

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

Consolidated financial statements  
as of December 31, 2018  
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 2018  
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.  
Plaza Mandiri  
Jl. Jend. Gatot Subroto Kav. 36-38  
Jakarta 12190, Indonesia  
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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 : Panji Irawan  
Office address : Jl. Jend. Gatot Subroto Kav. 36-38  
Jakarta 12190  
Residential address as stated in ID : Jl. Cipete VII/89 A. RT/RW 003/004  
Kelurahan Cipete Selatan, Kecamatan Cilandak,  
Kotamadya Jakarta Selatan  
Phone number : 021 – 5245580  
Title : Director

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

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

Thus this statement is made truthfully.

Jakarta, 18 January 2019

President Director      Director



Kartika Wirjoatmodjo      Panji Irawan

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

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# Purwantono, Sungkoro & Surja

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*This report is originally issued in the Indonesian language.*

## Independent Auditors' Report

Report No. 00034/2.1032/AU.1/07/0685-1/1/I/2019

### The Shareholders 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, 2018, 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.



*This report is originally issued in the Indonesian language.*

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

Report No. 00034/2.1032/AU.1/07/0685-1/1/I/2019 (continued)

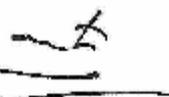
### ***Opinion***

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, 2018, 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, 2018 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, 2018, 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**

  
**Benyanto Suherman**  
Public Accountant Registration No. AP.0685  
January 28, 2019

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>ASSETS</b>				
Cash	2c,2g,62.B.(viii)	27,348,914	24,268,563	22,906,775
Current accounts with Bank Indonesia	2c,2g,2h,4	59,852,761	50,188,118	52,484,974
Current accounts with other banks	2c,2f,2g,2h,5			
Related parties	56	8,476	27,533	25,861
Third parties		14,827,485	12,305,856	10,337,353
		14,835,961	12,333,389	10,363,214
Less: allowance for impairment losses		(5,189)	(3,442)	(3,049)
Net		14,830,772	12,329,947	10,360,165
Placements with Bank Indonesia and other banks	2c, 2f, 2i,6			
Related parties	56	1,162,378	3,152,167	1,725,571
Third parties		21,403,656	71,498,349	71,974,664
		22,566,034	74,650,516	73,700,235
Less: allowance for impairment losses		(50,338)	(49,713)	(83,308)
Net		22,515,696	74,600,803	73,616,927
Marketable securities	2c,2f,2j,7,66			
Related parties	56	21,562,800	20,775,463	18,571,548
Third parties		42,569,876	38,784,589	38,272,191
		64,132,676	59,560,052	56,843,739
(Less)/add: unamortised discounts, unrealised (losses)/gains from (decrease)/increase in fair value and allowance for impairment losses		(296,776)	78,271	(270,836)
Net		63,835,900	59,638,323	56,572,903
Government bonds - related parties	2c,2f,2k,8,56	114,284,518	103,411,188	98,933,278
Other receivables - trade transactions	2c,2f,2l,9			
Related parties	56	10,724,084	10,517,587	5,934,300
Third parties		15,688,973	14,921,890	9,989,818
		26,413,057	25,439,477	15,924,118
Less: allowance for impairment losses		(1,603,598)	(1,349,349)	(1,756,847)
Net		24,809,459	24,090,128	14,167,271
Securities purchased under agreements to resell	2c,2m,10	2,097,629	2,629,315	5,054,488
Derivative receivables	2c,2f,2n,11,66			
Related parties	56	149,832	23,824	3,660
Third parties		1,648,725	793,468	466,583
Total		1,798,557	817,292	470,243
Loans and sharia loan/financing	2c,2f,2o,12			
Related parties	56	160,729,702	113,611,412	100,201,483
Third parties		638,827,486	598,426,453	549,121,470
Total		799,557,188	712,037,865	649,322,953
Less: allowance for impairment losses		(31,796,093)	(33,745,345)	(32,616,760)
Net		767,761,095	678,292,520	616,706,193

<sup>1)</sup> Reclassified, see Note 66

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, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>ASSETS (continued)</b>				
Consumer financing receivables	2c,2f,2p,13			
Related parties	56	8,278	7,957	10,532
Third parties		17,189,878	15,137,262	11,844,684
		17,198,156	15,145,219	11,855,216
Less: allowance for impairment losses		(371,291)	(362,887)	(323,378)
Net		16,826,865	14,782,332	11,531,838
Net investment finance leases	2c,2q,14			
Third parties		3,328,389	2,364,629	834,483
Less: allowance for impairment losses		(9,286)	(7,739)	(4,538)
Net		3,319,103	2,356,890	829,945
Acceptance receivables	2c,2f,2u,15			
Related parties	56	2,183,157	1,049,343	415,848
Third parties		11,705,705	11,495,151	14,373,396
		13,888,862	12,544,494	14,789,244
Less: allowance for impairment losses		(296,453)	(254,234)	(241,041)
Net		13,592,409	12,290,260	14,548,203
Investments in shares	2f,2s,16			
Related parties	56	322,617	297,420	250,071
Third parties		129,476	48,816	5,338
		452,093	346,236	255,409
Less: allowance for impairment losses		(30,589)	(12,924)	(10,273)
Net		421,504	333,312	245,136
Prepaid expenses	17	2,858,186	2,784,234	2,751,081
Prepaid taxes	2ad,33a	1,236,027	2,688,049	2,612,707
Fixed assets	2r.i,2r.ii,18	50,075,628	46,991,375	44,736,920
Less: accumulated depreciation		(11,632,932)	(10,372,622)	(9,073,630)
Net		38,442,696	36,618,753	35,663,290
Intangible assets	2r.iii, 2s,19	5,963,706	5,102,247	4,213,322
Less: accumulated amortization		(3,198,980)	(2,700,780)	(2,257,826)
Net		2,764,726	2,401,467	1,955,496
Other assets	2c,2t,2v,2af,20,66	19,256,317	15,232,824	11,819,441
Less: allowance for possible losses		(598,662)	(617,790)	(514,446)
Net		18,657,655	14,615,034	11,304,995
Deferred tax assets - net	2ad,33e	4,997,622	5,564,319	5,990,101
<b>TOTAL ASSETS</b>		<b><u>1,202,252,094</u></b>	<b><u>1,124,700,847</u></b>	<b><u>1,038,706,009</u></b>

<sup>1)</sup> Reclassified, see Note 66

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, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>				
<b>LIABILITIES</b>				
Obligations due immediately	2w	3,843,194	2,838,567	1,569,911
Deposits from customers				
Demand deposits and <i>wadiah</i> demand deposits	2c,2f,2x,21			
Related parties	56	51,161,488	46,108,385	48,729,926
Third parties		148,662,268	156,756,475	138,253,402
Total		199,823,756	202,864,860	186,983,328
Saving deposits and <i>wadiah</i> saving deposits	2c,2f,2x,22			
Related parties	56	3,537,033	3,548,205	1,973,087
Third parties		303,745,320	305,163,703	275,196,737
Total		307,282,353	308,711,908	277,169,824
Time deposits	2c,2f,2x,23			
Related parties	56	40,762,862	35,491,966	46,271,999
Third parties		218,139,922	202,515,248	191,635,079
Total		258,902,784	238,007,214	237,907,078
Total deposits from customers		766,008,893	749,583,982	702,060,230
Deposits from other banks				
Demand deposits, <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24			
Related parties	56	787,013	252,785	45,912
Third parties		3,051,371	3,985,605	4,254,853
Total		3,838,384	4,238,390	4,300,765
Interbank call money				
Related parties	2c,2f,2y,25	-	-	40,000
Third parties		8,472,197	1,007,655	1,240,952
Total		8,472,197	1,007,655	1,280,952
Time deposits	2c,2f,2y,26			
Related parties	56	116,958	108,473	286,210
Third parties		4,066,276	2,994,989	3,471,269
Total		4,183,234	3,103,462	3,757,479
Total deposits from other banks		16,493,815	8,349,507	9,339,196
Liabilities to unit-linked policyholders	2z,27	22,357,802	23,254,035	19,602,950
Securities sold under agreements to repurchase	2c,2f,2m,28			
Related parties	56	102,234	-	230,024
Third parties		16,509,294	3,592,883	3,123,018
Total		16,611,528	3,592,883	3,353,042
Derivative payables	2c,2f,2n,11,66			
Related parties	56	19,126	16,582	10,058
Third parties		1,098,551	628,383	739,371
Total		1,117,677	644,965	749,429
Acceptance payables	2c,2f,2u,29			
Related parties	56	4,688,800	602,894	2,481,708
Third parties		9,200,062	11,941,600	12,307,536
Total		13,888,862	12,544,494	14,789,244
Debt securities issued	2c,2f,2aa,30			
Related parties	56	10,071,700	8,546,200	3,662,000
Third parties		9,055,200	8,341,088	5,398,035
		19,126,900	16,887,288	9,060,035
Less: unamortised debt issuance cost		(37,977)	(43,693)	(34,041)
Net		19,088,923	16,843,595	9,025,994

<sup>1)</sup> Reclassified, see Note 66

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>				
<b>LIABILITIES (continued)</b>				
Estimated losses on commitment and contingencies	2c,31c	125,729	381,771	207,401
Accrued expenses	2c,2af,32,66	4,835,467	3,938,471	3,496,536
Taxes payable	2ad,33b	1,087,949	1,009,832	1,258,792
Employee benefit liabilities	2ai,34,51	7,987,887	8,277,388	6,763,068
Provision	63b	370,525	375,770	435,880
Other liabilities	2c,35	15,795,137	20,496,377	15,810,036
Fund borrowings				
Related parties	2c,2f,2ab,36	423,686	-	-
Third parties	56	51,230,296	35,703,679	35,882,757
Total		51,653,982	35,703,679	35,882,757
Subordinated loans and marketable securities	2c,2f,2ac,37			
Related parties	56	136,750	-	-
Third parties		550,040	191,501	215,432
		686,790	191,501	215,432
Less: unamortised subordinated loans and marketable securities		(1,060)	-	-
Net		685,730	191,501	215,432
<b>TOTAL LIABILITIES</b>		<b>941,953,100</b>	<b>888,026,817</b>	<b>824,559,898</b>
<b>TEMPORARY SYIRKAH FUNDS</b>				
Deposits from customers	2f,2ae,38			
Related parties	56			
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	144,810	34,784	28,047
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	2,132,346	939,315	886,344
Total related parties		2,277,156	974,099	914,391
Third parties				
Demand deposits - restricted investments and <i>mudharabah musytarakah - musyarakah</i> demand deposits	38a.1	682,242	525,285	68,925
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	31,173,610	28,165,952	25,129,743
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	40,772,071	36,557,273	34,327,415
Total third parties		72,627,923	65,248,510	59,526,083
Total deposits from customers		74,905,079	66,222,609	60,440,474
Deposits from Other Banks				
Third parties				
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	277,312	316,574	258,325
<i>Mudharabah</i> time deposit - unrestricted investment	38b	156,298	128,715	77,589
Total deposits from other banks		433,610	445,289	335,914
<b>TOTAL TEMPORARY SYIRKAH FUNDS</b>		<b>75,338,689</b>	<b>66,667,898</b>	<b>60,776,388</b>

<sup>1)</sup> Reclassified, see Note 66

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 FINANCIAL POSITION (continued)**  
**As of December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2018	December 31, 2017	January 1, 2017
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>				
<b>EQUITY</b>				
Attributable equity of the Parent Entity				
Share capital - Rp250 (full amount) par value per share as of December 31, 2018 and December 31, 2017, and Rp500 (full amount) par value per share as of January 1, 2017.				
Authorised Capital - 1 share				
Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2018 and December 31, 2017, and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of January 1, 2017.				
Issued and fully paid-in capital				
- 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2018 and December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of January 1, 2017				
	40a	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	40b	17,316,192	17,316,192	17,316,192
Differences arising from translation of financial statements in foreign currencies	2e	112,171	168,412	202,363
Unrealised (losses)/gain from (decrease)/increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	2j,2k	(1,638,088)	1,117,864	(759,364)
Effective portion of cash flow hedges	2n,11	(17,030)	(6,436)	-
Net differences in fixed assets revaluation	2r.i,18	26,435,307	25,666,631	25,140,523
Net actuarial gain/(loss) from defined benefit program after deducting deferred tax	2ai,34,51	348,613	(462,008)	49,515
Difference in transactions with non controlling parties	1g	(106,001)	(106,001)	(92,751)
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation on April 30, 2003)				
- Appropriated	40c	5,380,268	5,380,268	5,380,268
- Unappropriated		121,704,418	105,977,254	91,550,525
Total retained earnings		<u>127,084,686</u>	<u>111,357,522</u>	<u>96,930,793</u>
		181,202,517	166,718,843	150,453,938
Noncontrolling interests in net assets of consolidated subsidiaries	2d,39	<u>3,757,788</u>	<u>3,287,289</u>	<u>2,915,785</u>
<b>TOTAL EQUITY</b>		<b><u>184,960,305</u></b>	<b><u>170,006,132</u></b>	<b><u>153,369,723</u></b>
<b>TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>		<b><u>1,202,252,094</u></b>	<b><u>1,124,700,847</u></b>	<b><u>1,038,706,009</u></b>

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017 <sup>1)</sup>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
Interest income and sharia income	2f,2af,41,56		
Interest income	66	74,454,382	71,055,102
Sharia income		6,538,188	6,229,546
Total interest income and sharia income		80,992,570	77,284,648
Interest expense and sharia expense	2af,42,66		
Interest expense		(23,710,628)	(22,755,157)
Sharia expense		(2,659,310)	(2,541,130)
Total interest expense and sharia expense		(26,369,938)	(25,296,287)
<b>NET INTEREST AND SHARIA INCOME</b>		<b>54,622,632</b>	<b>51,988,361</b>
Premium income	2ag	10,342,487	10,325,187
Claims expense	2ag	(7,635,354)	(7,860,112)
<b>NET PREMIUM INCOME</b>		<b>2,707,133</b>	<b>2,465,075</b>
<b>NET INTEREST, SHARIA AND PREMIUM INCOME</b>		<b>57,329,765</b>	<b>54,453,436</b>
Other operating income			
Other fees and commissions	2ah,66	13,013,786	12,448,315
Trading income - net	2c,2e,2n,43	3,657,290	3,471,667
Others	44,66	11,000,989	6,910,425
Total other operating income		27,672,065	22,830,407
Allowance for impairment losses	2c,45	(14,394,973)	(15,646,385)
Reversal/(provision for) impairment losses on commitments and contingencies	2c,31c	270,973	(173,402)
Provision for other allowances	2t,46	(61,498)	(132,050)
Unrealised (loss)/gain from (decrease)/increase in fair value of policyholders investment in unit-link contracts	2j,2k,2z,47,66	(18,483)	46,849
Gains on sale of marketable securities and government bonds	2j,2k,48,66	674,087	779,993

<sup>1)</sup> Reclassified, see Note 66

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 PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (continued)**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017 <sup>1)</sup>
Other operating expenses	2f,2ai,		
Salaries and benefits	49,51,56	(16,322,769)	(14,858,642)
General and administrative expenses	2r,50	(16,587,005)	(15,405,579)
Others - net	52,66	(4,656,365)	(4,724,876)
Total other operating expenses		(37,566,139)	(34,989,097)
<b>INCOME FROM OPERATION</b>		<b>33,905,797</b>	<b>27,169,751</b>
Non operating income/(expense) - net	53	37,572	(12,888)
<b>INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST</b>		<b>33,943,369</b>	<b>27,156,863</b>
Tax expense			
Current	2ad,33c,33d		
Current year		(5,918,708)	(5,593,293)
Prior year	33f	(1,313,347)	-
Deferred	2ad,33c,33e	(859,377)	(120,528)
Total tax expense - net		(8,091,432)	(5,713,821)
<b>NET INCOME FOR THE YEAR</b>		<b>25,851,937</b>	<b>21,443,042</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	768,681	526,108
Actuarial gain/(loss) from defined benefit program	2ai	1,023,174	(641,569)
Income tax related to items that will not be reclassified to profit or loss		(206,373)	125,139
		1,585,482	9,678
<b>Items that will be reclassified to profit or loss</b>			
Difference arising from translation of financial statements in foreign currencies	2e	(55,547)	(32,750)
Changes in fair value of available for sale financial assets	2j,2k	(3,585,763)	2,364,089
Effective portion of cash flow hedge		(27,695)	(16,826)
Income tax related to items that will be reclassified to profit or loss		766,774	(446,198)
		(2,902,231)	1,868,315
<b>Other comprehensive income for the year - net of income tax</b>		<b>(1,316,749)</b>	<b>1,877,993</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>24,535,188</b>	<b>23,321,035</b>

<sup>1)</sup> Reclassified, see Note 66

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 PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (continued)**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017
<b>Net income for the year attributable to:</b>			
Parent Entity		25,015,021	20,639,683
Noncontrolling interest	2d	836,916	803,359
		<b>25,851,937</b>	<b>21,443,042</b>
<b>Total comprehensive income for the year attributable to:</b>			
Parent Entity		23,771,531	22,491,109
Noncontrolling interest	2d	763,657	829,926
		<b>24,535,188</b>	<b>23,321,035</b>
<b>EARNINGS PER SHARE</b>			
	2aj		
Basic (full amount of Rupiah)		536.04	442.28
Diluted (full amount of Rupiah)		536.04	442.28

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended December 31, 2018**  
**(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 (loss)/gain from (decrease)/increase in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion of cash flow hedge	Net differences in fixed assets revaluation	Net actuarial gain/(loss) defined benefit program- net of of deferred tax	Difference on arising from transaction with noncontrolling interest	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
										Appropriated	Unappropriated	Total		
Balance as of January 1, 2018		11,666,667	17,316,192	168,412	1,117,864	(6,436)	25,666,631	(462,008)	(106,001)	5,380,268	105,977,254	111,357,522	3,287,289	170,006,132
Dividend payment from 2017 net income	40c	-	-	-	-	-	-	-	-	-	(9,287,857)	(9,287,857)	-	(9,287,857)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	(293,158)	(293,158)
Income for the current year		-	-	-	-	-	-	-	-	-	25,015,021	25,015,021	836,916	25,851,937
Comprehensive income for the current year		-	-	(56,241)	(2,755,952)	(10,594)	768,676	810,621	-	-	-	-	(73,259)	(1,316,749)
<b>Balance as of December 31, 2018</b>		<b>11,666,667</b>	<b>17,316,192</b>	<b>112,171</b>	<b>(1,638,088)</b>	<b>(17,030)</b>	<b>26,435,307</b>	<b>348,613</b>	<b>(106,001)</b>	<b>5,380,268</b>	<b>121,704,418</b>	<b>127,084,686</b>	<b>3,757,788</b>	<b>184,960,305</b>

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
**For the year ended December 31, 2018**  
**(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	Net differences in fixed assets revaluation	Net actuarial gain/(loss) defined benefit program- net of of deferred tax	Difference on arising from transaction with noncontrolling interest	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
										Appropriated	Unappropriated	Total		
Balance as of January 1, 2017		11,666,667	17,316,192	202,363	(759,364)	-	25,140,523	49,515	(92,751)	5,380,268	91,550,525	96,930,793	2,915,785	153,369,723
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>

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017 <sup>1)</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interest income		70,439,495	67,671,722
Receipts from sharia income		6,583,301	6,247,610
Receipts from provision, commissions and premium income - net		15,720,919	14,913,390
Payments of interest expense		(23,124,701)	(22,969,621)
Payments of sharia expense		(2,674,047)	(2,520,782)
Receipts from the sale of government bonds - fair value through profit or loss		56,455,307	53,544,382
Acquisition of government bonds - fair value through profit or loss		(56,865,888)	(53,824,395)
Foreign exchange gains - net		6,058,853	2,390,138
Trading income - net		547,986	462,542
Other operating income - others		4,307,755	2,417,018
Other operating expenses - others		(4,544,296)	(4,133,604)
Salaries and employee benefits		(15,801,649)	(13,855,845)
General and administrative expenses		(14,771,162)	(13,573,478)
Non-operating income/(expense) - net		15,682	(57,665)
Payment of corporate income tax		(7,200,860)	(5,968,499)
Cash flows from operating activities before changes in operating assets and liabilities		35,146,695	30,742,913
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		1,743,348	(624,042)
Marketable securities - fair value through profit or loss		1,823,982	(1,932,792)
Other receivables - trade transactions		(973,579)	(9,515,359)
Loans		(93,514,200)	(69,117,327)
Sharia financing/receivables		(9,187,208)	(7,521,377)
Securities purchased under agreements to resell		531,686	2,425,173
Consumer financing receivables		(2,834,995)	(3,961,788)
Net investment finance lease		(966,751)	(1,533,591)
Prepaid taxes		1,452,022	(59,783)
Prepaid expenses		(73,952)	(33,153)
Other assets		(3,296,918)	(2,841,128)
Recovery of written-off financial assets		6,845,434	4,565,412
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		(3,467,776)	15,766,883
Saving deposits		(1,402,889)	31,594,358
Time deposits		21,975,342	(553,881)
Interbank call money		7,464,542	(273,297)
Obligations due immediately		1,004,627	1,268,656
Liability to unit - linked policyholders	27	(896,233)	3,651,085

<sup>1)</sup> Reclassified, see Note 66

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017 <sup>1)</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Other taxes payable		46,922	110,687
Other liabilities		(2,053,360)	6,931,895
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit <i>mudharabah musyarakah - musyarakah</i>		156,957	456,360
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		3,078,422	3,101,195
- <i>Mudharabah</i> time deposit - unrestricted investment		5,435,412	2,333,955
<b>Net cash (used in)/provided by operating activities</b>		<b>(31,962,470)</b>	<b>4,981,054</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in marketable securities - other than fair value through profit or loss		(5,290,469)	(1,111,443)
Increase in government bonds - other than fair value through profit or loss		(12,544,614)	(1,540,676)
Proceeds from sale of fixed assets		87,908	51,269
Acquisition of fixed assets		(2,432,966)	(1,786,436)
Acquisition of intangible assets		(861,048)	(888,925)
<b>Net cash used in investing activities</b>		<b>(21,041,189)</b>	<b>(5,276,211)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase of investment in Subsidiaries		(474,552)	(497,153)
Increase in debt securities issued		2,170,723	7,827,253
Increase/(decrease) in fund borrowings		12,105,048	(630,913)
Increase/(decrease) in subordinated loans and marketable securities		484,358	(23,931)
Increase in securities sold under agreements to repurchase	28	12,153,318	239,841
Payments of dividends	40c	(9,287,857)	(6,212,954)
<b>Net cash provided by financing activities</b>		<b>17,151,038</b>	<b>702,143</b>

<sup>1)</sup> Reclassified, see Note 66

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year ended December 31,	
		2018	2017 <sup>1)</sup>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(35,852,621)</b>	<b>406,986</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>1,754,511</b>	<b>808,703</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>158,775,796</b>	<b>157,560,107</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>124,677,686</b>	<b>158,775,796</b>
Cash and cash equivalents at end of year consists of:			
Cash	62.B.(viii)	27,348,914	24,268,563
Current accounts with Bank Indonesia	4	59,852,761	50,188,118
Current accounts with other banks	5	14,835,961	12,333,389
Short-term investments are liquid with maturity period of three months or less since the date of acquisition		22,640,050	71,985,726
<b>Total cash and cash equivalents</b>		<b>124,677,686</b>	<b>158,775,796</b>

Changes in liabilities arising from financing activities in the consolidated statement of cash flow are as follow:

	January 1, 2018	Cash Flow	Non-cash flow		December 31, 2018
			Differences due to exchange rate	Others	
Debt securities issued	16,843,595	2,170,723	-	74,605	19,088,923
Fund borrowing	35,703,679	12,105,048	3,834,890	10,365	51,653,982
Subordinated loans and marketable securities	191,501	484,358	10,931	(1,060)	685,730
Securities sold under agreements to repurchase	3,592,883	12,153,318	865,327	-	16,611,528
<b>Total liabilities from funding activities</b>	<b>56,331,658</b>	<b>26,913,447</b>	<b>4,711,148</b>	<b>83,910</b>	<b>88,040,163</b>

<sup>1)</sup> Reclassified, see Note 66

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**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2018 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 Bank’s Articles of Association of Bank Mandiri has been amended several times, the latest amendment under Deed of Annual General Meeting of Shareholders No. 21, dated April 11, 2018 stated under Notary Ashoya Ratam SH, Mkn, in South Jakarta, in regards to the Ministry of State Owned Enterprises’s (“BUMN”) Program to implement the standardization of the BUMN’s Articles of Association. This amendment has been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia, in its decision letter No. AHU-AH.01.03-0172245 regarding the Acceptance on Notification of the changes of the Bank’s Articles of Association of PT Bank Mandiri (Persero) Tbk dated April 30, 2018 and registered on NO. AHU-0061310.AH.01.11 year 2018, dated April 30, 2018.

**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, 2018 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 amounted 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" amounted 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, 2018 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 amounted 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 OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which 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.

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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 sustainable 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 Sustainable Bonds**

On September 21, 2018, Bank Mandiri issued Bank Mandiri Sustainable Bonds I Phase III 2018 ("Sustainable Bonds I Phase III") with a nominal value of Rp3,000,000.

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**1. GENERAL INFORMATION (continued)**

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

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

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

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

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**1. GENERAL INFORMATION (continued)**

**f. Public offering of subordinated bonds, public offering of sustainable bonds, limited public offering of shares and 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 III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with pre-emptive Rights in 2011	2,336,838,591
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, 2018 and 2017, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2018	2017
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	51.08 <sup>1)</sup>	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	20.00 <sup>2)</sup>	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	99.98

<sup>1)</sup> from December 19, 2018, Bank Mandiri's ownership becomes 51.08%

<sup>2)</sup> from November 21, 2018, Bank Mandiri's ownership becomes 20.00% and Financial Statement for PT MAGI is no longer consolidated

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

The Subsidiaries' total assets as of December 31, 2018 and 2017 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2018	December 31, 2017
PT Bank Syariah Mandiri	1955	98,341,119	87,939,774
Bank Mandiri (Europe) Limited	1999	2,504,393	2,126,531
PT Mandiri Sekuritas	1992	1,877,046	3,284,779
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	20,943,935	13,687,703
PT Mandiri Tunas Finance	1989	17,481,843	14,739,458
Mandiri International Remittance Sendirian Berhad	2009	16,751	14,958
PT AXA Mandiri Financial Services	1991	29,576,153	30,228,537
PT Mandiri AXA General Insurance	1962	-	1,616,120
PT Asuransi Jiwa InHealth Indonesia	2008	2,146,355	2,224,965
PT Mandiri Utama Finance	2015	4,569,489	4,197,567
PT Mandiri Capital Indonesia	2015	406,047	490,038
<b>Total</b>		<b>177,863,131</b>	<b>160,550,430</b>

**PT Bank Syariah Mandiri**

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with sharia 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 Decree of the Governors of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on sharia principles and began operating on November 1, 1999.

On January 9, 2009, Bank Mandiri increase its capital in cash at the Subsidiary, amounted 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 increase its capital 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 increase its capital in form of 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 capital increase.

On December 29, 2011, Bank Mandiri increase its capital in form of 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 capital increase.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Bank Syariah Mandiri (continued)**

On December 21, 2012, Bank Mandiri increase its capital in form of 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 capital increase.

On December 30, 2013, Bank Mandiri increase its capital in 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 capital increase.

On November 24, 2015, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted 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 capital increase.

On November 14, 2016, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from OJK 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. OJK approval related to the capital increase has been received on January 24, 2017.

On December 11, 2017, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted 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, OJK 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 capital increase. The capital increase will be effective after Bank Mandiri obtained OJK approval related changes in BSM's share capital. The Subsidiary has been received approval from OJK concerning the changes in BSM's share capital dated January 15, 2018.

**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, S.H. 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, S.H., 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 Sekuritas 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 increase its capital in form of cash at Mandiri Sekuritas, amounted 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 capital increase. 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 Micro Banking on February 23, 1970 under the name MAI Bank Pasar Sinar Harapan Bali, then on November 3, 1992 the Bank transformed into Limited Liability Company based on Deed No. 4 made by Ida Bagus Alit Sudiarmika, S.H., 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, shareholders of BSHB and Bank Mandiri signed the acquisition deed as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, S.H., Notary in Denpasar. This signing shows Bank Mandiri ownership of 80.00% shares of BSHB. Furthermore, BSHB operated as stand-alone Bank which mainly focusses on Small and Micro Business Financing.

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

Bank increase its capital at BSHB in order to comply with Bank Indonesia regulation on Good Corporate Governance which requires the President Director of Bank should come from an independent party. Capital increase of the Bank at BSHB has been approved by Bank Indonesia as stated 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 increase its capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued by BSHB with a total investment amounting to Rp81,461 from Rp80,000.

On May 28, 2013, the Bank increase its capital at BSHB amounted to 11.77% of the total shares issued and fully paid at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by BSHB minority shareholders with a total of 23,546,962 shares (full amount). Capital increase of the Bank at BSHB has been approved by Bank Indonesia as stated 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 800,000,000 (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 from OJK, 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%). OJK also approved Taspen and PT Pos as new shareholders as well as the additional capital injection of the Bank in BSHB amounted to Rp198,000.

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

On November 24, 2016, the Bank get approval from the OJK related to capital injection plan at PT Bank Mandiri Taspen Pos amounted to Rp257,036 through letter No. S-125/PB.31/2016 regarding Approval for Bank Mandiri capital injection at Bank Mandiri Taspen Pos. This capital increase also increase the Bank's ownership in Bank Mandiri Taspen Pos from 58.25% to 59.44% of the total shares issued by Bank Mantap. The capital injection effective in 2017 based on approval from OJK Bali through letter No. S-07/KR.081/2017 and registered OJK. There are any differences on book value amounted 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 (40.00%) 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 OJK related to the planned additional capital injection at PT Bank Mandiri Taspen Pos amounted to Rp210,000 through letter No. S-131/PB.31/2017 regarding Approval for capital injection to PT Bank Mandiri Taspen. The application has been approved by the Ministry of State-Owned Enterprises as stated in the letter No. S-504/MBU/09/2017 dated September 7, 2017. Approval from OJK Bali was obtained in January 2018.

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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.

On November 30, 2018, PT Bank Mandiri Taspen held an Extraordinary General Meeting of Shareholders as stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No.12 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extraordinary General Meeting of Shareholders No.34 dated December 14, 2018 approved the transfer part of PT Bank Mandiri Taspen's shares portion owned by PT Bank Mandiri (Persero) Tbk to PT Taspen (Persero), therefore the ownership of PT Bank Mandiri (Persero) in PT Bank Mandiri Taspen, increase from 59.44% to 51.05%, PT Taspen 48.39% and individual ownership 0.56%. The changes of the percentage shareholders composition was approved by OJK on January 11, 2019.

Based on the Extraordinary General Meeting of Shareholders stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 112 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extradiordinary General Meeting of Shareholders No. 42 dated December 19, 2018, also approved the issuance of 140,492,748 shares (full amount) which have been taken over by Bank Mandiri and PT Taspen, by changes the shares portion, the shareholders composition owned by Bank Mandiri 51.08%, PT Taspen 48.42% and individual ownership 0.50%.

On December 8, 2018, the Bank has received approval from OJK, concerning plan of divestment and additional share capital to PT Bank Mandiri Taspen through decision letter No. S-35/PB.3/2018 regarding the Divestment Initiative and the Bank's Additional Share Capital in PT Bank Mandiri Taspen. The Bank has obtained approval from the Ministry of State Owned Enterprises through decision letter No. S-772/MBU/11/2018 dated November 16, 2018.

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 on annually basis. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The outstanding goodwill on December 31, 2018 and 2017 each 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., LLM, 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 amounted to Rp290,000.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Tunas Finance (continued)**

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated 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 amounted 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, 2018 and 2017 amounted to Rp96,697.

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

**g. Subsidiaries (continued)**

**PT AXA Mandiri Financial Services**

PT AXA Mandiri Financial Services (“AXA Mandiri”) is a joint venture company between PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”) and National Mutual International Pty Ltd (“NMI”) that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on 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 amounted 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, 2018 and 2017 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 has been granted 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 regarding the Activation of General Insurance Business License and Change of the Company's name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance. The shares composition owned by PT Bank Mandiri (Persero) Tbk 120,000 shares amounting to Rp60,000,000,000 (full amount) and AXA S.A owned 80,000 shares amounting to Rp40,000,000,000 (full amount). In 2014, shares of AXA S.A were sold to AXA ASIA in accordance with the Notary Deed of Mala Mukti S.HLM dated January 6, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received by letter No. AHU-AH.01.10.01330 dated January 10, 2014.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

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

The OJK 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.

Based on the letter of approval from the OJK No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment of PT Mandiri AXA General Insurance, the OJK 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 OJK 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 OJK 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%.

On October 31, 2018, the Bank has obtained approval from OJK regarding to the divestment plan on PT Mandiri AXA General Insurance through decision letter No. S-122/PB.31/2018 regarding the Divestment Initiative of the Bank's Share Investment in PT Mandiri AXA General Insurance. The Bank has obtained approval from the Ministry of State Owned Enterprises in its decision letter No. S-635/MBU/09/2018 dated September 26, 2018.

On November 21, 2018, AXA ASIA purchased 276,000 (two hundreds and seventy six thousands) shares owned by PT Bank Mandiri (Persero) Tbk which has been issued by PT Mandiri AXA General Insurance and registered in the Share Transfer Deed of Mala Mukti SH L.L.M. No. 52 dated November 21, 2018. After shares purchasing, Bank Mandiri owned 20.00% shares of PT Mandiri AXA General Insurance which was ratified in General Shareholder's Meeting as covered in the Notarial Deed of Mala Mukti SH., L.L.M No. 54 dated November 21, 2018 and was submitted to Ministry of Law and Human Rights of Republic Indonesia in its decision letter No. AHU-AH.01.03-10-0268916 dated November 28, 2018. PT Mandiri AXA General Insurance has submitted the changes of the shareholder's composition to OJK and has been approved on December 12, 2018. Since the changed ownership of Bank Mandiri in MAGI became 20%, MAGI's financial statements was no longer consolidated to Bank Mandiri.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**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, S.H. 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.

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 OJK 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 (formerly PT Askes (Persero)) 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 S.H., 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.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

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

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 OJK 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.

Bank Mandiri acquired 80% of total shares issued by Inhealth amounted to Rp1,320,000. As of December 31, 2018 and 2017 goodwill each amounted to Rp268,181, respectively. The Bank periodically evaluates the impairment of goodwill in 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 OJK.

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, which 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.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Utama Finance (continued)**

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

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

Based on the Letter of Approval from the OJK 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 OJK 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%.

Based on the Letter of Approval from the OJK 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, OJK 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%, ASCO 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.

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**1. GENERAL INFORMATION (continued)**

**g. Subsidiaries (continued)**

**PT Mandiri Capital Indonesia (continued)**

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the OJK per its 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 OJK letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

Based on the Letter of Approval from the OJK 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 OJK 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 Rp100,000,000 (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%.

Based on the agreement letter from OJK 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 OJK 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%.

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**1. GENERAL INFORMATION (continued)**

**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, 2018 and 2017, Bank Mandiri's domestic and overseas offices are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Domestic regional offices	12	12
Domestic branches:		
Area	84	83
Community Branches	1,310	1,293
Mandiri Mitra Usaha offices	1,066	1,078
Cash Outlets	172	177
Total domestic branches	2,632	2,631
Overseas branches	6	6

As of December 31, 2018, 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.

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 Corporate Banking which consists of Large Corporate and Middle Corporate, Government Institutional, Treasury (Treasury, International Banking & Financial Institutions) and Retail banking which consists of Small & Medium Enterprise, Micro, Consumer Loans and Micro Development & Agent Banking.
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, Information Technology & Operation that supervises Operation, Compliance, Finance, Internal Audit and Corporate Transformation.
3. Small Business & Distribution are 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 and wealth management.

Bank Mandiri has made changes in its organizational structure which became effective on March 29, 2018, as stated in the Decree (SK) Board No. KEP.DIR/22/2018 dated March 29, 2018, 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.

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2018 and 2017, the members of Bank Mandiri's Boards of Commissioners are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Board of Commissioners</u>		
President Commissioner	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Deputy Chief Commissioner	: Imam Apriyanto Putro	Imam Apriyanto Putro
Independent Commissioner	: Goei Siau Hong	Goei Siau Hong
Independent Commissioner	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Independent Commissioner	: Makmur Keliat	Makmur Keliat
Commissioner	: Askolani	Askolani
Commissioner	: Ardan Adiperdana	Ardan Adiperdana
Commissioner	: R. Widyo Pramono	R. Widyo Pramono

As of December 31, 2018 and 2017, the members of Bank Mandiri's Board of Directors are as follows:

	<u>December 31, 2018</u>
<u>Board of Directors</u>	
President Director	: Kartika Wirjoatmodjo
Deputy of President Director	: Sulaiman Arif Arianto
Director of Corporate Banking	: Royke Tumilaar
Director of Micro Business and Networking	: Hery Gunardi
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology and Operation	: Rico Usthavia Frans
Director of Treasury and International Banking	: Darmawan Junaidi
Director of Government Institutional	: Alexandra Askandar
Director of Compliance	: Agus Dwi Handaya
Director of Finance	: Panji Irawan
Director of Retail Banking	: Donsuwan Simatupang

	<u>December 31, 2017</u>
<u>Board of Directors</u>	
President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director of Operations	: Ogi Prastomiyono <sup>1)</sup>
Director of Wholesale Banking	: Royke Tumilaar
Director of Distributions	: Hery Gunardi
Director of Retail Banking	: Tardi <sup>1)</sup>
Director of Risk Management & Compliance	: Ahmad Siddik Badruddin
Director of Institutional	: Kartini Sally <sup>1)</sup>
Director of Digital Banking & Technology	: Rico Usthavia Frans
Director of Treasury	: Darmawan Junaidi

<sup>1)</sup> The working period was ended effectively on March 21, 2018 in accordance to the decision of the Annual General Meeting of Shareholders of Bank Mandiri for 2017 on March 21, 2018.

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2018 and 2017, the members of Bank Mandiri's Audit Committee are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Makmur Keliat	Makmur Keliat
Member	: Budi Sulistio	Budi Sulistio
Member	: Bambang Ratmanto	Lista Irna

As of December 31, 2018 and 2017, Bank Mandiri's Remuneration and Nomination Committee consists of:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and member	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Askolani
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Ardan Adiperdana	Ardan Adiperdana
Member	: Makmur Keliat	Makmur Keliat
Member	: R. Widyo Pramono	R. Widyo Pramono
Secretary (ex-officio)	: Group Head Human Capital Service	SEVP Human Capital

As of December 31, 2018 and 2017, Bank Mandiri's Risk Oversight Committee consists of:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and Member	: Goei Siau Hong	Goei Siau Hong
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Ardan Adiperdana
Member	: R. Widyo Pramono	R. Widyo Pramono
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Lista Irna	Lista Irna

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**1. GENERAL INFORMATION (continued)**

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

As of December 31, 2018 and 2017, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2018	December 31, 2017
Chairman and Member	: Goei Siau Hong	Goei Siau Hong
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Askolani
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat	Makmur Keliat
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Budi Sulistio	-
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	: Ravik Karsidi (Mandiri Tunas Finance)	Ravik Karsidi (Mandiri Tunas Finance)
Member	: Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)	Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)
Member	: Mulya E. Siregar (Bank Syariah Mandiri)	Ramzi A. Zuhdi (Bank Syariah Mandiri)
Member	: M. Syafii Antonio (Bank Syariah Mandiri)	M. Syafii Antonio (Bank Syariah Mandiri)

As of December 31, 2018 and 2017, the Chairman of the Internal Audit of Bank Mandiri is Mustaslimah.

As of December 31, 2018 and 2017, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2018 and 2017 are 39,809 and 38,307 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 28, 2019.

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 Statements 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*", SFAS No. 111 "Accounting for *Wa'd*" 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**

On January 1, 2018, the Group adopted new and revised or amendment of financial accounting standards that are relevant to the Group's and are mandatory for application from that date:

- Amendments of SFAS No. 2: "Statement of Cash Flow regarding Disclosure Initiatives"
- Annual improvement of SFAS No. 15: "Investment in Associated Entities and Joint Ventures"
- Amendment of SFAS No. 46: "Recognition of Deferred Tax Assets for Unrealized Losses"
- Amendment of SFAS No. 53: "Classification and Measurement of Share-Based Payment Transactions"
- Annual improvement of SFAS No. 67: "Disclosure of Interest Other Entities"
- Annual improvement of SFAS No. 13: "Property Investment"
- SFAS No. 111: "Accounting for *Wa'd*"

The Group assessed that the adoption of these new and revised or amendment standards and interpretations which were effective from January 1, 2018 had no material impact to the Group's consolidated financial statements.

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

**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, sales of financial instruments and interest income from financial instruments are included directly in the consolidated statement of profit or loss and other comprehensive income which since January 1, 2018 recorded in "Trading income - net" prior recorded in "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments", "Gains/(losses) from sale of financial instruments", and "Interest income".

Presentation of consolidated financial statements as of and for the year ended December 31, 2017 has been reclassified to conform the presentation since January 1, 2018, refer to Note 66.

(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.

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

**c. Financial instruments (continued)**

**A. Financial assets (continued)**

(b) Loans and receivables (continued)

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

(c) 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 held 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

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.

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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)

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 repledged 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.

Since January 1, 2018, 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 as "Trading income - net" (prior recorded as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Interest expenses"). Furthermore, since January 1, 2018, interest expense for financial liability classified as trading are recorded as "Trading income - net" (prior recorded as "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.

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

**c. Financial instruments (continued)**

**B. Financial liabilities (continued)**

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

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Trading income - net" since January 1, 2018 (prior recorded as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments", "Gain/(loss) from sales of financial instrument" and "Interest Income"). The presentation of consolidated financial statements as of and for the year ended December 31, 2017 has been reclassified to conform with the presentation since January 1, 2018, refer to Note 66.

(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 agreements to repurchase 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.

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

**c. Financial instruments (continued)**

**C. Derecognition (continued)**

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.

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

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

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 (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 and <i>wadiah</i> demand deposits
			Saving deposits and <i>wadiah</i> saving deposits
			Time deposits
		Deposits from other banks	Demand deposits and <i>wadiah</i> demand deposits and saving deposits and <i>wadiah</i> saving deposits
			Interbank call money
			Time deposits
		Securities sold under agreements to repurchase	
		Acceptance payables	
		Debt 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			
Customers transaction			
Other liabilities for UPAS transaction			
Subordinated loans and marketable securities			
Hedge derivatives	Cash flow hedging	Derivative payables - cash flow hedge related	
Off-balance sheet accounts	Committed unused loan facilities		
	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 Substandard, Doubtful and Loss (non-performing loans) in accordance with 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 for the individually significant impaired financial asset, using discounted cash flows method.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, the 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) Large Corporate and Middle Corporate, as well as loans with GAS outside Large Corporate and Middle Corporate 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 assessment if one of the following conditions is met:

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

The Bank determines loans to be evaluated for impairment through collective assessment 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 loans 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 assessment 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 assessed 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 prior 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 Financial Services Authority Regulation ("POJK") No. 19/POJK.03/2018 dated September 20, 2018 on "Asset Quality Assessment for Sharia Commercial Banks and Business Units", and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy".

