritas	1992	3,284,779	2,199,940
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	13,687,703	7,391,270
PT Mandiri Tunas Finance	1989	14,739,458	11,404,062
Mandiri International Remittance Sendirian Berhad	2009	14,958	12,161
PT AXA Mandiri Financial Services	1991	30,228,537	25,983,699
PT Mandiri AXA General Insurance	1962	1,616,120	1,647,887
PT Asuransi Jiwa InHealth Indonesia	2008	2,224,965	2,113,984
PT Mandiri Utama Finance	2015	4,197,567	2,007,573
PT Mandiri Capital Indonesia	2015	490,038	354,621
<b>Total</b>		<b>160,550,430</b>	<b>134,291,380</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 obtained an operating license based on the Decision Letter of the Governors of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on Islamic principles and began operating on November 1, 1999.

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

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

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

On December 29, 2011, Bank Mandiri made additional capital investment in cash at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 27, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the additional capital investment.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Bank Syariah Mandiri (continued)**

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

On December 30, 2013, Bank Mandiri made additional capital investment in the form of non-cash (inbreng) of land and buildings at the Subsidiary for Rp30,778. Bank Mandiri has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 20 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the additional capital investment.

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

On November 14, 2016, Bank Mandiri made additional capital investment in the form of cash in the Subsidiary amounting to Rp500,000. Bank Mandiri has received approval from Indonesian Financial Services Authority (FSA) through letter dated November 3, 2016 and Circular Resolution of Shareholders dated November 25, 2016, that has been notarized with Deed No. 09 dated December 7, 2016 on such additional capital investment. FSA approval related to the additional capital investment has been received on January 24, 2017.

On December 11, 2017, Bank Mandiri made additional capital investment in the form of cash in the Subsidiary amounting to Rp500,000. Bank Mandiri has received approval from Ministry of State-Owned Enterprises through letter No. S-536/MBU/09/2017 dated September 22, 2017, Indonesian Financial Services Authority (FSA) through letter No. S-129/PB.31/2017 dated December 5, 2017, and Circular Resolution of Shareholder dated December 6, 2017 with Notarial Deed No. 22 dated December 12, 2017 on the additional capital investment. The additional capital investment will be effective after Bank Mandiri obtained FSA approval related changes in BSM's share capital. Until the date of consolidated financial statements, such approval from FSA has not yet been received.

**Bank Mandiri (Europe) Limited**

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

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Sekuritas**

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, SH Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") is accomplished by means of merging BDS and ES into the MSI. MSI obtained a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, SH, which was approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of total shares of PT Mandiri Manajemen Investasi, a Subsidiary that was established on October 26, 2004 and is engaged in investment management and advisory. Mandiri Securities also owns 100% of the total shares of Mandiri Securities Pte. Ltd., a company engaged in securities business and Advising Corporate Finance and Monetary Authority of Singapore, which was established in 2016.

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

**PT Bank Mandiri Taspen**

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

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

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

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Bank Mandiri Taspen (continued)**

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

On May 28, 2013, the Bank made additional capital investment in BSHB amounting to 11.77% of the total shares issued and fully paid, or at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by some of BSHB minority shareholders with a total of 23,546,962 shares (full amount). The additional capital investment of the Bank's investments in BSHB has been approved by Bank Indonesia as contained in the letter of Bank Indonesia No. 15/33/DPB1/PB1-1 dated May 6, 2013.

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

On July 24, 2015, the FSA has approved the change of name of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos and given permission to conduct business under the name of Bank Mantap. The changes of name and logo are permitted by the FSA on July 31, 2015. The changes of name and logo have been announced to the public on August 7, 2015.

On November 24, 2016, the Bank has received approval from the FSA related to the plan of additional capital investment at PT Bank Mandiri Taspen Pos amounting to Rp257,036 through letter No. S-125/PB.31/2016 regarding the Application for Approval of the additional capital investment of Bank Mandiri in PT Bank Mandiri Taspen Pos. The increase in capital has changed the percentage of ownership whereby after the issuance of additional capital, the Bank's ownership in Bank Mandiri Taspen Pos has increased from 58.25% to 59.44% of the total shares issued by Bank Mantap. The additional of capital investment is effective in 2017 based on approval from FSA Bali through letter No. S-07/KR.081/2017 and registered in administration of FSA's supervision. There are differences in recorded book value amounting to Rp13,250.

On October 9, 2017, Bank Mandiri Taspen Pos held an Extraordinary General Meeting of Shareholders which approved the changes in the composition of shareholders to Bank Mandiri (59.44%), PT Taspen (40%) and individual shareholders (0.56%). The Extraordinary General Meeting of Shareholders also approved the changes of company's name, formerly PT Bank Mandiri Taspen Pos to PT Bank Mandiri Taspen.

On December 6, 2017, the Bank has received approval from FSA related to the planned additional capital investment at PT Bank Mandiri Taspen Pos amounting to Rp210,000 through letter No. S-131/PB.31/2017 regarding the Application for Approval of the additional capital to PT Bank Mandiri Taspen Pos. The application has been approved by the Ministry of State-Owned Enterprises as contained in the letter No. S-504/MBU/09/2017 dated September 7, 2017. Approval from FSA Bali was obtained in January 2018 (Note 65).

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Bank Mandiri Taspen (continued)**

The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in Bank Mantap remains 59,44% of the total stock issued by Bank Mantap.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounting to Rp19,219 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp21,043.

**PT Mandiri Tunas Finance**

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

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

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

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

Prior to January 1, 2011, goodwill arising from the acquisitions of MTF amounting to Rp156,807 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp96,697.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**Mandiri International Remittance Sendirian Berhad**

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

**PT AXA Mandiri Financial Services**

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

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

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

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounting to Rp40,128 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp37,194.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri AXA General Insurance**

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

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

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

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

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

The FSA through its letter No. S-42/PB.31/2014 dated May 14, 2014 and letter No. 5-94/PB.31/2014 dated October 31, 2014 has approved the Additional Capital Investment of PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounting to Rp24,000 and Rp63,000. The additional capital investment has been approved by circularised decision of the General Meeting of Shareholders (RUPS). As documented in Notarial Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment did not change the percentage of share ownership whereas Bank Mandiri owned 60% and AXA S.A owned 40% MAGI.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

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

Based on the letter of approval from the FSA No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment of PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank to make additional capital investments in MAGI amounting to Rp30,000. On July 9, 2015, the Bank has carried out the execution of the additional investment to MAGI amounting to Rp30,000. The total increase in capital in PT MAGI amounted to Rp50,000 equal to the additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A of Rp20,000. The increase in capital did not change the percentage of share ownership in the overall MAGI-owned by Bank Mandiri of 60% and AXA S.A of 40%.

Based on the letter of approval from the FSA No. S-72/PB.31/2016 dated August 3, 2016 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank to make additional capital investments to MAGI amounting to Rp30,000. On August 9, 2016, the Bank has made the additional investment transaction execution to MAGI amounting to Rp30,000. The total additional investment to MAGI is Rp50,000 with the amount of additional capital injection in proportion to its percentage shareholding of the Bank in MAGI by 60% and AXA SA by 40%, therefore the Bank increased its investment of Rp30,000 and AXA SA by Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

**PT Asuransi Jiwa InHealth Indonesia**

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

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

1. phase 1, namely the acquisition of 80% ownership in InHealth, whereas the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) are 10%, respectively, and BPJS Kesehatan still has 20%; and
2. phase 2, namely the acquisition of 20% ownership of BPJS in InHealth by the Bank so that the total ownership of Bank Mandiri is 80%. The composition of shareholders after the transaction InHealth stage 2 resulted in the following percentage ownership Bank Mandiri, 80%; PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) have 10%, respectively, of the total shares issued and fully paid of InHealth.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

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

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

On May 2, 2014, Bank Mandiri with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers with BPJS Kesehatan and Koperasi Bhakti Askes as the sellers have signed a Sale and Purchase agreement of InHealth's shares as recorded in Notarial deed of sale and purchase agreement No. 01 dated May 2, 2014 by Notary Mala Mukti S.H., LL.M.

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

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

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on December 23, 2013.

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

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

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

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

Bank Mandiri acquired 80% shares in Inhealth with total value of Rp1,320,000. Goodwill arising from the acquisition of InHealth amounted to Rp268,181 as of December 31, 2017 and 2016. The Bank periodically evaluates the impairment of goodwill the accordance with SFAS No. 48, "Impairment of Assets" (Note 2s).

**PT Mandiri Utama Finance**

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

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

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

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

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

Based on the Letter of Approval from the FSA No. S-86/PB.31/2016 dated August 25, 2016, regarding the Application for Approval of the Increase in the Share Capital of PT Mandiri Utama Finance, the FSA expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done gradually with a nominal value of Rp51,000 for each stage. On August 29, 2016, the execution of the first stage in increasing the share capital of MUF, with a nominal value of Rp51,000, has been completed. The next stage of issuing additional share capital amounting to Rp51,000 has been carried out on December 16, 2016. The increase in capital did not change the percentage of ownership over MUF as follows Bank Mandiri, 51%; ASCO, 37%; and TURI, 12%.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Utama Finance (continued)**

Based on the Letter of Approval from the FSA No. S-68/PB.31/2017 dated July 26, 2017, regarding the Application for Approval of the Increase in the Share Capital of the Bank to MUF, FSA expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done for two phases with nominal value Rp51,000 for each phase. On July 28, 2017, the execution of the first phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed and documented on notarial deed of Ashoya Ratam S.H., M.Kn, No. 56 dated August 29, 2017 and approved by Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0169081 year 2017 dated September 6, 2017. On October 30, 2017, the execution of the second phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed. The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in MUF amounting to 51%, ACSO amounting to 37% and TURI amounting to 12%.

**PT Mandiri Capital Indonesia**

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

Establishment of the Company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounting Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounting to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

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

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

Based on the Letter of Approval from the FSA No. S-1/PB.31/2016 dated January 7, 2016, regarding the Application for Approval of the Bank's investment in PT Mandiri Capital Indonesia (MCI), the FSA expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On January 21, 2016, the transaction of additional equity investment to MCI amounting to Rp340,000 has been carried out and therefore MCI's authorized share capital has become Rp350,000.

The additional equity investment to MCI was done through the issuance of 3,400 (full amount) new shares in MCI, each share has a nominal value of 100,000,000 (full amount) in which all such new and all shares were executed by Bank Mandiri (100%).

With the additional share capital issued amounting to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which has become owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounting to 0.03%.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Capital Indonesia (continued)**

Based on the agreement letter from FSA No. S-69/PB.31/2017 dated July 26, 2017 regarding the Application for Approval of the Bank's investment to PT Mandiri Capital Indonesia (MCI), the FSA expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On July 28, 2017, the additional investment transaction executed by MCI amounting to Rp200,000 making the authorized capital of MCI aggregate to Rp550,000 was documented on notarial deed from Muhammad Hanafi No. 8 dated September 7, 2017 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-AH.01.03-0171170 year 2017 dated September 13, 2017. The additional equity investment is conducted by issuing 2,000 new shares worth Rp100,000,000 (full amount) and all new shares were executed by Bank Mandiri (100%).

This additional share capital amounted to Rp200,000 which all excuted by Bank Mandiri impacted to the percentage of ownership in MCI of Bank Mandiri became 99.98% and Mandiri Sekuritas became 0.02%.

**h. Structure and Management**

Bank Mandiri's head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia. As of December 31, 2017 and 2016, Bank Mandiri's domestic and overseas offices are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Domestic Regional Offices	12	12
Domestic Branches:		
Area	83	79
Community Branches	1,293	1,237
Mandiri Mitra Usaha offices	1,078	1,084
Cash Outlets	177	199
	<hr/>	<hr/>
	2,631	2,599
Overseas branches	6	6

As of December 31, 2017, Bank Mandiri has 6 overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza, and 1 Remittance Office in Hong Kong.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
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**1. GENERAL INFORMATION (continued)**

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

To support Bank Mandiri's vision "Indonesia's Best, ASEAN's Prominent", Bank Mandiri divided its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units responsible for the Bank's main business development consists of 2 (two) segments namely Wholesale segments which consists of Corporate and Commercial, Government Institutional, Treasury (Treasury, International Banking & Financial Institutions) and Retail banking which consists of Small & Medium Enterprise, Micro and Consumer.
2. Support Function is responsible for supporting units that provide overall support to Bank's operations consisting of Special Asset Management, Wholesale Risk, Retail Risk, Digital Banking & Technology, Operations, Risk Management & Compliance, Corporate Transformation & Finance, Internal Audit, Human Capital, and Corporate Secretary.
3. Distribution is responsible for selling products and goods unit to all segments of Bank's customers, consisting of 12 (twelve) Regional Offices that are spread out across Indonesia.

Effective on September 4, 2017, the Bank restructured its organization structure and role and responsibilities of the members of the Board of Directors.

Bank Mandiri has made changes in its organizational structure which became effective on September 4, 2017, as stated in the Decree (SK) Board No. KEP.DIR/209/2017 dated September 13, 2017, on the Organizational Structure. Changes in the organizational structure of Bank Mandiri was done through rearranging the organization and forming a new structural and functional working unit to meet the needs and development of the Bank.

As of December 31, 2017 and 2016, the members of Bank Mandiri's Boards of Commissioners are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Board of Commissioners</u>		
President Commissioner	: Hartadi Agus Sarwono*)	Wimboh Santoso**)
Deputy Chief Commissioner	: Imam Apriyanto Putro	Imam Apriyanto Putro
Independent Commissioner	: Goei Siau Hong	Abdul Aziz***)
Independent Commissioner	: Bangun Sarwito Kusmulyono	Aviliani****)
Independent Commissioner	: Makmur Keliat*****)	Goei Siau Hong
Independent Commissioner	: -	Bangun Sarwito Kusmulyono
Commissioner	: Askolani	Askolani
Commissioner	: Ardan Adiperdana	Ardan Adiperdana
Commissioner	: R. Widyo Pramono*****)	-

\*) Upon receipt of the approval by the Financial Services Authority of the Fit & Proper Test, the relevant position shall be effective as of November 15, 2017.

\*\*\*) Non-Independent Commissioner. The term of office ended on July 20, 2017 due to his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

\*\*\*\*) The term of office ended on March 14, 2017 based on Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

\*\*\*\*\*) Upon receipt of the approval from the Financial Services Authority of Fit & Proper Test, his position shall be effective as of September 25, 2017.

\*\*\*\*\*) Appointed at the Extraordinary General Meeting of Shareholders of Bank Mandiri dated August 21, 2017, the appointment of the Board of Commissioners shall be effective after obtaining approval by the Financial Services Authority of the Fit & Proper Test and meet the prevailing regulations.

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2017 and 2016, the members of Bank Mandiri's Board of Directors are as follows:

**December 31, 2017**

Board of Directors \*)

President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director of Operations	: Ogi Prastomyono
Director of Wholesale Banking	: Royke Tumilaar
Director of Distributions	: Hery Gunardi
Director of Retail Banking	: Tardi
Director of Risk Management & Compliance	: Ahmad Siddik Badruddin
Director of Institutional	: Kartini Sally
Director of Digital Banking & Technology	: Rico Usthasia Frans
Director of Treasury	: Darmawan Junaidi**)

\*) In the Extraordinary General Meeting of Shareholders dated August 21, 2017, appointed a change in the nomenclature of the members of the Board of Directors of Bank Mandiri.

\*\*) Appointed at the Extraordinary General Meeting of Shareholders of Bank Mandiri dated August 21, 2017, the appointment of the Director of Treasury shall be effective after obtaining approval by the Financial Services Authority of the Fit & Proper Test and meet the prevailing regulations.

**December 31, 2016**

Board of Directors

President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director	: Ogi Prastomyono
Director	: Pahala N. Mansury*)
Director	: Royke Tumilaar
Director	: Hery Gunardi
Director	: Tardi
Director	: Ahmad Siddik Badruddin**)
Director	: Kartini Sally
Director	: Rico Usthasia Frans

\*) The term of office ended on April 12, 2017. The inauguration of his term of office ended as member of the Board of Directors of Bank Mandiri has been made at the Extraordinary General Meeting of Shareholders dated August 21, 2017.

\*\*) Director of Compliance.

As of December 31, 2017 and 2016, the members of Bank Mandiri's Audit Committee are as follows:

**December 31, 2017**

**December 31, 2016**

Chairman and member	: Bangun Sarwito Kusmulyono	Aviliani*)
Member	: Hartadi Agus Sarwono**)	Askolani***)
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Makmur Keliat****)	Ardan Adiperdana****)
Member	: Budi Sulistio	Budi Sulistio
Member	: Lista Irna	Lista Irna

\*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

\*\*) Appointed as Audit Committee since the relevant position as President Commissioner/Independent Commissioner of Bank Mandiri was held effective November 15, 2017.

\*\*\*) The term of office as Audit Committee ended as of October 11, 2017

\*\*\*\*) Appointed as member of Audit Committee on October 11, 2017.

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2017 and 2016, Bank Mandiri's Remuneration and Nomination Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and member	: Hartadi Agus Sarwono*)	Bangun Sarwito Kusmulyono**)
Member	: Bangun Sarwito Kusmulyono	Wimboh Santoso***)
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Abdul Aziz****)
Member	: Goei Siau Hong	Askolani
Member	: Ardan Adiperdana	Aviliani****)
Member	: Makmur Keliat*****)	Goei Siau Hong
Member	: R. Widyo Pramono*****)	Ardan Adiperdana
Secretary (ex-officio)	: SEVP Human Capital	SEVP Human Capital

\*) Appointed as Chairman and Member of Remuneration and Nomination Committee since the relevant position as President Commissioner/Independent Commissioner of Bank Mandiri was held effective November 15, 2017.

\*\*) The term of office as Chairman and Member of Remuneration and Nomination Committee ended as of October 10, 2017 and later served as member.

\*\*\*) The term of office ended on July 20, 2017 since his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

\*\*\*\*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

\*\*\*\*\*) Appointed as member of Remuneration and Nomination Committee on October 11, 2017.

\*\*\*\*\*) Effective as Member of Remuneration and Nomination Committee after his position as Commissioner of Bank Mandiri is effective.

As of December 31, 2017 dan 2016, Bank Mandiri's Risk Oversight Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and Member	: Goei Siau Hong	Abdul Aziz*)
Member	: Bangun Sarwito Kusmulyono	Wimboh Santoso**)
Member	: Ardan Adiperdana***)	Goei Siau Hong
Member	: R. Widyo Pramono****)	Bangun Sarwito Kusmulyono
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Lista Irna	Lista Irna

\*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

\*\*) The term of office ended on July 20, 2017 due to his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

\*\*\*) Appointed as member of Risk Oversight Committee on October 11, 2017.

\*\*\*\*) Effective as Member of Risk Oversight Committee after his position as Commissioner of Bank Mandiri is effective.

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2017 dan 2016, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and Member	: Goei Siau Hong	Abdul Aziz*)
Deputy Chairman and Member	: -	Goei Siau Hong
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani**)	Aviliani*)
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat**)	Ridwan Darmawan Ayub
Member	: Ridwan Darmawan Ayub	-
Member	: Edhi Chrystanto (Bank Mandiri Taspen)	Edhi Chrystanto (Bank Mandiri Taspen)
Member	: Frans A. Wiyono (Mandiri AXA General Insurance)	Frans A. Wiyono (Mandiri AXA General Insurance)
Member	: D. Cyril Noerhadi (Mandiri Sekuritas)	D. Cyril Noerhadi (Mandiri Sekuritas)
Member	: Wihana Kirana Jaya (AXA Mandiri Financial Services)	Wihana Kirana Jaya (AXA Mandiri Financial Services)
Member	: Rafik Karsidi (Mandiri Tunas Finance)	Hanifah Purnama (Mandiri Tunas Finance)
Member	: Ali Ghuftron Mukti (Asuransi Jiwa Inhealth Indonesia)	Nizar Yamanie (Asuransi Jiwa Inhealth Indonesia)
Member	: Ramzi A. Zuhdi (Bank Syariah Mandiri)	Ramzi A. Zuhdi (Bank Syariah Mandiri)
Member	: M. Syafii Antonio (Bank Syariah Mandiri)	M. Syafii Antonio (Bank Syariah Mandiri)

\*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

\*\*) Appointed as member of Integrated Governance Committee on October 11, 2017.

As of December 31, 2017 and 2016, the Chairman of the Internal Audit Committee of Bank Mandiri is Mustaslimah.

As of December 31, 2017 and 2016, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2017 and 2016 are 38,307 and 38,940 people, respectively (unaudited).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated financial statements were completed and authorised for issuance by the Board of Directors on January 31, 2018.

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards which comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Capital Market Supervisory Agency and Financial Institution ("Bapepam and LK") regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK's decree No. KEP-347/BL/2012 dated June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

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

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

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

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit or loss and all derivative instruments which have been measured at fair value and land assets measured at fair value since April 1, 2016. The consolidated financial statements are prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

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

Items within Other Comprehensive Income are classified separately, separating between accounts which will be reclassified to Profit or Loss and accounts which will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2016), "Presentation of Financial Statement for Sharia Banking", SFAS No. 102 (Amendments 2016) "Accounting for *Murabahah*", SFAS No. 104 (Amendments 2016) "Accounting for *Istishna*", SFAS No. 105 "Accounting for *Mudharabah*", SFAS No. 106 "Accounting for *Musyarakah*", SFAS No. 107 (Amendments 2016) "Accounting for *Ijarah*", SFAS No. 110 (Revised 2015) "Accounting for *Sukuk*" and other prevailing Statements of Financial Accounting Standards, as long as it does not contradict with Sharia principle on Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

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

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

### **b. Changes in accounting policies**

The principle of accounting policies applied in the preparation of the consolidated Financial Statements of the Bank and its subsidiaries are set out below:

Effective on January 1, 2017, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date are as follows:

- Amendments to SFAS No. 1 regarding "Presentation of Financial Accounting Standards for Disclosure Initiative"
- SFAS No. 3 (Improvement 2016) regarding "Interim Financial Statements"
- SFAS No. 24 (Improvement 2016) regarding "Employee Benefits"
- SFAS No. 58 (Improvement 2016) regarding "Non-current Assets Held for Sale and Discontinued Operations"
- SFAS No. 60 (Improvement 2016) regarding "Financial Instruments: Disclosures"
- SFAS No. 101 (Revised 2016) regarding "Presentation of Financial Statement for Sharia Banking"
- SFAS No. 102 (Amendments 2016) regarding "Accounting for *Murabahah*"

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

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

Effective on January 1, 2017, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date as follows (continued):

- SFAS No.104 (Amendments 2016) regarding "Accounting for *Istishna*"
- SFAS No. 107 (Amendments 2016) regarding "Accounting for *Ijarah*"
- SFAS No. 108 (Amendments 2016) regarding "Accounting for Sharia Insurance Transactions"
- IFAS No. 32 regarding "Definition and Hierarchy of Financial Accounting Standards"

The above new and revised standards and interpretations which were effective from January 1, 2017 have no material impact to the Group's consolidated financial statements.

**c. Financial instruments**

**A. Financial assets**

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

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

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

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

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

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

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

**c. Financial instruments (continued)**

**A. Financial assets (continued)**

(b) Loans and receivables

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

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

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

(c) Financial assets held-to-maturity

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

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

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

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

d) Available-for-sale financial assets

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

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

**c. Financial instruments (continued)**

**A. Financial assets (continued)**

(d) Available-for-sale financial assets (continued)

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

Recognition

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

**B. Financial liabilities**

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost.

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

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

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

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

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS No. 55, the fair value option is applied on debt securities which consists of debt host and embedded derivatives that must otherwise be separated.

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

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

**c. Financial instruments (continued)**

**B. Financial liabilities (continued)**

(b) Financial liabilities at amortised cost

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

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

**C. Derecognition**

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

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

Write-offs

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

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

Full write-off is done to the financial assets' carrying amount by debiting the allowance for impairment losses.

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

**c. Financial instruments (continued)**

**D. Reclassification of financial assets**

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

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

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

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

Reclassification of financial assets available for sale to held to maturity recorded at book value. Unrealized gains or losses must be amortized using the effective interest rate until the maturity date of the instrument.

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

**c. Financial instruments (continued)**

**E. Classes of financial instruments**

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

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

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

**c. Financial instruments (continued)**

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

Category		Class	Sub-classes
Financial liabilities	At fair value through profit or loss financial liabilities	Financial liabilities held for trading	Derivative payables - non hedging related
	At amortised cost financial liabilities	Deposits from customers	Demand deposits/ <i>wadiah</i> demand deposits
			Saving deposits/ <i>wadiah</i> saving deposits
			Time deposits
		Deposits from other banks	Demand deposits/ <i>wadiah</i> demand deposits and saving deposits/ <i>wadiah</i> saving deposits
			Inter-bank call money
			Time deposits
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
	Fund borrowings		
	Other liabilities	Payable to customers	
		Guarantee deposits	
		Payable from purchase of marketable securities	
Liabilities related to ATM and credit card transaction			
Other liabilities for UPAS transaction			
Subordinated loans			
Hedge derivatives	Cash flow hedging	Derivative payables - cash flow hedge related	
Off-balance sheet accounts	Committed unused loan facilities granted		
	Outstanding irrevocable letters of credit		
	Bank guarantees issued		
	Standby letters of credit		

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

**c. Financial instruments (continued)**

**F. Offsetting financial instruments**

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

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

**G. Allowance for impairment losses of financial assets**

(a) Financial assets carried at amortised cost

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

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

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

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

1. Loans classified as Sub-standard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated January 20, 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, the Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.

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

**c. Financial instruments (continued)**

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

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

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

2. All restructured loans.

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

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, the account of financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed but not impaired are still classified as financial assets that are assessed individually. However, the Group provides allowance for impairment losses based on probability of default generated for each segment by evaluating impairment of loans collectively.

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

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

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

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

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

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

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

**c. Financial instruments (continued)**

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

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

Individual impairment calculation

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

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

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

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

Collective impairment calculation

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

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

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

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

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

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

**c. Financial instruments (continued)**

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

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

Collective impairment calculation (continued)

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

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

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

1. Earning assets consist of current account and placements with Bank Indonesia in the form of Bank Indonesia Sharia Certificate (Sertifikat Bank Indonesia Syariah (SBIS)), Bank Indonesia Sharia Deposit Facility (Fasilitas Bank Indonesia Syariah (FASBIS)), Reverse Repo Receivables State Sharia Certificates (Surat Berharga Syariah Negara (SBSN)) BI, Term Deposit Foreign Currency Sharia BI, current accounts with other sharia banks, placement with other sharia banks, investment in marketable securities, *istishna* receivables, *ijarah* receivables, funds of *qardh*, *musyarakah* financing, *mudharabah* financing, *ijarah* assets, and commitments and contingencies with credit risk, such as bank guarantees, irrevocable letters of credit (LC) and standby letters of credit.

Allowance for impairment losses of earning assets and non-earning assets for commercial bank conducting business based on sharia principles is based on FSA Regulation No. 16/POJK.03/2014 dated November 18, 2014, and FSA Regulation No. 12/POJK.03/2015 dated August 21, 2015.

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned FSA Regulation are as follows:

- a) General reserve, shall be no less than 1% of total earning assets classified as current, excluding Bank Indonesia Sharia Certificates and securities issued by the Government based on sharia principles, and part of earning assets guaranteed by government and cash collateral in the form of demand deposits, saving deposits, time deposits, guarantee deposits, and/or gold which are pledged accompanied with the power of attorney to liquidate.
- b) Special reserve shall be at least:
  - 5% of earning assets classified as Special Mention after deducting collateral value;
  - 15% of earning assets classified as Substandard after deducting collateral value;
  - 50% of earning assets classified as Doubtful after deducting collateral value;
  - 100% of earning assets classified as Loss after deducting collateral value.
- c) The requirement to establish allowance for impairment losses shall not be applicable for earning assets under leasing transactions in the form of *ijarah* or leasing transaction with transfer of ownership of leasing object in the form of *ijarah muntahiyah bittamlik*. The Bank is required to depreciate/amortize the assets of *ijarah muntahiyah bittamlik*.

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

**c. Financial instruments (continued)**

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

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

Allowance for possible losses on earning assets of Subsidiary based on sharia (continued)

For marketable securities and placements to the bank, the quality rating is classified into 3 (three) classifications: current, substandard, and loss. Quality rating of equity investment is determined into 4 (four) categories: current, substandard, doubtful and loss.

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

The allowance for impairment on *murabahah* receivables is calculated using collective according to SFAS No. 55, "Financial Instruments: Recognition and Measurement".

(b) Financial assets classified as available for sale

- The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.(G).(a) for the criteria of objective evidence of impairment.
- In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of profit or loss and other comprehensive income is removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income.
- If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

(c) Financial guarantee contracts and commitments

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

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

**c. Financial instruments (continued)**

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

(c) Financial guarantee contracts and commitments (continued)

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

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

**H. Investment in sukuk**

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

- Acquisition cost  
If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. The acquisition cost for sukuk *ijarah* and sukuk *mudharabah* are included in the transaction cost. The difference between acquisition cost and nominal value is amortized using straight-line method during the period of the sukuk instrument.
- Measured at fair value through other comprehensive income  
If the investment is held within a business model whose primary purpose is to obtain contractual cash flows and sell off sukuk and the contractual requirements determined by specific date of payment of principal and/or results. The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are included as transaction costs. The difference between the acquisition cost and nominal value is amortized on straight-line basis over the terms of sukuk. The changes in fair value are recognised in other comprehensive income. At the time of derecognition, the changes in fair value in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.
- Measured at fair value through profit or loss  
The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are measured at fair value through profit or loss excluding transaction costs. For investments in sukuk which are measured at fair value through profit or loss, the difference between the fair value and the carrying amount is recognised in profit or loss.

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

**c. Financial instruments (continued)**

**I. Sukuk *mudharabah* issued**

Recognition and measurement

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

Presentation

Sukuk *mudharabah* is presented as liability and the transaction costs of sukuk issuance are presented in assets as deferred expenses.

**J. Determination of fair value**

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

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

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

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

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

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

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

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

**c. Financial instruments (continued)**

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

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

For government bonds with no quoted market prices, a reasonable estimate of the fair value is determined using the internal model based on the present value of expected future cash flows using next-repricing method with deflator factor.

**d. Principles of consolidation**

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries in which the majority shareholding are owned or controlled by the Bank.

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

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

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

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

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

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

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

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

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

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

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

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

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

**e. Foreign currency transactions and balances**

Subsidiaries and overseas branches

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

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

The differences arising from the translation adjustment is presented as "Differences arising from translation of foreign currency financial statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2017 and 2016. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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

**e. Foreign currency transactions and balances (continued)**

Transactions and balances in foreign currencies (continued)

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Great Britain Pound Sterling 1/Rp	18,325.62	16,555.01
European Euro 1/Rp	16,236.23	14,175.77
United States Dollar 1/Rp	13,567.50	13,472.50
Japanese Yen 100/Rp	12,052.00	11,507.00

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

**f. Transactions with related parties**

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

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

- 1) A person who a) has control or joint control over the reporting entity; b) has significant influence over the reporting entity; or c) the key management personnel of the reporting entity or the parent of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following:
  - a) The entity and the reporting entity are members of the same group;
  - b) An entity is an associate or joint venture of the entity;
  - c) Both entities are joint ventures from the same third party;
  - d) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - e) The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
  - f) The entity is controlled or jointly controlled by a person identified as referred to in point 1);  
or
  - g) A person identified as referred to point 1) letter a) has significant influence over the entity or the entity's key management personnel;
  - h) The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the local governments which are the shareholders of the entity.

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

### **f. Transactions with related parties (continued)**

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows (continued):

- 3) Parties which are not related parties are as follows:
  - a) Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
  - b) Two joint venturers simply because they share joint control of a joint venture;
  - c) Fund provider, trade unions, public service, and ministry and agencies of government that does not control, jointly control or significantly influence the reporting entity, solely in the execution of normal dealings with the entity;
  - d) Customers, suppliers, franchisor, distributor or general agent with whom an entity enter into transaction with significant volumes of business solely because economic dependence due to circumstances.

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

### **g. Cash and cash equivalents**

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

### **h. Current accounts with Bank Indonesia and other banks**

#### The minimum statutory reserve

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

Based on Bank Indonesia Regulation (Peraturan Bank Indonesia (PBI)) No. 10/19/PBI/2008 dated October 14, 2008 regarding Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by PBI No. 10/25/PBI/2008 dated October 23, 2008 as amended by PBI No. 12/19/PBI/2010 dated October 4, 2010 as amended by PBI No. 13/10/PBI/2011 dated February 9, 2011 which has been amended with PBI No. 15/15/PBI/2013 dated December 24, 2013 and updated by PBI No.17/21/PBI/2015 dated November 26, 2015, PBI No. 18/3/PBI/2016 dated March 10, 2016 and PBI No. 18/14/PBI/2016 dated August 18, 2016, the Bank should comply with a Minimum Statutory Reserve (Giro Wajib Minimum (GWM)) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Funding Ratio (LFR) GWM.

Primary GWM in Rupiah is set at 6.50% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LFR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LFR and target LFR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting November 1, 2010 and GWM LDR is applied effectively starting March 1, 2011. GWM LFR is applied effectively on August 3, 2015 to replace GWM LDR.

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

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

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

The minimum statutory reserve (continued)

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

**i. Placements with Bank Indonesia and other banks**

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

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

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

**j. Marketable securities**

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

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

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

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

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

**j. Marketable securities (continued)**

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

**k. Government bonds**

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

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

**l. Other receivables - trade transactions**

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

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

**m. Securities purchased/sold under resale/repurchase agreements**

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

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

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

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

**n. Derivative receivables and derivative payables**

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

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

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

Derivative receivables are presented at the amount of unrealised gain from derivative contracts. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

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

1. Gain or loss on a derivative contract designated and qualifies as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in current year.
2. The effective portion arising from gain or loss of derivative contracts, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective portion is recognised as a gain or loss in the current year.
3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.
4. Gain or loss arising from derivative contract that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

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

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

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

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

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

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

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

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

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

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

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

*Murabahah* receivables are the financing of goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* are the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer. *Murabahah* financing is classified as financial assets under loans and receivables according to SFAS No. 55 "Financial Instruments: Recognition and Measurements".

*Murabahah* receivables initially are stated at fair value plus transaction cost/directly attributable administration fee and additional acquisition cost to acquire those financial assets and after initial recognition are measured at amortised cost using the effective interest rate method less the allowance for impairment losses.

*Murabahah* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses. The Bank calculates the allowance for impairment loss according to the *murabahah* financing quality according to each of financing balance.

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

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

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

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

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

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

Loan restructuring

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

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

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

In 2016, the Bank formed internal regulation regarding the debtors that are eligible to be removed from the list of restructured loans, i.e. when the loan/debtor has met the following criterias:

- i. Credit quality has been categorized Current (Collectibility 1) according to the review results by three (3) pillars of based on credit quality of Bank Indonesia;
- ii. The interest rate charged on the current loan facility is the commercial interest rates to debtors in accordance with the relevant credit segments above the base lending rate;
- iii. There are no Deferred Delinquency Interest (TBYD) and Deferred Interest (BYDT) which were not yet collected.

The internal provisions are applied since January 1, 2016.

**p. Consumer financing receivables**

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

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

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

Credit restructuring can be done by transfer of financing, continue to finance, repay back, change the due date, change the tenor and/or increase the down payment.

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

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

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

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

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

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

**q. Net investment in lease financing**

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

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

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

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

**r. Fixed Assets, leased assets and intangible assets**

**i. Fixed assets and software**

On April 1, 2016, the Group changed their accounting policy relating to land from cost model into revaluation model. Subsequently, land is stated at fair value.

Appraisal of the land is carried out by a certified external independent appraiser. Assessment of these assets are conducted regularly to ensure that the fair value of the revaluated asset is not materially different from its carrying value.

If the fair value of the revalued asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revalued asset does not change significantly, it is necessary to revalue at a minimum every 3 years.

The increase in the carrying value arising from the revaluation of land is recorded as "Difference arising from the revaluation of fixed assets" and is presented as "Other comprehensive income". Any impairment arising from the revaluation is recorded as expense of the current year. If the asset had a balance of "Difference arising from the revaluation of fixed assets" that is presented as "Other Comprehensive Income", then the impairment difference recorded is charged against "Difference arising from the revaluation of fixed assets" and the rest is recognised as expense of the current year.

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

**r. Fixed Assets, leased assets and intangible assets (continued)**

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

The entity performs revaluation for accounting and tax purposes in the period the entity receives approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

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

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of fixed assets and intangible assets. The estimated useful lives and percentage of depreciation and amortization per annum are as follows:

	<u>Years</u>	<u>Percentage</u>
Buildings	20	5%
Furniture and fixtures, office equipment, computer and vehicles	4-5	20%-25%
Software	5	20%

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

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

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

In accordance with SFAS No. 16 (Revised 2011) regarding "Fixed Assets" and ISAK No. 25 regarding "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognised as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

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

SFAS No. 48 (Revised 2014) regarding "Impairment of Assets" states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. If the carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

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

**r. Fixed Assets, leased assets and intangible assets (continued)**

**ii. Leased assets**

Under SFAS No. 30 (Revised 2011) regarding "Lease", the determination of whether an agreement is, or contains a lease is based on the substance of the agreement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and benefit related to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits related to ownership of assets.

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

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

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

**iii. Intangible assets**

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

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

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

**s. Investments in shares**

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

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

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

**s. Investments in shares (continued)**

Temporary investment is written off from the consolidated statement of financial position if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated January 20, 2005 on "Asset Quality Ratings for Commercial Banks", as amended by PBI No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows PBI No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investment in shares with ownership below 20.00% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of available for sale financial assets.

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

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

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

The Bank provides an allowance for impairment of repossessed assets and abandoned property equivalent to the difference between the carrying amount of the asset and the fair value less costs to sell. As for the inter-office account and suspense account, the allowance is equivalent to difference between the carrying value and the recovery value.

**u. Acceptances receivables and payables**

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

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

**v. Other assets**

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

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

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

Repossessed assets and abandoned properties are presented at their net realizable values. Net realizable value is the fair value of the repossessed assets less estimated costs to sale the repossessed assets. Differences between the net realizable value and the proceeds from disposal of the repossessed assets are recognised as current year's gain or loss at the year of disposal.

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

**v. Other assets (continued)**

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

**w. Obligation due immediately**

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

**x. Deposits from customers**

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

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, Automated Teller Machine card (ATM) or by overbooking through bilyet giro or other orders of payment or transfers.

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

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

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

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

**y. Deposits from other banks**

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

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

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

**y. Deposits from other banks (continued)**

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

**z. Insurance contract**

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

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

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

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

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

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

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

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

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

Liability adequacy test

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

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

**z. Insurance contract (continued)**

Liability adequacy test (continued)

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

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

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

Reinsurance

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

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

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

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

Liability for future policy benefits

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

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

**z. Insurance contract (continued)**

Liability for future policy benefits (continued)

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

Increase/(decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of profit or loss and other comprehensive income.

Liability to unit-linked policyholders is classified as insurance liability.

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

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

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

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

Unexpired Risk Reserve (URR)

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

**aa. Marketable securities issued**

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

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

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

**ab. Fund borrowings**

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

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

**ac. Subordinated loans**

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

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

**ad. Income tax**

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

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

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

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

Deferred tax assets are recognised only to the extent that is probable that future taxable income will be sufficient against which the temporary differences can be utilized.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realized or the liability is settled. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to equity.

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

**ad. Income tax (continued)**

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**ae. Temporary *syirkah* funds**

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

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

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

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

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

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

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

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

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

(i) Conventional

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

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

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

(ii) Sharia income

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

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

According to SFAS No. 102 (Revised 2016), *murabahah* income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

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

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

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

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

(ii) Sharia income (continued)

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

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

(iii) Third parties' share on return of temporary *syirkah* funds

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

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

Total margin income and profit sharing on financing and other productive assets will be distributed to the fund owner and subsidiary, calculated proportionally according to the allocation of fund owner and subsidiary that were used in the financing and other productive assets.

Further, margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and depositor as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined profit sharing with *nisbah* portion. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

**ag. Premium income and claims expenses**

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

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

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

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

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

**ah. Fees and commissions income**

Fees and commissions income and transaction costs that are directly attributable to lending, consumer financing activities and investment in lease financing, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortisation using effective interest rate method.

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

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

**ai. Employee benefits**

**Pension liability**

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

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

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

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

The accumulated unrecognised actuarial gains or losses incurred are recognised as "Other Comprehensive Income" and is presented in the equity section. Past service cost is directly charged to profit or loss.

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

**ai. Employee benefits (continued)**

**Pension liability (continued)**

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

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

Remeasurements of the net defined benefit liability consists of:

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

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

**Other long-term employment benefit obligations**

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

**Tantiem distribution**

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

**aj. Earnings per share**

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

The weighted-average number of outstanding shares used in computing basic and diluted earnings per share as of December 31, 2017 and 2016 are 46,666,666,666 shares.

The calculation of earnings per share in 2016 is recalculated using the weighted average number of shares outstanding after the stock split effective on September 13, 2017 as if the stock split has occurred since the beginning of the year presented.

**ak. Operating segment**

An operating segment is a component of an entity:

- (a) that is involved in business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
- (b) whose operating results are reviewed regularly by chief decision maker for decision making on allocation of resources and performance evaluation on works; and
- (c) for which separate financial information is available.

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

### **ak. Operating segment (continued)**

In accordance with SFAS No. 5 regarding "Operating Segment", the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The decision maker is the Board of Directors.

Segment Information as of December 31, 2017 onwards shall be presented in accordance with the Decree of the Board of Directors No. KEP.DIR/209/2017 dated September 13, 2017 effective September 4, 2017 on Organizational Structure, the operating segments are divided into the following business segments: Wholesale (Corporate and Commercial), Institutional, Retail (including Wealth) Treasury, Head Office, Sharia Subsidiary; Subsidiary - Insurance and other Subsidiaries.

Segment Information as of December 31, 2016 is presented in accordance with the change in organization structure applied in early April 2016, the operating segments are separated into these operating segments: Corporation, Commercial, Retail, Treasury and Market, Head Office, Subsidiary - Sharia; Subsidiary - Insurance and other Subsidiary.

A geographical segments represents a component of the Bank and its Subsidiaries that provides services in different economic environment and has a different risk and reward compared to others operating in different economic environment. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong, Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

### **al. Partnership program and community development program**

Fund allocation for partnership program and community development program are no longer allocated from retained earning approved by General Shareholders Meeting instead, it is accrued and charged directly to the current year consolidated statement of profit or loss and other comprehensive income of respective year.

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

Several estimates and assumptions are required in the preparation of the consolidated financial statements in which management judgment is required in determining the methodology in the valuation of assets and liabilities.

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

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

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

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

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

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

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

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

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

Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In determining the need to establish allowance for collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required allowance, the assumptions made to determine default and loss model to determine the required input parameters are based on historical experience and current economic conditions. The accuracy of this allowance depends on how precise the estimated future cash flows to determine the individual allowance and the model assumptions and parameters used in determining collective allowance.

**b. Determining fair values of financial instruments**

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

**c. Pension programs**

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

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

**d. Insurance liabilities on insurance contracts**

Technical reserves of subsidiaries recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions which are the best estimate assumption and margin for any adverse deviations. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, Unexpired Risk Reserve (URR) and liability to policyholders.

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

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

**e. Deferred tax assets**

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

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

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank's management estimates the useful lives of the assets between 4 (four) to 20 (twenty) years.

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

The carrying value of the Bank's fixed assets is disclosed in Note 18.

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

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

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

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

**h. Revaluations of land**

The Group engaged independent valuation specialists to assess fair value of revalued land. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as location and condition of land.

**Significant accounting judgements**

Accounting judgements that are important in applying accounting policies of the Bank and its Subsidiaries include:

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

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

**Significant accounting judgements (continued)**

**a. Going concern**

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

**b. Classification of financial assets and liabilities**

The Management of the Bank and its Subsidiaries determine the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set under SFAS No. 55 have been met. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 2.c.E.

**4. CURRENT ACCOUNTS WITH BANK INDONESIA**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	39,951,760	41,014,055
United States Dollar (Note 61B.(v))	10,236,358	11,470,919
	<b>50,188,118</b>	<b>52,484,974</b>

As of December 31, 2017 and 2016, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currencies which has been amended with No. 18/3/PBI/2016 dated March 10, 2016 and No. 18/14/PBI/2016 dated August 18, 2016 and No. 19/6/PBI/2017 dated April 17, 2017, which are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	6.50%
(i) Daily Minimum Statutory Reserve*)	5.00%	-
(ii) Average Minimum Statutory Reserve*)	1.50%	-
- Secondary Minimum Statutory Reserve**)	4.00%	4.00%
Foreign currencies	8.00%	8.00%

\*) The requirement for average minimum statutory reserve in Rupiah effective started from July 1, 2017

\*\*\*) On July 1, 2017, the exceed of minimum statutory reserve is not counted as fulfillment for secondary minimum statutory reserve

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

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the form of Current Accounts with Bank Indonesia. Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (Sertifikat Bank Indonesia (SBI)), Certificate of Bank Indonesia Deposit (Sertifikat Deposito Bank Indonesia (SDBI)), Treasury Bills and/or Excess Reserve, which is determined by Bank Indonesia. Minimum Statutory Reserve on Loan to Funding Ratio (LFR) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia for a certain percentage of third party fund calculated based on the difference between the Bank's LFR and the targeted LFR. GWM LFR is imposed if the Bank's LFR is below the minimum of LFR targeted by Bank Indonesia (80%) and if the Bank's LFR is above the maximum of LFR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is below BI requirement of 14%.

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

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

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

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

As of December 31, 2017 and 2016 the Bank has fulfilled all the requirements mentioned above. The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as of December 31, 2017 and 2016, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah		
- Primary Minimum Statutory Reserve	6.78%	6.50%
(i) Daily Minimum Statutory Reserve*)	5.00%	-
(ii) Average Minimum Statutory Reserve*)	1.78%	-
- Secondary Minimum Statutory Reserve**)	8.91%	9.84%
- Minimum Statutory Reserve on Loan to Funding Ratio***)	-	-
Foreign currencies	8.10%	8.12%

\*) The requirement for average minimum statutory reserve in Rupiah effective started from July 1, 2017

\*\*\*) On July 1, 2017, the exceed of minimum statutory reserve is not counted as fulfillment for minimum secondary minimum statutory reserve

\*\*\*) Bank Mandiri's LFR on December 31, 2017 and 2016 is in range of 80%-92% therefore minimum statutory reserve LFR is not required

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**5. CURRENT ACCOUNTS WITH OTHER BANKS**

a. By currency, related parties and third parties:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Related parties (Note 55)	26,664	25,690
Third parties	1,608,469	482,680
Total	<u>1,635,133</u>	<u>508,370</u>
Foreign currencies:		
Related parties (Note 55)	869	171
Third parties	10,697,387	9,854,673
Total (Note 61B.(v))	<u>10,698,256</u>	<u>9,854,844</u>
Total	12,333,389	10,363,214
Less: Allowance for impairment losses	(3,442)	(3,049)
<b>Net</b>	<b><u>12,329,947</u></b>	<b><u>10,360,165</u></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, 2017</b>	<b>December 31, 2016</b>
Rupiah - Current	<u>1,635,133</u>	<u>508,370</u>
Foreign currencies:		
Current	10,694,825	9,851,849
Loss	3,431	2,995
Total (Note 61B.(v))	<u>10,698,256</u>	<u>9,854,844</u>
	12,333,389	10,363,214
Less: Allowance for impairment losses	(3,442)	(3,049)
	<b><u>12,329,947</u></b>	<b><u>10,360,165</u></b>

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	0.01%	0.01%
Foreign currencies	0.02%	0.07%

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

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

	December 31, 2017	December 31, 2016
Beginning balance	3,049	3,412
Reversal during the year (Note 44)	(44)	(176)
Others*)	437	(187)
<b>Ending balance</b>	<b>3,442</b>	<b>3,049</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, 2017				
	Maturity	Current	Loss	Total
<b>Rupiah:</b>				
Bank Indonesia	< 1 month	22,240,876	-	22,240,876
Call money	< 1 month	3,451,000	-	3,451,000
	≥ 1 month ≤ 3 months	295,000	-	295,000
	> 3 months ≤ 6 months	240,000	-	240,000
Time deposit	< 1 month	1,495,840	-	1,495,840
	≥ 1 month ≤ 3 months	1,238,560	-	1,238,560
	> 3 months ≤ 6 months	611,600	-	611,600
	> 6 months ≤ 12 months	110,000	-	110,000
Saving	> 12 months	124,890	-	124,890
	no maturity	901	-	901
Total		29,808,667	-	29,808,667
<b>Foreign currencies:</b>				
Bank Indonesia	< 1 month	26,090,303	-	26,090,303
	≥ 1 month ≤ 3 months	6,105,375	-	6,105,375
Call money	< 1 month	7,707,458	-	7,707,458
	> 3 months < 6 months	274,743	-	274,743
	> 12 month	-	48,593	48,593
Fixed-term placement	< 1 month	3,919,572	-	3,919,572
	≥ 1 month ≤ 3 months	198,184	-	198,184
	> 3 months ≤ 6 months	123,871	-	123,871
	> 12 months	-	1,120	1,120
Time deposit	< 1 month	255,440	-	255,440
	> 1 month < 3 months	117,190	-	117,190
Total (Note 61B.(v))		44,792,136	49,713	44,841,849
				74,650,516
Less: Allowance for impairment losses				(49,713)
Net				<b>74,600,803</b>

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

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

December 31, 2016				
	Maturity	Current	Loss	Total
<b>Rupiah:</b>				
Bank Indonesia	< 1 month	27,566,169	-	27,566,169
Call money	< 1 month	6,522,000	-	6,522,000
Fixed-term placement	< 1 month	100,000	-	100,000
	≥ 1 month ≤ 3 months	70,000	-	70,000
Time deposit	< 1 month	2,183,958	-	2,183,958
	≥ 1 month ≤ 3 months	1,228,915	-	1,228,915
	> 3 months ≤ 6 months	409,632	-	409,632
	> 6 months ≤ 12 months	76,500	-	76,500
Saving	no maturity	311	-	311
<b>Total</b>		<b>38,157,485</b>	<b>-</b>	<b>38,157,485</b>
<b>Foreign currencies:</b>				
Bank Indonesia	< 1 month	31,660,375	-	31,660,375
Call money	< 1 month	2,777,111	-	2,777,111
	> 6 months ≤ 12 months	593	-	593
	> 12 months	-	42,426	42,426
Fixed-term placement	< 1 month	587,401	-	587,401
	≥ 1 month ≤ 3 months	221,153	-	221,153
	> 3 months ≤ 6 months	123,004	-	123,004
	> 12 months	-	977	977
Time deposit	< 1 month	117,618	-	117,618
	≥ 1 month ≤ 3 months	12,092	-	12,092
<b>Total (Note 61B.(v))</b>		<b>35,499,347</b>	<b>43,403</b>	<b>35,542,750</b>
				73,700,235
Less: Allowance for impairment losses				(83,308)
<b>Net</b>				<b>73,616,927</b>

b. By related parties and third parties:

	December 31, 2017	December 31, 2016
<b>Rupiah:</b>		
Related parties (Note 55)	751,020	1,197,075
Third parties	29,057,647	36,960,410
<b>Total</b>	<b>29,808,667</b>	<b>38,157,485</b>
<b>Foreign currencies:</b>		
Related parties (Note 55)	2,401,147	528,496
Third parties	42,440,702	35,014,254
<b>Total (Note 61B.(v))</b>	<b>44,841,849</b>	<b>35,542,750</b>
	74,650,516	73,700,235
Less: Allowance for impairment losses	(49,713)	(83,308)
<b>Net</b>	<b>74,600,803</b>	<b>73,616,927</b>

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

c. Average interest rate (yield) per annum:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	2.38%	2.53%
Foreign currencies	1.09%	0.48%

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	83,308	66,760
(Reversal)/allowance during the year (Note 44)	(53,290)	21,415
Others*)	19,695	(4,867)
<b>Balance at end of year</b>	<b>49,713</b>	<b>83,308</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.

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

f. Bank Mandiri has a placement with a financial institution (in liquidation), which has been classified as loss or “impaired”. Bank Mandiri’s claims that have been approved by the Trustee based on the creditors meeting on November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a net-off with the balance of demand deposit, inter-bank call money and L/C UPAS payable of the Subsidiary to the financial institution. The balances of Bank Mandiri’s placement with the financial institution (in liquidation) as of December 31, 2017 and 2016 were EUR3,061,829 (full amount), respectively. As of December 31, 2017 and 2016, Bank Mandiri has established full allowance for impairment losses on the remaining outstanding balance of placement with the financial institution.

**7. MARKETABLE SECURITIES**

a. By purpose, related parties and third parties:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	1,834,067	2,044,697
Available for sale	8,221,431	7,807,931
Held to maturity	2,116,345	1,920,506
At cost*)	632,808	392,044
	<b>12,804,651</b>	<b>12,165,178</b>

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2017	December 31, 2016
Third parties:		
Fair value through profit or loss	1,674,105	2,708,846
Available for sale	17,335,737	14,503,106
Held to maturity	6,146,605	9,348,361
At cost*)	518,153	246,146
	<u>25,674,600</u>	<u>26,806,459</u>
<u>Investments in unit-link contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	7,970,812	6,406,370
Third parties:		
Fair value through profit or loss	13,081,638	11,444,472
<b>Total</b>	<u>59,531,701</u>	<u>56,822,479</u>
Less:		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	<u>78,271</u>	<u>(270,836)</u>
<b>Net</b>	<u><b>59,609,972</b></u>	<u><b>56,551,643</b></u>

\*) Marketable securities owned by Subsidiary.

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

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

	December 31, 2017						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,612,046	-	14,081	1,621,127	5,000	-	1,626,127
Investments in mutual fund units	526,680	-	1,106	527,786	-	-	527,786
Certificates of Bank Indonesia	291,304	-	3,351	294,655	-	-	294,655
Shares	215,580	-	(787)	214,793	-	-	214,793
Negotiable certificate of deposit	126,255	-	209	126,464	-	-	126,464
	<u>2,771,865</u>	<u>-</u>	<u>17,960</u>	<u>2,784,825</u>	<u>5,000</u>	<u>-</u>	<u>2,789,825</u>
<u>Investments in unit-link contracts *)</u>							
Shares	20,783,990	-	-	20,783,990	-	-	20,783,990
Investments in mutual fund units	262,331	-	-	262,331	-	-	262,331
Bonds	6,129	-	-	6,129	-	-	6,129
	<u>21,052,450</u>	<u>-</u>	<u>-</u>	<u>21,052,450</u>	<u>-</u>	<u>-</u>	<u>21,052,450</u>
	<u>23,824,315</u>	<u>-</u>	<u>17,960</u>	<u>23,837,275</u>	<u>5,000</u>	<u>-</u>	<u>23,842,275</u>

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

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

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2017						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Available for sale							
Investments in mutual fund units	9,352,800	-	47,508	9,400,308	-	-	9,400,308
Bonds	4,108,430	-	54,775	4,163,205	-	-	4,163,205
Negotiable Certificate of Deposit	510,334	-	2,949	513,283	-	-	513,283
Medium term notes	195,000	-	(66)	194,934	-	-	194,934
Certificates of Bank Indonesia	123,356	-	-	123,356	-	-	123,356
Shares	19,573	-	-	19,573	-	-	19,573
	<u>14,309,493</u>	<u>-</u>	<u>105,166</u>	<u>14,414,659</u>	<u>-</u>	<u>-</u>	<u>14,414,659</u>
Held to maturity							
Bonds	2,349,201	-	-	2,349,201	-	-	2,349,201
Certificates of Bank Indonesia	2,830,000	(7,771)	-	2,822,229	-	-	2,822,229
Export bills	735,654	-	-	735,654	-	-	735,654
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>6,159,855</u>	<u>(7,771)</u>	<u>-</u>	<u>6,152,084</u>	<u>-</u>	<u>-</u>	<u>6,152,084</u>
At cost****)							
Sharia Corporate bonds	1,121,000	-	-	1,121,000	-	-	1,121,000
Export bills	29,961	-	-	29,961	-	-	29,961
	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>
Total	<u>45,444,624</u>	<u>(7,771)</u>	<u>123,126</u>	<u>45,554,979</u>	<u>5,000</u>	<u>-</u>	<u>45,559,979</u>
Foreign currencies:							
Fair value through profit or loss							
Bonds	135,537	-	135	135,672	-	-	135,672
Treasury bills	600,770	-	119	600,889	-	-	600,889
	<u>736,307</u>	<u>-</u>	<u>254</u>	<u>736,561</u>	<u>-</u>	<u>-</u>	<u>736,561</u>
Available for sale							
Bonds	4,434,647	-	57,984	4,492,631	-	-	4,492,631
Treasury bills	1,673,445	-	(11,848)	1,661,597	-	-	1,661,597
Certificates of Bank Indonesia	4,408,498	-	(2,515)	4,405,983	-	-	4,405,983
Investment in the mutual fund units	731,085	-	2,309	733,394	-	-	733,394
	<u>11,247,675</u>	<u>-</u>	<u>45,930</u>	<u>11,293,605</u>	<u>-</u>	<u>-</u>	<u>11,293,605</u>
Held to maturity							
Bonds	312,053	(1,534)	-	310,519	-	-	310,519
Export bills	1,791,042	-	-	1,791,042	-	-	1,791,042
	<u>2,103,095</u>	<u>(1,534)</u>	<u>-</u>	<u>2,101,561</u>	<u>-</u>	<u>-</u>	<u>2,101,561</u>
Total (Note 61B.(v))	<u>14,087,077</u>	<u>(1,534)</u>	<u>46,184</u>	<u>14,131,727</u>	<u>-</u>	<u>-</u>	<u>14,131,727</u>
	<u>59,531,701</u>	<u>(9,305)</u>	<u>169,310</u>	<u>59,686,706</u>	<u>5,000</u>	<u>-</u>	<u>59,691,706</u>
Less: Allowance for impairment losses							(81,734)
<b>Net</b>							<b><u>59,609,972</u></b>

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

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

\*\*\*) Marketable securities owned by Subsidiary.

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2016						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,878,559	-	13,724	1,892,283	-	-	1,892,283
Investments in mutual fund units	1,017,069	-	2,332	1,019,401	-	-	1,019,401
Certificates of Bank Indonesia	971,669	-	2,462	974,131	-	-	974,131
Shares	5,558	-	63	5,621	-	-	5,621
	<u>3,872,855</u>	<u>-</u>	<u>18,581</u>	<u>3,891,436</u>	<u>-</u>	<u>-</u>	<u>3,891,436</u>
<u>Investments in unit-link contracts *)</u>							
Shares	17,658,330	-	-	17,658,330	-	-	17,658,330
Investments in mutual fund units	178,821	-	-	178,821	-	-	178,821
Bonds	13,691	-	-	13,691	-	-	13,691
	<u>17,850,842</u>	<u>-</u>	<u>-</u>	<u>17,850,842</u>	<u>-</u>	<u>-</u>	<u>17,850,842</u>
	<u>21,723,697</u>	<u>-</u>	<u>18,581</u>	<u>21,742,278</u>	<u>-</u>	<u>-</u>	<u>21,742,278</u>
Available for sale							
Investments in mutual fund units	9,002,000	-	52,896	9,054,896	-	-	9,054,896
Bonds	3,447,793	-	(7,683)	3,440,110	-	-	3,440,110
Negotiable Certificate of Deposit	452,394	-	(408)	451,986	-	-	451,986
Medium term notes	499,000	-	-	499,000	-	-	499,000
Certificates of Bank Indonesia	190,330	-	-	190,330	-	-	190,330
	<u>13,591,517</u>	<u>-</u>	<u>44,805</u>	<u>13,636,322</u>	<u>-</u>	<u>-</u>	<u>13,636,322</u>
Held to maturity							
Bonds	2,743,959	-	-	2,743,959	-	-	2,743,959
Certificates of Bank Indonesia	5,250,000	(3,241)	-	5,246,759	-	-	5,246,759
Medium term notes	800,000	(515)	-	799,485	-	-	799,485
Export bills	640,454	-	-	640,262	-	192	640,454
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>9,679,413</u>	<u>(3,756)</u>	<u>-</u>	<u>9,675,465</u>	<u>-</u>	<u>192</u>	<u>9,675,657</u>
At cost****)							
Sharia Corporate bonds	544,000	-	-	407,000	-	137,000	544,000
Export bills	94,190	-	-	94,190	-	-	94,190
	<u>638,190</u>	<u>-</u>	<u>-</u>	<u>501,190</u>	<u>-</u>	<u>137,000</u>	<u>638,190</u>
<b>Total</b>	<b>45,632,817</b>	<b>(3,756)</b>	<b>63,386</b>	<b>45,555,255</b>	<b>-</b>	<b>137,192</b>	<b>45,692,447</b>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	666,808	-	237	667,045	-	-	667,045
Certificates of Bank Indonesia	213,880	-	606	214,486	-	-	214,486
	<u>880,688</u>	<u>-</u>	<u>843</u>	<u>881,531</u>	<u>-</u>	<u>-</u>	<u>881,531</u>
Available for sale							
Bonds	4,979,168	-	(83,738)	4,895,430	-	-	4,895,430
Treasury bills	874,106	-	(6,263)	867,843	-	-	867,843
Certificates of Bank Indonesia	2,866,246	-	(691)	2,865,555	-	-	2,865,555
	<u>8,719,520</u>	<u>-</u>	<u>(90,692)</u>	<u>8,628,828</u>	<u>-</u>	<u>-</u>	<u>8,628,828</u>
Held to maturity							
Bonds	242,505	(1,673)	-	240,832	-	-	240,832
Export bills	1,346,949	-	-	1,335,455	-	11,494	1,346,949
	<u>1,589,454</u>	<u>(1,673)</u>	<u>-</u>	<u>1,576,287</u>	<u>-</u>	<u>11,494</u>	<u>1,587,781</u>
<b>Total (Note 61B.(v))</b>	<b>11,189,662</b>	<b>(1,673)</b>	<b>(89,849)</b>	<b>11,086,646</b>	<b>-</b>	<b>11,494</b>	<b>11,098,140</b>
	<u>56,822,479</u>	<u>(5,429)</u>	<u>(26,463)</u>	<u>56,641,901</u>	<u>-</u>	<u>148,686</u>	<u>56,790,587</u>
Less: Allowance for impairment losses							(238,944)
<b>Net</b>							<b>56,551,643</b>

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

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

\*\*\*) Marketable securities owned by Subsidiary.

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**7. MARKETABLE SECURITIES (continued)**

c. By remaining period to maturity:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,576,834	2,069,627
≤ 1 year	8,127,491	12,714,475
> 1 ≤ 5 years	13,583,882	12,205,873
> 5 ≤ 10 years	1,103,967	292,000
> 10 years	-	500,000
<b>Total</b>	<b>24,392,174</b>	<b>27,781,975</b>
Foreign currencies:		
≤ 1 year	7,725,992	6,084,373
> 1 ≤ 5 years	2,483,729	1,396,241
> 5 ≤ 10 years	3,877,356	3,709,048
<b>Total</b>	<b>14,087,077</b>	<b>11,189,662</b>
<u>Investments in unit-link *</u>		
Rupiah:		
No maturity date	21,046,321	17,837,151
≤ 1 year	6,129	13,691
<b>Total</b>	<b>21,052,450</b>	<b>17,850,842</b>
<b>Less:</b>		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	<b>78,271</b>	<b>(270,836)</b>
<b>Net</b>	<b>59,609,972</b>	<b>56,551,643</b>

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

d. By issuer:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Marketable securities</u>		
Corporate	21,482,803	22,085,455
Central Bank	7,938,652	9,640,796
Banks	5,814,264	4,430,309
Government	3,243,532	2,815,077
	<b>38,479,251</b>	<b>38,971,637</b>

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**7. MARKETABLE SECURITIES (continued)**

d. By issuer (continued):

	December 31, 2017	December 31, 2016
<u>Investments in unit-link contracts *)</u>		
Bank	6,366,583	4,448,743
Corporate	14,685,867	13,402,099
	<u>21,052,450</u>	<u>17,850,842</u>
<b>Total</b>	<b><u>59,531,701</u></b>	<b><u>56,822,479</u></b>
<b>Less:</b>		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	<u>78,271</u>	<u>(270,836)</u>
<b>Net</b>	<b><u>59,609,972</u></b>	<b><u>56,551,643</u></b>

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

e. Details of bonds by rating:

	Rating Agencies	Rating*)		Fair value/At cost/Amortised cost	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<u>Marketable securities</u>					
Bonds					
Pemerintah Republik Indonesia**)	-	-	-	1,258,471	1,437,182
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	idAAA	idAAA	41,341	133,292
PT Federal International Finance	Pefindo	idAAA	idAAA	25,661	25,209
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAAA	7,209	20,452
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA	idAA+	20,851	19,387
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	5,089	4,909
Others	Various	Various	Various	267,505	251,852
				<u>1,626,127</u>	<u>1,892,283</u>

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

\*\*\*) Has no rating.

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**7. MARKETABLE SECURITIES (continued)**

e. Details of bonds by rating (continued):

	Rating Agencies	Rating*)		Fair value/At cost/Amortised cost	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Rupiah (continued)</b>					
<b>Fair value through profit or loss (continued)</b>					
<u>Investments in unit-link (***)</u>					
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	-	1,969
Others	Various	Various	Various	6,129	11,722
				<u>6,129</u>	<u>13,691</u>
				<u>1,632,256</u>	<u>1,905,974</u>
<b>Available for sale</b>					
<u>Marketable securities</u>					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	10,447	360,905
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAA+	-	295,093
PT Telekomunikasi Indonesia Tbk	Pefindo	idAAA	idAAA	260,825	266,102
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	213,642	229,000
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	158,882	157,713
PT Bank OCBC NISPTbk.	Pefindo	idAAA	idAAA	175,733	126,713
PT Medco Energi Internasional Tbk.	Pefindo	-	idA+	-	70,000
PT Bank Maybank Indonesia Tbk.	Pefindo	-	idAAA	-	25,020
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	-	366,081	-
PT Bank Tabungan Negara (Persero) Tbk.	Moody's	Baa3	-	463,545	-
PT Hutama Karya (Persero)	Pefindo	idAAA	-	326,844	-
Perum Pegadaian	Pefindo	idAAA	-	264,917	-
Others	Various	Various	Various	1,922,289	1,909,564
				<u>4,163,205</u>	<u>3,440,110</u>
<b>Held to maturity</b>					
<u>Marketable securities</u>					
Bonds					
PT Hutama Karya (Persero)	Pefindo	idAAA	-	650,000	-
PT Tunas Baru Lampung Tbk.	Pefindo	-	idA	-	500,000
PT Surya Artha Nusantara Finance	Pefindo	idAA-	idAA-	300,000	600,000
PT Medco Energi International Tbk.	Pefindo	-	idA+	-	223,000
PT Mayora Indah Tbk	Pefindo	idAA	idAA-	74,000	74,000
PT Indosat Tbk	Pefindo	-	idAAA	-	36,000
Others	Various	Various	Various	1,325,201	1,310,959
				<u>2,349,201</u>	<u>2,743,959</u>
<b>At cost**)</b>					
<u>Marketable securities</u>					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	200,000	265,000
PT Berlian Laju Tanker Tbk.	Pefindo	-	idD	-	87,000
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA <sub>(sy)</sub>	-	300,000	-
PT Indosat Tbk	Pefindo	idAAA <sub>(sy)</sub>	-	185,000	-
Others	Various	Various	Various	436,000	192,000
				<u>1,121,000</u>	<u>544,000</u>
<b>Total</b>				<u><b>9,265,662</b></u>	<u><b>8,634,043</b></u>

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

\*\*) Marketable securities owned by Subsidiary.

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

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**7. MARKETABLE SECURITIES (continued)**

e. Details of bonds by rating (continued):

	Rating Agencies	Rating*)		Fair value/At cost/Amortised cost	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Foreign currencies</b>					
<b>Fair value through profit and loss</b>					
<b>Marketable Securities</b>					
Bonds					
Agricultural Bank of China, HK	Moody's	A2	-	135,672	-
<b>Available for sale</b>					
<b>Marketable securities</b>					
Bonds					
PT Pertamina (Persero)	Moody's	Baa3	Baa3	3,678,954	3,523,022
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	501,657	719,270
Bank of China	Fitch	A- (Idn)	-	135,088	-
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	-	Baa3	-	283,630
PT Perusahaan Gas Negara (Persero) Tbk.	Moody's	-	Baa3	-	137,857
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,123	121,253
Others	Various	Various	Various	54,809	110,398
				<u>4,492,631</u>	<u>4,895,430</u>
<b>Held to maturity</b>					
<b>Marketable securities</b>					
Bonds					
PT Pelindo (Persero)	Moody's	Baa3	Baa3	65,337	64,536
PT Soechi Lines Tbk	Moody's	Baa3	Baa3	135,675	134,725
PT Pertamina (Persero)	Moody's	Baa3	Baa3	41,668	41,571
Others	Various	Various	-	67,839	-
				<u>310,519</u>	<u>240,832</u>
<b>Total</b>				<u><b>4,938,822</b></u>	<u><b>5,136,262</b></u>

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

f. Average interest rate (yield) per annum:

	December 31, 2017	December 31, 2016
Rupiah	9.01%	7.62%
Foreign currencies	3.47%	3.74%

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

	December 31, 2017	December 31, 2016
Beginning balance	238,944	309,169
Allowance during the year (Note 44)	8,420	24,094
Write-offs	(137,000)	(87,000)
Others*)	(28,630)	(7,319)
<b>Balance at end of year</b>	<u><b>81,734</b></u>	<u><b>238,944</b></u>

\*) Includes effect of foreign exchange translation.

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

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

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2017	December 31, 2016
Protected Mutual Fund BNP Paribas Selaras IV	2,510,237	2,512,630
Protected Mutual Fund Schroder IDR Income Plan I	1,004,018	1,004,978
Protected Mutual Fund Manulife Dana Utama	1,000,238	1,000,420
Protected Mutual Fund Emco VII	903,789	904,873
Mutual Fund Syailendra USD 2	733,394	-
Protected Mutual Fund Trimegah I	655,022	656,200
Protected Mutual Fund Schroder IDR Income Plan II	654,862	655,976
Protected Mutual Fund Emco VIII	602,719	602,935
Protected Mutual Fund Emco	412,161	412,767
Protected Mutual Fund Trimegah IV	225,990	-
Mutual Fund Indopremier XI	225,470	-
Protected Mutual Fund Trimegah II	196,475	196,118
Protected Mutual Fund Sucorinvest Protection 23	197,568	196,079
	<b>9,321,943</b>	<b>8,142,976</b>

- j. As of December 31, 2017, marketable securities with total nominal amount of Rp420,591 (December 31, 2016: RpNil) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2017, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2016: Rp65,000,000 (full amount)) had been pledged as collateral for funds borrowing from other banks (Note 36c).
- l. In October 2016, there was a buy-back of Medium Term Notes of PT Berlina Tbk. at par value by the issuer.

**8. GOVERNMENT BONDS**

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2017 and 2016, with details as follows:

	December 31, 2017	December 31, 2016
Related party (Note 55)		
<u>Government bonds</u>		
Fair value through profit or loss	2,183,356	1,191,310
Available for sale***)	89,073,724	80,334,549
Held to maturity	2,585,950	11,142,896
At cost*)	8,262,937	5,027,262
<u>Investments in unit-link contracts **)</u>		
Fair value through profit or loss	1,305,221	1,237,261
	<b>103,411,188</b>	<b>98,933,278</b>

\*) Government bonds owned by Subsidiary.

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

\*\*\*) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

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**8. GOVERNMENT BONDS (continued)**

a. By maturity

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

	December 31, 2017	December 31, 2016
<b>Rupiah</b>		
<b>Fair value through profit or loss</b>		
<u>Government bonds</u>		
Less than 1 year	52,129	18,914
1 - 5 years	380,830	242,405
5 - 10 years	930,280	615,527
Over 10 years	408,294	299,932
	1,771,533	1,176,778
<u>Investments in unit-link **)</u>		
Less than 1 year	162,620	189,725
1 - 5 years	139,777	122,176
5 - 10 years	427,886	393,688
Over 10 years	574,938	531,672
	1,305,221	1,237,261
	3,076,754	2,414,039
<b>Available for sale***)</b>		
Less than 1 year	11,138,974	1,482,131
1 - 5 years	39,734,215	45,568,301
5 - 10 years	9,670,265	5,885,572
Over 10 years	5,460,700	4,297,009
	66,004,154	57,233,013
<b>Held to maturity</b>		
Less than 1 year	58,547	9,357,392
1 - 5 years	25,055	82,625
5 - 10 years	133,387	59,405
Over 10 years	256,911	319,712
	473,900	9,819,134
<b>At cost*)</b>		
Less than 1 year	3,868,179	122,659
1 - 5 years	4,254,474	4,761,487
	8,122,653	4,884,146
<b>Total</b>	<b>77,677,461</b>	<b>74,350,332</b>

\*) Government bonds owned by Subsidiary.

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

\*\*\*) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

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**8. GOVERNMENT BONDS (continued)**

a. By maturity (continued)

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

	December 31, 2017	December 31, 2016
<b>Foreign currency</b>		
<b>Fair value through profit or loss</b>		
1 - 5 years	34,953	5,461
5 - 10 years	303,591	3,687
Over 10 years	73,279	5,384
	<u>411,823</u>	<u>14,532</u>
<b>Available for sale</b>		
Less than 1 year	161,735	6,379,279
1 - 5 years	12,743,703	8,062,070
5 - 10 Years	9,346,317	8,241,438
Over 10 years	817,815	418,749
	<u>23,069,570</u>	<u>23,101,536</u>
<b>Held to maturity</b>		
Less than 1 year	-	26,922
1 - 5 years	977,963	71,160
5 - 10 years	1,134,087	1,225,680
	<u>2,112,050</u>	<u>1,323,762</u>
<b>At cost*)</b>		
1 - 5 years	140,284	143,116
Total (Note 61B.(v))	<u>25,733,727</u>	<u>24,582,946</u>
	<b><u>103,411,188</u></b>	<b><u>98,933,278</u></b>

\*) Government bonds owned by Subsidiary.

b. By type

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<u>1,605,714</u>	5.25%- 12.90%	<u>1,771,533</u>	25/01/2018 - 15/05/2048	1 and 6 months
<b>Investments in unit-link contracts **)</b>					
Fixed rate bonds	<u>1,305,221</u>	5.25% - 11.00%	<u>1,305,221</u>	04/01/2018 - 15/05/2038	1 and 6 months

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

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**8. GOVERNMENT BONDS (continued)**

b. By type (continued)

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Rupiah (continued)</b>					
<b>Available for sale***)</b>					
Fixed rate bonds	32,930,013	5.25% - 12.90%	35,438,787	25/01/2018 - 15/02/2044	1 and 6 months
Variable rate bonds	30,796,790	SPN 3 months	30,565,367	25/08/2018 - 25/07/2020	3 months
	<b>63,726,803</b>		<b>66,004,154</b>		

December 31, 2017				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Held to maturity</b>				
Fixed rate bonds	<b>473,900</b>	5.63% - 11.75%	15/09/2018 - 15/05/2037	6 months
<b>At cost*)</b>				
Fixed rate bonds	<b>8,122,653</b>	6.25% - 8.63%	05/01/2018 - 15/09/2020	1 month & 6 months

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Foreign Currencies</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<b>408,533</b>	2.25% - 7.75%	<b>411,823</b>	15/03/2019 - 11/01/2048	6 months
<b>Available for sale</b>					
Fixed rate bonds	<b>21,824,443</b>	0.65% - 11.63%	<b>23,069,570</b>	17/01/2018 - 11/01/2028	6 months

December 31, 2017				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Foreign Currencies</b>				
<b>Held to maturity</b>				
Fixed rate bonds	<b>2,112,050</b>	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months
<b>At cost*)</b>				
Fixed rate bonds	<b>140,284</b>	6.13%	15/03/2019	6 months

\*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

\*\*\*) Including sukuk, project-based sukuk and retail bonds that are classified as at fair value through other comprehensive income.

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**8. GOVERNMENT BONDS (continued)**

b. By type (continued)

December 31, 2016					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<u>Government bonds</u>					
Fixed rate bonds	<u>1,139,461</u>	5.25%-12.90%	<u>1,176,778</u>	15/03/2017 - 15/02/2044	1 and 6 months
<u>Investments in unit-link contracts *)</u>					
Fixed rate bonds	<u>1,237,261</u>	6.25%-11.00%	<u>1,237,261</u>	06/01/2017 - 15/05/2036	1 and 6 months
<b>Available for sale **)</b>					
Fixed rate bonds	25,773,223	5.25%-12.90%	26,288,246	15/10/2017 - 15/02/2044	1 and 6 months
Variable rate bonds	<u>31,276,192</u>	SPN 3 months	<u>30,944,767</u>	25/09/2017 - 25/07/2020	3 months
	<u><b>57,049,415</b></u>		<u><b>57,233,013</b></u>		

December 31, 2016					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
<b>Rupiah</b>					
<b>Held to maturity</b>					
Fixed rate bonds	463,436	5.63% - 11.75%	15/07/2017 - 15/05/2037	6 months	
Variable rate bonds	<u>9,355,698</u>	SPN 3 months	25/02/2017	3 months	
	<u><b>9,819,134</b></u>				

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

\*\*\*) Including sukuk, project-based sukuk and retail bonds that are classified as at fair value through other comprehensive income.

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**8. GOVERNMENT BONDS (continued)**

b. By type (continued)

	December 31, 2016			
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Rupiah (continued)</b>				
<b>At cost*)</b>				
Fixed rate bonds	<u>4,884,146</u>	6.25% - 8.75%	27/01/2017 - 15/09/2020	1 and 6 months

	December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Foreign Currencies</b>					
<b>Fair value through profit or loss</b>					
<b>Government bonds</b>					
Fixed rate bonds	<u>14,483</u>	3.30%-6.13%	<u>14,532</u>	21/11/2018 - 15/04/2043	6 months
<b>Available for sale</b>					
Fixed rate bonds	<u>22,247,576</u>	2.63%-11.63%	<u>23,101,536</u>	09/03/2017 - 08/01/2027	6 months

	December 31, 2016			
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
<b>Foreign Currencies</b>				
<b>Held to maturity</b>				
Fixed rate bonds	<u>1,323,762</u>	3.75%-7.00%	09/03/2017 - 08/01/2026	6 months
<b>At cost*)</b>				
Fixed rate bonds	<u>143,116</u>	6.13%	15/03/2019	6 months

\*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

c. Other information

As of December 31, 2017, Government Bonds with total nominal amount of Rp3,742,551 were sold under repurchase agreements (December 31, 2016: Rp3,986,742) (Note 28).

As of December 31, 2017, Government Bonds with total nominal amount of Rp944,322 and USD356,795,000 (full amount) (December 31, 2016: Rp3,107,276 and USD597,796,000 (full amount)) had been pledged as collateral for fund borrowings from other banks (Notes 36b and 36c).

As of December 31, 2017 and 2016, Bank Indonesia's collectibility for government bonds are current.

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**9. OTHER RECEIVABLES - TRADE TRANSACTIONS**

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

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	1,276,347	799,513
Others	8,255,790	3,474,664
	<u>9,532,137</u>	<u>4,274,177</u>
Third parties		
Usance L/C payable at sight	926,575	1,285,395
Others	5,456,673	4,098,043
	<u>6,383,248</u>	<u>5,383,438</u>
Total	<u>15,915,385</u>	<u>9,657,615</u>
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	534,782	1,251,753
Others	450,668	408,370
	<u>985,450</u>	<u>1,660,123</u>
Third parties		
Usance L/C payable at sight	2,720,441	1,632,983
Others	5,818,201	2,973,397
	<u>8,538,642</u>	<u>4,606,380</u>
Total (Note 61B.(v))	<u>9,524,092</u>	<u>6,266,503</u>
	25,439,477	15,924,118
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
<b>Net</b>	<b><u>24,090,128</u></b>	<b><u>14,167,271</u></b>

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	24,062,284	14,672,747
Special mention	241,666	122,541
Doubtful	2,322	-
Loss	1,133,205	1,128,830
Total	<u>25,439,477</u>	<u>15,924,118</u>
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
<b>Net</b>	<b><u>24,090,128</u></b>	<b><u>14,167,271</u></b>

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

c. By maturity:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Less than 1 month	6,068,662	2,586,373
1 - 3 months	6,148,258	4,144,984
3 - 6 months	3,308,151	2,748,940
6 - 12 months	244,370	31,374
Over 12 months	145,944	145,944
<b>Total</b>	<b>15,915,385</b>	<b>9,657,615</b>
Foreign currencies:		
Less than 1 month	1,900,057	1,211,291
1 - 3 months	3,351,420	2,274,143
3 - 6 months	2,812,789	1,844,232
6 - 12 months	517,268	879
Over 12 months	942,558	935,958
<b>Total (Note 61B.(v))</b>	<b>9,524,092</b>	<b>6,266,503</b>
	25,439,477	15,924,118
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
<b>Net</b>	<b>24,090,128</b>	<b>14,167,271</b>

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	1,756,847	1,727,747
(Reversal)/allowance during the year (Note 44)	(425,563)	35,085
Others*)	18,065	(5,985)
<b>Balance at end of year</b>	<b>1,349,349</b>	<b>1,756,847</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.

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**10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS**

a. Securities purchased under resale agreements

<b>December 31, 2017</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					
Bond FR0071	14/12/2017	04/01/2018	527,249	221	527,028
Bond FR0068	06/12/2017	03/01/2018	482,532	122	482,410
Bond FR0066	13/12/2017	15/01/2018	453,140	895	452,245
Bond FR0054	20/12/2017	17/01/2018	298,656	608	298,048
Bond FR0061	08/12/2017	08/01/2018	187,671	183	187,488
Bond FR0069	20/12/2017	03/01/2018	139,739	41	139,698
Bond FR0054	22/12/2017	05/01/2018	108,409	66	108,343
SPN03180215	27/12/2017	03/01/2018	94,412	22	94,390
Bond IDSD080618182S	27/12/2017	04/01/2018	88,007	33	87,974
Shares	28/07/2017	24/01/2018	53,250	446	52,804
Bond FR0065	06/12/2017	03/01/2018	45,894	12	45,882
Bond FR0070	08/12/2017	09/03/2018	43,301	386	42,915
Shares	25/01/2017	25/01/2018	34,563	334	34,229
Shares	12/05/2017	03/05/2018	26,125	805	25,320
Shares	12/07/2017	03/07/2018	26,125	830	25,295
Shares	12/11/2017	03/12/2018	26,138	892	25,246
<b>Total</b>			<b>2,635,211</b>	<b>5,896</b>	<b>2,629,315</b>

<b>December 31, 2016</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					
Bond FR0028	28/12/2016	04/01/2017	1,016,047	402	1,015,645
Bond ORI013	29/12/2016	06/01/2017	448,730	423	448,307
Bond FR0060	28/12/2016	04/01/2017	437,174	173	437,001
Bond FR0056	29/12/2016	05/01/2017	297,961	223	297,738
Bond FR0066	30/12/2016	06/01/2017	263,928	238	263,690
Bond FR0070	29/12/2016	05/01/2017	203,509	152	203,357
Bond FR0073	28/12/2016	04/01/2017	200,534	108	200,426
SPN142-110517	28/12/2016	04/01/2017	185,908	74	185,834
SPN144-080617	28/12/2016	04/01/2017	184,957	73	184,884
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	07/12/2016	04/01/2017	171,686	99	171,587
Bond FR0059	19/12/2016	19/01/2017	170,657	594	170,063
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	07/12/2016	04/01/2017	150,226	86	150,140
Bond FR0028	28/12/2016	04/01/2017	147,326	58	147,268
Bond FR0053	21/12/2016	05/01/2017	92,791	83	92,708
Bond FR0073	28/12/2016	04/01/2017	52,521	28	52,493
Shares	18/11/2016	18/05/2017	53,519	2,705	50,814
SBN	27/12/2016	03/01/2017	48,659	19	48,640
SBN	28/12/2016	04/01/2017	46,772	25	46,747
SPN140-130417	28/12/2016	04/01/2017	46,696	18	46,678
SBN	28/12/2016	11/01/2017	40,303	61	40,242
SBN	30/12/2016	31/03/2017	36,599	505	36,094
Shares	10/11/2016	10/11/2017	29,563	3,970	25,593
Shares	14/11/2016	14/11/2017	29,563	4,017	25,546
Shares	16/11/2016	16/11/2017	29,563	4,040	25,523
<b>Total</b>			<b>5,074,812</b>	<b>20,324</b>	<b>5,054,488</b>

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

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	2,629,315	5,054,488

As of December 31, 2017 and 2016, there was no impairment therefore the allowance for impairment losses on securities purchased under resale agreements is not provided.

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

**11. DERIVATIVE RECEIVABLES AND PAYABLES**

As of December 31, 2017, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Related parties (Note 55)</b>			
<u>Foreign exchange related</u>			
1. Forward - buy United States Dollar	393,506	3,256	-
2. Forward - sell United States Dollar	5,639,641	3,515	2,364
3. Swap - buy United States Dollar	747,940	526	688
4. Swap - sell United States Dollar	4,428,368	13,314	1,307
5. Option - buy United States Dollar Others	- -	3,213 -	- 6,216
<u>Interest rate related</u>			
1. Swap - interest rate Others		-	6,007
Total related parties		23,824	16,582

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

As of December 31, 2017, the summary of derivative transactions is as follows: (continued)

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Third parties</b>			
<u>Foreign exchange related</u>			
1. Forward - buy			
United States Dollar	2,725,088	11,995	2,712
Others	6,307,773	59,527	26,133
2. Forward - sell			
United States Dollar	6,857,671	8,550	27,817
Others	77,022	295	142
3. Swap - buy			
United States Dollar	10,858,769	8,720	13,648
Other	206,027	1,205	-
4. Swap - sell			
United States Dollar	67,896,411	189,057	31,576
Others	4,611,905	-	82,652
5. Option - buy			
United States Dollar		10,197	-
Others		26,710	18,205
6. Option - sell			
United States Dollar		-	1
Others		-	13
<u>Interest rate related</u>			
1. Swap - interest rate			
Others		106,379	56,762
Total third parties		422,635	259,661
<b>Total</b>		<b>446,459</b>	<b>276,243</b>

As of December 31, 2016, 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	2,027,885	336	2,882
Others	5,678	2	-
2. Swap - buy			
United States Dollar	1,347,250	-	300
3. Swap - sell			
United States Dollar	6,598,314	3,154	6,824
<u>Interest rate related</u>			
1. Swap - interest rate			
Others		168	52
Total related parties		3,660	10,058

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

As of December 31, 2016, the summary of derivative transactions is as follows (continued):

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Third parties</b>			
<u>Foreign exchange related</u>			
1. Forward - buy			
United States Dollar	2,339,530	21,364	3,336
Others	1,987,282	2,176	59,376
2. Forward - sell			
United States Dollar	4,352,298	12,323	27,668
Others	40,381	576	29
3. Swap - buy			
United States Dollar	2,626,577	17,520	2,148
Other	623,476	661	2,413
4. Swap - sell			
United States Dollar	18,001,365	25,038	164,113
Others	2,802,046	63,701	980
5. Option - buy			
United States Dollar		116	2,377
Others		15	-
6. Option - sell			
United States Dollar		3,012	1,336
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar		87,941	225,747
Others		1,157	2,888
Total third parties		235,600	492,411
<b>Total</b>		<b>239,260</b>	<b>502,469</b>

As of December 31, 2017, the Subsidiary has cross currency and interest rate swap contract which meet the criterias and effectively applied as cashflow hedge. The losses from value changes related to effective portion of cashflow hedge are recognized as other comprehensive income.

As of December 31, 2016, derivative contracts were not designated as hedge accounting.

As of December 31, 2017 and 2016, Bank Indonesia's collectibility for derivative receivables is current.

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

A. Details of loans and sharia receivables/financing:

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	90,072,204	78,579,405
Third parties	512,095,941	478,173,216
<b>Total</b>	<b>602,168,145</b>	<b>556,752,621</b>

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

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

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

	December 31, 2017	December 31, 2016
Foreign currencies:		
Related parties (Note 55)	23,539,208	21,622,078
Third parties	86,330,512	70,948,254
Total (Note 61B.(v))	109,869,720	92,570,332
	712,037,865	649,322,953
Less: Allowance for impairment losses	(33,745,345)	(32,616,760)
<b>Net</b>	<b>678,292,520</b>	<b>616,706,193</b>

b.1 By type:

	December 31, 2017		
	Non-impaired <sup>*)</sup>	Impaired <sup>*)</sup>	Total
Rupiah:			
Working capital	230,474,941	31,140,291	261,615,232
Consumer	150,442,096	3,723,343	154,165,439
Investment	124,912,378	16,875,090	141,787,468
Syndicated	20,427,339	1,858,879	22,286,218
Employees	8,764,182	59,078	8,823,260
Government Program	7,164,506	56,305	7,220,811
Export	6,194,715	75,002	6,269,717
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Investment	42,036,195	6,314,678	48,350,873
Syndicated	21,930,718	4,859,111	26,789,829
Working capital	21,584,261	6,246,397	27,830,658
Export	4,606,960	1,893,195	6,500,155
Consumer	397,904	-	397,904
Employees	301	-	301
Total (Note 61B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 <sup>1)</sup>	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) <sup>2)</sup>	(33,745,345)
<b>Net</b>	<b>632,874,007</b>	<b>45,418,513<sup>3)</sup></b>	<b>678,292,520</b>

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

\*\*) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

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

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

b.1 By type (continued):

	December 31, 2016		
	Non-impaired <sup>*)</sup>	Impaired <sup>*)</sup>	Total
Rupiah:			
Working capital	223,899,951	29,197,623	253,097,574
Consumer	125,252,871	3,288,718	128,541,589
Investment	119,239,087	16,620,750	135,859,837
Syndicated	16,744,279	1,884,271	18,628,550
Export	14,230,417	59,184	14,289,601
Employees	5,627,776	48,148	5,675,924
Government program	562,536	97,010	659,546
<b>Total</b>	<b>505,556,917</b>	<b>51,195,704</b>	<b>556,752,621</b>
Foreign currencies:			
Investment	29,812,065	7,699,829	37,511,894
Working capital	23,007,517	4,281,727	27,289,244
Syndicated	19,999,125	3,712,674	23,711,799
Export	2,844,092	817,432	3,661,524
Consumer	395,303	-	395,303
Employees	568	-	568
<b>Total (Note 61B.(v))</b>	<b>76,058,670</b>	<b>16,511,662</b>	<b>92,570,332</b>
	581,615,587	67,707,366 <sup>1)</sup>	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) <sup>2)</sup>	(32,616,760)
<b>Net</b>	<b>576,136,850</b>	<b>40,569,343<sup>3)</sup></b>	<b>616,706,193</b>

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

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

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

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

	December 31, 2017					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	234,186,202	11,530,753	4,724,581	2,876,390	8,297,306	261,615,232
Consumer	143,815,793	7,786,979	592,463	690,773	1,279,431	154,165,439
Investment	132,825,660	4,504,165	1,792,686	666,804	1,998,153	141,787,468
Syndicated	21,841,708	-	326,386	-	118,124	22,286,218
Employees	8,622,457	188,593	1,945	969	9,296	8,823,260
Government program	7,172,501	31,050	1,522	1,367	14,371	7,220,811
Export	6,023,571	171,149	19,460	21,299	34,238	6,269,717
<b>Total</b>	<b>554,487,892</b>	<b>24,212,689</b>	<b>7,459,043</b>	<b>4,257,602</b>	<b>11,750,919</b>	<b>602,168,145</b>

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

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

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

December 31, 2017						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Foreign currencies:						
Investment	45,981,474	1,916,704	-	-	452,695	48,350,873
Syndicated	26,332,091	-	71	-	457,667	26,789,829
Working capital	25,122,098	2,066,624	63,155	26,849	551,932	27,830,658
Export	6,428,391	50,913	9,715	-	11,136	6,500,155
Consumer	397,746	158	-	-	-	397,904
Employees	301	-	-	-	-	301
Total (Note 61B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for Impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
<b>Net</b>	<b>646,390,520</b>	<b>23,440,739</b>	<b>4,879,766</b>	<b>2,240,512</b>	<b>1,340,983</b>	<b>678,292,520</b>
December 31, 2016						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	228,380,147	9,610,239	6,417,582	1,537,514	7,152,092	253,097,574
Investment	126,315,123	4,393,028	2,030,464	209,724	2,911,498	135,859,837
Consumer	119,358,666	6,996,906	480,810	572,467	1,132,740	128,541,589
Syndicated	18,255,518	254,458	-	-	118,574	18,628,550
Export	14,136,640	97,052	9,047	3,901	42,961	14,289,601
Employees	5,446,459	218,593	5,313	1,223	4,336	5,675,924
Government program	589,792	17,789	6,449	5,181	40,335	659,546
Total	512,482,345	21,588,065	8,949,665	2,330,010	11,402,536	556,752,621
Foreign currencies:						
Investment	35,128,070	1,086,854	528,265	-	768,705	37,511,894
Working capital	23,418,079	2,197,826	305,614	162,346	1,205,379	27,289,244
Syndicated	23,248,765	-	98,020	132,260	232,754	23,711,799
Export	3,497,590	95,067	19,829	-	49,038	3,661,524
Consumer	395,303	-	-	-	-	395,303
Employees	568	-	-	-	-	568
Total (Note 61B.(v))	85,688,375	3,379,747	951,728	294,606	2,255,876	92,570,332
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: allowance for Impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
<b>Net</b>	<b>586,384,043</b>	<b>20,418,885</b>	<b>5,830,816</b>	<b>1,517,140</b>	<b>2,555,309</b>	<b>616,706,193</b>

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

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

c.1 By economic sector:

	December 31, 2017		
	Non-impaired <sup>**)</sup>	Impaired <sup>*)**)</sup>	Total
Rupiah:			
Manufacturing	98,526,920	17,344,207	115,871,127
Trading, restaurant and hotel	85,142,761	13,218,809	98,361,570
Agriculture	61,432,699	7,350,245	68,782,944
Business services	47,357,939	3,472,851	50,830,790
Construction	28,081,708	2,406,928	30,488,636
Electricity, gas and water	25,192,462	784,760	25,977,222
Transportation, warehousing and communications	20,587,393	3,272,299	23,859,692
Social services	12,497,952	384,696	12,882,648
Mining	4,923,734	1,656,365	6,580,099
Others	164,636,589	3,896,828	168,533,417
<b>Total</b>	<b>548,380,157</b>	<b>53,787,988</b>	<b>602,168,145</b>
Foreign currencies:			
Manufacturing	24,092,591	12,007,564	36,100,155
Mining	30,594,613	1,455,530	32,050,143
Trading, restaurant and hotel	7,011,450	2,076,382	9,087,832
Agriculture	8,744,158	118,516	8,862,674
Social services	8,178,234	123,335	8,301,569
Electricity, gas and water	5,665,988	808,332	6,474,320
Transportation, warehousing and communications	3,070,827	2,339,367	5,410,194
Business services	1,876,998	376,506	2,253,504
Construction	339,651	2,714	342,365
Others	981,829	5,135	986,964
<b>Total (Note 61B,(v))</b>	<b>90,556,339</b>	<b>19,313,381</b>	<b>109,869,720</b>
	638,936,496	73,101,369 <sup>1)</sup>	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) <sup>2)</sup>	(33,745,345)
<b>Net</b>	<b>632,874,007</b>	<b>45,418,513<sup>3)</sup></b>	<b>678,292,520</b>

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

\*\*\*) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

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

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

c.1 By economic sector (continued):

	December 31, 2016		
	Non-impaired <sup>**</sup> )	Impaired <sup>*)**</sup> )	Total
Rupiah:			
Trading, restaurant and hotel	107,149,575	13,957,534	121,107,109
Manufacturing	90,362,185	15,315,418	105,677,603
Agriculture	52,785,745	6,168,983	58,954,728
Business services	42,510,056	3,795,187	46,305,243
Construction	23,706,108	1,794,246	25,500,354
Electricity, gas and water	23,391,975	635,314	24,027,289
Transportation, warehousing and communications	17,405,573	3,697,791	21,103,364
Social services	7,819,131	259,809	8,078,940
Mining	5,746,421	2,076,354	7,822,775
Others	134,680,148	3,495,068	138,175,216
<b>Total</b>	<b>505,556,917</b>	<b>51,195,704</b>	<b>556,752,621</b>
Foreign currencies:			
Mining	22,696,415	3,303,001	25,999,416
Manufacturing	15,059,702	9,409,650	24,469,352
Trading, restaurant and hotel	9,550,116	260,928	9,811,044
Agriculture	8,452,083	126,579	8,578,662
Transportation, warehousing and communications	3,276,371	2,168,650	5,445,021
Electricity, gas and water	3,186,296	667,539	3,853,835
Social services	2,644,517	67,348	2,711,865
Business services	2,143,143	474,722	2,617,865
Construction	584,740	33,165	617,905
Others	8,465,287	80	8,465,367
<b>Total (Note 61B.(v))</b>	<b>76,058,670</b>	<b>16,511,662</b>	<b>92,570,332</b>
	581,615,587	67,707,366 <sup>1)</sup>	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) <sup>2)</sup>	(32,616,760)
<b>Net</b>	<b>576,136,850</b>	<b>40,569,343<sup>3)</sup></b>	<b>616,706,193</b>

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

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

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

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

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

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

	December 31, 2017					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	101,199,412	6,733,871	3,265,980	956,798	3,715,066	115,871,127
Trading, restaurant and hotel	85,508,876	4,515,525	2,176,081	1,493,189	4,667,899	98,361,570
Agriculture	67,103,494	1,087,041	139,948	32,608	419,853	68,782,944
Business services	49,506,841	805,632	176,547	63,725	278,045	50,830,790
Construction	29,238,274	399,264	344,776	264,207	242,115	30,488,636
Electricity, gas and water	25,475,475	377,364	90,682	28,461	5,240	25,977,222
Transportation, warehousing and communications	20,874,469	1,769,104	452,928	213,722	549,469	23,859,692
Social services	12,407,591	168,594	23,913	161,130	121,420	12,882,648
Mining	5,361,585	259,986	152,692	345,023	460,813	6,580,099
Others	157,811,875	8,096,308	635,496	698,739	1,290,999	168,533,417
<b>Total</b>	<b>554,487,892</b>	<b>24,212,689</b>	<b>7,459,043</b>	<b>4,257,602</b>	<b>11,750,919</b>	<b>602,168,145</b>
Foreign currencies:						
Manufacturing	33,363,964	2,542,405	2,367	-	191,419	36,100,155
Mining	31,169,876	229,602	58,099	-	592,566	32,050,143
Trading, restaurant and hotel	8,805,759	141,005	7,348	-	133,720	9,087,832
Agriculture	8,792,353	-	-	-	70,321	8,862,674
Social services	8,178,234	-	-	-	123,335	8,301,569
Electricity, gas and water	5,924,439	281,342	-	-	268,539	6,474,320
Transportation, warehousing and communications	4,488,577	804,032	-	24,135	93,450	5,410,194
Business services	2,217,578	35,855	71	-	-	2,253,504
Construction	339,651	-	-	2,714	-	342,365
Others	981,670	158	5,056	-	80	986,964
<b>Total (Note 61B,(v))</b>	<b>104,262,101</b>	<b>4,034,399</b>	<b>72,941</b>	<b>26,849</b>	<b>1,473,430</b>	<b>109,869,720</b>
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
<b>Net</b>	<b>646,390,520</b>	<b>23,440,739</b>	<b>4,879,766</b>	<b>2,240,512</b>	<b>1,340,983</b>	<b>678,292,520</b>

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

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

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

December 31, 2016						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
<b>Rupiah:</b>						
Trading, restaurant and hotel	107,913,673	4,839,514	3,793,519	1,112,055	3,448,348	121,107,109
Manufacturing	94,446,088	4,915,204	2,152,608	40,671	4,123,032	105,677,603
Agriculture	57,209,089	986,888	75,295	60,297	623,159	58,954,728
Business services	44,729,723	869,821	192,581	76,067	437,051	46,305,243
Construction	23,904,337	901,357	305,495	61,381	327,784	25,500,354
Electricity, gas and water	23,658,839	8,731	196,449	147,162	16,108	24,027,289
Transportation, warehousing and communications	18,016,349	1,223,535	756,609	146,325	960,546	21,103,364
Social services	7,772,294	217,801	13,150	18,052	57,643	8,078,940
Mining	6,243,773	360,938	907,571	89,824	220,669	7,822,775
Others	128,588,180	7,264,276	556,388	578,176	1,188,196	138,175,216
<b>Total</b>	<b>512,482,345</b>	<b>21,588,065</b>	<b>8,949,665</b>	<b>2,330,010</b>	<b>11,402,536</b>	<b>556,752,621</b>
<b>Foreign currencies:</b>						
Mining	25,037,452	26,312	511,359	162,346	261,947	25,999,416
Manufacturing	19,962,793	2,757,665	335,625	-	1,413,269	24,469,352
Trading, restaurant and hotel	9,648,074	30,622	-	132,260	88	9,811,044
Agriculture	8,507,942	-	-	-	70,720	8,578,662
Transportation, warehousing and communications	5,131,484	95,212	104,744	-	113,581	5,445,021
Electricity, gas and water	3,235,329	292,560	-	-	325,946	3,853,835
Social services	2,644,517	67,348	-	-	-	2,711,865
Business services	2,470,757	98,655	-	-	48,453	2,617,865
Construction	584,740	11,373	-	-	21,792	617,905
Others	8,465,287	-	-	-	80	8,465,367
<b>Total (Note 61 B.(v))</b>	<b>85,688,375</b>	<b>3,379,747</b>	<b>951,728</b>	<b>294,606</b>	<b>2,255,876</b>	<b>92,570,332</b>
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: Allowance for impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
<b>Net</b>	<b>586,384,043</b>	<b>20,418,885</b>	<b>5,830,816</b>	<b>1,517,140</b>	<b>2,555,309</b>	<b>616,706,193</b>

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

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

d. By period:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Less than 1 year	85,387,279	80,119,528
1 - 2 years	29,276,098	26,434,455
2 - 5 years	134,148,240	136,008,117
Over 5 years	353,356,528	314,190,521
<b>Total</b>	<b>602,168,145</b>	<b>556,752,621</b>
Foreign currencies:		
Less than 1 year	18,728,551	16,250,405
1 - 2 years	2,857,838	6,310,433
2 - 5 years	23,417,112	12,854,334
Over 5 years	64,866,219	57,155,160
<b>Total (Note 61B.(v))</b>	<b>109,869,720</b>	<b>92,570,332</b>
	712,037,865	649,322,953
Less: Allowance for impairment losses	(33,745,345)	(32,616,760)
<b>Net</b>	<b>678,292,520</b>	<b>616,706,193</b>

The ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2017 and 2016, were 3.46% and 4.00%, respectively (the ratios for Bank Mandiri only were 3.45% and 3.96% as of December 31, 2017 and 2016, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2017 and 2016, were 1.18% and 1.53%, respectively (the ratios for Bank Mandiri only were 1.06% and 1.38% as of December 31, 2017 and 2016, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer finance receivables and net investment in finance lease of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2017 and 2016 are in accordance with Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 with regards to Quarterly and Monthly Published Report for Commercial Banks, is calculated from the loan amount, excluding loan to other banks amounting to Rp1,469,906 and Rp2,149,274 as of December 31, 2017 and 2016, respectively.