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned OJK's 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 debt 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.

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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)

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned OJK's Regulation are as follows (continued):

- 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*.

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.

The allowance for impairment on *murabahah* 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.

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

**c. Financial instruments (continued)**

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

(c) Financial guarantee contracts and commitments

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

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher 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**

Sukuk *mudharabah* issued is recognized at nominal. Transaction costs are recognised as deferred expense and presented as "Other asset" and amortized using straight-line following the period of sukuk *mudharabah*.

**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.

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.

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

**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.

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 when 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.

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

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

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, 2018 and 2017. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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, 2018</b>	<b>December 31, 2017</b>
Great Britain Poundsterling 1/Rp	18,311.50	18,325.62
European Euro 1/Rp	16,440.66	16,236.23
United Stated Dollar 1/Rp	14,380.00	13,567.50
Japanese Yen 100/Rp	13,062.00	12,052.00

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.

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

**f. Transactions with related parties**

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures" and Regulation of 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.
- 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 56.

**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.

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

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

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

#### The Minimum Statutory Reserve

Based on Bank Indonesia Regulation (PBI) No. 20/3/PBI/2018 regarding Statutory Reserves in Rupiah and Foreign Currencies for Conventional Commercial Banks, Sharia Commercial Banks and Sharia Business Units, Banks and Subsidiaries under Sharia Principle is required to maintain Minimum Statutory Reserves (GWM) at Bank Indonesia in Rupiah and Foreign Exchange.

GWM in Rupiah should be maintained of 6.50% of the Bank's Third Party Funds in Rupiah during certain period which should be maintained on daily of 4.5% and on average of 2%. The Subsidiaries's GWM in Rupiah under Sharia principle should be maintained of 5% of the Subsidiaries's Third Party Funds in Rupiah, during certain period should be maintained on daily of 3% and on average of 2%.

GWM in foreign currency should be maintained on average of 8% of the Bank's Third Party Funds in foreign currency, during a certain period which should be maintained on daily of 6% and on average of 2%. Subsidiaries's GWM in foreign currency under Sharia principle should be maintained 1% of the Subsidiaries's Third Party Funds in foreign currency.

Based on *Anggota Dewan Gubernur* Regulation (PADG) No. 20/30/PADG/2018 on the changes of its regulation No. 20/10/PADG/2018 on Minimum Statutory Reserve in Rupiah and foreign currency for Conventional Banking, Sharia Commercial Banks and Sharia Business Units, GWM for Conventional Banking should be maintained on daily of 6.5% of the Bank's Third Party Funds in Rupiah, during certain period should be maintained on daily of 3.5% and on average of 3% and GWM for Sharia Commercial Banks and Sharia Business Units in Rupiah should be maintained on 5% of the Bank and Unit's TPF in Rupiah during certain period should be maintained on daily of 2% and on average of 3%.

Based on PBI No. 20/4/PBI/2018 dated March 29, 2018, the term of Loan to Funding Ratio (LFR) changed to the Macroprudential Intermediation Ratio (RIM) and RIM Current Account with Bank Indonesia effective on July 16, 2018. the RIM is the additional reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia of certain percentage of Third Party Funds which resulted from the difference between RIM held and RIM targeted by Bank Indonesia. It's applied if the Bank's RIM is below the minimum RIM targeted by Bank Indonesia (80%) or if the Bank's RIM is above the RIM targeted by Bank Indonesia (92%) and the Capital Adequacy Ratio (CAR) is below Bank Indonesia requirement of 14%. The Macroprudential Liquidity Buffer (PLM) is the minimum reserves that should be maintained by the Conventional Banking in the form of marketable securities with certain requirement. The PLM minimum reserves stipulated in PBI No. 20/4/PBI/2018 of 4% of the Bank's Third Party Funds in Rupiah. PLM which comprised the marketable securities and sharia securities in Rupiah. PLM calculation stipulated on PBI No. 20/4/PBI/2018 Art 20 (3).

Based on Bank Indonesia Regulation (PBI) No. 15/15/PBI/2013 dated December 24, 2013 regarding the Bank's Minimum Statutory Reserves in Bank Indonesia in Rupiah and foreign currency which have been further amended with PBI No. 19/6/PBI/2017 dated April 17, 2017 regarding the fifth changes on PBI No. 15/15/PBI/2013. Minimum Statutory Reserves in Rupiah consist of Primary GWM, secondary GWM and GWM LFR.

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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)

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.

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.

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

**j. Marketable securities (continued)**

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.

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 agreements to resell 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 agreements to resell 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)**

**m. Securities purchased/sold under resale/repurchase agreements (continued)**

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

On January 1, 2018, the Subsidiaries recognized the reverse repo sharia in accordance to SFAS 111 regarding to "Accounting Wa'd" which applied prospectively. At initial recognition, Subsidiaries classified sharia securities as measured at fair value through other comprehensive income. Gains or losses arising from changes in fair value are recognized in other comprehensive income.

Prior January 1, 2018, securities purchased under agreements to resell presented as asset in the consolidated statement of financial position at the agreed purchase price and deferred income, deducted with the allowance for impairment losses, if any. At initial recognition the difference between the purchase price and resale price recognized as deferred income and amortised straight line as income over the period from initial purchasing up to resale.

**n. Derivative receivables and derivative payables**

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

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

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

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

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

**o. Loans and sharia loan/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.

*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* contract 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”.

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

### o. Loans and sharia loan/financing (continued)

*Murabahah* 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* 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* 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* are presented based on the outstanding billings less allowance for possible losses.

*Qardh* 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* 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* are stated at its outstanding balance less allowance for possible losses.

Loans and sharia loan/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.

#### 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.

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.

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

**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 bears credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

Joint financing receivables that are jointly financed with other parties, bears 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 finance leases**

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

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

**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.

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.

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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)**

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.

**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

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

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

**iii. Intangible assets (continued)**

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.

Temporary investment is written-off from the consolidated statement of financial position if it is more than 5 years in accordance to the 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.

Investments 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.

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

**v. Other assets**

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

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. Obligations due immediately**

Obligations due immediately are recorded at the time the obligations occurred from customer or other banks. Obligations 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 deposits 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 deposits and saving deposits earn bonus based on Subsidiary's policy. *Wadiah* saving and demand deposits are stated at the Subsidiary's liability amount.

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

**x. Deposits from customers (continued)**

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, interbank 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)).

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.

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

**z. Insurance contract (continued)**

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.

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.

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 presents separately reinsurance asset of future policy benefit liabilities, unearned premium, and estimated claim liabilities.

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.

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

**z. Insurance contract (continued)**

Liability for future policy benefits

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

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

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

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.

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

**aa. Debt securities issued**

Debt 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 debt securities issued.

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

**ab. Fund borrowings**

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

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

**ac. Subordinated loans and marketable securities**

Subordinated loans and marketable securities 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 and marketable securities.

Subordinated loans and marketable securities 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.

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

**ad. Income tax (continued)**

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.

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.

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

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

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

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

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

(i) Conventional

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

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and allocating 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.

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

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

(ii) Sharia income (continued)

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

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

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

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

Any payment from non performing debtors recognized is recognized as the repayment cost or loan/financing. Excess payment over the cost or loan/financing recognized as income when cash received. Especially for *Ijarah* transactions, any payment from non performing debtors recognized as the settlement.

(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.

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

**ag. Premium income and claims expenses (continued)**

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

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

**ah. Fees and commissions income**

Fees and commissions income and transaction 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.

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

**ai. Employee benefits (continued)**

**Pension liability (continued)**

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 discounting rate zero coupon bond 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.

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.

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

**aj. Earnings per share (continued)**

The weighted-average number of outstanding shares used in computing basic and diluted earnings per share as of December 31, 2018 and 2017 are 46,666,666,666 shares.

**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.

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, 2018 onwards presents in accordance to the Board of Directors Decree No. KEP.DIR/22/2018 dated March 29, 2018 on Organizational Structure, the operating segments are divided into the following business segments: Wholesale (Large Corporate and Middle Corporate), Institutional, Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; Subsidiary - Insurance and Other Subsidiaries.

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

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.

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### **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.

Allowance for impairment losses related to a specific counterparty as part of the entire allowance for impairment losses are established for receivables 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 considers of the financial condition of the counterparty and the net realizable value of the collateral received. Each impaired asset is evaluated, and its settlement 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 the impairments are exist within the portfolio, 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 and to determine the required input parameters which 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 limited available price, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks.

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

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

**c. Pension programs**

Pension programs are determined based on actuarial valuation. The actuarial valuation use assumptions such as discount rate, expected rate of return on investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 51). 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 which 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.

**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 utilised. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognised, based on utilisation 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.

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

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

**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:

**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.

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**4. CURRENT ACCOUNTS WITH BANK INDONESIA**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah	41,937,965	39,951,760
United States Dollar (Note 62B.(v))	17,914,796	10,236,358
	<b>59,852,761</b>	<b>50,188,118</b>

As of December 31, 2018 and 2017, 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 several times 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, and PBI No. 20/3/PBI/2018 dated March 29, 2018 and PADG No. 20/30/PADG/2018 dated November 30, 2018 which are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	6.50%
(i) Daily Minimum Statutory Reserve	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.00%	1.50%
- PLM (Secondary Minimum Statutory Reserve)	4.00%	4.00%
Foreign currencies	8.00%	8.00%
(i) Daily Minimum Statutory Reserve	6.00%	-
(ii) Average Minimum Statutory Reserve	2.00%	-

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the form of Current Accounts with Bank Indonesia. Macropudential Liquidity Reserve (PLM) is the minimum reserves that should be maintained by the Bank, in form of of Certificates of Bank Indonesia (Sertifikat Bank Indonesia (SBI)), Certificate of Bank Indonesia Deposit (Sertifikat Deposito Bank Indonesia (SDBI)), Treasury Bills (SBN), which is determined by Bank Indonesia percentage of third party funds (DPK). Micropudential Intermediation Ratio (RIM) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia at a certain percentage of third party fund calculated based on the difference between the Bank's RIM and the targeted RIM. RIM deposit is imposed if the Bank's RIM is below the minimum of RIM targeted by Bank Indonesia (80%) or if the Bank's RIM is above the maximum of RIM targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio (CAR) is below BI Incentive CAR's requirement of 14%.

RIM is the ratio of the results of the comparison between:

- a) Loans given to third parties in Rupiah and foreign currencies, and
- b) Corporate securities in Rupiah and foreign currencies owned by the Bank that meet certain requirement, to:
  - i. DPK Banks in the form of demand deposits, savings deposits and time deposits / deposits in rupiah and foreign currencies, excluding interbank funds; and
  - ii. Marketable Securities in rupiah and foreign currencies that meet certain requirements, issued by the Bank for funding sources

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

Based on PBI No.20/4/PBI/2018 dated March 29, 2018, the mention of the Loan to Funding Ratio (LFR) has changed to the Macroprudential Intermediation Ratio (RIM) and the RIM Demand Deposit requirement is effective on July 16, 2018.

As of December 31, 2018 and 2017, the Bank has fulfilled the ratio as mentioned above, the Statutory Reserves Ratio for Rupiah and foreign currencies accounts (Bank Mandiri only), are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah		
- Primary Minimum Statutory Reserve	6.92%	6.78%
(i) Daily Minimum Statutory Reserve	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.42%	1.78%
- PLM (Secondary Minimum Statutory Reserve)	10.14%	8.91%
Foreign currencies	8.10%	8.10%
(i) Daily Minimum Statutory Reserve	6.00%	-
(ii) Average Minimum Statutory Reserve	2.10%	-

**5. CURRENT ACCOUNTS WITH OTHER BANKS**

a. By currency, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Related parties (Note 56)	7,735	26,664
Third parties	258,361	1,608,469
Total	266,096	1,635,133
Foreign currencies:		
Related parties (Note 56)	741	869
Third parties	14,569,124	10,697,387
Total (Note 62B.(v))	14,569,865	10,698,256
Total	14,835,961	12,333,389
Less: Allowance for impairment losses	(5,189)	(3,442)
<b>Net</b>	<b>14,830,772</b>	<b>12,329,947</b>

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

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

b. By Bank Indonesia's collectibility:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Current	266,096	1,635,133
Foreign currencies:		
Current	14,566,391	10,694,825
Loss	3,474	3,431
Total (Note 62B.(v))	14,569,865	10,698,256
	14,835,961	12,333,389
Less: Allowance for impairment losses	(5,189)	(3,442)
	<b>14,830,772</b>	<b>12,329,947</b>

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah	0.01%	0.01%
Foreign currencies	1.04%	0.02%

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	3,442	3,049
Reversal/(allowance) during the year (Note 45)	1,703	(44)
Others <sup>1)</sup>	44	437
<b>Ending balance</b>	<b>5,189</b>	<b>3,442</b>

<sup>1)</sup> Including 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 62A.

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

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

December 31, 2018				
	Maturity	Current	Loss	Total
<b>Rupiah:</b>				
Bank Indonesia	< 1 month	6,980,573	-	6,980,573
Call money	< 1 month	4,520,000	-	4,520,000
	≥ 1 month ≤ 3 months	20,000	-	20,000
Time Deposits	< 1 month	1,081,040	-	1,081,040
	≥ 1 month ≤ 3 months	166,300	-	166,300
	> 3 months ≤ 6 months	100,500	-	100,500
	> 6 months ≤ 12 months	12,500	-	12,500
Total		12,880,913	-	12,880,913
<b>Foreign currencies:</b>				
Bank Indonesia	< 1 month	1,725,600	-	1,725,600
	≥ 1 month ≤ 3 months	2,157,000	-	2,157,000
Call money	< 1 month	2,486,302	-	2,486,302
	≥ 1 month ≤ 3 months	71,900	-	71,900
	> 12 months	-	49,204	49,204
Fixed Term Placement	< 1 month	2,133,436	-	2,133,436
	≥ 1 month ≤ 3 months	62,717	-	62,717
	> 3 months ≤ 6 months	203,189	-	203,189
	> 6 months ≤ 12 months	129,420	-	129,420
	> 12 months	-	1,134	1,134
Time Deposits	< 1 month	590,047	-	590,047
	> 12 months	75,172	-	75,172
Total (Note 62B.(v))		9,634,783	50,338	9,685,121
				22,566,034
Dikurangi: Allowance for impairment losses				(50,338)
<b>Net</b>				<b>22,515,696</b>

December 31, 2018				
	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 deposits	< 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
	> 12 months	124,890	-	124,890
Saving	no maturity	901	-	901
Total		29,808,667	-	29,808,667

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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, 2017			
		Maturity	Current	Loss	Total
<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 months		-	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 deposits	< 1 month		255,440	-	255,440
	> 1 month < 3 months		117,190	-	117,190
Total (Note 62B.(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>

b. By related parties and third parties:

	December 31, 2018	December 31, 2017
<b>Rupiah:</b>		
Related parties (Note 56)	255,000	751,020
Third parties	12,625,913	29,057,647
Total	12,880,913	29,808,667
<b>Foreign currencies:</b>		
Related parties (Note 56)	907,378	2,401,147
Third Parties	8,777,743	42,440,702
Total (Notes 62B.(v))	9,685,121	44,841,849
	22,566,034	74,650,516
Dikurangi: Allowance for impairment losses	(50,338)	(49,713)
<b>Net</b>	<b>22,515,696</b>	<b>74,600,803</b>

c. Average interest rate (yield) per annum:

	December 31, 2018	December 31, 2017
Rupiah	1.83%	2.38%
Foreign currencies	1.82%	1.09%

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

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	49,713	83,308
Allowance/(reversal) during the year (Note 45)	115	(53,290)
Others <sup>1)</sup>	510	19,695
<b>Balance at end of year</b>	<b>50,338</b>	<b>49,713</b>

<sup>1)</sup> Including 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 62A.
- 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, interbank call money and L/C UPAS payable of the Subsidiary to the financial institution, the balance of Bank Mandiri’s placement with the financial institution (in liquidation) as of December 31, 2018 and 2017 were EUR3,061,829 (full amount), respectively. As of December 31, 2018 and 2017, Bank Mandiri has established full allowance for impairment losses on the remaining outstanding balance of placement with the financial institution.
- g. As of December 31, 2018, placements with a balance of USD5,227,520.08 (full amount) (December 31, 2017: USDNil) guaranteed for loan facilities received from other banks (Note 36c and 36e).

**7. MARKETABLE SECURITIES**

a. By purpose, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<u>Marketable securities</u>		
Related parties (Note 56):		
Fair value through profit or loss	119,807	1,834,067
Available for sale	8,422,061	8,221,431
Held to maturity	3,802,269	2,116,345
At cost <sup>1)</sup>	1,104,833	632,808
	<b>13,448,970</b>	<b>12,804,651</b>

<sup>1)</sup> Marketable securities owned by Subsidiary.

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

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2018	December 31, 2017
<u>Marketable securities (continued)</u>		
Third parties:		
Fair value through profit or loss	3,627,578	1,674,105
Available for sale	21,616,313	17,335,737
Held to maturity	4,152,400	6,146,605
At cost <sup>1)</sup>	1,552,166	518,153
	<u>30,948,457</u>	<u>25,674,600</u>
<u>Investments in unit-link contracts <sup>**)</sup></u>		
Related parties (Note 56):		
Fair value through profit or loss	8,113,830	7,970,812
Third parties:		
Fair value through profit or loss	11,621,419	13,109,989
<b>Total</b>	<u>64,132,676</u>	<u>59,560,052</u>
Less:		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	<u>(296,776)</u>	<u>78,271</u>
<b>Net</b>	<u><b>63,835,900</b></u>	<u><b>59,638,323</b></u>

<sup>1)</sup> Marketable securities owned by Subsidiary.

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

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**7. MARKETABLE SECURITIES (continued)**

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

December 31, 2018							
	Cost/ nominal value/ fair value <sup>1)</sup>	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost <sup>2)</sup>			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	245,745	-	518	241,305	4,958	-	246,263
Investments in mutual fund units	381,993	-	-	381,993	-	-	381,993
Certificates of Bank Indonesia	187,222	-	3,005	190,227	-	-	190,227
Shares	207,401	-	-	207,401	-	-	207,401
	<u>1,022,361</u>	-	<u>3,523</u>	<u>1,020,926</u>	<u>4,958</u>	-	<u>1,025,884</u>
<u>Investments in unit-link contracts <sup>3)</sup></u>							
Shares	19,407,553	-	-	19,407,553	-	-	19,407,553
Investments in mutual fund units	317,811	-	-	317,811	-	-	317,811
Bonds	9,885	-	-	9,885	-	-	9,885
	<u>19,735,249</u>	-	-	<u>19,735,249</u>	-	-	<u>19,735,249</u>
	<u>20,757,610</u>	-	<u>3,523</u>	<u>20,756,175</u>	<u>4,958</u>	-	<u>20,761,133</u>
Available for sale							
Investments in mutual fund units	9,918,487	-	56,849	9,975,336	-	-	9,975,336
Bonds	6,459,498	-	(80,479)	6,379,019	-	-	6,379,019
Certificates of Bank Indonesia	719,537	-	(854)	718,683	-	-	718,683
Negotiable Certificate of Deposit	521,612	-	393	522,005	-	-	522,005
Medium term notes	45,000	-	(4)	44,996	-	-	44,996
	<u>17,664,134</u>	-	<u>(24,095)</u>	<u>17,640,039</u>	-	-	<u>17,640,039</u>
Held to maturity							
Bonds	4,528,115	(3)	-	4,528,112	-	-	4,528,112
Export bills	1,318,185	-	-	1,318,185	-	-	1,318,185
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>6,091,300</u>	<u>(3)</u>	-	<u>6,091,297</u>	-	-	<u>6,091,297</u>
At cost <sup>4)</sup>							
Sharia Corporate bonds	2,528,000	-	-	2,528,000	-	-	2,528,000
Export bills	128,999	-	-	128,999	-	-	128,999
	<u>2,656,999</u>	-	-	<u>2,656,999</u>	-	-	<u>2,656,999</u>
<b>Total</b>	<b>47,170,043</b>	<b>(3)</b>	<b>(20,572)</b>	<b>47,144,510</b>	<b>4,958</b>	<b>-</b>	<b>47,149,468</b>
Foreign currencies:							
Fair value through profit or loss							
Bonds	768,832	-	7,603	776,435	-	-	776,435
Treasury bills	594,836	-	2,856	597,692	-	-	597,692
Certificates of Bank Indonesia	1,361,356	-	7,438	1,368,794	-	-	1,368,794
	<u>2,725,024</u>	-	<u>17,897</u>	<u>2,742,921</u>	-	-	<u>2,742,921</u>
Available for sale							
Bonds	4,819,474	-	(173,006)	4,646,468	-	-	4,646,468
Treasury bills	2,370,483	-	(29,011)	2,341,472	-	-	2,341,472
Certificates of Bank Indonesia	1,855,861	-	(5,840)	1,850,021	-	-	1,850,021
Investment in the mutual fund units	3,328,422	-	13,983	3,342,405	-	-	3,342,405
	<u>12,374,240</u>	-	<u>(193,874)</u>	<u>12,180,366</u>	-	-	<u>12,180,366</u>
Held to maturity							
Bonds	301,980	(3,650)	-	298,330	-	-	298,330
Export bills	1,561,389	-	-	1,561,389	-	-	1,561,389
	<u>1,863,369</u>	<u>(3,650)</u>	-	<u>1,859,719</u>	-	-	<u>1,859,719</u>
<b>Total (Note 62B.(v))</b>	<b>16,962,633</b>	<b>(3,650)</b>	<b>(175,977)</b>	<b>16,783,006</b>	<b>-</b>	<b>-</b>	<b>16,783,006</b>
	<u>64,132,676</u>	<u>(3,653)</u>	<u>(196,549)</u>	<u>63,927,516</u>	<u>4,958</u>	<u>-</u>	<u>63,932,474</u>
Less: Allowance for impairment losses							(96,574)
<b>Net</b>							<b>63,835,900</b>

<sup>1)</sup> 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.

<sup>2)</sup> Held to maturity securities are presented at amortised cost.

<sup>3)</sup> 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, 2017						
	Cost/ nominal value/ fair value <sup>1)</sup>	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost <sup>2)</sup>			
				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 <sup>3)</sup></u>							
Shares	20,783,990	-	-	20,783,990	-	-	20,783,990
Investments in mutual fund units	262,331	-	-	262,331	-	-	262,331
Bonds	34,480	-	-	34,480	-	-	34,480
	<u>21,080,801</u>	<u>-</u>	<u>-</u>	<u>21,080,801</u>	<u>-</u>	<u>-</u>	<u>21,080,801</u>
	<u>23,852,666</u>	<u>-</u>	<u>17,960</u>	<u>23,865,626</u>	<u>5,000</u>	<u>-</u>	<u>23,870,626</u>
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 <sup>4)</sup>							
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>
<b>Total</b>	<b><u>45,472,975</u></b>	<b><u>(7,771)</u></b>	<b><u>123,126</u></b>	<b><u>45,583,330</u></b>	<b><u>5,000</u></b>	<b><u>-</u></b>	<b><u>45,588,330</u></b>
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>
<b>Total (Note 62B.(v))</b>	<b><u>14,087,077</u></b>	<b><u>(1,534)</u></b>	<b><u>46,184</u></b>	<b><u>14,131,727</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>14,131,727</u></b>
	<u>59,560,052</u>	<u>(9,305)</u>	<u>169,310</u>	<u>59,715,057</u>	<u>5,000</u>	<u>-</u>	<u>59,720,057</u>
Less: Allowance for impairment losses							(81,734)
<b>Net</b>							<b><u>59,638,323</u></b>

<sup>1)</sup> 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.

<sup>2)</sup> Held to maturity securities are presented at amortised cost.

<sup>3)</sup> Marketable securities owned by Subsidiary.

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**7. MARKETABLE SECURITIES (continued)**

c. By remaining period to maturity:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<u>Marketable securities</u>		
Rupiah:		
No maturity date	729,742	1,576,834
< 1 year	13,612,063	8,127,491
> 1 < 5 years	10,245,088	13,583,882
> 5 <10 years	2,847,901	1,103,967
<b>Total</b>	<b>27,434,794</b>	<b>24,392,174</b>
Foreign currencies:		
No maturity date	287,310	-
< 1 year	6,918,008	7,725,992
> 1 < 5 years	6,762,609	2,483,729
> 5 < 10 years	2,988,689	3,877,356
> 10 years	6,017	-
<b>Total</b>	<b>16,962,633</b>	<b>14,087,077</b>
<u>Investments in unit-link<sup>*)</sup></u>		
Rupiah:		
No maturity date	19,725,364	21,046,321
< 1 year	9,885	34,480
<b>Total</b>	<b>19,735,249</b>	<b>21,080,801</b>
<b>Less:</b>		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	<b>(296,776)</b>	<b>78,271</b>
<b>Net</b>	<b>63,835,900</b>	<b>59,638,323</b>

<sup>\*)</sup> 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, 2018</b>	<b>December 31, 2017</b>
<u>Marketable securities</u>		
Corporate	27,286,754	21,482,803
Banks	8,563,445	5,814,264
Central Bank	4,718,811	7,938,652
Government	3,828,417	3,243,532
	<b>44,397,427</b>	<b>38,479,251</b>

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**7. MARKETABLE SECURITIES (continued)**

d. By issuer (continued):

	December 31, 2018	December 31, 2017
<u>Investments in unit-link contracts <sup>*)</sup></u>		
Corporate	13,492,055	14,685,867
Bank	6,243,194	6,394,934
	<u>19,735,249</u>	<u>21,080,801</u>
<b>Total</b>	<b><u>64,132,676</u></b>	<b><u>59,560,052</u></b>
<b>Less:</b>		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	<u>(296,776)</u>	<u>78,271</u>
<b>Net</b>	<b><u>63,835,900</u></b>	<b><u>59,638,323</u></b>

<sup>\*)</sup> 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 <sup>*)</sup>		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Rupiah</b>					
<b>Fair value through profit or loss</b>					
<u>Marketable securities</u>					
Bonds					
State Treasury Notes <sup>**)</sup>	-	-	-	216,760	1,258,471
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	-	idAAA	-	41,341
PT Federal International Finance	Pefindo	-	idAAA	-	25,661
PT Adira Dinamika Multifinance Tbk.	Pefindo	-	idAAA	-	7,209
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAAA	-	20,851
PT Bank OCBC NISP Tbk.	Pefindo	-	idAAA	-	5,089
Others	Various	Various	Various	29,503	267,505
				<u>246,263</u>	<u>1,626,127</u>

<sup>\*)</sup> 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.

<sup>\*\*) Has no rating.</sup>

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**7. MARKETABLE SECURITIES (continued)**

e. Details of bonds by rating (continued):

	Rating Agencies	Rating <sup>1)</sup>		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Rupiah (continued)</b>					
<b>Fair value through profit or loss (continued)</b>					
<u>Investments in unit-link<sup>***)</sup></u>					
PT Surya Artha Nusantara Finance	Pefindo	idAA-	-	4,623	-
Others	Various	Various	Various	5,262	34,480
				9,885	34,480
				256,148	1,660,607
<b>Available for sale</b>					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Indofood Sukses Makmur Tbk.	Pefindo	-	idAA+	-	10,447
PT Telekomunikasi Indonesia Tbk.	Pefindo	idAAA	idAAA	293,205	260,825
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	216,133	213,642
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	155,802	158,882
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	380,036	175,733
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa3	695,735	366,081
PT Bank Tabungan Negara (Persero) Tbk.	Moody's	Baa2	Baa3	700,822	463,545
PT Utama Karya (Persero)	Pefindo	idAAA	idA-	308,756	326,844
Perum Pegadaian	Pefindo	idAAA	idAAA	233,941	264,917
Others	Various	Various	Various	3,394,589	1,922,289
				6,379,019	4,163,205
<b>Held to maturity</b>					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Utama Karya (Persero)	Pefindo	idAAA	idA-	650,000	650,000
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	105,000	-
PT Tunas Baru Lampung Tbk.	Pefindo	idBBB	-	426,000	-
PT Surya Artha Nusantara Finance	Pefindo	-	idAA-	-	300,000
Jakarta Lingkar Barat	Pefindo	idA+	-	460,000	-
PT Mayora Indah Tbk.	Pefindo	idAA	idAA	74,000	74,000
Others	Various	Various	Various	2,813,112	1,325,201
				4,528,112	2,349,201
<b>At cost<sup>**)</sup></b>					
<u>Marketable securities</u>					
<u>Sharia Corporate Bonds</u>					
PT Perusahaan Listrik Negara (Persero)	Pefindo	-	idAAA	-	200,000
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA(sy)	idAAA(sy)	300,000	300,000
PT Indosat Tbk.	Pefindo	idAAA(sy)	idAAA(sy)	185,000	185,000
Others	Various	Various	Various	2,043,000	436,000
				2,528,000	1,121,000
<b>Total</b>				<b>13,691,279</b>	<b>9,294,013</b>

<sup>1)</sup> 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.

<sup>\*\*)</sup> Marketable securities owned by Subsidiary.

<sup>\*\*\*)</sup> 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 <sup>1)</sup>		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Foreign currencies</b>					
<b>Fair value through profit and loss</b>					
<b>Marketable Securities</b>					
<b>Bonds</b>					
Agricultural Bank of China, HK	Moody's	A2	A2	143,128	135,672
Bank of East Asia Limited	Moody's	Ba2 <sub>(hyb)</sub>	-	430,538	-
Others	Various	Various	-	202,769	-
				776,435	135,672
<b>Available for sale</b>					
<b>Marketable securities</b>					
<b>Bonds</b>					
PT Pertamina (Persero)	Moody's	Baa2	Baa3	3,671,069	3,678,954
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	591,512	501,657
Bank of China	Fitch	A- (Idn)	A- (Idn)	42,643	135,088
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa3	213,543	122,123
Others	Various	Various	Various	127,701	54,809
				4,646,468	4,492,631
<b>Held to maturity</b>					
<b>Marketable securities</b>					
<b>Bonds</b>					
PT Pelindo (Persero)	Moody's	Baa2	Baa3	69,618	65,337
PT Soechi Lines Tbk	Moody's	Baa3	Baa3	71,900	135,675
PT Pertamina (Persero)	Moody's	Baa2	Baa3	43,944	41,668
Others	Various	Various	Various	112,868	67,839
				298,330	310,519
<b>Total</b>				<b>5,721,233</b>	<b>4,938,822</b>

<sup>1)</sup> 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.

f. Average interest rate (yield) per annum:

	December 31, 2018	December 31, 2017
Rupiah	7.34%	9.01%
Foreign currencies	5.36%	3.47%

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

	December 31, 2018	December 31, 2017
Beginning balance	81,734	238,944
Allowance during the year (Note 45)	20,263	8,420
Write-offs	-	(137,000)
Others <sup>1)</sup>	(5,423)	(28,630)
<b>Balance at end of year</b>	<b>96,574</b>	<b>81,734</b>

<sup>1)</sup> Including effect of foreign currency 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 62A.

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**7. MARKETABLE SECURITIES (continued)**

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

	December 31, 2018	December 31, 2017
Mutual Fund Syailendra USD 3	2,561,727	-
Protected Mutual Fund BNP Paribas Selaras IV	2,512,978	2,510,237
Protected Mutual Fund Schroder IDR Income Plan I	1,005,116	1,004,018
Protected Mutual Fund Manulife Dana Utama	1,000,876	1,000,238
Protected Mutual Fund Emco VII	905,172	903,789
Mutual Fund Trimegah VI	786,565	-
Mutual Fund Syailendra USD 2	780,678	733,394
Protected Mutual Fund Trimegah I	656,657	655,022
Protected Mutual Fund Schroder IDR Income Plan II	656,188	654,862
Protected Mutual Fund Emco VIII	603,493	602,719
Protected Mutual Fund Emco XVI	484,772	-
Protected Mutual Fund Emco XI	456,894	-
Protected Mutual Fund Trimegah IV	227,131	225,990
Mutual Fund Indopremier XI	225,825	225,470
Protected Mutual Fund Trimegah II	197,040	196,475
Protected Mutual Fund SAM Sejahtera 3	136,099	-
Protected Mutual Fund Emco	-	412,161
Protected Mutual Fund Sucorinvest Protection 23	-	197,568
	<b>13,197,211</b>	<b>9,321,943</b>

- j. As of December 31, 2018, marketable securities with total nominal amount of Rp359,500 (December 31, 2017: Rp420,591) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2018, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2017: USD65,000,000 (full amount)) are being pledged as collateral for funds borrowing from other banks (Note 36c).

**8. GOVERNMENT BONDS**

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2018 and 2017, with details as follows:

	December 31, 2018	December 31, 2017
Related party (Note 56)		
<u>Government bonds</u>		
Fair value through profit or loss	3,372,637	2,183,356
Available for sale <sup>***)</sup>	78,265,244	89,073,724
Held to maturity	17,977,222	2,585,950
At cost <sup>*)</sup>	13,468,806	8,262,937
<u>Investments in unit-link contracts <sup>**)</sup></u>		
Fair value through profit or loss	1,200,609	1,305,221
	<b>114,284,518</b>	<b>103,411,188</b>

<sup>\*)</sup> Government bonds owned by Subsidiary.

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

<sup>\*\*\*)</sup> 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, 2018	December 31, 2017
<b>Rupiah</b>		
<b>Fair value through profit or loss</b>		
<u>Government bonds</u>		
Less than 1 year	527,768	52,129
1 - 5 years	483,099	380,830
5 - 10 years	1,730,859	930,280
Over 10 years	538,044	408,294
	<u>3,279,770</u>	<u>1,771,533</u>
<u>Investments in unit-link **)</u>		
Less than 1 year	486,722	162,620
1 - 5 years	137,027	139,777
5 - 10 years	416,132	427,886
Over 10 years	160,728	574,938
	<u>1,200,609</u>	<u>1,305,221</u>
	<u>4,480,379</u>	<u>3,076,754</u>
<b>Available for sale****)</b>		
Less than 1 year	15,060,493	11,138,974
1 - 5 years	28,907,326	39,734,215
5 - 10 years	9,974,175	9,670,265
Over 10 years	2,912,801	5,460,700
	<u>56,854,795</u>	<u>66,004,154</u>
<b>Held to maturity</b>		
Less than 1 year	95,205	58,547
1 - 5 years	15,270,849	25,055
5 - 10 years	293,456	133,387
Over 10 years	124,003	256,911
	<u>15,783,513</u>	<u>473,900</u>
<b>At cost*)</b>		
Less than 1 year	7,198,947	3,868,179
1 - 5 years	6,125,245	4,254,474
	<u>13,324,192</u>	<u>8,122,653</u>
<b>Total</b>	<u><u>90,442,879</u></u>	<u><u>77,677,461</u></u>

\*) 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, 2018	December 31, 2017
<b><u>Foreign currencies</u></b>		
<b>Fair value through profit or loss</b>		
1 - 5 years	15,398	34,953
5 - 10 years	39,563	303,591
Over 10 years	37,906	73,279
	<u>92,867</u>	<u>411,823</u>
<b>Available for sale</b>		
Less than 1 year	2,803,201	161,735
1 - 5 years	11,240,079	12,743,703
5 - 10 Years	7,338,016	9,346,317
Over 10 years	29,153	817,815
	<u>21,410,449</u>	<u>23,069,570</u>
<b>Held to maturity</b>		
1 - 5 years	1,382,155	977,963
5 - 10 years	811,554	1,134,087
	<u>2,193,709</u>	<u>2,112,050</u>
<b>At cost<sup>1)</sup></b>		
Less than 1 year	144,614	-
1 - 5 years	-	140,284
	<u>144,614</u>	<u>140,284</u>
Total (Note 62B.(v))	<u>23,841,639</u>	<u>25,733,727</u>
	<b><u>114,284,518</u></b>	<b><u>103,411,188</u></b>

<sup>1)</sup> Government bonds owned by Subsidiary.

b. By type

	December 31, 2018				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b><u>Rupiah</u></b>					
<b>Fair value through profit or loss</b>					
<b><u>Government bonds</u></b>					
Fixed rate bonds	<u>3,255,785</u>	5.45% - 12.90%	<u>3,279,770</u>	10/03/2019 - 15/05/2048	1 and 6 months
<b><u>Investments in unit-link contracts <sup>*)</sup></u></b>					
Fixed rate bonds	<u>1,200,609</u>	5.45% - 11.00%	<u>1,200,609</u>	04/01/2019 - 15/05/2038	1 and 6 months

<sup>\*)</sup> 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, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<b>Rupiah (continued)</b>					
<b>Available for sale<sup>*)</sup></b>					
Fixed rate bonds	33,886,453	5.45% - 12.90%	33,602,793	10/03/2019 - 15/02/2044	1 and 6 months
Variable rate bonds	23,427,461	SPN 3 months	23,252,004	25/08/2019 - 25/07/2020	3 months
	<b>57,313,914</b>		<b>56,854,797</b>		

December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
<b>Held to maturity</b>					
Fixed rate bonds	16,700,803	5.45% - 11.75%	15/04/2019 - 15/05/2037	6 months	
<b>At cost<sup>*)</sup></b>					
Fixed rate bonds	13,337,979	5.45% - 8.63%	04/01/2019 - 15/1/2022	1 and 6 months	

December 31, 2018					
	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	94,836	3.38% - 6.75%	92,867	29/03/2021 - 11/02/2049	6 months
<b>Available for sale</b>					
Fixed rate bonds	21,423,890	0.65% - 11.63%	21,410,449	04/03/2019 - 24/04/2028	6,8 and 12 months

December 31, 2018					
	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	2,159,373	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months	
<b>At cost<sup>*)</sup></b>					
Fixed rate bonds	144,614	6.13%	15/03/2019	6 months	

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

<sup>\*\*\*\*)</sup> 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, 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>					
<u>Government bonds</u>					
Fixed rate bonds	1,605,714	5.25%- 12.90%	1,771,533	25/01/2018 - 15/05/2048	1 and 6 months
<u>Investments in unit-link contracts<sup>1)</sup></u>					
Fixed rate bonds	1,305,221	5.25% - 11.00%	1,305,221	04/01/2018 - 15/05/2038	1 and 6 months
<b>Rupiah (continued)</b>					
<b>Available for sale<sup>2)</sup></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
	<u>63,726,803</u>		<u>66,004,154</u>		

December 31, 2017					
	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	473,900	5.63% - 11.75%	15/09/2018 - 15/05/2037	6 months	
<b>At cost<sup>3)</sup></b>					
Fixed rate bonds	8,122,653	6.25% - 8.63%	05/01/2018 - 15/09/2020	1 month and 6 months	

<sup>1)</sup> Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

<sup>2)</sup> Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

<sup>3)</sup> 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, 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>					
<u>Government bonds</u>					
Fixed rate bonds	<u>408,533</u>	2.25% - 7.75%	<u>411,823</u>	15/03/2019 - 11/01/2048	6 months
<b>Available for sale</b>					
Fixed rate bonds	<u>21,824,443</u>	0.65% - 11.63%	<u>23,069,570</u>	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	<u>2,112,050</u>	0.90% - 5.88%	26/04/2020 - 08/01/2026		6 months
<b>At cost<sup>1)</sup></b>					
Fixed rate bonds	<u>140,284</u>	6.13%	15/03/2019		6 months

c. Other information

As of December 31, 2018, Government Bonds with total nominal amount of Rp17,593,546 were sold under repurchase agreements (December 31, 2017: Rp3,742,551) (Note 28).

As of December 31, 2018, Government Bonds with total nominal amount of Rp944,322 and USD356,795,000 (full amount) (December 31, 2017: Rp944,322 and USD356,795,000 (full amount)) are being pledged as collateral for fund borrowings from other banks (Note 36c).

As of December 31, 2018 and 2017, Bank Indonesia's collectibility for government bonds are current.

<sup>1)</sup> Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

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**9. OTHER RECEIVABLES - TRADE TRANSACTIONS**

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Related parties (Note 56)		
Usance L/C payable at sight	319,854	1,276,347
Others	9,928,956	8,255,790
	<u>10,248,810</u>	<u>9,532,137</u>
Third parties		
Usance L/C payable at sight	1,251,371	926,575
Others	5,373,616	5,456,673
	<u>6,624,987</u>	<u>6,383,248</u>
Total	<u>16,873,797</u>	<u>15,915,385</u>
Foreign currencies:		
Related parties (Note 56)		
Usance L/C payable at sight	468,622	534,782
Others	6,652	450,668
	<u>475,274</u>	<u>985,450</u>
Third parties		
Usance L/C payable at sight	2,678,664	2,720,441
Others	6,385,322	5,818,201
	<u>9,063,986</u>	<u>8,538,642</u>
Total (Note 62B.(v))	<u>9,539,260</u>	<u>9,524,092</u>
	<u>26,413,057</u>	<u>25,439,477</u>
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
<b>Net</b>	<b><u>24,809,459</u></b>	<b><u>24,090,128</u></b>

b. By Bank Indonesia's collectibility:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Current	25,086,403	24,062,284
Special mention	137,627	241,666
Doubtful	-	2,322
Loss	1,189,027	1,133,205
	<u>26,413,057</u>	<u>25,439,477</u>
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
<b>Net</b>	<b><u>24,809,459</u></b>	<b><u>24,090,128</u></b>

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

c. By maturity:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Less than 1 month	3,994,285	6,068,662
1 - 3 months	5,904,816	6,148,258
3 - 6 months	5,205,590	3,308,151
6 - 12 months	1,495,306	244,370
Over 12 months	273,800	145,944
<b>Total</b>	<b>16,873,797</b>	<b>15,915,385</b>
Foreign currencies:		
Less than 1 month	1,679,594	1,900,057
1 - 3 months	4,005,307	3,351,420
3 - 6 months	2,855,355	2,812,789
6 - 12 months	-	517,268
Over 12 months	999,004	942,558
<b>Total (Note 62B.(v))</b>	<b>9,539,260</b>	<b>9,524,092</b>
	26,413,057	25,439,477
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
<b>Net</b>	<b>24,809,459</b>	<b>24,090,128</b>

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	1,349,349	1,756,847
Allowance/(reversal) during the year (Note 45)	178,324	(425,563)
Others <sup>1)</sup>	75,925	18,065
<b>Balance at end of year</b>	<b>1,603,598</b>	<b>1,349,349</b>

<sup>1)</sup> Including effect of foreign currency 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 62A.