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

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

- a. Included in loans are sharia receivables/financing granted by Subsidiaries amounting to Rp59,893,437 and Rp54,665,318 as of December 31, 2017 and 2016, respectively which consist of:

	December 31, 2017	December 31, 2016
Receivables from <i>murabahah</i> and <i>istishna</i>	36,236,881	36,204,384
<i>Musyarakah</i> financing	17,640,213	13,338,662
Other sharia financing	6,016,343	5,122,272
Total	59,893,437	54,665,318
Less: allowance for impairment losses	(1,928,733)	(1,833,396)
<b>Net</b>	<b>57,964,704</b>	<b>52,831,922</b>

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

	December 31, 2017	December 31, 2016
Average interest rates (yield) per annum:		
Rupiah	10.55%	11.42%
Foreign currencies	4.23%	6.40%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	0.47% - 13.53%	2.78% - 12.45%
<i>Musyarakah</i> financing	5.22% - 11.73%	2.95% - 12.50%
Other sharia financing	6.81% - 13.72%	4.66% - 14.10%

- c. Loan collaterals

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and its Subsidiaries. Deposits from customers and deposits from other banks that were pledged as cash collateral for loans and blocked for other purposes as of December 31, 2017 and 2016 amounting to Rp54,913,925 and Rp37,803,693, respectively (Notes 21c, 22c, 23e, 24c and 26d).

- d. Government program loans

Government program loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Liquidity Facility of House Financing*) which can be partially and/or fully funded by the Government.

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

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

e. Syndicated loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans as of December 31, 2017 and 2016 ranged from 13.80% to 88.61% and 24.00% to 94.52%, respectively, of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans as of December 31, 2017 and 2016 ranged from 6.67% to 98.67% and 0.61% to 98.67%, respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2017 and 2016:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Extension of loan maturity dates	49,605,548	46,336,904
Extension of loan maturity dates and reduction of interest rates	2,223,460	2,232,220
Additional loan facilities	-	31,826
Extension of loan maturity dates and other restructuring schemes*)	5,806,788	4,130,325
	<b>57,635,796</b>	<b>52,731,275</b>

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

Below are the amount of restructured loans based on collectibility:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Current	24,853,561	22,726,073
Special mention	16,435,496	13,777,071
Substandard	5,772,873	8,644,843
Doubtful	2,128,789	934,997
Loss	8,445,077	6,648,291
<b>Total</b>	<b>57,635,796</b>	<b>52,731,275</b>

Total restructured loans under non-performing loans (NPL) category as of December 31, 2017 and 2016 are amounting to Rp16,346,739 and Rp16,228,131, respectively.

g. Loans to related parties

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

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

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

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

h. Legal Lending Limit (LLL)

As of December 31, 2017 and 2016, there are no breach or violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

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

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

	December 31, 2017	December 31, 2016
Beginning balance <sup>1)</sup>	32,616,760	22,281,842
Allowance during the year (Note 44)	15,458,493	24,277,357
Write-offs <sup>2)</sup>	(13,885,013)	(12,991,055)
Others <sup>3)</sup>	(444,895)	(951,384)
<b>Ending balance<sup>3)</sup></b>	<b>33,745,345</b>	<b>32,616,760</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, 2017 and 2016 is amounting to Rp23,054,786 and Rp13,265,021, respectively, which were calculated using individual assessment and Rp9,561,974 and Rp9,016,821, respectively, which were calculated using collective assessment.

2) Write-off as of December 31, 2017 and 2016 is amounting to Rp4,478,412 and Rp5,878,014, respectively, which are calculated using individual assessment and Rp9,406,601 and Rp7,113,041, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2017 and 2016 is amounting to Rp24,084,237 and Rp23,054,786, respectively, which were calculated using individual assessment and Rp9,661,108 and Rp9,561,974, respectively, which were calculated using collective assessment.

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

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

	<b>Non-performing loans</b> <b>(based on Bank Indonesia regulation)</b>	
	December 31, 2017	December 31, 2016
Rupiah:		
Trading, restaurant and hotel	8,337,169	8,353,922
Manufacturing	7,937,844	6,316,311
Transportation, warehousing and communications	1,216,119	1,863,480
Mining	958,528	1,218,064
Construction	851,098	694,660
Agriculture	592,409	758,751
Business services	518,317	705,699
Social services	306,463	88,845
Electricity, gas and water	124,383	359,719
Others	2,625,234	2,322,760
	23,467,564	22,682,211

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

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

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

	<b>Non-performing loans (based on Bank Indonesia regulation)</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Foreign currencies:		
Mining	650,665	935,652
Electricity, gas and water	268,539	325,946
Manufacturing	193,786	1,748,894
Trading, restaurant and hotel	141,068	132,348
Social services	123,335	-
Transportation, warehousing and communications	117,585	218,325
Agriculture	70,321	70,720
Construction	2,714	21,792
Business services	71	48,453
Others	5,136	80
	<u>1,573,220</u>	<u>3,502,210</u>
<b>Total</b>	<b><u>25,040,784</u></b>	<b><u>26,184,421</u></b>

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

	<b>Minimum allowance for impairment losses</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Trading, restaurant and hotel	5,740,906	4,573,403
Manufacturing	4,683,362	4,466,259
Transportation, warehousing and communication	724,269	1,147,200
Mining	656,228	401,717
Agriculture	457,149	664,602
Constructions	425,935	404,299
Business services	336,390	503,972
Social services	205,572	68,642
Electricity, gas and water	33,073	119,156
Others	1,735,693	1,560,742
	<u>14,998,577</u>	<u>13,909,992</u>

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

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

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

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

	<b>Minimum allowance for impairment losses</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Foreign currencies:		
Mining	601,281	419,824
Electricity, gas and water	268,539	325,946
Manufacturing	191,774	1,463,613
Trading, restaurant and hotel	134,822	66,218
Social services	123,335	-
Transportation; warehousing and communications	105,518	129,293
Agriculture	70,321	70,720
Construction	1,357	21,792
Business services	11	48,453
Others	838	80
	<u>1,497,796</u>	<u>2,545,939</u>
<b>Total</b>	<b><u>16,496,373</u></b>	<b><u>16,455,931</u></b>

l. Write-off of "Loss" category loans

For the years ended December 31, 2017 and 2016, Bank Mandiri written-off loans in the "loss" category amounting to Rp11,586,223 and Rp11,407,905 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

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

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

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

m. Written-off loans are recorded in extra-comptable. The Bank continues pursuing for collection of the written-off loans. These loans are not reflected in the consolidated statement of financial position. A summary of movements of extra-comptable loans for the years ended December 31, 2017 and 2016 are as follows (Bank Mandiri only):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	48,807,587	40,814,911
Write-offs	11,586,223	11,407,905
Cash recoveries from write-off loans	(3,737,599)	(3,192,703)
Others*)	787,797	(222,526)
<b>Ending balance</b>	<b>57,444,008</b>	<b>48,807,587</b>

\*) Represents effect of foreign currency translation, writeback of assets and others

n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2017 and 2016 amounted to Rp8,436,672 and Rp9,343,725, respectively.

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Loans (Note 12A)	712,037,865	649,322,953
Accrued interest receivables	2,675,342	2,602,896
Deferred income (directly attributable) (Note 35)	(726,669)	(629,761)
Allowance for impairment losses (Note 12A and 12B.j)	(33,745,345)	(32,616,760)
	<b>680,241,193</b>	<b>618,679,328</b>

**13. CONSUMER FINANCING RECEIVABLES**

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Consumer financing receivables - gross		
Direct financing - Rupiah	51,924,674	40,751,916
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(31,075,505)	(24,572,587)
Total consumer financing receivables - gross	20,849,169	16,179,329

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

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(9,423,320)	(7,544,605)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	3,719,370	3,220,492
Total unearned income on consumer financing	(5,703,950)	(4,324,113)
Total	15,145,219	11,855,216
Less: Allowance for impairment losses	(362,887)	(323,378)
<b>Net</b>	<b>14,782,332</b>	<b>11,531,838</b>

Installments of consumer financing receivables - gross as of December 31, 2017 and 2016 which will be received from customers based on the maturity dates are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Year</u>		
2017	-	16,130,975
2018	21,193,501	12,290,684
2019	15,740,084	7,672,018
2020	9,570,393	3,632,097
2021	4,186,541	978,720
2022 and later	1,234,155	47,422
<b>Total</b>	<b>51,924,674</b>	<b>40,751,916</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 March 15, 2017, which increases the amount of facility to Rp23,500,000 with the portion of joint financing facility to minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On August 29, 2013, Bank Mandiri and MTF signed a Consumer Asset Purchase Agreement with a total facility amounting to Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). This agreement has been extended on February 28, 2018.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 84 months.

Included in consumer financing receivables transactions are related parties transactions amounting to Rp7,957 and Rp10,532 as of December 31, 2017 and 2016, respectively (refer to Note 55).

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

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current	13,551,826	10,756,156
Special mention	1,375,809	819,790
Sub-standard	88,702	89,824
Doubtful	116,457	146,397
Loss	12,425	43,049
Total	15,145,219	11,855,216
Less: Allowance for impairment losses	(362,887)	(323,378)
<b>Net</b>	<b>14,782,332</b>	<b>11,531,838</b>

- c. Average of effective interest rate charged to consumer for the years ended December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Car	14.10%	15.09%
Motorcycle	21.88%	27.17%

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

	December 31, 2017	December 31, 2016
Beginning balance	323,378	270,614
Allowance during the year (Note 44)	640,151	455,025
Cash recoveries from write-offs	71,142	52,462
Write-offs	(671,784)	(454,723)
<b>Ending balance</b>	<b>362,887</b>	<b>323,378</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. Consumer financing receivables as collateral for securities issued on December 31, 2017 and 2016 are Rp2,003,301 and Rp1,836,445, respectively (Note 30).
- g. Consumer financing receivables as collateral for loans received on December 31, 2017 and 2016 are Rp8,016,751 and Rp5,693,917, respectively (Note 36f).
- h. As collateral for customer financing receivables, the Subsidiary receives a guarantee from consumer such as Certificate of Ownership of Motor Vehicles (Buku Kepemilikan Kendaraan Bermotor or "BPKB") for vehicles financed by the Subsidiary.

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**14. NET INVESTMENT FINANCE LEASES**

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

	December 31, 2017	December 31, 2016
<b>Net investment finance leases</b>		
Rupiah		
Third parties		
Gross lease financing receivables	2,756,597	975,598
Guaranteed residual value	796,442	317,305
Deferred lease income	(391,968)	(141,115)
Security deposit	(796,442)	(317,305)
Total net investment on finance leases	2,364,629	834,483
Less: Allowance for impairment losses	(7,739)	(4,538)
<b>Net</b>	<b>2,356,890</b>	<b>829,945</b>

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

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

	December 31, 2017	December 31, 2016
<u>Year</u>		
2017	-	475,659
2018	1,224,643	303,444
2019 and later	1,531,954	196,495
	2,756,597	975,598
Guaranteed residual value, deferred lease income and security deposit	(391,968)	(141,115)
<b>Finance leases receivable</b>	<b>2,364,629</b>	<b>834,483</b>

b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current	2,315,141	788,684
Special mention	38,815	35,031
Substandard	5,676	5,558
Doubtful	4,317	5,080
Loss	680	130
Total	2,364,629	834,483
Less: Allowance for impairment losses	(7,739)	(4,538)
<b>Net</b>	<b>2,356,890</b>	<b>829,945</b>

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

- c. Average of effective interest rate charged to consumer for the years ended December 31, 2017 and 2016, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Car	11.98%	13.09%
Heavy equipment	12.10%	12.60%
Machine	14.65%	-

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	4,538	5,791
Allowance during the year (Note 44)	5,784	196
Write-offs	(3,445)	(4,167)
Cash recoveries from write-offs finance leases	862	2,718
<b>Ending balance</b>	<b>7,739</b>	<b>4,538</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. Net investment in finance lease as collateral for securities issued on December 31, 2017 and 2016 amounted to Rp201,699 and Rp158,555, respectively (Note 30).  
 g. As of December 31, 2017 and 2016, net investment in finance lease pledged as collateral for fund borrowing were amounting to Rp1,126,406 and Rp274,319, respectively (Note 36f).

**15. ACCEPTANCES RECEIVABLE**

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	163,142	121,508
Third parties	218,183	225,551
	<u>381,325</u>	<u>347,059</u>
Receivables from debtors		
Related parties (Note 55)	258,003	136,911
Third parties	5,917,973	7,566,995
	<u>6,175,976</u>	<u>7,703,906</u>
Total	<u>6,557,301</u>	<u>8,050,965</u>
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	-	2,983
Third parties	204,377	410,387
	<u>204,377</u>	<u>413,370</u>

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**15. ACCEPTANCES RECEIVABLE (continued)**

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Foreign currencies (continued):		
Receivables from debtors		
Related parties (Note 55)	628,198	154,446
Third parties	5,154,618	6,170,463
	<u>5,782,816</u>	<u>6,324,909</u>
Total (Note 61B.(v))	<u>5,987,193</u>	<u>6,738,279</u>
	12,544,494	14,789,244
Less: allowance for impairment losses	(254,234)	(241,041)
<b>Net</b>	<b><u>12,290,260</u></b>	<b><u>14,548,203</u></b>

b. By maturity:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Less than 1 month	1,639,619	1,535,856
1 - 3 months	3,411,192	1,917,241
3 - 6 months	1,506,490	3,624,366
6 - 12 months	-	973,502
Total	<u>6,557,301</u>	<u>8,050,965</u>
Foreign currencies:		
Less than 1 month	1,420,703	1,847,555
1 - 3 months	2,511,765	3,358,426
3 - 6 months	1,846,407	1,485,140
6 - 12 months	167,809	40,484
More than 12 months	40,509	6,674
Total (Note 61B.(v))	<u>5,987,193</u>	<u>6,738,279</u>
	12,544,494	14,789,244
Less: allowance for impairment losses	(254,234)	(241,041)
<b>Net</b>	<b><u>12,290,260</u></b>	<b><u>14,548,203</u></b>

c. By Bank Indonesia's collectibility:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Current	12,524,856	14,776,306
Special mention	18,378	2,470
Substandard	1,260	6,578
Loss	-	3,890
	<u>12,544,494</u>	<u>14,789,244</u>
Less: allowance for impairment losses	(254,234)	(241,041)
<b>Net</b>	<b><u>12,290,260</u></b>	<b><u>14,548,203</u></b>

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**15. ACCEPTANCES RECEIVABLE (continued)**

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

	December 31, 2017	December 31, 2016
Beginning balance	241,041	107,030
Allowance during the year (Note 44)	9,783	130,909
Others*)	3,410	3,102
<b>Ending balance</b>	<b>254,234</b>	<b>241,041</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, 2017	December 31, 2016
Investment in shares		
Related Parties (Notes 55)	89,110	50,331
Third Parties	257,126	205,078
Total	346,236	255,409
Less: Allowance for impairment losses	(12,924)	(10,273)
<b>Net</b>	<b>333,312</b>	<b>245,136</b>

The detail of investment in shares as of December 31, 2017 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	216
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	205,310
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
Others (each less than Rp20,000)	Various	0.00015% - 34.00%	51,600
			346,236
Less: Allowance for impairment losses			(12,924)
<b>Net</b>			<b>333,312</b>

\*) The Bank has significant influence, but does not have any controls, therefore the entity is not consolidated.

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**16. INVESTMENT IN SHARES (continued)**

- a. The detail of investment in shares are as follows (continued):

The detail of investment in shares as of December 31, 2016 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	165
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	196,738
PT Istaka Karya (Persero)	Construction service	9.30%	50,331
Others (each less than Rp20,000)	Various	3.99% - 34.00%	8,175
			255,409
Less: Allowance for impairment losses			(10,273)
<b>Net</b>			<b>245,136</b>

\*) The Bank has significant influence, but does not have any controls, therefore the entity is not consolidated.

- b. Investment in shares by Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	293,734	202,958
Substandard	50,331	50,331
Loss	2,171	2,120
	346,236	255,409
Less: Allowance for impairment losses	(12,924)	(10,273)
<b>Net</b>	<b>333,312</b>	<b>245,136</b>

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

	December 31, 2017	December 31, 2016
Beginning balance	10,273	10,250
Allowance during the year (Note 44)	2,651	33
Others*)	-	(10)
<b>Ending balance</b>	<b>12,924</b>	<b>10,273</b>

\*) Includes effect of foreign currency translation

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

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**17. PREPAID EXPENSES**

	December 31, 2017	December 31, 2016
Prepaid rent	1,616,410	1,519,688
Building maintenance	611,027	679,240
Others	556,797	552,153
<b>Total</b>	<b>2,784,234</b>	<b>2,751,081</b>

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

**18. FIXED ASSETS**

The details of fixed assets were as follows:

	December 31, 2017				
	Beginning Balance	Additions <sup>1)</sup>	Deductions	Reclassifications	Ending balance <sup>**)</sup>
At cost/revaluation value					
Direct ownership					
Land	28,823,175	566,305	-	129,255	29,518,735
Building	4,653,532	217,433	(2)	355,259	5,226,222
Furniture and fixtures, office equipment and computer	9,578,648	220,980	(8,184)	772,963	10,564,407
Vehicles	300,298	7,320	(88,043)	14,606	234,181
Construction in progress	1,368,772	1,339,064	(418)	(1,272,083)	1,435,335
	44,724,425	2,351,102	(96,647)	-	46,978,880
Leased assets	12,495	-	-	-	12,495
	44,736,920	2,351,102	(96,647)	-	46,991,375
Accumulated depreciation (Note 49)					
Direct ownership					
Building	1,828,825	271,852	(2)	-	2,100,675
Furniture and fixtures, office equipment and computer	7,012,151	1,095,338	(7,505)	-	8,099,984
Vehicles	229,269	21,332	(82,648)	-	167,953
	9,070,245	1,388,522	(90,155)	-	10,368,612
Leased assets	3,385	625	-	-	4,010
	9,073,630	1,389,147	(90,155)	-	10,372,622
Net book value					
Direct ownership					
Land					29,518,735
Building					3,125,547
Furniture and fixtures, office equipment and computer					2,464,423
Vehicles					66,228
Construction in progress					1,435,335
					36,610,268
Leased assets					8,485
					<b>36,618,753</b>

<sup>\*)</sup> Included reclassification from abandoned property.

<sup>\*\*)</sup> As of December 31, 2017 included in the addition is the revaluation of fixed assets amounted to Rp26,468,142, consists of Bank amounted to Rp26,115,095 and BSM amounted to Rp353,047.

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**18. FIXED ASSETS (continued)**

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

	December 31, 2016				Ending balance
	Beginning Balance	Additions <sup>*)</sup>	Deductions	Reclassifications	
At cost/revaluation value					
Direct ownership					
Land	2,845,929	25,971,488	-	5,758	28,823,175
Building	4,069,068	254,429	(114)	330,149	4,653,532
Furniture and fixtures, office equipment and computer	8,802,305	186,454	(18,643)	608,532	9,578,648
Vehicles	288,570	3,033	(4,491)	13,186	300,298
Construction in progress	1,451,759	874,669	(31)	(957,625)	1,368,772
	17,457,631	27,290,073	(23,279)	-	44,724,425
Leased assets	12,495	-	-	-	12,495
	17,470,126	27,290,073	(23,279)	-	44,736,920
Accumulated depreciation (Note 49)					
Direct ownership					
Building	1,633,320	195,581	(76)	-	1,828,825
Furniture and fixtures, office equipment and computer	5,883,979	1,134,142	(5,970)	-	7,012,151
Vehicles	188,379	47,308	(6,418)	-	229,269
	7,705,678	1,377,031	(12,464)	-	9,070,245
Leased assets	2,760	625	-	-	3,385
	7,708,438	1,377,656	(12,464)	-	9,073,630
Net book value					
Direct ownership					
Land					28,823,175
Building					2,824,707
Furniture and fixtures, office equipment and computer					2,566,497
Vehicles					71,029
Construction in progress					1,368,772
					35,654,180
Leased assets					9,110
					<b>35,663,290</b>

\*) As of December 31, 2016 included in the addition is the revaluation of fixed assets amounted to Rp25,942,034, consists of Bank amounted to Rp25,588,987 and BSM amounted to Rp353,047

Construction in progress as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Buildings	778,290	430,442
Computers and other hardware that have not been installed	459,656	602,843
Office equipment and inventory	110,306	126,242
Land	84,894	160,611
Vehicles	449	13,520
Others	1,740	35,114
	<b>1,435,335</b>	<b>1,368,772</b>

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**18. FIXED ASSETS (continued)**

The estimated percentage of completion of construction in progress as of December 31, 2017 for computers and other hardwares that have not been installed was ranging between 10.00% - 90.00% and as of December 31, 2016 was ranging between 5.00% - 90.00%.

**Others**

- a. Bank Mandiri had an Agreement on Construction; Management and Transfer (“BOT Agreement”) with PT Duta Anggada Realty Tbk. (“Duta Anggada”) based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by the Deed No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower of 27 floors of offices by Duta Anggada, which the land is owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ended on May 15, 2014 and May 15, 2016, respectively.

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding Temporary Utilization Agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

On May 11, 2016, the Bank has signed transfer agreement of Menara Mandiri 2 and its management of Menara Mandiri 1 from PT Duta Anggada Realty Tbk. to PT Bank Mandiri (Persero) Tbk. Currently, building management of Menara Mandiri 1 and Menara Mandiri 2 is performed by PT Bumi Daya Plaza in the form of Temporary Utilization Agreement (*Kerjasama Pemanfaatan Sementara*) from 2016 until 2021.

- b. Based on Minister of Finance of the Republic of Indonesia Regulation (Peraturan Menteri Keuangan (PMK)) No. PMK/191 dated October 15, 2015, the Group assigned registered independent appraisers to assess (revalue) its fixed asset (land).

The valuations of land are performed by the external independent appraisers, Public Appraiser Company (Kantor Jasa Penilai Publik (KJPP)) Amin, Nirwan, Alfiantori and Partners (ANA) and KJPP Muttaqin, Bambang, Purwanto, Rozak, Uswatun and Partners (MBPRU). Appraisals are performed based on the Concept and General Principles of Appraisers article 17 in Indonesian Appraisal Standards year 2015.

In the fair value measurement of the land, the KJPP takes into account a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the KJPP are market approach and cost approach.

Based on the Assessment Report of the KJPP MBPRU dated April 11, 2016 and KJPP ANA dated April 13, 2016, the value of fixed assets and its increase are as follows:

<b>Fixed assets</b>	<b>Fair value</b>	<b>Book value</b>	<b>Increase in value (before tax)</b>
Land	28,822,150	2,880,116	25,942,034

To determine the fair value, KJPP ANA and KJPP MBPRU use the assessment methodology from Market Approach SPI 2015-KPUP 17 with direct comparison methodology.

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**18. FIXED ASSETS (continued)**

**Others (continued)**

The results of revaluation of fixed assets of the Bank was approved by the Directorate General of Taxes (DGT) through the Head of Regional Office Large Tax payer through Decree No. KEP-418/WPJ.19/2016 dated May 25, 2016.

- c. Assessment in the fair value of assets owned by the Bank on December 31, 2017 and 2016 using revaluation for lands and Taxable Sale Value (Nilai Jual Objek Pajak or "NJOP") for buildings. As of December 31, 2017, the revaluation value of land and NJOP of buildings owned by the Bank are Rp29,515,573 and Rp4,850,331, respectively. As of December 31, 2016, the revaluation value of land and NJOP of buildings owned by the Bank are Rp28,822,150 and Rp4,608,559, respectively.
- d. The value of land based on the cost model as of December 31, 2017 amounted to Rp3,047,431.

The table below presents non-financial instruments recognised at fair value based on the hierarchy used by the Bank to determine and disclose the fair value of non-financial instruments:

- (i) Level 1 : Quoted prices on active markets for identical assets or liabilities;  
(ii) Level 2 : Valuation technique in which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;  
(iii) Level 3 : Valuation techniques in which all inputs which have a significant effect on the recorded fair value that can not be observed from market data.

		<b>December 31, 2017</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>
	Land	-	29,515,573	-	29,515,573
		<b>December 31, 2016</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>
	Land	-	28,822,150	-	28,822,150

The fair value of Land for level 2 is calculated using the comparison of market price approach and estimation of income and expenses generated by the asset. The market price of the land that most closely adjusted for differences in the primary attributes such as asset size, location and usage of assets. The most significant input in this assessment approach is the assumption of the price per meter.

- e. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2017 and 2042. Based on past experience, the Group believes that they can extend the HGB.

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**18. FIXED ASSETS (continued)**

**Others (continued)**

- f. As of December 31, 2017, the Bank has insured fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disasters to PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk, PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasa Tania, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967, PT Asuransi Astra Buana, PT Asuransi Bangun Askrida, PT Asuransi Bintang, PT Asuransi Tugu Pratama, PT Central Asia Raya, PT Asuransi Bina Dana Artha and PT Asuransi Parolamas, entirely are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri, entirely are related parties, with total sum insured approximately Rp12,732,909 (December 31, 2016: Rp11,892,502). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.
- g. The fixed assets that have been fully depreciated but still in use by the Bank among others, office machines and printing equipment and office equipment and housing.
- h. Management believes that there is no impairment of fixed assets as of December 31, 2017 and 2016.

**19. INTANGIBLE ASSETS**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Software	1,978,352 <sup>*)</sup>	1,532,381 <sup>*)</sup>
Goodwill	423,115	423,115
	<b>2,401,467</b>	<b>1,955,496</b>

<sup>\*)</sup> Net of amortisation of Rp2,700,780 and Rp2,257,826, respectively as of December 31, 2017 and 2016.

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

As of December 31, 2017 and 2016, included in the software balance are construction in progress for software amounting to Rp858,663 and Rp528,857, respectively. The estimated percentage of completion of software as of December 31, 2017 was ranging between 5.00% - 95.00% (December 31, 2016: 5.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2017 and 2016, there are no impairment of goodwill.

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**20. OTHER ASSETS**

	December 31, 2017	December 31, 2016
Rupiah:		
Accrued income	3,789,228	3,602,766
Receivables from customer transactions	2,181,205	1,134,536
Receivables from policyholders	709,789	488,208
Receivables from transactions related to ATM and credit card	699,709	472,948
Ijarah asset	621,697	667,453
Receivables from government bonds pledged as collateral	594,534	593,466
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2017 and 2016	292,530	11,565
Receivables from mutual fund	221,639	374,651
Receivables from sales of marketable securities	120,019	17,680
Abandoned properties - net of allowance for decrease in net realizable value amounting to Rp615 and Rp870 as of December 31, 2017 and 2016, respectively	108,366	145,943
Others	3,639,772	2,508,870
<b>Total</b>	<b>12,978,488</b>	<b>10,018,086</b>
Foreign currencies:		
Accrued income (Note 61B.(v))	935,204	763,096
Ijarah asset	166,072	239,737
Receivable from sale of marketable securities (Note 61B.(v))	81,339	12,605
Receivables from customer transactions (Note 61B.(v))	9,535	7,451
Receivables from transactions related to ATM and credit card (Note 61B.(v))	116	2
Receivables from policyholder (Note 61B.(v))	3,260	16,266
Others	1,457,994	1,014,441
<b>Total</b>	<b>2,653,520</b>	<b>2,053,598</b>
	<b>15,632,008</b>	<b>12,071,684</b>
Less: Allowance for possible losses	(617,790)	(514,446)
<b>Net</b>	<b>15,014,218</b>	<b>11,557,238</b>

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans, fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2017 and 2016, included in receivables from customer transactions is an impaired portfolio amounting to Rp110,614 and Rp163,200, respectively.

Receivables from mutual fund is related to receivable from securities portfolio transactions of unit-link contracts in Subsidiary's mutual fund.

Receivables related to ATM and credit card transactions consist of receivable arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa and Master Card as a result of credit card transactions.

Receivables from government bonds pledged as collateral represent receivables in relation to "repo to maturity" transaction with a counterparty, where the Bank has transferred VR0031 with nominal value of Rp600,000 and recognised a receivable equivalent to the cash value of VR0031 (refer to Note 36e). This receivable will be settled by net basis with the settlement of the corresponding liabilities of the counterparty amounting to Rp600,000 which is due on July 25, 2020.

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**20. OTHER ASSETS (continued)**

Receivables from policyholders represent the Subsidiary's receivables from policyholders related to policyholders' premium of non unit-link products.

Receivables from sales of marketable securities are receivables from sale of marketable securities which have settlement date on January 3, 2018 and January 5, 2017.

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

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

	December 31, 2017	December 31, 2016
Beginning balace	514,446	432,029
Allowance during the year (Note 45)	98,739	101,957
Others*)	4,605	(19,540)
<b>Ending balance</b>	<b>617,790</b>	<b>514,446</b>

\*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

**21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS/WADIAH DEMAND DEPOSITS**

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	34,072,028	33,783,341
Third parties	106,915,524	90,580,286
Total	140,987,552	124,363,627
Foreign currencies:		
Related parties (Note 55)	12,036,357	14,946,585
Third parties	49,840,951	47,673,116
Total (Note 61B.(v))	61,877,308	62,619,701
	<b>202,864,860</b>	<b>186,983,328</b>

Included in demand deposits were *wadiah* deposits amounting to Rp8,435,776 and Rp6,860,850 as of December 31, 2017 and 2016, respectively.

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**21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS/WADIAH DEMAND DEPOSITS (continued)**

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

Average interest rates (cost of funds) per annum:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	2.18%	1.95%
Foreign currencies	0.42%	0.58%

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	0.70% - 0.83%	0.72 - 0.82%
Foreign currencies	0.10% - 0.83%	0.18 - 0.82%

- c. As of December 31, 2017 and 2016, demand deposits pledged as collateral and blocked for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) and other purposes were amounting to Rp5,987,012 and Rp5,167,638, respectively (Notes 12B.c and 31e).

**22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS/WADIAH SAVING DEPOSITS**

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Related parties (Note 55)		
Mandiri Saving Deposits	2,345,204	1,493,871
Third parties		
Mandiri Saving Deposits	278,234,808	244,828,147
Hajj Mandiri Saving Deposits	439,227	543,828
Total	<u>281,019,239</u>	<u>246,865,846</u>
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving Deposits	1,203,001	479,216
Third parties		
Mandiri Saving Deposits	26,489,668	29,824,762
Total (Note 61B.(v))	<u>27,692,669</u>	<u>30,303,978</u>
	<b><u>308,711,908</u></b>	<b><u>277,169,824</u></b>

Included in saving deposits were *wadiah* deposits amounting to Rp3,193,558 and Rp2,593,437 as of December 31, 2017 and 2016, respectively.

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**22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS/WADIAH SAVING DEPOSITS (continued)**

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	1.11%	1.15%
Foreign currencies	0.20%	0.20%

c. As of December 31, 2017 and 2016, total saving deposits pledged as collateral and blocked for loans and other purposes were amounting to Rp18,568,122 and Rp11,034,714, respectively (Note 12B.c).

**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS**

a. By currency, related parties and third parties:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah		
Related parties (Note 55)	34,240,765	41,995,012
Third parties	181,973,864	169,326,512
Total	216,214,629	211,321,524
Foreign currencies		
Related parties (Note 55)	1,251,201	4,276,987
Third parties	20,541,384	22,308,567
Total (Note 61B.(v))	21,792,585	26,585,554
	<b>238,007,214</b>	<b>237,907,078</b>

Include in deposits from customers - time deposits are negotiable certificate of deposit amounting to Rp409,134 and Rp421,228 as of December 31, 2017 and 2016, respectively.

Total of unamortized interest expense on the certificate of time deposits as of December 31, 2017 and 2016 amounting to Rp50,866 and Rp85,772, respectively.

b. By maturity date:

	<b>December, 31 2017</b>	<b>December 31, 2016</b>
Rupiah:		
1 months	69,666,250	107,384,126
3 months	118,909,758	76,508,126
6 months	18,664,039	13,195,584
12 months	4,345,784	12,722,241
Over 12 months	4,628,798	1,511,447
Total	216,214,629	211,321,524

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**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)**

b. By maturity date (continued):

	December 31, 2017	December 31, 2016
Foreign currencies:		
1 months	13,175,307	16,482,563
3 months	3,973,470	4,495,458
6 months	3,417,081	3,518,043
12 months	981,445	1,843,004
Over 12 months	245,282	246,486
Total (Note 61B.(v))	21,792,585	26,585,554
	<b>238,007,214</b>	<b>237,907,078</b>

c. By remaining period to maturity date:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	104,901,708	126,386,234
1 - 3 months	97,075,006	64,574,126
3 - 6 months	8,432,108	12,020,949
6 - 12 months	3,373,897	6,836,426
Over 12 months	2,431,910	1,503,789
Total	216,214,629	211,321,524
Foreign currencies:		
Less than 1 month	15,142,207	17,306,621
1 - 3 months	4,624,224	5,241,837
3 - 6 months	1,494,313	2,520,794
6 - 12 months	514,632	1,498,945
Over 12 months	17,209	17,357
Total (Note 61B.(v))	21,792,585	26,585,554
	<b>238,007,214</b>	<b>237,907,078</b>

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

	December 31, 2017	December 31, 2016
Rupiah	5.87%	6.63%
Foreign currencies	0.70%	0.55%

e. As of December 31, 2017 and 2016, total time deposits pledged as collateral and blocked for loans and other purposes were amounting to Rp33,139,017 and Rp24,445,165, respectively (Note 12B.c).

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**24. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS/WADIAH DEMAND AND SAVING DEPOSITS**

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Demand deposits/ <i>wadiah</i> demand deposits		
Related parties (Note 55)		
Rupiah	2,742	33,835
Foreign currencies (Note 61B.(v))	250,043	12,077
	<u>252,785</u>	<u>45,912</u>
Third parties		
Rupiah	1,855,631	1,205,739
Foreign currencies (Note 61B.(v))	1,123,714	2,095,128
	<u>2,979,345</u>	<u>3,300,867</u>
Total	<u>3,232,130</u>	<u>3,346,779</u>
Saving deposits		
Third parties		
Rupiah	1,006,247	953,973
Foreign currencies (Note 61B.(v))	13	13
	<u>1,006,260</u>	<u>953,986</u>
Total	<u>4,238,390</u>	<u>4,300,765</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp69,383 and Rp56,563 as of December 31, 2017 and 2016, respectively.

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

Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Demand deposits/ <i>wadiah</i> demand deposits		
Rupiah	2.18%	1.95%
Foreign currencies	0.42%	0.58%
Saving deposits		
Rupiah	1.11%	1.15%
Foreign currencies	0.20%	0.20%
Range of profit sharing per annum on <i>wadiah</i> demand deposits:		
Rupiah	0.70% - 0.79%	0.72% - 0.82%

c. As of December 31, 2017 and 2016, total demand deposits/*wadiah* demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp7,275 and Rp13,310, respectively (Notes 12B.c and 31e).

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

a. By currency:

	December 31, 2017	December 31, 2016
Related parties (Note 55)		
Rupiah	-	40,000
Third parties		
Rupiah	-	315,000
Foreign currencies (Note 61B.(v))	1,007,655	925,952
	<u>1,007,655</u>	<u>1,240,952</u>
<b>Total</b>	<b><u>1,007,655</u></b>	<b><u>1,280,952</u></b>

b. By remaining period to maturity date:

	December 31, 2017	December 31, 2016
Rupiah		
Less than 1 month	-	335,000
More than 1 month	-	20,000
Total	<u>-</u>	<u>355,000</u>
Foreign currencies		
Less than 1 month	198,184	616,191
More than 1 month	809,471	309,761
Total (Note 61B.(v))	<u>1,007,655</u>	<u>925,952</u>
	<b><u>1,007,655</u></b>	<b><u>1,280,952</u></b>

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

	December 31, 2017	December 31, 2016
Rupiah	5.15%	5.71%
Foreign currencies	0.97%	0.27%

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**26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS**

a. By currency:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah		
Related parties (Note 55)	108,473	286,210
Third parties	2,580,856	3,336,544
<b>Total</b>	<b>2,689,329</b>	<b>3,622,754</b>
Foreign currencies		
Third parties (Note 61B.(V))	414,133	134,725
<b>Total</b>	<b>3,103,462</b>	<b>3,757,479</b>

Included in deposits from customers - time deposits are negotiable certificate of deposit amounting to Rp1,168,780 and Rp1,898,625 as of December 31, 2017 and 2016, respectively.

Total of unamortized interest expenses on certificates of deposits for the years ended December 31, 2017 and 2016 amounting to Rp106,220 and Rp256,375, respectively.

b. By period:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
1 month	884,287	1,433,639
3 months	614,281	279,287
6 months	5,781	50,825
12 months	16,200	779,750
More than 12 months	1,168,780	1,079,253
<b>Total</b>	<b>2,689,329</b>	<b>3,622,754</b>
Foreign currencies		
1 month	7,108	-
More than 12 months	407,025	134,725
<b>Total (Note 61B.(v))</b>	<b>414,133</b>	<b>134,725</b>
	<b>3,103,462</b>	<b>3,757,479</b>

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah	5.87%	6.63%
Foreign currencies	0.70%	0.55%

d. As of December 31, 2017 and 2016, time deposits from other banks pledged as collateral on loans amounting to Rp281,948 and Rp86,776, respectively (Note 12B.c).

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**27. LIABILITY TO UNIT-LINK HOLDERS**

This account represents Subsidiary's liabilities to unit-link holders placed in unit-link investment, with details as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Non-Sharia	22,105,476	18,550,706
Sharia	1,148,559	1,052,244
	<b>23,254,035</b>	<b>19,602,950</b>

Underlying assets of the above policyholders' investment in unit-link contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2017 and 2016, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

Included in the unit-link policyholders' investments in are policyholders' fund in foreign currency as of December 31, 2017 and 2016, it amounted to USD2,731,085 (full amount) and USD2,210,047 (full amount), respectively.

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Dynamic Money	11,811,629	9,098,972
Attractive Money	6,214,079	5,441,537
Progressive Money	2,305,255	2,139,720
Excellent Equity	937,799	1,159,641
Protected Money	327,661	373,775
Active Money	186,368	168,760
Money Market	110,662	26,516
Secure Money	90,286	76,604
Fixed Money	71,719	64,170
Money Market CS	47,082	-
Prime Equity	2,936	1,011
	<b>22,105,476</b>	<b>18,550,706</b>

The policyholders' non-sharia funds placed in statutory deposits as of December 31, 2017 and 2016 amounted to RpNil and Rp19,715, respectively.

Dynamic money

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

Attractive money

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

Progressive money

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

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**27. LIABILITY TO UNIT-LINK HOLDERS (continued)**

Excellent equity

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

Protected money

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

Active money

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

Money Market

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

Secure money

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

Fixed money

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

Money Market CS

This is a fixed income fund with underlying exposures in money market instrument, especially for term deposits based on sharia principles.

Prime Equity

Placement of funds based on combination with the investment in stocks traded in Indonesia Stock Exchange and money market instruments through mutual fund AXA Maestro Saham.

The details of sharia unit-link investments based on the type of contracts are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Attractive Money Sharia	970,630	887,606
Active Money Sharia	112,389	102,200
Amanah Equity Sharia	38,858	32,288
Advanced Commodity Sharia	26,682	30,150
<b>Total</b>	<b>1,148,559</b>	<b>1,052,244</b>

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2017 and 2016 amounted to RpNil and Rp26,100, respectively.

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**27. LIABILITY TO UNIT-LINK HOLDERS (continued)**

Attractive Money Sharia

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

Active Money Sharia

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

Amanah Equity Sharia

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

Advanced Commodity Sharia

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

**28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

December 31, 2017							
Rupiah	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Related Parties							
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	205,955	535,605
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
	Bonds FR0059	5,000	28/12/2017	02/01/2018	4,714	-	4,714
	<b>Total Rupiah</b>	<b>3,077,742</b>			<b>3,502,714</b>	<b>975,778</b>	<b>2,526,936</b>
Third Parties							
	Bonds KSA-261021	149,242	18/12/2017	05/01/2018	138,819	51	138,768
	Bonds ADGB-030521	135,675	18/12/2017	05/01/2018	127,103	47	127,056
	Bonds INDOIS-100924	94,973	07/11/2017	07/02/2018	95,934	167	95,767
	Bonds INDOIS-290322	81,405	07/11/2017	07/02/2018	79,394	139	79,255
	Bonds INDON-130320	67,837	07/11/2017	07/02/2018	70,693	123	70,570
	Bonds INDOIS-211122	67,838	07/11/2017	07/02/2018	66,615	116	66,499
	Bonds ADGB-030526	67,837	18/12/2017	05/01/2018	63,938	23	63,915
	Bonds KSA-261026	67,837	18/12/2017	05/01/2018	63,680	23	63,657
	Bonds INDON-171023	54,270	07/11/2017	07/02/2018	58,419	102	58,317
	Bonds INDOIS-280525	54,270	07/11/2017	07/02/2018	55,104	96	55,008
	Bonds INDON-150125	54,270	07/11/2017	07/02/2018	54,845	96	54,749
	Bonds INDON-050521	40,703	07/11/2017	07/02/2018	41,717	73	41,644
	Bonds INDOIS-290327	40,703	07/11/2017	07/02/2018	40,008	70	39,938
	Bonds INDON-171023	27,135	07/11/2017	07/02/2018	29,209	51	29,158
	Bonds INDOIS-290326	27,135	07/11/2017	07/02/2018	27,461	48	27,413
	Bonds INDOIS-100924	27,135	07/11/2017	07/02/2018	27,410	48	27,362
	Bonds INDON-250422	27,135	07/11/2017	07/02/2018	26,918	47	26,871
	<b>Total foreign currencies (Note 61B.(v))</b>	<b>1,085,400</b>			<b>1,067,267</b>	<b>1,320</b>	<b>1,065,947</b>
	<b>Total</b>	<b>4,163,142</b>			<b>4,569,981</b>	<b>977,098</b>	<b>3,592,883</b>

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**28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (continued)**

December 31, 2016							
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah Related Parties	Bonds FR0069	250,000	17/11/2016	06/01/2017	230,230	206	230,024
Third Parties	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,492	540,068
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
	Bonds FR0056	200,000	08/12/2016	09/01/2017	190,912	262	190,650
	Bonds FR0059	200,000	21/12/2016	19/01/2017	172,864	602	172,262
	Bonds FR0073	100,000	02/12/2016	12/01/2017	95,183	183	95,000
	Bonds FR0061	100,000	02/12/2016	12/01/2017	87,323	168	87,155
	Bonds FR0061	64,000	02/12/2016	12/01/2017	55,834	106	55,728
		3,736,742			4,100,116	977,098	3,123,018
Total		<b>3,986,742</b>			<b>4,330,346</b>	<b>977,304</b>	<b>3,353,042</b>

**29. ACCEPTANCES PAYABLE**

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Payable to other banks		
Related parties (Note 55)	352,826	2,443,235
Third parties	5,751,664	5,256,264
Payable to debtors		
Related parties (Note 55)	79,599	7,111
Third parties	373,212	344,355
Total	6,557,301	8,050,965
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	160,786	31,362
Third parties	5,622,030	6,293,547
Payable to debtors		
Related parties (Note 55)	9,683	-
Third parties	194,694	413,370
Total (Note 61B.(v))	5,987,193	6,738,279
	<b>12,544,494</b>	<b>14,789,244</b>

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**29. ACCEPTANCES PAYABLE (continued)**

b. By maturity:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	1,639,619	1,535,856
1 - 3 months	3,411,192	1,917,241
3 - 6 months	1,506,490	3,624,366
6 - 12 months	-	973,502
Total	6,557,301	8,050,965
Foreign currencies:		
Less than 1 month	1,420,703	1,847,555
1 - 3 months	2,511,765	3,358,426
3 - 6 months	1,846,407	1,485,140
6 - 12 months	167,809	40,484
More than 12 months	40,509	6,674
Total (Note 61B.(v))	5,987,193	6,738,279
	<b>12,544,494</b>	<b>14,789,244</b>

**30. MARKETABLE SECURITIES ISSUED**

By type and currencies:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)		
Bonds	8,488,200	3,594,000
Subordinated notes sharia <i>mudharabah</i>	58,000	58,000
Medium-term notes	-	10,000
Total	8,546,200	3,662,000
Third parties		
Bonds	7,956,693	4,669,000
Subordinated notes sharia <i>mudharabah</i>	317,000	317,000
Mandiri travelers' cheques	67,395	72,035
Medium-term notes	-	340,000
Total	8,341,088	5,398,035
	16,887,288	9,060,035
Less: Unamortised issuance cost	(43,693)	(34,041)
<b>Net</b>	<b>16,843,595</b>	<b>9,025,994</b>

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**30. MARKETABLE SECURITIES ISSUED (continued)**

**Bonds**

On July 11, 2017, the Subsidiary (Bank Mandiri Taspen) issued and registered Bonds I Bank Mantap Year 2017 to the Indonesia Stock Exchange with nominal value of Rp2,000,000 which consists of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	1,500,000	8.50%	July 11, 2020
Series B	500,000	8.75%	July 11, 2022

The interest of bonds is paid quarterly, with the first payment on October 11, 2017, while the last payment of interest and also the maturity and payment date of the bonds' principal will fall on July 11, 2020 for series A and July 11, 2022 for series B.

The Trustee for Bonds I Bank Mantap Year 2017 is PT Bank Tabungan Negara (Persero) Tbk. As of December 31, 2017, based on Fitch rating's rating for Bond I Year 2017 is AA (idn) (double A).

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri Taspen is under obligation to: (i) maintain at all times Bank Mandiri Taspen's financial level in good condition as regulated by FSA; (ii) maintain Bank Mandiri Taspen's health level at a minimum in the composite level 3 (three) which is "Fair", according to internal assessment based upon Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure that Bank Mandiri Taspen conform with Indonesia's rules and regulations.

On June 15, 2017, Bank Mandiri issued Continuous Bond I Bank Mandiri Phase II Year 2017 ("Bond I Phase II") with nominal value of Rp6,000,000, which consists of 4 (four) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	1,000,000	8.00%	June 15, 2022
Series B	3,000,000	8.50%	June 15, 2024
Series C	1,000,000	8.65%	June 15, 2027
Series D	1,000,000	7.80%	June 15, 2020

Continuous Bond I Phase II Series A, Series B and Series C are offered at 100% (one hundred percent) of the principal amount of the bonds. The interest of bonds I is paid quarterly, with the first payments made on September 15, 2017 while the last payment date of the interest and also the maturity and payments date of the bonds principal will fall on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C. Continuous Bond I Phase II Series D are offered without interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the principal amount of the bonds, due on June 15, 2020. The principal payments of the bonds are fully paid by the due date. Trustee of the issuance of Continuous Bonds I Phase II is PT Bank Tabungan Negara (Persero) Tbk.

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**30. MARKETABLE SECURITIES ISSUED (continued)**

**Bonds (continued)**

On September 30, 2016, Bank Mandiri issued Continuous Bonds I Bank Mandiri Phase I 2016 ("Continuous Bonds I Phase I") with a nominal value of Rp5,000,000 which consist of 3 (three) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	1,100,000	7.95%	September 30, 2021
Series B	1,500,000	8.50%	September 30, 2023
Series C	2,400,000	8.65%	September 30, 2026

The interest of Continuous Bonds I Phase I is paid quarterly, with the first payment on December 30, 2016. While the last payment of interest and also the maturity and payment date of the bonds' principal will fall on September 30, 2021 for series A; September 30, 2023 for series B; and September 30, 2026 for series C. The Trustee for Continuous Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri is under obligation to: (i) maintain at all times the Bank's financial level in good condition as regulated by FSA; (ii) maintain the bank's health level at a minimum in the composite level 3 (three) which is "Fair", according to internal assessment based upon Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure that the Bank conform with Indonesia's rules and regulations.

Bank Mandiri, without a written consent from the Trustee will not: (i) reduce the Bank's issued and fully paid up capital except such a reduction is conducted based on regulations from the Government of Indonesia or Bank Indonesia; (ii) undergo a change in its main business; (iii) undergo merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

The bonds are not secured by any specific guarantee, except for general guarantees as referred to and in accordance with the provisions of Article 1131 and Article 1132 of the Indonesian Civil Law, all assets of the Bank, either movable or immovable property, either existing or which will exist later on, becomes a liability for all Bank engagements including those bonds.

As of December 31, 2017, based on Pefindo's rating, the rating of Continuous Bonds I Phase II is idAAA (triple A).

As of December 31, 2017 and 2016, based on Pefindo's rating for Continuous Bond I Phase I is idAAA (triple A).

On June 6, 2017 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds III Mandiri Tunas Finance Phase II year 2017 ("Continuous Bonds III phase II") to the Indonesia Stock Exchange with a nominal value of Rp850,000 which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	610,000	8.50%	June 6, 2020
Series B	240,000	8.85%	June 6, 2022

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**30. MARKETABLE SECURITIES ISSUED (continued)**

**Bonds (continued)**

The trustee for Continuous Bonds III Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds III Mandiri Tunas Finance Phase I year 2016 ("Continuous Bonds III phase I") to the Indonesia Stock Exchange with a nominal value of Rp500,000 which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	400,000	8.20%	October 7, 2019
Series B	100,000	8.55%	October 7, 2021

The trustee for Continuous Bonds III Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed, among others, to conduct merger unless performed with the same business, to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions.

As of December 31, 2017, based on Pefindo's rating, the rating of Continuous Bonds III Mandiri Tunas Finance Phase II is idAA+ (double A plus).

As of December 31, 2017 and 2016, based on Pefindo's rating, the rating of Continuous Bonds III Mandiri Tunas Finance Phase I is idAA+ (double A plus).