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**10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL**

a. Securities purchased under agreements to resell

Type of securities	December 31, 2018				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Bond FR0075	21/12/2018	04/01/2019	505,245	295	504,950
Bond FR0064	26/12/2018	09/01/2019	502,119	779	501,340
Bond FR0070	20/12/2018	03/01/2019	458,372	184	458,188
Bond FR0040	19/12/2018	02/01/2019	168,370	29	168,341
Bond FR0047	21/12/2018	04/01/2019	164,722	85	164,637
Bond IDSD280619361S	05/12/2018	07/01/2019	87,608	105	87,503
Bond FR0064	27/07/2018	25/01/2019	87,807	340	87,467
Shares	31/08/2018	27/02/2019	52,050	36	52,014
Bond FR0071	19/12/2018	16/01/2019	51,155	135	51,020
Shares	19/02/2018	19/02/2019	22,194	25	22,169
<b>Total</b>			<b>2,099,642</b>	<b>2,013</b>	<b>2,097,629</b>

Type of securities	December 31, 2017				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
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. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	2,097,629	2,629,315

As of December 31, 2018 and 2017, there was no impairment therefore the allowance for impairment losses on securities purchased under agreements to resell was not provided.

c. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

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

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**11. DERIVATIVE RECEIVABLES AND PAYABLES**

As of December 31, 2018, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Related parties (Note 56)</b>			
<u>Foreign currencies related</u>			
1. Forward - sell United States Dollar	5,279,020	78,593	-
2. Swap - buy United States Dollar	307,460	-	19,126
3. Swap - sell United States Dollar	3,347,330	38,521	-
<u>Interest rate related</u>			
1. Swap - interest rate United States Dollar		32,718	-
Total related parties		149,832	19,126
<b>Third parties</b>			
<u>Foreign currencies related</u>			
1. Forward - buy United States Dollar Others	8,629,804 1,441,671	224 5,550	110,197 7,450
2. Forward - sell United States Dollar Others	6,857,148 36,885	116,081 527	1,926 25
3. Swap - buy United States Dollar Other	10,126,846 413,134	2,008 1,487	150,581 151
4. Swap - sell United States Dollar Others	58,581,199 5,256,413	780,903 2,133	86,955 6,696
5. Option - buy United States Dollar		61,176	52,033
6. Option - sell United States Dollar Others		7,752 64,768	- -
<u>Interest rate related</u>			
1. Swap - interest rate United States Dollar Others		421,324 184,792	181,154 501,383
Total third parties		1,648,725	1,098,551
<b>Total</b>		<b>1,798,557</b>	<b>1,117,677</b>

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

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

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
<b>Related parties (Note 56)</b>			
<u>Foreign currencies 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	-	3,213	-
Others	-	-	6,216
<u>Interest rate related</u>			
1. Swap - interest rate Others		-	6,007
Total related parties		23,824	16,582
<b>Third parties</b>			
<u>Foreign currencies 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	-	477,212	425,484
Total third parties		793,468	628,383
<b>Total</b>		<b>817,292</b>	<b>644,965</b>

As of December 31, 2018 and 2017, the Subsidiary has cross currency and interest rate swap contract which meet the criteria and effectively applied as cashflow hedge. The losses from fair value changes related to effective portion of cashflow hedge are recognized as other comprehensive income.

As of December 31, 2018 and 2017, Bank Indonesia's collectibility for derivative receivables is current.

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

A. Details of loans and sharia loan/financing:

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	114,429,946	90,072,204
Third parties	549,997,225	512,095,941
<b>Total</b>	<b>664,427,171</b>	<b>602,168,145</b>
Foreign currencies:		
Related parties (Note 56)	46,299,756	23,539,208
Third parties	88,830,261	86,330,512
<b>Total (Note 62B.(v))</b>	<b>135,130,017</b>	<b>109,869,720</b>
	799,557,188	712,037,865
Less: Allowance for impairment losses	(31,796,093)	(33,745,345)
<b>Net</b>	<b>767,761,095</b>	<b>678,292,520</b>

b.1 By type:

	December 31, 2018		
	Non-impaired <sup>*)</sup>	Impaired <sup>*)</sup>	Total
Rupiah:			
Working capital	233,360,288	31,657,758	265,018,046
Consumer	177,409,563	3,790,506	181,200,069
Investment	131,313,323	18,155,276	149,468,599
Syndicated	25,307,327	1,476,315	26,783,642
Government Program	23,066,410	207,169	23,273,579
Employees	11,712,249	147,632	11,859,881
Export	6,093,271	730,084	6,823,355
<b>Total</b>	<b>608,262,431</b>	<b>56,164,740</b>	<b>664,427,171</b>
Foreign currencies:			
Investment	41,413,074	5,996,633	47,409,707
Working capital	32,111,701	5,960,198	38,071,899
Syndicated	19,856,732	4,796,171	24,652,903
Export	23,159,700	1,214,746	24,374,446
Consumer	620,379	-	620,379
Government Program	683	-	683
<b>Total (Catatan 62B.(v))</b>	<b>117,162,269</b>	<b>17,967,748</b>	<b>135,130,017</b>
	725,424,700	74,132,488 <sup>1)</sup>	799,557,188
Less: Allowance for impairment losses	(6,371,943)	(25,424,150) <sup>2)</sup>	(31,796,093)
<b>Net</b>	<b>719,052,757</b>	<b>48,708,338<sup>3)</sup></b>	<b>767,761,095</b>

<sup>\*)</sup> Included in "impaired portfolio" are (i) loans classified as substandard, 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)).

<sup>\*\*)</sup> 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).

<sup>1)</sup> Loans evaluated by using individual and collective assessment are amounting to Rp58,027,272 and Rp16,105,216, respectively.

<sup>2)</sup> Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp22,645,180 and Rp2,778,970, respectively.

<sup>3)</sup> Loans - net evaluated by using individual and collective assessment are amounting to Rp35,382,092 and Rp13,326,246, respectively.

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

A. Details of loans and sharia loan financing:

b.1 By type (continued):

	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
<b>Total</b>	<b>548,380,157</b>	<b>53,787,988</b>	<b>602,168,145</b>
Foreign currencies:			
Investment	42,036,195	6,314,678	48,350,873
Working capital	21,584,261	6,246,397	27,830,658
Syndicated	21,930,718	4,859,111	26,789,829
Export	4,606,960	1,893,195	6,500,155
Consumer	397,904	-	397,904
Employees	301	-	301
<b>Total (Note 62B.(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 substandard, 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.

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

	December 31, 2018					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	238,146,500	13,044,574	2,707,959	1,169,522	9,949,491	265,018,046
Consumer	170,373,712	8,113,075	568,210	620,413	1,524,659	181,200,069
Investment	140,632,728	4,888,739	850,925	253,477	2,842,730	149,468,599
Syndicated	26,713,803	69,839	-	-	-	26,783,642
Government program	22,538,372	550,225	38,778	51,271	94,933	23,273,579
Employees	11,692,194	154,407	2,838	923	9,519	11,859,881
Export	6,494,631	262,886	6,380	480	58,978	6,823,355
<b>Total</b>	<b>616,591,940</b>	<b>27,083,745</b>	<b>4,175,090</b>	<b>2,096,086</b>	<b>14,480,310</b>	<b>664,427,171</b>



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

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

c.1 By economic sector:

	December 31, 2018		
	Non-impaired <sup>**</sup> )	Impaired <sup>*)</sup> )	Total
Rupiah:			
Manufacturing	91,100,136	19,803,807	110,903,943
Trading, restaurant & hotel	90,829,947	10,317,079	101,147,026
Agriculture	65,507,696	9,407,745	74,915,441
Business services	52,592,217	3,232,859	55,825,076
Construction	42,699,251	2,916,697	45,615,948
Transportation, warehouse & communication	24,833,658	4,558,017	29,391,675
Electricity, gas and water	24,548,168	645,136	25,193,304
Social services	18,388,029	379,064	18,767,093
Mining	3,512,658	802,826	4,315,484
Others	194,250,671	4,101,510	198,352,181
<b>Total</b>	<b>608,262,431</b>	<b>56,164,740</b>	<b>664,427,171</b>
Foreign currencies:			
Mining	52,992,036	1,114,183	54,106,219
Manufacturing	16,064,714	11,376,829	27,441,543
Trading, restaurant & hotel	12,548,464	1,970,608	14,519,072
Electricity, gas and water	9,335,844	683,300	10,019,144
Social services	9,085,276	71,897	9,157,173
Agriculture	8,178,120	49,191	8,227,311
Transportation, warehouse & communication	4,110,145	2,119,334	6,229,479
Business services	3,464,213	565,345	4,029,558
Construction	129,286	16,976	146,262
Others	1,254,171	85	1,254,256
<b>Total (Notes 62B.(v))</b>	<b>117,162,269</b>	<b>17,967,748</b>	<b>135,130,017</b>
	725,424,700	74,132,488 <sup>1)</sup>	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150) <sup>2)</sup>	(31,796,093)
<b>Net</b>	<b>719,052,757</b>	<b>48,708,338 <sup>3)</sup></b>	<b>767,761,095</b>

\*) Included in "impaired portfolio" are (i) loans classified as substandard, 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 Rp58,027,272 and Rp16,105,216, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp22,645,180 and Rp2,778,970, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp35,382,092 and Rp13,326,246, respectively.

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

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

c.1 By economic sector (continued):

	December 31, 2017		
	Non-impaired <sup>**</sup> )	Impaired <sup>***)</sup>	Total
<b>Rupiah:</b>			
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>
<b>Foreign currencies:</b>			
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 62B.(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 substandard, 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 LOAN/FINANCING (continued)**

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

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

	December 31, 2018					Total
	Current	Special mention	Sub- standard	Doubtful	Loss	
Rupiah:						
Manufacturing	96,180,356	7,428,554	1,539,259	176,351	5,579,423	110,903,943
Trading, restaurant, and hotel	91,290,111	4,550,181	1,309,211	856,715	3,140,808	101,147,026
Agriculture	73,693,294	944,488	36,055	27,950	213,654	74,915,441
Business service	52,841,271	1,040,246	72,989	50,032	1,820,538	55,825,076
Construction	43,361,518	1,184,873	52,356	50,540	966,661	45,615,948
Transportation, warehousing and communications	25,549,420	3,058,286	281,207	89,447	413,315	29,391,675
Electricity, gas and water	24,571,444	302,672	204,275	1,128	113,785	25,193,304
Social service	18,309,019	192,109	14,994	16,880	234,091	18,767,093
Mining	3,561,131	117,861	17	191,107	445,368	4,315,484
Others	187,234,376	8,264,475	664,727	635,936	1,552,667	198,352,181
<b>Total</b>	<b>616,591,940</b>	<b>27,083,745</b>	<b>4,175,090</b>	<b>2,096,086</b>	<b>14,480,310</b>	<b>664,427,171</b>
Foreign currencies:						
Mining	53,336,837	310,000	-	-	459,382	54,106,219
Manufacturing	24,802,972	2,354,958	-	18,360	265,253	27,441,543
Trading, restaurant, and hotel	14,510,270	8,802	-	-	-	14,519,072
Electricity, gas and water	8,886,881	448,962	214,538	206,263	262,500	10,019,144
Social service	9,085,276	-	-	-	71,897	9,157,173
Agriculture	8,227,311	-	-	-	-	8,227,311
Transportation, warehousing and communications	5,417,429	811,975	75	-	-	6,229,479
Business service	3,839,248	134,114	-	-	56,196	4,029,558
Construction	143,236	-	-	-	3,026	146,262
Others	1,254,171	-	-	-	85	1,254,256
<b>Total (Noted 62B.(v))</b>	<b>129,503,631</b>	<b>4,068,811</b>	<b>214,613</b>	<b>224,623</b>	<b>1,118,339</b>	<b>135,130,017</b>
	746,095,571	31,152,556	4,389,703	2,320,709	15,598,649	799,557,188
Less: allowance for impairment losses	(9,411,102)	(5,880,775)	(1,971,463)	(1,259,469)	(13,273,284)	(31,796,093)
<b>Net</b>	<b>736,684,469</b>	<b>25,271,781</b>	<b>2,418,240</b>	<b>1,061,240</b>	<b>2,325,365</b>	<b>767,761,095</b>

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

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

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

	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 62B.(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 LOAN/FINANCING (continued)**

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

d. By period:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Less than 1 year	117,486,386	85,387,279
1 - 2 years	77,603,964	29,276,098
2 - 5 years	124,183,732	134,148,240
Over 5 years	345,153,089	353,356,528
<b>Total</b>	<b>664,427,171</b>	<b>602,168,145</b>
Foreign currencies:		
Less than 1 year	41,717,911	18,728,551
1 - 2 years	4,837,152	2,857,838
2 - 5 years	21,940,923	23,417,112
Over 5 years	66,634,031	64,866,219
<b>Total (Note 62B.(v))</b>	<b>135,130,017</b>	<b>109,869,720</b>
Less: Allowance for impairment losses	799,557,188 (31,796,093)	712,037,865 (33,745,345)
<b>Net</b>	<b>767,761,095</b>	<b>678,292,520</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, 2018 and 2017, were 2.75% and 3.46%, respectively (the ratios for Bank Mandiri only were 2.79% and 3.45% as of December 31, 2018 and 2017, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2018 and 2017, were 0.73% and 1.18%, respectively (the ratios for Bank Mandiri only were 0.67% and 1.06% as of December 31, 2018 and 2017, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer financing receivables and net investment finance leases of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2018 and 2017 are in accordance with Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 with regards to Transparency and Published Report for Commercial Banks, is calculated from the loan amount, excluding loan to other banks amounting to Rp3,762,120 and Rp1,469,906 as of December 31, 2018 and 2017, respectively.

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

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

- a. Included in loans are sharia receivables/financing granted by Subsidiaries amounting to Rp67,144,433 and Rp59,893,437 as of December 31, 2018 and 2017, respectively which consist of:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Receivables from <i>murabahah</i> and <i>istishna</i>	38,355,494	36,236,881
<i>Musyarakah</i> financing	21,449,077	17,640,213
Other sharia financing	7,339,864	6,016,343
<b>Total</b>	<b>67,144,435</b>	<b>59,893,437</b>
Less: allowance for impairment losses	(2,243,878)	(1,928,733)
<b>Net</b>	<b>64,900,557</b>	<b>57,964,704</b>

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Average interest rates (yield) per annum:		
Rupiah	10.02%	10.55%
Foreign currencies	4.29%	4.23%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	0.27% - 13.28%	0.47% - 13.53%
<i>Musyarakah</i> financing	3.15% - 10.06%	5.22% - 11.73%
Other sharia financing	9.08% - 11.27%	6.81% - 13.72%

- 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, 2018 and 2017 amounted to Rp39,274,366 and Rp54,913,925, 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 LOAN/FINANCING (continued)**

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

e. Syndicated loans

Syndicated loans represent loans granted to debtors through joint financing agreements with other banks. The total percentage share of Bank Mandiri as lead arranger in syndicated loans as of December 31, 2018 is in the range of 16.10% to 88.61% (unaudited) of the total syndicated loans. For the percentage of Bank Mandiri as an agent in syndicated loans as of December 31, 2018 and 2017 each ranged from 3.71% to 88.61% and 13.80% to 88.61% (unaudited) of the total all syndicated loans. While the percentage of Bank Mandiri's share if only as a syndicated member as of December 31, 2018 and December 31, 2017 are ranging from 0.32% to 93.75% and 6.67% to 98.67% (unaudited) respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2018 and 2017:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Extension of loan maturity dates	48,165,419	49,605,548
Extension of loan maturity dates and reduction of interest rates	2,751,544	2,223,460
Extension of loan maturity dates and other restructuring schemes <sup>)</sup>	3,896,067	5,806,788
<b>Total</b>	<b>54,813,030</b>	<b>57,635,796</b>

<sup>)</sup> 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, 2018</b>	<b>December 31, 2017</b>
Current	21,759,122	24,853,561
Special mention	18,581,507	16,435,496
Substandard	3,141,824	5,772,873
Doubtful	1,197,101	2,128,789
Loss	10,133,476	8,445,077
<b>Total</b>	<b>54,813,030</b>	<b>57,635,796</b>

Total restructured loans under non-performing loans (NPL) category as of December 31, 2018 and 2017 are amounted to Rp14,472,401 and Rp16,346,739, respectively.

g. Loans to related parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Note 56.

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 LOAN/FINANCING (continued)**

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

h. Legal Lending Limit (LLL)

As of December 31, 2018 and 2017, 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 61).

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

	December 31, 2018	December 31, 2017
Beginning balance <sup>1)</sup>	33,745,345	32,616,760
Allowance during the year (Note 45)	13,481,957	15,458,493
Write-offs <sup>2)</sup>	(15,182,085)	(13,885,013)
Others <sup>3)</sup>	(249,124)	(444,895)
<b>Ending balance<sup>3)</sup></b>	<b>31,796,093</b>	<b>33,745,345</b>

<sup>1)</sup> Including written back and conversion of written-off loans, 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, 2018 and 2017 is amounting to Rp24,048,237 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.

2) Write-off as of December 31, 2018 and 2017 is amounting to Rp6,546,341 and Rp4,478,412, respectively, which are calculated using individual assessment and Rp8,635,744 and Rp9,406,601, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2018 and 2017 is amounting to Rp22,645,180 and Rp24,084,237, respectively, which were calculated using individual assessment and Rp9,150,913 and Rp9,661,108, respectively, which were calculated using collective assessment.

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

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

	<b>Non-performing loans (based on Bank Indonesia regulation)</b>	
	December 31, 2018	December 31, 2017
Rupiah:		
Manufacturing	7,295,033	7,937,844
Trading, restaurant and hotel	5,306,734	8,337,169
Business services	1,943,559	518,317
Construction	1,069,557	851,098
Transportation, warehousing and communications	783,969	1,216,119
Mining	636,492	958,528
Agriculture	277,659	592,409
Social services	265,965	306,463
Electricity, gas and water	319,188	124,383
Others	2,853,330	2,625,234
	<b>20,751,486</b>	<b>23,467,564</b>

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

B. Other significant information related to loans and sharia loan/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, 2018</b>	<b>December 31, 2017</b>
Foreign currencies:		
Electricity, gas and water	683,301	268,539
Mining	459,382	650,665
Manufacturing	283,613	193,786
Social services	71,897	123,335
Business services	56,196	71
Construction	3,026	2,714
Transportation, warehousing and communications	75	117,585
Trading, restaurant and hotel	-	141,068
Agriculture	-	70,321
Others	85	5,136
	<u>1,557,575</u>	<u>1,573,220</u>
<b>Total</b>	<b><u>22,309,061</u></b>	<b><u>25,040,784</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, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Manufacturing	5,898,487	4,683,362
Trading, restaurant and hotel	3,765,547	5,740,906
Business services	1,856,502	336,390
Constructions	999,784	425,935
Mining	540,924	656,228
Transportation, warehousing and communication	500,220	724,269
Social services	244,780	205,572
Agriculture	233,037	457,149
Electricity, gas and water	144,990	33,073
Others	1,970,344	1,735,693
	<u>16,154,615</u>	<u>14,998,577</u>

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

B. Other significant information related to loans and sharia loan/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, 2018</b>	<b>December 31, 2017</b>
Foreign currencies:		
Mining	459,382	601,281
Manufacturing	274,433	191,774
Electricity, gas and water	397,813	268,539
Social services	71,897	123,335
Business services	56,196	11
Construction	3,026	1,357
Transportation, warehousing and communications	11	105,518
Trading, restaurant and hotel	-	134,822
Agriculture	-	70,321
Others	85	838
	<u>1,262,843</u>	<u>1,497,796</u>
<b>Total</b>	<b><u>17,417,458</u></b>	<b><u>16,496,373</u></b>

l. Write-off of "Loss" category loans

For the year ended December 31, 2018 and 2017, Bank Mandiri written-off loans in the "loss" category amounting to Rp13,230,972 and Rp11,586,223 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

- a. Loan facility has been classified as loss;
- b. Loan facility has been provided with 100.00% (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 loan repayment ability; 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 LOAN/FINANCING (continued)**

B. Other significant information related to loans and sharia loan/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 year ended December 31, 2018 and 2017 are as follows (Bank Mandiri only):

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	57,444,008	48,807,587
Write-offs	13,230,972	11,586,223
Cash recoveries from write-off loans	(5,070,394)	(3,737,599)
Others <sup>)</sup>	1,200,375	787,797
<b>Ending balance</b>	<b>66,804,961</b>	<b>57,444,008</b>

<sup>)</sup> 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, 2018 and 2017 amounted to Rp6,493,534 and Rp8,436,672, respectively.

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Loans (Note 12A)	799,557,188	712,037,865
Accrued interest receivables	3,135,393	2,675,342
Deferred income (directly attributable) (Note 35)	(748,908)	(726,669)
Allowance for impairment losses (Note 12A and 12B.j)	(31,796,093)	(33,745,345)
	<b>770,147,580</b>	<b>680,241,193</b>

**13. CONSUMER FINANCING RECEIVABLES**

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Consumer financing receivables - gross		
Direct financing - Rupiah	59,794,999	51,924,674
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(36,408,208)	(31,075,505)
Total consumer financing receivables	23,386,791	20,849,169

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

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(10,296,967)	(9,423,320)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	4,108,332	3,719,370
Unearned income on consumer financing	(6,188,635)	(5,703,950)
Total	17,198,156	15,145,219
Less: Allowance for impairment losses	(371,291)	(362,887)
<b>Net</b>	<b>16,826,865</b>	<b>14,782,332</b>

Installments of consumer financing receivables - gross as of December 31, 2018 and 2017 which will be received from customers based on the maturity dates are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<u>Year</u>		
2018	-	21,193,501
2019	24,876,743	15,740,084
2020	17,989,307	9,570,393
2021	10,635,860	4,186,541
2022 and later	6,293,089	1,234,155
<b>Total</b>	<b>59,794,999</b>	<b>51,924,674</b>

On February 6, 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with total facility amounting to Rp2,000,000, which the MTF bears the credit risk in accordance to its financing portion (without recourse).

The agreement was amended several times, the latest amendment dated April 17, 2018, which increases the of facility amounting to Rp24,000,000 with the portion of joint financing facility at 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 Financing Asset Purchase Agreement with a total facility amounting to Rp1,100,000, which MTF bears the credit risk in accordance with its financing portion (without recourse). This agreement has been extended to February 28, 2019.

On April 13, 2016, Mandiri Utama Finance (MUF) and the Bank signed a Vehicle Join Financing Agreement with a total facility amounting to Rp1,630,000, in which MUF bears credit risk in accordance with its financing portion (without recourse). The latest amendment of the Agreement between MUF and the Bank dated June 7, 2017, which increased the facility to Rp5,530,000 with joint financing facilities share at least 1.00% from the Company and a maximum of 99.00% from joint financing providers.

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

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

On November 4, 2016, MUF and the Bank entered into a Consumer Financing Asset Purchase Agreement with a total financing facility of Rp1,630,000 in accordance with the Joint Financing Agreement, which the Subsidiary bears credit risk in accordance with its financing portion (without recourse), this Agreement has been extended to March 31, 2019.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 96 months.

Included in consumer financing receivables transactions are related parties transactions amounting to Rp8,278 and Rp7,957 as of December 31, 2018 and 2017, respectively (refer to Note 56).

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current	15,469,432	13,551,826
Special mention	1,511,464	1,375,809
Substandard	89,415	88,702
Doubtful	120,444	116,457
Loss	7,401	12,425
<b>Total</b>	<b>17,198,156</b>	<b>15,145,219</b>
Less: allowance for impairment losses	(371,291)	(362,887)
<b>Net</b>	<b>16,826,865</b>	<b>14,782,332</b>

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Car	15.16%	14.10%
Motorcycle	24.70%	21.88%

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

	December 31, 2018	December 31, 2017
Beginning balance	362,887	323,378
Allowance during the year (Note 45)	638,849	640,151
Cash recoveries from write-offs	151,613	71,142
Write-offs	(782,058)	(671,784)
<b>Ending balance</b>	<b>371,291</b>	<b>362,887</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 62A.

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

- f. Consumer financing receivables as collateral for debt securities issued on December 31, 2018 and 2017 are Rp1,643,197 and Rp2,003,301 respectively (Note 30).
- g. Consumer financing receivables as collateral for loans received on December 31, 2018 and 2017 are Rp10,284,416 and Rp8,016,751, 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 (*Bukti Kepemilikan Kendaraan Bermotor* or "BPKB") for vehicles financed by the Subsidiary.

**14. NET INVESTMENT FINANCE LEASES**

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Net investment finance leases</b>		
Rupiah		
Gross lease financing receivables	5,160,930	2,756,597
Finance lease receivables jointly funded other parties without recourse - gross	(1,243,484)	-
Guaranteed residual value	1,631,185	796,442
Deferred lease income	(589,057)	(391,968)
Security deposit	(1,631,185)	(796,442)
Total net investment finance leases	3,328,389	2,364,629
Less: allowance for impairment losses	(9,286)	(7,739)
<b>Net</b>	<b>3,319,103</b>	<b>2,356,890</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:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<u>Year</u>		
2018	-	1,224,643
2019	2,473,702	949,452
2020 and later	2,687,228	582,502
	5,160,930	2,756,597
Finance lease receivables jointly funded by other parties without recourse - gross	(1,243,484)	-
Guaranteed residual value, deferred lease income and security deposit	(589,057)	(391,968)
<b>Finance leases receivable</b>	<b>3,328,389</b>	<b>2,364,629</b>

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**14. NET INVESTMENT FINANCE LEASES (continued)**

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current	3,136,371	2,315,141
Special mention	167,720	38,815
Substandard	6,077	5,676
Doubtful	9,840	4,317
Loss	8,381	680
<b>Total</b>	<b>3,328,389</b>	<b>2,364,629</b>
Less: Allowance for impairment losses	(9,286)	(7,739)
<b>Net</b>	<b>3,319,103</b>	<b>2,356,890</b>

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2018 and 2017, are as follows:

	December 31, 2018	December 31, 2017
Car	12.40%	11.98%
Heavy equipment	12.53%	12.10%
Machine	11.25%	14.65%

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

	December 31, 2018	December 31, 2017
Beginning balance	7,739	4,538
Allowance during the year (Note 45)	3,950	5,784
Write-offs	(2,991)	(3,445)
Cash recoveries from write-offs finance leases	588	862
<b>Ending balance</b>	<b>9,286</b>	<b>7,739</b>

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

- e. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 62A.
- f. Net investment finance leases as collateral for debt securities issued on December 31, 2018 and 2017 amounted to Rp66,803 and Rp201,699, respectively (Note 30).
- g. As of December 31, 2018 and 2017, net investment finance lease pledged as collateral for fund borrowing were amounting to Rp468,553 and Rp1,126,406, respectively (Note 36f).

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**15. ACCEPTANCES RECEIVABLE**

a. By currency, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Receivables from other banks		
Related parties (Note 56)	363,414	163,142
Third parties	737,239	218,183
	<u>1,100,653</u>	<u>381,325</u>
Receivables from debtors		
Related parties (Note 56)	1,336,016	258,003
Third parties	6,261,338	5,917,973
	<u>7,597,354</u>	<u>6,175,976</u>
Total	<u>8,698,007</u>	<u>6,557,301</u>
Foreign currencies:		
Receivables from other banks		
Related parties (Note 56)	335	-
Third parties	308,165	204,377
	<u>308,500</u>	<u>204,377</u>
Receivables from debtors		
Related parties (Note 56)	483,392	628,198
Third parties	4,398,963	5,154,618
	<u>4,882,355</u>	<u>5,782,816</u>
Total (Note 62B.(v))	<u>5,190,855</u>	<u>5,987,193</u>
	13,888,862	12,544,494
Less: allowance for impairment losses	(296,453)	(254,234)
<b>Net</b>	<b><u>13,592,409</u></b>	<b><u>12,290,260</u></b>

b. By maturity:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Less than 1 month	1,872,875	1,639,619
1 - 3 months	3,798,051	3,411,192
3 - 6 months	3,026,255	1,506,490
6 - 12 months	826	-
Total	<u>8,698,007</u>	<u>6,557,301</u>
Foreign currencies:		
Less than 1 month	1,308,948	1,420,703
1 - 3 months	2,263,324	2,511,765
3 - 6 months	1,606,715	1,846,407
6 - 12 months	11,868	167,809
More than 12 months	-	40,509
Total (Note 62B.(v))	<u>5,190,855</u>	<u>5,987,193</u>
	13,888,862	12,544,494
Less: allowance for impairment losses	(296,453)	(254,234)
<b>Net</b>	<b><u>13,592,409</u></b>	<b><u>12,290,260</u></b>

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**15. ACCEPTANCES RECEIVABLE (continued)**

c. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	13,844,220	12,524,856
Special mention	44,642	18,378
Substandard	-	1,260
	<u>13,888,862</u>	<u>12,544,494</u>
Less: allowance for impairment losses	(296,453)	(254,234)
<b>Net</b>	<b><u>13,592,409</u></b>	<b><u>12,290,260</u></b>

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

	December 31, 2018	December 31, 2017
Beginning balance	254,234	241,041
Allowance during the year (Note 45)	49,878	9,783
Others <sup>1)</sup>	(7,659)	3,410
<b>Ending balance</b>	<b><u>296,453</u></b>	<b><u>254,234</u></b>

<sup>1)</sup> Including effect of foreign currency translation.

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

e. Information in respect to classification of "non-impaired" and "impaired" is disclosed in Note 62A.

**16. INVESTMENTS IN SHARES**

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

	December 31, 2018	December 31, 2017
Investments in shares		
Related Parties (Note 56)	322,617	297,420
Third Parties	129,476	48,816
Total	<u>452,093</u>	<u>346,236</u>
Less: allowance for impairment losses	(30,589)	(12,924)
<b>Net</b>	<b><u>421,504</u></b>	<b><u>333,312</u></b>

The detail of investments in shares as of December 31, 2018 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	149
Cost and equity method:			
PT Mitra Transaksi Indonesia <sup>1)</sup>	Acquiring Aggregator	51.00%	152,642
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
PT Amarta Mikro Fintek	Fintech Lending	9.45%	31,437
PT Mandiri AXA General Insurance (MAGI)	Insurance	20.00%	77,865
Sleekr	HR and Accounting Platform	5.11%	20,299
Others (each less than Rp20,000)	Various	0.00015% - 17.50%	<u>80,591</u>
			452,093
Less: allowance for impairment losses			(30,589)
<b>Net</b>			<b><u>421,504</u></b>

<sup>1)</sup> The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

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**16. INVESTMENTS IN SHARES (continued)**

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

The detail of investments 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 <sup>7)</sup>	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>

<sup>7)</sup> The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

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

	December 31, 2018	December 31, 2017
Current	399,658	293,734
Substandard	50,331	50,331
Loss	2,104	2,171
	452,093	346,236
Less: Allowance for impairment losses	(30,589)	(12,924)
<b>Net</b>	<b>421,504</b>	<b>333,312</b>

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

	December 31, 2018	December 31, 2017
Beginning balance	12,924	10,273
Allowance during the year (Note 45)	19,934	2,651
Write Off	(2,278)	-
Others <sup>7)</sup>	9	-
<b>Ending balance</b>	<b>30,589</b>	<b>12,924</b>

<sup>7)</sup> Including effect of foreign currency translation

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

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**17. PREPAID EXPENSES**

	December 31, 2018	December 31, 2017
Prepaid rent	1,662,531	1,616,410
Building maintenance	556,571	611,027
Others	639,084	556,797
<b>Total</b>	<b>2,858,186</b>	<b>2,784,234</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, 2018				Ending Balance <sup>*)</sup>
	Beginning Balance	Additions <sup>*)</sup>	Deductions	Reclassifications	
At cost/revaluation value					
Direct ownership					
Land	29,518,735	831,546	(30,440)	21,061	30,340,902
Building	5,226,222	134,224	(7,434)	620,171	5,973,183
Furniture and fixtures, office equipment and computer	10,564,407	287,844	(33,133)	435,004	11,254,122
Vehicles	234,181	15,816	(36,199)	69	213,867
Construction in progress	1,435,335	1,932,212	(10,183)	(1,076,305)	2,281,059
	46,978,880	3,201,642	(117,389)	-	50,063,133
Leased assets	12,495	-	-	-	12,495
	46,991,375	3,201,642	(117,389)	-	50,075,628
Accumulated depreciation (Note 50)					
Direct ownership					
Building	2,100,675	288,410	(5,091)	-	2,383,994
Furniture and fixtures, office equipment and computer	8,099,984	1,004,417	(10,260)	-	9,094,141
Vehicles	167,953	18,229	(36,020)	-	150,162
	10,368,612	1,311,056	(51,371)	-	11,628,297
Leased assets	4,010	625	-	-	4,635
	10,372,622	1,311,681	(51,371)	-	11,632,932
Net book value					
Direct ownership					
Land					30,340,902
Building					3,589,189
Furniture and fixtures, office equipment and computer					2,159,981
Vehicles					63,705
Construction in progress					2,281,059
					38,434,836
Leased assets					7,860
					<b>38,442,696</b>

\*) Including reclassification of abandoned properties.

\*\*) As of December 31, 2018 there was a revaluation of fixed assets of amounted to Rp27,251,706 which from the Bank amounted to Rp26,849,767 and BSM amounted to Rp401,939

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**18. FIXED ASSETS (continued)**

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

	December 31, 2017				Ending Balance <sup>*)</sup>
	Beginning Balance	Additions <sup>*)</sup>	Deductions	Reclassifications	
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 50)					
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> Including 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.

Construction in progress as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Buildings	1,232,826	778,290
Computers and other hardware that have not been installed	687,815	459,656
Land	245,506	84,894
Office equipment and inventory	106,412	110,306
Vehicles	381	449
Others	8,119	1,740
	<b>2,281,059</b>	<b>1,435,335</b>

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**18. FIXED ASSETS (continued)**

The estimated percentage of completion of construction in progress as of December 31, 2018 and 2017 for computers and other hardwares that have not been installed was ranging between 10.00% - 90.00%.

**Others**

- a. Bank Mandiri had an Agreement on Build, Operate 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:

Fixed assets	Fair value	Book value	Increase in value (before tax)
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.

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.

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**18. FIXED ASSETS (continued)**

**Others (continued)**

- c. Assessment in the fair value of assets owned by the Bank on December 31, 2018 and 2017 using revaluation for lands and sales value of taxable object for buildings. As of December 31, 2018, the revaluation value of land and sales value of taxable object of buildings owned by the Bank are Rp30,299,138 and Rp4,839,211, respectively. As of December 31, 2017, the revaluation value of land and sales value of taxable object of buildings owned by the Bank are Rp29,515,573 and Rp4,850,331, respectively.
- d. The value of land based on cost model as of December 31, 2018 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.

	December 31, 2018			Fair Value
	Level 1	Level 2	Level 3	
Land	-	30,299,138	-	30,299,138

	December 31, 2017			Fair Value
	Level 1	Level 2	Level 3	
Land	-	29,515,573	-	29,515,573

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 2019 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, 2018, 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 Jasatania, 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 Mandiri AXA General Insurance, PT Asuransi Staco Mandiri and PT Asuransi Jasaraharja Putera, entirely are related parties, with total sum insured approximately Rp16,425,126 (December 31, 2017: Rp12,732,909). 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 i.e., 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, 2018 and 2017.

**19. INTANGIBLE ASSETS**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Software	2,341,611 <sup>1)</sup>	1,978,352 <sup>1)</sup>
Goodwill	423,115	423,115
	<b>2,764,726</b>	<b>2,401,467</b>

<sup>1)</sup> Net of amortisation of Rp3,189,980 and Rp2,700,780, respectively as of December 31, 2018 and 2017.

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

As of December 31, 2018 and 2017, included in the software balance are construction in progress for software amounting to Rp956,490 and Rp858,663, respectively. The estimated percentage of completion of software as of December 31, 2018 was ranging between 5.00% - 95.00% (December 31, 2017: 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, 2018 and 2017, there are no impairment of goodwill.

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**20. OTHER ASSETS**

	December 31, 2018	December 31, 2017
Rupiah:		
Accrued income	4,300,584	3,390,004
Receivables from government bonds pledged as collateral	1,659,116	594,534
Receivables from customer transactions	1,017,064	2,181,205
Receivables from sales of marketable securities	677,840	120,019
Receivables from transactions related to ATM and credit card	573,310	699,709
<i>Ijarah</i> assets	498,709	621,697
Receivables from policyholders	475,184	709,789
Receivables from mutual fund	306,986	221,639
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2018 and 2017	295,237	292,530
Abandoned properties - net of allowance for decrease in net realizable value amounting to Rp615 as of December 31, 2018 and 2017, respectively	90,679	108,366
Others	5,009,235	3,639,772
<b>Total</b>	<b>14,903,944</b>	<b>12,579,304</b>
Foreign currencies:		
Receivables from government bonds pledged as collateral(Note 62B.(v))	1,840,188	-
Accrued income (Note 62B.(v))	950,739	935,204
Receivable from sale of marketable securities (Note 62B.(v))	153,497	81,339
<i>Ijarah</i> assets	108,391	166,072
Receivables from customer transactions (Note 62B.(v))	8,110	9,535
Receivables from policyholder (Note 62B.(v))	1,857	3,260
Receivables from transactions related to ATM and credit card (Note 62B.(v))	628	116
Others	1,288,963	1,457,994
<b>Total</b>	<b>4,352,373</b>	<b>2,653,520</b>
	19,256,317	15,232,824
Less: allowance for possible losses	(598,662)	(617,790)
<b>Net</b>	<b>18,657,655</b>	<b>14,615,034</b>

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans and fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2018 and 2017, included in receivables from customer transactions is an impaired portfolio amounting to Rp12,602 and Rp110,614, 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.

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**20. OTHER ASSETS (continued)**

Receivables from of government bonds pledged as collateral represent repo to maturity transactions with third parties, where Bank Mandiri has transferred VR0031 with total value Rp600,000, FR0031 with total value Rp1,000,000, ROI 23NN with nominal value of USD37,000,000, ROI 24 with nominal value of USD40,940,000 and ROI 25 with nominal value of USD50,000,000 and recorded receivables equivalent to the cash value of VR0031, ROI 23NN, ROI 24 and ROI 25 (Note 36e). The receivables will be settled at net basis with settlement of Bank's liabilities to the counterparty amounted to Rp600,000 at due date on July 25, 2020, USD58,810,428 at due on November 15, 2020, USD24,926,000 at due date on January 11, 2023, USD31,270,000 at due date on January 15, 2024 and USD34,782,000 at due date on January 15, 2025.

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 with maturity date on January 4, 2019 and January 3, 2018.

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 of other assets are as follows:

	December 31, 2018	December 31, 2017
Beginning balance	617,790	514,446
Allowance during the year (Note 46)	56,222	98,739
Others <sup>1)</sup>	(75,350)	4,605
<b>Ending balance</b>	<b>598,662</b>	<b>617,790</b>

<sup>1)</sup> Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

**21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND WADIAH DEMAND DEPOSITS**

a. By currencies, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	37,761,744	34,072,028
Third parties	109,703,494	106,915,524
Total	147,465,238	140,987,552
Foreign currencies:		
Related parties (Note 56)	13,399,744	12,036,357
Third parties	38,958,774	49,840,951
Total (Note 62B.(v))	52,358,518	61,877,308
	<b>199,823,756</b>	<b>202,864,860</b>

Included in demand deposits were *wadiah* deposits amounting to Rp8,704,173 and Rp8,435,776 as of December 31, 2018 and 2017, respectively.

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**21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND 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, 2018</b>	<b>December 31, 2017</b>
Rupiah	2.13%	2.18%
Foreign currencies	0.40%	0.42%

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah	0.36% - 0.78%	0.70% - 0.83%
Foreign currencies	0.09% - 0.25%	0.10% - 0.83%

- c. As of December 31, 2018 and 2017, demand deposits pledged as collateral and blocked for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) and other purposes were amounted to Rp6,201,073 and Rp5,987,012, respectively (Notes 12B.c and 31e).

**22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS AND WADIAH SAVING DEPOSITS**

- a. By currencies, type, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Related parties (Note 56)		
Mandiri Saving Deposits	2,521,396	2,345,204
Third parties		
Mandiri Saving Deposits	277,179,232	278,234,808
Hajj Mandiri Saving Deposits	361,914	439,227
Total	<u>280,062,542</u>	<u>281,019,239</u>
Foreign currencies:		
Related parties (Note 56)		
Mandiri Saving Deposits	1,015,637	1,203,001
Third parties		
Mandiri Saving Deposits	26,204,174	26,489,668
Total (Note 62B.(v))	<u>27,219,811</u>	<u>27,692,669</u>
	<b><u>307,282,353</u></b>	<b><u>308,711,908</u></b>

Included in saving deposits were *wadiah* deposits amounted to Rp3,751,591 and Rp3,193,558 as of December 31, 2018 and 2017, respectively.

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**22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS AND WADIAH SAVING DEPOSITS (continued)**

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah	1.13%	1.11%
Foreign currencies	0.33%	0.20%

c. As of December 31, 2018 and 2017, total saving deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp6,153,268 and Rp18,568,122 respectively (Note 12B.c).

**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS**

a. By currencies, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah		
Related parties (Note 56)	33,786,152	34,240,765
Third parties	188,213,027	181,973,864
Total	221,999,179	216,214,629
Foreign currencies		
Related parties (Note 56)	6,976,710	1,251,201
Third parties	29,926,895	20,541,384
Total (Note 62B.(v))	36,903,605	21,792,585
	<b>258,902,784</b>	<b>238,007,214</b>

Include in deposits from customers - time deposits are negotiable certificate of deposit amounted to Rp336,838 and Rp409,134 as of December 31, 2018 and 2017, respectively.

Total of unamortized interest expense on the certificate of time deposits as of December 31, 2018 and 2017 amounting to Rp23,162 and Rp50,866, respectively.

b. By maturity date:

	<b>December, 31 2018</b>	<b>December 31, 2017</b>
Rupiah:		
1 month	83,035,879	69,666,250
3 months	128,897,885	118,909,758
6 months	5,805,798	18,664,039
12 months	3,196,865	4,345,784
Over 12 months	1,062,752	4,628,798
Total	221,999,179	216,214,629

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**23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)**

b. By maturity date (continued):

	December 31, 2018	December 31, 2017
Foreign currencies:		
1 month	17,757,452	13,175,307
3 months	9,283,648	3,973,470
6 months	7,625,821	3,417,081
12 months	1,931,902	981,445
Over 12 months	304,782	245,282
Total (Note 62B.(v))	36,903,605	21,792,585
	<b>258,902,784</b>	<b>238,007,214</b>

c. By remaining period to maturity date:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	114,738,061	104,901,708
1 - 3 months	97,681,724	97,075,006
3 - 6 months	4,716,025	8,432,108
6 - 12 months	4,112,310	3,373,897
Over 12 months	751,059	2,431,910
Total	221,999,179	216,214,629
Foreign currencies:		
Less than 1 month	22,398,379	15,142,207
1 - 3 months	9,087,378	4,624,224
3 - 6 months	3,982,255	1,494,313
6 - 12 months	1,081,019	514,632
Over 12 months	354,574	17,209
Total (Note 62B.(v))	36,903,605	21,792,585
	<b>258,902,784</b>	<b>238,007,214</b>

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

	December 31, 2018	December 31, 2017
Rupiah	5.49%	5.87%
Foreign currencies	1.38%	0.70%

e. As of December 31, 2018 and 2017, total time deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp30,367,572 and Rp33,139,017, respectively (Note 12B.c).

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**24. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS, WADIAH DEMAND DEPOSITS AND SAVING DEPOSITS**

a. By currency, related parties and third parties:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Demand deposits and <i>wadiah</i> demand deposits		
Related parties (Note 56)		
Rupiah	7,074	2,742
Foreign currencies (Note 62B.(v))	779,939	250,043
	<u>787,013</u>	<u>252,785</u>
Third parties		
Rupiah	1,238,888	1,855,631
Foreign currencies (Note 62B.(v))	779,557	1,123,714
	<u>2,018,445</u>	<u>2,979,345</u>
Total	<u>2,805,458</u>	<u>3,232,130</u>
Saving deposits		
Third parties		
Rupiah	1,032,913	1,006,247
Foreign currencies (Note 62B.(v))	13	13
	<u>1,032,926</u>	<u>1,006,260</u>
Total	<u>1,032,926</u>	<u>1,006,260</u>
	<b><u>3,838,384</u></b>	<b><u>4,238,390</u></b>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounted to Rp78,245 and Rp69,383 as of December 31, 2018 and 2017, respectively.

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Average interest rates (cost of funds) per annum:		
Demand deposits and <i>wadiah</i> demand deposits		
Rupiah	2.13%	2.18%
Foreign currencies	0.40%	0.42%
Saving deposits		
Rupiah	1.13%	1.11%
Foreign currencies	0.33%	0.20%
Range of profit sharing per annum on <i>wadiah</i> demand deposits:		
Rupiah	0.36% - 0.78%	0.70% - 0.79%

c. As of December 31, 2018 and 2017, total demand deposits, *wadiah* demand deposits and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp5,083 and Rp7,275, respectively (Notes 12B.c and 31e).

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**25. DEPOSITS FROM OTHER BANKS - INTERBANK CALL MONEY**

a. By currencies:

	December 31, 2018	December 31, 2017
Third Parties:		
Rupiah	2,300,000	-
Foreign currencies (Notes 62B.(v))	6,172,197	1,007,655
<b>Total</b>	<b>8,472,197</b>	<b>1,007,655</b>

b. By remaining period to maturity date:

	December 31, 2018	December 31, 2017
Rupiah		
Less than 1 month	2,300,000	-
<b>Total</b>	<b>2,300,000</b>	<b>-</b>
Foreign currencies		
Less than 1 month	5,388,030	198,184
More than 1 month	784,167	809,471
<b>Total (Note 62B.(v))</b>	<b>6,172,197</b>	<b>1,007,655</b>
	<b>8,472,197</b>	<b>1,007,655</b>

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

	December 31, 2018	December 31, 2017
Rupiah	5.12%	5.15%
Foreign currencies	1.87%	0.97%

**26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS**

a. By currency:

	December 31, 2018	December 31, 2017
Rupiah		
Related parties (Note 56)	116,958	108,473
Third parties	2,946,642	2,580,856
<b>Total</b>	<b>3,063,600</b>	<b>2,689,329</b>
Foreign currencies		
Third parties	1,119,634	414,133
<b>Total (Note 62B.(V))</b>	<b>1,119,634</b>	<b>414,133</b>
	<b>4,183,234</b>	<b>3,103,462</b>

Included in deposits from customers - time deposits are negotiable certificate of deposit amounted to Rp491,222 and Rp1,168,780 as of December 31, 2018 and 2017, respectively.

Total of unamortized interest expenses on certificates of deposits for the year ended December 31, 2018 and 2017 amounting to Rp33,779 and Rp106,220, respectively.

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**26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)**

b. By period:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
1 month	1,913,526	884,287
3 months	634,891	614,281
6 months	8,935	5,781
12 months	15,025	16,200
More than 12 months	491,223	1,168,780
Total	<u>3,063,600</u>	<u>2,689,329</u>
Foreign currencies		
1 month	832,033	7,108
3 month	287,601	-
More than 12 months	-	407,025
Total (Note 62B.(v))	<u>1,119,634</u>	<u>414,133</u>
	<b><u>4,183,234</u></b>	<b><u>3,103,462</u></b>

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah	5.49%	5.87%
Foreign currencies	1.38%	0.70%

d. As of December 31, 2018 and 2017, time deposits from other banks pledged as collateral on loans amounting Rp332,516 and Rp281,948, respectively (Note 12B.c).

**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, 2018</b>	<b>December 31, 2017</b>
Non-Sharia	21,250,821	22,105,476
Sharia	1,106,981	1,148,559
	<b><u>22,357,802</u></b>	<b><u>23,254,035</u></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, 2018 and 2017, the investment of policyholders were recorded based on each type of the underlying 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, 2018 and 2017, amounted to USD11,065,072 (full amount) and USD2,731,085 (full amount), respectively.

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**27. LIABILITY TO UNIT-LINK HOLDERS (continued)**

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

	December 31, 2018	December 31, 2017
Dynamic Money	12,615,791	11,811,629
Attractive Money	5,148,311	6,214,079
Progressive Money	1,997,742	2,305,255
Excellent Equity	740,172	937,799
Protected Money	273,944	327,661
Active Money	158,092	186,368
Secure Money	82,901	90,286
Equity Fund Offshore	82,300	-
Fixed Money	62,814	71,719
Money Market	42,392	110,662
Balance Fund Offshore	38,301	-
Prime Equity	4,502	2,936
Money Market CS	2,721	47,082
Mandiri Equity Mone	838	-
	<b>21,250,821</b>	<b>22,105,476</b>

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.

Excellent equity

This is an equity fund with underlying exposures in small cap equities (exclude top 20, largest capitalitation 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.

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**27. LIABILITY TO UNIT-LINK HOLDERS (continued)**

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.

Balance Fund Offshore

Mutual funds whose composition is a mixture of equity and bonds from foreign markets managed by AXA Mandiri.

Equity Fund Offshore

Equity-based mutual funds from foreign markets managed by AXA Mandiri.

Mandiri Equity Money

Fund placements with LQ45 domestic equity investment instruments through the LQ45 Mandiri Index mutual fund managed by Mandiri Investment Management.

The details of sharia unit-link investments based on the type of contracts are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Attractive Money Sharia	918,212	970,630
Active Money Sharia	120,446	112,389
Amanah Equity Sharia	43,444	38,858
Advanced Commodity Sharia	24,879	26,682
<b>Total</b>	<b>1,106,981</b>	<b>1,148,559</b>

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2018 and 2017 amounted to Rp20,000 and RpNil, respectively.

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.

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**27. LIABILITY TO UNIT-LINK HOLDERS (continued)**

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 AGREEMENTS TO REPURCHASE**

December 31, 2018							
Rupiah	Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Related Parties							
FR0061		115,000	03/10/2018	03/01/2019	102,275	41	102,234
Third Parties							
VR0030		1,700,000	07/12/2018	04/01/2019	1,635,388	947	1,634,441
VR0031		1,700,000	19/12/2018	03/01/2019	1,612,657	586	1,612,071
VR0031		1,500,000	07/12/2018	04/01/2019	1,423,890	825	1,423,065
VR0030		1,300,000	07/12/2018	04/01/2019	1,250,591	725	1,249,866
VR0031		1,300,000	19/12/2018	03/01/2019	1,233,208	448	1,232,760
VR0031		1,250,000	19/12/2018	03/01/2019	1,185,777	431	1,185,346
FR0059		1,300,000	31/12/2018	07/01/2019	1,159,918	1,214	1,158,704
FR0063		1,200,000	31/12/2018	07/01/2019	1,053,684	1,103	1,052,581
FR0061		1,000,000	21/12/2018	18/01/2019	935,861	3,072	932,789
FR0063		1,000,000	26/12/2018	02/01/2019	876,442	153	876,289
FR0070		500,000	31/12/2018	07/01/2019	494,281	517	493,764
FR0061		500,000	31/12/2018	07/01/2019	466,933	489	466,444
FR0053		250,000	12/12/2018	09/01/2019	249,318	386	248,932
FR0061		150,000	26/12/2018	02/01/2019	140,188	24	140,164
		14,650,000			13,718,136	10,920	13,707,216
Total Rupiah		14,765,000			13,820,411	10,961	13,809,450
Foreign currencies							
Third Parties							
Obligasi ROI 20		1,619,188	31/12/2018	29/03/2019	1,449,495	11,122	1,438,373
Obligasi SIGB-010619		359,500	01/10/2018	02/01/2019	268,788	20	268,768
Obligasi INDOIS 25		129,420	09/10/2018	09/01/2019	127,791	75	127,716
Obligasi INDON-110224		143,800	26/12/2018	26/03/2019	124,184	947	123,237
Obligasi INDOIS 24		125,106	09/10/2018	09/01/2019	123,132	72	123,060
Obligasi INDOIS-100924		129,420	28/12/2018	28/03/2019	111,331	836	110,495
Obligasi INDOIS 26		100,660	09/10/2018	09/01/2019	98,055	58	97,997
Obligasi ROI 23 NEW		71,900	09/10/2018	09/01/2019	76,099	45	76,054
Obligasi INDOIS-290322		86,280	28/12/2018	28/03/2019	72,875	547	72,328
Obligasi INDON-130320		71,900	26/12/2018	26/03/2019	64,415	491	63,924
Obligasi INDOIS-211122		71,900	26/12/2018	26/03/2019	60,022	458	59,564
Obligasi INDON-150125		57,520	28/12/2018	28/03/2019	49,332	370	48,962
Obligasi INDOIS-280525		57,520	28/12/2018	28/03/2019	48,738	366	48,372
Obligasi INDOIS-290327		43,140	28/12/2018	28/03/2019	35,853	269	35,584
Obligasi INDOIS 27		28,760	09/10/2018	09/01/2019	27,275	16	27,259
Obligasi INDON-171023		28,760	28/12/2018	28/03/2019	25,972	195	25,777
Obligasi INDON-110229		28,760	26/12/2018	26/03/2019	25,056	191	24,865
Obligasi INDON-250422		28,760	28/12/2018	28/03/2019	24,518	184	24,334
Obligasi ROI 27		5,752	09/10/2018	09/01/2019	5,412	3	5,409
Total foreign currencies (Notes 62B.(v))		3,188,046			2,818,343	16,265	2,802,078
<b>Total</b>		<b>17,953,046</b>			<b>16,638,754</b>	<b>27,226</b>	<b>16,611,528</b>

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**28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (continued)**

December 31, 2017							
	Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Rupiah							
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
Total Rupiah		3,077,742			3,502,714	975,778	2,526,936
Foreign currencies							
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
Total foreign currencies (Note 62B.(v))		1,085,400			1,067,267	1,320	1,065,947
<b>Total</b>		<b>4,163,142</b>			<b>4,569,981</b>	<b>977,098</b>	<b>3,592,883</b>

**29. ACCEPTANCES PAYABLE**

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Payable to other banks		
Related parties (Note 56)	4,205,778	352,826
Third parties	3,380,566	5,751,664
Payable to debtors		
Related parties (Note 56)	475,412	79,599
Third parties	636,251	373,212
Total	8,698,007	6,557,301
Foreign currencies:		
Payable to other banks		
Related parties (Note 56)	-	160,786
Third parties	4,882,355	5,622,030
Payable to debtors		
Related parties (Note 56)	7,610	9,683
Third parties	300,890	194,694
Total (Note 62B.(v))	5,190,855	5,987,193
	<b>13,888,862</b>	<b>12,544,494</b>

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**29. ACCEPTANCES PAYABLE (continued)**

b. By maturity:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	1,872,875	1,639,619
1 - 3 months	3,798,051	3,411,192
3 - 6 months	3,026,255	1,506,490
6 - 12 months	826	-
Total	8,698,007	6,557,301
Foreign currencies:		
Less than 1 month	1,308,948	1,420,703
1 - 3 months	2,263,324	2,511,765
3 - 6 months	1,606,715	1,846,407
6 - 12 months	11,868	167,809
More than 12 months	-	40,509
Total (Note 62B.(v))	5,190,855	5,987,193
	<b>13,888,862</b>	<b>12,544,494</b>

**30. DEBT SECURITIES ISSUED**

By type and currencies:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)		
Bonds	10,013,700	8,488,200
Subordinated notes sharia <i>mudharabah</i>	58,000	58,000
Total	10,071,700	8,546,200
Third parties		
Bonds	8,672,082	7,956,693
Subordinated notes sharia <i>mudharabah</i>	317,000	317,000
Mandiri travelers' cheques	66,118	67,395
Total	9,055,200	8,341,088
	19,126,900	16,887,288
Less: Unamortised debt issuance cost	(37,977)	(43,693)
<b>Net</b>	<b>19,088,923</b>	<b>16,843,595</b>

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**30. DEBT SECURITIES ISSUED (continued)**

By type and currencies (continued):

**Bonds**

On September 21, 2018, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase III 2018 ("Bond I Phase III") with total nominal value Rp3,000,000 as below:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Sustainable Bond I Phase III	3,000,000	8.50%	September 21, 2023

Sustainable bond I phase III is offered at 100% (one hundred percent) of the principal amount of bonds. The Interest is paid on quarterly basis with the first interest payment was made on December 21, 2018, while the last interest payment and due date of the bonds principal on September 21, 2023 which is also the due date of the principal amount of bonds. The trustee of the bond issuance is PT Bank Permata Tbk.

On June 15, 2017, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase II 2017 ("Bond I Phase II") with total nominal value of Rp6,000,000, which consist of 4 (four) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
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

Sustainable 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 the bond is paid on quarterly basis, with the first payment made on September 15, 2017 while the last interest payment date of the interest and due date of the bonds principal on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C which falls due at the maturity of each series of the bond. Sustainable 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 bonds, which due on June 15, 2020. The payments of the bonds will fully paid by the due date. The trustee of the Continuous Bonds I Phase II issuance is PT Bank Tabungan Negara (Persero) Tbk.

On September 30, 2016, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase I 2016 ("Sustainable Bonds I Phase I") with total nominal value of Rp5,000,000 which consist of 3 (three) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
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

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**30. DEBT SECURITIES ISSUED (continued)**

**Bonds (continued)**

The interest of Sustainable Bonds I Phase I is paid on quarterly basis, with the first interest payment was made on December 30, 2016 while the last interest payment and due 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 Sustainable Bonds I Phase I issuance is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorized as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

Bank Mandiri, without a written approval from the Trustee will not: (i) reducing 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) changing in its main business; (iii) conducting merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

The bonds are not guaranteed by special collateral, not guaranteed referred and in accordance with to Article 1131 and Article 1132 of the Indonesian Civil Law, all the assets of the Bank, either moving objects and objects that are not moving, present or future, shall be regarded as securities for the Bank's agreements including those bonds.

As of December 31, 2018 and 2017, the Pefindo's rating of Sustainable Bonds I Phase I and Phase II was rated idAAA (triple A). Rating for Sustainable Bond I Phase III, based on Pefindo's Rating as of December 31, 2018 was rated idAAA (triple A).

On July 11, 2017, The Subsidiary (Bank Mandiri Taspen) issued and registered the Sustainable Bond I Bank Mantap year 2017 to Indonesia Stock Exchange with total nominal value of Rp2,000,000 in which comprised of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Seri A	1,500,000	8.50%	July 11, 2020
Seri B	500,000	8.75%	July 11, 2022

Bonds interest were paid on quarterly basis, with the first interest payment was made on October 11, 2017, while the last interest payment and maturity of the bonds on July 11, 2020 for Series A and July 11, 2022 for Series B that also the date for principal repayment for each bonds.

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**30. DEBT SECURITIES ISSUED (continued)**

**Bonds (continued)**

Trustee for Bond I Bank Mantap on 2017 is PT Bank Tabungan Negara (Persero) Tbk, on December 31, 2018 and 2017, rank of Bond I Bank Mantap on 2017 according to PT Fitch Rating Indonesia is AA (idn).

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorized as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

On June 6, 2017 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase II 2017 ("Sustainable Bonds III phase II") to the Indonesia Stock Exchange with total 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

The trustee for Sustainable Bonds III Phase II issuance is PT Bank Mega Tbk.

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase I 2016 ("Sustainable Bonds III phase I") to the Indonesia Stock Exchange with total 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 Sustainable Bonds III Phase I is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

As of December 31, 2018 and 2017, based on Pefindo's rating, the Sustainable Bonds III Phase II and I was rated idAA+ (double A plus).

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**30. DEBT SECURITIES ISSUED (continued)**

**Bonds (continued)**

On June 1, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Mandiri Tunas Finance Phase II 2016 ("Sustainable Bonds II Phase II") to the Indonesia Stock Exchange with total nominal value of Rp1,400,000, which comprise 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 Sustainable Bonds II Phase II issuance is PT Bank Mega Tbk.

On December 18, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Phase I 2015 ("Sustainable Bonds II Phase I") to the Indonesia Stock Exchange with total 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 Sustainable Bonds II Phase I issuance is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

The Sustainable Bonds II Phase I and II based on Pefindo's rating as of December 31, 2018 and 2017 are rated idAA+ (double A plus).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Sustainable Bonds I phase III Year 2015 ("Sustainable Bonds I phase III") at the Indonesian Stock Exchange with total 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>
Sustainable Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for the Sustainable Bonds I Mandiri Tunas Finance Phase III issuance is PT Bank Mega Tbk.

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

<u>Bonds</u>	<u>Nominal Value</u>	<u>Fixed Interest rate per annum</u>	<u>Maturity Date</u>
Series A	425,000	10.70%	May 23, 2017
Series B	175,000	10.85%	May 23, 2018

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### 30. DEBT SECURITIES ISSUED (continued)

#### Bonds (continued)

The trustee for the Sustainable Bonds I Phase II issuance is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

Sustainable Bond I Phase II Series A at principal value amounting to at Rp425,000, Sustainable Bond I Phase II Series B at principal value amounting to Rp175,000 and Sustainable Bond I Phase III at principal value amounting to Rp150,000 was fully paid on due date.

Rank of Sustainable Bond I Phase III and Phase II series B based on Pefindo's rating on December 31, 2017 are rated idAA+ (double A plus).

On December 31, 2018, all debt securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounting to Rp1,643,197 (December 31, 2017: Rp2,003,301) (Note 13f) and net investment finance leases amounting to Rp66,803 (December 31, 2017: Rp201,699) (Note 14f).

#### Subordinated sukuk *mudharabah*

On December 22, 2016, the Subsidiary (PT Bank Syariah Mandiri, "BSM") has issued subordinated sukuk *mudharabah* ("sukuk *mudharabah*") BSM 2016 with total nominal value of Rp375,000. Sukuk *Mudharabah* are long term securities debt with tenor 7 years the following terms and conditions as follow:

- Profit sharing is calculated by multiplying at the revenue-sharing portion of the *mudharabah* sukuk holders and revenue which can be shared and based on the available last-quarter unaudited financial statements and approved by BSM's Directors not later than 10 (ten) days before the due date of the profit sharing.
- The profit sharing was generated from the revenue of BSM's portfolio in Rupiah (blended) amounting to 7 (seven) times of sukuk *mudharabah* Funds denominated in rupiah which held by the issuer, which generated from one (1) quarter as stated in BSM's unaudited financial statements.
- The *Nisbah* of the sukuk *mudharabah* holders' is 27.07% per annum of the profit sharing which is paid on quarterly basis.

Sukuk *mudharabah* is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and is not included in the Bank guarantee program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation article 17 paragraph (1) letter f of OJK's Regulation No. 21/POJK.03/2014 dated November 18, 2014 concerning the minimum capital requirement for sharia banks. Sukuk *mudharabah* are subordinated Subsidiary's liability.

During the validity period of sukuk *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) at minimum 12% (twelve percent); (ii) ensure sukuk *mudharabah* holders at maximum 50 (fifty) investors; (iii) submit to the trustee as follows: the financial statements (audited) at maximum the 4th month after the date of financial statements, quarterly financial statements (unaudited) at maximum the 1st month after the date of financial statements, the financial statements which used to calculate the profit sharing and BSM's soundness rating report and self-assessment of Good Corporate Governance implementation to the OJK.

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**30. DEBT SECURITIES ISSUED (continued)**

**Bonds (continued)**

**Subordinated notes sharia *mudharabah* (continued)**

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 are in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) conduct 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 as of December 31, 2018 and 2017, based on Pefindo's rating is idAA- (double A minus sharia).

Bank Mandiri and the subsidiaries have paid the interest of debt securities issued in accordance to schedule interest payment during the year ended December 31, 2018 and 2017.

During the year ended December 31, 2018 and 2017, Bank Mandiri and the subsidiaries have fulfilled the requirements as set out in the agreement of issued marketable 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:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Bank guarantees issued (Note 54)	51,577,755	49,154,361
Committed unused loan facilities	21,557,890	20,185,442
Outstanding irrevocable letters of credit (Note 54)	8,262,298	4,727,760
Standby letters of credit (Note 54)	1,772,782	1,447,980
<b>Total</b>	<b>83,170,725</b>	<b>75,515,543</b>
Foreign currencies:		
Bank guarantees issued (Note 54)	30,536,330	30,533,617
Committed unused loan facilities	15,370,389	15,427,279
Outstanding irrevocable letters of credit (Note 54)	11,483,630	11,094,762
Standby letters of credit (Note 54)	11,358,907	10,830,638
<b>Total</b>	<b>68,749,256</b>	<b>67,886,296</b>
	<b>151,919,981</b>	<b>143,401,839</b>

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**31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)**

b. By Bank Indonesia's collectibility:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Current	151,436,895	142,507,867
Special mention	433,564	639,362
Substandard	23,487	207,574
Doubtful	5,204	3,127
Loss	20,831	43,909
Total	151,919,981	143,401,839
Less: Allowance for impairment losses	(125,729)	(381,771)
<b>Commitments and contingencies - net</b>	<b>151,794,252</b>	<b>143,020,068</b>

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

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	381,771	207,401
(Reversal)/allowance during the year	(270,973)	173,402
Others*)	14,931	968
<b>Ending balance</b>	<b>125,729</b>	<b>381,771</b>

\*) Including the 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 62A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as of December 31, 2018 and 2017 were amounted to Rp3,785,146 and Rp3,069,449, respectively (Notes 21c and 24c).

**32. ACCRUED EXPENSES**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Fixed asset and software procurement	1,700,712	1,267,246
Interest expense	1,555,932	1,419,253
Outsourcing expenses	401,594	359,249
Promotions	352,394	295,548
Employee related costs: training, uniform, recreation and others	43,718	60,842
Professional service costs	37,756	50,984
Others	743,361	485,349
<b>Total</b>	<b>4,835,467</b>	<b>3,938,471</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 Group IT System.

Others consists of accrued expenses related to fees to be paid to OJK and Bank's operational activities, such as data communication costs and costs of electricity, water and gas.

**33. TAXATION**

**a. Prepaid taxes**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Bank Mandiri	1,091,292	2,403,973
Subsidiaries	144,735	284,076
<b>Total</b>	<b>1,236,027</b>	<b>2,688,049</b>

**b. Taxes payable**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Current income taxes payable</b>		
<b>Bank Mandiri</b>		
Corporate Income Tax - Article 29	183,320	114,149
<b>Subsidiaries</b>		
Corporate Income Tax - Article 29	149,175	187,151
	<u>332,495</u>	<u>301,300</u>
<b>Others income taxes payable</b>		
<b>Bank Mandiri</b>		
Income Tax		
Article 21	161,721	159,344
Article 4 (2)	297,794	263,387
Others	131,796	129,662
	<u>591,311</u>	<u>552,393</u>
<b>Subsidiaries</b>	164,143	156,139
	<u>755,454</u>	<u>708,532</u>
<b>Total</b>	<b>1,087,949</b>	<b>1,009,832</b>

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**33. TAXATION (continued)**

**c. Tax expense/(benefit)**

	Year ended December 31,	
	2018	2017
Tax expense - current:		
Bank Mandiri		
Current year	5,022,275	4,903,592
Prior year	1,313,347	-
Subsidiaries	896,433	689,701
	<u>7,232,055</u>	<u>5,593,293</u>
Tax expense/(benefit) - deferred:		
Bank Mandiri	905,622	183,757
Subsidiaries	(46,245)	(63,229)
	<u>859,377</u>	<u>120,528</u>
<b>Total</b>	<b><u>8,091,432</u></b>	<b><u>5,713,821</u></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 calculation and the related estimate of the current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	Year ended December 31,	
	2018	2017
Consolidated income before tax expense and non-controlling interests	33,943,369	27,156,863
Less:		
Income before tax expense of Subsidiaries - after elimination	(3,559,469)	(2,687,765)
Impact of changes in presenting investment from equity method to cost method	936,182	628,967
	<u>31,320,082</u>	<u>25,098,065</u>
Income before tax expense and non-controlling interests - Bank Mandiri only	31,320,082	25,098,065
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(2,290,412)	328,999
Others	9,817	9,682

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**33. TAXATION (continued)**

**d. Tax expenses - 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,	
	2018	2017
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(4,453,592)	(1,230,105)
Allowance for impairment losses on financial assets other than loans	405,181	(409,240)
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	361,542	732,945
Allowance for estimated losses arising from legal cases	(6,789)	(78,150)
Provision for estimated losses on commitments and contingencies	(236,168)	156,265
Allowance for possible losses of repossessed assets	42,087	-
Depreciation of fixed assets	(40,307)	(41,970)
Unrealised losses/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	17,629	(10,780)
Allowance for possible losses of abandoned properties	(17,693)	(37,750)
Estimated taxable income	<u>25,111,377</u>	<u>24,517,961</u>
Estimated tax expense - current		
Bank Mandiri only		
Tax expense - current: current year	5,022,275	4,903,592
Tax expense - current: prior year	1,313,347	-
Subsidiaries	896,433	689,701
<b>Total</b>	<b><u>7,232,055</u></b>	<b><u>5,593,293</u></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,	
	2018	2017
Consolidated income before tax expense and noncontrolling interest	33,943,369	27,156,863
Tax calculated at applicable tax rates	7,153,884	5,691,555
<b>Income tax effect of:</b>		
<b>Bank Mandiri</b>		
- Income not subject to tax and final tax income	(263,599)	(246,346)
- Expense not deductible for tax purposes	68,187	312,146
- Prior year tax audit result	1,313,347	-
Estimated taxable income	<u>1,117,935</u>	<u>65,800</u>
<b>Subsidiaries</b>	<u>(180,387)</u>	<u>(43,534)</u>
Total tax effect	<u>937,548</u>	<u>22,266</u>
<b>Income tax expense</b>	<b><u>8,091,432</u></b>	<b><u>5,713,821</u></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 and Regulation of the Minister of Finance No. 207/PMK.010/2015 dated November 20, 2015.

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

Based on Certificate No. DE/I/2019-0139 dated January 4, 2019 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 2, 2019 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, OJK (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, 2018 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, 2018.

The calculation of income tax for the year ended December 31, 2018 as described above will be used as 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, 2018			
	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	2,061,470	(811,715)	-	1,249,755
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,534,811	72,308	(197,681)	1,409,438
Loans write-off until 2008	1,160,148	(199,003)	-	961,145
Unrealized gain/(loss) from increase/(decrease)				
Marketable securities and government bonds - available to sale	(152,976)	-	709,603	556,627
Allowance for impairment losses on financial assets other than loans	362,759	81,036	-	443,795
Estimated losses on commitments and contingencies	69,882	(47,234)	-	22,648
Allowance for estimated losses arising from legal cases	35,450	(1,357)	-	34,093
Allowance for possible losses on abandoned properties	21,628	(3,539)	-	18,089
Unrealised gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	1,348	3,526	-	4,874
Allowance for possible losses on repossessed assets	1,994	8,418	-	10,412
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	(1)	-	1,968
Accumulated losses arising from difference in net realisable value of abandoned properties	123	-	-	123
<b>Deferred tax assets</b>	<b>5,098,606</b>	<b>(897,561)</b>	<b>511,922</b>	<b>4,712,967</b>
<b>Deferred tax liabilities:</b>				
Net book value of fixed assets	(128,880)	(8,061)	-	(136,941)
<b>Deferred tax assets - Bank Mandiri only</b>	<b>4,969,726</b>	<b>(905,622)</b>	<b>511,922</b>	<b>4,576,026</b>
Deferred tax assets - Subsidiaries	594,593			421,596
<b>Total consolidated deferred tax assets - net</b>	<b>5,564,319</b>			<b>4,997,622</b>

	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

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**33. TAXATION (continued)**

**e. Deferred tax assets - net (continued)**

	December 31, 2017 (continued)			
	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	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>

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 2010**

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

Management disagree with the Underpayment Tax Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the underpayment tax amount and recorded it as prepaid tax as of December 31, 2018 and 2017.

In December 2013, the Tax Office has issued a decision letter to the Bank's objection letters on VAT and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to VAT. The Bank disagreed with the above decision letter and has submitted an appeal on the above decision letter to the Tax Court in March 2014.

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**33. TAXATION (continued)**

**f. Tax assessment letter (continued)**

**Fiscal year 2010 (continued)**

On February 21, 2014, Tax Office has issued a decision letter to the Bank's objection letters on underpayment tax 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.

In 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 for the letter of objection on income tax. The Bank disagrees with the decision and has requested for a judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. On May 17, 2018 Supreme Court of Republic of Indonesia accepted the judicial review's request on the Tax Court's decision on the income tax.

The Tax Office has submitted an appeal to the Supreme Court on Tax Court's decision to approve majority of Bank's appeal on VAT objection result. Until the date of this consolidated financial statements, the result has not been known yet.

On November 15, 2018, Bank has submitted a letter No.KEU/1328/2018 to the Tax Office to request for compensating the tax payment of Rp1,080,790 for installment of tax payment for month March, April and May 2019. Until the date of this consolidated financial statements the Bank is still waiting for the approval.

**Fiscal year 2013**

According to the tax audit result by Tax office, on December 16, 2014, Tax Office has issued Underpayment Tax 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 Underpayment Tax Assessment Letter and has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the underpayment tax amount and recorded it as prepaid tax.

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 disagreed and has submitted a request for judicial review on the Tax Court's decision to the Supreme Court of the Republic of Indonesia on February 7, 2018. On July 31, 2018, the Supreme Court rejected the Bank's judicial review request on the Tax Court's decision. Because of the result on 31 December 2018, has charged the tax payment which was previously recorded as prepaid tax to current tax expense - prior year in the current year consolidated statement of profit or loss amounted to Rp1,313,347.

**Fiscal year 2016**

As of the date of this consolidated financial statements, the Bank is currently in the review process for all types of taxes by the tax office and the result has not been known yet.

**34. EMPLOYEE BENEFIT LIABILITIES**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah		
Provision for post-employment benefit (Note 51)	3,563,484	4,030,761
Provisions for bonuses, leave and holiday entitlements	4,424,403	4,246,627
<b>Total</b>	<b>7,987,887</b>	<b>8,277,388</b>

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**34. EMPLOYEE BENEFIT LIABILITIES (continued)**

Accordance provision for post-employment benefit such as pension fund and other long term remuneration is in according to Bank and Subsidiaries' policy which had been calculated using actuarial calculation.

**35. OTHER LIABILITIES**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Liability to policy holders	4,162,783	4,752,207
Payable to customers	1,081,030	2,285,484
Liability related to ATM and credit card transactions	980,463	2,215,373
Guarantee deposits	879,759	909,499
Deferred income (directly attributable)	743,065	693,670
Deferred income (not directly attributable)	638,105	494,919
Liabilities related to unit-link	273,546	281,493
Payable from purchase of marketable securities	395,957	120,724
Customers transfer transaction	228,339	103,155
Others	3,094,329	4,681,004
<b>Total</b>	<b>12,477,376</b>	<b>16,537,528</b>
Foreign currencies:		
Customers transfer transactions	1,249,349	1,379,912
Other liabilities related to UPAS transactions	632,896	586,311
Guarantee deposits	515,537	598,017
Deferred income (not directly attributable)	238,156	259,811
Payable from purchase of marketable securities	92,413	88,154
Deferred income (directly attributable)	5,843	32,999
Others	583,567	1,013,645
<b>Total (Note 62B.(v))</b>	<b>3,317,761</b>	<b>3,958,849</b>
	<b>15,795,137</b>	<b>20,496,377</b>

Liabilities to policyholders consist of liabilities of the Subsidiaries (AXA Mandiri Financial Services, Mandiri AXA General Insurance (only for December 31, 2017) and PT Asuransi Jiwa Indonesia InHealth) as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Future policy benefits from non unit-link products	3,380,188	3,062,182
Unearned premiums	438,968	1,202,818
Estimated claim liabilities	234,369	375,892
Claim payables	109,259	111,315
<b>Total</b>	<b>4,162,784</b>	<b>4,752,207</b>

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

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**35. OTHER LIABILITIES (continued)**

Liability related to ATM and credit card transactions consist of liabilities from ATM transactions within ATM Bersama, ATM Link 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 liabilities to unit-link policyholders' of subsidiary (AXA Mandiri Financial Services).

Customers transfer transactions represent transfer funds in various currencies that need to be settled to customers accounts.

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

Other liabilities related to UPAS transaction is a liability to the issuing bank in foreign currency in relation to UPAS receivable to importers.

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortised loan granted.

Payable from purchase of marketable securities represent payable arising from securities's purchase transaction which have been paid respectively on January 4, 2019 and January 3, 2018 for December 31, 2018 and 2017.

Non directly attributed unearned income consists of deferred fees/commissions that are not directly related to the unamortised loan granted.

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, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Related Party		
(f) Others (Note 56)	423,686	-
Third parties		
(e) Repo to maturity	494,301	494,301
(a) Ministry of Public Work and Housing (Kemenpupera)	218,192	135,401
(f) Others	7,530,934	6,106,886
<b>Total</b>	<b>8,667,113</b>	<b>6,736,588</b>
Foreign currencies:		
Third parties		
(b) Direct off-shore loans	17,505,088	13,602,722
(d) Trade financing facilities	12,868,015	7,318,310
(c) Bilateral loans	5,750,503	5,424,830
(e) Repo to Maturity	2,153,958	-
(f) Others	4,709,305	2,621,229
<b>Total (Note 62B.(v))</b>	<b>42,986,869</b>	<b>28,967,091</b>
	<b>51,653,982</b>	<b>35,703,679</b>

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**36. FUND BORROWINGS (continued)**

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents Housing Financing Liquidity Facility (*Fasilitas Likuiditas Pembiayaan Perumahan*) (FLPP) with financing sharing of 70.00% from *Kementerian Pekerjaan Umum dan Perumahan Rakyat* and 30.00% from Bank Mandiri in accordance to mutual agreement with *Kementerian Perumahan Rakyat* No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 on February 15, 2012 about amendment of mutual agreement between *Kementerian Perumahan Rakyat* No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 about distribution of housing Financing Liquidity Facility (FLPP) for the provision of housing through Home Ownership Financing. The Mutual Agreement was followed up by Operational Mutual Agreement between *Badan Layanan Umum Pusat Pembiayaan Perumahan Kementerian Perumahan Rakyat* Republic of Indonesia year 2012, that has been renewed in 2017 with Operational Mutual Agreement No.HK.02.03-Sg.DL/67/2017 and No. DIR.PKS/119/2017 on December 21, 2017 about funding FLPP Funds for home ownership for Low-Income Communities (MBR) and there is a change in composition of the financing to become 90% funds from kemenpupera and 10% funds from PT Bank Mandiri (Persero) Tbk.

In 2018 there was a change of funding sharing composition to become 75% from PPDPP Kemenpupera and 25% from PT Bank Mandiri (Persero) Tbk. Based on Operational Mutual Agreement No. 51/PKS/Sg/2018 and DIR.PKS/45/2018 about distribution of (FLPP) through home credit for Low-income Community on August 14, 2018, updated with the Operational Cooperation Agreement No. 118/PKS/Sg/2018 and No. DIR.PKS/60/2018 date December 21, 2018 concerning Distribution of FLPP Funds for home ownership for Low-Income Communities (MBR).

Outstanding balance as of December 31, 2018 and 2017 are Rp218,192 and Rp135,401, respectively. These facilities are subject to a certain rate by the Government. The period of loan and repayment schedule are maximum of 240 months (20 years) with the first installment starting in the next month (for disbursement date 1<sup>st</sup> to 10<sup>th</sup>) and starting the next two months for disbursement starting 11<sup>th</sup> until the end of the month), repayment of principal and interest to Kemenpupera should be implemented no later than the 10<sup>th</sup> of each month.

(b) Direct off-shore loans

The details of direct off-shore loans are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,366,975	9,464,055
- Tranche B	3,711,915	3,961,828
United Overseas Bank Limited, Singapore	2,876,000	-
Oversea-Chinese Banking Corporation Limited, Singapore	1,438,000	-
Agence Française de Développement, France	112,198	176,839
<b>Total</b>	<b>17,505,088</b>	<b>13,602,722</b>

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**China Development Bank, China**

December 31, 2018						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	653,333,333	9,394,933
Less:						
Unamortised issuance costs					(1,944,200)	(27,958)
					<b>651,389,133</b>	<b>9,366,975</b>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,781,192,000	3,723,707
Less:						
Unamortised issuance costs					(5,640,699)	(11,792)
					<b>1,775,551,301</b>	<b>3,711,915</b>

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign 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)
					<b>697,553,314</b>	<b>9,464,055</b>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,976,460
Less:						
Unamortised issuance costs					(7,022,446)	(14,632)
					<b>1,901,397,554</b>	<b>3,961,828</b>

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral loan 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) which will be matured in 10 (ten) years since the agreement date with an interest rate of LIBOR 6 (six) months 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 in 10 (ten) years since the agreement date with SHIBOR interest rate of 6 (six) months plus a certain margin. The loan was disbursed on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015. Until December 31, 2018 the Bank has already paid for this loan amounted to USD46,666,667 (full amount) and CNY127,228,000 (full amount).

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**United Overseas Bank Limited, Singapore**

December 31, 2018

Type	Arranger	Maturity date	rate per annum	Nominal amount	
				Interest currency (full amount)	Foreign Rupiah equivalent
<i>Bilateral loan</i>	United Overseas Bank Limited, Singapore	January 9, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
<i>Bilateral loan</i>	United Overseas Bank Limited, Singapore	February 19, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				<b>200,000,000</b>	<b>2,876,000</b>

On January 19, 2018 and February 20, 2018, Bank Mandiri obtained a loan facility without collateral from United Overseas Bank Limited, Singapore each amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facilities have a tenor less than 1 (one) year and will be due on January 9, 2019 and February 19, 2019. Bank Mandiri made withdrawal from each of these loan facilities amounted to USD100,000,000 (full amount) on January 19, 2018 and February 28, 2018.

**Oversea-Chinese Banking Corporation Limited, Singapore**

December 31, 2018

Type	Arranger	Maturity date	rate per annum	Nominal amount	
				Interest currency (full amount)	Foreign Rupiah equivalent
<i>Bilateral loan</i>	Oversea-Chinese Banking Corporation Limited, Singapore	August 7, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				<b>100,000,000</b>	<b>1,438,000</b>

On August 13, 2018, Bank Mandiri obtained a loan facility without collateral from Oversea-Chinese Banking Corporation Limited, Singapore amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facility have a tenor less than 1 (one) year and Bank Mandiri made withdrawal from this loan facility amounted to USD100,000,000 (full amount) on August 20, 2018. This loan facility will be due on August 7, 2019.

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France**

**December 31, 2018**

Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	785,714	11,298
Less:						
Unamortised issuance costs					(239)	(3)
					<b>785,475</b>	<b>11,295</b>
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	7,142,857	102,715
Less:						
Unamortised issuance costs					(125,997)	(1,812)
					<b>7,016,860</b>	<b>100,903</b>
					<b>7,802,335</b>	<b>112,198</b>

**December 31, 2017**

Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign 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>

On June 17, 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) amounted to USD100,000,000 (full amount) in order to financing the 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 related to the carbon emission reduction.

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**36. FUND BORROWINGS (continued)**

(b) Direct off-shore loans (continued)

**Agence Française de Développement, France (continued)**

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 amounted to USD30,000,000 (full amount), which have been 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 amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which have been or will be matured on December 31, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounting to USD40,000,000 (full amount) and USD16,000,000 (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.

On November 8, 2013, Bank Mandiri signed a new second loan facility agreement or second line of credit with AFD amounted 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 drawdown the loan amounted to USD10,000,000 (full amount), which will be matured on September 30, 2023.

(c) Bilateral loans

**JP Morgan, Jakarta**

The details of bilateral loans are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
JP Morgan, Jakarta	<b>5,750,503</b>	<b>5,424,830</b>

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**36. FUND BORROWINGS (continued)**

(c) Bilateral loans (continued)

**JP Morgan, Jakarta (continued)**

December 31, 2018						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,157,000
Less:						
Unamortised issuance costs					(40,599)	(584)
					<b>149,959,401</b>	<b>2,156,416</b>
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,595,000
Less:						
Unamortised issuance costs					(63,509)	(913)
					<b>249,936,491</b>	<b>3,594,087</b>
					<b>399,895,892</b>	<b>5,750,503</b>

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign 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>

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 (three) 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, 2018	December 31, 2017
FR0053 <sup>)</sup>	284,375	284,375
INDOIS 22 <sup>**</sup> )	60,000,000	60,000,000
ROI 21 <sup>**</sup> )	36,500,000	36,500,000
ROI 24 <sup>**</sup> )	30,000,000	30,000,000
ROI 22 <sup>**</sup> )	18,000,000	18,000,000
ROI 23 <sup>**</sup> )	17,500,000	17,500,000

<sup>)</sup> In million rupiah

<sup>\*\*</sup>) 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 have been matured on September 5, 2017. Bank Mandiri has drawdown on the loan facility amounted 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, 2018	December 31, 2017
INDOIS 22 <sup>**</sup> )	98,500,000	98,500,000
PERTAMINA 23 <sup>**</sup> )	65,000,000	65,000,000
ROI 23 <sup>**</sup> )	37,000,000	37,000,000
ROI 21 <sup>**</sup> )	32,000,000	32,000,000
ROI 19 <sup>**</sup> )	27,295,000	27,295,000
FR0053 <sup>)</sup>	659,947	659,947

<sup>)</sup> In million rupiah

<sup>\*\*</sup>) In USD (full amount)

(d) Trade financing facilities (bankers' acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 30 days to 365 days and bears interest at LIBOR or SIBOR plus a certain margin. The balance as of December 31, 2018 and 2017 are as follows:

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**36. FUND BORROWINGS (continued)**

(d) Trade financing facilities (bankers' acceptance) (continued)

	December 31, 2018	December 31, 2017
United Overseas Bank Limited, Singapore	3,147,782	1,356,750
CO Bank US, United States	2,689,060	1,356,750
Bank of Montreal, Canada	2,631,540	1,831,612
Sumitomo Mitsui Banking Corporation, Singapore	1,721,286	1,212,935
Standard Chartered Bank, Hong Kong	1,283,487	-
Citibank NA, Hong Kong	532,060	1,017,563
CO Bank, ACB	431,400	-
Landesbank Baden-Wuerttemberg, Singapore	431,400	-
Bank of Tokyo Mitsubishi UFJ, Singapore	-	542,700
<b>Total</b>	<b>12,868,015</b>	<b>7,318,310</b>

(e) Repo to Maturity

**Rupiah**

On October 31, 2014, Bank Mandiri signed a loan agreement amounted 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 amounted to Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognised receivables amounted to 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 settlement will be made at 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.