On June 1, 2016, PT Mandiri Tunas Finance issued and registered Continuous Bonds II Mandiri Tunas Finance Phase II Year 2016 ("Continuous Bonds II Phase II") to the Indonesia Stock Exchange with a nominal value of Rp1,400,000, which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	720,000	8.95%	June 1, 2019
Series B	680,000	9.25%	June 1, 2021

The trustee for Continuous Bonds II Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On December 18, 2015, the subsidiary (PT Mandiri Tunas Finance) issued and registered continuous Bonds II PT Mandiri Tunas Finance Phase I Year 2015 ("Continuous Bonds II Phase I") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions.

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**30. MARKETABLE SECURITIES ISSUED (continued)**

**Bonds (continued)**

The rating for Continuous Bonds II PT Mandiri Tunas Finance Phase I and II based on Pefindo's rating as of December 31, 2017 and 2016 is idAA+ (double A plus).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Continuous Bonds I phase III Year 2015 ("Continuous Bonds I phase III") at the Indonesian Stock Exchange with a nominal value of Rp150,000 as follows:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Continuous Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase III is PT Bank Mega Tbk.

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

<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 the Continuous Bonds I Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On June 5, 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase I year 2013 ("Continuous Bonds I Phase I") to the Indonesia Stock Exchange with a nominal value of Rp500,000 which consist of 2 (two) series:

<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 the Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for the Subsidiary's normal business transactions.

Continuous Bonds I Mandiri Tunas Finance Phase I, Series A amounting to Rp425,000 and Series B Rp75,000. Continuous Bonds I Phase II Series A amounting to Rp425,000 has been repaid at maturity.

The rating for Continuous Bonds I PT Mandiri Tunas Finance Phase II and III based on Pefindo's rating as of December 31, 2017 and 2016 is idAA+ (double A plus).

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### 30. MARKETABLE SECURITIES ISSUED (continued)

#### Bonds (continued)

On December 31, 2017, all securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounting to Rp2,003,301 (December 31, 2016: Rp1,836,445) (Note 13f) and net investment in finance leases amounting to Rp201,699 (December 31, 2016: Rp158,555) (Note 14f).

#### Subordinated notes sharia *mudharabah*

On December 22, 2016, the Subsidiary (PT Bank Syariah Mandiri "BSM") has issued subordinated notes sharia *mudharabah* ("subnotes *mudharabah*") BSM 2016 with a nominal value of Rp375,000. Subnotes *Mudharabah* are securities issued in the form of letter recognition of long-term liabilities tenor of 7 years with the following terms and conditions:

- Profit sharing is calculated by multiplying the nisbah of BSM's subnotes *mudharabah* shareholders with revenue which is distributed and listed in the unaudited last-quarter financial statements and approved by BSM's Directors not later than 10 (ten) days before the payment date of the profit sharing.
- The distributed revenue was obtained from the financing portfolio of revenue denominated in Rupiah (blended) of BSM amounting to 7 (seven) times of the amount of subnotes *mudharabah* Funds denominated in rupiah held by the issuer, that is obtained during the one (1) quarter as listed in each unaudited BSM's financial report.
- *Nisbah* provided to the BSM subnotes *mudharabah* holders' is 27.07% per annum of the profit sharing which is paid every three (3) month.

Subnotes *mudharabah* are neither covered by a specific guarantee nor guaranteed by a third party or by the Republic of Indonesia and not included in the Bank Guarantee Program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation and in accordance with article 17 paragraph (1) letter f of FSA Regulation No. 21/POJK.03/2014. Subnotes *mudharabah* are liability of the Subsidiary that is subordinated.

During the validity period of subnotes *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) of not less than 12% (twelve percent); (ii) ensure that the subnotes *mudharabah* will not be owned by more than 50 (fifty) investors; (iii) submit to the monitoring agent as follows: the annual financial statements (audited) no later than the end of the 4th month after the financial statement date, quarterly financial statements (unaudited) not later than the end of the 1st month after the financial statement date, financial statements for the calculation of revenue sharing and BSM Health rating report and self-assessment of the implementation of Good Corporate Governance to the FSA.

BSM without written approval from the monitoring agent, will not do the following: (i) reduce the issued and paid-in capital; (ii) undergo a change in its main business; (iii) undergo a merger, consolidation, reorganization, except such changes were in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) do a merger, consolidation, acquisition with another entity that will result in the dissolution of BSM.

Acting as the trustee of subnotes *mudharabah* is PT Bank Mandiri (Persero) Tbk. The rating of subordinated notes year 2016 as of December 31, 2017 and 2016, based on Pefindo's rating is idAA- (double A minus sharia).

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**30. MARKETABLE SECURITIES ISSUED (continued)**

**Medium Term Notes (MTN)**

To assist with business expansion, mainly in order to support credit financing, on November 18, 2016, the Subsidiary (PT Bank Mandiri Taspen) issued Medium-Term Notes (MTN) PT Bank Mandiri Taspen ("MTN Bank Mantap") amounting to Rp350,000 with an interest rate of 9.50% per annum. MTN Bank Mantap has a period of 370 days from the date of issuance, while the interest is payable on a quarterly basis with the first interest payment due on February 18, 2017.

December 31, 2016

Type	Arranger	Maturity date	Tenor (days)	Interest rate per annum	Nominal amount
MTN Bank Mantap	PT Mandiri Sekuritas	November 23, 2017	370	9.50%	350,000

MTN Bank Mantap amounting to Rp350,000 has fully paid on maturity date. On December 31, 2016, the rating of MTN Bank Mantap Based on Pefindo's Rating is idA + (A plus).

Bank Mandiri and its Subsidiaries have made interest payments on securities issued in accordance with the schedule of interest payments during the years ended December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, Bank Mandiri and Subsidiaries have fulfilled the requirements stipulated in the agreement of all issued securities.

**31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES**

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

	December 31, 2017	December 31, 2016
Rupiah:		
Bank guarantees issued (Note 53)	49,154,361	42,070,997
Committed unused loan facilities granted	20,185,442	20,843,506
Outstanding irrevocable letters of credit (Note 53)	4,727,760	3,263,998
Standby letters of credit (Note 53)	1,447,980	1,868,480
<b>Total</b>	<b>75,515,543</b>	<b>68,046,981</b>
Foreign currencies:		
Bank guarantees issued (Note 53)	30,533,617	32,195,287
Committed unused loan facilities granted	15,427,279	6,053,865
Outstanding irrevocable letters of credit (Note 53)	11,094,762	8,832,668
Standby letters of credit (Note 53)	10,830,638	11,296,080
<b>Total</b>	<b>67,886,296</b>	<b>58,377,900</b>
	<b>143,401,839</b>	<b>126,424,881</b>

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**31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)**

b. By Bank Indonesia's collectibility:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Current	142,507,867	125,828,356
Special mention	639,362	511,293
Sub-standard	207,574	60,493
Doubtful	3,127	13,468
Loss	43,909	11,271
Total	143,401,839	126,424,881
Less: Allowance for impairment losses	(381,771)	(207,401)
<b>Commitments and contingencies - net</b>	<b>143,020,068</b>	<b>126,217,480</b>

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	207,401	395,610
Allowance/(reversal) during the year	173,402	(181,459)
Others*)	968	(6,750)
<b>Ending balance</b>	<b>381,771</b>	<b>207,401</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, 2017 and 2016 are amounting to Rp3,069,449 and Rp2,943,910, respectively (Notes 21c and 24c).

**32. ACCRUED EXPENSES**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Interest expenses	1,419,253	1,234,878
Fixed asset and software procurement	1,267,246	1,068,211
Outsourcing expenses	359,249	343,986
Promotions	295,548	216,029
Employee related costs: uniform, recreation and others	60,842	71,043
Professional service costs	50,984	42,484
Others	854,071	766,865
<b>Total</b>	<b>4,307,193</b>	<b>3,743,496</b>

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**32. ACCRUED EXPENSES (continued)**

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

Others consist of accrued expenses related to fees accrued that should be paid to FSA and Bank operational activities, such as data communication costs and the cost of electricity, water and gas.

**33. TAXATION**

**a. Prepaid taxes**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Bank Mandiri	2,403,973	2,421,556
Subsidiaries	284,076	191,151
<b>Total</b>	<b>2,688,049</b>	<b>2,612,707</b>

**b. Taxes payable**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Current income taxes payable</b>		
<b>Bank Mandiri</b>		
Corporate Income Tax - Article 29	114,149	558,254
<b>Subsidiaries</b>		
Corporate Income Tax - Article 29	187,151	102,693
	<b>301,300</b>	<b>660,947</b>
<b>Others income taxes payable</b>		
<b>Bank Mandiri</b>		
Income Tax		
Article 21	159,344	122,588
Article 4 (2)	263,387	277,193
Others	129,662	94,705
	552,393	494,486
<b>Subsidiaries</b>	156,139	103,359
	<b>708,532</b>	<b>597,845</b>
<b>Total</b>	<b>1,009,832</b>	<b>1,258,792</b>

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**33. TAXATION (continued)**

**c. Tax (benefit)/expense**

	Year ended December 31,	
	2017	2016
Tax expense - current:		
Bank Mandiri	4,903,592	4,435,708
Subsidiaries	689,701	653,216
	5,593,293	5,088,924
Tax (benefit)/expense - deferred:		
Bank Mandiri	183,757	(1,182,488)
Subsidiaries	(63,229)	16,366
	120,528	(1,166,122)
<b>Total</b>	<b>5,713,821</b>	<b>3,922,802</b>

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

**d. Tax expense - current**

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

	Year ended December 31,	
	2017	2016
Consolidated income before tax expense and non-controlling interests	27,156,863	18,572,965
Less:		
Income before tax expense of Subsidiaries - after elimination	(2,687,765)	(2,983,934)
Impact of changes in presenting investment from equity method to cost method	628,967	735,377
Income before tax expense and non-controlling interests - Bank Mandiri only	25,098,065	16,324,408
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	328,999	(48,829)
Others	9,682	(9,478)

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**33. TAXATION (continued)**

**d. Tax expense – current (continued)**

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

	Year ended December 31,	
	2017	2016
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,230,105)	5,536,094
Allowance for impairment losses on financial assets other than loans	(409,240)	88,974
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	732,945	690,957
Allowance for estimated losses arising from legal cases	(78,150)	(282,830)
Provision for estimated losses on commitments and contingencies	156,265	(177,583)
Depreciation of fixed assets	(41,970)	(43,015)
Unrealised losses/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	(10,780)	(5,765)
Unrealised gain on BOT transactions	-	109,141
Allowance for possible losses of abandoned properties	(37,750)	(3,535)
Estimated taxable income	24,517,961	22,178,539
Estimated tax expense - current		
Bank Mandiri only	4,903,592	4,435,708
Subsidiaries	689,701	653,216
<b>Total</b>	<b>5,593,293</b>	<b>5,088,924</b>

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

	Year ended December 31,	
	2017	2016
Consolidated income before tax expense and noncontrolling interest	27,156,863	18,572,965
Tax calculated at applicable tax rates	5,691,555	4,010,865
<b>Income tax effect of:</b>		
<b>Bank Mandiri</b>		
- Income not subject to tax and final tax	(246,346)	(213,279)
- Expense not deductible for tax purposes	312,146	203,513
Estimated taxable income	65,800	(9,766)
<b>Subsidiaries</b>	(43,534)	(78,297)
Total tax effect	22,266	(88,063)
<b>Income tax expense</b>	<b>5,713,821</b>	<b>3,922,802</b>

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**33. TAXATION (continued)**

**d. Tax expense - current (continued)**

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

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

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No. 56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate Tax payers, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the tax payer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

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

Based on Certificate No. DE/I/2018-0149 dated January 5, 2018 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 2, 2018 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, FSA (formerly "Bapepam-LK") will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank's corporate income tax for the year ended December 31, 2017 are calculated using the tax rate of 20%.

The Bank believes that it can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2017.

The calculation of income tax for the year ended December 31, 2017 as described above will be the basis for filling the Annual Tax Return (SPT) of Corporate Income Tax.

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**33. TAXATION (continued)**

**e. Deferred tax assets - net**

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

	December 31, 2017			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
<b>Bank Mandiri</b>				
<b>Deferred tax assets:</b>				
Allowance for impairment loan losses	2,261,427	(199,957)	-	2,061,470
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,247,207	146,589	141,015	1,534,811
Loans write-off until 2008	1,206,212	(46,064)	-	1,160,148
Allowance for impairment losses on financial assets other than loans	444,607	(81,848)	-	362,759
Estimated losses on commitments and contingencies	38,629	31,253	-	69,882
Allowance for estimated losses arising from legal cases	51,080	(15,630)	-	35,450
Allowance for possible losses on abandoned properties	29,127	(7,499)	-	21,628
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	3,504	(2,156)	-	1,348
Accumulated losses arising from difference in net realisable value of abandoned properties	174	(51)	-	123
<b>Deferred tax assets</b>	<b>5,285,930</b>	<b>(175,363)</b>	<b>141,015</b>	<b>5,251,582</b>
<b>Deferred tax liabilities:</b>				
Net book value of fixed assets	(120,486)	(8,394)	-	(128,880)
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds - available for sale	270,145	-	(423,121)	(152,976)
<b>Deferred tax assets - Bank Mandiri only</b>	<b>5,435,589</b>	<b>(183,757)</b>	<b>(282,106)</b>	<b>4,969,726</b>
Net deferred tax assets - Subsidiaries	554,512			594,593
<b>Total consolidated deferred tax assets - net</b>	<b>5,990,101</b>			<b>5,564,319</b>

	December 31, 2016			
	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	1,248,713	(42,501)	-	1,206,212
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,068,972	138,191	40,044	1,247,207
Allowance for impairment loan losses	1,111,707	1,149,720	-	2,261,427
Allowance for impairment losses on financial assets other than loans	426,812	17,795	-	444,607
Unrealised losses on decrease in fair value of marketable securities and government bonds - available for sale	375,769	-	(105,624)	270,145

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**33. TAXATION (continued)**

**e. Deferred tax assets - net (continued)**

	December 31, 2016			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
<b>Bank Mandiri (continued)</b>				
<b>Deferred tax assets (continued):</b>				
Allowance for estimated losses arising from legal cases	107,646	(56,566)	-	51,080
Estimated losses on commitments and contingencies	74,146	(35,517)	-	38,629
Allowance for possible losses on abandoned properties	29,819	(692)	-	29,127
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	4,657	(1,153)	-	3,504
Accumulated losses arising from difference in net realisable value of abandoned properties	189	(15)	-	174
<b>Deferred tax assets</b>	<b>4,452,393</b>	<b>1,169,262</b>	<b>(65,580)</b>	<b>5,556,075</b>
<b>Deferred tax liabilities:</b>				
Unrealised gain on BOT transactions	(21,828)	21,828	-	-
Net book value of fixed assets	(111,884)	(8,602)	-	(120,486)
<b>Deferred tax assets - Bank Mandiri only</b>	<b>4,318,681</b>	<b>1,182,488</b>	<b>(65,580)</b>	<b>5,435,589</b>
Net deferred tax assets - Subsidiaries	515,841			554,512
<b>Total consolidated deferred tax assets - net</b>	<b>4,834,522</b>			<b>5,990,101</b>

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

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

**f. Tax assessment letter**

**Fiscal year 2013**

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

Management disagree with the Tax Underpayment Assessment Letter and has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on December 31, 2017 and 2016.

On March 7, 2016 the Tax Office has issued an objection letter rejecting the Bank's objection. The Bank has submitted an appeal over the objection letter issued to Tax Court on June 2, 2016.

On October 30, 2017, the Tax Court has uttered their decision to reject the Bank's objection. The Bank disagree and intend to request judicial review of Tax Court's decision from the Supreme Court of the Republic of Indonesia.

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**33. TAXATION (continued)**

**f. Tax assessment letter (continued)**

**Fiscal year 2010**

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

Management disagree with the Tax Underpayment Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the tax under payment and recorded it as prepaid tax as of December 31, 2017 and 2016.

On December 2013, the Tax Office has issued a decision letter to the Bank's objection letters on VAT above and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to VAT. The Bank disagreed with the above decision letter and has proposed an appeal for on the above decision letter to the Tax Court in March 2014.

On February 21, 2014, Tax Office has issued a decision letter to the Bank's objection letters on tax underpayment on corporate income tax and Tax Office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on May 19, 2014.

On April and May 2016, the Tax Court has uttered their decision to approve majority of the appeal submitted on the letter of objection on VAT and reject the appeal submitted on the letter of objection on income tax. The Bank disagrees with the decision and has requested for judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. Until the date of this consolidated financial statement the judicial review is still in progress.

**34. EMPLOYEE BENEFIT LIABILITIES**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah		
Provision for post-employment benefit (Note 50)	4,030,761	2,943,664
Provisions for bonuses, leave and holiday entitlements	4,246,627	3,819,404
<b>Total</b>	<b>8,277,388</b>	<b>6,763,068</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, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Liability to policy holders	4,752,207	3,840,894
Payable to customers	2,285,484	1,350,344
Liability related to ATM and credit card transaction	2,215,373	1,394,196
Guarantee deposits	909,499	851,298
Deferred income (directly attributable)	693,670	627,487

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**35. OTHER LIABILITIES (continued)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah (continued):		
Deferred income (not directly attributable)	494,919	378,865
Liabilities related to unit-link	281,493	351,903
Payable from purchase of marketable securities	120,724	20,721
Customers transfer transaction	103,155	73,545
Others	4,681,004	3,828,689
<b>Total</b>	<b>16,537,528</b>	<b>12,717,942</b>
Foreign currencies:		
Customers transfer transaction	1,379,912	485,451
Guarantee deposits	598,017	690,140
Other liabilities related to UPAS transactions	586,311	948,536
Deferred income (not directly attributable)	259,811	314,444
Payable from purchase of marketable securities	88,154	-
Deferred income (directly attributable)	32,999	2,274
Others	1,013,645	651,249
<b>Total (Note 61B.(v))</b>	<b>3,958,849</b>	<b>3,092,094</b>
	<b>20,496,377</b>	<b>15,810,036</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, 2017</b>	<b>December 31, 2016</b>
Future policy benefits from non unit-link products	3,062,182	2,053,916
Unearned premiums	1,202,818	1,211,875
Estimated claim liabilities	375,892	491,360
Claim payables	111,315	83,743
<b>Total</b>	<b>4,752,207</b>	<b>3,840,894</b>

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

Liabilities associated with ATM and credit card transactions consists of liabilities on ATM transactions within ATM Bersama, ATM links and ATM Prima and liabilities to Visa and Master Card for credit card transactions.

Liabilities related to unit link represents unit-link liabilities to third parties and unit-link policyholders' fund liabilities of a subsidiary (AXA Mandiri Financial Services).

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

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**35. OTHER LIABILITIES (continued)**

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortized loan.

Unearned income which is not directly attributed consists of deferred fees/commissions that are not directly related to the unamortized loan.

Purchase of securities accrued arising from the purchase of securities which was fully paid respectively on January 3, 2018 and January 5, 2017 as of December 31, 2017 and 2016.

Other liabilities on UPAS transaction is a liability to the payer bank in foreign currency related with bill of UPAS to importers.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

**36. FUND BORROWINGS**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Third parties		
(a) Ministry of Public Work and Housing (Kemenpupera)	135,401	127,236
(b) Direct off-shore loans	-	300,000
(e) Repo to maturity	494,301	494,301
(f) Others	6,106,886	4,194,807
Total	6,736,588	5,116,344
Foreign currencies:		
Third parties		
(b) Direct off-shore loans	13,602,722	18,999,531
(c) Bilateral loans	5,424,830	5,388,661
(d) Trade financing facilities	7,318,310	6,378,221
(f) Others	2,621,229	-
Total (Note 61B.(v))	28,967,091	30,766,413
	<b>35,703,679</b>	<b>35,882,757</b>

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**36. FUND BORROWINGS (continued)**

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Work and Housing's fund and 30.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated February 15, 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia in 2012, which has been renewed on 2016 with Operational Cooperation Agreement No. 13/SK.9/HK.02.04/03/2016 and No. DIR.PKS/33/2016 dated March 7 on Funding Distribution of Liquidity Facility of House Financing (FLPP) for the purpose of acquiring houses for citizens with low income.

The outstanding loan balance as of December 31, 2017 and 2016, was amounted to Rp135,401 and Rp127,236. This facility bears a certain interest from the government. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for the fund disbursed from date of 1 until 10) and start the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpupera will be made not later than the date of 10 for each month.

(b) Direct off-shore loans

The details of direct off-shore loans are as follows:

	December 31, 2017	December 31, 2016
Rupiah:		
Bank of America, Singapore	-	300,000
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,464,055	9,390,562
- Tranche B	3,961,828	3,684,511
Agence Française de Développement, France	176,839	343,823
Nomura International Plc, London	-	2,684,047
Bank of America, Hong Kong	-	1,549,338
United Overseas Bank, Singapore	-	1,347,250
Total	13,602,722	18,999,531
	13,602,722	19,299,531

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Bank of America, Singapore**

December 31, 2016

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America, Singapura	November 3, 2017	36	Fixed 9%	-	<u><u>300,000</u></u>

On October 31, 2014, Bank Mandiri obtained an unsecured loan facility from Bank of America, Singapore amounting to Rp300,000 with a fixed interest rate of 9% per year.

The loan facility has a tenor of 3 (three) years and will be matured on November 3, 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on November 5, 2014. This borrowing was already fully paid on the maturity date.

**China Development Bank, China**

December 31, 2017

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,497,250
Less:						
Unamortised issuance costs					(2,446,686)	(33,195)
					<u><u>697,553,314</u></u>	<u><u>9,464,055</u></u>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	1,908,420,000	3,976,460
Less:						
Unamortised issuance costs					(7,022,446)	(14,632)
					<u><u>1,901,397,554</u></u>	<u><u>3,961,828</u></u>

December 31, 2016

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
(USD Currency)	China	2025	120	+ certain margin	700,000,000	9,430,750
Less:						
Unamortised issuance costs					(2,982,932)	(40,188)
					<u><u>697,017,068</u></u>	<u><u>9,390,562</u></u>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,700,789
Less:						
Unamortised issuance costs					(8,394,164)	(16,278)
					<u><u>1,900,025,836</u></u>	<u><u>3,684,511</u></u>

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**China Development Bank, China (continued)**

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral credit agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) and will be matured in 10 (ten) years after agreement date with an interest rate of LIBOR 6 (six) monthly plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing 10 (ten) years after the agreement date with SHIBOR interest rate of six (6) months plus a certain margin. The loan was withdrawn on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015.

**Agence Française de Développement, France**

**December 31, 2017**

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah Equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	2,285,714	31,012
Less:						
Unamortised issuance costs					(1,374)	(19)
					<b>2,284,340</b>	<b>30,993</b>
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	2,357,143	31,980
Less:						
Unamortised issuance costs					(2,150)	(29)
					<b>2,354,993</b>	<b>31,951</b>
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	8,571,429	116,293
Less:						
Unamortised issuance costs					(176,728)	(2,398)
					<b>8,394,701</b>	<b>113,895</b>
					<b>13,034,034</b>	<b>176,839</b>

**December 31, 2016**

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	4,571,429	61,589
Less:						
Unamortised issuance costs					(5,427)	(73)
					<b>4,566,002</b>	<b>61,516</b>

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France (continued)**

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2017	64	LIBOR (6 months) + certain margin	7,272,727	97,982
Less:						
Unamortised issuance costs					(5,540)	(75)
					<b>7,267,187</b>	<b>97,907</b>
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	3,928,571	52,928
Less:						
Unamortised issuance costs					(5,915)	(80)
					<b>3,922,656</b>	<b>52,848</b>
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	10,000,000	134,725
Less:						
Unamortised issuance costs					(235,504)	(3,173)
					<b>9,764,496</b>	<b>131,552</b>
					<b>25,520,341</b>	<b>343,823</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 (six) months LIBOR plus a certain margin and will be used to finance the projects that related to the carbon emission reduction.

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On December 15, 2010, the Bank drawdown the borrowing from AFD amounting to USD30,000,000 (full amount), which was matured on June 30, 2016. This borrowing was already fully paid on the maturity date.

On February 16, 2012, May 30, 2012 and May 31, 2012, the Bank drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will be matured on September 30, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounting to USD40,000,000 (full amount) was already paid on the maturity date.

The drawdown of the above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France (continued)**

On November 8, 2013, Bank Mandiri signed a second new loan facility agreement or second line of credit with AFD amounting to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank has drawdown the loan amounting to USD10,000,000 (full amount), which will be matured on September 30, 2023.

**Nomura International Plc, London**

December 31, 2016

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,694,500
Less:						
Unamortised issuance costs					(775,864)	(10,453)
					<b>199,224,136</b>	<b>2,684,047</b>

On October 8, 2014, Bank Mandiri obtained a loan facility from Nomura International Plc. London amounting of USD200,000,000 (full amount) with interest rate at 3 (three) months LIBOR plus a certain margin.

This facility has a tenor of 3 (three) years and will be matured on October 17, 2017. Bank Mandiri has drawdown this loan facility of USD200,000,000 (full amount) on October 17, 2014. This borrowing was already fully paid on the maturity date.

This loan facility is secured with as follows (Note 8c):

	Nominal amount (USD full amount)	
	December 31, 2017	December 31, 2016
ROI 21	-	86,800,000
ROI 20	-	71,000,000
ROI 19	-	61,500,000
ROI 24	-	12,230,000

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Bank of America, Hong Kong**

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,549,338

On October 30, 2014, Bank Mandiri obtained a loan facility from Bank Of America, Hongkong amounting of USD115,000,000 (full amount) with interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on November 13, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on November 12, 2014. This borrowing was already fully paid on the maturity date.

As of December 31, 2016, this loan facility was secured by government bonds series VR0028 with a nominal value of Rp2,150,000 and ROI 19 series USD9,471,000 (full amount) (Note 8c).

**United Overseas Bank, Singapore**

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	United Overseas Bank, Singapore	November 24, 2017	12	LIBOR (3 months) + certain margin	100,000,000	1,347,250

On November 9, 2016, Bank Mandiri obtained a loan facility from United Overseas Bank, Singapore of USD100,000,000 (full amount) with margin of 3 (three) months LIBOR plus certain margin.

This facility has a tenor of 1 (one) year and will mature on November 24, 2017. Bank Mandiri has drawdown this facility amounting of USD100,000,000 (full amount) on November 30, 2016. This borrowing was already fully paid on the maturity date.

(c) Bilateral loans

**JP Morgan, Jakarta**

The details of bilateral loans are as follows:

	December 31, 2017	December 31, 2016
JP Morgan, Jakarta	5,424,830	5,388,661

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**36. FUND BORROWINGS (continued)**

(c) Bilateral loans (continued)

**JP Morgan, Jakarta (continued)**

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,035,125
Less:						
Unamortised issuance costs					(60,417)	(820)
					<b>149,939,583</b>	<b>2,034,305</b>
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,391,875
Less:						
Unamortised issuance costs					(99,553)	(1,350)
					<b>249,900,447</b>	<b>3,390,525</b>
					<b>399,840,030</b>	<b>5,424,830</b>

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,020,875
Less:						
Unamortised issuance costs					-	-
					<b>150,000,000</b>	<b>2,020,875</b>
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,368,125
Less:						
Unamortised issuance costs					(25,142)	(339)
					<b>249,974,858</b>	<b>3,367,786</b>
					<b>399,974,858</b>	<b>5,388,661</b>

On November 15, 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (full amount) with an interest rate at 3 months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will be matured on November 21, 2020.

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**36. FUND BORROWINGS (continued)**

(c) Bilateral loans (continued)

**JP Morgan, Jakarta (continued)**

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2017	December 31, 2016
FR0053*)	284,375	-
ORI 011*)	-	288,276
INDOIS 22**)	60,000,000	60,000,000
ROI 21**)	36,500,000	36,500,000
ROI 24**)	30,000,000	30,000,000
ROI 22**)	18,000,000	18,000,000
ROI 23**)	17,500,000	17,500,000

\*) In million rupiah

\*\*\*) In USD (full amount)

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and will be matured on September 5, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount) on September 2, 2014. This loan facility has been extended on October 5, 2016 and will be matured on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount	
	December 31, 2017	December 31, 2016
FR0053*)	659,947	-
ORI 011*)	-	669,000
INDOIS 22**)	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000
ROI 23**)	37,000,000	37,000,000
ROI 21**)	32,000,000	32,000,000
ROI 19**)	27,295,000	27,295,000

\*) In million rupiah

\*\*\*) In USD (full amount)

(d) Trade financing facilities (bankers acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 60 days to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. The balance as of December 31, 2017 and 2016 are as follows:

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**36. FUND BORROWINGS (continued)**

(d) Trade financing facilities (bankers acceptance) (continued)

	December 31, 2017	December 31, 2016
Bank of Montreal, Canada	1,831,612	1,058,938
United Overseas Bank Limited, Singapore	1,356,750	2,435,828
CO Bank US, United States	1,356,750	491,477
Sumitomo Mitsui Banking Corporation, Singapore	1,212,935	-
Citibank NA, Hong Kong	1,017,563	61,085
Bank of Tokyo Mitsubishi UFJ, Singapore	542,700	-
Wells Fargo Bank NA, United States	-	1,347,250
Bank of New York Mellon, Singapore	-	471,538
Bank of America NA, Hong Kong	-	383,659
Standard Chartered Bank, Singapore	-	67,362
CTBC Bank Co.Ltd, Singapore	-	61,084
<b>Total</b>	<b>7,318,310</b>	<b>6,378,221</b>

(e) Repo to Maturity

On October 31, 2014, Bank Mandiri signed a loan agreement amounting to Rp600,000 with the scheme of repo to maturity with Bank of America, Singapore Limited (BOA). In this transaction, Bank Mandiri transferred Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which amounts Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognises receivable amounting cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on July 25, 2020, which match with the maturity date of VR0031. On the maturity date, the transaction settlement will be made net of loan and receivable between Bank Mandiri and BOA.

On November 19, 2014, BOA sent "Transfer Notice" which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha.

(f) Others

	December 31, 2017	December 31, 2016
Rupiah:		
PT Bank Pan Indonesia Tbk.	2,540,738	2,533,041
PT Bank Mega Tbk.	798,297	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	685,138	408,854
PT Bank Central Asia Tbk.	626,268	170,407
PT Bank DKI	546,015	414,882
PT Bank KEB Hana Indonesia	378,863	400,434
PT Bank Ina Perdana Tbk.	148,675	85,000
PT Bank Danamon Indonesia Tbk.	117,617	137,392
PT Bank Sumut	100,000	-
PT Bank MNC Internasional Tbk.	50,000	-
PT Bank Permata Tbk.	50,000	-
PT Bank BPD DIY	40,275	-
PT Bank CIMB Niaga Tbk.	25,000	-

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

	December 31, 2017	December 31, 2016
Rupiah (continued):		
PT Bank Chinatrust Indonesia	-	33,302
PT Bank Commonwealth	-	11,495
Total	6,106,886	4,194,807
Foreign currencies:		
Bank of Tokyo-Mitsubishi UFJ	2,586,004	-
PT Bank ANZ Indonesia	35,225	-
Total	2,621,229	-
	<b>8,728,115</b>	<b>4,194,807</b>

**PT Bank Pan Indonesia Tbk.**

On November 12, 2012 and latest amended on October 13, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provide some non revolving term loan facilities with a total limit of Rp5,500,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from April 2018 until December 2020.

On May 12, 2011, the Subsidiary (PT Mandiri Tunas Finance) and Panin also signed loan agreement whereby Panin provides a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest amendment signed on November 12, 2012 with additional facility up to Rp300,000 and maturity date was extended to May 12, 2017. This loan has been repaid by Subsidiary on the maturity date.

On May 26, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provides working capital facilities with a total limit of Rp400,000 non revolving and money market line facility with a limit of Rp100,000 revolving. These facilities bears an 9% - 9.75% of interest rate of the drawdown for the working capital facility and market interest rates of the drawdown for the money market line facility. The working capital facility will be mature on December 31, 2021 and money market line facility will be matured on May 26, 2018.

As of December 31, 2017 and 2016, borrowing from Panin was amounted to Rp2,540,738 and Rp2,533,041, respectively.

**PT Bank Mega Tbk.**

On May 4, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Mega Tbk. (Bank Mega) signed a loan agreement whereby Bank Mega provides a working capital facility with a total limit of Rp125,000 non revolving and bears 9% - 10% of interest rate. Then on July 21, 2017, Bank Mega signed a loan agreement whereby Bank Mega provides additional working capital facility with a maximum limit of Rp875,000 non revolving and bears 9% - 10% of interest rate. With this additional, the total facility provided is Rp1,000,000. The facility will be matured on May 4, 2018.

As of December 31, 2017, borrowing from Bank Mega was amounted to Rp798,297.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.**

On April 22, 2014, and latest amended on October 27, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. (BJB) signed a loan agreement whereby BJB provides some non revolving term loan facilities with a total limit of Rp1,250,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from May 2018 until December 2020.

As of December 31, 2017 and 2016, borrowing from BJB amounted to Rp685,138 and Rp408,854, respectively.

**PT Bank Central Asia Tbk.**

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides a revolving overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and latest amendment of this facility was on March 8, 2016. This facility will be matured on March 12, 2018.

On July 19, 2013 and the latest on March 8, 2016, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered into several loan agreements whereby BCA provides some non revolving term loan facilities with a total limit of Rp500,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between February 2020 until August 2020.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement whereby BCA provides revolving money market facility with a limit of Rp300,000 and bears a floating interest rate. This agreement has been amended by signing the agreement on March 24, 2017 which the money market facility switched to non revolving term loan facilities and bears a fixed interest rate. The facility has various maturity dates which ranging between July 2020 until August 2020.

On February 25, 2013, the Subsidiary (PT Mandiri Sekuritas) entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000. Currently the multifacility has been increased to Rp250,000. This facility used money market line facility for working capital, bank guarantee facility, and foreign exchange line to anticipate the fluctuation of foreign currency exchange. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility. The facility will be matured on February 22, 2018.

As of December 31, 2017 and 2016, borrowing from BCA amounted to Rp626,268 and Rp170,407, respectively.

**PT Bank DKI**

On September 17, 2013 and the latest on July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several non revolving term loan facilities with a total facility of Rp714,500 and bears a fixed interest rate. These facilities have various maturity dates ranging between January 2018 until January 2020.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Bank DKI (continued)**

On July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank DKI signed a loan agreement whereby the Bank DKI provides money market facility with a limit of Rp100,000 revolving and bears floating interest rate. The facility was matured on July 26, 2017. This borrowing was already fully paid on the maturity date.

On March 24, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank DKI (Bank DKI) signed a loan agreement whereby Bank DKI provides money market line facility with a total maximum limit of Rp300,000 revolving and bears market interest rate of the drawdown of the facility. The facility will be matured on March 23, 2018.

As of December 31, 2017 and 2016, borrowing from Bank DKI was amounted to Rp546,015 and Rp414,882, respectively.

**PT Bank KEB Hana Indonesia**

On March 19, 2015 and the latest on May 23, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (Hana) signed a loan agreement where Hana provides term loan facilities with a total facility of Rp600,000 non revolving and bears a fixed interest rate. These facilities have various maturity dates which is ranging from March 2018 until June 2019.

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (Bank Hana) signed a loan agreement where Bank Hana provides working capital facility with a total limit of Rp200,000 non revolving and bears a 9% fixed interest rate. The facility will be matured on September 7, 2020.

As of December 31, 2017 and 2016, loans from Hana amounted to Rp378,863 and Rp400,434, respectively.

**PT Bank Ina Perdana Tbk.**

On December 28, 2016, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement whereby Bank Ina provides working capital facilities with a total limit of Rp85,000 non revolving and bears a 9% of interest rate. The facility will be matured on December 29, 2020.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement whereby Bank Ina provides working capital facilities on additional plafond amounting to Rp85,000 non revolving and bears an 8.5% of interest rate. The facility will be matured on December 20, 2020.

As of December 31, 2017 and 2016, loans from Bank Ina amounted to Rp148,675 and Rp85,000, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Bank Danamon Indonesia Tbk.**

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Tbk. (Danamon) signed a loan agreement whereby the Bank provides a term loan facility with a total facility of Rp198,806 revolving and bears a fixed interest rate and a working capital loan facility with a total facility of Rp100,000 revolving and bears a floating interest rate. These facilities have various maturity dates ranging between August 2018 until June 2020.

As of December 31, 2017 and 2016, loans from Danamon amounted to Rp117,617 and Rp137,392, respectively.

**PT Bank Sumut**

The Subsidiary (PT Mandiri Sekuritas) provides a credit facility from PT Bank Sumut (Bank Sumut) amounting to Rp100,000 with maximum withdrawal for 3 months tenor. The interest rate will be effectively floating depend when the facility disbursed to PT Mandiri Sekuritas. The facility purposed for financing the working capital of PT Mandiri Sekuritas. This facility will be matured on January 3, 2018.

As of December 31, 2017, loans from Bank Sumut amounted to Rp100,000.

**PT Bank MNC Internasional Tbk.**

On March 22, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank MNC Internasional Tbk. (Bank MNC) signed a loan agreement whereby Bank MNC provides money market line facility on plafond amounted to Rp120,000 revolving and bears a market interest rate when the facility withdrawn This facility will be matured on March 22, 2018.

As of December 31, 2017, loans from Bank MNC amounted to Rp50,000.

**PT Bank Permata Tbk.**

On November 15, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Permata Tbk. (Bank Permata) signed a loan agreement where Bank Permata provides a working capital facility with a total limit Rp200,000 non revolving bears a 9% of interest rate for one year and money market line facility with total limit Rp100,000 revolving bears an interest rate range for 7% - 7.25%. These facilities will be matured on November 14, 2018.

As of December 31, 2017 loans form Bank Permata amounted to Rp50,000.

**PT Bank BPD DIY**

On May 18, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank BPD DIY (BPD DIY) signed a loan agreement where BPD DIY provides a working capital facility with total limit Rp50,000 non revolving and bears a 9% of interest rate when withdrawn. This facility will be matured on May 22, 2020.

As of December 31, 2017, loans from BPD DIY amounted to Rp40,275.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

**PT Bank CIMB Niaga Tbk.**

On November 21, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank CIMB Niaga Tbk. (Bank CIMB Niaga) signed a loan agreement whereby Bank CIMB Niaga provides a working capital facility with maximum limit Rp200,000 non revolving and bears a 9% of interest fixed rate for a year. The facility will be matured in 2021.

As of December 31, 2017, loans from Bank CIMB Niaga amounted to Rp25,000.

**PT Bank Chinatrust Indonesia**

On December 18, 2014, the Subsidiary (PT Mandiri Tunas Finance) and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides several working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities was matured in December 2017. This loan has been repaid by Subsidiary on the maturity date.

As of December 31, 2017 and 2016, borrowing from BCT amounted to RpNil and Rp33,302, respectively.

**PT Bank Commonwealth**

On March 27, 2014, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Commonwealth (Commonwealth) signed a loan agreement in which Commonwealth provides several non revolving term loan facilities with total limit of Rp69,000 and bears fixed interest rate. The facility was matured in June 2017. This loan has been repaid by Subsidiary on the maturity date.

As of December 31, 2017 and 2016, borrowing from Commonwealth amounted to RpNil and Rp11,495, respectively.

**Bank of Tokyo-Mitsubishi UFJ**

On July 19, 2017, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo-Mitsubishi UFJ (BTMU) signed a loan agreement whereby BTMU provides the syndication loan in USD with total limit equivalent Rp2,686,350 non revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between September 2020 until November 2020.

As of December 31, 2017, loans from BTMU amounted to equivalent Rp2,586,004.

**PT Bank ANZ Indonesia**

On April 13, 2010, the Subsidiary (PT Mandiri Sekuritas) and PT Bank ANZ Indonesia (ANZ) signed a loan agreement where the ANZ provides a working capital facility with limit amounted equivalent Rp130,000 and Bank Guarantee equivalent Rp50,000 to give it to Kliring Penjaminan Efek Indonesia ("KPEI") as transaction limit indicator for Subsidiary or for give it to Financial Services Authority ("FSA") to guaranteeing underwriting process.

Working capital facility provided in Rupiah ("Basic Currency") but if demanded by Subsidiaries, the working capital facility will provided in USD ("Alternative Currency") with equivalent amount in basic currency from the working capital loan. The interest rate which charged for the working capital loan based on the agreement when the transaction held. The facility will be reviewed on January 31, 2018.

As of December 31, 2017, loans form ANZ amounted to equivalent Rp35,225.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

The loan facilities received by the Subsidiary (PT Mandiri Tunas Finance) from some banks require PT Mandiri Tunas Finance to provide written notice in terms of dividend distribution, changes in capital and shareholders, changes of directors and commissioners, changes in main business, investment and borrowing new from another bank. Under the loan agreements, PT Mandiri Tunas Finance is also required to meet the financial requirements such as the ratio of total debt to equity interest does not exceed a ratio of 10:1 and other reporting obligations.

The loan facilities which disbursed to subsidiary (PT Mandiri Utama Finance) from some banks requires Mandiri Utama Finance meet the financial requirements e.g. ratio of debt and equity shall no more than 10:1, percentage of the writeoff shall less than 2% for car and 5% for motorcycle, the maximum gearing ratio 10x, minimal current ratio 1.1x, minimal consumer financing 40% from all total assets, the maximum aging of account receivable for consumer financing more than 90 days shall only 3% and other reports which must be reported by Mandiri Utama Finance.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounting to Rp8,016,751 as of December 31, 2017 (December 31, 2016: Rp5,693,917) (Note 13g) and net investment in finance leases amounting to Rp1,126,406 as of December 31, 2017 (December 31, 2016: Rp274,319) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the years ended December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

**37. SUBORDINATED LOANS**

By type and currency:

	December 31, 2017	December 31, 2016
Rupiah:		
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	-	10,652
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(b) Asian Development Bank (ADB)	191,501	204,780
<b>Net (Note 61B.(v))</b>	<b>191,501</b>	<b>215,432</b>

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**37. SUBORDINATED LOANS (continued)**

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which relents the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank IV	To promote and finance high priority investment projects in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	April 15, 1997 - February 28, 2017 with the 1 <sup>st</sup> installment on August 31, 2002.

The details of credit facilities from NIB are as follow:

	December 31, 2017	December 31, 2016
Nordic Investment Bank IV (NIB IV)	-	10,652

The interest rates of NIB IV facility is based on floating interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Bank Indonesia in the last 3 (three) months. This borrowing was already fully paid on the maturity date.

(b) Asian Development Bank (ADB)

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are relented to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1 <sup>st</sup> installment on January 15, 2005.

The details of credit facilities from ADB are as follows:

	December 31, 2017	December 31, 2016
ADB Loan 1327 - INO (SF)	191,501	204,780

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 2004, has approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorated semi-annual installments every January 15 and July 15, with the first installment paid on January 15, 2005 and will end on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15 and July 15, every year starting from its drawdown.

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**38. TEMPORARY SYIRKAH FUNDS**

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2017	December 31, 2016
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musyarakah</i>	6,322	6,582
Demand deposits - restricted investment	518,963	62,343
	<b>525,285</b>	<b>68,925</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, 2017	December 31, 2016
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	34,012	20,331
<i>Mabrur</i> saving deposits	104	78
<i>Investa Cendekia</i> saving deposits	186	35
<i>Berencana</i> BSM saving deposits	482	380
Institution <i>Mudharabah</i> saving deposits	-	7,223
	<b>34,784</b>	<b>28,047</b>
Third parties		
Saving deposits - restricted investment	1,331,247	1,497,199
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	21,847,528	19,216,285
<i>Mabrur</i> saving deposits	4,063,954	3,696,282
<i>Investa Cendekia</i> saving deposits	369,442	362,313
<i>Berencana</i> BSM saving deposits	148,896	151,207
Retirement saving deposits	404,566	206,047
<i>Qurban</i> saving deposits	319	410
	<b>28,165,952</b>	<b>25,129,743</b>
<b>Total</b>	<b>28,200,736</b>	<b>25,157,790</b>

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**38. TEMPORARY SYIRKAH FUNDS (continued)**

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the annual profit sharing ratio (*nisbah*) for *mudharabah* saving deposits - unrestricted investment:

	December 31, 2017	December 31, 2016
Profit sharing ratio ( <i>nisbah</i> )	0.61% - 4.97%	0.23% - 5.10%

3) *Mudharabah* Time Deposit - unrestricted investment

	December 31, 2017	December 31, 2016
Rupiah		
Related parties (Note 55)	931,490	880,201
Third parties	33,172,990	29,849,505
Total	34,104,480	30,729,706
Foreign currency		
Related parties (Note 55)	7,825	6,143
Third parties	3,384,283	4,477,910
Total	3,392,108	4,484,053
	<b>37,496,588</b>	<b>35,213,759</b>

b. Deposits from Other Banks

	December 31, 2017	December 31, 2016
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	316,574	258,325
<i>Mudharabah</i> time deposits - unrestricted investment	128,715	77,589
<b>Total</b>	<b>445,289</b>	<b>335,914</b>

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**38. TEMPORARY SYIRKAH FUNDS (continued)**

- c. Other significant information related to the time deposits for deposits from customers and deposits from other banks

- 1) By contract period:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
1 month	27,430,422	24,575,821
3 months	2,819,012	2,436,494
6 months	1,390,061	1,326,191
12 months	2,593,700	2,468,788
Total	<u>34,233,195</u>	<u>30,807,294</u>
Foreign currency:		
1 month	2,912,949	4,155,803
3 months	182,305	80,483
6 months	43,257	32,298
12 months	253,597	215,470
Total	<u>3,392,108</u>	<u>4,484,054</u>
	<b><u>37,625,303</u></b>	<b><u>35,291,348</u></b>

- 2) By remaining period until maturity date:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Rupiah:		
Less than 1 month	28,666,786	25,231,301
1 - 3 months	2,709,869	2,795,228
3 - 6 months	1,345,104	1,361,302
6 - 12 months	1,511,436	1,419,463
Total	<u>34,233,195</u>	<u>30,807,294</u>
Foreign currency:		
Less than 1 month	2,923,800	4,059,909
1 - 3 months	332,626	229,807
3 - 6 months	35,438	35,515
6 - 12 months	100,244	158,823
Total	<u>3,392,108</u>	<u>4,484,054</u>
	<b><u>37,625,303</u></b>	<b><u>35,291,348</u></b>

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**38. TEMPORARY SYIRKAH FUNDS (continued)**

- c. Other significant information related to the time deposits for deposits from customers and deposits from other banks (continued)

- 2) By remaining period until maturity date (continued):

*Mudharabah* time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio (*nisbah*) arranged in *Mudharabah Muthlaqah* agreement.

- 3) Ranging of the Annual Profit Sharing Ratio (*nisbah*) for *Mudharabah* Time Deposits:

	December 31, 2017	December 31, 2016
Rupiah	4.00% - 6.21%	4.06% - 6.15%
Foreign currency	0.61% - 1.66%	0.66% - 1.64%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp8,422,310 and Rp8,217,018 as of December 31, 2017 and 2016, respectively.

**39. NONCONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES**

This account represents noncontrolling interests in net assets of consolidated Subsidiaries are as follows:

	December 31, 2017	December 31, 2016
PT AXA Mandiri Financial Services	1,063,407	1,138,819
PT Mandiri Tunas Finance	866,487	722,323
PT Bank Mandiri Taspen	617,375	458,658
PT Asuransi Jiwa InHealth Indonesia	285,625	277,011
PT Mandiri Utama Finance	242,438	121,302
PT Mandiri AXA General Insurance	211,678	197,425
PT Mandiri Sekuritas	195	145
PT Mandiri Capital Indonesia	84	102
<b>Total</b>	<b>3,287,289</b>	<b>2,915,785</b>

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**40. SHARE CAPITAL**

**a. Authorised, Issued and Fully Paid Capital**

The Bank's authorised, issued and fully paid capital as of December 31, 2017 and 2016, respectively, are as follows:

December 31, 2017				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
<b>Authorised Capital</b>				
Share series A Dwiwarna	1	250	250	0.00%
Common shares series B	63,999,999,999	250	15,999,999,999,750	100.00%
<b>Total Authorised Capital</b>	<b>64,000,000,000</b>		<b>16,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital</b>				
Share series A Dwiwarna Republic of Indonesia	1	250	250	0.00%
Common Shares Series B Republic of Indonesia Management:	27,999,999,999	250	6,999,999,999,750	60.00%
Sulaiman Arif Arianto	380,058	250	95,014,500	0.00%
Ogi Prastomyono	971,000	250	242,750,000	0.00%
Hery Gunardi	418,000	250	104,500,000	0.00%
Tardi	925,000	250	231,250,000	0.00%
Ahmad Siddik Badrudin	996,600	250	249,150,000	0.00%
Kartini Sally	360,000	250	90,000,000	0.00%
Royke Tumilaar	102,000	250	25,500,000	0.00%
Public (less than 5% each)	18,662,514,008	250	4,665,628,502,000	40.00%
	<b>46,666,666,666</b>		<b>11,666,666,666,500</b>	<b>100.00%</b>
December 31, 2016				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
<b>Authorised Capital</b>				
Share series A Dwiwarna	1	500	500	0.00%
Common shares series B	31,999,999,999	500	15,999,999,999,500	100.00%
<b>Total Authorised Capital</b>	<b>32,000,000,000</b>		<b>16,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital</b>				
Share series A Dwiwarna Republic of Indonesia	1	500	500	0,00%
Common share series B Republic of Indonesia Management:	13,999,999,999	500	6,999,999,999,500	60.00%
Sulaiman Arif Arianto	190,029	500	95,014,500	0.00%
Ogi Prastomyono	485,500	500	242,750,000	0.00%
Pahala N. Mansury	816,500	500	408,250,000	0.01%
Hery Gunardi	171,500	500	85,750,000	0.00%
Tardi	462,500	500	231,250,000	0.00%
Ahmad Siddik Badrudin	498,300	500	249,150,000	0.00%
Kartini Sally	180,000	500	90,000,000	0.00%
Royke Tumilaar	51,000	500	25,500,000	0.00%
Public (less than 5% each)	9,330,478,004	500	4,665,239,002,000	39.99%
	<b>23,333,333,333</b>		<b>11,666,666,666,500</b>	<b>100.00%</b>

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**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid Capital (continued)**

Shares owned by the Board of Directors for the year ended December 31, 2017 and 2016 respectively, amounted to 4,152,658 shares and 2,855,329 shares, or 0.01% and 0.01% of the total number of authorized shares.

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

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

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 2003, the shareholders approved these following matters:

- (i) Execution of Initial Public Offering.
- (ii) Changes in capital structure of Bank Mandiri.
- (iii) Changes in articles of association of Bank Mandiri.

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

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounting to Rp168,801,315 as share premium.

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**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid Capital (continued)**

The above changes in capital structure became effective started from May 23, 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the Extraordinary General Meeting of Shareholders.

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003.

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

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation No. 26 year 2003 dated May 29, 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated October 29, 2002.
2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated May 23, 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

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**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid Capital (continued)**

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation (ESA) Program (ESA) and a Management Stock Option Plan (MSOP). The ESA program consists of a Share Plan and a Share Purchase at Discount program. MSOP is designated for Directors and Senior Management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/share premium.