**Foreign Currencies**

On May 25, 2018, Bank Mandiri entered into borrowing transaction amounted to USD24,926,000, USD31,270,000 and USD34,782,000 through repo to maturity scheme with Nomura Singapore Limited (NSL). In this repo to maturity transactions, Bank Mandiri transferred government bonds ROI 23NN, ROI 24 and ROI 25 to NSL. Upon the transfer of government bonds ROI 23NN, ROI 24 and ROI 25, Bank Mandiri recognised receivables at the amount of cash value of ROI 23NN, ROI 24, and ROI 25 to NSL. This loan facilities have 5 (five), 6 (six) and 7 (seven) years tenor and will be due in at the same date of the maturity date of ROI23 NN, ROI 24 and ROI 25 on January 11, 2023, January 15, 2024 and January 15, 2025. On the maturity date, the settlement of the transaction will be at net basis between borrowing and receivables of Bank Mandiri and NSL.

On November 15, 2018, Bank Mandiri entered into borrowing transaction of USD58,810,427.91 (full amount) through the cross currency repo to maturity scheme with JP Morgan Chase (JPM) Jakarta. Bank Mandiri transferred FR0031 government bonds to JPM. For the transfer of Rupiah denominated FR0031 government bonds, Bank Mandiri recognized receivables at cash value of FR0031 to JPM. This loan facility has a tenor of 2 (two) years which will mature at the same date of to maturity of FR0031 at November 15, 2020. On the maturity date, JPM submit cash value (IDR) to Bank Mandiri at the amount of underlying face value plus the last underlying coupon, and Bank Mandiri will send the cash value (USD) to JPM at the borrowing amount plus the last borrowing interest payment.

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**36. FUND BORROWINGS (continued)**

(f) Others

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties		
PT Bank Negara Indonesia Tbk.	224,486	-
PT Bank Rakyat Indonesia (Persero) Tbk.	199,200	-
	423,686	-
Third parties		
PT Bank Pan Indonesia Tbk.	2,632,355	2,540,738
PT Bank Central Asia Tbk.	1,184,063	626,268
Bank of Tokyo - Mitsubishi UFJ	700,000	-
PT Bank DKI	643,550	546,015
PT Bank Permata Tbk.	395,109	50,000
PT Bank Maybank Indonesia Tbk.	374,308	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	334,526	685,138
PT Bank KEB Hana Indonesia	311,809	378,863
PT Bank UOB Indonesia	223,144	-
PT Bank Danamon Indonesia Tbk.	162,397	117,617
PT Bank HSBC Indonesia	150,000	-
PT Bank Tabungan Pensiunan Nasional Tbk.	150,000	-
PT Bank CIMB Niaga Tbk.	146,183	25,000
PT Bank Ina Perdana Tbk.	99,926	148,675
PT Bank BPD DIY	23,564	40,275
PT Bank Mega Tbk.	-	798,297
PT Bank Sumut	-	100,000
PT Bank MNC Internasional Tbk.	-	50,000
	7,530,934	6,106,886
Total	7,954,620	6,106,886
Foreign currencies:		
Third parties		
Bank of Tokyo-Mitsubishi UFJ	4,116,308	2,586,004
Bank of China	579,240	-
PT Bank UOB Indonesia	13,757	-
PT Bank ANZ Indonesia	-	35,225
Total	4,709,305	2,621,229
	<b>12,663,925</b>	<b>8,728,115</b>

Rupiah

**PT Bank Pan Indonesia Tbk.**

On November 12, 2012 and the latest amendment on October 13, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provide several non revolving term loan facilities with a total limit of Rp4,580,000 and bears a fixed interest rate. These facilities have various maturity dates ranging from October 2018 until March 2021.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**PT Bank Pan Indonesia Tbk. (continued)**

On May 26, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provides non revolving working capital facilities with total limit of Rp400,000 and revolving money market line facility with a limit of Rp100,000. 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 was matured on May 26, 2018. The money market line facility was matured on May 26, 2018 was extended up to June 25, 2018, therefore this facility will mature on May 26, 2019.

On March 21, 2018, The Subsidiary (PT Mandiri Utama Finance) obtained an extra non revolving working capital loan facility amounted to Rp1,000,000, this facility is subject to interest rate of 8.5% - 9% at the time of withdrawal, the facility is due on August 21, 2022.

As of December 31, 2018 and 2017, borrowing from Panin was amounted to Rp2,632,355 and Rp2,540,738, 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 which 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, 2019.

On July 19, 2013 and the latest updated on January 17, 2018, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered several loan agreements which BCA provides some non revolving term loan facilities with a total limit of Rp1,500,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between February 2020 until June 2021.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement which 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 has been 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.

As of December 31, 2018 and 2017, borrowing from BCA amounted to Rp1,184,063 and Rp626,268, respectively.

**PT Bank DKI**

On September 17, 2013 and the latest updated on March 6, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement and Bank DKI provides several non revolving term loan with total facility amounting to Rp775,000 and subject to a fixed rate of interest, these facilities have various maturity dates which ranging between December 2018 until May 2021.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**PT Bank DKI (continued)**

On March 24, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank DKI (Bank DKI) signed a loan agreement which Bank DKI provides revolving money market line facility with a total maximum limit of Rp300,000 and bears market interest rate. The facility was matured on March 23, 2018. On March 22, 2018, the facility was extended up to June 23, 2018. This facility has been repaid on maturity date.

On June 8, 2018, the subsidiary (PT Mandiri Utama Finance) and Bank DKI signed a revolving loan agreement of money market line amounted to of Rp100,000 which bears to market interest rate at the time of withdrawal, and non revolving executing working capital amounted to Rp300,000 and bears interest rate of 8.75%. The money market line facility will mature on June 8, 2019 and the executing working capital will mature on December 8, 2021.

As of December 31, 2018 and 2017, borrowing from Bank DKI was amounted to Rp643,550 and Rp546,015, respectively.

**PT Bank UOB Indonesia**

On November 21, 2017, the subsidiary (PT Mandiri Tunas Finance) and PT Bank UOB Indonesia (Bank UOB) signed a loan agreement which Bank UOB provides non revolving term loan facility with total facility up to Rp300,000 and bears fixed interest fixed rate and revolving loan facility with total facility up to Rp300,000 and bears floating interest rate. These facilities have various maturity date a ranging from October 2018 to March 2021.

As of December 31, 2018 and 2017, borrowing from Bank UOB amounted to Rp223,144 and RpNil, respectively.

**PT Bank Negara Indonesia Tbk.**

On October 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Negara Indonesia (Persero) Tbk ("BNI") with a maximum loan limit of Rp250,000, which bears interest rate of 8.75% - 9.25%. The facility is a recurring working capital loan. The period of withdrawal of loan facilities is up to October 8, 2019.

As of December 31, 2018 and 2017, loans from BNI amounted to Rp224,486 and RpNil, respectively.

**PT Bank Rakyat Indonesia (Persero) Tbk**

On November 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Rakyat Indonesia (Persero) Tbk ("BRI") with a maximum loan limit of Rp300,000. The facility is a revolving working capital loan, and will be mature in 12 months after the contract is signed with interest rates according to the bank's treasury recommendation.

As of December 31, 2018 and 2017, loans from BRI amounted to Rp199,200 and RpNil, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**PT Bank Maybank Indonesia Tbk**

On December 21, 2017, the subsidiary (PT Mandiri Tunas Finance) and PT Bank Maybank Indonesia Tbk. (Maybank) signed a non revolving loan agreement with total facility up to Rp500,000 and bears fixed interest rate. This facility will mature on March 12, 2021.

As of December 31, 2018 and 2017, borrowing from Maybank was amounted to Rp374,308 and RpNil, respectively.

**PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.**

On April 22, 2014 and the latest updated 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 which BJB provides several non revolving term loan facilities with total limit amounted to Rp950,000 and subject to fixed interest rate. The facility has maturity date ranging from December 2018 to December 2020.

As of December 31, 2018 and 2017, loans from BJB amounted to Rp334,526 and Rp685,138, respectively.

**PT Bank KEB Hana Indonesia**

On March 19, 2015 and the latest updated on September 3, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (KEB Hana) signed a loan agreement where KEB Hana provides several non revolving term loan facilities with a total facility up to Rp850,000 and bears a fixed interest rate. These facilities have various maturity dates which is ranging from May 2019 until June 2019.

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (KEB Hana) signed a loan agreement where KEB Hana provides non revolving working capital facility with a total limit of Rp200,000 and bears a 9% fixed interest rate. The facility will mature on September 7, 2020.

On February 8, 2018, The subsidiary (PT Mandiri Utama Finance) and KEB Hana signed a loan agreement that KEB Hana provides additional non revolving working capital loan facility up to Rp200,000 with 9% interest rate. This facility will mature on July 8, 2021.

As of December 31, 2018 and 2017, loans from KEB Hana amounted to Rp311,809 and Rp378,863, 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 that Bank Mega provides non revolving working capital loan facility up to Rp125,000 and bears to 9% - 10% interest rate, this facility was matured on May 4, 2018 and fully paid.

On July 21, 2017, the subsidiary (PT Mandiri Utama Finance) and Bank Mega signed a loan agreement that Bank Mega provides additional non revolving working capital loan facility up to Rp875,000 and bears to 9% - 10% interest rate. With this facility, the total of facilities provided up to Rp1,000,000. This facility was matured on December 8, 2018.

As of December 31, 2018 and 2017, loans from Bank Mega amounted to RpNil and Rp798.297, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**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 non revolving working capital facility with total limit amounted to Rp200,000 bears a 9% of interest rate for one year, and revolving money market line facility with total limit Rp100,000 which bears an interest rate ranging between 7.00% - 7.25%. These facilities will mature on February 15, 2021.

As of December 31, 2018 and 2017, loans from Bank Permata amounted to Rp395,109 and Rp50,000, respectively.

**PT Bank HSBC Indonesia**

On October 23, 2000 and the latest updated on May 31, 2016, The subsidiary (PT Mandiri Tunas Finance) and PT Bank HSBC Indonesia (Bank HSBC) signed a loan agreement that Bank HSBC provides revolving working capital loan facility with total facility up to Rp150,000 and subject to floating interest rate. This facility was matured on October 2018.

As of December 31, 2018 and 2017, loans from Bank HSBC Indonesia amounted to Rp150,000 and RpNil, respectively.

**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 that Bank CIMB Niaga provides non revolving working capital loan facility with total limit up to Rp200,000 with 9% interest rate at withdrawal date. This facility will mature on March 4, 2021.

As of December 31, 2018 and 2017, loans from Bank CIMB Niaga amounted to Rp146,183 and Rp25,000, 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 that Bank Ina provides non revolving working capital loan facility amounted to Rp85,000 and bears to 9% interest rate. This facility will mature on December 29, 2020.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and Bank Ina signed a additional plafond loan agreement for working capital credit facility with additional limit up to Rp85,000 and bears to 8.5% interest rated. This facility will mature on December 20, 2020.

As of December 31, 2018 and 2017, loans from Bank Ina Perdana amounted to Rp99,926 and Rp148,675, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**PT Bank Danamon Indonesia Tbk.**

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement which Danamon provides revolving term loan facility up to Rp240,556 which bears fixed interest rate and working capital loan facility up to Rp100,000 bears and bears floating interest rate. These facilities have various maturity dates which are ranging from November 2019 to June 2020.

As of December 31, 2018 and 2017, loans from Danamon Indonesia amounted to Rp162,397 and Rp117,617, respectively.

**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 which BPD DIY provide a non revolving working capital facility up to Rp50,000 and bears a 9% of interest rate. This facility will mature on May 22, 2020.

As of December 31, 2018 and 2017, loans from Bank BPD DIY amounted to Rp23,564 and Rp40,275, respectively.

**PT Bank MNC Internasional Tbk.**

On March 22, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank MNC International Tbk. (Bank MNC) signed a loan agreement which Bank MNC provides revolving money market line facility amounted to Rp120,000 and bears a market interest rate at the withdrawal date. This facility was matured on March 22, 2018 and on April 11, 2018 was extended to February 20, 2019 and increase its plafond up to Rp150,000.

As of December 31, 2018 and 2017, loans from Bank MNC amounted to RpNil and Rp50,000, respectively.

**PT Bank Sumut**

The Subsidiary (PT Mandiri Sekuritas) granted loan facilities from PT Bank Sumut (Bank Sumut) amounted to Rp100,000 with tenor 3 (three) months. Floating interest rate will be effective at the withdrawal date. This loan facilities is granted for the Subsidiary's working capital purposes. This facility was matured on January 3, 2018. These loan facilities was fully paid.

As of December 31, 2018 and 2017, loans from Bank Sumut amounted to RpNil and Rp100,000, respectively.

**PT Bank Tabungan Pensiunan Nasional Tbk.**

On June 25, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) signed a loan agreement revolving money market line facility amounted to Rp150,000 and bears floating interest rates. The facility will mature on January 7, 2019 and January 11, 2019.

As of December 31, 2018 and 2017, loans from Bank Tabungan Pensiunan Nasional amounted to Rp150,000 dan RpNil, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Rupiah (continued)

**Bank of Tokyo Mitsubishi UFJ**

On February 11, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo Mitsubishi UFJ (BTMU) signed a loan agreement which BTMU revolving uncommitted short-term loan / money market line facility amounted to Rp724,050 and subject to floating interest rates. The facility will mature on January 11, 2019.

As of December 31, 2018 and 2017, loans from Bank of Tokyo Mitsubishi UFJ amounted to Rp700,000 and RpNil, respectively.

Foreign currencies

**Bank of Tokyo-Mitsubishi UFJ**

On July 19, 2017 and the latest updated on April 26, 2018, the subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo-Mitsubishi UFJ (BTMU) signed a loan agreement which BTMU provides several syndication credit facilities in USD and JPY with total limit of Rp5,127,003 and bears fixed interest rate. These facilities will mature from September 2020 to August 2021.

As of December 31, 2018 and 2017, loans from BTMU amounted to equivalent Rp4,116,308 and Rp2,586,004, respectively.

**Bank of China**

On March 29, 2018 the Subsidiary (PT Mandiri Tunas Finance) and PT Bank of China (BOC) signed a loan agreement where BOC provide a term loan facility with a total limit equivalent to Rp575,000 which is non-revolving and bears interest rate of 9.25%. The facility will mature on December 24, 2021.

As of December 31, 2018 and 2017, loans from PT Bank of China amounted to Rp579,240 and RpNil, respectively.

**PT Bank UOB Indonesia**

On September 29, 2011, the Subsidiary (PT Mandiri Sekuritas) and PT Bank UOB Indonesia ("UOB") entered into a revolving loan facility at the maximum of Rp200,000 in IDR and equivalent to Rp100,000 in USD, the sub limit facility as uncommitted bank guarantee at the maximum of Rp200,000 and foreign exchange line facility up to USD5,000,000. The maximum validity period up to September 29, 2012 and continuously extended up to February 1, 2019. According to the loan agreement, interest rate is determined by the bank.

As of December 31, 2018 and 2017, loans from Bank UOB amounted to Rp13,757 and RpNil, respectively.

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**36. FUND BORROWINGS (continued)**

(f) Others (continued)

Foreign currencies (continued)

**PT Bank ANZ Indonesia**

On April 13, 2010, the Subsidiary (PT Mandiri Sekuritas) and PT Bank ANZ Indonesia (ANZ) signed a loan agreement which the ANZ provides a working capital facility equivalent up to Rp130,000 and the Bank Guarantee facility equivalent up to Rp50,000 for Indonesia Clearing and Guarantee Institution ("KPEI") as transaction limit indicator for Subsidiary or for OJK purposes to guarantee the underwriting process.

Working capital facility is provided in Rupiah ("Original Currency") it can be provided in USD ("Foreign Currency") which equivalent once it is required by the Subsidiary with equivalent in original currency from the working capital loan. The working capital loan interest rate as agreed on the agreement date. The facility was re-reviewed on January 31, 2018. This loan has fully paid by the subsidiary.

As of December 31, 2018 and 2017, loans from ANZ amounted to equivalent RpNil and Rp35,225, respectively.

The loan facilities received by the Subsidiary (PT Mandiri Tunas Finance) from several 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 write-off 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.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounting to Rp10,284,416 as of December 31, 2018 (December 31, 2017: Rp8,016,751) (Note 13g) and net investment finance leases amounted to Rp468,553 as of December 31, 2018 (December 31, 2017: Rp1,126,406) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the year ended December 31, 2018 and 2017.

During the year ended December 31, 2018 and 2017, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

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**37. SUBORDINATED LOANS AND MARKETABLE SECURITIES**

By type and currency:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Medium Term Notes Subordinated I Bank Mandiri		
Related parties (Note 56)	136,750	-
Third parties	363,250	-
Total	<u>500,000</u>	<u>-</u>
Foreign currencies:		
Two-Step Loans (TSL)		
Third parties		
Asian Development Bank (ADB) (Note 62B.(v))	186,790	191,501
	<u>686,790</u>	<u>191,501</u>
Less: unamortised issuance cost	(1.060)	-
<b>Net</b>	<b><u>685,730</u></b>	<b><u>191,501</u></b>

**Medium Term Notes Subordination I Bank Mandiri**

In order to strengthen the capital structure and long-term funding structure, as well as support the credit expansion, on July 31, 2018, Bank Mandiri issued Subordinated Medium Term Notes I Bank Mandiri 2018 (the "Subordinated MTN I") amounted to Rp500,000. On December 31, 2018, the unamortised issuance cost of Subordinated MTN I amounted to Rp1,060.

Subordinated MTN I for a period of 5 (five) years that will mature on July 31, 2023, issued scriptless with a fixed rate of 8.50% per annum. The Trustee of the Subordinated MTN I issuance is PT Bank Permata Tbk.

Interest of Subordinated MTN I is paid on quarterly basis, starting from October 31, 2018, while the last interest payments which is also the maturity date and settlement date of subordinated MTN I is on July 31, 2023. The principal of MTN I will be fully repaid on the maturity date.

Subordinated MTN I can be treated as supplementary capital components (Tier 2) according to approval from financial services authority through letter No. S-109/PB.31/2018 dated September 20, 2018.

Prior to fully repayment of the MTN, Bank Mandiri is obliged to: (i) maintain at all times soundness financial condition in accordance to OJK regulation; (ii) maintain a minimum level of soundness composite rating of 3 (three) which is categorized as "fair", according to internal assessment based on OJK regulation and/or Bank Indonesia; (iii) obtain to comply with all requirements and exercise all necessary things to keep the authority, license and approval (from government or other authorities) comply with requirement in accordance to Republic of Indonesia's law.

Bank Mandiri without written permission from Trustee shall not: (i) reduce authorized, issued and paid in capital, except required by government, authorized by the Authorities or Bank Indonesia; (ii) change the core business; (iii) perform merger, heither take over by other entity which lead to dissolution of Bank Mandiri.

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**37. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)**

**Medium Term Notes Subordination I Bank Mandiri (continued)**

Subordinated MTN I is not guaranteed by a special collateral, except guarantee which refer to article 1131 and 1132 of Indonesian civil law (UU hukum perdata) which is cover all the Bank's either moving objects and objects that are not moving, present or future.

There was no breach of the Trustee restrictions agreement on Subordinated MTN I during the year ended on December 31, 2018.

As of December 31, 2018, rating of MTN Subordinated I based on Pefindo was idAA (*double A*).

**Two-step loans - Asian Development Bank**

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are relent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	Funding 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, 2018	December 31, 2017
ADB Loan 1327 - INO (SF)	<b>186.790</b>	<b>191,501</b>

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 2004, has been approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every January 15 and July 15, with the first installment paid on January 15, 2005 and will 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, 2018	December 31, 2017
Rupiah		
Third parties		
Demand deposits - restricted investment	674,923	518,963
Demand deposits - <i>Mudharabah Musytarakah</i>	7,319	6,322
	<b>682,242</b>	<b>525,285</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, 2018	December 31, 2017
Related parties (Note 56)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	144,132	34,012
<i>Berencana</i> BSM saving deposits	457	482
<i>Mabrur</i> saving deposits	158	104
<i>Investa Cendekia</i> saving deposits	63	186
	144,810	34,784
Third parties		
Saving deposits - restricted investment	908,012	1,331,247
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	24,651,395	21,847,528
<i>Mabrur</i> saving deposits	4,531,105	4,063,954
Retirement saving deposits	547,837	404,566
<i>Investa Cendekia</i> saving deposits	387,273	369,442
<i>Berencana</i> BSM saving deposits	147,704	148,896
<i>Qurban</i> saving deposits	284	319
	31,173,610	28,165,952
<b>Total</b>	<b>31,318,420</b>	<b>28,200,736</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:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Profit sharing ratio ( <i>nisbah</i> )	0.69% - 4.71%	0.61% - 4.97%

3) *Mudharabah* Time Deposit - unrestricted investment

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah		
Related parties (Note 56)	2,127,451	931,490
Third parties	36,969,676	33,172,990
Total	39,097,127	34,104,480
Foreign currency		
Related parties (Note 56)	4,895	7,825
Third parties	3,802,395	3,384,283
Total	3,807,290	3,392,108
	<b>42,904,417</b>	<b>37,496,588</b>

b. Deposits from Other Banks

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	277,312	316,574
<i>Mudharabah</i> time deposits - unrestricted investment	156,298	128,715
<b>Total</b>	<b>433,610</b>	<b>445,289</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, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
1 month	30,129,639	27,430,422
3 months	4,618,576	2,819,012
6 months	1,646,362	1,390,061
12 months	2,858,848	2,593,700
<b>Total</b>	<b>39,253,425</b>	<b>34,233,195</b>
Foreign currency:		
1 month	3,402,932	2,912,949
3 months	195,471	182,305
6 months	47,537	43,257
12 months	161,350	253,597
<b>Total</b>	<b>3,807,290</b>	<b>3,392,108</b>
	<b>43,060,715</b>	<b>37,625,303</b>

- 2) By remaining period until maturity date:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Rupiah:		
Less than 1 month	31,127,591	28,666,786
1 - 3 months	4,901,920	2,709,869
3 - 6 months	1,531,852	1,345,104
6 - 12 months	1,692,062	1,511,436
<b>Total</b>	<b>39,253,425</b>	<b>34,233,195</b>
Foreign currency:		
Less than 1 month	3,522,633	2,923,800
1 - 3 months	131,423	332,626
3 - 6 months	39,054	35,438
6 - 12 months	114,180	100,244
<b>Total</b>	<b>3,807,290</b>	<b>3,392,108</b>
	<b>43,060,715</b>	<b>37,625,303</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, 2018	December 31, 2017
Rupiah	3.98% - 5.89%	4.00% - 6.21%
Foreign currency	0.62% - 1.57%	0.61% - 1.66%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp5,403,876 and Rp8,422,310 as of December 31, 2018 and 2017, 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, 2018	December 31, 2017
PT AXA Mandiri Financial Services	1,116,480	1,063,407
PT Bank Mandiri Taspen	1,088,584	617,375
PT Mandiri Tunas Finance	1,047,216	866,487
PT Asuransi Jiwa InHealth Indonesia	257,883	285,625
PT Mandiri Utama Finance	247,318	242,438
PT Mandiri Sekuritas	239	195
PT Mandiri Capital Indonesia	68	84
PT Mandiri AXA General Insurance <sup>*)</sup>	-	211,678
<b>Total</b>	<b>3,757,788</b>	<b>3,287,289</b>

<sup>\*)</sup> PT Mandiri AXA General Insurance was no longer Subsidiary since November 21, 2018 (see Note 1.g)

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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, 2018 and 2017, respectively, are as follows:

December 31, 2018				
	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	27,999,999,999	250	6,999,999,999,750	60.00%
Board of Commissioners:				
Imam Apriyanto Putro	114,300	250	28,575,000	0.00%
Askolani	109,000	250	27,250,000	0.00%
Ardan Adiperdana	109,000	250	27,250,000	0.00%
R. Widyo Pramono	39,400	250	9,850,000	0.00%
Directors:				
Kartika Wirjoatmodjo	269,100	250	67,275,000	0.00%
Sulaiman Arif Arianto	635,658	250	158,914,500	0.00%
Royke Tumilaar	344,200	250	86,050,000	0.00%
Hery Gunardi	660,200	250	165,050,000	0.00%
Darmawan Junaidi	87,600	250	21,900,000	0.00%
Rico Usthavia Frans	242,200	250	60,550,000	0.00%
Ahmad Siddik Badruddin	1,238,800	250	309,700,000	0.00%
Agus Dwi Handaya	70,000	250	17,500,000	0.00%
Alexandra Askandar	408,500	250	102,125,000	0.00%
Public (less than 5% each)	18,662,338,708	250	4,665,584,677,000	40.00%
	<b>46,666,666,666</b>		<b>11,666,666,666,500</b>	<b>100.00%</b>

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	27,999,999,999	250	6,999,999,999,750	60.00%
Management:				
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>

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**40. SHARE CAPITAL (continued)**

**a. Authorised, Issued and Fully Paid Capital (continued)**

As of December 31, 2018, there was a change of ownership of the stock owned by the Board of Commissioners of Bank Mandiri, where the ownership of shares in the prior year was nil. The share ownership was related to the implementation of OJK regulation No. 45/POJK.03/2015, about the application of corporate governance in granting of remuneration for commercial banks, where as non independent Board of Directors and Board of Commissioners of are entitled to variable remuneration in form of Bank's share for 2017 financial performance.

Shares owned by the Board of Commissioners and Board of Directors for the year ended December 31, 2018 and 2017 respectively, amounted to 4,327,958 shares and 4,152,658 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 changes of capital structure that mentioned above 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 to 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, 2018 and 2017 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/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 21, 2018 and March 14, 2017, the shareholders approved the distribution of the 2017 and 2016 net income as follows:

	<b>2017</b>	<b>2016</b>
Dividends	9,287,857	6,212,954
Retained Earnings Unappropriated	11,351,826	7,593,611
	20,639,683	13,806,565
Dividend per share (full amount)	199.025516	266.26947

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**40. SHARE CAPITAL (continued)**

**c. Distribution of net income (continued)**

Dividends from 2017 net income amounted to Rp9,287,857 were paid on April 20, 2018 and dividends from 2016 net income amounted to Rp6,212,954 were paid on April 13, 2017. Payment of dividends were recorded in the consolidated statement of changes in equity at the year the payment was made.

**41. INTEREST INCOME AND SHARIA INCOME**

Interest income and sharia income are as follow:

	Year ended December 31,	
	2018	2017
<u>Interest income</u>		
Loans	61,997,206	59,116,422
Government bonds	5,109,443	5,176,335
Consumer financing income	3,339,294	2,636,441
Marketable securities	2,003,041	1,962,392
Placements with Bank Indonesia and other banks	1,273,910	1,570,139
Others	731,488	593,373
	74,454,382	71,055,102
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,565,821	4,336,028
<i>Musyarakah</i> income	1,616,886	1,384,132
<i>Mudharabah</i> income	330,120	363,818
<i>Ijarah</i> income - net	25,361	145,568
	6,538,188	6,229,546
<b>Total</b>	<b>80,992,570</b>	<b>77,284,648</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, 2018 and 2017 amounted to Rp589,769 and Rp761,192 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2018 and 2017 amounted to Rp2,647,879 and Rp2,245,554, respectively.

Included in interest income is interest income from financial asset that measures in fair values through profit and loss amounted to Rp438,709 and Rp476,064 for the year ended on December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017 included in interest income and sharia income was income from transaction with related parties on government bonds and treasury bills amounted to Rp5,109,695 and Rp5,300,754, respectively (refer to Note 56).

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**42. INTEREST EXPENSE AND SHARIA EXPENSE**

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2018	2017
<u>Interest expense</u>		
Time deposits	12,993,991	13,701,237
Saving deposits	3,283,606	2,885,522
Fund borrowings	2,998,149	1,902,168
Demand deposits	2,969,636	2,839,300
Debt securities issued	1,415,414	1,316,516
Subordinated loans and marketable securities	2,931	2,775
Others	46,901	107,639
	23,710,628	22,755,157
<u>Sharia expense</u>		
<i>Mudharabah deposits</i>	2,079,279	1,989,111
<i>Mudharabah saving deposits</i>	505,173	453,491
<i>Restricted Investments</i>	74,779	98,476
<i>Musyarakah - mudharabah musytarakah</i>	35	51
Certificate of interbank <i>mudharabah</i> investment	44	1
	2,659,310	2,541,130
	<b>26,369,938</b>	<b>25,296,287</b>

**43. TRADING INCOME - NET**

	Year ended December 31,	
	2018	2017
Interest income	377,916	285,921
Unrealised gain/(loss) from increase/(decrease) in fair value - net	(241,168)	121,043
Gain from derivatives transactions - net	3,397,330	2,951,126
Gain from sales - net	123,212	113,577
<b>Total</b>	<b>3,657,290</b>	<b>3,471,667</b>

**44. OTHER OPERATING INCOME - OTHERS**

	Year ended December 31,	
	2018	2017
Recoveries from write-offs loans and sharia loan/financing	5,485,853	4,206,354
Income from mutual fund dividend	477,303	414,699
Income from penalty	286,371	219,224
Income from loan written off	202,829	211,062
Safety deposit box	41,764	42,037
Stamp duty income	37,969	41,750
Others	4,468,900	1,775,299
<b>Total</b>	<b>11,000,989</b>	<b>6,910,425</b>

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**45. ALLOWANCE FOR IMPAIRMENT LOSSES**

	Year ended December 31,	
	2018	2017
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	(1,703)	44
Placements with other banks (Note 6d)	(115)	53,290
Marketable securities (Note 7g)	(20,263)	(8,420)
Other receivables - trade transactions (Note 9d)	(178,324)	425,563
Loans (Note 12B.j)	(13,481,957)	(15,458,493)
Consumer financing receivables (Note 13d)	(638,849)	(640,151)
Net investment finance leases (Note 14d)	(3,950)	(5,784)
Acceptance receivables (Note 15d)	(49,878)	(9,783)
Investments in shares (Note 16c)	(19,934)	(2,651)
<b>Total</b>	<b>(14,394,973)</b>	<b>(15,646,385)</b>

**46. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES**

	Year ended December 31,	
	2018	2017
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	18	(58,785)
Estimated losses arising from legal cases	7,568	33,099
Losses from operational risk external fraud	(5,580)	(7,625)
Losses from other operational	(7,282)	-
Other assets (Note 20)	(56,222)	(98,739)
<b>Total</b>	<b>(61,498)</b>	<b>(132,050)</b>

**47. 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,	
	2018	2017
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in market value of policyholders' investment	1,802,602	3,311,638
- Increase in liability in unit-link contracts	(1,802,602)	(3,311,638)
Others	(18,483)	46,849
<b>Total</b>	<b>(18,483)</b>	<b>46,849</b>

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**48. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS**

	Year ended December 31,	
	2018	2017
Available for sale		
Marketable securities	229,509	35,471
Government bonds	444,578	744,522
<b>Total</b>	<b>674,087</b>	<b>779,993</b>

**49. SALARIES AND EMPLOYEE BENEFITS**

	Year ended December 31,	
	2018	2017
Salaries, wages, pension and tax allowances	9,518,261	8,634,555
Holidays allowance, leave and related entitlements	1,700,249	1,497,603
Employee benefits in kind	1,245,430	1,029,001
Training and education	708,193	650,741
Provision for post-employment benefit expenses	608,573	466,422
Provision of tantiem	222,595	198,282
Bonuses and others	2,319,468	2,382,038
<b>Total</b>	<b>16,322,769</b>	<b>14,858,642</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 Rp1,295,170 and Rp1,153,809 (Note 56) for the year ended December 31, 2018 and 2017, respectively, as follows:

	Year ended December 31, 2018			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	49,776	89,171	6,128	145,075
Directors	175,845	272,537	27,169	475,551
Audit Committee and Risk Monitoring Committee	5,824	129	18	5,971
Sharia Supervisory Board	2,266	496	-	2,762
Senior Executive Vice Presidents and Senior Vice President	417,077	228,414	20,320	665,811
<b>Total</b>	<b>650,788</b>	<b>590,747</b>	<b>53,635</b>	<b>1,295,170</b>

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**49. 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 Rp1,295,170 and Rp1,153,809 (Note 56) for the year ended December 31, 2018 and 2017, respectively, as follows (continued):

	Year ended December 31, 2017			Total
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	
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>

**50. GENERAL AND ADMINISTRATIVE EXPENSES**

	Year ended December 31,	
	2018	2017
Professional fees	4,123,776	3,728,299
Rent	2,132,616	2,043,611
Goods/services provided by third parties	1,728,393	1,544,818
Repairs and maintenance	1,483,710	1,401,012
Depreciation of fixed assets (Note 18)	1,311,681	1,389,147
Communication	1,191,526	1,092,507
Promotion	1,055,052	1,092,363
Office supplies	576,906	535,331
Electricity, water and gas	537,431	530,165
Amortisation of intangible assets	505,608	442,954
Transportations	441,454	409,895
Traveling expenses	208,139	189,770
Insurance expenses	79,224	73,725
Others	1,211,489	931,982
	<b>16,587,005</b>	<b>15,405,579</b>

For the year ended December 31, 2018 and 2017, promotions expenses include the reward/prize expenses of third party funds amounted to Rp63,868 and Rp59,486, respectively.

**51. PENSION PLAN AND SEVERANCE PAY**

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as religious 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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**51. 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 Fund (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on August 1, 1999 based on Board of Directors's resolution No. 004/KEP.DIR/1999 dated April 26, 1999 regarding pension plan of Bank Mandiri's pension fund. The DPBM's plans 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.

The pension plan of Bank Mandiri's pension fund has been amended several times to comply with prevailing law, as follow:

1. Based on resolution of Board of Directors of Bank Mandiri No. 068/KEP.DIR/2005 dated June 28, 2005, the pension plan of Bank Mandiri's pension fund was amended to increase the pension benefits for the members who already deceased, disable and changed in retirement age of the members. The amended pension plan has been approved by Ministry of Finance through its letter No. KEP-213/KM.5/2005 dated July 22, 2005 and published in supplement of the State Gazette of Republic Indonesia No. 77 dated September 27, 2005.
2. Based on resolution of Board of Directors of Bank Mandiri No. KEP.DIR/415A/2016 dated December 7, 2016, the pension plan of Bank Mandiri's pension fund was amended to adjust the retirement age of the employees based on amendment of Collective Labor Agreement for period 2015 - 2017 and prevailing policy in PT Bank Mandiri (Persero) Tbk. The amended pension plan has been approved by Otoritas Jasa Keuangan (OJK) No. KEP-24/NB.1/2017 dated May 17, 2017 and published in Supplement of the State Gazzate of Republic of Indonesia No. 60 dated July 28, 2017.
3. Based on resolution Board of Directors No. KEP.DIR/005/2018 dated February 28, 2018, the pension plan of Bank Mandiri's pension fund was amended to comply with OJK regulation No. 5/POJK.05/2017 regarding contribution, pension benefits and other benefits provided by the pension fund. The amended pension plan has been approved by OJK through its letter No. KEP-125/NB.11/2018 dated March 12, 2018.

The pension contribution is recorded for each members, which jointly borneby the employer and the members:

1. The member is obliged to contribute 5% (five per hundred) of basic pension income.
2. The employer is obliged to contribute 10% (ten per hundred) of basic pension income.

The Bank Mandiri's pension funds invest their financial resources in time deposits and deposits on call at Bank Mandiri. Balance on time deposits and deposit on call as of December 31, 2018 and 2017 amounted to Rp37,000 and RpNil, respectively. The interest rate of the deposits are the same with interest rate for third party deposits.

For the year ended December 31, 2018 and 2017, Bank has paid pension contribution of Rp431,438 and Rp405,245, respectively.

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

- b. Four employer's pension funds provide defined benefits program (DPPK-PPMP), which from merger of four (4) the legacy banks, namely:
1. Dana Pensiun Bank Mandiri One (Bank Bumi Daya),
  2. Dana Pensiun Bank Mandiri Two (Bank Dagang Negara),
  3. Dana Pensiun Bank Mandiri Three (Bank Exim) and
  4. Dana Pensiun Bank Mandiri Four (Bank Pembangunan Indonesia),

The members of the pension funds are employees from legacy bank with working period of 3 years or more at the merger date which were active employees (resigned but did not transfer his/her right to other pension fund) and retired members.

The pension plans for each pension funds have been approved by Minister of Finance of the Republic of Indonesia through letter 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 shareholder's approval No. S-923/M-MBU/2003 dated March 6, 2003, Bank Mandiri has adjusted the pension benefits of each of the Pension Fund One to Pension Fund Four. The plan decision has been stated in the Pension Fund Plan (PDP) and have been approved by the Minister of Finance through letter No. KEP/115/KM.6/2003 for PDP Pension Fund Bank Mandiri One, No. KEP/116/KM.6/2003 for Bank Mandiri Pension Fund Two, No. KEP/117/KM.6/2003 for Bank Mandiri Pension Fund Three and No. KEP/118/KM.6/2003 for Bank Mandiri Pension Fund Four, all dated March 31, 2003.

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were:

1. Based on resolution of General Meeting of Shareholders (GMS) on May 28, 2007, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-144/KM.10/2007 (Pension Fund One); No. KEP-145/KM.10/2007 (Pension Fund Two); No. KEP-146/KM.10/2007 (Pension Fund Three) and No. KEP-147/KM.10/2007 (Pension Fund Four), all dated July 20, 2007.
2. Based on resolution of General Meeting of Shareholders (GMS) on May 17, 2010, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-441/KM.10/2010 (Pension Fund One); No. KEP-442/KM.10/2010 (Pension Fund Two); No. KEP-443/KM.10/2010 (Pension Fund Three) and No. KEP-444/KM.10/2010 (Pension Fund Four), all dated August 10, 2010.
3. Based on resolution of General Meeting of Shareholders (GMS) on May 23, 2011, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-588/KM.10/2011 (Pension Fund One); No. KEP-589/KM.10/2011 (Pension Fund Two); No. KEP-590/KM.10/2011 (Pension Fund Three) and No. KEP-591/KM.10/2011 (Pension Fund Four), all dated July 20, 2011.

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were (continued):

4. Based on resolution of General Meeting of Shareholders (GMS) on April 2, 2013, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-349/NB.1/2013 (Pension Fund One); No. KEP-350/NB.1/2013 (Pension Fund Two); No. KEP-351/NB.1/2013 (Pension Fund Three) and No. KEP-352/NB.1/2013 (Pension Fund Four), all dated June 14, 2013.

The GMS also approved additional other benefit and delegate an authority to Board of Commisioners to decide the increase of pension benefit and other benefits as long as it was in line with prevailing regulation which were after the increase of benefits or other benefit, the Adequacy of Funds Ratio (RKD) of Pension Funds One to Four were minimum at 115%.

5. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on July 2, 2014, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-1773/NB.1/2014 (Pension Fund One), No. KEP-1774/NB.1/2014 (Pension Fund Two), No. KEP-1775/NB.1/2014 (Pension Fund Three) and No. KEP-1776/NB.1/2014 (Pension Fund Four), all dated July 17, 2014.
6. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 3, 2015, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-525/NB.1/2015 (Pension Fund One), No. KEP-526/NB.1/2015 (Pension Fund Two), No. KEP-527/NB.1/2015 (Pension Fund Three) and No. KEP-528/NB.1/2015 (Pension Fund Four), all dated June 29, 2015.
7. Based on resolution of General Meeting of Shareholders (GMS) dated March 21, 2016, it was approved to change the minimum Ratio of Adequacy of Funds (RKD) for all Pension Fund One to Pension Fund Four, from intial of 115% to become 105%, and delegation authority to Board of Commisioners (BoC) to take decision on increase of pension benefits or other benefits as long as in accordance with prevailing regulation therefore after increase of pension benefits of other benefits, it should comply with minimum requirements:
  - a. The ratio of Adequacy of Funds (RKD) after increase in pension benefit and or other benefits minimum at 105% based on mortality table set by the Founder.
  - b. Still in surplus and would not trigger obligation for additional contribution or accounting obligation under SFAS 24.

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were (continued):

8. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 22, 2016, Bank Mandiri provided increase in Pension Fund Three and provided other benefits to all pension funds and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-40/NB.1/2016 (Pension Fund One), No. KEP-41/NB.1/2016 (Pension Fund Two), No. KEP-42/NB.1/2016 (Pension Fund Three) and No. KEP-43/NB.1/2016 (Pension Fund Four), all dated June 29, 2016.
9. Based on resolution of Board of Directors No. KEP.DIR/415B/2016 (Pension Fund One), No. KEP.DIR/415C/2016 (Pension Fund Two), No. KEP.DIR/415D/2016 (Pension Fund Three) and No. KEP.DIR/415E/2016 (Pension Fund Four), all dated December 7, 2016 there were additional of clauses to the Pension Fund Plan of Pension Fund One to Pension Fund Four, as approved by Annual General Shareholders Meeting of Founder on April 2, 2013 and on March 21, 2016 regarding change of RKD to become 105%. The Pension Fund Plans have been approved by Board of Commisioners of OJK through letters No. KEP-81/NB.1/2016 (Pension Fund One), No. KEP-80/NB.1/2016 (Pension Fund Two), No. KEP-79/NB.1/2016 (Pension Fund Three) and No. KEP-78/NB.1/2016 (Pension Fund Four), all dated December 23, 2016.
10. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on May 3, 2017, Bank Mandiri increase the Pension Benefit and provided other benefit in form of additional benefits to all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-30/NB.1/2017 (Pension Fund One), No. KEP-31/NB.1/2017 (Pension Fund Two), No. KEP-32/NB.1/2017 (Pension Fund Three) and No. KEP-33/NB.1/2017 (Pension Fund Four), all dated June 9, 2017.

With respect to the adjustment to the Pension Fund's Plan in form of increament of Pension Benefit and Provision of other benefit to each Pension Fund, this also to align the Pension Fund's Plan with OJK regulation No. 5/POJK.05/2017 dated March 1, 2017, regarding Contribution, Pension Benefits and Other Benefits provided by the Pension Funds.

11. Based on resolution of Board of Commisioner (BoC) of Bank Mandiri's meeting on March 28, 2018, BoC approved provision of other benefit in form of additional benefit to all Pension Funds. This decision to provide other benefit in form of additional benefit were included in each Pension Funds Plan and have been approved by OJK through letter No. KEP-22/NB.1/2018 (Pension Fund One), No. KEP-23/NB.1/2018 (Pension Fund Two), No. KEP-24/NB.1/2018 (Pension Fund Three), No. KEP-25/NB.1/2018 (Pension Fund One), all dated April 16, 2018.

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The actuarial calculation on pension benefits liability for Bank only as of December 31, 2018 and 2017 were based on estimated actuarial calculation for the year ended December 31, 2018 and 2017 as stated in report of PT Bestama Aktuaria dated January 7, 2019 and January 12, 2018 with method of "Projected Unit Credit".

The assumptions used for the year ended December 31, 2018 and 2017 are as follows:

	<u>DPBMS</u>	<u>DPBMD</u>	<u>DPBMT</u>	<u>DPBME</u>
Discount rate	8.30% per annum (2017: 7.40% 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
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

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

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The projected benefit obligations and fair value of plan assets as of December 31, 2018, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,436,183)	(1,672,113)	(726,850)	(495,946)
Fair value of plan assets (unaudited)	1,570,732	1,691,473	734,258	540,969
Funded Status	134,549	19,360	7,408	45,023
Asset ceiling <sup>1)</sup>	(134,549)	(19,360)	(7,408)	(45,023)
<b>Pension Plan Program Assets recognised in consolidated statement of financial position <sup>2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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, 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	164,865	77,860	44,100	55,755
Asset ceiling <sup>1)</sup>	(164,865)	(77,860)	(44,100)	(55,755)
<b>Pension Plan Program Assets recognised in consolidated statement of financial position <sup>2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Pension Plan (continued)**

The composition of plan assets from Pension Fund for the year ended December 31, 2018 and 2017 are as follows:

December 31, 2018 (unaudited)				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	5%	7%	4%	15%
Bonds	36%	46%	21%	40%
Direct placement	7%	18%	29%	18%
Land and building	29%	3%	21%	5%
Shares	4%	3%	1%	1%
Treasury Bills	18%	20%	20%	6%
Others	1%	3%	4%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

December 31, 2017 (unaudited)				
	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>

**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, 2018 and 2017, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp3,563,484 (including compensation benefits of Rp8,240 for resigned employees which have not yet been paid and excluded from actuarial calculation) and Rp4,030,761 (including compensation for resigned employees which have not yet been paid and excluded from actuarial calculation of 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, 2018 and 2017 are estimated using the employees service entitlements calculation for the year ended December 31, 2018 and 2017 as included in the independent actuarial report of PT Bestama Aktuaria dated January 7, 2019 and January 12, 2018, respectively. The assumptions used by the actuary for the year ended December 31, 2018 and 2017 are as follows:

- a. Discount rate is 8.0% per annum (2017: 7.0%)
- b. Expected rate of annual salary increase is 9.50% per annum (2017: 9.50%)
- c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
- d. Turnover rate is 5% for employee's 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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**51. 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, 2018</b>	<b>December 31, 2017</b>
Provision for post employment benefits presented in statement of financial position	<b>2,988,260</b>	<b>3,512,601</b>

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance of present value of obligation	3,512,601	2,434,892
Current service cost	301,428	266,966
Interest cost	253,260	206,474
Benefit paid	(90,625)	(100,808)
Actuarial (gain)/losses	(988,404)	705,077
<b>Ending balance of present value of obligation</b>	<b>2,988,260</b>	<b>3,512,601</b>

The amounts recognised in the statement of profit or loss and other comprehensive income based on independent actuarial report are as follows (Bank Mandiri only):

	<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Current service cost	301,428	266,966
Interest cost	253,260	206,474
<b>Cost of pension benefits</b>	<b>554,688</b>	<b>473,440</b>

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**51. 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,	
	2018	2017
<b>Bank Mandiri</b>		
Beginning balance of provision for post employment benefits	3,512,601	2,434,892
Expenses during the year	554,688	473,440
Payments of benefits	(90,625)	(100,808)
Recognition of actuarial (gains)/losses in other comprehensive income	(988,404)	705,077
<b>Provision for post employment benefits (Bank Mandiri)</b>	<b>2,988,260</b>	<b>3,512,601</b>
<b>Subsidiaries</b>		
<b>Provision for post employment benefits</b>	<b>566,984</b>	<b>509,920</b>
<b>Total provision for post employment benefits</b>	<b>3,555,244<sup>1)</sup></b>	<b>4,022,521<sup>1)</sup></b>

<sup>1)</sup> As of December 31, 2018 and 2017, 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 <sup>1)</sup>				
	2018	2017	2016	2015	2014
Present value of defined benefit obligations	2,988,260	3,512,601	2,434,892	1,976,724	1,924,202
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	2,988,260	3,512,601	2,434,892	1,976,724	1,924,202
Experience adjustments on plan liabilities	389,056	(89,944)	152,490	62,579	95,820
Experience adjustments on asset program	-	-	-	-	-

**Reconciliation of PVDBO:**

	December 31, 2018				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,441,936	1,748,902	759,429	510,283	3,512,601
Current service cost	-	-	-	-	301,428
Interest cost of PVDBO	100,310	122,296	53,018	35,838	253,260
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)	(90,625)
Actuarial losses from PVDBO:					
Losses on change of assumption in economic	(3,391)	(6,480)	(3,775)	(3,546)	(599,348)
Losses on experience adjustment	70,107	(92)	4,104	5,353	(389,056)
<b>Ending balances of PVDBO</b>	<b>1,436,183</b>	<b>1,672,113</b>	<b>726,850</b>	<b>495,946</b>	<b>2,988,260</b>

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

**Labor Law No. 13/2003 (continued)**

Reconciliation of PVDBO (continued):

	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>

Reconciliation of plan assets:

	December 31, 2018			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,606,801	1,826,762	803,529	566,038
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)
Interest Income in plan assets	112,510	128,057	56,281	39,963
Result of plan assets (exclude interest income)	24,200	(70,833)	(39,626)	(13,050)
<b>Ending fair value plan assets</b>	<b>1,570,732</b>	<b>1,691,473</b>	<b>734,258</b>	<b>540,969</b>

	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>

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the year ended December 31, 2018 and 2017 as follows:

	December 31, 2018				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	(614,751)
Actuarial losses of the current year	-	-	-	-	988,404
<b>Accumulated of actuarial gains on ending year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>373,653</b>

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**51. 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, 2018 and 2017 as follows (continued):

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	90,326
Actuarial losses of the current year	-	-	-	-	(705,077)
<b>Accumulated of actuarial gains on ending year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(614,751)</b>

Employee benefits liabilities maturing on December 31, 2018 and 2017 related to UUK No. 13/2003 are as follows:

	December 31, 2018	December 31, 2017
Year 1	321,803	123,992
Year 2	368,388	192,717
Year 3	431,517	296,357
Year 4	448,975	402,733
Year 5	607,729	505,457
Year 6 and others	53,441,408	39,225,590
<b>Total</b>	<b>55,619,820</b>	<b>40,746,846</b>

The average duration of the defined benefit obligation is 10.42 years and the defined contribution obligation is 15.08 years as of December 31, 2018.

Actuarial calculation on employee pension benefits for Subsidiaries as of December 31, 2018 and 2017 were based on estimated actuarial calculation for the year ended December 31, 2018 and 2017.

Provision for employee service entitlements of Subsidiaries as of December 31, 2018 were calculated by independent actuarial as included in the independent actuarial report as follows:

Subsidiaries	Independent Actuary	2018	2017
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 30, 2018	November 28, 2017
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	December 27, 2018	December 28, 2017
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 7, 2019	January 4, 2018
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 2, 2019	January 2, 2018
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 14, 2019	January 12, 2018
PT Mandiri AXA General Insurance <sup>1)</sup>	PT Dayamandiri Dharmakonsilindo	January 3, 2019	January 11, 2018
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 5, 2019	January 5, 2018
PT Mandiri Utama Finance	PT Kompujasa Aktuarial Indonesia	January 3, 2019	January 5, 2018

<sup>1)</sup> PT Mandiri AXA General Insurance was no longer subsidiary since November 28, 2018 (see Note 1.g)

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**51. PENSION PLAN AND SEVERANCE PAY (continued)**

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri only) (unaudited):

	Year ended December 31,	
	2018	2017
Changes of assumptions:		
1% increase in discount rate	(2,532,393)	(2,987,626)
1% decrease in discount rate	3,587,607	4,146,100

**52. OTHER OPERATING EXPENSES - OTHERS - NET**

	Year ended December 31,	
	2018	2017
Insurance premiums on third party funds guarantee program	1,626,089	1,526,574
Fees and commissions expenses	666,452	627,445
Fees related to credit card and ATM transaction	539,556	536,160
Insurance sales force compensation	565,274	486,710
Bancassurance fee	316,511	512,496
Fees from RTGS, remittance and clearing transactions	78,709	70,952
Group insurance commissions	149,176	4,381
Others	714,598	960,158
	<b>4,656,365</b>	<b>4,724,876</b>

**53. NON-OPERATING INCOME/(EXPENSE) - NET**

	Year ended December 31,	
	2018	2017
Gain on sale of fixed assets	21,890	44,777
Others - net	15,682	(57,665)
<b>Net</b>	<b>37,572</b>	<b>(12,888)</b>

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**54. COMMITMENTS AND CONTINGENCIES**

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2018	December 31, 2017
<b>COMMITMENTS</b>		
Commitment payables:		
Unused loan facilities <sup>*)</sup>		
Related parties (Note 56)	(55,668,817)	(50,456,815)
Third parties	(103,488,612)	(92,747,364)
	<u>(159,157,429)</u>	<u>(143,204,179)</u>
Outstanding irrevocable letters of credit (Note 31):		
Related parties (Note 56)	(11,195,881)	(5,904,249)
Third parties	(8,550,047)	(9,918,273)
	<u>(19,745,928)</u>	<u>(15,822,522)</u>
<b>Commitment payables - net</b>	<b><u>(178,903,357)</u></b>	<b><u>(159,026,701)</u></b>
<sup>*)</sup> Including committed and uncommitted unused loan facilities.		
<b>CONTINGENCIES</b>		
Contingent receivables:		
Guarantees received from other banks	15,016,138	16,223,496
Interest receivable on non-performing assets	8,811,005	8,088,139
Others	32,729	32,729
	<u>23,859,872</u>	<u>24,344,364</u>
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties (Note 56)	(26,849,223)	(25,912,130)
Third parties	(55,264,862)	(53,775,848)
	<u>(82,114,085)</u>	<u>(79,687,978)</u>
Standby letters of credit (Note 31)		
Related parties (Note 56)	(7,673,903)	(6,171,176)
Third parties	(5,457,786)	(6,107,442)
	<u>(13,131,689)</u>	<u>(12,278,618)</u>
Others	(816,766)	(603,302)
<b>Total</b>	<b><u>(96,062,540)</u></b>	<b><u>(92,569,898)</u></b>
Contingent payables - Net	<b><u>(72,202,668)</u></b>	<b><u>(68,225,534)</u></b>
	<b><u>(251,106,025)</u></b>	<b><u>(227,252,235)</u></b>

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**55. 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, 2018 and 2017 are as follows:

Original Currency	December 31, 2018			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	242,520,000	3,487,438	287,258,500	4,130,777
Others <sup>*)</sup>		272,720		612,119
		<b>3,760,158</b>		<b>4,742,896</b>
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>

\*) Consist of various currencies.

**56. 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.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
3.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
6.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
7.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)

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**56. 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
8.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
11.	PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
12.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
13.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
14.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
15.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
16.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri
17.	PT Mitra Transaksi Indonesia	Significantly influenced by Subsidiary
18.	PT Mandiri AXA General Insurance	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, debt securities issued, subordinated loans and marketable securities, loans, customer deposits and bank guarantees.

· **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	PT Abuki Jaya Stainless	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
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 Aerojasa Perkasa	Subsidiary of State Owned Enterprise
11.	PT Aerotrans Service Indonesia	Subsidiary of State Owned Enterprise
12.	PT Aero Wisata	Subsidiary of State Owned Enterprise
13.	PT Agro Sinergi Nusantara	Subsidiary of State Owned Enterprise
14.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
15.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise
16.	PT Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
17.	PT Aneka Jasa Grhadika	Subsidiary of State Owned Enterprise

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**56. 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
18.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
19.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
20.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
22.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
23.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
24.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
25.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
26.	PT Antam Energi Indonesia	Subsidiary of State Owned Enterprise
27.	PT Antam Niterra Haltim	Subsidiary of State Owned Enterprise
28.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
29.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
30.	PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
31.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
32.	PT Askrindo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
33.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
34.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
35.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
36.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
37.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
38.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
39.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
40.	PT Bahana Securities	Subsidiary of State Owned Enterprise
41.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
42.	PT Balai Lelang Artha Gasia	Subsidiary of State Owned Enterprise
43.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
44.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
45.	PT Bank BNI Syariah	Subsidiary of State Owned Enterprise
46.	PT Bank BRI Syariah Tbk	Subsidiary of State Owned Enterprise
47.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise
48.	PT Belitung Intipermai	Subsidiary of State Owned Enterprise
49.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
50.	PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
51.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
52.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
53.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise

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**56. 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>
54.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
55.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
56.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
57.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
58.	PT BNI Asset Management	Subsidiary of State Owned Enterprise
59.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
60.	PT BNI Sekurites	Subsidiary of State Owned Enterprise
61.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
62.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
63.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
64.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
65.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
66.	PT Brantas Energi	Subsidiary of State Owned Enterprise
67.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
68.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
69.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
70.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
71.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
72.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
73.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
74.	PT Asuransi BRI Life	Subsidiary of State Owned Enterprise
75.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
76.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
77.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
78.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
79.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
80.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
81.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
82.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
83.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise
84.	PT Cibaliung Sumber Daya	Subsidiary of State Owned Enterprise
85.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
86.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
87.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
88.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
89.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise

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**56. 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
90.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
91.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
92.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
93.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
94.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
95.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
96.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
97.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
98.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
99.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
100.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
101.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
102.	PT Daya Laut Utama	Subsidiary of State Owned Enterprise
103.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
104.	PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
105.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
106.	PT Dok dan Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
107.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
108.	PT Dwimitra Enggang Khatulistiwa	Subsidiary of State Owned Enterprise
109.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
110.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
111.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
112.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
113.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
114.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
115.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise
116.	PT Feni Haltim	Subsidiary of State Owned Enterprise
117.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
118.	PT Gadang Hidro Energi	Subsidiary of State Owned Enterprise
119.	PT GAG Nikel	Subsidiary of State Owned Enterprise
120.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise
121.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
122.	PT Garuda Maintenance Facility Aero Asia	Subsidiary of State Owned Enterprise
123.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
124.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
125.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise

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**56. 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
126.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
127.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
128.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
129.	PT Graha Niaga Tata Utama	Subsidiary of State Owned Enterprise
130.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
131.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
132.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
133.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
134.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
135.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
136.	PT Hakaaston	Subsidiary of State Owned Enterprise
137.	PT Haleyora Power	Subsidiary of State Owned Enterprise
138.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
139.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
140.	PT HK Infrastruktur	Subsidiary of State Owned Enterprise
141.	PT HK Realtindo	Subsidiary of State Owned Enterprise
142.	PT Hutama Prima	Subsidiary of State Owned Enterprise
143.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise
144.	PT Igaras	Subsidiary of State Owned Enterprise
145.	PT Indo Japan Steel Center	Subsidiary of State Owned Enterprise
146.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
147.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
148.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
149.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
150.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
151.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
152.	PT Indonesia Power	Subsidiary of State Owned Enterprise
153.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
154.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
155.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
156.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
157.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
158.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
159.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise
160.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
161.	PT Inhutani I	Subsidiary of State Owned Enterprise

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**56. 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
162.	PT Inhutani II	Subsidiary of State Owned Enterprise
163.	PT Inhutani III	Subsidiary of State Owned Enterprise
164.	PT Inhutani IV	Subsidiary of State Owned Enterprise
165.	PT Inhutani V	Subsidiary of State Owned Enterprise
166.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
167.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
168.	PT International Mineral Capital	Subsidiary of State Owned Enterprise
169.	PT Inti Bagas Perkasa	Subsidiary of State Owned Enterprise
170.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
171.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
172.	PT ITCI Kayan Hutani	Subsidiary of State Owned Enterprise
173.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
174.	PT Jakarta Industrial Estate Pulogadung (JIEP)	Subsidiary of State Owned Enterprise
175.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
176.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
177.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
178.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise
179.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
180.	PT Jasa Layanan Pemeliharaan	Subsidiary of State Owned Enterprise
181.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
182.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
183.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise
184.	PT Jasa Marga Japek Selatan (JJS)	Subsidiary of State Owned Enterprise
185.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
186.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
187.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
188.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
189.	PT Jasa Marga Probolinggo Banyuwangi	Subsidiary of State Owned Enterprise
190.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
191.	PT Jasa Marga Tollroad Operator (JMTO)	Subsidiary of State Owned Enterprise
192.	PT Jasa Marga Transjawa Tol (JTT)	Subsidiary of State Owned Enterprise
193.	PT Jasamarga Semarang Batang	Subsidiary of State Owned Enterprise
194.	PT Jasamarga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
195.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
196.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
197.	PT Jasaraharja Putera	Subsidiary of State Owned Enterprise
198.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise

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**56. 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
199.	PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
200.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
201.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
202.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
203.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
204.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
205.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
206.	PT Kaltim Kariangau Terminal	Subsidiary of State Owned Enterprise
207.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
208.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
209.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
210.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
211.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
212.	PT Kerimas Witikco Makmur (PT Kerimas)	Subsidiary of State Owned Enterprise
213.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
214.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise
215.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
216.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
217.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
218.	PT Kimia Farma Diagnostika	Subsidiary of State Owned Enterprise
219.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
220.	PT Kimia Farma Trading & Distribution	Subsidiary of State Owned Enterprise
221.	PT Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
222.	PT Koba Tin	Subsidiary of State Owned Enterprise
223.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
224.	PT Komipo Pembangkitan Jawa Bali	Subsidiary of State Owned Enterprise
225.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
226.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
227.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
228.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
229.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
230.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
231.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
232.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
233.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
234.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
235.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise

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**56. 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
236.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
237.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
238.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
239.	PT Krakatau Posco Chemtech Calcination	Subsidiary of State Owned Enterprise
240.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
241.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
242.	PT Krakatau Semen Indonesia	Subsidiary of State Owned Enterprise
243.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
244.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
245.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
246.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
247.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
248.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
249.	PT Kukuh Tangguh Sandang Mills	Subsidiary of State Owned Enterprise
250.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
251.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
252.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
253.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
254.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
255.	PT Madu Baru	Subsidiary of State Owned Enterprise
256.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
257.	PT Marga Kunci Cengkareng	Subsidiary of State Owned Enterprise
258.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
259.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
260.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise
261.	PT Mega Citra Utama	Subsidiary of State Owned Enterprise
262.	PT Mega Eltra	Subsidiary of State Owned Enterprise
263.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
264.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
265.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
266.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
267.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
268.	PT MetraNet	Subsidiary of State Owned Enterprise
269.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
270.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
271.	PT Mitra Cipta Polasarana	Subsidiary of State Owned Enterprise
272.	PT Mitra Dagang Madani	Subsidiary of State Owned Enterprise

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**56. 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
273.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
274.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
275.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
276.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
277.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
278.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
279.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
280.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
281.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
282.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
283.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
284.	PT Multi Nitrotama Kimia (MNK)	Subsidiary of State Owned Enterprise
285.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
286.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
287.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
288.	PT Ngawi Kertosono Jaya	Subsidiary of State Owned Enterprise
289.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
290.	PT Nindya Beton	Subsidiary of State Owned Enterprise
291.	PT Nindya Karya	Subsidiary of State Owned Enterprise
292.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
293.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
294.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
295.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
296.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
297.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise
298.	PT Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
299.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
300.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
301.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
302.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
303.	PT Patra Jasa	Subsidiary of State Owned Enterprise
304.	PT Patra Logistik	Subsidiary of State Owned Enterprise
305.	PT Patra Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
306.	PT Patra Trading	Subsidiary of State Owned Enterprise
307.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
308.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
309.	PT Pejagan Pematang Tol Road	Subsidiary of State Owned Enterprise

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**56. 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
310.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
311.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
312.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
313.	PT Pelat Timah Nusantara Tbk (PT Latinusa)	Subsidiary of State Owned Enterprise
314.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
315.	PT Pelayaran Bahtera Adiguna	Subsidiary of State Owned Enterprise
316.	PT Pelindo Energi Logistik	Subsidiary of State Owned Enterprise
317.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
318.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
319.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
320.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
321.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
322.	PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
323.	PT Pembangunan Perumahan Properti Tbk	Subsidiary of State Owned Enterprise
324.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
325.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
326.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
327.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
328.	PT Perjaya Bravo Energi	Subsidiary of State Owned Enterprise
329.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
330.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
331.	PT Perkebunan Nusantara I (Persero)	Subsidiary of State Owned Enterprise
332.	PT Perkebunan Nusantara II (Persero)	Subsidiary of State Owned Enterprise
333.	PT Perkebunan Nusantara IV (Persero)	Subsidiary of State Owned Enterprise
334.	PT Perkebunan Nusantara V (Persero)	Subsidiary of State Owned Enterprise
335.	PT Perkebunan Nusantara VI (Persero)	Subsidiary of State Owned Enterprise
336.	PT Perkebunan Nusantara VII (Persero)	Subsidiary of State Owned Enterprise
337.	PT Perkebunan Nusantara VIII (Persero)	Subsidiary of State Owned Enterprise
338.	PT Perkebunan Nusantara IX (Persero)	Subsidiary of State Owned Enterprise
339.	PT Perkebunan Nusantara X (Persero)	Subsidiary of State Owned Enterprise
340.	PT Perkebunan Nusantara XI (Persero)	Subsidiary of State Owned Enterprise
341.	PT Perkebunan Nusantara XII (Persero)	Subsidiary of State Owned Enterprise
342.	PT Perkebunan Nusantara XIII (Persero)	Subsidiary of State Owned Enterprise
343.	PT Perkebunan Nusantara XIV (Persero)	Subsidiary of State Owned Enterprise
344.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
345.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise

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**56. 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>
346.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
347.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
348.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
349.	PT Perta Daya Gas	Subsidiary of State Owned Enterprise
350.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
351.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
352.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
353.	PT Pertamina East Natuna	Subsidiary of State Owned Enterprise
354.	PT Pertamina EP	Subsidiary of State Owned Enterprise
355.	PT Pertamina EP Cepu	Subsidiary of State Owned Enterprise
356.	PT Pertamina EP Cepu Alas Dara dan Kemuning	Subsidiary of State Owned Enterprise
357.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
358.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
359.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
360.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
361.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
362.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
363.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
364.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
365.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
366.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
367.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise
368.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
369.	PT Peruri Properti	Subsidiary of State Owned Enterprise
370.	PT Pesonna Indonesia Jaya	Subsidiary of State Owned Enterprise
371.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
372.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
373.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
374.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
375.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
376.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
377.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
378.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
379.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
380.	PT Petronika	Subsidiary of State Owned Enterprise
381.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise

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**56. 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>
382.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
383.	PT PG Rajawali II	Subsidiary of State Owned Enterprise
384.	PT PGAS Solution	Subsidiary of State Owned Enterprise
385.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
386.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
387.	PT Phapros Tbk	Subsidiary of State Owned Enterprise
388.	PT PHE Abar	Subsidiary of State Owned Enterprise
389.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
390.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
391.	PT PHE ONWJ	Subsidiary of State Owned Enterprise
392.	PT PHE OSES Ltd	Subsidiary of State Owned Enterprise
393.	PT PHE Semai II	Subsidiary of State Owned Enterprise
394.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
395.	PT PINS Indonesia	Subsidiary of State Owned Enterprise
396.	PT PJB Investasi	Subsidiary of State Owned Enterprise
397.	PT PLN Batam	Subsidiary of State Owned Enterprise
398.	PT PLN Batubara	Subsidiary of State Owned Enterprise
399.	PT PLN Enjineriing	Subsidiary of State Owned Enterprise
400.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
401.	PT PNM Investment Management	Subsidiary of State Owned Enterprise
402.	PT Portek Indonesia	Subsidiary of State Owned Enterprise
403.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
404.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
405.	PT PP Energi	Subsidiary of State Owned Enterprise
406.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
407.	PT PP Presisi (formerly PT PP Peralatan)	Subsidiary of State Owned Enterprise
408.	PT PP Properti	Subsidiary of State Owned Enterprise
409.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
410.	PT PP Urban (formerly PT PP Pracetak)	Subsidiary of State Owned Enterprise
411.	PT PPA Finance	Subsidiary of State Owned Enterprise
412.	PT PPA Kapital	Subsidiary of State Owned Enterprise
413.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
414.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
415.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
416.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
417.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise

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**56. 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>
418.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
419.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
420.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
421.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
422.	PT Prima Terminal Peti Kemas	Subsidiary of State Owned Enterprise
423.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
424.	PT Pupuk Agro Nusantara	Subsidiary of State Owned Enterprise
425.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise
426.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
427.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
428.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
429.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
430.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
431.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
432.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
433.	PT Puspetindo	Subsidiary of State Owned Enterprise
434.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
435.	PT Railink	Subsidiary of State Owned Enterprise
436.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
437.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
438.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise
439.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
440.	PT Ratah Timber	Subsidiary of State Owned Enterprise
441.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
442.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
443.	PT Rekadaya ElektriKA	Subsidiary of State Owned Enterprise
444.	PT Rekadaya ElektriKA Consult	Subsidiary of State Owned Enterprise
445.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
446.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
447.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
448.	PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
449.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
450.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
451.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
452.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
453.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
454.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise

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**56. 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>
455.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
456.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
457.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
458.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
459.	PT Saka Eksplorasi Baru	Subsidiary of State Owned Enterprise
460.	PT Saka Eksplorasi Timur	Subsidiary of State Owned Enterprise
461.	PT Saka Eksplorasi Ventura	Subsidiary of State Owned Enterprise
462.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise
463.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
464.	PT Saka Energi Sepinggan	Subsidiary of State Owned Enterprise
465.	PT Sampico Adhi Abbatoir	Subsidiary of State Owned Enterprise
466.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
467.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
468.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
469.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
470.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise
471.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
472.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
473.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
474.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
475.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
476.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
477.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
478.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
479.	PT Sarana Multigriya Finansial	Subsidiary of State Owned Enterprise
480.	PT Sarana NTT Ventura	Subsidiary of State Owned Enterprise
481.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise
482.	PT Sarana Riau Ventura	Subsidiary of State Owned Enterprise
483.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
484.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
485.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
486.	PT Sarana Usaha Sejahtera Insanpalapa	Subsidiary of State Owned Enterprise
487.	PT Sari Arthamas (Sari Pan Pacific Hotel)	Subsidiary of State Owned Enterprise
488.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
489.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
490.	PT Segara Indochen	Subsidiary of State Owned Enterprise
491.	PT Semen Gresik	Subsidiary of State Owned Enterprise

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**56. 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
492.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
493.	PT Semen Indonesia Beton (formerly PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
494.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
495.	PT Semen Indonesia Logistik (formerly PT Varia Usaha)	Subsidiary of State Owned Enterprise
496.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
497.	PT Semen Padang	Subsidiary of State Owned Enterprise
498.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
499.	PT Semesta Marga Raya	Subsidiary of State Owned Enterprise
500.	PT Senggigi Pratama internasional	Subsidiary of State Owned Enterprise
501.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
502.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
503.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
504.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
505.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
506.	PT Sigma Utama	Subsidiary of State Owned Enterprise
507.	PT Sinergi Informatika Semen Indonesia	Subsidiary of State Owned Enterprise
508.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
509.	PT Sinergi Perkebunan Nusantara	Subsidiary of State Owned Enterprise
510.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
511.	PT Solo Ngawi Jaya	Subsidiary of State Owned Enterprise
512.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
513.	PT Sri Melamin Rejeki	Subsidiary of State Owned Enterprise
514.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
515.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
516.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
517.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
518.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
519.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
520.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
521.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
522.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
523.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
524.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
525.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
526.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
527.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise

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**56. 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>
528.	PT Telkom Akses	Subsidiary of State Owned Enterprise
529.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
530.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
531.	PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
532.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
533.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
534.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
535.	PT Timah Industri	Subsidiary of State Owned Enterprise
536.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise
537.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
538.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
539.	PT Tracon Industri	Subsidiary of State Owned Enterprise
540.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
541.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
542.	PT Trans Mayapada	Subsidiary of State Owned Enterprise
543.	PT Transmarga Jatim Pasuruan	Subsidiary of State Owned Enterprise
544.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
545.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
546.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
547.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
548.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
549.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
550.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
551.	PT United Tractors Semen Gresik	Subsidiary of State Owned Enterprise
552.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise
553.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
554.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
555.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
556.	PT Waru Abadi	Subsidiary of State Owned Enterprise
557.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
558.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
559.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
560.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
561.	PT Waskita Sangir Energi	Subsidiary of State Owned Enterprise
562.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
563.	PT Widar Mandripa Nusantara	Subsidiary of State Owned Enterprise
564.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise

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**56. 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>
565.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
566.	PT Wijaya Karya Gedung	Subsidiary of State Owned Enterprise
567.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
568.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
569.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
570.	PT Wijaya Karya Rekayasa Konstruksi	Subsidiary of State Owned Enterprise
571.	PT WIKA Komponen Beton	Subsidiary of State Owned Enterprise
572.	PT WIKA Krakatau Beton	Subsidiary of State Owned Enterprise
573.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
574.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
575.	Saka Energi Muriah Limited	Subsidiary of State Owned Enterprise
576.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise
577.	Saka Indonesia Pangkah Limited	Subsidiary of State Owned Enterprise
578.	Saka Pangkah LLC	Subsidiary of State Owned Enterprise
579.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
580.	PT Asuransi Jasindo Syariah	Subsidiary of State Owned Enterprise
581.	PT Bahana TCW Investment Management	Subsidiary of State Owned Enterprise
582.	PT Jaminan Pembiayaan Askrindo Syariah	Subsidiary of State Owned Enterprise
583.	PT Kaltim Karingau Terminal	Subsidiary of State Owned Enterprise
584.	Perum BULOG	State Owned Enterprise
585.	Perum DAMRI	State Owned Enterprise
586.	Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
587.	Perum Jasa Tirta I	State Owned Enterprise
588.	Perum Jasa Tirta II	State Owned Enterprise
589.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
590.	Perum LKBN Antara	State Owned Enterprise
591.	Perum Pegadaian	State Owned Enterprise
592.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
593.	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
594.	Perum Perhutani	State Owned Enterprise
595.	Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
596.	Perum Perumnas	State Owned Enterprise
597.	Perum Pengangkutan Djakarta	State Owned Enterprise
598.	Perum Produksi Film Negara	State Owned Enterprise
599.	PT Adhi Karya (Persero) Tbk	State Owned Enterprise
600.	PT Amarta Karya	State Owned Enterprise
601.	PT Aneka Tambang	State Owned Enterprise
602.	PT Angkasa Pura I (Persero)	State Owned Enterprise
603.	PT Angkasa Pura II (Persero)	State Owned Enterprise
604.	PT ASABRI	State Owned Enterprise

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**56. 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>
605.	PT ASDP Indonesia Ferry	State Owned Enterprise
606.	PT Asuransi Jasa Indonesia	State Owned Enterprise
607.	PT Asuransi Jasa Raharja	State Owned Enterprise
608.	PT Asuransi Jiwasraya	State Owned Enterprise
609.	PT Asuransi Kredit Indonesia (PT Askrindo)	State Owned Enterprise
610.	PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
611.	PT Balai Pustaka	State Owned Enterprise
612.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
613.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
614.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
615.	PT Barata Indonesia	State Owned Enterprise
616.	PT Berdikari	State Owned Enterprise
617.	PT Bhandas Ghara Reksa	State Owned Enterprise
618.	PT Bina Karya	State Owned Enterprise
619.	PT Bio Farma	State Owned Enterprise
620.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
621.	PT Boma Bisma Indra	State Owned Enterprise
622.	PT Brantas Abipraya	State Owned Enterprise
623.	PT Primisima	State Owned Enterprise
624.	PT Dahana	State Owned Enterprise
625.	PT Danareksa	State Owned Enterprise
626.	PT Dirgantara Indonesia	State Owned Enterprise
627.	PT Djakarta Lloyd	State Owned Enterprise
628.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
629.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
630.	PT Energy Management Indonesia	State Owned Enterprise
631.	PT Garam	State Owned Enterprise
632.	PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
633.	PT Hotel Indonesia Natour	State Owned Enterprise
634.	PT Hutama Karya	State Owned Enterprise
635.	PT Iglas	State Owned Enterprise
636.	PT Indah Karya	State Owned Enterprise
637.	PT Indofarma (Persero) Tbk.	State Owned Enterprise
638.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
639.	PT Indra Karya	State Owned Enterprise
640.	PT Industri Kapal Indonesia	State Owned Enterprise

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**56. 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
641.	PT Industri Kereta Api (INKA)	State Owned Enterprise
642.	PT Industri Nuklir Indonesia (Persero)	State Owned Enterprise
643.	PT Industri Sandang Nusantara	State Owned Enterprise
644.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
645.	PT Istaka Karya	State Owned Enterprise
646.	PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
647.	PT Kawasan Berikat Nusantara	State Owned Enterprise
648.	PT Kawasan Industri Makasar	State Owned Enterprise
649.	PT Kawasan Industri Medan	State Owned Enterprise
650.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
651.	PT Kereta Api Indonesia	State Owned Enterprise
652.	PT Kertas Kraft Aceh	State Owned Enterprise
653.	PT Kertas Leces	State Owned Enterprise
654.	PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
655.	PT Kliring Berjangka Indonesia	State Owned Enterprise
656.	PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
657.	PT Len Industri	State Owned Enterprise
658.	PT Merpati Nusantara Airlines	State Owned Enterprise
659.	PT PAL Indonesia	State Owned Enterprise
660.	PT Pann Multi Finance (Persero)	State Owned Enterprise
661.	PT Pelabuhan Indonesia I	State Owned Enterprise
662.	PT Pelabuhan Indonesia II	State Owned Enterprise
663.	PT Pelabuhan Indonesia III	State Owned Enterprise
664.	PT Pelabuhan Indonesia IV	State Owned Enterprise
665.	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
666.	PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
667.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
668.	PT Pengusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
669.	PT Perikanan Nusantara	State Owned Enterprise
670.	PT Perkebunan Nusantara III	State Owned Enterprise
671.	PT Permodalan Nasional Madani	State Owned Enterprise
672.	PT Pertamina	State Owned Enterprise
673.	PT Pertani	State Owned Enterprise
674.	PT Perusahaan Gas Negara Tbk	State Owned Enterprise
675.	PT Perusahaan Listrik Negara	State Owned Enterprise
676.	PT Perusahaan Pengelola Aset	State Owned Enterprise
677.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise

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**56. 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
678.	PT Pindad	State Owned Enterprise
679.	PT Pos Indonesia	State Owned Enterprise
680.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
681.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
682.	PT Reasuransi Indonesia Utama	State Owned Enterprise
683.	PT Sang Hyang Seri	State Owned Enterprise
684.	PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
685.	PT Sarinah	State Owned Enterprise
686.	PT Semen Baturaja (Persero)	State Owned Enterprise
687.	PT Semen Indonesia (Persero) Tbk.	State Owned Enterprise
688.	PT Semen Kupang	State Owned Enterprise
689.	PT Sucofindo	State Owned Enterprise
690.	PT Survai Udara Penas	State Owned Enterprise
691.	PT Surveyor Indonesia	State Owned Enterprise
692.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
693.	PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
694.	PT Taspen	State Owned Enterprise
695.	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
696.	PT Timah (Persero) Tbk.	State Owned Enterprise
697.	PT Varuna Tirta Prakasya	State Owned Enterprise
698.	PT Virama Karya	State Owned Enterprise
699.	PT Waskita Karya (Persero)	State Owned Enterprise
700.	PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
701.	PT Yodya Karya	State Owned Enterprise
702.	PT Djakarta Lloyd (Persero)	State Owned Enterprise
703.	BPJS Kesehatan	State Owned Enterprise
704.	BPJS Ketenagakerjaan	State Owned Enterprise
705.	Lembaga Pembiayaan Ekspor Indonesia	Financial Institution
706.	PT Indonesia Infrastruktur Finance	Financial Institution
707.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
708.	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 agreements to repurchase, debt securities issued, fund borrowings, subordinated loans and marketable securities, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

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**56. RELATED PARTY TRANSACTIONS (continued)**

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

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 49) for the year ended December 31, 2018 and 2017 amounted to Rp1,295,170 and Rp1,153,809 or 3.44% and 3.30% of total consolidated operating expenses - others, respectively.

Details of significant transactions with related parties as of December 31, 2018 and 2017, are as follows:

	December 31, 2018	December 31, 2017
<b>Assets</b>		
Current accounts with other banks (Note 5a)	8,476	27,533
Placements with Bank Indonesia and other banks (Note 6b)	1,162,378	3,152,167
Marketable securities (Note 7a) <sup>*</sup>	21,562,800	20,775,463
Government bonds (Note 8)	114,284,518	103,411,188
Other receivables - trade transactions (Note 9a)	10,724,084	10,517,587
Derivative receivables (Note 11)	149,832	23,824
Loans (Note 12A.a)	160,729,702	113,611,412
Consumer financing receivables (Note 13a)	8,278	7,957
Acceptance receivables (Note 15a)	2,183,157	1,049,343
Investments in shares (Note 16a)	322,617	297,420
Total assets with related parties	311,135,842	252,873,894
<b>Total consolidated assets</b>	<b>1,202,252,094</b>	<b>1,124,700,847</b>
<b>Percentage of total assets with related parties to total consolidated assets</b>	<b>25.88%</b>	<b>22.48%</b>
<b>Liabilities</b>		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits (Note 21a)	51,161,488	46,108,385
Saving deposits and <i>wadiah</i> saving deposit (Note 22a)	3,537,033	3,548,205
Time deposits (Note 23a)	40,762,862	35,491,966
Deposits from other banks		
Demand and saving deposits (Note 24a)	787,013	252,785
Time deposits (Note 26a)	116,958	108,473
Liabilities for securities sold under agreements to repurchase (Note 28)	102,234	-
Derivative payables (Note 11)	19,126	16,582
Acceptance payables (Note 29a)	4,688,800	602,894

\* Stated at gross before unamortized discount and unrealised (losses)/gains from (decrease)/increase in securities.

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**56. RELATED PARTY TRANSACTIONS (continued)**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b><u>Liabilities (continued)</u></b>		
Debt securities issued (Note 30)	10,071,700	8,546,200
Fund borrowings (Note 36)	423,686	-
Subordinated loans and marketable securities (Note 37)	136,750	-
Total liabilities with related parties	111,807,650	94,675,490
<b>Total consolidated liabilities</b>	<b>941,953,100</b>	<b>888,026,817</b>
<b>Percentage of total liabilities with related parties to total consolidated liabilities</b>	<b>11.87%</b>	<b>10.66%</b>
<b>Temporary <i>syirkah</i> funds (Note 38)</b>	<b>2,277,156</b>	<b>974,099</b>
<b>Percentage to total temporary <i>syirkah</i> funds</b>	<b>3.02%</b>	<b>1.46%</b>
	<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b><u>Statements of profit or loss and other comprehensive income</u></b>		
Interest income from government bonds and treasury bills (Note 41)	5,109,695	5,176,335
<b>Percentage to interest income and sharia income</b>	<b>6.29%</b>	<b>6.70%</b>
	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b><u>Commitments and contingencies (Note 54)</u></b>		
Unused loan facilities	55,668,817	50,456,815
Outstanding irrevocable letters of credit	11,195,881	5,904,249
Guarantees issued in the form of bank guarantee	26,849,223	25,912,130
Guarantees issued in the form of Standby letters of credit	7,673,903	6,171,176
Total commitments and contingencies for related parties	101,387,824	88,444,370
<b>Total consolidated commitments and contingencies</b>	<b>251,106,025</b>	<b>227,252,235</b>
<b>Percentages of total commitments and contingencies with related parties to consolidated assets</b>	<b>40.38%</b>	<b>38.92%</b>

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## **57. SEGMENT INFORMATION**

The Group has presented its operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The Group's operating segments as of December 31, 2018 is as follow:

- . Corporate Banking consists of
  - Large Corporate : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.
  - Middle Corporate : including loans to medium scale and automotive sector, customer deposits and other transactions belong to middle corporate customers (commercial).
- . Government Institutional : including loans, customer deposits and other transactions belong to government entities and pension plan of state-owned enterprises.
- . Retail Banking (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 belong 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 belong to individual customers.
- . Treasury & International Banking : 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 Overseas Branches.
- . 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 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 a 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 of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

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**57. SEGMENT INFORMATION (continued)**

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 belong to corporate customers, including state-owned and private enterprises.
  - Commercial : including loans to medium scale and automotive sector, customer deposits and other transactions belong to commercial customers.
- . Government & Institutional : including loans, costumer deposit and other transactions belong 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 belong 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 belong to individual customers, including priority customers.
- . Treasury & Markets : 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 Overseas Branches.
- . 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 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 a 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 of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

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**57. SEGMENT INFORMATION (continued)**

December 31, 2018 <sup>1)</sup>												
Description	Corporate Banking					Treasury & Inter-national Banking	Head Office	Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination <sup>2)</sup>	Total
	Large Corporate	Middle Corporate	Government & Institution	Retail Banking	Government & Institution							
<b>Consolidated statement of profit or loss and other comprehensive income</b>												
Interest and sharia income <sup>3)</sup>	26,862,763	16,533,360	4,566,025	62,185,942	7,500,469	995,335	7,688,793	319,644	5,599,161	(51,258,922)	80,992,570	
Interest and sharia expense <sup>3)</sup>	(18,808,096)	(10,703,047)	(2,929,697)	(27,912,560)	(2,027,738)	(2,796,865)	(2,659,310)	-	(2,620,048)	44,087,423	(26,369,938)	
Net interest and sharia income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	319,644	2,979,113	(7,171,499)	54,622,632	
Net premium income	-	-	-	-	-	-	-	3,002,535	-	(295,402)	2,707,133	
Net interest and sharia and premium income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	3,322,179	2,979,113	(7,466,901)	57,329,765	
<b>Other operating income:</b>												
Other fees and commission	1,997,226	884,780	250,044	5,714,177	396,190	2,532,931	1,068,768	-	824,525	(654,855)	13,013,786	
Other	520,110	136,217	11,874	3,446,308	3,879,281	4,606,577	672,979	666,376	1,308,902	(590,345)	14,658,279	
Total	2,517,336	1,020,997	261,918	9,160,485	4,275,471	7,139,508	1,741,747	666,376	2,133,427	(1,245,200)	27,672,065	
Reversal of/(allowance for) impairment losses on financial assets and others	1,079,449	(6,863,828)	(6,977)	(6,718,458)	(304)	1,174,311	(2,300,574)	-	(650,977)	101,860	(14,185,498)	
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	-	31,187	-	(87,363)	595	37,098	(18,483)	
Gain on sale of marketable securities and government bonds	-	-	-	-	-	962,444	-	(7,004)	16,002	(297,355)	674,087	
<b>Other operating expenses:</b>												
Salaries and employee benefit	(166,345)	(287,663)	(89,051)	(2,298,746)	(137,841)	(9,411,630)	(1,805,975)	(522,730)	(1,898,190)	295,402	(16,322,769)	
General and administrative expense	(115,844)	(103,426)	(169,598)	(2,660,865)	(126,972)	(9,888,450)	(1,541,306)	(875,050)	(1,105,494)	-	(16,587,005)	
Other	(250,861)	(117,771)	(116,408)	(1,273,128)	(285,557)	(1,550,601)	(304,302)	(1,056,527)	(367,905)	666,695	(4,656,365)	
Total	(533,050)	(508,860)	(375,057)	(6,232,739)	(550,370)	(20,850,681)	(3,651,583)	(2,454,307)	(3,371,589)	962,097	(37,566,139)	
Non-operating income/(expense) - net	-	-	-	-	-	43,205	(3,341)	(10,779)	8,487	-	37,572	
Tax expense	-	-	-	-	-	(7,241,244)	(210,520)	(327,951)	(311,717)	-	(8,091,432)	
Net income	11,118,402	(521,378)	1,516,212	30,482,670	9,197,528	(20,542,800)	605,212	1,101,151	803,341	(7,908,401)	25,851,937	
<b>Net income attributable to:</b>												
Noncontrolling interest											836,916	
Parent Entity											25,015,021	
<b>Consolidated statement of financial position</b>												
Loans - gross	302,625,449	142,581,578	21,864,053	246,570,935	3,998,638	1,326,193	67,144,434	-	15,903,575	(2,457,667)	799,557,188	
Total assets	329,959,329	134,408,647	22,025,637	245,746,843	135,834,856	169,102,494	98,341,119	33,178,563	47,799,504	(14,144,898)	1,202,252,094	
<b>Demand deposits and wadiah demand deposits</b>												
Saving deposits and wadiah saving deposits	(79,923,964)	(33,262,301)	(20,358,667)	(55,389,473)	(2,477,319)	-	(8,704,173)	-	(115,135)	407,276	(199,823,756)	
Time deposits	(6,533,237)	(9,324,378)	(965,360)	(283,926,092)	(39,079)	-	(3,751,592)	-	(2,742,615)	-	(307,282,353)	
Total deposit from customers	(127,649,737)	(59,775,005)	(64,155,368)	(480,511,134)	(7,395,290)	-	(12,455,765)	-	(15,178,712)	1,112,118	(766,008,893)	
Total liabilities	(136,545,244)	(64,018,485)	(64,008,099)	(482,438,146)	(32,166,632)	(84,790,075)	(14,852,265)	(29,125,723)	(40,665,368)	6,656,937	(941,953,100)	

<sup>1)</sup> In accordance with operating 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 segments and elimination for Subsidiaries.