The Annual General Meeting of Shareholders on May 22, 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

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**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid-in Capital (continued)**

Management Stock Option Plan (continued)

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated February 14, 2011 until February 21, 2011. The unexercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The Limited Public Offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

Based on the extraordinary annual meeting held on August 21, 2017, shareholders of Bank Mandiri approved to split Bank Mandiri's stock from Rp500 (full amount) per share to Rp250 (full amount) per share which made Bank Mandiri's equity amounted 46,666,666,666 shares consist of 1 share series A Dwiwarna and 46,666,666,665 common share series B. There are no changes for Bank Mandiri's authorised, issued and fully paid capital which caused by the stock split. The stock split effective started from September 13, 2017.

**b. Additional Paid-In Capital/Share Premium**

The additional paid-in capital/share premium as of December 31, 2017 and 2016 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

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**40. SHARE CAPITAL (continued)**

**b. Additional Paid-In Capital/Share Premium (continued)**

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

- a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
- b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

**c. Distribution of net income**

Based on the Annual General Shareholders' Meeting held on March 14, 2017 and March 21, 2016, the shareholders approved the distribution of the 2016 and 2015 net income as follows:

	<b>2016</b>	<b>2015</b>
Dividends	6,212,954	6,100,490
Retained Earnings		
Appropriated	-	2,277,517
Unappropriated	7,593,611	11,956,961
	13,806,565	20,334,968
Dividend per share (full amount)	266.26947	261.44958

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**40. SHARE CAPITAL (continued)**

**c. Distribution of net income (continued)**

Dividends from 2016 net income amounted to Rp6,212,954 were paid on April 13, 2017 and dividends from 2015 net income amounted to Rp6,100,490 were paid on April 22, 2016. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment dates.

The appropriated retained earnings for the year 2015 amounting Rp2,277,517 is allocated for Bank Mandiri's investments purposes.

As of 30 September 2016, the Bank reclassified in retained earnings that have been appropriated into the unappropriated retained earnings amounting Rp9,299,631 to maintain a stable capital structure in order to support operational activities.

**41. INTEREST INCOME AND SHARIA INCOME**

Interest income and sharia income are as follow:

	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<u>Interest income</u>		
Loans	59,116,422	59,175,505
Government bonds	5,176,335	5,352,859
Marketable securities	2,144,166	1,833,272
Consumer financing income	2,636,441	2,007,598
Placements with Bank Indonesia and other banks	1,570,139	1,244,587
Others	2,628,481	1,531,580
	<b>73,271,984</b>	<b>71,145,401</b>
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,336,028	4,048,565
<i>Musyarakah</i> income	1,384,132	1,104,685
<i>Mudharabah</i> income	363,818	362,083
<i>Ijarah</i> income - net	145,568	49,154
	<b>6,229,546</b>	<b>5,564,487</b>
<b>Total</b>	<b>79,501,530</b>	<b>76,709,888</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, 2017 and 2016 amounting to Rp761,192 and Rp721,979 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2017 and 2016 amounting to Rp2,245,554 and Rp1,910,617, respectively.

As of December 31, 2017 and 2016 included in interest income and sharia income is income from transaction with related parties on government bonds and treasury bill amounting to Rp5,300,754 and Rp5,490,404, respectively (refer to Note 55).

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**42. INTEREST EXPENSE AND SHARIA EXPENSE**

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2017	2016
<u>Interest expense</u>		
Time deposits	13,701,237	13,987,125
Saving deposits	2,885,522	2,521,427
Demand deposits	2,839,300	2,238,305
Fund borrowings	1,902,168	1,771,326
Marketable securities issued	1,316,516	641,132
Subordinated loans	2,775	399,916
Others	1,985,723	986,568
	24,633,241	22,544,799
<u>Sharia expense</u>		
<i>Mudharabah deposits</i>	1,989,111	1,869,987
<i>Mudharabah saving deposits</i>	453,491	411,376
<i>Restricted Investments</i>	98,476	57,393
<i>Musyarakah - mudharabah musytarakah</i>	51	99
Certificate of interbank <i>mudharabah</i> investment	1	865
	2,541,130	2,339,720
<b>Total</b>	<b>27,174,371</b>	<b>24,884,519</b>

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended December 31, 2017 and 2016 amounting to RpNil and Rp971, respectively (Note 55).

**43. OTHER OPERATING INCOME - OTHERS**

	Year ended December 31,	
	2017	2016
Recoveries from write-offs loans and sharia financing	4,206,354	3,480,564
Income from mutual fund dividend	414,699	357,537
Income from penalty	219,224	237,825
Income from loan written-off	211,062	221,370
Recoveries from write-offs investments in shares	75,992	-
Safety deposit box	42,037	38,749
Stamp duty income	41,750	46,122
Others	1,699,307	1,199,022
<b>Total</b>	<b>6,910,425</b>	<b>5,581,189</b>

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**44. ALLOWANCE FOR IMPAIRMENT LOSSES**

	Year ended December 31,	
	2017	2016
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	44	176
Placements with other banks (Note 6d)	53,290	(21,415)
Marketable securities (Note 7g)	(8,420)	(24,094)
Other receivables - trade transactions (Note 9d)	425,563	(35,085)
Loans (Note 12B.j)	(15,458,493)	(24,277,357)
Consumer financing receivables (Note 13d)	(640,151)	(455,025)
Net investment in lease finance (Note 14d)	(5,784)	(196)
Acceptance receivables (Note 15d)	(9,783)	(130,909)
Investments in shares (Note 16c)	(2,651)	(33)
<b>Total</b>	<b>(15,646,385)</b>	<b>(24,943,938)</b>

**45. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES**

	Year ended December 31,	
	2017	2016
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(58,785)	(45,796)
Estimated losses arising from legal cases	33,099	265,390
Losses from operational risk-external fraud	(7,625)	-
Other assets (Note 20)	(98,739)	(101,957)
<b>Total</b>	<b>(132,050)</b>	<b>117,637</b>

**46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINK CONTRACTS**

	Year ended December 31,	
	2017	2016
Marketable securities	52,439	3,505
Government bonds	115,453	12,133
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in market value of policyholders' investment	3,311,638	1,416,023
- Increase in liability in unit-link contracts	(3,311,638)	(1,416,023)
<b>Total</b>	<b>167,892</b>	<b>15,638</b>

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**47. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS**

	Year ended December 31,	
	2017	2016
Marketable securities		
Fair value through profit and loss	117,395	53,957
Available for sale	35,471	35,259
Government bonds		
Fair value through profit and loss	33,685	59,725
Available for sale	707,019	596,963
<b>Total</b>	<b>893,570</b>	<b>745,904</b>

**48. SALARIES AND EMPLOYEE BENEFITS**

	Year ended December 31,	
	2017	2016
Salaries, wages, pension and tax allowances	8,634,555	7,829,540
Holidays allowance, leave and related entitlements	1,497,603	1,444,490
Employee benefits in kind	1,029,001	1,127,755
Training and education	650,741	588,480
Provision for post-employment benefit expenses	466,422	330,895
Provision of tantiem	198,282	211,541
Bonuses and others	2,382,038	2,086,044
<b>Total</b>	<b>14,858,642</b>	<b>13,618,745</b>

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,153,809 and Rp986,140 (Note 55) for the years ended December 31, 2017 and 2016, respectively, as follows:

	Year ended December 31, 2017			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	50,089	71,983	5,049	127,121
Directors	151,721	196,428	18,394	366,543
Audit Committee and Risk Monitoring Committee	4,744	-	-	4,744
Sharia Supervisory Board	1,669	253	300	2,222
Senior Executive Vice Presidents and Senior Vice President	439,683	184,027	29,469	653,179
<b>Total</b>	<b>647,906</b>	<b>452,691</b>	<b>53,212</b>	<b>1,153,809</b>

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**48. SALARIES AND EMPLOYEE BENEFITS (continued)**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,153,809 and Rp986,140 (Note 55) for the years ended December 31, 2017 and 2016, respectively, as follows (continued):

	Year ended December 31, 2016			Total
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	
The Board of Commissioners	53,355	72,662	3,677	129,694
Directors	143,235	242,811	16,875	402,921
Audit Committee and Risk Monitoring Committee	4,902	-	-	4,902
Sharia Supervisory Board	1,448	37	-	1,485
Senior Executive Vice Presidents and Senior Vice Presidents	269,239	160,709	17,190	447,138
<b>Total</b>	<b>472,179</b>	<b>476,219</b>	<b>37,742</b>	<b>986,140</b>

**49. GENERAL AND ADMINISTRATIVE EXPENSES**

	Year ended December 31,	
	2017	2016
Professional fees	3,728,299	3,510,255
Rent	2,043,611	1,870,760
Goods/services provided by third parties	1,544,818	1,434,018
Repairs and maintenance	1,401,012	1,206,516
Depreciation of fixed assets (Note 18)	1,389,147	1,377,656
Communication	1,092,507	1,055,504
Promotion	1,092,363	1,056,241
Office supplies	535,331	559,521
Electricity, water and gas	530,165	522,339
Amortisation of intangible assets	442,954	379,837
Transportations	409,895	385,586
Traveling expenses	189,770	184,747
Insurance expenses	73,725	74,564
Others	931,982	340,667
<b>Total</b>	<b>15,405,579</b>	<b>13,958,211</b>

For the year ended December 31, 2017 and 2016, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp59,486 and Rp60,227, respectively.

**50. PENSION PLAN AND SEVERANCE PAY**

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance and post-employment benefits in accordance with prevailing Labor Law.

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**50. PENSION PLAN AND SEVERANCE PAY(continued)**

**Pension Plan**

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

- a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-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, 2017 and 2016 were RpNil and Rp8,455, respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended December 31, 2017 and 2016, the Bank has paid pension contributions amounting to Rp405,245 and Rp370,956, respectively.

- b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). Participants of defined benefit pension plans are come from the legacy banks with three years working periods or more at the time of the merger consisting of active employees of the bank, former employees (employees who stopped working and did not transfer his rights to another pension fund) and retirees.

The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated November 15, 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated March 6, 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations (*Peraturan Dana Pensiun (PDP)*) which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, all dated March 31, 2003.

Based on the decision of the General Meeting of Shareholders dated on May 28, 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated July 20, 2007.

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

Based on the approval of the General Meeting of Shareholders (AGM) on May 17, 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated August 10, 2010 (DPBMS); No. KEP-442/KM.10/2010 dated August 10, 2010 (DPBMD); No. KEP-443/KM.10/2010 dated August 10, 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated August 10, 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on May 23, 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated July 20, 2011 (DPBMS); No. KEP-589/KM.10/2011 dated July 20, 2011 (DPBMD); No. KEP-590/KM.10/2011 dated July 20, 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated July 20, 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on April 2, 2013, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Board of Commissioners of FSA through Decree No. KEP-349/NB.1/2013 dated June 14, 2013 (DPBMS); No. KEP-350/NB.1/2013 dated June 14, 2013 (DPBMD); No. KEP-351/NB.1/2013 dated June 14, 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated June 14, 2013 (DPBME).

The AGM also decided granting of another benefits as well as the delegation of authority to the Board to decide on the increase in pension benefits and other benefits to the extent consistent with applicable regulations, i.e. after the increase in pension benefits or the provision of other benefits, Adequacy Ratio Fund, DPBMS, DPBMD, DPBMT and DPBME minimum of 115%.

Based on the approval of the Board of Commissioner Meeting on July 2, 2014, Bank Mandiri gave other benefits to each pension fund. Decision to give this other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Board of Commissioners of FSA through Decree No. KEP-1773/NB.1/2014 dated July 17, 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated July 17, 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated July 17, 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated July 17, 2014 (DPBME).

Based on the approval of the Board of Commissioner of Bank Mandiri dated June 3, 2015, Bank Mandiri provides other benefits to each pension fund. The decision to provide other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Board of Commissioners of FSA through Decree No. KEP-525/NB.1/2015 dated June 29, 2015 (DPBMS), No. KEP-526/NB.1/2015 dated June 29, 2015 (DPBMD), No. KEP-527/NB.1/2015 (DPBMT) and No. KEP-528/NB.1/2015 dated June 29, 2015 (DPBME).

Based on the approval of the Annual General Meeting of Shareholders (AGM) on March 21, 2016 approved for the amendment the provisions for the minimum requirements Adequacy Ratio Fund (ARF), DPBMS, DPBMD, DPBMT and DPBME which the original minimum is 115% and change to the minimum of 105%, so that the delegation of authority to the Board of Commissioners related with the decision for the increment of pension benefits and other benefits to the extent where consistent with the applicable regulations, namely after the increment of pension benefits or other benefits provision, it was changed to meet the requirements at least:

1. Adequacy Ratio Fund (ARF) after the increment of Pension Benefits minimum is 105% which based on mortality tables defined by the Legal Entity as the Founder.
2. There is still surplus which does not create an additional contribution obligations and liabilities of accounting in accordance with SFAS No. 24.

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

Based on the approval of the Board of Commissioners Meeting of Bank Mandiri dated June 22, 2016, Bank Mandiri provides Pension Benefits to the Pension Fund of Bank Mandiri Tiga and provides other benefits to each of the Pension Funds. The decision to grant Pension Benefit increment and provide other Benefits is set forth in the respective Pension Fund Rules and has been approved by the Board of Commissioners of the Financial Services Authority through its Decision Letter No. KEP-40/NB.1/2016 dated June 29, 2016 (DPBMS). No. KEP-41/NB.1/2016 dated June 29, 2016 (DPBMD); No. KEP-42/NB.1/2016 dated June 29, 2015 (DPBMT); and No. KEP-43/NB.1/2016 dated June 29, 2016 (DPBME).

Based on the approval of Bank Mandiri's Board of Commissioners Meeting dated May 3, 2017, Bank Mandiri provides Pension Benefits and other Benefits in the form of Additional Benefits to each Pension Fund. The decision to grant incremental Pension Benefits and Other Benefits in the form of Additional Benefits is set forth in the respective Pension Fund Rules and has been approved by the Board of Commissioners of the Financial Services Authority through its Decision Letter No. KEP-30/NB.1/2017 dated June 9, 2017 (DPBMS). No. KEP-31/NB.1/2017 dated June 9, 2017 (DPBMD); No. KEP-32/NB.1/2017 dated June 9, 2017 (DPBMT); and No. KEP-33/NB.1/2017 dated June 9, 2017 (DPBME).

The provision for pension benefit obligation for the Bank only as of December 31, 2017 and 2016 are based on the reports from PT Bestama Aktuaria as at January 12, 2018 and January 5, 2017 with the Projected Unit Credit method.

The assumptions used for the years ended December 31, 2017 and 2016 are as follows:

	<b>DPBMS</b>	<b>DPBMD</b>	<b>DPBMT</b>	<b>DPBME</b>
Discount rate	7.40% per annum (2016: 8.5% per annum)			
Expected rate of return on pension plan assets	9.50% per annum	9.50% per annum	9.50% per annum	9.50% per annum
Working period used	As of July 31, 1999			
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	80% UN 2010	80% UN 2010	80% UN 2010	80% UN 2010
Turnover rate	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The assumptions used for the years ended December 31, 2017 and 2016 are as follows (continued):

	DPBMS	DPBMD	DPBMT	DPBME
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80.00% of PhDP	80.00% of PhDP	62.50% of PhDP	75.00% of PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	2.00% per year
Tax rates - average	3.00% of benefit	3.00% of benefit	3.00% of benefit	3.00% of benefit

The projected benefit obligations and fair value of plan assets as of December 31, 2017, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,441,936)	(1,748,902)	(759,429)	(510,283)
Fair value of plan assets (unaudited)	1,606,801	1,826,762	803,529	566,038
Funded Status Asset ceiling*)	164,865 (164,865)	77,860 (77,860)	44,100 (44,100)	55,755 (55,755)
<b>Pension Plan Program Assets recognised in consolidated statement of financial position **)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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, 2016 based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,393,976)	(1,673,195)	(717,416)	(479,583)
Fair value of plan assets (unaudited)	1,620,439	1,810,473	827,718	575,742
Funded Status Asset ceiling*)	226,463 (226,463)	137,278 (137,278)	110,302 (110,302)	96,159 (96,159)
<b>Pension Plan Program Assets recognised in consolidated statement of financial position **)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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.

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The composition of plan assets from Pension Fund for the years ended December 31, 2017 and 2016 are as follows:

December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	3%	5%	8%	12%
Bonds	32%	47%	20%	40%
Direct placement	6%	16%	26%	15%
Land and building	24%	4%	21%	10%
Shares	6%	3%	0%	1%
Treasury Bills	23%	21%	20%	6%
Others	6%	4%	5%	16%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	6%	8%	4%	12%
Bonds	31%	44%	27%	36%
Direct placement	6%	16%	28%	15%
Land and building	22%	4%	24%	10%
Shares	6%	3%	0%	1%
Treasury Bills	21%	21%	15%	10%
Others	8%	4%	2%	16%
<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, 2017 and 2016, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp4,030,761 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp2,493,664 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as of December 31, 2017 and 2016 are estimated using the employees service entitlements calculation for the years ended December 31, 2017 and 2016 as shown in the independent actuarial report of PT Bestama Aktuaria dated January 12, 2018 and January 5, 2017, respectively. The assumptions used by the actuary for the years ended December 31, 2017 and 2016 are as follows:

- a. Discount rate is 7.0% per annum (2016: 8.2% per annum).
- b. Expected rate of annual salary increase is 9.50% per annum (2016: 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.

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

**Labor Law No. 13/2003 (continued)**

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Provision for post employment benefits presented in statement of financial position	<b>3,512,601</b>	<b>2,434,892</b>

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance of present value of obligation	2,434,892	1,976,724
Current service cost	266,966	168,654
Interest cost	206,474	183,279
Benefit paid	(100,808)	(93,991)
Actuarial losses	705,077	200,226
<b>Ending balance of present value of obligation</b>	<b>3,512,601</b>	<b>2,434,892</b>

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	266,966	168,654
Interest cost	206,474	183,279
<b>Cost of pension benefits</b>	<b>473,440</b>	<b>351,933</b>

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Labor Law No. 13/2003 (continued)**

Reconciliations of provision for post employment benefits are as follows:

	Year ended December 31,	
	2017	2016
<b>Bank Mandiri</b>		
Beginning balance of provision for post employment benefits	2,434,892	1,976,724
Expenses during the year	473,440	351,933
Payments of benefits	(100,808)	(93,991)
Recognition of actuarial losses in other comprehensive income	705,077	200,226
<b>Provision for post employment benefits (Bank Mandiri)</b>	<b>3,512,601</b>	<b>2,434,892</b>
<b>Subsidiaries</b>		
<b>Provision for post employment benefits</b>	<b>509,920</b>	<b>500,532</b>
<b>Total provision for post employment benefits</b>	<b>4,022,521*)</b>	<b>2,935,424*)</b>

\*) As of December 31, 2017 and 2016, the amount does not include unpaid severance for resigned employees amounting to Rp8,240, which was excluded from actuarial computation.

The present value of funded benefit obligations, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri only):

	December 31,				
	2017	2016	2015	2014	2013
Present value of defined benefit obligations	3,512,601	2,434,892	1,976,724	1,924,202	1,597,813
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	3,512,601	2,434,892	1,976,724	1,924,202	1,597,813
Experience adjustments on plan liabilities	(89,944)	152,490	62,579	95,820	24,497
Experience adjustments on asset program	-	-	-	-	-

Reconciliation of PVDBO:

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892
Current service cost	-	-	-	-	266,966
Interest cost of PVDBO	110,960	134,577	57,256	38,715	206,474
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)	(100,808)
Actuarial losses from PVDBO:					
Losses on change of assumption in economic	-	-	-	-	615,133
Losses on experience adjustment	114,136	120,996	72,396	40,205	89,944
<b>Ending balances of PVDBO</b>	<b>1,441,936</b>	<b>1,748,902</b>	<b>759,429</b>	<b>510,283</b>	<b>3,512,601</b>

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Labor Law No. 13/2003 (continued)**

Reconciliation of PVDBO (continued):

	December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,482,397	1,600,082	606,730	445,196	1,976,724
Current service cost	-	-	-	-	168,654
Interest cost of PVDBO	133,031	143,666	53,990	40,125	183,279
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)	(93,991)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in economic	31,021	145,753	83,247	15,309	352,716
(Gains)/losses on experience adjustment	(88,335)	(40,686)	50,267	24,615	(152,490)
<b>Ending balances of PVDBO</b>	<b>1,393,976</b>	<b>1,673,195</b>	<b>717,416</b>	<b>479,583</b>	<b>2,434,892</b>

Reconciliation of plan assets:

	December 31, 2017			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,620,439	1,810,473	827,718	575,742
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)
Interest Income in plan assets	130,209	146,246	66,631	46,888
Result of plan assets (exclude interest income)	33,289	49,909	(3,181)	(8,372)
<b>Ending fair value plan assets</b>	<b>1,606,801</b>	<b>1,826,762</b>	<b>803,529</b>	<b>566,038</b>

	December 31, 2016			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,516,555	1,820,417	817,262	578,209
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)
Interest income on plan assets	136,276	164,598	73,991	52,761
Result of plan assets (exclude interest income)	131,746	1,078	13,283	(9,566)
<b>Ending fair value plan assets</b>	<b>1,620,439</b>	<b>1,810,473</b>	<b>827,718</b>	<b>575,742</b>

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the year ended December 31, 2017 and 2016 as follows:

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulation of actuarial gains/(losses) on beginning year	-	-	-	-	90,326
Actuarial losses of the current year	-	-	-	-	(705,077)
<b>Accumulation of actuarial gains on ending year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(614,751)</b>

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

**Labor Law No. 13/2003 (continued)**

Movements in other comprehensive income (continued):

Movements in other comprehensive income for the Bank only for the year ended December 31, 2017 and 2016 as follows (continued):

	December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulation of actuarial gains/(losses) on beginning year	7,087	5,913	3,454	1,290	290,552
Actuarial losses of the current year	(7,087)	(5,913)	(3,454)	(1,290)	(200,226)
<b>Accumulation of actuarial gains on ending year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,326</b>

Employee benefits liabilities maturing on December 31, 2017 and 2016 related to UUK No. 13/2003 are as follows:

	December 31, 2017	December 31, 2016
Year 1	123,992	212,866
Year 2	192,717	236,252
Year 3	296,357	204,283
Year 4	402,733	300,802
Year 5	505,457	378,984
Year 6 and others	39,225,590	51,603,210
<b>Total</b>	<b>40,746,846</b>	<b>52,936,397</b>

The average duration of the defined benefit obligation is 10.83 years and the defined contribution obligation is 15.09 years as of December 31, 2017.

Provision for Subsidiaries post-employment benefit on December 31, 2017 and 2016 has been calculated by an independent actuary as stated in the following independent actuarial reports:

Independent Subsidiaries	Independent actuary	2017	2016
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 28, 2017	December 15, 2016
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	December 28, 2017	January 4, 2017
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 4, 2018	January 5, 2017
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 2, 2018	January 3, 2017
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 12, 2018	January 12, 2017
PT Mandiri AXA General Insurance	PT Dayamandiri Dharmakonsilindo	January 11, 2018	January 6, 2017
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 5, 2018	January 6, 2017
PT Mandiri Utama Finance	PT Kompujasa Aktuarial	January 5, 2018	January 6, 2017

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**50. PENSION PLAN AND SEVERANCE PAY (continued)**

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri) (unaudited):

	Year ended December 31,	
	2017	2016
Changes of assumptions:		
1% increase in discount rate	2,987,626	2,028,234
1% decrease in discount rate	4,146,100	2,918,966

**51. OTHER OPERATING EXPENSES - OTHERS - NET**

	Year ended December 31,	
	2017	2016
Insurance premiums on third party funds guarantee program	1,526,574	1,370,422
Fees and commissions expenses	627,445	665,707
Fees related to credit card and ATM transaction	536,160	433,560
Insurance sales force compensation	595,115	483,536
Fee bancassurance	404,091	331,126
Fees from RTGS, remittance and clearing transactions	70,952	70,574
Group insurance commissions	4,381	165,419
Others	984,810	170,898
	<b>4,749,528</b>	<b>3,691,242</b>

**52. NON-OPERATING EXPENSE - NET**

	Year ended December 31,	
	2017	2016
Gain on sale of fixed assets	44,777	120
Penalties	(13,034)	(9,196)
Building rental income	-	13,645
Others - net	(44,631)	(44,331)
<b>Net</b>	<b>(12,888)</b>	<b>(39,762)</b>

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**53. COMMITMENTS AND CONTINGENCIES**

The following accounts represent accounts which are recorded as off-balance sheet:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>COMMITMENTS</b>		
Commitment payables:		
Unused loan facilities granted*):		
Related parties	(50,456,815)	(38,790,412)
Third parties	(92,747,364)	(81,630,934)
	(143,204,179)	(120,421,346)
Outstanding irrevocable letters of credit (Note 31):		
Related parties	(5,904,249)	(3,519,396)
Third parties	(9,918,273)	(8,577,270)
	(15,822,522)	(12,096,666)
	<b>(159,026,701)</b>	<b>(132,518,012)</b>
*) Include committed and uncommitted unused loan facilities.		
<b>CONTINGENCIES</b>		
Contingent receivables:		
Guarantees received from other banks	16,223,496	17,741,644
Interest receivable on non-performing assets	8,088,139	6,793,156
Others	32,729	32,729
	24,344,364	24,567,529
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	(25,912,130)	(23,212,078)
Third parties	(53,775,848)	(51,054,206)
	(79,687,978)	(74,266,284)
Standby letters of credit (Note 31)		
Related parties	(6,171,176)	(6,739,568)
Third parties	(6,107,442)	(6,424,992)
	(12,278,618)	(13,164,560)
Others	(603,302)	(907,215)
<b>Total</b>	<b>(92,569,898)</b>	<b>(88,338,059)</b>
Contingent payables - Net	<b>(68,225,534)</b>	<b>(63,770,530)</b>
	<b>(227,252,235)</b>	<b>(196,288,542)</b>

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**54. FOREIGN CURRENCY TRANSACTIONS**

The fair value of forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) as of December 31, 2017 and 2016 are as follows:

Original Currency	December 31, 2017			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	147,761,000	2,004,748	125,485,000	1,702,518
Others <sup>*)</sup>		135,469		349,675
		<b>2,140,217</b>		<b>2,052,193</b>
Original Currency	December 31, 2016			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	148,995,000	2,007,335	176,050,000	2,371,834
Others <sup>*)</sup>		187,992		69,581
		<b>2,195,327</b>		<b>2,441,415</b>

\*) Consist of various currencies.

**55. RELATED PARTY TRANSACTIONS**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- **Related party relationship as the controlling shareholder:**

The Government of the Republic of Indonesia through Ministry of Finance.

- **Related parties relationship by ownership and/or management:**

No.	Related parties	Nature of relationship
1.	PT Kustodian Sentral Efek Indonesia	Associate Company
2.	PT Sarana Bersama Pengembangan Indonesia	Associate Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship by ownership and/or management (continued):**

No.	Related parties	Nature of relationship
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
8.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
12.	PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
13.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
14.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
15.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
16.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
17.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri
18.	PT Mitra Transaksi Indonesia	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, securities issued, subordinated loans, loans, customer deposits and bank guarantees.

• **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	PT Abuki Jaya Stainless (AJSI)	Subsidiary of State Owned Enterprise
2.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
3.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
4.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
5.	PT Administrasi Medika	Subsidiary of State Owned Enterprise
6.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
7.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
8.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
9.	PT Aerojasa Cargo	Subsidiary of State Owned Enterprise
10.	PT Aerowisata	Subsidiary of State Owned Enterprise
11.	PT Agro Sinergi Nusantara (ASN)	Subsidiary of State Owned Enterprise
12.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
13.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise
14.	PT Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
15.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
16.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
17.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
18.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
19.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
20.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
22.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
23.	PT Antam Niterra Halmim	Subsidiary of State Owned Enterprise
24.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
25.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
26.	PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
27.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
28.	PT Askrindo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
29.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
30.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
31.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
32.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
33.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
34.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
35.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
36.	PT Bahana Securities	Subsidiary of State Owned Enterprise
37.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
38.	PT Balai Lelang Artha Gasia	Subsidiary of State Owned Enterprise
39.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
40.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
41.	PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
42.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
43.	PT Belitung Intipermai	Subsidiary of State Owned Enterprise
44.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
45.	PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
46.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
47.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
48.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise
49.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
50.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
51.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
52.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
53.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
54.	PT BNI Securities	Subsidiary of State Owned Enterprise
55.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
56.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
57.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
58.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
59.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
60.	PT Brantas Energi	Subsidiary of State Owned Enterprise
61.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
62.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
63.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
64.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
65.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
66.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
67.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
68.	PT BRI Life	Subsidiary of State Owned Enterprise
69.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
70.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
71.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
72.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
73.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
74.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
75.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
76.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
77.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
78.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
79.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
80.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
81.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
82.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise
83.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
84.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
85.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
86.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
87.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
88.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
89.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
90.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
91.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
92.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
93.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
94.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
95.	PT Daya Laut Utama	Subsidiary of State Owned Enterprise
96.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
97.	PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
98.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
99.	PT Dok dan Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
100.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
101.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
102.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
103.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
104.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
105.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
106.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
107.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise
108.	PT Feni Haltim	Subsidiary of State Owned Enterprise
109.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
110.	PT GAG Nikel	Subsidiary of State Owned Enterprise
111.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
112.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
113.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
114.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
115.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise
116.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
117.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
118.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
119.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
120.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
121.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
122.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
123.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
124.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
125.	PT HaKaAston	Subsidiary of State Owned Enterprise
126.	PT Haleyora Power	Subsidiary of State Owned Enterprise
127.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
128.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
129.	PT HK Realtindo	Subsidiary of State Owned Enterprise
130.	PT Utama Prima	Subsidiary of State Owned Enterprise
131.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise
132.	PT Igaras	Subsidiary of State Owned Enterprise
133.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
134.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
135.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
136.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
137.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
138.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
139.	PT Indonesia Power	Subsidiary of State Owned Enterprise
140.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
141.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
142.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
143.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
144.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
145.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
146.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
147.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
148.	PT Inhutani I	Subsidiary of State Owned Enterprise
149.	PT Inhutani II	Subsidiary of State Owned Enterprise
150.	PT Inhutani III	Subsidiary of State Owned Enterprise
151.	PT Inhutani IV	Subsidiary of State Owned Enterprise
152.	PT Inhutani V	Subsidiary of State Owned Enterprise
153.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
154.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
155.	PT Inti Bagas Perkasa	Subsidiary of State Owned Enterprise
156.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
157.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
158.	PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
159.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
160.	PT Jakarta Industrial Estate Pulogadung (JIEP)	Subsidiary of State Owned Enterprise
161.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
162.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
163.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
164.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise
165.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
166.	PT Jasa Layanan Pemeliharaan	Subsidiary of State Owned Enterprise
167.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
168.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
169.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise
170.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
171.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
172.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
173.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
174.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
175.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
176.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
177.	PT Jasamarga Semarang Batang	Subsidiary of State Owned Enterprise
178.	PT Jasamarga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
179.	PT Jasaraharja Putera	Subsidiary of State Owned Enterprise
180.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
181.	PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
182.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
183.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
184.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
185.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
186.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
187.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
188.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
189.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
190.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
191.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
192.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
193.	PT Kerismas Witikco Makmur (PT Kerismas)	Subsidiary of State Owned Enterprise
194.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
195.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise
196.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
197.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
198.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
199.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
200.	PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
201.	PT Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
202.	PT Koba Tin	Subsidiary of State Owned Enterprise
203.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
204.	PT Komipo Pembangkitan Jawa Bali	Subsidiary of State Owned Enterprise
205.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
206.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
207.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
208.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
209.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
210.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
211.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
212.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
213.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
214.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
215.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
216.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
217.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
218.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
219.	PT Krakatau Posco Chemtech Calcination	Subsidiary of State Owned Enterprise
220.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
221.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
222.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
223.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
224.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
225.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
226.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
227.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
228.	PT Kukuh Tangguh Sandang Mills	Subsidiary of State Owned Enterprise
229.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
230.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
231.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
232.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
233.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
234.	PT Madu Baru	Subsidiary of State Owned Enterprise
235.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
236.	PT Marga Kunci Cengkareng	Subsidiary of State Owned Enterprise
237.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
238.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
239.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise
240.	PT Mega Citra Utama	Subsidiary of State Owned Enterprise
241.	PT Mega Eltra	Subsidiary of State Owned Enterprise
242.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
243.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
244.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
245.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
246.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
247.	PT MetraNet	Subsidiary of State Owned Enterprise
248.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
249.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
250.	PT Mlitra Dagang Madani	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
251.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
252.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
253.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
254.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
255.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
256.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
257.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
258.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
259.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
260.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
261.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
262.	PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
263.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
264.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
265.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
266.	PT Ngawi Kertosono Jaya	Subsidiary of State Owned Enterprise
267.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
268.	PT Nindya Beton	Subsidiary of State Owned Enterprise
269.	PT Nindya Karya	Subsidiary of State Owned Enterprise
270.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
271.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
272.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
273.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
274.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
275.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise
276.	PT Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
277.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
278.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
279.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
280.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
281.	PT Patra Jasa	Subsidiary of State Owned Enterprise
282.	PT Patra Logistis	Subsidiary of State Owned Enterprise
283.	PT Patra Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
284.	PT Patra Trading	Subsidiary of State Owned Enterprise
285.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
286.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
287.	PT Pejagan Pemalang Tol Road	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
288.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
289.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
290.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
291.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
292.	PT Pelayaran Bahtera Adiguna	Subsidiary of State Owned Enterprise
293.	PT Pelindo Energi Logistik	Subsidiary of State Owned Enterprise
294.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
295.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
296.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
297.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
298.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
299.	PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
300.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
301.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
302.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
303.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
304.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
305.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
306.	PT Perkebunan Nusantara I (Persero)	Subsidiary of State Owned Enterprise
307.	PT Perkebunan Nusantara II (Persero)	Subsidiary of State Owned Enterprise
308.	PT Perkebunan Nusantara IV (Persero)	Subsidiary of State Owned Enterprise
309.	PT Perkebunan Nusantara IX (Persero)	Subsidiary of State Owned Enterprise
310.	PT Perkebunan Nusantara V (Persero)	Subsidiary of State Owned Enterprise
311.	PT Perkebunan Nusantara VI (Persero)	Subsidiary of State Owned Enterprise
312.	PT Perkebunan Nusantara VII (Persero)	Subsidiary of State Owned Enterprise
313.	PT Perkebunan Nusantara VIII (Persero)	Subsidiary of State Owned Enterprise
314.	PT Perkebunan Nusantara X (Persero)	Subsidiary of State Owned Enterprise
315.	PT Perkebunan Nusantara XI (Persero)	Subsidiary of State Owned Enterprise
316.	PT Perkebunan Nusantara XII (Persero)	Subsidiary of State Owned Enterprise
317.	PT Perkebunan Nusantara XIII (Persero)	Subsidiary of State Owned Enterprise
318.	PT Perkebunan Nusantara XIV (Persero)	Subsidiary of State Owned Enterprise
319.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
320.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise
321.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
322.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
323.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
324.	PT Perta Daya Gas	Subsidiary of State Owned Enterprise
325.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
326.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
327.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
328.	PT Pertamina East Natuna	Subsidiary of State Owned Enterprise
329.	PT Pertamina EP	Subsidiary of State Owned Enterprise
330.	PT Pertamina EP Cepu	Subsidiary of State Owned Enterprise
331.	PT Pertamina EP Cepu Alas Dara dan Kemuning	Subsidiary of State Owned Enterprise
332.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
333.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
334.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
335.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
336.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
337.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
338.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
339.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
340.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
341.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
342.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise
343.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
344.	PT Peruri Properti	Subsidiary of State Owned Enterprise
345.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
346.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
347.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
348.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
349.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
350.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
351.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
352.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
353.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
354.	PT Petronika	Subsidiary of State Owned Enterprise
355.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise
356.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
357.	PT PGAS Solution	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
358.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
359.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
360.	PT Phapros	Subsidiary of State Owned Enterprise
361.	PT PHE Abar	Subsidiary of State Owned Enterprise
362.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
363.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
364.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
365.	PT PINS Indonesia	Subsidiary of State Owned Enterprise
366.	PT PLN Batubara	Subsidiary of State Owned Enterprise
367.	PT PLN Enjinering	Subsidiary of State Owned Enterprise
368.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
369.	PT PNM Investment Management	Subsidiary of State Owned Enterprise
370.	PT Portek Indonesia	Subsidiary of State Owned Enterprise
371.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
372.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
373.	PT PP Energi	Subsidiary of State Owned Enterprise
374.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
375.	PT PP Peralatan	Subsidiary of State Owned Enterprise
376.	PT PP Properti	Subsidiary of State Owned Enterprise
377.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
378.	PT PP Urban (dahulu PT PP Pracetak)	Subsidiary of State Owned Enterprise
379.	PT PPA Finance	Subsidiary of State Owned Enterprise
380.	PT PPA Kapital	Subsidiary of State Owned Enterprise
381.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
382.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
383.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
384.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
385.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise
386.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
387.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
388.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
389.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
390.	PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
391.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
392.	PT Pupuk Agro Nusantara	Subsidiary of State Owned Enterprise
393.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
394.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
395.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
396.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
397.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
398.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
399.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
400.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
401.	PT Puspertino	Subsidiary of State Owned Enterprise
402.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
403.	PT Railink	Subsidiary of State Owned Enterprise
404.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
405.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
406.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise
407.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
408.	PT Ratah Timber	Subsidiary of State Owned Enterprise
409.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
410.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
411.	PT Rekadaya Elekrika	Subsidiary of State Owned Enterprise
412.	PT Rekadaya Elekrika Consult	Subsidiary of State Owned Enterprise
413.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
414.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
415.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
416.	PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
417.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
418.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
419.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
420.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
421.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
422.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise
423.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
424.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
425.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
426.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
427.	PT Saka Eksplorasi Baru	Subsidiary of State Owned Enterprise
428.	PT Saka Eksplorasi Timur	Subsidiary of State Owned Enterprise
429.	PT Saka Eksplorasi Ventura	Subsidiary of State Owned Enterprise
430.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
431.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
432.	PT Saka Energi Sepinggan	Subsidiary of State Owned Enterprise
433.	PT Sampico Adhi Abbatoir	Subsidiary of State Owned Enterprise
434.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
435.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
436.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
437.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
438.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise
439.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
440.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
441.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
442.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
443.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
444.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
445.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
446.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
447.	PT Sarana Multigriya Finansial	Subsidiary of State Owned Enterprise
448.	PT Sarana NTT Ventura	Subsidiary of State Owned Enterprise
449.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise
450.	PT Sarana Riau Ventura	Subsidiary of State Owned Enterprise
451.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
452.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
453.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
454.	PT Sarana Usaha Sejahtera Insanpalapa	Subsidiary of State Owned Enterprise
455.	PT Sari Arthamas (Sari Pan Pacific Hotel)	Subsidiary of State Owned Enterprise
456.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
457.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
458.	PT Segara Indochen	Subsidiary of State Owned Enterprise
459.	PT Semen Gresik	Subsidiary of State Owned Enterprise
460.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
461.	PT Semen Indonesia Beton (dahulu PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
462.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
463.	PT Semen Indonesia Logistik (dahulu PT Varia Usaha)	Subsidiary of State Owned Enterprise
464.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
465.	PT Semen Padang	Subsidiary of State Owned Enterprise
466.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
467.	PT Semesta Marga Raya	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
468.	PT Senggigi Pratama internasional	Subsidiary of State Owned Enterprise
469.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
470.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
471.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
472.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
473.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
474.	PT Sigma Utama	Subsidiary of State Owned Enterprise
475.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
476.	PT Sinergi Perkebunan Nusantara	Subsidiary of State Owned Enterprise
477.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
478.	PT Solo Ngawi Jaya	Subsidiary of State Owned Enterprise
479.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
480.	PT Sri Melamin Rejeki	Subsidiary of State Owned Enterprise
481.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
482.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
483.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
484.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
485.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
486.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
487.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
488.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
489.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
490.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
491.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
492.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
493.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
494.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise
495.	PT Telkom Akses	Subsidiary of State Owned Enterprise
496.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
497.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
498.	PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
499.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
500.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
501.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
502.	PT Timah Industri	Subsidiary of State Owned Enterprise
503.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
504.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
505.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
506.	PT Tracon Industri	Subsidiary of State Owned Enterprise
507.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
508.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
509.	PT Trans Mayapada	Subsidiary of State Owned Enterprise
510.	PT Transmarga Jatim Pasuruan	Subsidiary of State Owned Enterprise
511.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
512.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
513.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
514.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
515.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
516.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
517.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
518.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise
519.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
520.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
521.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
522.	PT Waru Abadi	Subsidiary of State Owned Enterprise
523.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
524.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
525.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
526.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
527.	PT Waskita Sangir Energi	Subsidiary of State Owned Enterprise
528.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
529.	PT Widar Mandripa Nusantara	Subsidiary of State Owned Enterprise
530.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
531.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
532.	PT Wijaya Karya Gedung	Subsidiary of State Owned Enterprise
533.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
534.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
535.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
536.	PT Wijaya Karya Rekayasa Konstruksi	Subsidiary of State Owned Enterprise
537.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
538.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
539.	Saka Energi Muriah Limited	Subsidiary of State Owned Enterprise
540.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<b>No.</b>	<b>Related parties</b>	<b>Nature of relationship</b>
541.	Saka Indonesia Pangkah Limited	Subsidiary of State Owned Enterprise
542.	Saka Pangkah LLC	Subsidiary of State Owned Enterprise
543.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
544.	BPJS Kesehatan	State Owned Enterprise
545.	BPJS Ketenagakerjaan	State Owned Enterprise
546.	Perum BULOG	State Owned Enterprise
547.	Perum DAMRI	State Owned Enterprise
548.	Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
549.	Perum Jasa Tirta I (Persero)	State Owned Enterprise
550.	Perum Jasa Tirta II (Persero)	State Owned Enterprise
551.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
552.	Perum LKBN Antara	State Owned Enterprise
553.	Perum Pegadaian	State Owned Enterprise
554.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
555.	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
556.	Perum Perhutani	State Owned Enterprise
557.	Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
558.	Perum Perumnas	State Owned Enterprise
559.	Perum PPD	State Owned Enterprise
560.	Perum Produksi Film Negara	State Owned Enterprise
561.	PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
562.	PT Amarta Karya (Persero)	State Owned Enterprise
563.	PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
564.	PT Angkasa Pura I (Persero)	State Owned Enterprise
565.	PT Angkasa Pura II	State Owned Enterprise
566.	PT ASABRI	State Owned Enterprise
567.	PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
568.	PT Asuransi Jasa Indonesia	State Owned Enterprise
569.	PT Asuransi Jasa Raharja	State Owned Enterprise
570.	PT Asuransi Jiwasraya	State Owned Enterprise
571.	PT Asuransi Kredit Indonesia/PT Askindo (Persero)	State Owned Enterprise
572.	State Owned Enterprise	
573.	PT Balai Pustaka	State Owned Enterprise
574.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
575.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
576.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
577.	PT Barata Indonesia	State Owned Enterprise
578.	PT Berdikari	State Owned Enterprise
579.	PT Bhandha Ghara Reksa	State Owned Enterprise
580.	PT Bina Karya	State Owned Enterprise
581.	PT Bio Farma (Persero)	State Owned Enterprise
582.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
583.	PT Boma Bisma Indra	State Owned Enterprise
584.	PT Brantas Abipraya	State Owned Enterprise
585.	PT Cambrics Primissima (Persero)	State Owned Enterprise
586.	PT Dahana	State Owned Enterprise
587.	PT Danareksa	State Owned Enterprise
588.	PT Dirgantara Indonesia	State Owned Enterprise
589.	PT Djakarta Llyod (Persero)	State Owned Enterprise
590.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
591.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
592.	PT Energy Management Indonesia	State Owned Enterprise
593.	PT Garam	State Owned Enterprise
594.	PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
595.	PT Hotel Indonesia Natour	State Owned Enterprise
596.	PT Hutama Karya	State Owned Enterprise
597.	PT Iglas	State Owned Enterprise
598.	PT Indah Karya	State Owned Enterprise
599.	PT Indofarma (Persero) Tbk.	State Owned Enterprise
600.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
601.	PT Indra Karya	State Owned Enterprise
602.	PT Industri Kapal Indonesia	State Owned Enterprise
603.	PT Industri Kereta Api (INKA)	State Owned Enterprise
604.	PT Industri Nuklir Indonesia (Persero)	State Owned Enterprise
605.	PT Industri Sandang Nusantara	State Owned Enterprise
606.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
607.	PT Istaka Karya	State Owned Enterprise
608.	PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
609.	PT Kawasan Berikat Nusantara	State Owned Enterprise
610.	PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
611.	PT Kawasan Industri Medan	State Owned Enterprise
612.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
613.	PT Kereta Api Indonesia	State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
614.	PT Kertas Kraft Aceh	State Owned Enterprise
615.	PT Kertas Leces	State Owned Enterprise
616.	PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
617.	PT Kliring Berjangka Indonesia	State Owned Enterprise
618.	PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
619.	PT Len Industri	State Owned Enterprise
620.	PT Merpati Nusantara Airlines	State Owned Enterprise
621.	PT PAL Indonesia	State Owned Enterprise
622.	PT Pann Multi Finance (Persero)	State Owned Enterprise
623.	PT Pelabuhan Indonesia I	State Owned Enterprise
624.	PT Pelabuhan Indonesia II	State Owned Enterprise
625.	PT Pelabuhan Indonesia III	State Owned Enterprise
626.	PT Pelabuhan Indonesia IV	State Owned Enterprise
627.	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
628.	PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
629.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
630.	PT Perusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
631.	PT Perikanan Nusantara	State Owned Enterprise
632.	PT Perkebunan Nusantara III	State Owned Enterprise
633.	PT Permodalan Nasional Madani	State Owned Enterprise
634.	PT Pertamina	State Owned Enterprise
635.	PT Pertani	State Owned Enterprise
636.	PT Perusahaan Gas Negara Tbk	State Owned Enterprise
637.	PT Perusahaan Listrik Negara	State Owned Enterprise
638.	PT Perusahaan Pengelola Aset	State Owned Enterprise
639.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise
640.	PT Pindad	State Owned Enterprise
641.	PT Pos Indonesia	State Owned Enterprise
642.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
643.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
644.	PT Reasuransi Indonesia Utama	State Owned Enterprise
645.	PT Sang Hyang Seri	State Owned Enterprise
646.	PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
647.	PT Sarinah	State Owned Enterprise
648.	PT Semen Baturaja (Persero)	State Owned Enterprise
649.	PT Semen Indonesia (Persero) Tbk.	State Owned Enterprise
650.	PT Semen Kupang	State Owned Enterprise

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**55. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
651.	PT Sucofindo	State Owned Enterprise
652.	PT Survey Udara Penas	State Owned Enterprise
653.	PT Surveyor Indonesia	State Owned Enterprise
654.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
655.	PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
656.	PT Taspen	State Owned Enterprise
657.	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
658.	PT Timah (Persero) Tbk.	State Owned Enterprise
659.	PT Varuna Tirta Prakasya	State Owned Enterprise
660.	PT Virama Karya	State Owned Enterprise
661.	PT Waskita Karya (Persero)	State Owned Enterprise
662.	PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
663.	PT Yodya Karya	State Owned Enterprise
664.	Lembaga Pembiayaan Ekspor Indonesia	State Owned Financial Institution
665.	PT Indonesia Infrastruktur Finance	Financial Institution
666.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
667.	Pusat Investasi Pemerintah	Financial Institution

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bonds, other receivables - trade transaction, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, liabilities on securities sold under repurchase agreements, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended December 31, 2017 and 2016 amounted to Rp1,153,809 and Rp986,140 or 3.30% and 3.15% of total consolidated operating expenses - others, respectively.

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**55. RELATED PARTY TRANSACTIONS (continued)**

Details of significant transactions with related parties as of December 31, 2017 and 2016, are as follows:

	December 31, 2017	December 31, 2016
<b>Assets</b>		
Current accounts with other banks (Note 5a)	27,533	25,861
Placements with Bank Indonesia and other banks (Note 6b)	3,152,167	1,725,571
Marketable securities (Note 7a)*	20,775,463	18,571,548
Government bonds (Note 8)	103,411,188	98,933,278
Other receivables - trade transactions (Note 9a)	10,517,587	5,934,300
Derivative receivables (Note 11)	23,824	3,660
Loans (Note 12A.a and 12B.g)	113,611,412	100,201,483
Consumer financing receivables (Note 13a)	7,957	10,532
Acceptance receivables (Note 15a)	1,049,343	415,848
Investment in shares (Note 16a)	89,110	50,331
Total assets with related parties	252,665,584	225,872,412
<b>Total consolidated assets</b>	<b>1,124,700,847</b>	<b>1,038,706,009</b>
<b>Percentage of total assets with related parties to total consolidated assets</b>	<b>22.47%</b>	<b>21.75%</b>
<b>Liabilities</b>		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposit (Note 21a)	46,108,385	48,729,926
Saving deposits/ <i>wadiah</i> saving deposit (Note 22a)	3,548,205	1,973,087
Time deposits (Note 23a)	35,491,966	46,271,999
Deposits from other banks		
Demand and saving deposits (Note 24a)	252,785	45,912
Time deposits (Note 26a)	108,473	286,210
Inter-bank call money (Note 25a)	-	40,000
Derivative payables (Note 11)	16,582	10,058
Securities sold under repurchase agreements to repurchase (Note 28)	-	230,024
Acceptance payables (Note 29a)	602,894	2,481,708
Marketable securities issued (Note 30)	8,546,200	3,662,000
Total liabilities with related parties	94,675,490	103,730,924
<b>Total consolidated liabilities</b>	<b>888,026,817</b>	<b>824,559,898</b>

\* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

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**55. RELATED PARTY TRANSACTIONS (continued)**

Details of significant transactions with related parties as of December 31, 2017 and 2016, are as follows (continued):

	December 31, 2017	December 31, 2016
<b>Percentage of total liabilities with related parties to total consolidated liabilities</b>	<b>10.66%</b>	<b>12.58%</b>
<b>Temporary <i>syirkah</i> funds (Note 38)</b>	<b>974,099</b>	<b>914,391</b>
<b>Percentage to total temporary <i>syirkah</i> funds</b>	<b>1.46%</b>	<b>1.50%</b>
	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b><u>Statements of comprehensive income</u></b>		
Interest income from government bonds and treasury bills (Note 41)	5,300,754	5,490,404
<b>Percentage to interest income and sharia income</b>	<b>6.64%</b>	<b>7.16%</b>
Interest expense from fund borrowing (Note 42)	-	971
<b>Percentage to interest expense and sharia expense</b>	<b>-</b>	<b>0.01%</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Commitmens and contingencies (Note 53)</u></b>		
Unused loan facilities granted	50,456,815	38,790,412
Outstanding irrevocable letters of credit	5,904,249	3,519,396
Guarantees issued in the form of bank guarantee	25,912,130	23,212,078
Guarantees issued in the form of Standby letters of credit	6,171,176	6,739,568
Total commitments and contingencies for related parties	88,444,370	72,261,454
<b>Total commitmens and contingencies for consolidated</b>	<b>227,252,235</b>	<b>196,288,542</b>
<b>Percentage total commitmens and contingencies of related parties to consolidated aset</b>	<b>38.92%</b>	<b>36.81%</b>

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## 56. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each reportable segments as of December 31, 2017 :

- Wholesale consists of:
  - Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned and private enterprises.
  - Commercial : including loans to medium scale and automotive sector, customer deposits and other transactions belonging to commercial customers.
- Government Institutional : including loans, customer deposit and other transactions belonging to government entity and pension plan from state-owned enterprises.
- Retail (in 2017 consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belonging to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - insurance : including all transactions conducted by subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

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**56. SEGMENT INFORMATION (continued)**

The following describes the operations in each reportable segments as of December 31, 2016:

- Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned, private enterprises and government entity.
- Commercial : including loans to medium scale, automotive sector, customer deposits and other transactions belonging to commercial customers.
- Retail (in 2016 consists of consumer/individual segment and micro and business segments) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belonging to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury & markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market and fixed income. Segments of business markets, including, among others, international banking, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - insurance : including all transactions conducted by subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

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**56. SEGMENT INFORMATION (continued)**

December 31, 2017 <sup>1)</sup>											
Description	Wholesale						Subsidiaries - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination <sup>2)</sup>	Total
	Corporate	Commercial	Government Institution	Retail	Treasury	Head Office					
<b>Consolidated statement of profit or loss and other comprehensive income</b>											
Interest and sharia income <sup>3)</sup>	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678	1,169,202	7,286,674	538,264	4,115,124	(48,250,819)	79,501,530
Interest and sharia expense <sup>3)</sup>	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)	(956,168)	(2,541,130)	-	(1,963,422)	41,107,739	(27,174,371)
Net interest and sharia income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	538,264	2,151,702	(7,143,080)	52,327,159
Net premium income	-	-	-	-	-	-	-	2,737,653	-	(272,578)	2,465,075
Net interest and sharia and premium income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	3,275,917	2,151,702	(7,415,658)	54,792,234
Other operating income:											
Other fees and commission	1,890,196	1,005,460	257,721	5,579,995	279,082	2,412,928	907,763	-	719,676	(569,687)	12,483,134
Other	387,453	123,825	11,460	2,731,572	3,449,100	1,623,389	714,521	525,588	1,200,376	(968,777)	9,798,507
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	4,036,317	1,622,284	525,588	1,920,052	(1,538,464)	22,281,641
Reversal of/(allowance for) impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,361)	1,768,041	(2,516,484)	-	(646,282)	23,837	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	-	2,489	-	164,568	835	-	167,892
Gain on sale of marketable securities and government bonds	-	-	-	-	-	850,383	-	12,544	30,643	-	893,570
Other operating expenses:											
Salaries and employee benefit	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	(8,628,264)	(1,599,262)	(485,449)	(1,411,375)	272,579	(14,858,642)
General and administrative expense	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)	(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
Other	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)	(2,118,947)	(305,420)	(1,039,960)	(212,450)	710,126	(4,749,528)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	(19,641,604)	(3,393,626)	(2,472,971)	(2,541,890)	982,705	(35,013,749)
Non-operating Income/(expense) - net	-	-	-	-	411	1,825	29,343	(14,583)	(29,884)	-	(12,888)
Tax expense	-	-	-	-	-	(5,087,348)	(121,893)	(261,976)	(242,604)	-	(5,713,821)
Net income	8,992,347	913,066	1,528,165	26,543,468	7,033,612	(17,856,863)	365,168	1,229,087	642,572	(7,947,580)	21,443,042
<b>Net income attributable to:</b>											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	803,359
Parent Entity	-	-	-	-	-	-	-	-	-	-	20,639,683
<b>Consolidated statement of financial position</b>											
Loans - gross	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623	1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
Total assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331	218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
Demand deposits/ Wadiah demand deposits	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)	-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
Saving deposit/ Wadiah saving deposits	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)	-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
Time deposits	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)	-	-	-	(7,845,403)	698,920	(238,007,214)
Total deposit from customers	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)	-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
Total liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)	(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

<sup>1)</sup> Appropriate with operation segments of Bank Mandiri (Note 2ak).

<sup>2)</sup> Include component of internal transfer pricing among operating segments.

<sup>3)</sup> Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

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**56. SEGMENT INFORMATION (continued)**

December 31, 2016 <sup>1)</sup>										
Description	Corporate	Commercial	Retail	Treasury & Markets	Head office	Subsidiaries - Sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination <sup>2)</sup>	Total
<b>Consolidated statement of profit or loss and other comprehensive income</b>										
Interest and sharia income <sup>**)</sup>	28,603,573	18,917,557	53,807,839	7,143,133	3,232,612	6,467,897	545,561	2,751,451	(44,759,735)	76,709,888
Interest and sharia expense <sup>**)</sup>	(18,478,530)	(13,036,468)	(24,597,769)	(2,767,382)	(2,154,069)	(2,339,720)	-	(1,269,366)	39,758,785	(24,884,519)
Net interest and sharia income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	545,561	1,482,085	(5,000,950)	51,825,369
Net premium income	-	-	-	-	-	-	3,227,766	-	(575,335)	2,652,431
Net interest and sharia and premium income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	3,773,327	1,482,085	(5,576,285)	54,477,800
Other operating income:										
Other fees and commission	1,887,511	867,607	5,280,360	513,029	2,009,321	840,841	-	633,076	(591,743)	11,440,002
Other	278,724	907,043	3,291,858	3,360,808	(922,819)	527,537	447,407	750,842	(794,977)	7,846,423
<b>Total</b>	<b>2,166,235</b>	<b>1,774,650</b>	<b>8,572,218</b>	<b>3,873,837</b>	<b>1,086,502</b>	<b>1,368,378</b>	<b>447,407</b>	<b>1,383,918</b>	<b>(1,386,720)</b>	<b>19,286,425</b>
Reversal of/(allowance for) impairment losses on financial assets and others	(1,700,194)	(8,395,759)	(6,599,326)	(93,466)	(5,684,881)	(1,678,466)	-	(484,243)	(8,507)	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	(5,598)	-	22,369	(1,133)	-	15,638
Gain on sale of marketable securities and government bonds	-	-	-	-	700,004	-	12,547	33,353	-	745,904
Other operating expenses:										
Salaries and employee benefit	(178,037)	(70,055)	(2,102,311)	(229,876)	(8,136,489)	(1,485,175)	(454,578)	(962,224)	-	(13,618,745)
General and administrative expense	(136,966)	(35,578)	(2,361,765)	(196,582)	(8,690,145)	(1,569,460)	(905,148)	(637,902)	575,335	(13,958,211)
Other	(307,649)	(123,619)	(1,063,327)	(107,156)	(1,322,820)	(331,613)	(991,511)	(128,713)	685,166	(3,691,242)
<b>Total</b>	<b>(622,652)</b>	<b>(229,252)</b>	<b>(5,527,403)</b>	<b>(533,614)</b>	<b>(18,149,454)</b>	<b>(3,386,248)</b>	<b>(2,351,237)</b>	<b>(1,728,839)</b>	<b>1,260,501</b>	<b>(31,268,198)</b>
Non-operating Income/(expense) - net	-	-	-	689	22,328	2,863	(31,649)	(33,993)	-	(39,762)
Tax expense	-	-	-	-	(3,253,220)	(109,290)	(391,339)	(168,953)	-	(3,922,802)
<b>Net income</b>	<b>9,968,432</b>	<b>(969,272)</b>	<b>25,655,559</b>	<b>7,623,197</b>	<b>(24,205,776)</b>	<b>325,414</b>	<b>1,481,425</b>	<b>482,195</b>	<b>(5,711,011)</b>	<b>14,650,163</b>
<b>Net income attributable to:</b>										
Noncontrolling interest	-	-	-	-	-	-	-	-	-	843,598
Parent Entity	-	-	-	-	-	-	-	-	-	13,806,565
<b>Consolidated statement of financial position</b>										
Loans - gross	228,664,566	165,157,169	196,193,756	1,064,421	1,589,358	54,665,318	-	5,081,596	(3,093,231)	649,322,953
Total assets	245,009,460	158,931,151	192,665,508	120,134,228	201,441,163	78,831,721	29,746,748	25,714,089	(13,768,059)	1,038,706,009
Demand deposits/ Wadiah demand deposits	(92,357,811)	(40,435,471)	(45,497,602)	(2,268,645)	-	(6,860,851)	-	(80,244)	517,296	(186,983,328)
Saving deposit/ Wadiah saving deposits	(6,051,088)	(8,143,489)	(259,483,049)	(94,889)	-	(2,593,437)	-	(803,872)	-	(277,169,824)
Time deposits	(79,908,727)	(17,774,366)	(130,295,804)	(5,638,904)	-	-	-	(4,825,946)	536,669	(237,907,078)
Total deposit from customers	(178,317,626)	(66,353,326)	(435,276,455)	(8,002,438)	-	(9,454,288)	-	(5,710,062)	1,053,965	(702,060,230)
Total liabilities	(190,049,966)	(70,226,740)	(436,937,022)	(23,157,489)	(53,741,543)	(11,662,897)	(25,650,572)	(20,689,414)	7,555,745	(824,559,898)

<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.

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**56. SEGMENT INFORMATION (continued)**

Geographical segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended December 31, 2017:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Interest and sharia income	78,128,521	915,243	64,473	393,293	79,501,530
Interest and sharia expense	(26,960,909)	(171,728)	(19,206)	(22,528)	(27,174,371)
Net interest and sharia income	51,167,612	743,515	45,267	370,765	53,327,159
Net premium income	2,465,075	-	-	-	2,465,075
Net interest and sharia and premium income	53,632,687	743,515	45,267	370,765	54,792,234
Other operating income:					
Others fees and commissions	12,058,363	373,393	-	51,378	12,483,134
Others	9,718,340	57,022	3,317	19,828	9,798,507
Total	21,776,703	430,415	3,317	71,206	22,281,641
(Allowance for)/reversal of impairment losses on financial assets and others	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	168,100	(217)	-	9	167,892
Gain on sale of marketable securities and government bonds	845,163	23,953	-	24,454	893,570
Other operating expenses:					
Salaries and employee benefit	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General, administrative expenses and others	(19,999,676)	(113,494)	(19,152)	(22,785)	(20,155,107)
Total	(34,671,238)	(271,143)	(37,737)	(33,631)	(35,013,749)
Non operating income/(expense) - net	102,555	(86,166)	-	(29,277)	(12,888)
Tax expense	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net income	<b>20,296,681</b>	<b>644,249</b>	<b>8,061</b>	<b>494,051</b>	<b>21,443,042</b>
<b>Net income attributable to:</b>					
Noncontrolling interest	-	-	-	-	803,359
Parent Entity	-	-	-	-	20,639,683
<b>Consolidated statement of financial position</b>					
Loans	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total assets	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Demand deposit/ <i>wadiah</i> demand deposits	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving deposit/ <i>wadiah</i> saving deposits	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Time deposits	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total deposit from customers	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total liabilities	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

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**56. SEGMENT INFORMATION (continued)**

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2016:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Interest and sharia income	75,656,519	648,879	57,011	347,479	76,709,888
Interest and sharia expense	(24,778,779)	(88,552)	(15,095)	(2,093)	(24,884,519)
Net interest and sharia income	50,877,740	560,327	41,916	345,386	51,825,369
Net premium income	2,652,431	-	-	-	2,652,431
Net interest and sharia and premium income	53,530,171	560,327	41,916	345,386	54,477,800
Other operating income:					
Others fees and commissions	11,274,938	151,776	-	13,288	11,440,002
Others	7,760,010	76,447	6,505	3,461	7,846,423
Total	19,034,948	228,223	6,505	16,749	19,286,425
(Allowance for)/reversal of impairment losses on financial assets and others	(24,571,484)	(142,229)	-	68,871	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment	15,694	(69)	-	13	15,638
Gain on sale of marketable securities and government bonds	713,252	13,194	-	19,458	745,904
Other operating expenses:					
Salaries and employee benefit	(13,450,410)	(142,202)	(16,448)	(9,685)	(13,618,745)
General, administrative expenses and others	(17,489,183)	(115,498)	(24,032)	(20,740)	(17,649,453)
Total	(30,939,593)	(257,700)	(40,480)	(30,425)	(31,268,198)
Non operating income/(expense) - net	49,455	(31,314)	-	(57,903)	(39,762)
Tax expense	(3,861,252)	(61,550)	-	-	(3,922,802)
Net income	<b>13,971,191</b>	<b>308,882</b>	<b>7,941</b>	<b>362,149</b>	<b>14,650,163</b>
<b>Net income attributable to:</b>					
Noncontrolling interest	-	-	-	-	843,598
Parent Entity	-	-	-	-	13,806,565
<b>Consolidated statement of financial position</b>					
Loans	622,770,970	18,118,678	152,390	8,280,915	649,322,953
Total assets	992,414,913	30,002,644	2,344,461	13,943,991	1,038,706,009
Demand deposit/ <i>wadiah</i> demand deposits	(182,974,324)	(3,950,734)	(58,270)	-	(186,983,328)
Saving deposit/ <i>wadiah</i> saving deposits	(275,519,500)	(1,650,324)	-	-	(277,169,824)
Time deposits	(234,790,487)	(3,116,591)	-	-	(237,907,078)
Total deposit from customers	(693,284,311)	(8,717,649)	(58,270)	-	(702,060,230)
Total liabilities	(778,934,950)	(30,001,087)	(1,681,737)	(13,942,124)	(824,559,898)

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**57. CAPITAL ADEQUACY RATIO**

Capital risk management

Bank Mandiri's capital policy is prudently complied with the regulatory capital requirement, diversifying its capital resources to anticipate long-term strategic plans and efficiently allocate capital to business segments that have the potential to provide an optimal risk-return profile, including placement and inclusion of subsidiaries in order to meet stakeholder expectations including investors and regulators.

Bank Mandiri ensures it has sufficient capital to meet credit risk, market risk and operational risk, both in supporting business growth in normal conditions and anticipating stress conditions.

The Bank refers to FSA regulation in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses Standardised Approach. For the market risk, the Bank uses Standardised Model and The Bank has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

In the implementation of the FSA's Circular Letter No. 42/SEOJK. 03/2016 dated September 28, 2016 regarding the calculation of credit risk weighted assets using the standard approach, the results of the calculation of RWA of the Bank showed credit risk RWA for the position of December 31, 2017 amounted to Rp589,631,509. The position of market risk RWA and RWA with the standardized approach to operational risk Basic Indicator Approach approach shows the number of each of Rp13,367,349 and Rp104,792,639.

The Capital Adequacy Ratio (CAR) per December 31, 2017 and 2016 calculated in accordance with FSA Regulation No. 34/POJK.03/2016 dated September 22, 2016 on Amendments to the FSA Regulation No. 11/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks. The CAR (Bank Mandiri only) as of December 31, 2017 and 2016 are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Capital:		
Core capital	145,616,420	130,356,495
Supplementary capital	7,561,895	7,075,719
<b>Total Capital for credit risk, operational risk and market risk charge</b>	<b>153,178,315</b>	<b>137,432,214</b>
Risk-Weighted Assets for credit	589,631,509	549,646,704
Risk-Weighted Assets for operasional	104,792,639	91,932,008
Risk-Weighted Assets for market risk	13,367,349	1,800,778
<b>Total Risk-Weighted Assets for credit, operational and market risk charge</b>	<b>707,791,497</b>	<b>643,379,490</b>

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**57. CAPITAL ADEQUACY RATIO (continued)**

Capital risk management (continued)

	December 31, 2017	December 31, 2016
CAR for core capital	20.57%	20.26%
CAR for credit risk	25.98%	25.00%
CAR for credit risk and operational risk	22.06%	21.42%
CAR for credit risk and market risk	25.40%	24.92%
CAR for credit risk, operational risk and market risk	21.64%	21.36%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile	9.5%	9.52%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2017 and 2016 including credit, operational and market risk is 21.03% and 20.75%, taking into account credit and operational risk is 21.39% and 20.79%.

**58. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT**

Non-performing earning assets to total earning assets ratio (including off-balance sheet) as of December 31, 2017 and 2016 (Bank Mandiri only) are 2.14% and 2.45%, respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as of December 31, 2017 and 2016 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2017 and 2016 are 130.82% and 137.33%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as of December 31, 2017 and 2016 are 6.14% and 6.29%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2017 and 2016 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 2006.

**59. CUSTODIAL SERVICES AND TRUST OPERATIONS**

Custodial services

Bank Mandiri started providing custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated October 4, 1999. Bank Mandiri's Custodial, which is the part of International Banking and Financial Institution Group, provides a full range of custodial services as follows:

- a. Settlement and handling services for script and scripless trading transactions;
- b. Safekeeping and administration of marketable securities and other valuable assets;
- c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
- d. Proxy services for its customers' General Meeting of Shareholders and General Meeting of bond holders;
- e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodial.

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**59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)**

Custodial Services (continued)

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

- a. General custodial which provide services for investors that are investing in capital market or money market in Indonesia;
- b. Local custodial for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and Bank Indonesia Certificates (Sertifikat Bank Indonesia (SBI));
- d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodial of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
- f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
- g. Custodial for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange;
- h. Custodial for Asset-Based Securities (Efek Beragun Aset (EBA)) in the form of collective investment contract (Kontrak Investasi Kolektif (KIK)) which was issued by the investment manager and custodial bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2017 and 2016, Bank Mandiri's Custodial Operations has 1,822 and 819 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio by currencies as of December 31, 2017 are amounting to Rp445,624,581, USD1,754,110,142 (full amount), and EUR106,336 (full amount) and as of December 31, 2016 are amounting to Rp391,312,991, USD1,460,738,660 (full amount), and EUR106,336 (full amount) (unaudited). Assets kept in custodial services activities are not included in the consolidated financial statements of Bank Mandiri and its subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the FSA regulation.

Trust Operations

Bank Mandiri has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The type of services offered by the Bank are as follows:

- a. Trustee for bonds and MTN
- b. Escrow account Agent
- c. Paying agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security agent

As of December 31, 2017, Bank Mandiri as Trustee has 115 trustee customers with the total value of bonds and MTN issued amounting to Rp95,077,750 dan USD105,300,000 (full amount) and as of December 31, 2016 has 102 trustee customers with the total value of bonds and MTN issued amounting to Rp78,379,250 dan USD113,700,000 (full amount) (unaudited).

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**59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)**

Trust Operations (continued)

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

Trust

A trustee services including managing customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No. 15/30/DPB1/PB1-1 dated April 26, 2013 and No. 15/32/DPB1/PB1-1 date August 28, 2013.

Functions of independent trust service are:

- a. "Paying Agent" which receive and transfer money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agency" involve in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

The trust service provided by the Bank is also include managing customers from various segments, including oil & gas company, corporate and commercial, non-profit organization customers for activities among others distribution of gas sales results, sale and purchase/acquisition of companies, and pooling of funds for foreign aid.

**60. CHANNELING LOANS**

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Government:		
Agriculture	286,949	322,887
Manufacturing	14,543	14,543
	<b>301,492</b>	<b>337,430</b>

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.

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## **60. CHANNELING LOANS (continued)**

Channeling loans are not included in the consolidated statement of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

## **61. RISK MANAGEMENT**

Bank Mandiri implements independent risk management function based on the requirement of Bank Indonesia's regulation and international best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which is in line with the Bank's business process and operational needs. ERM implementation gives value added benefits to the Bank and stakeholders.

ERM is a risk management process embedded in the business strategies and operations that are integrated in the daily decision making processes. With ERM, the Bank establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the Bank based on Financial Services Authority (FSA) Regulation No. 17/POJK.03/2014 regarding implementation of integrated risk management for financial conglomerates that covers the whole financial industry.

The Bank's risk management framework is based on FSA Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (BMRMP), which consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conducts prudential principle by examining the risk management performance process (identification - measurement - monitoring - risk mitigation) for all organisation levels.

Active supervision by the Board of Directors and the Board of Commissioners on risk management activities, directly and indirectly, are implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring Committee, Integrated Governance Committee, Remuneration and Nomination Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Asset & Liability Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC), Capital & Subsidiaries Committee (CSC), Business Committee, Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) dan Credit Committee.

From 9 Executive Committees, there are 4 committees that are directly involved in risk management, i.e RMC, IRC, ALCO and PPC. RMC is the committee that discusses and recommends policy and procedures as well as monitoring risks profile and managing all the Bank's risks. Integrated IRC is the committee that provides recommendation on the integrated risk management policy including the application of risk management in subsidiaries. IRC is based on the application of FSA Regulation No. 17/POJK.03/2014 regarding integrated risk management. IRC has members from subsidiaries that discusses as well as recommends the policy and application of integrated risk management. ALCO is the committee that manages Bank's asset and liability management, interest rate and liquidity and other areas that are related to the asset and liability management of the Bank. PPC is the committee that discusses and recommends the adjustment or improvement in the Bank's policy and procedures.

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## **61. RISK MANAGEMENT (continued)**

Committees under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which has the task and responsibility to perform review and evaluation on policy and execution of Bank's risk management, as well as providing inputs and recommendation to the Board of Commissioners in their monitoring of tasks.

Operationally, the related Directorate with risk management is divided into two big parts, there are 1) credit approval as part of the four-eye principles, located at the Wholesale Risk Directorate and Retail Risk Directorate and 2) Independent Risk Management that is located in the Risk Management Directorate and Risk Management & Compliance Directorate. Risk Management & Compliance is headed by a Director that is responsible towards the Board of Director and also a member of the Risk Management Committee, Integrated Risk Management Committee, and Policy & Procedure Committee. The bank has also established a Risk Management Working Unit under the Risk Management & Compliance. The Risk Management & Compliance Directorate is divided into 7 (seven) groups, that is the Credit Portfolio Risk Group, Market Risk Group, Operational Risk Group, Credit Control & Supervision Group, Legal Group, Compliance Group, and Policy & Procedure Group.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 10 (ten) types of risk that is faced by the Bank, discussing and proposing risk management policies and guidelines.

Bank Mandiri is developing the application of ICAAP, which aims to ensure that the Banks has a comprehensive risk measurement process and that the calculation of capital is in accordance with the risk profile and ability to provide the needed capital. One part of the ICAAP is the preparation of Risk Appetite Statement (RAS). RAS is the type and degree of risk that could be taken/faced by the Bank within its risk capacity in order to achieve its business goals. The application of this ICAAP is to support the implementation of Basel II Pillar 2 as the best practice.

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all embedded risks in the Bank's business activities, including consolidation with subsidiaries risks.

### **A. Credit risk**

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation by identifying business unit, segment, product, region which has value added to achieve the optimum of Return On Risk Weighted Asset (RORWA).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring/settlement process for non-performing/restructuring loans.

To improve the Bank's social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia Regulation regarding the Quality of Asset Assessment on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor's effort to maintain its environment.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

In principle, credit risk management is implemented to transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principles is executed by Credit Committee according to the authority limit and the loan approval process conducted through Credit Committee Meeting mechanism. Executive Credit Officer as Credit Committee members, must be highly competent as well as have strong capacity and integrity so that the loan granting process can be conducted objectively, comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the Executive Credit Officer can be monitored from time to time.

To mitigate credit risk, Credit Committee sets loan structure for every debtor through appropriate covenants that is align with debtor needs and conditions. This is to ensure the debtor uses the loan effectively according to original purpose so that bank and debtor's interest are fulfilled. Guidelines for determining the structure of collateral in order to mitigate credit risk policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

The collateral that can be accepted by the Bank includes Movable Assets (among others cash, receivables, inventory, and marketable securities), Non-Movable Assets (among others property, land, and equipment), and personal/corporate guarantee. The collateral coverage criteria for each segment is divided as follows:

Segment	Collateral	Minimum Coverage Amount*)
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

\*) Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor.

To guarantee the credit facility, fixed asset such as land and building are preferable than other types of collateral. The fair value of collateral is assessed by internal assessors (Credit Operation Unit) and external assessors who have already been appointed by the Business Unit/Credit Recovery Unit.

Collateral can be exchanged as long as the new collateral fulfills marketability and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

To identify and measure risk of each credit application processed in the transactional level, as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which includes Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum. In portfolio has been carried out through master limit, ICLS (Integrated Credit Liabilities System) and name clearance.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attribution).

BMRS that has been developed by the Bank consists of Rating System for Corporate & Commercial segment, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for Bank Perkreditan Rakyat (BPR).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank can identify and measure the risk level of Bank Counterpart which can be tolerated in granting Credit Line facilities.

As an effort to improve the measurement level of transactional risk to the Foreign Office, currently BMRS has been implemented at Foreign Office. To support the development of Rating and Scoring model, the Bank has issued Guideline for the development of Credit Rating and Credit Scoring model, which is a complete guidance for the Bank in developing credit rating and credit scoring model. In addition, to monitor the performance of credit rating and credit scoring model, the Bank reviews the scoring and rating results conducted by Business Units. Besides, the Bank already has a guidance to set probability of default (PD) to support implementation of internal rating based approach.

In order to monitor rating and scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain performance scoring and rating parameters based on limit (Rp5 billion - Rp15 billion for middle commercial and above Rp15 billion for large commercial and corporate). The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

Currently, the Bank is developing and supplementing further internal ratings and internal scoring in line with the Advanced Internal Rating Based Approach (A-IRB Approach), by developing Basel II Risk Parameter Probability of Default (PD) model, Loss Given Default LGD), and Exposure At Default (EAD) for Wholesale, Retail and Consumer segments. It is also in the framework of preparing the model components required for the application of the calculation of Impairment Losses under IFRS 9 (SFAS 71).

The model developed by the Bank is validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is done to minimize analysis error in calculating credit risk, especially in calculating PD value and assigning debtor rating.

Aside from Credit Rating and Scoring, another tool used by the Bank is the loan monitoring system, which identifies debtors that may potentially experience difficulty in repaying their loan obligation. The Bank conducts early warning analysis called Watch List analysis (early warning analysis) for all Corporate and Commercial loans with collectibility 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and action plan to prevent NPL.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

In assessing and monitoring credit quality, Bank Mandiri always refers to Bank Indonesia regulation by prioritizing prudential principles by reviewing business prospects, as well as assessing the performance and ability to pay of the debtor. Credit monitoring on corporate, commercial, and SME banking segments, especially for the limit > Rp 1 billion is done at the borrower level through the Loan Monitoring System (ALERT system) that has been integrated into the IPS system. Loan monitoring system includes two functions, namely as an early detection tool through analysis of Watch List (Early Warning Analysis) and collectibility review based on 3 pillars. Loan Monitoring System is a standardized, structured and comprehensive method of monitoring the performance of the debtor, so that action plan can be done immediately to prevent the decrease of debtor credit quality. Minimum monitoring is carried out in quarterly periods aimed at identifying potential borrowers experiencing difficulties in meeting their obligations.

Meanwhile, for the monitoring process of segment of SME banking segment for limit < Rp 1 billion, micro and consumer is done at portfolio level by performing portfolio analysis from various aspects as stated in credit risk report. In order to maximize the implementation of risk management, Bank Mandiri also conducts credit monitoring on the credit process and its systems and support tools through a forum called credit sessions that are routinely held for each segment of credit, through which it can identify problems and weaknesses in every business process, credit and methodology and credit tools, so that it can be done immediately. In addition, as an anticipatory step (early warning signal), Bank Mandiri also conducts simulated and stress testing processes on portfolios that are held periodically to determine changes in portfolio quality per segment or per industry sector, where the results will serve as a guide for Bank Mandiri in monitoring the sector or certain debtors with the potential for more stringent quality degradation to prevent undesirable events.

In portfolio level, the risk management use the active portfolio approach which proactively protects the portfolio diversification at optimum level with risk exposure at risk appetite determined by the Bank. In practice, the Bank uses Portfolio Guideline (PG) tools. PG consists of three parts, there are industry classification, industry acceptance criteria and industry limit.

Industry Classification (IC) classifies industrial sectors into 4 categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry market target. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), that serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which gives economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry limit and debtor limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

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**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

PG is periodically reviewed and calculated. The back testing for PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. The Bank has already reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

The Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take preventive actions and risk mitigation in both individual and portfolio level.

To monitor the quality and to test the elasticity of portfolio quality (NPL and Yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and at ad hoc basis conducts a stress test to the credit portfolio e.g. for large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank is able to get an understanding regarding the possibility of negative impact to the business performance of Bank Mandiri, as well as anticipate earlier and take steps for controlling portfolio and finding the best and optimal solution for short-term and long-term strategies. Therefore, the quality of the Bank's portfolio and capital adequacy can be well maintained.

The Bank was one of the entities designated by OJK as a systemic bank (Bank Indonesia), Bank Mandiri has prepared an Action Plan (Recovery Plan) to overcome financial problems that may occur (financial stress) in accordance with the provisions of POJK No. 14/POJK.03/2017 April 4, 2017.

In order to continuously develop the quality of human resources in risk management, the Bank has a risk management academy that has issued several risk management modules, both tailored to improve knowledge and skills as well as to generally increase employee risk awareness.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current accounts with Bank Indonesia	50,188,118	52,484,974
Current accounts with other banks	12,329,947	10,360,165
Placement with Bank Indonesia and other banks	74,600,803	73,616,927
Marketable securities**) <ul style="list-style-type: none"> <li>Government                             <ul style="list-style-type: none"> <li>Fair value through profit or loss</li> <li>Available for sale</li> </ul> </li> <li>Non-government                             <ul style="list-style-type: none"> <li>Fair value through profit or loss</li> <li>Available for sale</li> <li>Held to maturity</li> <li>At cost</li> </ul> </li> <li>Government bonds***)                             <ul style="list-style-type: none"> <li>Fair value through profit or loss</li> <li>Available for sale</li> <li>Held to maturity</li> <li>At cost</li> </ul> </li> </ul>	1,644,649 1,590,710 1,876,737 24,109,437 8,196,823 1,139,166 2,183,356 89,073,724 2,585,950 8,262,937	1,955,500 867,843 2,817,467 21,366,566 11,197,290 496,135 1,191,310 80,334,549 11,142,896 5,027,262
Other receivables - trade transactions	24,090,128	14,167,271
Securities purchased under resale agreements	2,629,315	5,054,488
Derivatives receivables	446,459	239,260
Loans and sharia receivables/financing *) <ul style="list-style-type: none"> <li>Corporate</li> <li>Commercial</li> <li>Retail</li> <li>Sharia</li> </ul>	258,204,300 135,630,079 226,493,437 57,964,704	222,057,965 147,555,617 194,260,689 52,831,922
Consumer financing receivables	14,782,332	11,531,838
Net investment in finance leases	2,356,890	829,945
Acceptances receivables	12,290,260	14,548,203

\*) In accordance with the operating segments of Bank Mandiri

\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Other assets		
Accrued income	4,724,432	4,365,862
Receivables from customer transactions	2,095,568	1,010,636
Receivables from transactions related to ATM and credit card	699,825	472,950
Receivable from policyholder	713,049	504,474
Receivable from sale of marketable securities	201,358	30,285
Receivables from government bonds pledged as collateral	594,534	593,466
	<b>1,021,699,027</b>	<b>942,913,755</b>

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2017 and 2016 are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Bank guarantees issued	79,485,919	74,105,942
Committed unused loan facilities granted	35,534,577	26,866,165
Outstanding irrevocable letters of credit	15,729,990	12,090,306
Standby letter of credit	12,269,582	13,155,067
	<b>143,020,068</b>	<b>126,217,480</b>

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as of December 31, 2017 and 2016, without taking into account any collateral held or other credit support attached. For financial assets in the statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2017 and 2016. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area where the transactions are recorded.

	December 31, 2017					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	9,558,317	10	619	-	2,774,443	12,333,389
Placement with Bank Indonesia and other banks	70,689,182	-	-	-	3,961,334	74,650,516
Marketable securities**)						
Government						
Fair value through profit or loss	1,258,471	-	-	-	386,178	1,644,649
Available for sale	-	-	-	-	1,590,710	1,590,710
Non Government						
Fair value through profit or loss	1,531,355	-	-	-	350,382	1,881,737
Available for sale	23,767,343	-	-	-	350,211	24,117,554
Held to maturity	7,276,144	-	-	-	977,501	8,253,645
At cost	1,150,961	-	-	-	-	1,150,961
Government Bonds ***)						
Fair value through profit or loss	2,183,356	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	8,262,937
Other receivables-trade transactions	23,549,287	-	-	-	1,890,190	25,439,477
Securities purchased under resale agreements	2,629,315	-	-	-	-	2,629,315
Derivatives receivables	446,135	-	-	-	324	446,459
Loans *)						
Corporate	184,556,500	42,362,161	8,685,445	2,902,157	27,269,691	265,775,954
Commercial	107,414,648	29,484,409	10,489,104	4,846,050	529,385	152,763,596
Retail	151,567,405	40,189,567	18,489,800	18,148,092	5,210,014	233,604,878
Sharia	38,237,293	11,123,873	6,131,260	2,845,779	1,555,232	59,893,437
Consumer financing receivables	10,846,826	2,152,598	876,636	1,243,655	25,504	15,145,219
Net investment in finance leases	2,332,438	4,116	2,146	25,929	-	2,364,629
Acceptances receivables	12,052,865	-	-	-	491,629	12,544,494
Other assets						
Accrued income	3,881,876	371,061	127,934	118,272	225,289	4,724,432
Receivables from customer transactions	2,019,368	27,786	12,953	12,343	118,290	2,190,740
Receivables from transactions related to ATM and credit card	699,825	-	-	-	-	699,825
Receivable to policyholder	699,816	6,782	3,093	3,358	-	713,049
Receivable from sale of marketable securities	174,243	-	-	-	27,115	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	-	-	594,534
	<b>809,228,232</b>	<b>125,722,363</b>	<b>44,818,990</b>	<b>30,145,635</b>	<b>47,733,422</b>	<b>1,057,648,642</b>

\*) In accordance with Bank Mandiri's debtors segment.

\*\*\*) Excludes securities which are the investment of the Subsidiaries unit-link policyholders who do not have credit risk.

\*\*\*\*) Excludes government bonds representing investments from unit-link Subsidiary policyholders who do not have credit risk.

\*\*\*\*\*) Others include portfolios in Papua and overseas branches.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	December 31, 2016					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	8,287,906	3,938	5,379	508	2,065,483	10,363,214
Placement with Bank						
Indonesia and other banks	72,154,527	500	-	-	1,545,208	73,700,235
Marketable securities**)						
Government						
Fair value through profit or loss	1,437,182	-	-	-	518,318	1,955,500
Available for sale	-	-	-	-	867,843	867,843
Non Government						
Fair value through profit or loss	2,668,739	-	-	-	148,728	2,817,467
Available for sale	21,092,867	-	-	-	304,440	21,397,307
Held to maturity	10,378,616	-	-	-	884,822	11,263,438
At cost	638,190	-	-	-	-	638,190
Government Bonds ***)						
Fair value through profit or loss	1,191,310	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	5,027,262
Other receivables-trade transactions	15,526,847	-	-	-	397,271	15,924,118
Securities purchased under resale agreements	5,054,488	-	-	-	-	5,054,488
Derivatives receivables	235,496	-	-	-	3,764	239,260
Loans *)						
Corporate	157,099,486	36,364,520	9,195,374	2,219,324	26,499,085	231,377,789
Commercial	121,654,327	26,896,058	7,929,253	5,047,447	629,549	162,156,634
Retail	129,473,151	34,486,574	16,324,160	15,966,394	4,872,933	201,123,212
Sharia	35,798,687	10,062,704	5,077,194	2,438,549	1,288,184	54,665,318
Consumer financing receivables	8,667,387	1,743,318	661,275	783,236	-	11,855,216
Net investment in finance leases	766,314	291	2,944	64,934	-	834,483
Acceptances receivables	13,176,646	-	-	-	1,612,598	14,789,244
Other assets						
Accrued income	3,516,458	381,487	130,578	122,760	214,579	4,365,862
Receivables from customer transactions	1,101,030	21,452	9,072	9,063	1,370	1,141,987
Receivables from transactions related to ATM and credit card	472,950	-	-	-	-	472,950
Receivable to policyholder	478,644	14,354	5,297	6,179	-	504,474
Receivable from sale of marketable securities	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	593,466	-	-	-	-	593,466
	<b>760,484,680</b>	<b>109,975,196</b>	<b>39,340,526</b>	<b>26,658,394</b>	<b>41,854,175</b>	<b>978,312,971</b>

\*) In accordance with the operating segments of Bank Mandiri.

\*\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*\*) Others included in the portfolio is the area of Papua and overseas branches.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2017					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	77,843,320	-	-	-	1,844,658	79,687,978
Committed unused loan facilities granted	19,450,470	5,653,897	606,480	335,162	9,566,712	35,612,721
Outstanding irrevocable letters of credit	14,806,837	-	-	-	1,015,685	15,822,522
Standby letter of credit	12,102,240	-	-	-	176,378	12,278,618
	<u>124,202,867</u>	<u>5,653,897</u>	<u>606,480</u>	<u>335,162</u>	<u>12,603,433</u>	<u>143,401,839</u>
	December 31, 2016					
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	73,082,123	1,070	-	-	1,183,091	74,266,284
Committed unused loan facilities granted	16,735,544	4,595,235	537,136	511,284	4,518,172	26,897,371
Outstanding irrevocable letters of credit	10,529,237	-	-	-	1,567,429	12,096,666
Standby letter of credit	13,016,362	-	-	-	148,198	13,164,560
	<u>113,363,266</u>	<u>4,596,305</u>	<u>537,136</u>	<u>511,284</u>	<u>7,416,890</u>	<u>126,424,881</u>

\*\*\*\*) Others included in the portfolio is the area of Papua and overseas branches

b) Industry sectors

The following table breaks down Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit enhancement), as categorised by industry sectors as of December 31, 2017 and 2016.

	December 31, 2017						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	-	12,333,389	-	-	-	-	12,333,389
Placement with Bank Indonesia and other banks	-	74,650,516	-	-	-	-	74,650,516
Marketable securities**) Government							
Fair value through profit or loss	1,644,649	-	-	-	-	-	1,644,649
Available for sale	1,590,710	-	-	-	-	-	1,590,710
Non Government							
Fair value through profit or loss	-	1,632,483	122,520	16	56,912	69,806	1,881,737
Available for sale	-	18,189,194	241,209	149,948	1,721,951	3,815,252	24,117,554
Held to maturity	-	6,136,187	684,000	-	1,101,850	331,608	8,253,645
At cost	-	746,961	-	-	390,000	14,000	1,150,961
Government Bonds							
Fair value through profit or loss	2,183,356	-	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	-	8,262,937
Other receivables-trade transactions	-	4,730,694	6,191,365	507,731	2,318,433	11,691,254	25,439,477
Securities purchased under resale agreements	-	2,466,421	-	-	-	162,894	2,629,315
Derivatives receivables	-	286,085	-	-	-	160,374	446,459

\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2017 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans *)							
Corporate	9,884,329	1,077,407	88,799,814	40,394,180	25,317,921	100,302,303	265,775,954
Commercial	-	145,230	53,840,563	22,104,144	16,517,447	60,156,212	152,763,596
Retail	-	55,327	5,843,514	10,997,009	6,675,902	210,033,126	233,604,878
Sharia	81,879	5,619,988	3,463,745	4,107,529	5,226,525	41,393,771	59,893,437
Consumer financing receivables	42,306	-	3,175	1,787	133,351	14,964,600	15,145,219
Net investment in finance leases	15,407	-	861	13,718	392,662	1,941,981	2,364,629
Acceptances receivables	-	636,774	738,790	-	15,548	11,153,382	12,544,494
Other assets							
Accrued income	766,003	1,177,860	333,533	109,994	238,837	2,098,205	4,724,432
Receivables from customer transactions	-	112,051	-	-	-	2,078,689	2,190,740
Receivables from transactions related to ATM and credit card	-	-	-	-	-	699,825	699,825
Receivable to policyholders	-	713,049	-	-	-	-	713,049
Receivable from sale of marketable securities	-	201,358	-	-	-	-	201,358
Receivables from Government Bonds pledged as collateral	-	594,534	-	-	-	-	594,534
	<b>116,131,250</b>	<b>181,693,626</b>	<b>160,263,089</b>	<b>78,386,056</b>	<b>60,107,339</b>	<b>461,067,282</b>	<b>1,057,648,642</b>

	December 31, 2016						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	-	10,363,214	-	-	-	-	10,363,214
Placement with Bank Indonesia and other banks	-	73,700,235	-	-	-	-	73,700,235
Marketable securities**) Government							
Fair value through profit or loss	1,955,500	-	-	-	-	-	1,955,500
Available for sale	867,843	-	-	-	-	-	867,843
Non Government							
Fair value through profit or loss	-	2,796,778	-	-	1,550	19,139	2,817,467
Available for sale	-	14,826,335	439,580	150,000	1,174,665	4,806,727	21,397,307
Held to maturity	-	8,333,121	209,000	-	118,000	2,603,317	11,263,438
At cost	-	236,190	-	-	402,000	-	638,190
Government bonds****)							
Fair value through profit or loss	1,191,310	-	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	-	5,027,262
Other receivables-trade transactions	-	2,815,337	4,389,250	80,365	99,771	8,539,395	15,924,118
Securities purchased under resale agreements	-	4,927,012	-	-	-	127,476	5,054,488
Derivatives receivables	-	168,560	14,112	10,565	197	45,826	239,260

\*) In accordance with the operating segments of Bank Mandiri

\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	<b>December 31, 2016 (continued)</b>						<b>Total</b>
	<b>Government</b>	<b>Financial institution/ Bank</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others****)</b>	
Loans*)							
Corporate	11,181,967	974,421	61,297,836	32,766,662	24,356,339	100,800,564	231,377,789
Commercial	-	966,260	59,039,722	21,739,875	12,446,738	67,964,039	162,156,634
Retail	-	22,577	5,611,456	8,876,176	9,601,660	177,011,343	201,123,212
Sharia	233,942	4,873,021	4,197,872	4,117,885	5,154,274	36,088,324	54,665,318
Consumer financing receivables	23,547	-	3,053	5,184	71,968	11,751,464	11,855,216
Net investment in finance leases	2,351	-	3,528	4,730	158,162	665,712	834,483
Acceptances receivables	-	775,723	967,884	-	-	13,045,637	14,789,244
Other assets							
Accrued income	533,724	960,014	324,885	109,510	191,708	2,246,021	4,365,862
Receivables from customer transactions	-	64,558	-	-	-	1,077,429	1,141,987
Receivables from transactions related to ATM and credit card	-	-	-	-	-	472,950	472,950
Receivable to policyholders	-	504,474	-	-	-	-	504,474
Receivable from sale of marketable securities	-	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	-	593,466	-	-	-	-	593,466
	<b>112,494,891</b>	<b>180,416,555</b>	<b>136,498,178</b>	<b>67,860,952</b>	<b>53,777,032</b>	<b>427,265,363</b>	<b>978,312,971</b>

\*) In accordance with the operating segments of Bank Mandiri

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	<b>December 31, 2017</b>						<b>Net</b>
	<b>Government</b>	<b>Financial institution/ Bank</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others*)</b>	
Administrative accounts							
Bank guarantees issued	59,163	22,324,226	19,212,425	130,307	642,744	37,319,113	79,687,978
Committed unused loan facilities granted	9,366,349	5,800	9,404,247	1,443,187	2,226,114	13,167,024	35,612,721
Outstanding irrevocable letters of credit	55,024	5,757	2,624,525	32,512	1,067,974	12,036,730	15,822,522
Standby letter of credit	-	-	197,475	-	802,118	11,279,025	12,278,618
	<b>9,480,536</b>	<b>22,335,783</b>	<b>31,438,672</b>	<b>1,606,006</b>	<b>4,738,950</b>	<b>73,801,892</b>	<b>143,401,839</b>

	<b>December 31, 2016</b>						<b>Net</b>
	<b>Government</b>	<b>Financial institution/ Bank</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others*)</b>	
Administrative accounts							
Bank guarantees issued	39,368	22,261,310	21,299,224	1,422,966	690,567	28,552,849	74,266,284
Committed unused loan facilities granted	33	1,628,276	6,639,946	1,862,046	114,800	16,652,270	26,897,371
Outstanding irrevocable letters of credit	236,518	-	1,285,829	1,146	1,980,354	8,592,819	12,096,666
Standby letter of credit	-	-	476,534	-	836,340	11,851,686	13,164,560
	<b>275,919</b>	<b>23,889,586</b>	<b>29,701,533</b>	<b>3,286,158</b>	<b>3,622,061</b>	<b>65,649,624</b>	<b>126,424,881</b>

\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As of December 31, 2017 and 2016, exposure to credit risk on financial assets are as follows:

	December 31, 2017					Net
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	
Current account with Bank Indonesia	50,188,118	-	-	50,188,118	-	50,188,118
Current account with other bank	12,329,958	-	3,431	12,333,389	(3,442)	12,329,947
Placement with Bank Indonesia	74,600,803	-	49,713	74,650,516	(49,713)	74,600,803
And others bank						
Marketable securities **)						
Government						
Fair value through profit or loss	1,644,649	-	-	1,644,649	-	1,644,649
Available for sale	1,590,710	-	-	1,590,710	-	1,590,710
Non-government						
Fair value through profit or loss	1,876,737	-	5,000	1,881,737	(5,000)	1,876,737
Available for sale	24,117,554	-	-	24,117,554	(8,117)	24,109,437
Held to maturity	8,152,337	-	101,308	8,253,645	(56,822)	8,196,823
At cost	1,150,961	-	-	1,150,961	(11,795)	1,139,166
Government Bonds ***)						
Fair value through profit or loss	2,183,356	-	-	2,183,356	-	2,183,356
Available for sale	89,073,724	-	-	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	-	2,585,950	-	2,585,950
At cost	8,262,937	-	-	8,262,937	-	8,262,937
Other receivables						
trade transactions	19,880,909	4,005,148	1,553,420	25,439,477	(1,349,349)	24,090,128
Securities purchased under						
resale agreements	2,629,315	-	-	2,629,315	-	2,629,315
Derivatives receivables	446,459	-	-	446,459	-	446,459
Loans*)						
Corporate	244,461,233	333,342	20,981,379	265,775,954	(7,571,654)	258,204,300
Commercial	115,351,282	999,423	36,412,891	152,763,596	(17,133,517)	135,630,079
Retail	214,723,748	9,241,165	9,639,965	233,604,878	(7,111,441)	226,493,437
Syariah	52,427,492	1,398,811	6,067,134	59,893,437	(1,928,733)	57,964,704
Consumer financing receivables	13,551,826	1,375,809	217,584	15,145,219	(362,887)	14,782,332
Net Investment in finance leases	2,315,141	38,815	10,673	2,364,629	(7,739)	2,356,890
Acceptances receivables	11,837,972	-	706,522	12,544,494	(254,234)	12,290,260
Other assets						
Accrued income	4,724,432	-	-	4,724,432	-	4,724,432
Receivables from customer transactions	2,080,126	-	110,614	2,190,740	(95,172)	2,095,568
Receivables from transactions						
related to ATM and credit card	699,825	-	-	699,825	-	699,825
Receivable to policyholders	713,049	-	-	713,049	-	713,049
Receivables from sale of marketable						
securities	201,358	-	-	201,358	-	201,358
Receivables from Government						
Bonds pledged as collateral	594,534	-	-	594,534	-	594,534
	<b>964,396,495</b>	<b>17,392,513</b>	<b>75,859,634</b>	<b>1,057,648,642</b>	<b>(35,949,615)</b>	<b>1,021,699,027</b>

\*) In accordance with the operating segments of Bank Mandiri

\*\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2017 and 2016, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2016					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	52,484,974	-	-	52,484,974	-	52,484,974
Current account with other bank	10,360,219	-	2,995	10,363,214	(3,049)	10,360,165
Placement with Bank Indonesia and others bank	73,656,832	-	43,403	73,700,235	(83,308)	73,616,927
Marketable securities **)						
Government						
Fair value through profit or loss	1,955,500	-	-	1,955,500	-	1,955,500
Available for sale	867,843	-	-	867,843	-	867,843
Non-government						
Fair value through profit or loss	2,817,467	-	-	2,817,467	-	2,817,467
Available for sale	21,397,307	-	-	21,397,307	(30,741)	21,366,566
Held to maturity	11,125,933	-	137,505	11,263,438	(66,148)	11,197,290
At cost	501,190	-	137,000	638,190	(142,055)	496,135
Government bonds ***)						
Fair value through profit or loss	1,191,310	-	-	1,191,310	-	1,191,310
Available for sale	80,334,549	-	-	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	-	11,142,896	-	11,142,896
At cost	5,027,262	-	-	5,027,262	-	5,027,262
Other receivables - trade transactions	12,716,735	1,200	3,206,183	15,924,118	(1,756,847)	14,167,271
Securities purchased under resale agreements	5,054,488	-	-	5,054,488	-	5,054,488
Derivatives receivables	239,260	-	-	239,260	-	239,260
Loans*)						
Corporate	213,869,190	150,606	17,357,993	231,377,789	(9,319,824)	222,057,965
Commercial	128,745,223	1,010,123	32,401,288	162,156,634	(14,601,017)	147,555,617
Retail	181,976,743	8,434,122	10,712,347	201,123,212	(6,862,523)	194,260,689
Sharia	45,887,689	1,541,891	7,235,738	54,665,318	(1,833,396)	52,831,922
Consumer financing receivables	10,756,156	819,790	279,270	11,855,216	(323,378)	11,531,838
Net Investment in finance leases	788,684	35,031	10,768	834,483	(4,538)	829,945
Acceptances receivables	14,513,037	-	276,207	14,789,244	(241,041)	14,548,203
Other assets						
Accrued income	4,365,862	-	-	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	163,200	1,141,987	(131,351)	1,010,636
Receivables from transactions related to ATM and credit card	472,950	-	-	472,950	-	472,950
Receivable to policyholders	504,474	-	-	504,474	-	504,474
Receivables from sale of marketable securities	30,285	-	-	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	-	593,466	-	593,466
	<b>894,356,311</b>	<b>11,992,763</b>	<b>71,963,897</b>	<b>978,312,971</b>	<b>(35,399,216)</b>	<b>942,913,755</b>

\*) In accordance with the operating segments of Bank Mandiri

\*\*) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2017 and 2016, exposure to credit risk on administrative accounts are as follows:

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	78,728,032	-	959,946	79,687,978	(202,059)	79,485,919
Committed unused loan facilities granted	35,420,546	6,102	186,073	35,612,721	(78,144)	35,534,577
Outstanding irrevocable letters of credit	15,084,319	-	738,203	15,822,522	(92,532)	15,729,990
Standby letter of credit	12,260,646	-	17,972	12,278,618	(9,036)	12,269,582
	<b>141,493,543</b>	<b>6,102</b>	<b>1,902,194</b>	<b>143,401,839</b>	<b>(381,771)</b>	<b>143,020,068</b>

	December 31, 2016					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	73,474,100	-	792,184	74,266,284	(160,342)	74,105,942
Committed unused loan facilities granted	26,618,802	-	278,569	26,897,371	(31,206)	26,866,165
Outstanding irrevocable letters of credit	11,651,860	-	444,806	12,096,666	(6,360)	12,090,306
Standby letter of credit	13,147,719	-	16,841	13,164,560	(9,493)	13,155,067
	<b>124,892,481</b>	<b>-</b>	<b>1,532,400</b>	<b>126,424,881</b>	<b>(207,401)</b>	<b>126,217,480</b>

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2017 and 2016, details of the quality of loans that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2017		
	Not under Monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
<b>Assets</b>			
Current accounts with Bank Indonesia	50,188,118	-	50,188,118
Current accounts with other banks	12,329,958	-	12,329,958
Placement with Bank Indonesia and other banks	74,600,803	-	74,600,803
Marketable securities **)			
Government			
Fair value through profit or loss	1,644,649	-	1,644,649
Available for sale	1,590,710	-	1,590,710
Non Government			
Fair value through profit or loss	1,876,737	-	1,876,737
Available for sale	24,117,554	-	24,117,554
Held to maturity	7,891,566	260,771	8,152,337
At cost	1,150,961	-	1,150,961
Government Bonds ***)			
Fair value through profit or loss	2,183,356	-	2,183,356
Available for sale	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	2,585,950
At cost	8,262,937	-	8,262,937
Other receivables-trade transactions	15,203,691	4,677,218	19,880,909
Securities purchased under resale agreements	2,629,315	-	2,629,315
Derivatives receivables	446,459	-	446,459
Loans*)			
Corporate	219,050,214	25,411,019	244,461,233
Commercial	66,543,639	48,807,643	115,351,282
Retail	214,310,003	413,745	214,723,748
Syariah	52,427,492	-	52,427,492
Consumer financing receivables	13,551,826	-	13,551,826
Net Investment in finance leases	2,315,141	-	2,315,141
Acceptances receivables	7,144,747	4,693,225	11,837,972
Other assets			
Accrued income	4,724,432	-	4,724,432
Receivables from customer transactions	2,080,126	-	2,080,126
Receivables from transactions			
related to ATM and credit card	699,825	-	699,825
Receivable to policyholders	713,049	-	713,049
Receivable from sale of marketable securities	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	594,534
<b>Total</b>	<b>880,132,874</b>	<b>84,263,621</b>	<b>964,396,495</b>

\*) In accordance with operating segments of Bank Mandiri.