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**57. SEGMENT INFORMATION (continued)**

December 31, 2017 <sup>1)</sup>											
Description	Wholesale						Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination <sup>2)</sup>	Total
	Corporate	Commercial	Government & Institution	Retail	Treasury & Markets	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	4,115,123	(50,467,700)	77,284,648
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)	42,985,823	(25,296,287)
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	2,151,701	(7,481,877)	51,988,361
Net premium income	-	-	-	-	-	-	-	2,737,654	-	(272,579)	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	3,275,918	2,151,701	(7,754,456)	54,453,436
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	-	719,675	(604,505)	12,448,315
Other	387,453	123,825	11,460	2,731,572	3,449,100	1,623,389	714,521	525,588	1,200,376	(385,192)	10,382,092
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	4,036,317	1,622,284	525,588	1,920,051	(989,697)	22,830,407
Reversal of/(allowance for) impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,360)	1,768,041 <sup>4)</sup>	(2,516,484)	-	(646,282)	23,836	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of policyholders' investment in unit-link contracts	-	-	-	-	-	2,489	-	164,568	836	(121,044)	46,849
Gain on sale of marketable securities and government bonds	-	-	-	-	-	850,383	-	12,544	30,643	(113,577)	779,993
Other operating expenses:											
Salaries and employee benefit	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	(8,628,262)	(1,599,262)	(485,449)	(1,411,379)	272,581	(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)	(212,448)	734,776	(4,724,876)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	(19,641,602)	(3,393,626)	(2,472,971)	(2,541,892)	1,007,357	(34,989,097)
Non-operating income/(expense) - net	-	-	-	-	411	1,826	29,343	(14,583)	(29,885)	-	(12,888)
Tax expense	-	-	-	-	-	(5,087,348)	(121,892)	(261,976)	(242,605)	-	(5,713,821)
Net income	8,992,347	913,066	1,528,165	26,543,468	7,033,613	(17,856,860)	365,169	1,229,088	642,567	(7,947,581)	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 and 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 deposits and 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> In accordance with operating segments of Bank Mandiri (Note 2ak).

<sup>2)</sup> Including component of internal transfer pricing among operating segments.

<sup>3)</sup> Including elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

<sup>4)</sup> Including unallocated impact of exchange rate to each operating segment.

<sup>5)</sup> For the year ended December 31, 2017.

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**57. 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, 2018:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Interest and sharia income	79,214,322	1,241,290	83,478	453,480	80,992,570
Interest and sharia expense	(25,785,645)	(468,004)	(38,625)	(77,664)	(26,369,938)
Net interest and sharia income	53,428,677	773,286	44,853	375,816	54,622,632
Net premium income	2,707,133	-	-	-	2,707,133
Net interest and sharia and premium income	56,135,810	773,286	44,853	375,816	57,329,765
Other operating income:					
Others fees and commissions	12,729,924	268,379	-	15,483	13,013,786
Others	14,511,948	91,014	3,212	52,105	14,658,279
Total	27,421,872	359,393	3,212	67,588	27,672,065
(Allowance for)/reversal of impairment losses on financial assets and others	(14,360,828)	73,068	-	102,262	(14,185,498)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	(38,084)	16,634	-	2,967	(18,483)
Gain on sale of marketable securities and government bonds	652,465	21,622	-	-	674,087
Other operating expenses:					
Salaries and employee benefit	(16,123,887)	(162,803)	(23,563)	(12,516)	(16,322,769)
General, administrative expenses and others	(21,076,461)	(125,510)	(16,532)	(24,867)	(21,243,370)
Total	(37,200,348)	(288,313)	(40,095)	(37,383)	(37,566,139)
Non operating income/(expense) - net	137,547	(74,294)	-	(25,681)	37,572
Tax expense	(7,990,983)	(100,449)	-	-	(8,091,432)
Net income	<b>24,577,451</b>	<b>780,947</b>	<b>7,970</b>	<b>485,569</b>	<b>25,851,937</b>
<b>Net income attributable to:</b>					
Noncontrolling interest	-	-	-	-	836,916
Parent Entity	-	-	-	-	25,015,021
<b>Consolidated statement of financial position</b>					
Loans	773,786,108	18,214,990	377,607	7,178,483	799,557,188
Total assets	1,146,220,500	38,255,104	2,504,393	15,272,097	1,202,252,094
Demand deposits and <i>wadiah</i> demand deposits	(195,023,476)	(4,732,582)	(67,698)	-	(199,823,756)
Saving deposits and <i>wadiah</i> saving deposits	(305,138,353)	(2,144,000)	-	-	(307,282,353)
Time deposits	(257,673,582)	(1,229,202)	-	-	(258,902,784)
Total deposit from customers	(757,835,411)	(8,105,784)	(67,698)	-	(766,008,893)
Total liabilities	(887,836,702)	(37,474,157)	(1,796,022)	(14,846,219)	(941,953,100)

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**57. SEGMENT INFORMATION (continued)**

Geographical segment (continued)

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	75,911,639	915,243	64,473	393,293	77,284,648
Interest and sharia expense	(25,082,825)	(171,728)	(19,206)	(22,528)	(25,296,287)
Net interest and sharia income	50,828,814	743,515	45,267	370,765	51,988,361
Net premium income	2,465,075	-	-	-	2,465,075
Net interest and sharia and premium income	53,293,889	743,515	45,267	370,765	54,453,436
Other operating income:					
Others fees and commissions	12,023,544	373,393	-	51,378	12,448,315
Others	10,301,925	57,022	3,317	19,828	10,382,092
Total	22,325,469	430,415	3,317	71,206	22,830,407
(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	47,057	(217)	-	9	46,849
Gain on sale of marketable securities and government bonds	731,586	23,953	-	24,454	779,993
Other operating expenses:					
Salaries and employee benefit	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General, administrative expenses and others	(19,975,024)	(113,494)	(19,152)	(22,785)	(20,130,455)
Total	(34,646,586)	(271,143)	(37,737)	(33,631)	(34,989,097)
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<sup>1)</sup></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 deposits and <i>wadiah</i> demand deposits	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving deposits and <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)

<sup>1)</sup> For the year ended December 31, 2017.

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**58. 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 investment in Subsidiaries in order to meet stakeholder's 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 Capital Adequacy Ratio (CAR) calculated in accordance with OJK's Regulation No. 34/POJK.03/2016 dated September 22, 2016 on Amendments to the OJK's Regulation No. 11/POJK.03/2016 regarding the Minimum Capital Requirement for Commercial Banks.

For Risk Weighted Assets, Bank uses Basel II Standardized Approach<sup>1</sup> for credit risk and has included external rating component. In addition, the Bank has gradually carried out a simulation using Internal Ratings-Based Approach. For Market Risk, the Bank uses Basel II Standardized Measurement Method<sup>2</sup> and internally uses Value at Risk. For Operational Risk, the Bank refers to Basel II Basic Indicator Approach<sup>3</sup>.

The calculation of Risk Weighted Assets (Credit, Operational and Market) and Capital Adequacy Ratio (CAR) (Bank Mandiri only) as of December 31, 2018 and 2017 are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Capital:		
Core capital	158,442,446	145,616,420
Supplementary capital	9,115,536	7,561,895
<b>Total capital for credit risk, operational risk and market risk</b>	<b>167,557,982</b>	<b>153,178,315</b>
Risk-Weighted Assets for credit	677,717,804	589,631,509
Risk-Weighted Assets for operational	115,067,839	104,792,639
Risk-Weighted Assets for market	6,449,454	13,367,349
<b>Total Risk-Weighted Assets for credit, operational and market risk</b>	<b>799,235,097</b>	<b>707,791,497</b>

<sup>1</sup> Referring to SE OJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of Risk-Weighted Assets ("RWA") for Credit Risk by Using a Standard Approach, OJK SE No.48/SEOJK.03/2017 regarding Guidelines for Calculation of net receivables for derivative transactions in Calculating Risk Weighted Assets for Credit Risk by Using a Standard Approach and SEOJK Approach No.11/SEOJK.03/2018 regarding Amendments to SEOJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of RWA for Credit Risk by Using a Standard Approach.

<sup>2</sup> Referring to OJK SE No.38/SEOJK.03/2016 regarding Guidelines for Using Standard Methods in Calculating Minimum Capital Requirements for Commercial Banks to calculate market risk.

<sup>3</sup> Referring to OJK SE No.24/SEOJK.03/2016 regarding Risk-Weighted Assets Calculation for Operational Risk by Using a Basic Indicator Approach.

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**58. CAPITAL ADEQUACY RATIO (continued)**

Capital risk management (continued)

	December 31, 2018	December 31, 2017
CAR for core capital	19.82%	20.57%
CAR for credit risk	24.72%	25.98%
CAR for credit risk and operational risk	21.14%	22.06%
CAR for credit risk and market risk	24.49%	25.40%
CAR for credit risk, operational risk and market risk	20.96%	21.64%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile <sup>4</sup>	9.56%	9.5%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2018 and 2017 including credit, operational and market risk is 20.46% and 21.03%, respectively, taking into account credit and operational risk is 20.62% and 21.39%, respectively.

**59. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS FULFILLMENT RATIO, SMALL-SCALE AND MICRO LOANS RATIO AND LEGAL LENDING LIMIT**

Non-performing earning assets to total earning assets ratio (including off-balance sheet) as of December 31, 2018 and 2017 (Bank Mandiri only) are 1.88% and 2.14%, 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, 2018 and 2017 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2018 and 2017 are 115.23% and 130.82%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the year ended as of December 31, 2018 and 2017 are 6.04% and 6.14%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2018 and 2017 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.

<sup>4</sup> The minimum CAR for the main risks of Pillar 1 and additional risks of Pillar 2 (capital add-on) is based on the Internal Capital Adequacy Assessment Process (ICAAP) method.

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## 60. CUSTODIAN SERVICES AND TRUST OPERATIONS

### Custodian services

Bank Mandiri started providing custodian services since 1995. The operating license for custodian services was renewed based on Decree of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated October 4, 1999. Bank Mandiri's Custodian, which is the part of International Banking and Financial Institution Group, provides a full range of custodian 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' in 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 custodian.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodian facilitate it through provisions of various services as follow:

- a. General custodian which provide services for investors who are investing in capital market or money market in Indonesia;
- b. Local custodian 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. Custodian for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodian 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. Custodian 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. Custodian for Asset Backed Securities (*Efek Beragun Aset (EBA)*) in the form of collective investment contract (*Kontrak Investasi Kolektif (KIK)*) which was issued by the investment manager and custodian bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2018 and 2017, Bank Mandiri's Custodian Operations has 3,279 and 1,822 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, 2018 are amounting to Rp476,857,329, USD2,218,416,860 (full amount), and EUR141,336 (full amount) and as of December 31, 2017 are amounting to Rp445,624,581, USD1,754,110,142 (full amount), and EUR106,333 (full amount) (unaudited). Assets kept in custodian services activities are not included in the consolidated financial statements of Bank Mandiri and its Subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the OJK's regulation.

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**60. CUSTODIAN SERVICES AND TRUST OPERATIONS (continued)**

Trustee Agent Operations

Bank Mandiri rendered trustee agent operations services since 1983. The operating license for trust services was renewed and re-registered in OJK as stipulated on its Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The type of services are as follows:

- a. Trustee agent for bonds and MTN
- b. Escrow agent
- c. Paying agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security agent

As of December 31, 2018, Bank Mandiri manage 116 customers with the total value of bonds and MTN issued amounting to Rp111,941,100 and USD5,000,000 (full amount) and as of December 31, 2017 manage 115 customers with the total value of bonds and MTN issued amounting to Rp95,077,750 and USD105,300,000 (full amount) (unaudited).

Both Bank Mandiri's Trustee operations and Custodian Services have received Quality Certification ISO 9001:2015.

Trust services

Bank's trust service is the custodian services of 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 dated August 28, 2013.

Functions of Mandiri trust service are:

- a. "Paying Agent" which receives and transfers money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agent" involves in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

Bank's trust service include managing customers from various segments, including oil & gas company, large corporate and middle corporate, 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 and others.

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**61. CHANNELING LOANS**

Channeling loans based on sources of funds and economic sectors are as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Government:		
Agriculture	261,272	286,949
Manufacturing	14,543	14,543
	<b>275,815</b>	<b>301,492</b>

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia through several existing schemes as follows:

1. Channeling loans from the Ministry of Finance in various currencies from several bilateral and multilateral financial institutions to finance Government projects through State Owned Enterprises, Region Owned Enterprises and Regional Government, such as: Asian Development Bank, Banque Française & 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, Netherlands Urban Sector Loan & De Nederlans Investeringsbank voor Ontwikkelingslanden NV, Swiss Government, RDI - KI, Spain, UB Denmark, US Export Import Bank and Overseas Economic Cooperation Fund. However, based on the Regulation of the Minister of Finance No.40/PMK.05/2015 dated March 6, 2015, stated starting from October 1, 2015 the administration of overseas loans are managed by the Ministry of Finance, except loans in the form of BI Project Aid.
2. Channeling loans from former of PIR Plantations to farmers for community plantation development which includes the Nucleus Estate Smallholder (NES) ADB project, Special PIR and Local PIR. Bank Mandiri as the administrator for the repayment of receivables to PIR Plantation Farmers, whereas the Ministry of Finance is managing the repayment of receivables to farmers and the Ministry of Agriculture is managing the technical execution of the PIR Plantation Project. The distribution of PIRBUN loans has stopped.
3. Channeling loans of Industrial Plantation Forest Reforestation (DR HTI) from the Ministry of Environment and Forestry (KLHK). Since 1999, the Ministry of Environment and Forestry has stopped distributing the Reforestation Loans for Industrial Plantation Forests, therefore the DRHTI loans which currently managed by PT Bank Mandiri (Persero) Tbk are existing DRHTI Loans which were inherited from ex legacy Bank.

Channeling loans are not presented in the consolidated statement of financial position since the credit risk are not borne by the Bank and its Subsidiaries. In accordance to the agreement mentioned above, Bank Mandiri is responsible to collect from the debtors and made payments to the Government not only the principal, but also the interest and other charges including manage loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.50% - 2.00%.

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## **62. RISK MANAGEMENT**

Bank Mandiri implements independent risk management and according to OJK's and Bank Indonesia's regulation and international banking best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which is customised with the Bank's business and operational needs. ERM implementation provides value added benefits to the Bank's and its stakeholders.

ERM is a risk management process embedded in business strategies and operations that are integrated in the Bank's daily business 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 with the risks in holistic approach. In addition, ERM also applies integrated risk management for the Subsidiaries, to maximise the effectiveness of supervision and value creation to the Bank based on OJK's Regulation No. 17/POJK.03/2014 regarding implementation of integrated risk management for financial conglomerates which are appropriate for the whole financial industries.

The Bank's risk management framework is based on OJK's Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is included in Risk Management Policy (KMNR), which consists of various policies to support risk management function as a business enabler for business growth within the corridor of prudential principle by adopting the ideal risk management processes (identification - measurement - monitoring - risk control) at all organisation levels.

As part of the ERM process, Bank Mandiri applies a Risk Appetite Statement (RAS). RAS represents, type and level of risk that the Bank is able to take/face in order to achieve business objectives. The application of RAS is also synchronized with monitoring of Bank Mandiri's Recovery Plan indicators (refer to POJK No. 14/POJK.03/2017 regarding Bank Systemic Recovery Plans).

All risks that faced by the Bank are measured and monitored on regular basis through internal measurement method quarterly risk profile report and semiannually Bank's soundness report in order to describe all the embedded risks in the Bank's business activities, including consolidated Subsidiaries risks.

Active supervision by the Board of Directors and the Board of Commissioners on risk management activities, directly and indirectly, is 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) and Credit Committee.

From 9 Executive Committees, there are 4 committees that are directly involved in managing risk management, i.e RMC, IRC, ALCO and PPC. RMC is the committee that discusses and recommends policies and procedures as well as monitoring risks profile and managing all the Bank's risks. 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 OJK's Regulation No. 17/POJK.03/2014 regarding integrated risk management for financial conglomerates. 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 stipulation and other areas that are related to the asset and liability management of the Bank. Furthermore, ALCO also has function and responsibility to monitor over financial and risk indicator which already stated in recovery plan and also recommend recovery plan activation in which those indicators have already breach the limit that had been already stated before. PPC is the committee that discusses and recommends the adjustment or improvement in the Bank's policies and procedures so those policies will conform with Bank's policies.

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**62. RISK MANAGEMENT (continued)**

Committees formed under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which have task and responsibility to review and evaluate the policy and implementation of Bank's risk management, as well as providing inputs and recommendations to the Board of Commissioners for their monitoring of rules.

At operational level, the Directorate of risk management together with business units are responsible to manage 10 risks faced by the Bank, also discuss and propose a guidance for risk management. The organization structure of risk management consist of 1) Risk Taking Unit who run the four eye principles which are Wholesale Risk and Retail Risk each led by Senior Executive Vice President (SEVP) and 2) Independent Risk Management Unit who responsible directly to Risk Management Director, which are Credit Portfolio Risk Group, Market Risk Group, Operational Risk Group, Credit Control & Supervision Group and Policy & Procedure Group.

**A. Credit risk**

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and prudent loan management to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation by identifying business unit, segment, product, region which contributes to value added for the Bank.

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 target, loan analysis, approval, documentation, disbursement, monitoring and settlement process for non-performing/restructuring loans.

To improve the Bank's social role and care for 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 granting 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 prospect link with debtor in taking care the environment. Moreover, in order to environment preservation, Bank has already established sustainable financial action plan which stated in OJK's regulation regarding sustainable financial implementation for financial services institution, Issuers, and Public Companies.

In principle, credit risk management is implemented at transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles concept, which each loan approval involves Business Unit and Credit Risk Management Unit which work independently to achieve objective credit decision. The four-eye principles are executed by Credit Committee according to the authority limit and the loan approval process conducted through Credit Committee Meeting mechanism.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

Executive Credit Officer as the Credit Committee member, must be highly competent as well as has strong capacity and high integrity so the loan granting process can be performed objectively, comprehensively and prudently. To monitor the performance of the credit authorization holders in approving the loans, the Bank has developed a monitoring database system for the credit authorization holder. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authorization holders, so 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 including appropriate covenants, which align with debtor's needs and conditions, to ensure loan granting is effective and meet the interest of the Bank and debtor. Guidelines for determining the structure of collateral regarding to credit risk mitigation policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

Collateral type that can be accepted by the Bank includes moving objects (including cash, receivables, inventories, and marketable securities), objects that are not moving (including land, building, and machine), and personal/corporate guarantee. The criteria of collateral adequacy coverage (unaudited) for each segment are 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 assets such as land and building are preferable than other types of collateral. Bank uses value of collateral based on appraisal value by internal appraiser (Credit Operation Unit) and external appraiser who are business partner of the Bank or non business partner but approved by authorized person in business unit or Recovery Unit.

Collateral can be replaced as long as the new collateral fulfills marketability aspect 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 at 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. At portfolio level, control is performed through master limit, ICLS (Integrated Credit Liabilities System) and name clearance.

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attrition).

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

BMRS that has been developed by the Bank consists of Rating System for Corporate Banking, 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).

With the use of Rating System for Financial Institutions/Banks, Bank can identify and measure risk level of Bank's Counterpart which can be tolerated in granting Credit Line facilities.

To improve the measurement of transactional risk for the Oversea Offices, currently BMRS has been implemented in Overseas Office. To support the development of Rating and Scoring model, the Bank has a 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 conducts a review on the scoring and rating results performed by Business Units. In addition, the Bank already has a guidance to form probability of default (PD) model to support implementation of internal rating based approach. In order to monitor the performance of rating and scoring managed in the database, report of credit scoring review and rating review outlook are prepared periodically.

Currently the Bank is in the process of developing and enhancing further the internal rating and internal scoring to be in line with Advanced Internal Rating Based Approach (A-IRB Approach), which with development of Basel II Risk Parametas model Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for wholesale, retail and consumer segment. This also serves as preparation of model of components for Expected Credit Loss for implementation of IFRS 9 (SFAS 71) for impairment calculation.

The models that have been developed by the Bank are validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is performed to minimize error in assessing credit risk, in particular in assessing rating and scoring of debtor and PD score. Moreover, Risk Model Validator has a role to managing risk model through inventarisasi, determining model rating by using risk index model and independent monitoring through on-going validation.

Aside from Credit Rating and Scoring, another tools used by the Bank is the loan monitoring system, which uses to identify debtors who potentially experience difficulty in repaying their loan. The Bank conducts early warning analysis called Watch List analysis (Early Warning Analysis) for all large and middle corporate loans with collectibility 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and action plan to prevent NPL.

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 debtors performance and repayment ability. Credit monitoring on large corporate and middle corporate segments are performed at debtor level through 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 debtor's performance monitoring, therefore action plan can be done immediately to prevent the deterioration of debtor credit quality. Monitoring is performed at the minimum on quarterly basis to identify any debtor who potentially experiencing difficulties to meet their obligations. Meanwhile, monitoring on retail segments (SME, micro and consumer segment) is performed at portfolio level through portfolio analysis from various aspects as outlined in credit risk report.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

As prevention (early warning signal), Bank Mandiri also performs simulation and stress testing on portfolio on regular basis to identify changing of portfolio quality by segment or industry, whereas the result will become a guidance for Bank Mandiri in monitoring the specific sector or debtor that potentially experiencing deterioration of quality more closely to prevent unexpected events.

At portfolio level, risk management uses the active portfolio management approach which proactively maintain 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, industry classification, industry acceptance criteria and industry limit.

Industry Classification (IC) classifies industrial sectors into 4 categories based on the prospects and the corresponding risks. 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), as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which determines maximum exposure limit for a particular industrial sector.

PG harmonizes the credit concept whereas the Bank now proactively prioritize to industries with economic value added and select the best companies and individuals within those industries (winner players) as targeted customers. With this proactive approach, the Bank has successfully attracted profitable companies and prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry limit and debtor limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is periodically reviewed and subject to back testing to ensure its always relevant and up-to-date and has predictive value at an acceptable level. Currently, 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 at ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is preventive as an early warning before changes in economic condition as mentioned above can 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 action and risk mitigation in both individual and portfolio level.

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**62. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

To monitor quality and 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 on the credit portfolio by large debtors group, business segment, industry and products based on various scenarios. With this stress test, Bank will be able to understand the possibility of negative impact to the business performance of Bank Mandiri, as well as earlier anticipate and take actions to manage the portfolio and identify the most optimal solution for short-term and long-term strategies therefore quality of the Bank's portfolio and capital adequacy can be well maintained.

To comply with OJK Regulation 14/POJK.03/2017 regarding Recovery Plans for Systemic Banks, Article 31 of POJK, Bank Mandiri as a Systemic Bank (Domestic Systemically Important Bank) is required to update its Recovery Plans to overcome possible financial stress and report to OJK no later than the end of November each year. In 2018, Bank Mandiri has updated the Recovery Plan which has been approved at the Board of Directors Meeting dated November 21, 2018.

In order to continuously develop the quality of human resources in risk management, the Bank has risk management academy which issued several risk management modules, both tailored to improve knowledge and skills as well as to generally increase employee risk awareness.

(i) Maximum exposure to credit risk before considering collateral held and other credit supports

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, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current accounts with Bank Indonesia	59,852,761	50,188,118
Current accounts with other banks	14,830,772	12,329,947
Placement with Bank Indonesia and other banks	22,515,696	74,600,803
Marketable securities**)		
Government		
Fair value through profit or loss	216,760	1,644,649
Available for sale	3,583,165	1,590,710
Non-government		
Fair value through profit or loss	3,547,087	1,876,737
Available for sale	26,236,035	24,109,437
Held to maturity	7,887,279	8,196,823
At cost	2,630,325	1,139,166
Government bonds****)		
Fair value through profit or loss	3,372,637	2,183,356
Available for sale	78,265,244	89,073,724
Held to maturity	17,977,222	2,585,950
At cost	13,468,806	8,262,937
Other receivables - trade transactions	24,809,459	24,090,128
Securities purchased under agreements to resell	2,097,629	2,629,315
Derivatives receivables	1,798,557	817,292

\*\*\*) 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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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

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, 2018 and 2017 are as follows (continued):

	December 31, 2018	December 31, 2017
Loans and sharia loan/financing <sup>*)</sup>		
Corporate	325,034,885	258,204,300
Commercial	122,341,005	135,630,079
Retail	255,484,648	226,493,437
Sharia	64,900,557	57,964,704
Consumer financing receivables	16,826,865	14,782,332
Net investment finance leases	3,319,103	2,356,890
Acceptances receivables	13,592,409	12,290,260
Other assets		
Accrued income	5,251,323	4,325,248
Receivables from customer transactions	1,025,174	2,095,568
Receivables from transactions related to ATM and credit card	573,938	699,825
Receivable from policyholders	477,041	713,049
Receivable from sale of marketable securities	831,337	201,358
Receivables from government bonds pledged as collateral	3,499,304	594,534
	<b>1,096,247,023</b>	<b>1,021,670,676</b>

<sup>\*)</sup> In accordance with the operating segments of Bank Mandiri

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Bank guarantees issued	82,023,611	79,485,919
Committed unused loan facilities	36,911,030	35,534,577
Outstanding irrevocable letters of credit	19,734,769	15,729,990
Standby letter of credit	13,124,842	12,269,582
	<b>151,794,252</b>	<b>143,020,068</b>

The above table represents the maximum financial assets exposure on credit risk for Bank Mandiri and Subsidiaries as of December 31, 2018 and 2017, without taking into account any collateral held or other credit support. For financial assets in the consolidated 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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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (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, 2018 and 2017. In the following table, Bank Mandiri and Subsidiaries have allocated exposures based on the geographical area where the transactions are recorded.

	December 31, 2018					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	11,366,295	10	591	-	3,469,065	14,835,961
Placement with Bank Indonesia and other banks	19,978,618	-	-	-	2,587,416	22,566,034
Marketable securities**)						
Government						
Fair value through profit or loss	216,760	-	-	-	-	216,760
Available for sale	1,241,693	-	-	-	2,341,472	3,583,165
Non Government						
Fair value through profit or loss	805,125	-	-	-	2,742,920	3,552,045
Available for sale	25,896,647	-	-	-	340,593	26,237,240
Held to maturity	6,986,043	-	-	-	964,973	7,951,016
At cost	2,656,999	-	-	-	-	2,656,999
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	13,468,806
Other receivables-trade transactions	25,773,022	-	-	-	640,035	26,413,057
Securities purchased under agreements to resell	2,097,629	-	-	-	-	2,097,629
Derivatives receivables	1,792,260	-	-	-	6,297	1,798,557
Loans *)						
Corporate	254,594,975	42,244,420	5,301,452	2,805,441	25,195,404	330,141,692
Commercial	100,893,567	25,651,946	9,126,898	3,762,200	739,299	140,173,910
Retail	173,384,331	45,512,289	18,863,253	19,201,965	5,135,313	262,097,151
Sharia	43,693,479	12,673,157	5,777,586	3,168,728	1,831,485	67,144,435
Consumer financing receivables	11,662,094	2,531,303	1,237,901	1,723,855	43,003	17,198,156
Net investment						
finance leases	3,258,110	43,280	18,419	6,883	1,697	3,328,389
Acceptances receivables	13,647,115	-	-	-	241,747	13,888,862
Other assets						
Accrued income	4,343,110	396,961	121,243	132,900	257,109	5,251,323
Receivables from customer transactions	936,139	46,633	19,880	20,260	2,262	1,025,174
Receivables from transactions related to ATM and credit card	573,938	-	-	-	-	573,938
Receivable to policyholders	477,041	-	-	-	-	477,041
Receivable from sale of marketable securities	807,245	-	-	-	24,092	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	-	-	-	3,499,304
	<b>883,522,209</b>	<b>129,099,999</b>	<b>40,467,223</b>	<b>30,822,232</b>	<b>46,564,182</b>	<b>1,130,475,845</b>

\*) In accordance with Bank Mandiri's debtors segment.

\*\*\*) Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.

\*\*\*\*) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

\*\*\*\*) Others include portfolios in Papua and overseas branches.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	December 31, 2017					Total
	Jawa and 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 Bak						
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 agreements to resell	2,629,315	-	-	-	-	2,629,315
Derivatives receivables	816,968	-	-	-	324	817,292
Loans <sup>1)</sup>						
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						
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	3,482,692	371,061	127,934	118,272	225,289	4,325,248
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 policyholders	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>809,199,881</b>	<b>125,722,363</b>	<b>44,818,990</b>	<b>30,145,635</b>	<b>47,733,422</b>	<b>1,057,620,291</b>

<sup>1)</sup> In accordance with Bank Mandiri's debtors segment.

<sup>2)</sup> Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.

<sup>3)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

<sup>4)</sup> Others include portfolios in Papua and overseas branches.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (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, 2018					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	79,965,400	42,005	19,056	27,885	2,059,739	82,114,085
Committed unused loan facilities	16,605,448	5,344,977	807,442	564,991	13,605,421	36,928,279
Outstanding irrevocable letters of credit	18,827,004	5,464	-	-	913,460	19,745,928
Standby letter of credit	12,354,127	-	-	-	777,562	13,131,689
	<b>127,751,979</b>	<b>5,392,446</b>	<b>826,498</b>	<b>592,876</b>	<b>17,356,182</b>	<b>151,919,981</b>
	December 31, 2017					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	77,843,320	-	-	-	1,844,658	79,687,978
Committed unused loan facilities	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
	<b>124,202,867</b>	<b>5,653,897</b>	<b>606,480</b>	<b>335,162</b>	<b>12,603,433</b>	<b>143,401,839</b>

\*\*\*\*) Others included portfolio of Papua and overseas branches

b) Industry sectors

The following table describe Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by industry sectors as of December 31, 2018 and 2017.

	December 31, 2018						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	-	14,835,961	-	-	-	-	14,835,961
Placement with Bank Indonesia and other banks	-	22,566,034	-	-	-	-	22,566,034
Marketable securities**)							
Government							
Fair value through profit or loss	216,760	-	-	-	-	-	216,760
Available for sale	3,583,165	-	-	-	-	-	3,583,165
Non Government							
Fair value through profit or loss	-	3,424,494	73,558	16	42,051	11,926	3,552,045
Available for sale	-	20,121,852	269,696	85,897	2,020,685	3,739,110	26,237,240
Held to maturity	-	3,699,419	684,000	466,968	2,676,418	424,211	7,951,016
At cost	-	1,957,999	200,000	-	485,000	14,000	2,656,999
Government Bonds****)							
Fair value through profit or loss	3,372,637	-	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	-	13,468,806
Other receivables-trade transactions	-	4,931,505	9,028,789	1,072,811	140,776	11,239,176	26,413,057
Securities purchased under resale agreements	-	2,045,615	-	-	-	52,014	2,097,629
Derivatives receivables	-	1,289,346	-	-	-	509,211	1,798,557

\*\*\*) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

\*\*\*\*) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- b) Industry sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2018 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans <sup>)</sup>							
Corporate	10,854,590	3,458,808	81,004,446	42,762,353	31,237,637	160,823,858	330,141,692
Commercial	-	47,780	47,607,621	23,232,449	15,268,593	54,017,467	140,173,910
Retail	-	78,423	6,327,728	13,619,769	10,287,144	231,784,087	262,097,151
Sharia	35,446	6,320,254	3,389,077	3,528,178	4,253,634	49,617,846	67,144,435
Consumer financing receivables	182,554	424	319,164	9,511	137,648	16,548,855	17,198,156
Net investment finance leases	160,985	107	93,318	10,010	388,841	2,675,128	3,328,389
Acceptances receivables	-	1,513,403	1,835,153	-	1,277	10,539,029	13,888,862
Other assets							
Accrued income	502,266	1,266,925	609,384	132,343	300,492	2,439,913	5,251,323
Receivables from customer transactions	-	298,767	-	-	-	726,407	1,025,174
Receivables from transactions related to ATM and credit card	-	-	-	-	-	573,938	573,938
Receivable to policyholders	-	477,041	-	-	-	-	477,041
Receivable from sale of marketable securities	-	831,337	-	-	-	-	831,337
Receivables from Government Bonds pledged as collateral	-	3,499,304	-	-	-	-	3,499,304
	<b>128,619,675</b>	<b>152,517,559</b>	<b>151,441,934</b>	<b>84,920,305</b>	<b>67,240,196</b>	<b>545,736,176</b>	<b>1,130,475,845</b>

	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 <sup>)</sup>							
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 <sup>**)</sup>							
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	-	488,062	-	-	-	329,230	817,292

<sup>)</sup> In accordance with debtors segment of Bank Mandiri.

<sup>\*\*)</sup> Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

<sup>\*\*\*)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

<sup>\*\*\*\*)</sup> Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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**62. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- b) Industry sectors (continued)

	<b>December 31, 2017 (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 <sup>)</sup>							
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 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	975,884	333,533	109,994	238,837	1,900,997	4,325,248
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>181,693,627</b>	<b>160,263,089</b>	<b>78,386,056</b>	<b>60,107,339</b>	<b>461,038,930</b>	<b>1,057,620,291</b>

<sup>)</sup> In accordance with operating of segment of Bank Mandiri.

\*\*\*\*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	<b>December 31, 2018</b>						<b>Net</b>
	<b>Government</b>	<b>Financial institution/ Bank</b>	<b>Manufacturing</b>	<b>Agriculture</b>	<b>Business services</b>	<b>Others<sup>)</sup></b>	
Administrative accounts							
Bank guarantees issued	25,500	18,702,787	21,450,815	123,509	640,740	41,170,734	82,114,085
Committed unused loan facilities	11,524,977	4,414,458	6,722,183	1,321,292	-	12,945,369	36,928,279
Outstanding irrevocable letters of credit	58,320	2,489	3,193,793	203,825	5,176,380	11,111,121	19,745,928
Standby letter of credit	-	-	1,064,217	-	1,979,523	10,087,949	13,131,689
	<b>11,608,797</b>	<b>23,119,734</b>	<b>32,431,008</b>	<b>1,648,626</b>	<b>7,796,643</b>	<b>75,315,173</b>	<b>151,919,981</b>

	<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<sup>)</sup></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	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>

<sup>)</sup> Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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**62. RISK MANAGEMENT (continued)**

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As of December 31, 2018 and 2017, exposure to credit risk on financial assets are as follows:

	December 31, 2018					Net
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	
Current account with Bank Indonesia	59,852,761	-	-	59,852,761	-	59,852,761
Current account with other bank	14,832,487	-	3,474	14,835,961	(5,189)	14,830,772
Placement with Bank Indonesia and others bank	22,515,696	-	50,338	22,566,034	(50,338)	22,515,696
Marketable securities **)						
Government						
Fair value through profit or loss	216,760	-	-	216,760	-	216,760
Available for sale	3,583,165	-	-	3,583,165	-	3,583,165
Non-government						
Fair value through profit or loss	3,547,087	-	4,958	3,552,045	(4,958)	3,547,087
Available for sale	26,237,240	-	-	26,237,240	(1,205)	26,236,035
Held to maturity	7,774,351	-	176,665	7,951,016	(63,737)	7,887,279
At cost	2,656,999	-	-	2,656,999	(26,674)	2,630,325
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	3,372,637	-	3,372,637
Available for sale	78,265,245	-	-	78,265,245	-	78,265,245
Held to maturity	17,977,222	-	-	17,977,222	-	17,977,222
At cost	13,468,806	-	-	13,468,806	-	13,468,806
Other receivables						
trade transactions	19,013,796	5,237,222	2,162,039	26,413,057	(1,603,598)	24,809,459
Securities purchased under resale agreements	2,097,629	-	-	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	-	1,798,557	-	1,798,557
Loans <sup>1)</sup>						
Corporate	306,084,556	129,220	23,927,916	330,141,692	(5,106,807)	325,034,885
Commercial	100,155,689	1,398,272	38,619,949	140,173,910	(17,832,905)	122,341,005
Retail	245,233,861	9,503,653	7,359,637	262,097,151	(6,612,503)	255,484,648
Shariah	61,983,723	935,726	4,224,986	67,144,435	(2,243,878)	64,900,557
Consumer financing receivables	15,469,441	1,511,455	217,260	17,198,156	(371,291)	16,826,865
Net Investment finance leases	3,136,371	167,720	24,298	3,328,389	(9,286)	3,319,103
Acceptances receivables	12,521,588	-	1,367,274	13,888,862	(296,453)	13,592,409
Other assets						
Accrued income	5,251,323	-	-	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	-	1,025,174	(12,600)	1,012,574
Receivables from transactions related to ATM and credit card	573,938	-	-	573,938	-	573,938
Receivable to policyholders	477,041	-	-	477,041	-	477,041
Receivables from sale of marketable securities	831,337	-	-	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	-	3,499,304	-	3,499,304
	<b>1,033,453,784</b>	<b>18,838,268</b>	<b>78,138,794</b>	<b>1,130,475,846</b>	<b>(34,241,422)</b>	<b>1,096,234,424</b>

<sup>1)</sup> In accordance with operating of segment of Bank Mandiri.

<sup>2)</sup> Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

<sup>3)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, exposure to credit risk on financial assets are as follows (continued):

	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 and others bank	74,600,803	-	49,713	74,650,516	(49,713)	74,600,803
Marketable securities <sup>*)</sup>						
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 <sup>**)</sup>						
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	817,292	-	-	817,292	-	817,292
Loans <sup>*)</sup>						
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
Sharia	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 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	4,325,248	-	-	4,325,248	-	4,325,248
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>964,396,144</b>	<b>17,392,513</b>	<b>75,859,634</b>	<b>1,057,620,291</b>	<b>(35,949,615)</b>	<b>1,021,670,676</b>

<sup>\*)</sup> In accordance with operating of segment of Bank Mandiri.

<sup>\*\*)</sup> Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

<sup>\*\*\*)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, exposure to credit risk on administrative accounts are as follows:

	December 31, 2018					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	81,358,345	-	755,740	82,114,085	(90,474)	82,023,611
Committed unused loan facilities	36,780,386	12,002	135,891	36,928,279	(17,249)	36,911,030
Outstanding irrevocable letters of credit	18,811,111	-	934,817	19,745,928	(11,159)	19,734,769
Standby letter of credit	13,063,421	-	68,268	13,131,689	(6,847)	13,124,842
	<b>150,013,263</b>	<b>12,002</b>	<b>1,894,716</b>	<b>151,919,981</b>	<b>(125,729)</b>	<b>151,794,252</b>

	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	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>

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2018		
	Not under Monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
Assets			
Current accounts with Bank Indonesia	59,852,761	-	59,852,761
Current accounts with other banks	14,832,487	-	14,832,487
Placement with Bank Indonesia and other banks	22,515,696	-	22,515,696
Marketable securities <sup>*)</sup>			
Government			
Fair value through profit or loss	216,760	-	216,760
Available for sale	3,583,165	-	3,583,165
Non Government			
Fair value through profit or loss	3,542,129	4,958	3,547,087
Available for sale	26,237,240	-	26,237,240
Held to maturity	7,587,328	187,023	7,774,351
At cost	2,656,999	-	2,656,999
Government Bonds <sup>***)</sup>			
Fair value through profit or loss	3,372,637	-	3,372,637
Available for sale	78,265,245	-	78,265,245
Held to maturity	17,977,222	-	17,977,222
At cost	13,468,806	-	13,468,806
Other receivables-trade transactions	16,613,237	2,400,559	19,013,796
Securities purchased under agreements to resell	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	1,798,557
Loans <sup>*)</sup>			
Corporate	247,760,241	58,324,315	306,084,556
Commercial	57,815,167	42,340,522	100,155,689
Retail	244,400,684	833,177	245,233,861
Sharia	61,983,723	-	61,983,723
Consumer financing receivables	15,469,441	-	15,469,441
Net Investment finance leases	3,136,371	-	3,136,371
Acceptances receivables	10,919,922	1,601,666	12,521,588
Other assets			
Accrued income	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	1,025,174
Receivables from transactions			
related to ATM and credit card	573,938	-	573,938
Receivable to policyholders	477,041	-	477,041
Receivable from sale of marketable securities	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	3,499,304
<b>Total</b>	<b>927,761,564</b>	<b>105,692,220</b>	<b>1,033,453,784</b>

<sup>\*)</sup> In accordance with operating of segment of Bank Mandiri.

<sup>\*\*)</sup> Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

<sup>\*\*\*)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

<sup>1)</sup> Not under monitoring, there is no doubt on the recovery of the financial assets;

<sup>2)</sup> Under monitoring.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the quality of financial assets that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2017		
	Not under Monitoring <sup>1)</sup>	Under monitoring <sup>2)</sup>	Total
Assets			
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 <sup>*)</sup>			
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 <sup>***)</sup>			
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 agreements to resell	2,629,315	-	2,629,315
Derivatives receivables	817,292	-	817,292
Loans <sup>†)</sup>			
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
Sharia	52,427,492	-	52,427,492
Consumer financing receivables	13,551,826	-	13,551,826
Net Investment finance leases	2,315,141	-	2,315,141
Acceptances receivables	7,144,747	4,693,225	11,837,972
Other assets			
Accrued income	4,325,248	-	4,325,248
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>880,104,523</b>	<b>84,263,621</b>	<b>964,368,144</b>

<sup>†)</sup> In accordance with operating of segment of Bank Mandiri.