\*\*\*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

\*\*\*\*) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2017 and 2016, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2016		
	Not under Monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
Assets			
Current accounts with Bank Indonesia	52,484,974	-	52,484,974
Current accounts with other banks	10,360,219	-	10,360,219
Placement with Bank Indonesia and other banks	73,656,832	-	73,656,832
Marketable securities **)			
Government			
Fair value through profit or loss	1,955,500	-	1,955,500
Available for sale	867,843	-	867,843
Non Government			
Fair value through profit or loss	2,817,467	-	2,817,467
Available for sale	21,397,307	-	21,397,307
Held to maturity	11,060,338	65,595	11,125,933
At cost	501,190	-	501,190
Government Bonds ***)			
Fair value through profit or loss	1,191,310	-	1,191,310
Available for sale	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	11,142,896
At cost	5,027,262	-	5,027,262
Other receivables-trade transactions	11,222,937	1,493,798	12,716,735
Securities purchased under resale agreements	5,054,488	-	5,054,488
Derivatives receivables	239,260	-	239,260
Loans*)			
Corporate	186,196,595	27,672,595	213,869,190
Commercial	118,594,706	10,150,517	128,745,223
Retail	181,345,727	631,016	181,976,743
Sharia	45,887,689	-	45,887,689
Consumer financing receivables	10,756,156	-	10,756,156
Net Investment in finance leases	788,684	-	788,684
Acceptances receivables	8,507,747	6,005,290	14,513,037
Other assets			
Accrued income	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	978,787
Receivables from transactions			
related to ATM and credit card	472,950	-	472,950
Receivable to policyholders	504,474	-	504,474
Receivable from sale of marketable securities	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	593,466
<b>Total</b>	<b>848,337,500</b>	<b>46,018,811</b>	<b>894,356,311</b>

<sup>\*)</sup> In accordance with operating segments of Bank Mandiri.

<sup>\*\*)</sup> Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

<sup>\*\*\*)</sup> Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2017 and 2016, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2017		
	Not under monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
Administrative accounts			
Bank guarantees issued	67,080,816	11,647,216	78,728,032
Committed unused loan facilities granted	31,248,455	4,172,091	35,420,546
Outstanding irrevocable letters of credit	11,085,608	3,998,711	15,084,319
Standby letters of credit	10,957,352	1,303,294	12,260,646
	<b>120,372,231</b>	<b>21,121,312</b>	<b>141,493,543</b>
	December 31, 2016		
	Not under monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
Administrative accounts			
Bank guarantees issued	65,740,770	7,733,330	73,474,100
Committed unused loan facilities granted	24,962,702	1,656,100	26,618,802
Outstanding irrevocable letters of credit	9,569,562	2,082,298	11,651,860
Standby letters of credit	11,978,337	1,169,382	13,147,719
	<b>112,251,371</b>	<b>12,641,110</b>	<b>124,892,481</b>

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- 1) Not under monitoring, there is no doubt on the recovery of the financial assets;
- 2) Under monitoring.

**Bank Mandiri:**

There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to December 31, 2017 and 2016, there was no late payment in terms of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptances receivables with Bank Indonesia's collectibility at two (special mention) but with no overdue as of December 31, 2017 and 2016.

**Subsidiaries:**

Financial assets which have experienced past due in the past but no overdue as of December 31, 2017 and 2016.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

Aging analysis of financial assets that were past due, but not impaired can be disaggregated based on days overdue as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
<b>Assets</b>				
Other receivables - trade transactions	4,005,148	-	-	4,005,148
Loans				
Corporate	85,282	118,056	130,004	333,342
Commercial	627,019	91,373	281,031	999,423
Retail	6,213,163	1,641,966	1,386,036	9,241,165
Sharia	483,574	361,171	554,066	1,398,811
Consumer financing receivables	1,019,068	213,049	143,692	1,375,809
Net investment in finance leases	19,148	6,300	13,367	38,815
	<b>12,452,402</b>	<b>2,431,915</b>	<b>2,508,196</b>	<b>17,392,513</b>
	December 31, 2016			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
<b>Assets</b>				
Other receivables - trade transactions	1,200	-	-	1,200
Loans				
Corporate	41,109	109,497	-	150,606
Commercial	267,340	479,142	263,641	1,010,123
Retail	3,178,124	4,364,058	891,940	8,434,122
Sharia	607,353	396,401	538,137	1,541,891
Consumer financing receivables	550,521	172,290	96,979	819,790
Net investment in finance leases	21,139	11,902	1,990	35,031
	<b>4,666,786</b>	<b>5,533,290</b>	<b>1,792,687</b>	<b>11,992,763</b>

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset of December 31, 2017 and 2016, are summarised in the tables below:

	December 31, 2017 <sup>1)</sup>				
	Corporate	Commercial	Retail	Sharia	Total
<b>Individually Impaired</b>					
Gross amount	19,595,272	31,492,507	1,051,194	2,685,890	54,797,863
Allowance for impairment losses	(7,241,600)	(15,541,992)	(541,246)	(759,399)	(24,084,237)
Carrying amount	12,353,672	15,950,515	509,948	1,899,491	30,713,626

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**61. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

(ii) Loans (continued)

December 31, 2017 and 2016, are summarised in the tables below:

	December 31, 2017 <sup>*)</sup> (continued)				
	Corporate	Commercial	Retail	Sharia	Total
<b>Collectively impaired</b>					
Gross amount	1,386,107**)	4,920,384**)	8,588,771	3,408,244	18,303,506
Allowance for impairment losses	(1,847)	(379,854)	(2,675,751)	(541,167)	(3,598,619)
Carrying amount	1,384,260	4,540,530	5,913,020	2,867,077	14,704,887
Total gross amount	20,981,379	36,412,891	9,639,965	6,067,134	73,101,369
Allowance for impairment losses	(7,243,447)	(15,921,846)	(3,216,997)	(1,300,566)	(27,682,856)
<b>Total carrying amount</b>	<b>13,737,932</b>	<b>20,491,045</b>	<b>6,422,968</b>	<b>4,766,568</b>	<b>45,418,513</b>

<sup>\*)</sup> In accordance with operating segments of Bank Mandiri.

<sup>\*\*)</sup> Represent restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2016 <sup>*)</sup>				
	Corporate	Commercial	Retail	Sharia	Total
<b>Individually Impaired</b>					
Gross amount	17,226,424	29,162,821	692,121	4,490,817	51,572,183
Allowance for impairment losses	(8,936,440)	(13,195,086)	(265,739)	(657,521)	(23,054,786)
Carrying amount	8,289,984	15,967,735	426,382	3,833,296	28,517,397
<b>Collectively impaired</b>					
Gross amount	131,569 <sup>*)</sup>	3,238,467 <sup>*)</sup>	10,020,226	2,744,921	16,135,183
Allowance for impairment losses	(256)	(284,128)	(3,190,040)	(608,813)	(4,083,237)
Carrying amount	131,313	2,954,339	6,830,186	2,136,108	12,051,946
Total gross amount	17,357,993	32,401,288	10,712,347	7,235,738	67,707,366
Allowance for impairment losses	(8,936,696)	(13,479,214)	(3,455,779)	(1,266,334)	(27,138,023)
<b>Total carrying amount</b>	<b>8,421,297</b>	<b>18,922,074</b>	<b>7,256,568</b>	<b>5,969,404</b>	<b>40,596,343</b>

<sup>\*)</sup> In accordance with operating segments of Bank Mandiri.

<sup>\*\*)</sup> Represent restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2017		
	Non-impaired <sup>*)</sup>	Impaired	Total
Rupiah	1,635,133	-	1,635,133
Foreign currencies	10,694,825	3,431	10,698,256
Total	12,329,958	3,431	12,333,389
Less: Allowance for impairment losses	(11)	(3,431)	(3,442)
<b>Net</b>	<b>12,329,947</b>	<b>-</b>	<b>12,329,947</b>
	December 31, 2016		
	Non-impaired <sup>*)</sup>	Impaired	Total
Rupiah	508,370	-	508,370
Foreign currencies	9,851,849	2,995	9,854,844
Total	10,360,219	2,995	10,363,214
Less: Allowance for impairment losses	(54)	(2,995)	(3,049)
<b>Net</b>	<b>10,360,165</b>	<b>-</b>	<b>10,360,165</b>

<sup>\*)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks

	December 31, 2017		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	22,240,876	-	22,240,876
Call money	3,986,000	-	3,986,000
Time deposits	3,580,890	-	3,580,890
Saving deposits	901	-	901
<b>Total</b>	<b>29,808,667</b>	<b>-</b>	<b>29,808,667</b>
Foreign currencies:			
Bank Indonesia	32,195,678	-	32,195,678
Call money	7,982,201	48,593	8,030,794
Placement "Fixed Term"	4,241,627	1,120	4,242,747
Time deposits	372,630	-	372,630
<b>Total</b>	<b>44,792,136</b>	<b>49,713</b>	<b>44,841,849</b>
<b>Total</b>	<b>74,600,803</b>	<b>49,713</b>	<b>74,650,516</b>
Less: allowance for impairment losses	-	(49,713)	(49,713)
<b>Net</b>	<b>74,600,803</b>	<b>-</b>	<b>74,600,803</b>
	December 31, 2016		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	27,566,169	-	27,566,169
Call money	6,522,000	-	6,522,000
Time deposits	3,899,005	-	3,899,005
Placement "Fixed Term"	170,000	-	170,000
Saving deposits	311	-	311
<b>Total</b>	<b>38,157,485</b>	<b>-</b>	<b>38,157,485</b>
Foreign currencies:			
Bank Indonesia	31,660,375	-	31,660,375
Call money	2,777,704	42,426	2,820,130
Placement "Fixed Term"	931,558	977	932,535
Time deposits	129,710	-	129,710
<b>Total</b>	<b>35,499,347</b>	<b>43,403</b>	<b>35,542,750</b>
<b>Total</b>	<b>73,656,832</b>	<b>43,403</b>	<b>73,700,235</b>
Less: allowance for impairment losses	(39,905)	(43,403)	(83,308)
<b>Net</b>	<b>73,616,927</b>	<b>-</b>	<b>73,616,927</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(v) Marketable securities

	December 31, 2017		
	Non-impaired *)	Impaired**)	Total
Government			
Rupiah:			
Bonds	1,258,471	-	1,258,471
Foreign currencies:			
Treasury bills	1,976,888	-	1,976,888
<b>Total</b>	<b>3,235,359</b>	<b>-</b>	<b>3,235,359</b>
Non-government			
Rupiah:			
Investments in mutual fund	10,173,094	-	10,173,094
Bonds	6,875,062	5,000	6,880,062
Certificates of Bank Indonesia	3,240,240	-	3,240,240
Medium term notes	194,934	-	194,934
Export bills	706,952	58,663	765,615
Sharia corporation bonds	1,121,000	-	1,121,000
Negotiable certificate of deposit	639,747	-	639,747
Shares	234,366	-	234,366
<b>Total</b>	<b>23,185,395</b>	<b>63,663</b>	<b>23,249,058</b>
Foreign currencies:			
Bonds	4,938,822	-	4,938,822
Certificates of Bank Indonesia	4,405,983	-	4,405,983
Investing in mutual fund	733,394	-	733,394
Export bills	1,748,397	42,645	1,791,042
Treasury bills	285,598	-	285,598
<b>Total</b>	<b>12,112,194</b>	<b>42,645</b>	<b>12,154,839</b>
<b>Total</b>	<b>35,297,589</b>	<b>106,308</b>	<b>35,403,897</b>
	38,532,948	106,308	38,639,256
Less; Allowance for impairment losses	(37,594)	(44,140)	(81,734)
<b>Net</b>	<b>38,495,354</b>	<b>62,168</b>	<b>38,557,522</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-link which has no credit risk exposure.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2016		Total
	Non-impaired *)	Impaired**)	
Government			
Rupiah:			
Bonds	1,437,183	-	1,437,183
Foreign currencies:			
Treasury bills	1,386,161	-	1,386,161
<b>Total</b>	<b>2,823,344</b>	<b>-</b>	<b>2,823,344</b>
Non-government			
Rupiah:			
Investments in mutual fund	10,319,297	-	10,319,297
Bonds	6,639,169	-	6,639,169
Certificates of Bank Indonesia	6,411,220	-	6,411,220
Medium term notes	1,298,485	-	1,298,485
Export bills	614,521	120,123	734,644
Sharia corporation bonds	407,000	137,000	544,000
Negotiable certificate of deposit	451,986	-	451,986
Shares	5,621	-	5,621
<b>Total</b>	<b>26,147,299</b>	<b>257,123</b>	<b>26,404,422</b>
Foreign currencies:			
Bonds	5,136,262	-	5,136,262
Certificates of Bank Indonesia	3,080,041	-	3,080,041
Export bills	1,329,567	17,382	1,346,949
Treasury bills	148,727	-	148,727
<b>Total</b>	<b>9,694,597</b>	<b>17,382</b>	<b>9,711,979</b>
<b>Total</b>	<b>35,841,896</b>	<b>274,505</b>	<b>36,116,401</b>
	38,665,240	274,505	38,939,745
Less; Allowance for impairment losses	(49,544)	(189,400)	(238,944)
<b>Net</b>	<b>38,615,696</b>	<b>85,105</b>	<b>38,700,801</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-link which has no credit risk exposure.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(vi) Other receivables - trade transactions

	December 31, 2017		
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	2,135,011	67,911	2,202,922
Others	13,413,545	298,918	13,712,463
<b>Total</b>	<b>15,548,556</b>	<b>366,829</b>	<b>15,915,385</b>
Foreign currencies:			
Usance L/C payable at sight	3,020,456	234,767	3,255,223
Others	5,317,045	951,824	6,268,869
<b>Total</b>	<b>8,337,501</b>	<b>1,186,591</b>	<b>9,524,092</b>
	23,886,057	1,553,420	25,439,477
Less: Allowance for impairment losses	(139,706)	(1,209,643)	(1,349,349)
<b>Net</b>	<b>23,746,351</b>	<b>343,777</b>	<b>24,090,128</b>
	December 31, 2016		
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	1,500,422	584,486	2,084,908
Others	7,082,276	490,431	7,572,707
<b>Total</b>	<b>8,582,698</b>	<b>1,074,917</b>	<b>9,657,615</b>
Foreign currencies:			
Usance L/C payable at sight	1,698,046	1,186,690	2,884,736
Others	2,437,191	944,576	3,381,767
<b>Total</b>	<b>4,135,237</b>	<b>2,131,266</b>	<b>6,266,503</b>
	12,717,935	3,206,183	15,924,118
Less: Allowance for impairment losses	(60,175)	(1,696,672)	(1,756,847)
<b>Net</b>	<b>12,657,760</b>	<b>1,509,511</b>	<b>14,167,271</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	6,040,869	516,432	6,557,301
Foreign currencies	5,797,103	190,090	5,987,193
	11,837,972	706,522	12,544,494
Less: allowance for impairment losses	(62,894)	(191,340)	(254,234)
<b>Net</b>	<b>11,775,078</b>	<b>515,182</b>	<b>12,290,260</b>

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(vii) Acceptances receivable (continued)

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah	7,813,855	237,110	8,050,965
Foreign currencies	6,699,182	39,097	6,738,279
	14,513,037	276,207	14,789,244
Less: allowance for impairment losses	(42,113)	(198,928)	(241,041)
<b>Net</b>	<b>14,470,924</b>	<b>77,279</b>	<b>14,548,203</b>

(viii) Consumer financing receivables

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	14,927,635	217,584	15,145,219
Less: Allowance for impairment losses	(277,121)	(85,766)	(362,887)
<b>Net</b>	<b>14,650,514</b>	<b>131,818</b>	<b>14,782,332</b>

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah	11,575,946	279,270	11,855,216
Less: Allowance for impairment losses	(221,094)	(102,284)	(323,378)
<b>Net</b>	<b>11,354,852</b>	<b>176,986</b>	<b>11,531,838</b>

(ix) Securities purchased under resale agreement

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	2,629,315	-	2,629,315

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	5,054,488	-	5,054,488

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(x) Investment in finance lease

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	2,353,956	10,673	2,364,629
Less: Allowance for impairment losses	(6,948)	(791)	(7,739)
<b>Net</b>	<b>2,347,008</b>	<b>9,882</b>	<b>2,356,890</b>
	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah	823,715	10,768	834,483
Less: Allowance for impairment losses	(4,010)	(528)	(4,538)
<b>Net</b>	<b>819,705</b>	<b>10,240</b>	<b>829,945</b>

(xi) Estimated losses on commitments and contingencies

	December 31, 2017		
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	48,668,927	485,434	49,154,361
Committed unused loan facilities granted	20,003,256	182,186	20,185,442
Outstanding irrevocable letters of credit	4,248,004	479,756	4,727,760
Standby letters of credit	1,430,008	17,972	1,447,980
<b>Total</b>	<b>74,350,195</b>	<b>1,165,348</b>	<b>75,515,543</b>
Foreign currencies:			
Bank guarantees issued	30,059,105	474,512	30,533,617
Committed unused loan facilities granted	15,423,392	3,887	15,427,279
Outstanding irrevocable letters of credit	10,836,315	258,447	11,094,762
Standby letters of credit	10,830,638	-	10,830,638
<b>Total</b>	<b>67,149,450</b>	<b>736,846</b>	<b>67,886,296</b>
	141,499,645	1,902,194	143,401,839
Less: Allowance for impairment losses	(12,794)	(368,977)	(381,771)
<b>Net</b>	<b>141,486,851</b>	<b>1,533,217</b>	<b>143,020,068</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

\*\*\*) Including balance amounting to Rp39,050 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp12,794.

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**61. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2016		
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	41,766,022	304,975	42,070,997
Committed unused loan facilities granted	20,843,494	12	20,843,506
Outstanding irrevocable letters of credit	2,963,896	300,102	3,263,998
Standby letters of credit	1,868,480	-	1,868,480
<b>Total</b>	<b>67,441,892</b>	<b>605,089</b>	<b>68,046,981</b>
Foreign currencies:			
Bank guarantees issued	31,708,078	487,209	32,195,287
Committed unused loan facilities granted	5,775,308	278,557	6,053,865
Outstanding irrevocable letters of credit	8,687,964	144,704	8,832,668
Standby letters of credit	11,279,239	16,841	11,296,080
<b>Total</b>	<b>57,450,589</b>	<b>927,311</b>	<b>58,377,900</b>
	124,892,481	1,532,400	126,424,881
Less: Allowance for impairment losses	(41,301)	(166,100)	(207,401)
<b>Net</b>	<b>124,851,180</b>	<b>1,366,300</b>	<b>126,217,480</b>

\*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

\*\*) Including balance amounting to Rp113,895 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp41,301.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents potential loss due to the Bank's inability to fulfill all financial liabilities when they become due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition.

The Bank's liquidity risk is measured through several indicators, which among others include primary reserve ratio in Bank Indonesia (GWM ratio) and cash, secondary reserve (liquidity reserve), loan to funding ratio (LFR), Liquidity Coverage Ratio (LCR) and dependency on large customer deposits. GWM is a minimum current account required to be maintained by the Bank in the form of current accounts with Bank Indonesia or securities in which the minimum amount is set by Bank Indonesia based on certain percentage from total deposits from customers.

As of December 31, 2017, the Bank maintained primary reserve of 6.78% from total outstanding deposit from customer denominated in Rupiah in accordance with the regulated limit, GWM LFR reserve of 0.00% and GWM secondary reserve of 8.91% from the outstanding deposit from customer denominated in Rupiah (Bank Only). Meanwhile for the foreign exchange, the Bank maintained GWM at 8.10% from the outstanding deposits from customer denominated in foreign exchange in accordance with the required regulatory limit (Bank only).

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(i) Liquidity risk management (continued)**

Secondary reserve (liquidity reserve) is the Bank's liquidity tool to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing the secondary reserve, the Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for one subsequent month. As of December 31, 2017, the liquidity reserve balance is above safety level.

LFR is a ratio of loan to third parties and customer deposit from third party and qualified marketable securities issued by the bank in Rupiah and foreign currency. LFR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits and marketable securities issued, which are usually short-term in nature. As of December 31, 2017, the Bank's LFR is 87.16%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) with estimated total net cash outflow for 30 (thirty) days forward on a crisis scenario. LCR is used to improve the short-term liquidity of banks in crisis conditions. As of December 31, 2017, the Bank's LCR is 199.85%.

The Bank uses liquidity gap methodology to project its liquidity conditions in the future. Liquidity gap is created on the basis of maturity mismatch between the components of assets and liabilities (including off-balance sheet), which are organised into time periods (time bucket) based on their contractual maturity or behavioral maturity. As of December 31, 2017, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. The Bank's prepares alternative funding in order to deal with the possibility of the market liquidity diminishing or not in line with the Bank's prediction.

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to the condition of liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing in the third quarter of 2017 which was presented to the Management and Risk Monitoring Committee shows that the Bank can survive in times of liquidity crisis conditions. The Bank has Liquidity Contingency Plan (LCP) which covers funding strategy and pricing strategy. The funding strategy consists of money market lending, repo, bilateral loan, FX swap, and wholesale funding. In LCP, the determination of liquidity condition and funding strategies has taken internal and external conditions into consideration.

To increase awareness of unstable global economic condition, that causes liquidity risk, Bank Mandiri also monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (Indeks Harga Saham Gabungan (IHSG)), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M and the latest market informations.

The maturity profile as of December 31, 2017 and 2016 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (at fair value through profit or loss and available for sale) can be liquidated by selling or using it as collateral in interbank market.

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(i) Liquidity risk management (continued)**

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
<b>Aset</b>								
Current accounts with Bank Indonesia	50,188,118	-	50,188,118	-	-	-	-	-
Current accounts with other banks - gross	12,333,389	-	12,333,389	-	-	-	-	-
Placement with Bank Indonesia and other banks - gross	74,650,516	901	65,160,489	7,954,309	1,250,215	110,000	174,602	-
Marketable securities - gross	59,691,706	22,625,233	4,233,943	3,894,115	4,961,274	2,788,654	11,468,889	9,719,598
Government bonds	103,411,188	-	4,401,266	1,696,651	3,145,453	6,198,815	42,576,019	45,392,984
Other receivables-trade transactions - gross	25,439,477	-	7,968,719	9,499,678	6,120,940	761,638	-	1,088,502
Securities purchased under resale agreements - gross	2,629,315	-	2,510,539	42,915	25,320	50,541	-	-
Deivative receivables - gross	446,459	-	177,705	96,147	31,067	43,980	61,298	36,262
Loans - gross	712,037,865	-	66,240,201	49,035,087	53,562,174	82,243,812	106,984,540	353,972,051
Consumer financing receivables-gross	15,145,219	-	325,321	644,317	902,687	1,861,412	8,354,425	3,057,057
Net Investment in finance lease - gross	2,364,629	-	84,708	170,599	248,690	487,033	1,305,560	68,039
Acceptance receivables - gross	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Other asset - gross	9,123,938	713,050	5,314,535	223,332	181,710	256,985	743,333	1,690,993
	<b>1,080,006,313</b>	<b>23,339,184</b>	<b>221,999,255</b>	<b>79,180,107</b>	<b>73,782,427</b>	<b>94,970,679</b>	<b>171,709,175</b>	<b>415,025,486</b>
Allowance for impairment losses	(35,949,615)	-	-	-	-	-	-	-
<b>Total</b>	<b>1,044,056,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>								
Demand Deposits	202,864,860	-	202,864,860	-	-	-	-	-
Savings Deposits	308,711,908	-	308,711,908	-	-	-	-	-
Time Deposits	238,007,214	-	120,043,915	101,699,230	9,926,421	3,888,529	2,449,119	-
Deposits from other banks	-	-	-	-	-	-	-	-
Demand and saving deposits	4,238,390	-	4,238,390	-	-	-	-	-
Interbank call money	1,007,655	-	198,184	140,765	261,681	407,025	-	-
Time deposits	3,103,462	-	1,129,421	448,162	650,381	400,238	475,260	-
Securities sold under repurchase agreements	3,592,883	-	398,110	672,551	2,522,222	-	-	-
Derivatives liabilities	276,243	-	130,812	50,812	17,793	7,173	58,830	10,823
Acceptance liabilities	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Marketable securities issued	16,843,595	-	67,395	-	324,837	496,543	4,135,656	11,819,164
Accrued expenses	4,307,193	389,003	3,918,190	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	35,703,679	-	678,644	2,199,599	5,140,350	1,341,155	12,623,293	13,720,638
Subordinates loans	191,501	-	7,979	-	-	7,979	31,915	143,628
	<b>838,307,954</b>	<b>500,318</b>	<b>650,157,865</b>	<b>112,641,592</b>	<b>22,782,893</b>	<b>6,716,451</b>	<b>19,814,582</b>	<b>25,694,253</b>
<b>Maturity gap</b>	<b>241,698,359</b>	<b>22,838,866</b>	<b>(428,158,610)</b>	<b>(33,461,485)</b>	<b>50,999,534</b>	<b>88,254,228</b>	<b>151,894,593</b>	<b>389,331,233</b>
<b>Net positions, net of allowance for impairment losses</b>	<b>205,748,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(i) Liquidity risk management (continued)**

The maturity profile of financial assets and liabilities presented using discounted cash flows method areas follows:

December 31, 2016								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
<b>Aset</b>								
Current accounts with Bank Indonesia	52,484,974	-	52,484,974	-	-	-	-	-
Current accounts with other banks - gross	10,363,214	-	10,363,214	-	-	-	-	-
Placement with Bank Indonesia								
And other banks - gross	73,700,235	311	71,514,632	1,532,753	532,636	76,500	43,403	-
Marketable securities - gross	56,790,587	19,911,092	2,081,921	4,293,565	4,696,011	7,748,028	9,885,201	8,174,769
Government bonds	98,933,278	-	260,648	8,859,912	5,811,917	2,644,546	28,307,082	53,049,173
Other receivables-trade								
Transactions - gross	15,924,118	-	3,797,664	6,419,127	4,593,172	32,253	-	1,081,902
Securities purchased under								
Resale agreements - gross	5,054,488	-	4,890,918	36,094	50,814	76,662	-	-
Deivative receivables - gross	239,260	-	80,041	37,812	32,699	21,695	61,919	5,094
Loans - gross	649,322,953	-	70,585,394	43,649,793	63,245,600	77,250,381	110,131,710	284,460,075
Consumer financing receivables- gross	11,855,216	-	242,125	487,031	736,621	1,512,599	6,216,748	2,660,092
Net Investment in finance								
lease - gross	834,483	-	37,679	71,937	97,735	183,361	403,426	40,345
Acceptance receivables - gross	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Other asset - gross	7,109,024	504,475	3,647,778	196,680	229,334	299,367	653,088	1,578,302
	<b>997,401,074</b>	<b>20,415,878</b>	<b>223,370,399</b>	<b>70,860,371</b>	<b>85,136,045</b>	<b>90,859,378</b>	<b>155,709,251</b>	<b>351,049,752</b>
Allowance for impairment losses	(35,399,216)							
<b>Total</b>	<b>962,001,858</b>							
<b>Liabilities</b>								
Demand Deposits	186,983,328	-	186,983,328	-	-	-	-	-
Savings Deposits	277,169,824	-	277,169,824	-	-	-	-	-
Time Deposits	237,907,078	-	143,692,855	69,815,963	14,541,743	8,335,371	1,521,146	-
Deposits from other banks								
Demand and saving deposits	4,300,765	-	4,300,765	-	-	-	-	-
Interbank call money	1,280,952	-	897,301	141,252	242,399	-	-	-
Time deposits	3,757,479	-	1,418,254	344,342	143,980	771,050	1,079,853	-
Securities sold under repurchase agreements	3,353,042	-	830,819	-	-	-	2,522,223	-
Derivatives liabilities	502,469	-	126,809	111,891	36,755	173,743	46,985	6,286
Acceptance liabilities	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,025,994	-	72,035	-	489,890	348,802	1,991,808	6,123,459
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	35,882,757	-	1,186,216	3,139,035	2,036,674	6,302,967	1,493,453	21,724,412
Subordinates loans	215,432	-	7,876	10,652	-	7,876	31,503	157,525
	<b>784,250,838</b>	<b>361,807</b>	<b>626,284,155</b>	<b>80,396,271</b>	<b>23,549,483</b>	<b>16,953,795</b>	<b>8,693,645</b>	<b>28,011,682</b>
<b>Maturity gap</b>	<b>213,150,236</b>	<b>20,054,071</b>	<b>(402,913,756)</b>	<b>(9,535,900)</b>	<b>61,586,562</b>	<b>73,905,583</b>	<b>147,015,606</b>	<b>323,038,070</b>
<b>Net positions, net of     allowance for impairment losses</b>	<b>177,751,020</b>							

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(i) Liquidity risk management (continued)**

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2017 and 2016 as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 year
<b>Liabilities</b>								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	203,082,083	-	203,082,083	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	309,013,156	-	308,999,277	1,572	2,534	2,859	4,204	2,710
Time deposits	240,049,076	-	120,907,072	102,538,661	10,060,693	3,986,582	2,556,068	-
Deposits from other banks								
Demand and saving deposits	4,241,508	-	4,241,508	-	-	-	-	-
Interbank call money	1,019,328	-	200,675	144,218	265,524	408,911	-	-
Time deposits	3,125,803	-	1,138,563	452,095	657,863	402,022	475,260	-
Securities sold under repurchase agreements	4,569,981	-	398,254	673,727	3,498,000	-	-	-
Derivative payables	702,624	-	129,785	77,383	56,376	98,102	333,737	7,241
Acceptances payable	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Marketable securities issued	23,025,755	-	172,569	248,022	461,497	954,003	6,209,468	14,980,196
Accrued expenses	4,307,193	389,003	3,918,190	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	38,657,524	-	742,478	2,980,353	5,346,395	1,366,732	12,539,711	15,681,855
Subordinated loans	225,253	-	8,218	479	718	9,415	37,660	168,763
<b>Total</b>	<b>851,478,655</b>	<b>500,318</b>	<b>651,708,729</b>	<b>114,546,983</b>	<b>24,288,808</b>	<b>7,396,435</b>	<b>22,196,617</b>	<b>30,840,765</b>

December 31, 2016								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 year
<b>Liabilities</b>								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	187,183,081	-	187,183,081	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	277,432,687	-	277,414,123	2,450	3,368	4,519	5,063	3,164
Time deposits	240,102,137	-	146,085,233	70,991,966	14,337,180	7,630,037	1,057,721	-
Deposits from other banks								
Demand and saving deposits	4,317,499	-	4,317,499	-	-	-	-	-
Interbank call money	1,347,183	-	926,304	157,682	263,197	-	-	-
Time deposits	3,855,969	-	1,580,588	227,387	194,859	773,258	1,079,877	-
Securities sold under repurchase agreements	4,330,346	-	832,346	-	-	-	3,498,000	-
Derivative payables	698,308	-	173,727	111,867	64,990	347,724	-	-
Acceptances payable	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,341,811	-	72,035	-	541,203	350,000	2,205,649	6,172,924
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	36,814,668	-	1,214,962	3,394,654	1,890,270	6,403,977	1,118,779	22,792,026
Subordinated loans	254,715	-	8,191	11,223	768	9,412	37,646	187,475
<b>Total</b>	<b>789,550,122</b>	<b>361,807</b>	<b>629,406,162</b>	<b>81,730,365</b>	<b>23,353,877</b>	<b>16,532,913</b>	<b>9,009,409</b>	<b>29,155,589</b>

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(i) Liquidity risk management (continued)**

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2017 and 2016 are as follows:

<b>December 31, 2017</b>								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	79,687,978	-	79,687,978	-	-	-	-	-
Committed unused loan facilities granted	35,612,721	-	35,612,721	-	-	-	-	-
Outstanding irrevocable letters of credit	15,822,522	-	3,334,244	7,609,931	993,418	2,610,135	1,274,794	-
Standby letter of credit	12,278,618	-	12,278,618	-	-	-	-	-
	<b>143,401,839</b>	<b>-</b>	<b>130,913,561</b>	<b>7,609,931</b>	<b>993,418</b>	<b>2,610,135</b>	<b>1,274,794</b>	<b>-</b>

<b>December 31, 2016</b>								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	74,266,284	-	74,266,284	-	-	-	-	-
Committed unused loan facilities granted	26,897,371	-	26,897,371	-	-	-	-	-
Outstanding irrevocable letters of credit	12,096,666	-	4,186,948	4,959,313	1,051,886	1,201,114	697,273	132
Standby letter of credit	13,164,560	-	13,164,560	-	-	-	-	-
	<b>126,424,881</b>	<b>-</b>	<b>118,515,163</b>	<b>4,959,313</b>	<b>1,051,886</b>	<b>1,201,114</b>	<b>697,273</b>	<b>132</b>

**(ii) Interest rate risk management**

Market risk is the risk of loss from on balance sheet and administrative accounts, including derivative transactions, due to adverse changes in market conditions, including changes in option price risk.

Banking book's market risk is managed by optimising the structure of the Bank's statement of financial position to obtain maximum yield at acceptable risk level to the Bank. The controls over Banking book's market risk is performed by setting a limit which is based on the regulator's requirements and the internal policies, and is monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book's interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in the shape and slope of the yield curve) and the option risk (loan repayment or release of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(ii) Interest rate risk management (continued)**

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as of December 31, 2017 and 2016 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
<b>December 31, 2017</b>		
Increase/(decrease) net income (Rp billion)	(1,459.86)	224.33
<b>December 31, 2016</b>		
Increase/(decrease) net income (Rp billion)	(1,456.47)	(246.17)

The above projections assumed that all other variables are held constant at reporting date.

b. Sensitivity to unrealised gains on available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's unrealised gains on available for sale marketable securities to movement of interest rates as of December 31, 2017 and 2016 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
<b>December 31, 2017</b>		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	243.57	(243.58)
<b>December 31, 2016</b>		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	280.60	(280.60)

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of unrealised gains on available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(ii) Interest rate risk management (continued)**

**c. Bank Mandiri's exposure to interest rate risk (repricing gap)**

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	December 31, 2017*)									Total	
	Interest bearing								Non interest bearing		
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years			
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	-	50,188,118	50,188,118
Current accounts with other banks	11,697,430	88,245	47,744	-	-	-	-	-	-	499,970	12,333,389
Placements with Bank Indonesia and other banks	65,512,388	1,236,990	703,100	40,000	-	-	-	-	-	7,158,038	74,650,516
Marketable securities	1,106,762	641,960	6,878,061	8,372,723	3,803,432	1,126,646	5,640,330	6,000,606	26,121,186	59,691,706	59,691,706
Government bonds	8,617,446	30,762,971	4,303,940	8,991,611	5,434,025	9,203,482	3,841,202	23,775,308	8,481,203	103,411,188	103,411,188
Other receivables - trade transactions	1,050,327	1,993,457	1,831,394	-	-	-	-	-	-	20,564,299	25,439,477
Securities purchased under resale agreements	181,423	2,372,031	25,320	50,541	-	-	-	-	-	-	2,629,315
Derivative receivables	152,490	92,784	74,407	55,875	57,776	2,927	10,200	-	-	-	446,459
Loans	53,977,645	445,400,966	56,557,393	21,858,452	12,365,791	2,815,222	6,842,430	52,326,511	59,893,455	712,037,865	712,037,865
Consumer financing receivables	441,255	891,982	3,635,966	4,541,004	3,355,200	1,711,662	567,984	166	-	-	15,145,219
Net investment in finance lease	84,708	170,599	735,722	829,833	475,727	61,286	6,754	-	-	-	2,364,629
Acceptances receivable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494	12,544,494
Other assets	-	-	-	-	-	-	-	9,123,938	-	9,123,938	9,123,938
	142,821,874	484,252,110	86,656,163	44,740,039	25,491,951	14,921,225	16,908,900	91,226,529	172,987,522	1,080,006,313	1,080,006,313
Deposits from customers											
Demand deposits/ wadiah demand deposit	24,333,668	10,032,793	26,265,172	27,900,210	20,605,365	15,747,704	12,104,458	57,439,714	8,435,776	202,864,860	202,864,860
Saving/wadiah saving deposits	29,452,728	12,758,657	32,810,802	36,762,123	28,889,203	23,640,760	20,146,360	121,057,718	3,193,557	308,711,908	308,711,908
Time deposits	128,420,994	92,667,736	14,866,618	2,051,866	-	-	-	-	-	238,007,214	238,007,214
Deposits from other banks											
Demand and saving deposits	464,661	350,924	999,954	886,924	540,522	309,588	136,387	480,047	69,383	4,238,390	4,238,390
Interbank call money	383,144	89,216	535,295	-	-	-	-	-	-	1,007,655	1,007,655
Time deposits	1,736,571	45,890	839,739	481,262	-	-	-	-	-	3,103,462	3,103,462
Securities sold under repurchase agreements	-	-	3,592,883	-	-	-	-	-	-	3,592,883	3,592,883
Derivative payables	93,990	41,202	62,837	33,033	40,722	1,233	3,226	-	-	276,243	276,243
Acceptances payable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494	12,544,494
Marketable securities issued	-	10,871,270	821,374	1,117,149	2,187,618	748,638	722,546	-	375,000	16,843,595	16,843,595
Accrued expenses	41,327	146,377	5,927	6,127	-	-	-	-	4,107,435	4,307,193	4,307,193
Other liabilities	-	-	-	-	-	-	-	6,914,877	-	6,914,877	6,914,877
Fund borrowings	1,104,791	1,263,274	9,111,526	3,375,494	1,658,119	25,000	50,000	19,115,475	-	35,703,679	35,703,679
Subordinated loans	-	-	-	-	-	-	-	191,501	-	191,501	191,501
	186,031,874	128,867,464	101,775,243	72,614,188	53,921,549	40,472,923	33,162,977	205,199,332	16,262,404	838,307,954	838,307,954
<b>Total interest repricing gap</b>	<b>(43,210,000)</b>	<b>355,384,646</b>	<b>(15,119,080)</b>	<b>(27,874,149)</b>	<b>(28,429,598)</b>	<b>(25,551,698)</b>	<b>(16,254,077)</b>	<b>(113,972,803)</b>	<b>156,725,118</b>	<b>241,698,359</b>	<b>241,698,359</b>

\*) There is a change in the modeling assumption in line with the issuance of Consultative Paper IRRBB.

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(ii) Interest rate risk management (continued)**

**c. Bank Mandiri's exposure to interest rate risk (repricing gap) (continued)**

	December 31, 2016								Total	
	Interest bearing							Non interest bearing		
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years		Over 5 years	
Current accounts with Bank Indonesia -	-	-	-	-	-	-	-	52,484,974	52,484,974	
Current accounts with other banks	8,892,740	-	-	-	-	-	-	-	1,470,474	10,363,214
Placements with Bank Indonesia and other banks	67,605,631	1,532,753	609,136	-	-	-	-	-	3,952,715	73,700,235
Marketable securities	885,690	3,224,410	7,583,395	1,818,633	1,866,742	365,302	780,409	4,428,343	35,837,663	56,790,587
Government bonds	40,478,769	595,587	7,246,395	3,353,505	6,845,733	2,874,107	6,014,041	18,192,914	13,332,227	98,933,278
Other receivables - trade transactions	733,633	2,325,524	1,796,140	-	-	-	-	-	11,068,821	15,924,118
Securities purchased under resale agreements	3,881,719	36,094	127,476	-	-	-	-	-	1,009,199	5,054,488
Derivative receivables	-	58	22,195	23,666	715	-	219	-	190,719	239,260
Loans	84,125,977	400,733,521	29,067,738	26,115,400	22,624,334	1,688	3,993,571	16,861,972	54,665,318	649,322,953
Consumer financing receivables	288,739	581,855	2,665,436	3,436,181	2,761,953	11,135,122	529,991	-	-	11,855,216
Net investment in finance lease	37,679	71,936	281,095	262,868	140,559	36,441	3,905	-	-	834,483
Acceptances receivable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Other assets	-	-	-	-	-	-	-	-	7,109,024	7,109,024
	<u>206,930,577</u>	<u>409,101,738</u>	<u>49,399,006</u>	<u>35,010,253</u>	<u>34,240,036</u>	<u>16,003,721</u>	<u>11,322,136</u>	<u>39,483,229</u>	<u>195,910,378</u>	<u>997,401,074</u>
Deposits from customers										
Demand deposits	22,991,788	9,323,225	26,527,005	25,897,567	19,018,251	14,434,717	10,997,065	50,932,680	6,860,850	186,983,328
Saving deposits	21,586,593	11,882,590	30,102,863	33,467,369	26,168,020	21,302,081	18,114,142	111,952,730	2,593,436	277,169,824
Time deposits	145,152,589	70,254,376	21,452,928	738,941	308,244	-	-	-	-	237,907,078
Deposits from other banks										
Demand and saving deposits	195,847	4,032,646	15,709	-	-	-	-	-	56,563	4,300,765
Interbank call money	1,257,420	23,532	-	-	-	-	-	-	-	1,280,952
Time deposits	1,506,254	346,067	826,304	641,175	438,679	-	-	-	-	3,757,479
Securities sold under repurchase agreements	830,819	-	-	2,522,223	-	-	-	-	-	3,353,042
Derivative payables	894	24	1,975	2,554	683	-	3,482	-	492,857	502,469
Acceptances payable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Marketable securities issued	-	-	838,692	823,016	1,069,293	99,520	1,883,067	3,937,406	375,000	9,025,994
Accrued expenses	7,682	95,438	4,903	2,560	-	-	-	-	3,632,913	3,743,496
Other liabilities	-	-	-	-	-	-	-	-	5,338,978	5,338,978
Fund borrowings	5,110,709	12,974,222	15,800,395	738,844	989,929	141,487	-	127,171	-	35,882,757
Subordinated loans	10,652	-	-	-	-	-	-	204,780	-	215,432
	<u>198,651,247</u>	<u>108,932,120</u>	<u>95,569,774</u>	<u>64,834,249</u>	<u>47,993,099</u>	<u>35,977,805</u>	<u>30,997,756</u>	<u>167,154,947</u>	<u>34,139,841</u>	<u>784,250,838</u>
<b>Total interest repricing gap</b>	<b><u>8,279,330</u></b>	<b><u>300,169,618</u></b>	<b><u>(46,170,768)</u></b>	<b><u>(29,823,996)</u></b>	<b><u>(13,753,063)</u></b>	<b><u>(19,974,084)</u></b>	<b><u>(19,675,620)</u></b>	<b><u>(127,671,718)</u></b>	<b><u>161,770,537</u></b>	<b><u>213,150,236</u></b>

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct stress testing on the market risk of banking book regularly.

**(iii) Pricing management**

The Bank implements pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by determining the competitive climate.

The Bank consistently manages to apply the strategy as a market leader in terms of fund pricing. However, determining liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(iii) Pricing management (continued)**

In setting interest rates, the Bank implements risk-based pricing by providing a various credit interest rate to customers based on the level of credit risk. In order to minimise interest rate risk, the loan interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, loan interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Credit rates can be either a floating or a fixed rate for certain tenors.

**(iv) Market risk management**

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applies segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using best practice approach and inline with the applicable internal and external conditions.

**(v) Foreign exchange risk management**

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currency due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

The calculation of the net open position as of December 31, 2017 and 2016 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010 which amended by Bank Indonesia's Regulation No. 17/5/PBI/2015 dated on May 29, 2015 regarding removal implementation NOP 30 minutes. In accordance with Bank Indonesia Regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position stated in Rupiah and the net difference between receivables and payables from commitments and contingencies for each foreign currency recorded in administrative accounts stated in Rupiah. While the net open position for the financial position is the net difference between total assets and liabilities for each foreign currency stated in Rupiah.

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

a. Net open position

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2017 as follows:

Currency	Aset	Liabilities	Net open position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***</b>			
United States Dollar	243,170,253	241,795,535	1,374,718
European Euro	15,960,885	15,651,107	309,778
Singapore Dollar	3,185,692	3,208,152	22,460
Japanese Yen	1,463,819	1,508,826	45,007
Australian Dollar	495,541	489,828	5,713
Great Britain Pound Sterling	497,032	477,789	19,243
Hong Kong Dollar	90,851	67,459	23,392
Others	4,400,697	4,890,924	632,137*)
Total			2,432,448

**STATEMENT OF FINANCIAL POSITION**

United State Dollar	207,896,743	136,560,162	71,336,581
European Euro	9,095,032	6,589,444	2,505,588
Singapore Dollar	2,687,497	1,736,676	950,821
Japanese Yen	1,270,577	852,881	417,696
Australian Dollar	396,818	190,239	206,579
Great Britain Pound Sterling	284,999	403,898	(118,899)
Hong Kong Dollar	58,731	63,659	(4,928)
Others	1,120,700	4,715,826	(3,595,126)**)
Total			71,698,312

Total Tier I dan Tier II Capital less investments in Subsidiaries (Note 57)	<b>153,178,315</b>
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NOP ratio (Statement of financial position)	46.81%
NOP ratio (overall)	1.59%

Net Open Position ratio as of December 31, 2017 if calculated using November 2017 capital as follows:

November 2017 Capital (unaudited)	152,860,162
NOP ratio (Statement of financial position)	46.90%
NOP ratio (overall)***)	1.59%

\*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

\*\*\*) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

\*\*\*\*) The calculation of bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 upon the 4<sup>th</sup> amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding bank's net open position. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

a. Net open position (continued)

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2016 as follows:

Currency	Aset	Liabilities	Net open position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***</b>			
United State Dollar	190,570,682	187,266,392	3,304,290
European Euro	6,713,558	6,704,757	8,801
Singapore Dollar	3,205,075	3,232,526	27,451
Japanese Yen	500,298	512,173	11,875
Australian Dollar	418,917	447,814	28,897
Great Britain Pound Sterling	339,546	314,308	25,238
Hong Kong Dollar	65,506	64,485	1,021
Others	4,078,919	4,680,724	686,595*)
Total			4,094,168
<b>STATEMENT OF FINANCIAL POSITION</b>			
United State Dollar	179,441,984	151,154,887	28,287,097
European Euro	4,133,128	3,889,783	243,345
Singapore Dollar	3,077,206	2,126,959	950,247
Japanese Yen	464,491	488,663	(24,172)
Australian Dollar	345,168	323,001	22,167
Great Britain Pound Sterling	260,220	261,593	(1,373)
Hong Kong Dollar	61,464	43,056	18,408
Others	1,335,675	4,560,726	(3,225,051)**)
Total			26,270,668
Total Tier I dan Tier II Capital less investments in Subsidiaries (Note 57)			<b>137,432,214</b>
NOP ratio (Statement of financial position)			19.12%
NOP ratio (overall)			2.98%

Net Open Position ratio as of December 31, 2016 if calculated using November 2016 capital as follows:

November 2016 Capital (unaudited)	141,100,135
NOP ratio (Statement of financial position)	18.62%
NOP ratio (overall)***)	2.90%

\*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

\*\*\*) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

\*\*\*\*) The calculation of bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 upon the 4<sup>th</sup> amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding bank's net open position. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(v) Foreign exchange risk management (continued)**

**b. Bank Mandiri exposure to foreign currency exchange rate risk**

The table below summaries the Group's exposure of foreign currency exchange rate risk as of December 31, 2017 and 2016. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2017								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
<b>Asset</b>									
Cash	1,162,014	264,084	677,224	75,015	187,524	10,695	38,668	235,092	2,650,316
Current accounts with Bank Indonesia	10,236,358	-	-	-	-	-	-	-	10,236,358
Current accounts with other banks	8,164,603	1,135,115	221,916	503,190	50,908	33,419	220,814	368,291	10,698,256
Placement with Bank Indonesia and other banks	44,577,230	49,712	-	-	-	-	-	214,907	44,841,849
Marketable securities	13,786,132	4,753	338,070	2,772	-	-	-	-	14,131,727
Government bonds	21,058,127	4,229,676	-	445,924	-	-	-	-	25,733,727
Other receivables- trade transactions	9,317,053	106,632	-	50,038	1,945	-	11,978	36,446	9,524,092
Derivative receivables	312,546	63,365	112	28	5,354	-	614	117	382,136
Loans	105,002,051	2,639,172	1,173,768	1,669	89,741	-	-	963,319	109,869,720
Acceptances receivable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Other assets	954,272	66,427	1,980	419	777	-	13	5,566	1,029,454
<b>Total asset</b>	<b>219,953,151</b>	<b>8,947,324</b>	<b>2,425,502</b>	<b>1,231,041</b>	<b>337,509</b>	<b>44,114</b>	<b>275,965</b>	<b>1,870,222</b>	<b>235,084,828</b>
<b>Liabilities</b>									
Deposits from Customers									
Demand deposits/ <i>Wadiah</i>	59,444,991	818,924	529,970	576,876	59,996	6,373	251,723	188,455	61,877,308
Saving deposits/ <i>Wadiah</i> saving	26,525,184	347,242	563,353	34,601	88,834	8,121	116,136	9,198	27,692,669
Time deposits	16,680,400	4,609,164	425,560	7,014	24,474	16,494	16,832	12,647	21,792,585
Deposits from other banks									
Demand and saving deposits	1,322,556	40,961	9,767	486	-	-	-	-	1,373,770
Interbank call money	610,537	-	-	-	-	-	-	397,118	1,007,655
Time deposits	414,133	-	-	-	-	-	-	-	414,133
Securities sold under repurchase agreement	1,065,947	-	-	-	-	-	-	-	1,065,947
Derivative payable	107,808	106,827	-	87	1,620	-	6	387	216,735
Acceptances payable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Accrued Expenses	505,350	-	30,156	162	140	5,627	55	60,535	602,025
Other liabilities	2,417,913	320,431	99,942	80,556	282,358	62,784	593,588	101,277	3,958,849
Fund Borrowings	25,005,263	-	-	-	-	-	-	3,961,828	28,967,091
Subordinated Loans	191,501	-	-	-	-	-	-	-	191,501
<b>Total liabilities</b>	<b>139,674,348</b>	<b>6,631,937</b>	<b>1,671,180</b>	<b>851,768</b>	<b>458,682</b>	<b>99,399</b>	<b>982,218</b>	<b>4,777,929</b>	<b>155,147,461</b>
<b>Net statements of financial position</b>	<b>80,278,803</b>	<b>2,315,387</b>	<b>754,322</b>	<b>379,273</b>	<b>(121,173)</b>	<b>(55,285)</b>	<b>(706,253)</b>	<b>(2,907,707)</b>	<b>79,937,367</b>
<b>Administrative accounts - net</b>	<b>4,385,036</b>	<b>(4,278,039)</b>	<b>(973,281)</b>	<b>(454,970)</b>	<b>(200,385)</b>	<b>(3,800)</b>	<b>138,142</b>	<b>3,104,900</b>	<b>1,717,603</b>

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**61. RISK MANAGEMENT (continued)**

**B. Market risk and liquidity risk (continued)**

**(v) Foreign exchange risk management (continued)**

**b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)**

	December 31, 2016								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
<b>Asset</b>									
Cash	1,710,796	187,511	773,117	93,166	149,888	7,003	37,240	109,688	3,068,409
Current accounts with Bank Indonesia	11,470,919	-	-	-	-	-	-	-	11,470,919
Current accounts with other banks	8,372,193	269,742	322,557	244,524	89,328	35,145	218,934	302,421	9,854,844
Placement with Bank Indonesia and other banks	35,407,101	43,404	-	-	-	8,860	-	83,385	35,542,750
Marketable securities	10,747,401	-	195,738	2,781	-	-	-	152,220	11,098,140
Government bonds	23,033,738	1,549,208	-	-	-	-	-	-	24,582,946
Other receivables-trade transactions	6,150,516	48,024	6,965	22,097	7,339	-	13,017	18,545	6,266,503
Derivative receivables	170,805	66,499	-	15	90	-	502	25	237,936
Loans	87,954,943	1,959,304	1,321,318	1,402	5,358	392	30	1,327,585	92,570,332
Acceptances receivable	6,508,181	52,964	7,066	99,203	1,380	-	902	68,583	6,738,279
Other assets	734,909	35,690	4,663	245	126	22	2	23,763	799,420
<b>Total asset</b>	<b>192,261,502</b>	<b>4,212,346</b>	<b>2,631,424</b>	<b>463,433</b>	<b>253,509</b>	<b>51,422</b>	<b>270,627</b>	<b>2,086,215</b>	<b>202,230,478</b>
<b>Liabilities</b>									
Deposits from Customers									
Demand deposits/Wadiah	60,347,101	1,192,031	533,625	263,262	45,117	2,128	74,610	161,827	62,619,701
Saving deposits/Wadiah saving	28,259,562	649,443	1,004,091	38,595	160,257	7,684	168,813	15,533	30,303,978
Time deposits	24,220,362	1,791,129	447,978	26,248	75,325	12,973	8,673	2,866	26,585,554
Deposits from other banks									
Demand and saving deposits	2,071,352	7,341	20,887	7,638	-	-	-	-	2,107,218
Interbank call money	592,790	-	-	-	-	-	-	333,162	925,952
Time deposits	134,725	-	-	-	-	-	-	-	134,725
Derivative payable	436,731	61,938	-	280	-	-	526	54	499,529
Acceptances payable	6,507,794	52,964	7,066	99,203	1,380	-	902	68,970	6,738,279
Accrued Expenses	446,838	-	26,026	145	108	5,794	65	50,934	529,910
Other liabilities	2,733,959	175,359	54,832	52,187	39,807	4,961	7,108	23,882	3,092,095
Fund Borrowings	26,872,469	-	-	-	-	-	-	3,893,944	30,766,413
Subordinated Loans	204,780	-	-	-	-	-	-	-	204,780
<b>Total liabilities</b>	<b>152,828,463</b>	<b>3,930,205</b>	<b>2,094,505</b>	<b>487,558</b>	<b>321,994</b>	<b>33,540</b>	<b>260,697</b>	<b>4,551,172</b>	<b>164,508,134</b>
<b>Net statements of financial position</b>	<b>39,433,039</b>	<b>282,141</b>	<b>536,919</b>	<b>(24,125)</b>	<b>(68,485)</b>	<b>17,882</b>	<b>9,930</b>	<b>(2,464,957)</b>	<b>37,722,344</b>
<b>Administrative accounts - net</b>	<b>1,369,270</b>	<b>(234,544)</b>	<b>(1,105,567)</b>	<b>19,070</b>	<b>(23,578)</b>	<b>(17,387)</b>	<b>26,611</b>	<b>301,083</b>	<b>334,958</b>

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Asset</b>		
<b>Cash</b>		
United States Dollar	1,162,014	85,647
European Euro	264,084	16,265
Singapore Dollar	677,224	66,692
Japanese Yen	75,015	622,428
Australian Dollar	187,524	17,701
Hong Kong Dollar	10,695	6,160
Great Britain Pound Sterling	38,668	2,110
Chinese Yuan	39,490	18,952
Others	195,602	14,417
	2,650,316	850,372
<b>Deposits with Bank Indonesia</b>		
United States Dollar	10,236,358	754,476
<b>Deposits with other banks</b>		
United States Dollar	8,164,603	601,777
European Euro	1,135,115	69,912
Singapore Dollar	221,916	21,854
Japanese Yen	503,190	4,175,158
Australian Dollar	50,908	4,805
Hong Kong Dollar	33,419	19,248
Great Britain Pound Sterling	220,814	12,049
Chinese Yuan	260,319	124,935
Others	107,972	7,958
	10,698,256	5,037,696
<b>Placement with Bank Indonesia and other banks</b>		
United States Dollar	44,577,230	3,285,589
European Euro	49,712	3,062
Chinese Yuan	214,907	103,140
	44,841,849	3,391,791
<b>Marketable securities</b>		
United States Dollar	13,786,132	1,016,114
European Euro	4,753	293
Singapore Dollar	338,070	33,292
Japanese Yen	2,772	23,000
	14,131,727	1,072,699
<b>Government bonds</b>		
United States Dollar	21,058,127	1,552,101
European Euro	4,229,676	260,509
Japanese Yen	445,924	3,700,000
	25,733,727	5,512,610

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)-
<b>Asset (continued)</b>		
<b>Other receivables - trade transactions</b>		
United States Dollar	9,317,053	686,718
European Euro	106,632	6,568
Japanese Yen	50,038	415,184
Australian Dollar	1,945	184
Great Britain Pound Sterling	11,978	654
Chinese Yuan	36,446	17,492
	9,524,092	1,126,800
<b>Derivative receivables</b>		
United States Dollar	312,546	23,036
European Euro	63,365	3,903
Singapore Dollar	112	11
Japanese Yen	28	232
Australian Dollar	5,354	505
Great Britain Pound Sterling	614	34
Others	117	56
	382,136	27,777
<b>Loan and sharia receivable/financing</b>		
United States Dollar	105,002,051	7,739,234
European Euro	2,639,172	162,548
Singapore Dollar	1,173,768	115,590
Japanese Yen	1,669	13,848
Australian Dollar	89,741	8,471
Chinese Yuan	963,319	462,325
	109,869,720	8,502,016
<b>Acceptances receivable</b>		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Pound Sterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
<b>Other assets</b>		
United States Dollar	954,272	70,334
European Euro	66,427	4,091
Dolar Singap Singapore Dollar ura	1,980	195
Japanese Yen	419	3,477
Australian Dollar	777	73
Great Britain Pound Sterling	13	1
Chinese Yuan	5,566	2,671
	1,029,454	80,842
<b>Total asset</b>	<b>235,084,828</b>	<b>28,062,689</b>

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities</b>		
<b>Deposits from customers</b>		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	59,444,991	4,385,045
European Euro	818,924	47,912
Singapore Dollar	529,970	51,493
Japanese Yen	576,876	4,786,558
Australian Dollar	59,996	5,663
Hong Kong Dollar	6,373	3,671
Great Britain Pound Sterling	251,723	13,681
Chinese Yuan	179,401	86,100
Others	9,054	667
	61,877,308	9,380,790
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	26,525,184	1,955,053
European Euro	347,242	21,387
Singapore Dollar	563,353	55,478
Japanese Yen	34,601	287,098
Australian Dollar	88,834	8,385
Hong Kong Dollar	8,121	4,677
Great Britain Pound Sterling	116,136	6,337
Chinese Yuan	8,098	3,886
Others	1,100	81
	27,692,669	2,342,382
Time deposits		
United States Dollar	16,680,400	1,229,438
European Euro	4,609,164	283,881
Singapore Dollar	425,560	41,908
Japanese Yen	7,014	58,198
Australian Dollar	24,474	2,310
Hong Kong Dollar	16,494	9,500
Great Britain Pound Sterling	16,832	918
Chinese Yuan	12,647	6,070
	21,792,585	1,632,223
<b>Deposits from other banks</b>		
Demand/ <i>wadiah</i> demand and saving deposits		
United States Dollar	1,322,556	97,480
European Euro	40,961	2,523
Singapore Dollar	9,767	962
Japanese Yen	486	4,033
	1,373,770	104,998
Interbank call money		
United States Dollar	610,537	45,000
Chinese Yuan	397,118	190,589
	1,007,655	235,589

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities (continued)</b>		
Time deposits		
United States Dollar	414,133	23,890
<b>Securities sold under repurchase agreement</b>		
United States Dollar	1,065,947	78,566
<b>Derivative payables</b>		
United States Dollar	107,808	7,946
European Euro	106,827	6,580
Japanese Yen	87	722
Australian Dollar	1,620	153
Great Britain Pound Sterling	6	1
Chinese Yuan	387	29
	216,735	15,431
<b>Acceptances payable</b>		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Pound Sterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
<b>Accrued expenses</b>		
United States Dollar	505,350	37,247
Singapore Dollar	30,156	2,970
Japanese Yen	162	1,344
Australian Dollar	140	13
Hong Kong Dollar	5,627	3,241
Great Britain Pound Sterling	55	3
Chinese Yuan	60,528	29,049
Others	7	1
	602,025	73,868
<b>Others liabilities</b>		
United States Dollar	2,417,913	171,716
European Euro	320,431	19,736
Singapore Dollar	99,942	9,842
Japanese Yen	80,556	668,404
Australian Dollar	282,358	26,652
Hong Kong Dollar	62,784	36,162
Great Britain Pound Sterling	593,588	32,391
Chinese Yuan	85,236	40,911
Others	16,041	1,182
	3,958,849	1,006,996
<b>Fund borrowings</b>		
United States Dollar	25,005,263	1,843,027
Chinese Yuan	3,961,828	1,901,398
	28,967,091	3,744,425

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Subordinated loans</b>		
United States Dollar	191,501	14,115
<b>Total Liabilities</b>	<b>155,147,461</b>	<b>20,358,883</b>
	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Asset</b>		
<b>Cash</b>		
United States Dollar	1,710,796	126,984
European Euro	187,511	13,228
Singapore Dollar	773,117	83,024
Japanese Yen	93,166	809,646
Australian Dollar	149,888	15,416
Hong Kong Dollar	7,003	4,031
Great Britain Pound Sterling	37,240	2,249
Chinese Yuan	21,271	10,969
Others	88,417	6,563
	3,068,409	1,072,110
<b>Deposits with Bank Indonesia</b>		
United States Dollar	11,470,919	851,432
<b>Deposits with other banks</b>		
United States Dollar	8,372,193	621,428
European Euro	269,742	19,028
Singapore Dollar	322,557	34,639
Japanese Yen	244,524	2,125,002
Australian Dollar	89,328	9,187
Hong Kong Dollar	35,145	20,229
Great Britain Pound Sterling	218,934	13,225
Chinese Yuan	228,758	117,966
Others	73,663	5,468
	9,854,844	2,966,172
<b>Placement with Bank Indonesia and other banks</b>		
United States Dollar	35,407,101	2,628,102
European Euro	43,404	3,062
Hong Kong Dollar	8,860	5,100
Chinese Yuan	83,385	43,000
	35,542,750	2,679,264
<b>Marketable securities</b>		
United States Dollar	10,747,401	797,729
Singapore Dollar	195,738	21,020
Japanese Yen	2,781	24,159
Others	152,220	11,299
	11,098,140	854,207
<b>Government bonds</b>		
United States Dollar	23,033,738	1,709,686
European Euro	1,549,208	109,286
	24,582,946	1,818,972

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)-
<b>Asset (continued)</b>		
<b>Other receivables - trade transactions</b>		
United States Dollar	6,150,516	456,524
European Euro	48,024	3,388
Singapore Dollar	6,965	748
Japanese Yen	22,097	192,031
Australian Dollar	7,339	755
Great Britain Pound Sterling	13,017	786
Chinese Yuan	18,545	9,563
	6,266,503	663,795
<b>Derivative receivables</b>		
United States Dollar	170,805	12,678
European Euro	66,499	4,691
Japanese Yen	15	130
Australian Dollar	90	9
Great Britain Pound Sterling	502	30
Others	25	2
	237,936	17,540
<b>Loan and sharia receivable/financing</b>		
United States Dollar	87,954,943	6,528,480
European Euro	1,959,304	138,215
Singapore Dollar	1,321,318	141,895
Japanese Yen	1,402	12,184
Australian Dollar	5,358	551
Hong Kong Dollar	392	226
Great Britain Pound Sterling	30	2
Chinese Yuan	1,327,585	684,608
	92,570,332	7,506,161
<b>Acceptances receivable</b>		
United States Dollar	6,508,181	483,072
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	55
Chinese Yuan	68,583	35,367
	6,738,279	1,385,241
<b>Other assets</b>		
United States Dollar	734,909	54,549
European Euro	35,690	2,517
Singapore Dollar	4,663	501
Japanese Yen	245	2,129
Australian Dollar	126	13
Hong Kong Dollar	22	13
Great Britain Pound Sterling	2	-
Chinese Yuan	23,763	12,254
	799,420	71,976
<b>Total asset</b>	<b>202,230,478</b>	<b>19,886,870</b>

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities</b>		
<b>Deposits from customers</b>		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	60,347,101	4,479,280
European Euro	1,192,031	84,089
Singapore Dollar	533,625	57,306
Japanese Yen	263,262	2,287,842
Australian Dollar	45,117	4,640
Hong Kong Dollar	2,128	1,225
Great Britain Pound Sterling	74,610	4,507
Chinese Yuan	157,357	81,146
Others	4,470	332
	62,619,701	7,000,367
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	28,259,562	2,097,574
European Euro	649,443	45,814
Singapore Dollar	1,004,091	107,828
Japanese Yen	38,595	335,405
Australian Dollar	160,257	16,482
Hong Kong Dollar	7,684	4,423
Great Britain Pound Sterling	168,813	10,197
Chinese Yuan	14,028	7,234
Others	1,505	112
	30,303,978	2,625,069
Time deposits		
United States Dollar	24,220,362	1,797,763
European Euro	1,791,129	126,351
Singapore Dollar	447,978	48,108
Japanese Yen	26,248	228,105
Australian Dollar	75,325	7,747
Hong Kong Dollar	12,973	7,467
Great Britain Pound Sterling	8,673	524
Chinese Yuan	2,866	1,478
	26,585,554	2,217,543
<b>Deposits from other banks</b>		
Demand and saving deposits		
United States Dollar	2,071,352	153,747
European Euro	7,341	518
Singapore Dollar	20,887	2,243
Japanese Yen	7,638	66,378
	2,107,218	222,886
Interbank call money		
United States Dollar	592,790	44,000
Chinese Yuan	333,162	171,805
	925,952	215,805

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities (continued)</b>		
Time deposits		
United States Dollar	134,725	10,000
<b>Derivative payables</b>		
United States Dollar	436,731	32,416
European Euro	61,938	4,369
Japanese Yen	280	2,433
Great Britain Pound Sterling	526	32
Others	54	4
	499,529	39,254
<b>Acceptances payable</b>		
United States Dollar	6,507,794	483,043
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	54
Chinese Yuan	68,970	35,566
	6,738,279	1,385,410
<b>Accrued expenses</b>		
United States Dollar	446,838	33,167
Singapore Dollar	26,026	2,795
Japanese Yen	145	1,260
Australian Dollar	108	11
Hong Kong Dollar	5,794	3,335
Great Britain Pound Sterling	65	4
Chinese yuan	50,927	26,262
Others	7	1
	529,910	66,835
<b>Others liabilities</b>		
United States Dollar	2,733,959	202,929
European Euro	175,359	12,370
Singapore Dollar	54,832	5,888
Japanese Yen	52,187	453,525
Australian Dollar	39,807	4,094
Hong Kong Dollar	4,961	2,856
Great Britain Pound Sterling	7,108	429
Chinese yuan	3,769	1,944
Others	20,113	1,493
	3,092,095	685,528
<b>Fund borrowings</b>		
United States Dollar	26,872,469	1,994,616
Chinese Yuan	3,893,944	2,008,026
	30,766,413	4,002,642
<b>Subordinated loans</b>		
United States Dollar	204,780	15,200
<b>Total Liabilities</b>	<b>164,508,134</b>	<b>18,486,539</b>

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2017 and 2016:

	<u>Increased by 5%</u>	<u>Decreased by 5%</u>
<b>December 31, 2017</b>		
Increase/(decrease) net income	3,566,829	(3,566,829)
<b>December 31, 2016</b>		
Increase/(decrease) net income	1,414,355	(1,414,355)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the major foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

**(vi) Fair value of financial assets and liabilities**

Valuation is also an important component to manage most risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed on all trading book position including marketable securities owned by the Group in its available for sale portfolio.

The table below shows analysis of financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices (not adjusted) from active market for asset or liability which are the same/identical (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2017 and 2016:

	<b>December 31, 2017</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	22,830,106	1,748,730	-	24,578,836
Available for sale	4,314,784	21,393,480	-	25,708,264
Government bonds				
Fair value through profit or loss	3,052,552	436,025	-	3,488,577
Available for sale	30,163,217	58,910,507	-	89,073,724
Derivative receivables	-	446,459	-	446,459

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(vi) Fair value of financial assets and liabilities (continued)**

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2017 and 2016: (continued)

	December 31, 2017			
	Level 1	Level 2	Level 3	Fair value
<b>Assets disclosed at fair value</b>				
Held to maturity				
Marketable securities	2,684,721	5,538,711	-	8,223,432
Government bonds	387,557	2,292,625	-	2,680,182
Loans	-	211,676,573	451,364,967	663,041,540
Consumer financing receivables	-	14,768,169	-	14,768,169
Net investment in financing leases	-	2,571,662	-	2,571,662
<b>Liabilities measured at fair value</b>				
Derivative payables	-	276,243	-	276,243
<b>Liabilities disclosed at fair values</b>				
Securities issued	-	17,220,606	-	17,220,606
Borrowings	-	35,644,899	-	35,644,899
Subordinated loans	-	191,501	-	191,501
	December 31, 2016			
	Level 1	Level 2	Level 3	Fair value
<b>Assets measured at fair value</b>				
Marketable securities				
Fair value through profit or loss	19,506,513	3,117,296	-	22,623,809
Available for sale	9,969,796	12,295,354	-	22,265,150
Government bonds				
Fair value through profit or loss	2,382,055	46,516	-	2,428,571
Available for sale	20,450,043	59,884,506	-	80,334,549
Derivative receivables	-	239,260	-	239,260
<b>Assets disclosed at fair value</b>				
Held to maturity				
Marketable securities	2,989,881	8,282,406	-	11,272,287
Government bonds	1,825,421	9,335,752	-	11,161,173
Loans	-	182,684,175	422,301,582	604,985,757
Consumer financing receivables	-	12,529,745	-	12,529,745
Net investment in financing leases	-	928,918	-	928,918
<b>Liabilities measured at fair value</b>				
Derivative payables	-	502,469	-	502,469
<b>Liabilities disclosed at fair values</b>				
Securities issued	-	8,988,033	-	8,988,033
Borrowings	-	35,770,305	-	35,770,305
Subordinated loans	-	215,432	-	215,432

As of December 31, 2017 and 2016, for assets and liabilities held at year end measured at fair value, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid on December 31, 2017 and 2016 amounting to Rp30,565,367 (36.85% of total assets level 2) and Rp30,944,767 (40.94% of total assets level 2), respectively, represent government bonds with variable interest rates and classified as available for sale.

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(vi) Fair value of financial assets and liabilities (continued)**

The fair value of financial instruments traded in active markets (such as marketable securities which are measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily obtained and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects actual and regular market transactions at a reasonable rate. Quoted market price for financial assets owned by the Group are now using offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX and securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive government bonds) is determined by internal valuation techniques.

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable from market, therefore the instrument is included in level 2. Instead, if one or more data is not based on observable market data, these instrument is included in level 3.

As of December 31, 2017 and 2016, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
<b>Assets</b>				
Marketable securities				
Held to maturity	8,196,823	8,223,432	11,197,290	11,272,287
At cost*)	1,139,166	1,152,390	496,135	499,885
Government bonds				
Held to maturity	2,585,950	2,680,182	11,142,896	11,161,173
At cost*)	8,262,937	8,259,914	5,027,262	5,151,779
Loans	678,292,520	663,041,540	616,706,193	604,985,757
Consumer financing receivable	14,782,332	14,768,169	11,531,838	12,529,745
Net Investment in finance leases	2,356,890	2,571,662	829,945	928,918
	<u><b>715,616,618</b></u>	<u><b>700,697,289</b></u>	<u><b>656,931,559</b></u>	<u><b>646,529,544</b></u>
<b>Liabilities</b>				
Securities issued	16,843,595	17,220,606	9,025,994	8,988,033
Fund borrowings	35,703,679	35,644,899	35,882,757	35,770,305
Subordinated loans	191,501	191,501	215,432	215,432
	<u><b>52,738,775</b></u>	<u><b>53,057,006</b></u>	<u><b>45,124,183</b></u>	<u><b>44,973,770</b></u>

\*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

- (i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptances receivables and other assets.

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

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(vi) Fair value of financial assets and liabilities (continued)**

- (i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptance receivables and other assets. (continued)

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptances receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptances receivables and other assets is a reasonable approximation of fair value.

- (ii) Marketable securities (held to maturity) and government bonds (held to maturity)

The fair value for held to maturity marketable securities and government bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation method.

- (iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

- (iv) Deposits from customers and other banks, securities sold under repurchase agreements, acceptances payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the amount payable carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under repurchase agreements, acceptances payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptances payables and other liabilities is a reasonable approximation of fair value.

- (v) Securities issued, fund borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. When information is not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(vii) Value at Risk (VaR)**

The Bank calculates VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank as a result of market movement that affects the Bank's exposure to trading in normal conditions with a confidence level of 99%. VaR calculation method which is used by the bank is the Historical Simulation method which does not require the assumption that the movement of market factors are normally distributed. Bank calculated VaR based on the 250 days historical market factor data.

VaR realisation as of December 31, 2017 and 2016 are as follows:

	December 31, 2017 <sup>*)</sup>			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
<b>Type of Risk</b>				
Interest rate risk	14,857	25,479	1,398	13,546
Foreign exchange risk	6,031	26,006	823	4,740
<b>Total</b>	<b>18,651</b>	<b>33,481</b>	<b>4,117</b>	<b>27,004</b>

	December 31, 2016 <sup>*)</sup>			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
<b>Type of Risk</b>				
Interest rate risk	9,809	17,766	3,403	4,920
Foreign exchange risk	16,044	75,539	852	9,118
<b>Total</b>	<b>13,648</b>	<b>59,770</b>	<b>5,465</b>	<b>7,413</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 2017 shows that the VaR calculation has been done accurately, where the number of irregularities P/L of the daily VaR is still acceptable.

**(viii) Cash management**

Details of cash are as follows:

	December, 31 2017		December, 31 2016	
	Notional amount foreign currency, equivalent (in thousands)	Rupiah	Notional amount foreign currency, equivalent (in thousand)	Rupiah
Rupiah	-	21,618,247	-	19,838,366
Foreign currencies				
United States dollar	85,647	1,162,014	126,984	1,710,796
European euro	16,265	264,084	13,228	187,511
Singapore dollar	66,692	677,224	83,024	773,117
Japanese yen	622,428	75,015	809,646	93,166

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**61. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(viii) Cash management (continued)**

Details of cash are as follows: (continued)

	December, 31 2017		December, 31 2016	
	Notional amount foreign currency, equivalent (in thousands)	Rupiah	Notional amount foreign currency, equivalent (in thousand)	Rupiah
Foreign currencies (continued)				
Australia dollar	17,701	187,524	15,416	149,888
Hong kong dollar	6,160	10,695	4,031	7,003
Great britain Poundsterling	2,110	38,668	2,249	37,240
Chinese yuan	18,952	39,490	10,969	21,271
Others	14,417	195,602	6,563	88,417
	<b>850,372</b>	<b>24,268,563</b>	<b>1,072,110</b>	<b>22,906,775</b>

As of December 31, 2017 and 2016, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp7,962,487 and Rp8,709,914, respectively.

C. Operational risk

Operational risk is defined as the risk of loss resulting from inadequate and/or disfunction of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the achieve effectiveness of Operational Risk Management, the Bank has established a framework based on Bank Indonesia regulations, Basel II and best practice either in local or global industry. The Bank has implemented Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

**Managing risk through operation**

In managing operational risk through operation, the Bank has:

- (i) Established risk governance of operational risk management
- (ii) Established policies and procedures and conducts periodic review
- (iii) Established operational risk appetite
- (iv) Designed methodologies and tools of operational risk management
- (v) Provides Operational Risk System for entire unit,
- (vi) Established Risk Awareness across organizations including Risk Culture in the Bank's business activities,
- (vii) Implemented the operational risk management to the entire unit Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system
- (viii) Performed monitoring and reporting for internal and external (regulator)

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## 61. RISK MANAGEMENT (continued)

### C. Operational risk (continued)

#### **Managing risk through operation (continued)**

The implementation of operational risk governance begins with:

- (i) Active surveillance of Board of Commissioners and Directors, through the Risk Management Committee (RMC),
- (ii) The implementation of risk management through three line of defense models where:
  - Each unit as risk owner is the first line of defense that is directly responsible for operational risk management;
  - Risk Management Unit is the second line of defense that performs oversight function and;
  - Internal Audit is the third line of defense which performs independent assurance function.

The Bank has established internal policies and procedures for Operational Risk Management referred to as Bank Mandiri Risk Management Policy (KMRBM), which is the basis of risk management implementation.

ORM Tools used are:

- (i) Risk & Control Self Assessment (RCSA), used for identification and assessment of inherent risk activity and assessment of quality control
- (ii) Loss Event Database, to record losses due to operational risks that occur in each unit
- (iii) Key indicator (KI) is a quantitative indicator that is used to provide indicative risk level attached to the key process in one stage of the business unit/supporting unit process or end to end process
- (iv) Issue & Action Management (IAM), to document the issue/problem, analyze its causes, and set action plan and monitor the implementation of the action plan by the unit.

As the output of Operational Risk Management process, each unit generates operational risk profile that describes the operational risk exposure which will be the basis for the Bank's operational risk profile. The Bank's operational risk profile reports that are reviewed by Internal Audit unit are presented to the Board of Commissioners and reported to regulators periodically. The Bank's Operational Risk Profile Report is used to determine Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is Operational risk management reports that are submitted to management as a means of monitoring and consideration to take priority action.

#### **Managing risk through capital**

In accordance with the regulation, the Bank uses the Basic Indicator Approach to calculate the operational risk capital expense. The Basic Indicator Approach calculation is based on Gross Income Bank data for the last 3 (three) years.

The results of operational risk capital charge of Bank Mandiri (Bank only) is Rp8,383,411.11, meanwhile for the consolidation is Rp9,725,074.58. Based on that result, the value of operational risk RWA are Rp104,792,638.81 (Bank only) and Rp121,563,432.23 (consolidated).

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## **62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES**

### **a. Integrated banking system agreement with vendor**

On November 22, 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounting to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounted to USD2,056,125 (full amount, after VAT). On December 31, 2017, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realization value of USD977,900 (full amount, after VAT), so that estimated completion as of December 31, 2017 is 90.27%.

On September 3, 2013, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application's agreement 2013 with the system blanket order with a maximum contract value of USD2,583,700 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features of eMAS. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD2,443,000 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,333,800 (full amount) so that the estimated project completion as of December 31, 2017 is 95.53%.

On September 15, 2014, the Bank entered into an agreement with vendors to enhance eMAS features related to Management application 2014 with the system blanket order with a maximum contract value of USD3,550,000 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features of eMAS. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD3,442,435 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD3,291,560 (full amount) so that the estimated project completion as of December 31, 2017 is 95.62%.

On January 7, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2015 with the system blanket order with a maximum contract value of 6000 mandays. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD3,381,897.25 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,568,444 (full amount), so that the estimated project completion as of December 31, 2017 is 75.95%.

On December 14, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2016 with the system blanket order with a maximum contract value of 5256 mandays. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD1,174,510.50 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD614,451 (full amount), so that the estimated project completion as of December 31, 2017 is 52.32%.

### **b. Legal matters**

The Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners as a result of agreement disputes that had been decided by the Court where the Bank was required by the Court to pay compensation amounting to Rp121 (December 31, 2016: Rp89,255). Currently, the Bank is still in the legal process to appeal against the decision.

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**62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

**b. Legal matters (continued)**

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2017 and 2016 amounted to Rp681,269 and Rp816,014, respectively. As of December 31, 2017 and 2016, the Bank has provided a provision amounting to Rp178,062 and Rp256,164, respectively and believes that the provision is adequate.

**c. Trade Financing with Asian Development Bank (ADB)**

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) that are Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA).

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based on trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

**d. Bank Mandiri Continuous Bonds I**

Bank Mandiri is in process of conducting Continuing Public Offering of Continuing Bonds I Bank Mandiri with target of funds to be raised amounting to Rp14,000,000. On September 30, 2016, Bank Mandiri has issued Continuing Bonds I Bank Mandiri Phase I Year 2016 ("Continuing Bonds I Phase I") with nominal amount Rp5,000,000, which consists of 3 (three) series of bonds with tenor of 5, 7 and 10 years. On June 15, 2017, Continuing Bonds I Bank Mandiri Phase II Year 2017 ("Continuing Bonds I Phase II") has been issued with nominal amount Rp6,000,000, which consists of 4 (four) series with tenor 3, 5, 7 and 10 years, in which the 3 years tenor is Zero Coupon Bond.

**63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS**

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of Deposit Insurance Corporation (LPS). LPS insures public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Deposit Insurance Corporation Regulation No. 2/PLPS/2014 dated September 22, 2014 regarding amendment of Deposit Insurance Corporation Regulation No. 2/PLPS/2010 regarding the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000 (full amount).

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**63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS (continued)**

The interest rate of deposit insurance corporation as of December 31, 2017 and 2016 is 5.75% and 6.25%, respectively, for deposits denominated in Rupiah, and 0.75% and 0.75%, respectively, for deposits denominated in foreign currencies.

**64. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION**

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective from January 1, 2018:

- a. Amendments to SFAS 2: "Statement of Cash Flows on the Disclosures Initiative"
- b. Amendments to SFAS 46: "Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses"
- c. SFAS 15 (2017 Improvement): "Investments in Associates and Joint Ventures"
- d. Amendments to SFAS 53: "Share-based Payment: Classification and Measurement of Share-based Payment Transaction"
- e. SFAS 111: "Wa'd Accounting"

Effective from January 1, 2019:

- a. IFRIC No. 33: "Foreign exchange transactions and advanced benefit"

Effective from January 1, 2020:

- a. SFAS 71: "Financial Instruments", adopted from IFRS 9
- b. SFAS 73: "Leases", adopted from IFRS 16
- c. Amendments to SFAS 62: "Insurance Contract" on Applying SFAS 71 Financial Instruments with SFAS 62 "Insurance"

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

**65. EVENT AFTER THE DATE OF REPORTING PERIOD**

**Changes in the composition of the Member of Board of Commissioners of the Bank**

In accordance with the resolution of the Extraordinary Shareholders General Meeting Year 2017 on August 21, 2017, Mr. R. Widyo Pramono has been appointed as a member of the Board of Commissioners of the Bank, which will be effective upon obtaining approval from the Financial Services Authority (FSA) for the fit and proper test. Upon the appointment, Mr. R. Widyo Pramono has effectively served as a member of the Board of Commissioners of the Bank on January 15, 2018 in accordance with Bank Letters to FSA No. RMC/42/2018 dated January 15, 2018 regarding the Effective Appointment of Commissioner of PT Bank Mandiri (Persero) Tbk.

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**65. EVENT AFTER THE DATE OF REPORTING PERIOD (continued)**

**Changes in the composition of the Member of Board of Directors of the Bank**

In accordance with the resolution of the Extraordinary Shareholders General Meeting Year 2017 on August 21, 2017, Mr. Darmawan Junaidi has been appointed as Treasury Director of the Bank, which will be effective upon obtaining approval from the FSA for the fit and proper test. Upon the appointment, Mr. Darmawan Junaidi has effectively served as Treasury Director of the Bank on January 12, 2018 in accordance with Bank Letters to FSA No. RMC/37/2018 dated January 12, 2018 regarding the Effective Appointment of Treasury Director of PT Bank Mandiri (Persero) Tbk.

**Changes in the composition of the Member of Audit Committee of the Bank**

Mr. Bambang Ratmanto has been appointed as a Member of the Bank's Audit Committee since January 2, 2018 as stated in Decision Letter No. KEP.DIR/003/2018 dated January 19, 2018 regarding the Establishment of Membership of the Audit Committee. While the service period of Mrs. Lista Irna as member of the Bank's Audit Committee ended on January 2, 2018.

**Changes in the composition of the Member of Integrated Governance Committee of the Bank**

Mr. Budi Sulistio has been appointed as a Member of the Bank's Integrated Governance Committee since January 2, 2018 as stated in Decision Letter No. KEP.DIR/004/2018 dated January 19, 2018 regarding the Establishment of Membership of the Integrated Governance Committee.

**Changes in authorized share, share ownership composition and capital contribution of PT Bank Mandiri Taspen**

On January 12, 2018, the Letter of FSA No. S-13/KR.0811/2018 regarding Changes in Authorized Capital of PT Bank Mandiri Taspen has been received, it announced that the change of authorized capital of Bank Mandiri Taspen from Rp624,500,000,000 (full amount) to Rp681,061,085,000 (full amount) in accordance with the Deed of Minutes of EGMS. No. 18 dated October 9, 2017 and the Deed of Meeting Decision Letter No. 23 dated December 14, 2017 made by Notary I Gusti Ngurah Putra Wijaya, S.H in Denpasar which has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia as stated in his Decision Letter No. AHU-0026428.AH.01.02 Year 2017 dated December 15, 2017 which has been recorded in the administration of the supervision of FSA.

On January 24, 2018, the Letter of FSA No. S-11/KR.08/2018 regarding the changes of share ownership composition and capital contribution of PT Bank Mandiri Taspen, as follows has been received:

- a. The additional paid-up capital of the Bank amounted to Rp33,619,909,000 (full amount), bringing the total number of shares to 809,655,870 shares with a nominal value of Rp404,827,935,000 (full amount) and ownership percentage of 59.44%.
- b. The additional paid-up capital of PT Taspen (Persero) amounted to Rp22,624,434,000 (full amount), bringing the total number of shares to 544,848,868 shares with a nominal value of Rp272,424,434,000 (full amount) and ownership percentage of 40.00%.
- c. The additional paid-up capital of Mr. I.B Made Putra Jandhana amounted to Rp316,742,000 (full amount), bringing the total number of shares to 7,617,432 shares with a nominal value of Rp3,808,716,000 (full amount) and ownership percentage of 0.56%.

*The original consolidated financial statements included herein are in the Indonesian language*

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**66. ADDITIONAL INFORMATION**

The additional information presented in appendix 1-4 is supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent, which presents the Bank's investments in subsidiaries based on cost method.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY  
As of December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Cash	22,005,487	21,223,106
Current accounts with Bank Indonesia	43,674,536	48,761,535
Current accounts with other banks		
Related parties	441	194,320
Third parties	11,724,561	8,401,644
	11,725,002	8,595,964
Less: allowance for impairment losses	(3,431)	(2,995)
Net	11,721,571	8,592,969
Placements with Bank Indonesia and other banks		
Related parties	2,150,449	2,198,674
Third parties	62,025,489	64,158,423
	64,175,938	66,357,097
Less: allowance for impairment losses	(49,713)	(80,108)
Net	64,126,225	66,276,989
Marketable securities		
Related parties	8,724,993	10,141,257
Third parties	22,214,910	19,195,636
	30,939,903	29,336,893
Add/(less): unamortised discounts/premiums, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	93,337	(91,103)
Net	31,033,240	29,245,790
Government bonds - net - related party	90,983,793	90,340,489
Other receivables - trade transactions		
Related parties	10,517,587	5,934,300
Third parties	14,635,602	9,944,879
	25,153,189	15,879,179
Less: allowance for impairment losses	(1,302,230)	(1,712,018)
Net	23,850,959	14,167,161

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2017  
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	December 31, 2017	December 31, 2016
<b>ASSETS (continued)</b>		
Securities purchased under resale agreements		
Third parties	2,329,116	3,746,090
Derivative receivables		
Related parties	23,824	3,660
Third parties	399,433	235,600
Net	423,257	239,260
Loans		
Related parties	112,793,435	101,100,710
Third parties	531,463,973	491,568,560
	644,257,408	592,669,270
Less: allowance for impairment losses	(31,754,535)	(30,762,076)
Net	612,502,873	561,907,194
Acceptances receivable		
Related parties	1,002,161	385,265
Third parties	11,461,080	14,294,356
	12,463,241	14,679,621
Less: Allowance for impairment losses	(253,248)	(239,901)
Net	12,209,993	14,439,720
Investments in shares		
Related parties	38,779	-
Third parties	7,504,134	6,583,203
	7,542,913	6,583,203
Less: allowance for impairment losses	(75,734)	(49,247)
Net	7,467,179	6,533,956
Prepaid expenses	1,984,047	2,031,252
Prepaid taxes	2,403,973	2,421,556
Fixed assets	44,067,921	42,009,451
Less: accumulated depreciation	(8,667,610)	(7,550,662)
Net	35,400,311	34,458,789
Intangible assets	4,325,327	3,502,458
Less: accumulated depreciation	(2,458,868)	(2,066,144)
Net	1,866,459	1,436,314
Other assets	9,733,232	7,203,589
Less: Other allowances	(308,546)	(279,838)
Net	9,424,686	6,923,751
Deferred tax assets - net	4,969,726	5,435,589
<b>TOTAL ASSETS</b>	<b>978,377,431</b>	<b>918,181,510</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Obligation due immediately	2,838,567	1,569,911
Deposits from customers		
Demand deposits		
Related parties	46,287,627	48,889,558
Third parties	148,960,350	131,669,970
Total	195,247,977	180,559,528
Saving deposits		
Related parties	3,541,392	1,969,759
Third parties	300,127,431	271,802,756
Total	303,668,823	273,772,515
Time deposits		
Related parties	33,362,950	46,479,231
Third parties	197,497,781	187,138,570
Total	230,860,731	233,617,801
Total deposits from customers	729,777,531	687,949,844
Deposits from other banks		
Demand/wadiah demand deposits and saving deposits		
Related parties	460,256	132,782
Third parties	3,896,430	4,199,571
Total demand/wadiah demand deposits and saving deposits	4,356,686	4,332,353
Interbank call money		
Related parties	-	440,000
Third parties	1,007,655	1,240,952
Total	1,007,655	1,680,952
Time deposits		
Related parties	108,473	346,732
Third parties	2,501,964	3,199,043
Total	2,610,437	3,545,775
Total	7,974,778	9,559,080
Securities sold under repurchase agreements		
Related parties	-	230,024
Third parties	3,592,883	3,123,018
Total	3,592,883	3,353,042

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2017  
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	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>LIABILITIES AND EQUITY (continued)</b>		
<b>LIABILITIES (continued)</b>		
Derivative payables		
Related parties	16,582	10,058
Third parties	240,120	492,394
Total	<u>256,702</u>	<u>502,452</u>
Acceptances payable		
Related parties	575,595	2,481,708
Third parties	11,887,646	12,197,913
Total	<u>12,463,241</u>	<u>14,679,621</u>
Marketable issued		
Related parties	6,712,500	2,570,000
Third parties	4,185,788	2,502,035
	<u>10,898,288</u>	<u>5,072,035</u>
Less: Unamortised issuance costs	(27,018)	(24,077)
Total	<u>10,871,270</u>	<u>5,047,958</u>
Estimated losses on commitments and contingencies	349,404	193,144
Accrued expenses	3,243,235	2,941,711
Current tax payable	666,542	1,052,740
Employee benefits liabilities	7,674,599	6,236,533
Provision	375,770	435,880
Other liabilities	11,334,802	8,546,688
Fund borrowings		
Related parties	169,950	140,774
Third parties	26,975,564	31,687,950
Total fund borrowings	<u>27,145,514</u>	<u>31,828,724</u>
Subordinated loans - third parties	191,501	215,432
<b>TOTAL LIABILITIES</b>	<b><u>818,756,339</u></b>	<b><u>774,112,760</u></b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>EQUITY</b>		
Share capital - Rp250 (full amount) par value per share as of December 31, 2017 and Rp500 (full amount) par value per share as of December 31, 2016		
Authorised capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2017 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of December 31, 2016		
Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of December 31, 2016	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Difference arising from translation of financial statements in foreign currencies	1,791	45,441
Unrealised gain/(losses) from increase/(decrease) in fair value of available for sale marketable securities and government bonds net of deferred tax	1,067,962	(768,222)
Asset revaluation reserve	25,322,628	24,796,520
Net actuarial (losses)/gain on defined benefit plan - net of deferred tax	(491,801)	72,261
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as of April 30, 2003)		
Appropriated	5,380,268	5,380,268
Unappropriated	99,197,269	85,399,507
Total retained earnings	104,577,537	90,779,775
<b>TOTAL EQUITY</b>	<b>159,621,092</b>	<b>144,068,750</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>978,377,431</b>	<b>918,181,510</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016
<b>INCOME AND EXPENSES FROM OPERATIONS</b>		
Interest income	67,878,151	67,155,191
Interest expense	(22,986,499)	(21,485,647)
<b>NET INTEREST INCOME</b>	<b>44,891,652</b>	<b>45,669,544</b>
Other operating income		
Other fees and commissions	11,425,382	10,557,828
Foreign exchange gains and derivative transactions - net	2,837,965	2,232,927
Others	5,488,834	4,682,687
<b>Total other operating income</b>	<b>19,752,181</b>	<b>17,473,442</b>
Allowance for impairment losses	(12,578,904)	(22,839,834)
Reversal of/(provision for) for impairment losses on commitments and contingencies	(155,380)	171,369
Reversal of/(provision for) other allowances	(78,624)	194,839
Unrealised (losses)/gains from decrease/(increase) in fair value of marketable securities and government bonds	2,489	(5,598)
Gains on sale of marketable securities and government bonds	850,383	700,004
Other operating expenses		
Salaries and employee benefits	(11,635,135)	(10,716,768)
General and administrative expenses	(12,051,008)	(11,421,036)
Others - net	(3,901,824)	(2,924,571)
Total other operating expenses	(27,587,967)	(25,062,375)
<b>INCOME FROM OPERATIONS</b>	<b>25,095,830</b>	<b>16,301,391</b>
Non-operating income - net	2,235	23,017
<b>INCOME BEFORE TAX EXPENSE</b>	<b>25,098,065</b>	<b>16,324,408</b>
Tax expense		
Current	(4,903,592)	(4,435,708)
Deferred	(183,757)	1,182,488
Total tax expense - net	(5,087,349)	(3,253,220)
<b>NET INCOME FOR THE YEAR</b>	<b>20,010,716</b>	<b>13,071,188</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY  
(continued)**

**For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016*)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Gains on fixed assets revaluation	526,108	24,796,520
Actuarial (losses)/gains on defined benefit plan	(705,077)	(217,968)
Income tax related to the items that will not be reclassified to profit or loss	141,015	40,045
	<u>(37,954)</u>	<u>24,618,597</u>
<b>Items that will be reclassified to profit or loss</b>		
Difference arising from translation of financial statements in foreign currencies	(43,650)	(24,333)
Changes in fair value of available for sale financial assets	2,259,305	863,447
Income tax related to items that will be reclassified to profit or loss	(423,121)	(105,624)
	<u>1,792,534</u>	<u>733,490</u>
<b>Other comprehensive income for the year - net of tax income</b>	<b><u>1,754,580</u></b>	<b><u>25,352,087</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>21,765,296</u></b>	<b><u>38,423,275</u></b>
<b>EARNING PER SHARE</b>		
Basic (full amount)	428.80	280.10*)
Dilluted (full amount)	428.80	280.10*)

\*) Earning per share for the year ended December 31, 2016 was recalculated using weighted average outstanding stocks after stock splits effective September 13, 2017, as if the stock split had happened since the beginning of the year.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised losses from fair value of available for sale marketable securities and government bonds - net of deferred tax	Asset revaluation reserve	Net actuarial gain on defined benefit plan - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
<b>Balance as of January 1, 2016</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>
Dividends payment from 2015 net income	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	(6,100,490)
The establishment of specific reserves from 2015 net income (refer to Note 40c)	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-
Reclassification from specific reserves into retained earnings	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-
Income for the current year	-	-	-	-	-	-	-	13,071,188	13,071,188	13,071,188
Comprehensive income for the current year	-	-	(24,333)	757,823	24,796,520	(177,923)	-	-	-	25,352,087
<b>Balance as of December 31, 2016</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>45,441</b>	<b>(768,222)</b>	<b>24,796,520</b>	<b>72,261</b>	<b>5,380,268</b>	<b>85,399,507</b>	<b>90,779,775</b>	<b>144,068,750</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY (continued)  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised gain from increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	Asset revaluation reserve	Net actuarial loss on defined benefit plan - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2017	11,666,667	17,476,308	45,441	(768,222)	24,796,520	72,261	5,380,268	85,399,507	90,779,775	144,068,750
Dividends payment from 2016 net income	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	(6,212,954)
Income for the current year	-	-	-	-	-	-	-	20,010,716	20,010,716	20,010,716
Comprehensive income for the current year	-	-	(43,650)	1,836,184	526,108	(564,062)	-	-	-	1,754,580
<b>Balance as of December 31, 2017</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>1,791</b>	<b>(1,067,962)</b>	<b>25,322,628</b>	<b>(491,801)</b>	<b>5,380,268</b>	<b>99,197,269</b>	<b>104,577,537</b>	<b>159,621,092</b>

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CASH FLOWS - PARENT ENTITY  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from interest income	64,541,308	64,416,164
Receipts from provision commision	11,425,382	10,557,828
Payments of interest expense	(22,888,494)	(21,291,109)
Receipts from the sale of government bonds - fair value through profit or loss	52,719,756	46,766,355
Acquisition of government bonds - fair value through profit or loss	(52,448,684)	(45,447,093)
Foreign exchange gains - net	2,347,865	3,061,051
Other operating income - others	1,675,243	1,489,984
Other operating expenses - others	(3,512,560)	(3,111,819)
Salaries and employee benefits	(10,761,131)	(9,971,389)
General and administrative expenses	(10,541,336)	(9,980,603)
Non-operating income - net	1,044	22,811
Payment of corporate income tax	(5,347,697)	(5,199,043)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>27,210,696</b>	<b>31,313,137</b>
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	335,342	(51,402)
Marketable securities - fair value through profit or loss	769,599	(734,593)
Other receivables - trade transactions	(9,274,010)	(1,328,670)
Loans	(63,213,140)	(68,047,363)
Securities purchased under resale agreements	1,416,974	(3,746,090)
Prepaid taxes	17,583	2,148,749
Prepaid expenses	47,205	(339,575)
Other assets	(2,238,104)	81,046
Proceeds from collection of financial assets already written-off	3,813,591	3,192,703
Increase/(decrease) in operating liabilities:		
Demand deposits	14,668,699	16,605,082
Saving deposits	29,940,391	25,560,746
Time deposits	(3,692,408)	31,873,526
Interbank call money	(673,297)	(2,134,411)
Obligation due immediately	1,268,656	413,584
Taxes payable	57,907	80,311
Other liabilities	5,033,668	2,743,148
<b>Net cash provided by operating activities</b>	<b>5,489,352</b>	<b>37,629,928</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in marketable securities - other than fair value through profit or loss	(2,704,364)	(5,473,330)
Increase in government bonds - other than fair value through profit or loss	1,785,664	4,763,651
Proceeds from sale of fixed assets	5,713	6,745
Acquisition of fixed assets	(1,498,326)	(1,866,775)
Acquisition of intangible assets	(822,869)	(393,331)
Paid up capital in PT Bank Syariah Mandiri	(500,000)	(500,000)

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)  
For the year ended December 31, 2017  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES (continued)</b>		
Paid up capital in PT Mandiri Capital Indonesia	(200,000)	(340,000)
Paid up capital in PT Mandiri Utama Finance	(102,000)	(102,000)
Additional purchase of shares in PT Bank Mandiri Taspen	(118,880)	(257,036)
Paid up capital in PT Mandiri Axa General Insurance	-	(30,000)
<b>Net cash used in investing activities</b>	<b>(4,155,062)</b>	<b>(4,192,076)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in marketable securities issued	5,826,252	4,970,191
(Decrease)/increase in fund borrowings	(5,120,961)	2,865,445
Payments of subordinated loans	(23,931)	(3,537,271)
Increase/(decrease) of marketable securities sold under repurchase agreement	239,841	(1,510,129)
Payments of dividends	(6,212,954)	(6,100,490)
<b>Net cash provided by financing activities</b>	<b>(5,291,753)</b>	<b>(3,312,254)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,957,463)</b>	<b>30,125,598</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>790,409</b>	<b>(1,448,059)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>143,682,162</b>	<b>115,004,623</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>140,515,108</b>	<b>143,682,162</b>
Cash and cash equivalents at end of year consist of:		
Cash	22,005,487	21,223,106
Current accounts with Bank Indonesia	43,674,536	48,761,535
Current accounts with other banks	11,725,002	8,595,964
Placements with Bank Indonesia and other banks	62,660,461	64,506,278
Certificate of Bank Indonesia	449,622	595,279
<b>Total cash and cash equivalents</b>	<b>140,515,108</b>	<b>143,682,162</b>