<sup>\*)</sup> Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

<sup>\*\*\*)</sup> Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

<sup>1)</sup> Not under monitoring, there is no doubt on the recovery of the financial assets;

<sup>2)</sup> Under monitoring.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	<b>December 31, 2018</b>		
	<b>Not under monitoring<sup>1)</sup></b>	<b>Under monitoring<sup>2)</sup></b>	<b>Total</b>
Administrative accounts			
Bank guarantees issued	72,689,053	8,669,292	81,358,345
Committed unused loan facilities	34,011,530	2,768,856	36,780,386
Outstanding irrevocable letters of credit	15,305,430	3,505,681	18,811,111
Standby letters of credit	12,242,298	821,123	13,063,421
	<b>134,248,311</b>	<b>15,764,952</b>	<b>150,013,263</b>
	<b>December 31, 2017</b>		
	<b>Not under monitoring<sup>1)</sup></b>	<b>Under monitoring<sup>2)</sup></b>	<b>Total</b>
Administrative accounts			
Bank guarantees issued	67,080,816	11,647,216	78,728,032
Committed unused loan facilities	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>

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, 2018 and 2017, 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 acceptance receivables with Bank Indonesia's collectibility at two (special mention) but with no overdue as of December 31, 2018 and 2017.

**Subsidiaries:**

Financial assets which have experienced past due in the past but no overdue as of December 31, 2018 and 2017.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (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 as of December 31, 2018 and 2017 are as follows:

	December 31, 2018			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
<b>Assets</b>				
Other receivables - trade transactions	5,237,222	-	-	5,237,222
Loans				
Corporate	129,220	-	-	129,220
Commercial	1,290,131	108,141	-	1,398,272
Retail	6,552,704	1,640,165	1,310,784	9,503,653
Sharia	305,966	223,199	406,561	935,726
Consumer financing receivables	1,130,254	231,125	150,076	1,511,455
Net investment finance leases	71,190	28,355	68,175	167,720
	<b>14,716,687</b>	<b>2,230,985</b>	<b>1,935,596</b>	<b>18,883,268</b>
	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 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>

- (ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2018 and 2017, are summarised in the tables below:

	December 31, 2018 <sup>)</sup>				
	Corporate	Commercial	Retail	Sharia	Total
<b>Impaired (assessed individually)</b>					
Gross amount	22,272,850	32,789,762	1,155,771	1,808,889	58,027,272
Allowance for impairment losses	(4,740,890)	(16,136,681)	(743,484)	(1,024,125)	(22,645,180)
Carrying amount	17,531,960	16,653,081	412,287	784,764	35,382,092

<sup>)</sup> In accordance with debtors segment of Bank Mandiri

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(ii) Loans (continued)

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2018 and 2017, are summarised in the tables below:

	<b>December 31, 2018<sup>1)</sup> (continued)</b>				
	<b>Corporate</b>	<b>Commercial</b>	<b>Retail</b>	<b>Sharia</b>	<b>Total</b>
<b>Impaired (assessed collectively)</b>					
Gross amount	1,655,066 <sup>2)</sup>	5,830,187 <sup>2)</sup>	6,203,866	2,416,097	16,105,216
Allowance for impairment losses	(4,634)	(443,222)	(1,911,912)	(419,202)	(2,778,970)
Carrying amount	1,650,432	5,386,965	4,291,954	1,996,895	13,326,246
Total gross amount	23,927,916	38,619,949	7,359,637	4,224,986	74,132,488
Allowance for impairment losses	(4,745,524)	(16,579,903)	(2,655,396)	(1,443,327)	(25,424,150)
<b>Total carrying amount</b>	<b>19,182,392</b>	<b>22,040,046</b>	<b>4,704,241</b>	<b>2,781,659</b>	<b>48,708,338</b>

<sup>1)</sup> In accordance with debtors segments of Bank Mandiri.

<sup>2)</sup> Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	<b>December 31, 2017<sup>1)</sup></b>				
	<b>Corporate</b>	<b>Commercial</b>	<b>Retail</b>	<b>Sharia</b>	<b>Total</b>
<b>Impaired (assessed individually)</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
<b>Impaired (assessed collectively)</b>					
Gross amount	1,386,107 <sup>2)</sup>	4,920,384 <sup>2)</sup>	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>1)</sup> In accordance with debtors segments of Bank Mandiri.

<sup>2)</sup> Represents 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

	<b>December 31, 2018</b>		
	<b>Non-impaired<sup>1)</sup></b>	<b>Impaired</b>	<b>Total</b>
Rupiah	266,096	-	266,096
Foreign currencies	14,566,391	3,474	14,569,865
Total	14,832,487	3,474	14,835,961
Less: Allowance for impairment losses	(1,715)	(3,474)	(5,189)
<b>Net</b>	<b>14,830,772</b>	<b>-</b>	<b>14,830,772</b>
	<b>December 31, 2017</b>		
	<b>Non-impaired<sup>1)</sup></b>	<b>Impaired</b>	<b>Total</b>
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>

<sup>1)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks

	December 31, 2018		
	Non-impaired <sup>1)</sup>	Impaired	Total
Rupiah:			
Bank Indonesia	6,980,573	-	6,980,573
Call money	4,540,000	-	4,540,000
Time deposits	1,360,340	-	1,360,340
	12,880,913	-	12,880,913
Foreign currencies:			
Bank Indonesia	3,882,600	-	3,882,600
Call money	2,558,202	49,204	2,607,406
Placement "Fixed Term"	2,528,762	1,134	2,529,896
Time deposits	665,219	-	665,219
	9,634,783	50,338	9,685,121
<b>Total</b>	<b>22,515,696</b>	<b>50,338</b>	<b>22,566,034</b>
Less: allowance for impairment losses	-	(50,338)	(50,338)
<b>Net</b>	<b>22,515,696</b>	<b>-</b>	<b>22,515,696</b>
	December 31, 2017		
	Non-impaired <sup>1)</sup>	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
	29,808,667	-	29,808,667
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
	44,792,136	49,713	44,841,849
<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>

<sup>1)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(v) Marketable securities

	December 31, 2018		
	Non-impaired <sup>1)</sup>	Impaired <sup>2)</sup>	Total
Government			
Rupiah:			
Bonds	1,458,453	-	1,458,453
Foreign currencies:			
Treasury bills	2,341,472	-	2,341,472
Total	3,799,925	-	3,799,925
Non-government			
Rupiah:			
Investments in mutual fund	10,602,330	-	10,602,330
Bonds	9,689,983	4,958	9,694,941
Sharia corporation bonds	2,528,000	-	2,528,000
Export bills	1,299,709	147,474	1,447,183
Certificates of Bank Indonesia	908,910	-	908,910
Negotiable certificate of deposit	522,005	-	522,005
Shares	207,401	-	207,401
Medium term notes	44,996	-	44,996
Total	25,803,334	152,432	25,955,766
Foreign currencies:			
Certificates of Bank Indonesia	5,721,233	-	5,721,233
Investing in mutual fund	3,342,405	-	3,342,405
Bonds	3,218,815	-	3,218,815
Export bills	1,532,198	29,191	1,561,389
Treasury bills	597,692	-	597,692
Total	14,412,343	29,191	14,441,534
Total	40,215,677	181,623	40,397,300
Less: Allowance for impairment losses	44,015,602 (91,616)	181,623 (4,958)	44,197,225 (96,574)
<b>Net</b>	<b>43,923,986</b>	<b>176,665</b>	<b>44,100,651</b>

<sup>1)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

<sup>2)</sup> Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2017		
	Non-impaired <sup>*)</sup>	Impaired <sup>**)</sup>	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
Sharia corporation bonds	1,121,000	-	1,121,000
Export bills	706,952	58,663	765,615
Negotiable certificate of deposit	639,747	-	639,747
Shares	234,366	-	234,366
Medium term notes	194,934	-	194,934
<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
Export bills	1,748,397	42,645	1,791,042
Investing in mutual fund	733,394	-	733,394
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>

<sup>\*)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

<sup>\*\*)</sup> Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(vi) Other receivables - trade transactions

	December 31, 2018		
	Non-impaired <sup>1)</sup>	Impaired	Total
Rupiah:			
Usance L/C payable at sight	1,108,810	462,415	1,571,225
Others	14,935,753	366,819	15,302,572
<b>Total</b>	<b>16,044,563</b>	<b>829,234</b>	<b>16,873,797</b>
Foreign currencies:			
Usance L/C payable at sight	2,825,668	321,618	3,147,286
Others	5,380,787	1,011,187	6,391,974
<b>Total</b>	<b>8,206,455</b>	<b>1,332,805</b>	<b>9,539,260</b>
	24,251,018	2,162,039	26,413,057
Less: Allowance for impairment losses	(83,914)	(1,519,684)	(1,603,598)
<b>Net</b>	<b>24,167,104</b>	<b>642,355</b>	<b>24,809,459</b>
	December 31, 2017		
	Non-impaired <sup>1)</sup>	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>

<sup>1)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	7,447,222	1,250,785	8,698,007
Foreign currencies	5,074,366	116,489	5,190,855
	12,521,588	1,367,274	13,888,862
Less: allowance for impairment losses	(52,506)	(243,947)	(296,453)
<b>Net</b>	<b>12,469,082</b>	<b>1,123,327</b>	<b>13,592,409</b>

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(vii) Acceptances receivable (continued)

	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>

(viii) Consumer financing receivables

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	16,980,896	217,260	17,198,156
Less: Allowance for impairment losses	(305,615)	(65,676)	(371,291)
<b>Net</b>	<b>16,675,281</b>	<b>151,584</b>	<b>16,826,865</b>

	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>

(ix) Securities purchased under agreements to resell

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah Securities purchased under agreements to resell	<b>2,097,629</b>	-	<b>2,097,629</b>

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah Securities purchased under agreements to resell	<b>2,629,315</b>	-	<b>2,629,315</b>

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(x) Net investment finance leases

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	3,304,091	24,298	3,328,389
Less: Allowance for impairment losses	(7,938)	(1,348)	(9,286)
<b>Net</b>	<b>3,296,153</b>	<b>22,950</b>	<b>3,319,103</b>

	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>

(xi) Estimated losses on commitments and contingencies

	December 31, 2018		
	Non-impaired <sup>*)</sup>	Impaired	Total
Rupiah:			
Bank guarantees issued	50,996,868	580,887	51,577,755
Committed unused loan facilities	21,434,102	123,788	21,557,890
Outstanding irrevocable letters of credit	7,919,714	342,584	8,262,298
Standby letters of credit	1,756,282	16,500	1,772,782
<b>Total</b>	<b>82,106,966</b>	<b>1,063,759</b>	<b>83,170,725</b>
Foreign currencies:			
Bank guarantees issued	30,361,477	174,853	30,536,330
Committed unused loan facilities	15,358,286	12,103	15,370,389
Outstanding irrevocable letters of credit	10,891,397	592,233	11,483,630
Standby letters of credit	11,307,139	51,768	11,358,907
<b>Total</b>	<b>67,918,299</b>	<b>830,957</b>	<b>68,749,256</b>
	<b>150,025,265</b>	<b>1,894,716</b>	<b>151,919,981</b>
Less: Allowance for impairment losses	(19,928)	(105,801)	(125,729)
<b>Net</b>	<b>150,005,337</b>	<b>1,788,915</b>	<b>151,794,252</b>

<sup>\*)</sup> Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

<sup>\*\*)</sup> Including balance amounting to Rp60,693 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp19,928.

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**62. RISK MANAGEMENT (continued)**

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2017		
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	48,668,927	485,434	49,154,361
Committed unused loan facilities	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	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.

B. Market risk and liquidity risk

**(i) Liquidity risk management**

Liquidity risk represents 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 statutory reserve ratio in Bank Indonesia (GWM ratio) and cash, Macroprudential Liquidity Reserve (PLM), liquidity reserve, Macroprudential Intermediation Ratio (RIM), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and dependency on large customer deposits. GWM is a minimum deposits required to be maintained by the Bank in the form of current accounts with Bank Indonesia or marketable securities in which the amount is determined by Bank Indonesia based on certain percentage from total deposits from customers. Macroprudential Liquidity Reserve (PLM) is an ownership percentage in Rupiah marketable securities which can be used in open market operations i.e. SBI, SDBI and SBN.

As of December 31, 2018, the Bank maintained Rupiah primary statutory reserve of 6.92% from total outstanding deposit from customers denominated in Rupiah in accordance with the regulated limit, while for RIM ratio is 0% and PLM ratio of 10.14% from the outstanding deposit from customer denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained average foreign exchange statutory deposits at 8.10% from the outstanding deposits from customer denominated in foreign exchange in accordance with the regulated limit.

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(i) Liquidity risk management (continued)**

Liquidity reserve is the Bank's liquidity on top of primary reserve as liquidity statutory reserve to anticipate unscheduled liquidity needs. In managing the liquidity reserve, Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for one following month. As of December 31, 2018, the liquidity reserve balance is above the safety level.

RIM is a ratio of loans and qualified marketable securities owned by the Bank to the customer deposits and qualified debt securities issued by the Bank in Rupiah and foreign currencies. As of December 31, 2018, the Bank's RIM is 96.69%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) to estimate total net cash outflow for the next 30 (thirty) days under a crisis scenario. LCR is used to improve the short-term liquidity of the Bank under a crisis conditions. As of December 31, 2018, the Bank's LCR is 179.72%.

Net Stable Funding Ratio (NSFR) is a ratio of the available stable funding to required stable funding, the minimum required NSFR is 100% (one hundred percent). As of December 31, 2018, the Bank's NSFR is 116.87%.

The Bank uses liquidity gap methodology to project its liquidity conditions for the future. Liquidity gap is basically a maturity mismatch between components of assets and liabilities (including off-balance sheet), which are classified into time bucket based on their contractual maturity or behavioral maturity. As of December 31, 2018, the Bank's liquidity forecast up to next 12 months is at a surplus position. Even in the surplus position for the next 12 months, the Bank always prepares for alternative funding to anticipate tight liquidity in the market or the liquidity is not as expected.

To determine the impact of changes in market factors and internal factors under extreme conditions (crisis) to the liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing performed in third quarter of 2018 which was presented to the Management. The stress-testing result showed that the Bank will be able to survive under liquidity crisis conditions.

Even the stress testing result showed liquidity risk is well managed, Bank has Liquidity Contingency Plan (LCP) which cover funding strategy and pricing strategy including money market borrowing, repo, bilateral borrowing, FX swap and wholesale funding in LCP, determination of liquidity situations and funding strategies have consider external and internal conditions.

To anticipate liquidity risks due to volatility of global economic condition, Bank Mandiri monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M and the current market informations.

The maturity profile as of December 31, 2018 and 2017 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. In addition, if there is a need for liquidity, Government Bonds (at fair value through profit or loss and available for sale) can be exercised by utilise as collateral in interbank market.

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**62. 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, 2018						
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>Assets</b>								
Current accounts with Bank Indonesia	59,852,761	-	59,852,761	-	-	-	-	-
Current accounts with other banks - gross	14,835,961	-	14,832,487	-	-	3,474	-	-
Placement with Bank Indonesia and other banks - gross	22,566,034	-	19,516,998	2,477,917	303,689	141,920	125,510	-
Marketable securities - gross	63,932,474	20,743,705	4,930,267	2,175,045	3,431,226	10,050,925	6,898,444	15,702,862
Government bonds	114,284,518	-	3,275,004	6,207,923	6,623,600	10,210,423	33,979,797	53,987,771
Other receivables-trade transactions - gross	26,413,057	-	5,673,879	9,910,123	8,060,945	1,495,306	127,856	1,144,948
Securities purchased under resale agreements - gross	2,097,629	-	2,023,446	74,183	-	-	-	-
Derivative receivables - gross	1,798,557	-	803,183	179,571	65,573	147,793	312,614	289,823
Loans - gross	799,557,188	-	116,295,211	46,124,233	57,487,407	60,338,649	179,958,570	339,353,118
Consumer financing receivables-gross	17,198,156	-	539,577	1,238,912	1,436,438	2,769,661	8,575,109	2,638,459
Net Investment finance leases - gross	3,328,389	-	129,212	259,022	384,824	746,673	1,713,863	94,795
Acceptance receivables - gross	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Other asset - gross	11,658,117	477,041	4,603,182	270,992	326,564	256,548	756,430	4,967,360
	<b>1,151,411,703</b>	<b>21,220,746</b>	<b>235,657,030</b>	<b>74,979,296</b>	<b>82,753,236</b>	<b>86,174,066</b>	<b>232,448,193</b>	<b>418,179,136</b>
Allowance for impairment losses	(34,241,422)							
<b>Total</b>	<b>1,117,170,281</b>							
<b>Liabilities</b>								
Deposits from customers								
Demand deposits	199,823,756	-	199,823,756	-	-	-	-	-
Savings deposits	307,282,353	-	307,282,353	-	-	-	-	-
Time deposits	258,902,784	-	137,136,440	106,769,102	8,698,280	5,193,329	1,105,633	-
Deposits from other banks								
Demand and saving deposits	3,838,384	-	3,838,384	-	-	-	-	-
Interbank call money	8,472,197	-	7,688,030	404,562	145,132	234,473	-	-
Time deposits	4,183,234	-	2,557,333	394,832	728,972	501,497	600	-
Securities sold under agreements to repurchase	16,611,528	-	14,535,713	2,075,815	-	-	-	-
Derivatives liabilities	1,117,677	-	271,390	79,371	17,590	191,684	242,840	312,802
Acceptance liabilities	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	19,088,923	-	66,118	-	719,469	498,916	5,093,646	12,710,774
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	51,653,982	-	3,703,336	7,205,627	3,859,642	3,910,870	16,754,202	16,220,305
Subordinates loans and marketable securities	685,730	-	8,490	-	-	8,490	33,960	634,790
	<b>896,549,879</b>	<b>506,233</b>	<b>688,559,210</b>	<b>124,385,980</b>	<b>19,434,951</b>	<b>10,551,953</b>	<b>23,230,881</b>	<b>29,880,671</b>
<b>Maturity gap</b>	<b>254,861,824</b>	<b>20,714,513</b>	<b>(452,902,180)</b>	<b>(49,406,684)</b>	<b>63,318,285</b>	<b>75,622,113</b>	<b>209,217,312</b>	<b>388,298,465</b>
<b>Net positions, net of allowance for impairment losses</b>	<b>220,620,402</b>							

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**62. 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>Assets</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	-	-
Derivative receivables - gross	817,292	-	548,538	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 finance leases - 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	8,724,754	713,050	4,915,351	223,332	181,710	256,985	743,333	1,690,993
	<b>1,079,977,962</b>	<b>23,339,184</b>	<b>221,970,904</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>1,044,028,347</b>							
<b>Liabilities</b>								
Deposits from customers								
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 agreements to repurchase	3,592,883	-	398,110	672,551	2,522,222	-	-	-
Derivatives liabilities	644,965	-	499,534	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	-
Debt securities issued	16,843,595	-	67,395	-	324,837	496,543	4,135,656	11,819,164
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
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 and marketable securities	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>241,670,008</b>	<b>22,838,866</b>	<b>(428,186,961)</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>205,720,393</b>							

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**62. 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, 2018 and 2017 as follows:

December 31, 2018								
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>Liabilities</b>								
Deposit from customers								
Demand deposits	200,068,620	-	200,068,620	-	-	-	-	-
Saving deposits	307,568,602	-	307,568,602	-	-	-	-	-
Time deposits	261,050,071	-	95,303,421	142,461,661	14,977,589	7,238,831	1,068,569	-
Deposits from other banks								
Demand and saving deposits	3,841,388	-	3,841,388	-	-	-	-	-
Interbank call money	8,497,205	-	7,421,078	480,444	595,683	-	-	-
Time deposits	4,203,651	-	2,195,786	1,053,945	292,744	512,417	148,759	-
Securities sold under agreements to repurchase	16,638,754	-	14,546,963	2,091,791	-	-	-	-
Derivative payables	985,603	-	298,640	102,778	42,816	202,472	266,062	72,835
Acceptances payable	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	26,734,754	-	66,118	303,662	995,148	1,176,042	7,612,566	16,581,218
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	55,102,628	-	4,042,668	7,407,155	4,045,327	3,585,184	17,954,201	18,068,093
Subordinated loans and marketable securities	905,358	-	20,675	-	21,075	20,634	123,980	718,994
<b>Total</b>	<b>910,485,965</b>	<b>506,233</b>	<b>647,021,826</b>	<b>161,358,107</b>	<b>26,236,248</b>	<b>12,748,274</b>	<b>27,174,137</b>	<b>35,441,140</b>

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>Liabilities</b>								
Deposit from customers								
Demand deposits	203,082,083	-	203,082,083	-	-	-	-	-
Saving deposits	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 agreements to repurchase	4,569,981	-	398,254	673,727	3,498,000	-	-	-
Derivative payables	1,071,346	-	498,507	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	-
Debt securities issued	23,025,755	-	172,569	248,022	461,497	954,003	6,209,468	14,980,196
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
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 and marketable securities	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>

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**62. 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, 2018 and 2017 are as follows:

December 31, 2018								
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
Administrative accounts								
Bank guarantees issued	82,114,085	-	82,114,085	-	-	-	-	-
Committed unused loan facilities	36,928,279	-	36,928,279	-	-	-	-	-
Outstanding irrevocable letters of credit	19,745,928	-	3,811,624	5,620,647	3,616,076	4,903,922	1,793,659	-
Standby letter of credit	13,131,689	-	13,131,689	-	-	-	-	-
	<b>151,919,981</b>	<b>-</b>	<b>135,985,677</b>	<b>5,620,647</b>	<b>3,616,076</b>	<b>4,903,922</b>	<b>1,793,659</b>	<b>-</b>
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
Administrative accounts								
Bank guarantees issued	79,687,978	-	79,687,978	-	-	-	-	-
Committed unused loan facilities	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>

**(ii) Interest rate risk management on banking book portfolio**

Market risk is the risk of balance sheet position and administrative accounts, including derivative transactions, resulted from changes in market conditions, including changes in option price risk.

Managing market risk on banking book is performed by optimising the structure of the Bank's statement of financial position to obtain maximum yield of return at acceptable risk level to the Bank. The monitoring of market risk on banking book is performed by setting a limit which is refer to the regulator requirements and the internal policies, which are 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 shape and slope of the yield curve) and the option risk (loan repayment or redeem 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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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(ii) Interest rate risk management (continued)**

a. Sensitivity of net interest income

The table below shows the sensitivity of net income for the next 1 year to interest rate movement of interest bearing assets and liabilities of Bank Mandiri as of December 31, 2018 and 2017 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
<b>December 31, 2018</b> <sup>*)</sup>		
Increase/(decrease) net interest income (Rp billion)	1,999.35	(1,653.54)
<b>December 31, 2017</b>		
Increase/(decrease) net interest income (Rp billion)	(1,459.86)	224.33

<sup>\*)</sup> There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank.

The above projections assumed that all other variables are held constant at reporting date.

b. Sensitivity of interest income from available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's interest income from available for sale marketable securities to movement of interest rates as of December 31, 2018 and 2017 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
<b>December 31, 2018</b> <sup>*)</sup>		
Increase/(decrease) interest income (Rp billion)	184.32	(184.32)
<b>December 31, 2017</b>		
Increase/(decrease) interest income (Rp billion)	243.57	(243.58)

<sup>\*)</sup> There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank.

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of interest income from 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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**62. 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, 2018 <sup>1</sup>									Total	
	Interest bearing								Over 5 years		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	-	-	-	-	-	-	-	-	-	59,852,761	59,852,761
Current accounts with other banks	13,382,143	-	-	-	-	-	-	-	-	1,453,818	14,835,961
Placements with Bank Indonesia and other banks	14,030,626	2,669,008	74,000	-	-	-	-	-	-	5,792,400	22,566,034
Marketable securities	1,417,392	1,877,849	3,666,559	1,524,613	3,128,378	3,142,836	5,337,893	2,473,272	41,363,682	63,932,474	
Government bonds	3,147,144	6,207,923	16,834,024	23,446,731	10,533,066	13,910,745	15,670,638	24,406,387	127,860	114,284,518	
Other receivables - trade transactions	5,570,479	9,857,974	9,436,079	127,856	-	-	-	1,144,948	275,721	-	26,413,057
Securities purchased under resale agreements	2,023,446	74,183	-	-	-	-	-	-	-	-	2,097,629
Derivative receivables	216,276	260,227	154,441	153,333	8,549	40,629	83,229	-	881,873	-	1,798,557
Loans	211,342,725	231,759,031	165,267,151	36,691,388	19,273,035	8,120,750	6,014,832	53,943,842	67,144,434 <sup>2)</sup>	-	799,557,188
Consumer financing receivables	539,577	1,238,912	4,206,099	4,972,715	3,602,395	1,973,982	640,007	24,469	-	-	17,198,156
Net investment finance leases	129,339	257,641	1,130,974	1,211,075	504,473	86,024	8,863	-	-	-	3,328,389
Acceptances receivable	-	-	-	-	-	-	-	-	13,888,862	-	13,888,862
Other assets	-	-	-	-	-	-	-	11,658,117	-	-	11,658,117
	<b>251,799,147</b>	<b>254,202,748</b>	<b>200,769,327</b>	<b>68,127,711</b>	<b>37,049,896</b>	<b>27,274,966</b>	<b>27,755,462</b>	<b>93,651,035</b>	<b>190,781,411</b>	<b>1,151,411,703</b>	
Deposits from customers											
Demand deposits and wadiah demand deposits	25,776,740	10,094,457	26,488,985	28,085,097	20,608,153	15,628,331	11,893,465	52,544,355	8,704,173	-	199,823,756
Saving deposits and wadiah saving deposits	30,072,126	12,503,394	32,050,698	36,037,765	28,397,490	23,304,007	19,913,884	121,251,397	3,751,592	-	307,282,353
Time deposits	140,865,039	102,649,136	14,467,322	921,287	-	-	-	-	-	-	258,902,784
Deposits from other banks											
Demand and saving deposits	412,891	332,147	927,847	834,314	502,517	281,318	115,419	353,685	78,246	-	3,838,384
Interbank call money	6,797,758	1,674,439	-	-	-	-	-	-	-	-	8,472,197
Time deposits	2,885,437	707,500	295,564	294,733	-	-	-	-	-	-	4,183,234
Securities sold under agreements to repurchase	14,535,713	2,075,815	-	-	-	-	-	-	-	-	16,611,528
Derivative payables	97,294	103,170	189,385	10,202	97,915	23,764	51,654	-	544,293	-	1,117,677
Acceptances payable	-	-	-	-	-	-	-	-	13,888,862	-	13,888,862
Debt securities issued	-	-	699,470	3,401,352	1,852,703	1,825,959	4,514,221	6,420,218	375,000	-	19,088,923
Accrued expenses	-	-	-	-	-	-	-	-	4,835,467	-	4,835,467
Other liabilities	-	-	-	-	-	-	-	6,165,002	-	-	6,165,002
Fund borrowings	7,503,617	12,217,357	24,841,584	4,693,299	648,840	1,559,438	-	189,847	-	-	51,653,982
Subordinated loans and marketable securities	-	-	-	-	-	-	498,939	186,791	-	-	685,730
	<b>228,946,615</b>	<b>142,357,415</b>	<b>99,960,855</b>	<b>74,278,049</b>	<b>52,107,618</b>	<b>42,622,817</b>	<b>36,987,582</b>	<b>187,111,295</b>	<b>32,177,633</b>	<b>896,549,879</b>	
<b>Total interest repricing gap</b>	<b>22,852,532</b>	<b>111,845,333</b>	<b>100,808,472</b>	<b>(6,150,338)</b>	<b>(15,057,722)</b>	<b>(15,347,851)</b>	<b>(9,232,120)</b>	<b>(93,460,260)</b>	<b>158,603,778</b>	<b>254,861,824</b>	

<sup>1</sup> There was a change in the calculation following SEOJK regarding Interest Rate Risk in Banking Book (IRRBB) No. 12/SEOJK.03/2018 dated August 21, 2018.

<sup>2</sup> Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

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**62. 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, 2017 <sup>1)</sup>									
	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	Non interest bearing	Total
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
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
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	523,323	92,784	74,407	55,875	57,776	2,927	10,200	-	-	817,292
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 <sup>**</sup>	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 finance leases	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
Other assets	-	-	-	-	-	-	-	8,724,754	-	8,724,754
	143,192,707	484,252,110	86,656,163	44,740,039	25,491,951	14,921,225	16,908,900	90,827,345	172,987,522	1,079,977,962
Deposits from customers										
Demand deposits and wadiah demand deposits	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
Saving deposits and 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
Time deposits	128,420,994	92,667,736	14,866,618	2,051,866	-	-	-	-	-	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
Interbank call money	383,144	89,216	535,295	-	-	-	-	-	-	1,007,655
Time deposits	1,736,571	45,890	839,739	481,262	-	-	-	-	-	3,103,462
Securities sold under agreements to repurchase	-	-	3,592,883	-	-	-	-	-	-	3,592,883
Derivative payables	462,712	41,202	62,837	33,033	40,722	1,233	3,226	-	-	644,965
Acceptances payable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Debt securities issued	-	10,871,270	821,374	1,117,149	2,187,618	748,638	722,546	-	375,000	16,843,595
Accrued expenses	41,327	146,377	5,927	6,127	-	-	-	-	3,738,713	3,938,471
Other liabilities	-	-	-	-	-	-	-	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
Subordinated loans and marketable securities	-	-	-	-	-	-	-	191,501	-	191,501
	186,400,596	128,867,464	101,775,243	72,614,188	53,921,549	40,472,923	33,162,977	205,199,332	15,893,682	838,307,954
<b>Total interest repricing gap</b>	<b>(43,207,889)</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>(114,371,987)</b>	<b>157,093,840</b>	<b>241,670,008</b>

<sup>1)</sup> Modelling assumption in accordance with Consultative Paper IRRBB issued by OJK.

<sup>\*\*</sup> Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conducts 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 considering the competition condition.

The Bank consistently manages to apply the strategy as market leader in terms of fund pricing. However, considering the 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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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(iii) Pricing management (continued)**

In determine interest rates, the Bank implements risk-based pricing by providing a range of interest rate of loan to customers based on credit risk level. In order to minimize 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 with consideration to overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Interest rates for loan 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 settlement process transaction).

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 currencies 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, 2018 and 2017 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 which presented in Rupiah add with the net difference between receivables and payables of commitments and contingencies for each foreign currency recorded in administrative which presented stated in Rupiah. The net open position for the statement of financial position is the net difference between total assets and liabilities for each foreign currency which presented in Rupiah.

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**62. 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, 2018 as follows:

Currency	Assets	Liabilities	Net open position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)<sup>*)</sup></b>			
United States Dollar	357,819,308	358,484,699	665,391
European Euro	11,690,220	11,507,187	183,033
Singapore Dollar	3,360,108	3,367,849	7,741
Japanese Yen	1,131,321	1,156,294	24,973
Australian Dollar	362,260	375,973	13,713
Great Britain Poundsterling	501,326	492,088	9,238
Hong Kong Dollar	42,715	55,004	12,289
Others	6,625,771	6,770,780	213,409 <sup>*)</sup>
Total			1,129,787

**STATEMENT OF FINANCIAL POSITION**

United State Dollar	209,629,248	161,491,889	48,137,359
European Euro	9,936,668	3,904,530	6,032,138
Singapore Dollar	3,088,014	1,705,275	1,382,739
Japanese Yen	883,353	741,477	141,876
Australian Dollar	328,216	173,379	154,837
Great Britain Poundsterling	197,355	460,896	(263,541)
Hong Kong Dollar	42,715	21,946	20,769
Others	2,698,741	5,459,222	(2,760,481) <sup>*)</sup>
Total			52,845,696

Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)	<b>167,557,982</b>
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NOP ratio (statement of financial position)	31.51%
NOP ratio (overall)	0.67%

Net Open Position ratio as of December 31, 2018 if calculated using November 2018 capital as follows:

November 2018 Capital	163,809,795
NOP ratio (Statement of financial position)	32.26%
NOP ratio (overall) <sup>*)</sup>	0.69%

<sup>\*)</sup> Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

<sup>\*\*)</sup> Represents total amount of difference between assets and liabilities from other foreign currencies.

<sup>\*\*\*)</sup> 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 regarding the 4<sup>th</sup> amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. 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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**62. 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, 2017 as follows:

Currency	Assets	Liabilities	Net open position
<b>OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)<sup>*)</sup></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 Poundsterling	497,032	477,789	19,243
Hong Kong Dollar	90,851	67,459	23,392
Others	4,400,697	4,890,924	632,137 <sup>*)</sup>
Total			<u>2,432,448</u>
<b>STATEMENT OF FINANCIAL POSITION</b>			
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 Poundsterling	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) <sup>*)</sup>
Total			<u>71,698,312</u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)			<u><b>153,178,315</b></u>
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	152,860,162
NOP ratio (Statement of financial position)	46.90%
NOP ratio (overall) <sup>*)</sup>	1.59%

<sup>\*)</sup> Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

<sup>\*\*)</sup> Represents total amount of difference between assets and liabilities from other foreign currencies.

<sup>\*\*\*)</sup> 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 regarding the 4<sup>th</sup> amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. 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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**62. 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, 2018 and 2017. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2018								Total
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	
<b>Assets</b>									
Cash	1,377,201	165,625	934,813	44,448	259,982	6,346	13,965	259,073	3,061,453
Current accounts with Bank Indonesia	17,914,796	-	-	-	-	-	-	-	17,914,796
Current accounts with other banks	11,544,142	704,502	143,509	231,232	44,503	23,812	168,575	1,709,590	14,569,865
Placement with Bank Indonesia and other banks	9,572,066	50,338	-	-	-	-	-	62,717	9,685,121
Marketable securities	15,799,820	19,294	962,453	1,439	-	-	-	-	16,783,006
Government bonds	17,512,032	5,846,313	-	483,294	-	-	-	-	23,841,639
Other receivables- trade transactions	9,361,314	88,315	-	37,366	-	-	12,264	40,001	9,539,260
Derivative receivables	1,539,301	7,597	-	2,250	18	-	1,570	472	1,551,208
Loans	131,074,000	2,066,764	938,938	1,189	4,664	-	-	1,044,462	135,130,017
Acceptances receivable	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Other assets	2,859,622	84,864	4,543	525	-	-	15	5,450	2,955,019
<b>Total asset</b>	<b>222,614,285</b>	<b>10,023,568</b>	<b>3,009,047</b>	<b>886,137</b>	<b>312,906</b>	<b>30,158</b>	<b>200,687</b>	<b>3,145,451</b>	<b>240,222,239</b>
<b>Liabilities</b>									
Deposits from customers									
Demand deposits and wadiah demand deposits	49,594,934	815,923	414,547	451,301	33,921	4,289	304,379	739,224	52,358,518
Saving deposits and wadiah saving deposits	25,407,014	801,409	724,959	33,690	94,167	7,427	136,556	14,589	27,219,811
Time deposits	35,357,214	1,131,144	353,790	6,706	20,911	-	5,421	28,419	36,903,605
Deposits from other banks									
Demand deposits, wadiah demand deposits and saving deposits	1,549,629	635	8,521	535	-	-	-	189	1,559,509
Interbank call money	5,255,890	-	-	-	-	-	-	916,307	6,172,197
Time deposits	1,119,634	-	-	-	-	-	-	-	1,119,634
Securities sold under agreements to repurchase	2,802,078	-	-	-	-	-	-	-	2,802,078
Derivative payable	601,972	14,022	-	25	275	-	-	-	616,294
Acceptances payable	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Accrued expenses	617,287	-	38,115	175	134	6,883	65	88,580	751,239
Other liabilities	2,831,003	136,985	60,257	164,007	19,985	3,452	9,738	92,334	3,317,761
Fund borrowings	38,698,319	-	-	576,636	-	-	-	3,711,914	42,986,869
Subordinated loans and marketable securities	186,790	-	-	-	-	-	-	-	186,790
<b>Total liabilities</b>	<b>168,081,755</b>	<b>3,890,074</b>	<b>1,624,980</b>	<b>1,317,469</b>	<b>173,132</b>	<b>22,051</b>	<b>460,457</b>	<b>5,615,242</b>	<b>181,185,160</b>
<b>Net statement of financial position</b>	<b>54,532,530</b>	<b>6,133,494</b>	<b>1,384,067</b>	<b>(431,332)</b>	<b>139,774</b>	<b>8,107</b>	<b>(259,770)</b>	<b>(2,469,791)</b>	<b>59,037,079</b>
<b>Administrative accounts - net</b>	<b>(49,338,947)</b>	<b>(5,849,105)</b>	<b>(1,390,480)</b>	<b>(261,121)</b>	<b>(168,550)</b>	<b>(33,058)</b>	<b>272,779</b>	<b>2,615,472</b>	<b>(54,153,010)</b>

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**62. 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, 2017								Total
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	
<b>Assets</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 and <i>wadiah</i> demand deposits	59,444,991	818,924	529,970	576,876	59,996	6,373	251,723	188,455	61,877,308
Saving deposits and <i>wadiah</i> saving deposits	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 agreements to repurchase									
to repurchase	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 and marketable securities	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 consolidated 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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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets</b>		
<b>Cash</b>		
United States Dollar	1,377,201	95,772
Singapore Dollar	934,813	88,567
Australian Dollar	259,982	25,583
European Euro	165,625	10,074
Chinese Yuan	45,015	21,532
Japanese Yen	44,448	340,285
Great Britain Poundsterling	13,965	763
Hong Kong Dollar	6,346	3,456
Others	214,058	14,885
	3,061,453	600,917
<b>Deposits with Bank Indonesia</b>		
United States Dollar	17,914,796	1,245,813
<b>Deposits with other banks</b>		
United States Dollar	11,544,142	802,792
Chinese Yuan	1,351,991	646,709
European Euro	704,502	42,851
Japanese Yen	231,232	1,770,265
Great Britain Poundsterling	168,575	9,206
Singapore Dollar	143,509	13,596
Australian Dollar	44,503	4,379
Hong Kong Dollar	23,812	12,968
Others	357,599	24,867
	14,569,865	3,327,633
<b>Placement with Bank Indonesia and other banks</b>		
United States Dollar	9,572,066	665,651
European Euro	50,338	3,062
Chinese Yuan	62,717	30,000
	9,685,121	698,713
<b>Marketable securities</b>		
United States Dollar	15,799,820	1,098,736
Singapore Dollar	962,453	91,185
European Euro	19,294	1,174
Japanese Yen	1,439	11,017
	16,783,006	1,202,112
<b>Government bonds</b>		
United States Dollar	17,512,032	1,217,805
European Euro	5,846,313	355,601
Japanese Yen	483,294	3,700,000
	23,841,639	5,273,406

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets (continued)</b>		
<b>Other receivables - trade transactions</b>		
United States Dollar	9,361,314	650,995
European Euro	88,315	5,372
Chinese Yuan	40,001	19,134
Japanese Yen	37,366	286,066
Great Britain Poundsterling	12,264	670
	9,539,260	962,237
<b>Derivative receivables</b>		
United States Dollar	1,539,301	107,045
European Euro	7,597	462
Japanese Yen	2,250	17,225
Great Britain Poundsterling	1,570	86
Yuan China	351	168
Australian Dollar	18	2
Others	121	8
	1,551,208	124,996
<b>Loan and sharia loan/financing</b>		
United States Dollar	131,074,000	9,115,021
European Euro	2,066,764	125,711
Chinese Yuan	1,043,355	499,077
Singapore Dollar	938,938	88,957
Australian Dollar	4,664	459
Japanese Yen	1,189	9,103
Others	1,107	77
	135,130,017	9,838,405
<b>Acceptances receivable</b>		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Great Britain Poundsterling	4,298	235
Australian Dollar	3,739	368
	5,190,855	1,002,935
<b>Other assets</b>		
United States Dollar	2,859,622	198,861
European Euro	84,864	5,162
Chinese Yuan	5,450	379
Singapore Dollar	4,543	430
Japanese Yen	525	4,019
Great Britain Poundsterling	15	-
	2,955,019	208,851
<b>Total asset</b>	<b>240,222,239</b>	<b>24,486,018</b>

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities</b>		
<b>Deposits from customers</b>		
Demand deposits and <i>wadiah</i> demand deposits		
United States Dollar	49,594,934	3,448,883
European Euro	815,923	49,628
Singapore Dollar	414,547	39,275
Japanese Yen	451,301	3,455,068
Great Britain Poundsterling	304,379	16,622
Chinese Yuan	548,506	262,372
Australian Dollar	33,921	3,338
Hong Kong Dollar	4,289	2,336
Others	190,718	13,263
	52,358,518	7,290,785
Saving deposits and <i>wadiah</i> saving deposits		
United States Dollar	25,407,014	1,766,830
European Euro	801,409	48,746
Singapore Dollar	724,959	68,685
Great Britain Poundsterling	136,556	7,457
Australian Dollar	94,167	9,266
Japanese Yen	33,690	257,924
Chinese Yuan	13,684	6,546
Hong Kong Dollar	7,427	4,045
Others	905	63
	27,219,811	2,169,562
Time deposits		
United States Dollar	35,357,214	2,458,777
European Euro	1,131,144	68,802
Singapore Dollar	353,790	33,519
Chinese Yuan	28,419	13,594
Australian Dollar	20,911	2,058
Japanese Yen	6,706	51,340
Great Britain Poundsterling	5,421	296
	36,903,605	2,628,386
<b>Deposits from other banks</b>		
Demand deposits, <i>wadiah</i> demand deposits and saving deposits		
United States Dollar	1,549,629	107,762
Singapore Dollar	8,521	807
European Euro	635	39
Japanese Yen	535	4,096
Chinese Yuan	189	13
	1,559,509	112,717
Interbank call money		
United States Dollar	5,255,890	365,500
Chinese Yuan	916,307	438,305
	6,172,197	803,805

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Liabilities (continued)</b>		
<b>Deposits from other banks (continued)</b>		
Time deposits		
United States Dollar	1,119,634	77,861
<b>Securities sold under agreements to repurchase</b>		
United States Dollar	2,802,078	194,859
<b>Derivative payables</b>		
United States Dollar	601,972	41,862
European Euro	14,022	853
Australian Dollar	275	27
Japanese Yen	25	190
	616,294	42,932
<b>Acceptances payable</b>		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Australian Dollar	3,739	368
Great Britain Poundsterling	4,298	235
	5,190,855	1,002,935
<b>Accrued expenses</b>		
United States Dollar	617,287	42,927
Chinese Yuan	88,572	42,367
Singapore Dollar	38,115	3,611
Hong Kong Dollar	6,883	3,748
Japanese Yen	175	1,340
Australian Dollar	134	13
Great Britain Poundsterling	65	4
Others	8	1
	751,239	94,011
<b>Other liabilities</b>		
United States Dollar	2,831,003	196,871
Japanese Yen	164,007	1,255,604
European Euro	136,985	8,331
Singapore Dollar	60,257	5,708
Australian Dollar	19,985	1,967
Hong Kong Dollar	3,452	1,880
Great Britain Poundsterling	9,738	532
Others	92,334	6,421
	3,317,761	1,477,314
<b>Fund borrowings</b>		
United States Dollar	38,698,319	2,691,121
Chinese Yuan	3,711,914	1,775,551
Japanese Yen	576,636	4,414,610
	42,986,869	8,881,282

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Subordinated loans and marketable securities</b>		
United States Dollar	186,790	12,990
<b>Total Liabilities</b>	<b>181,185,160</b>	<b>24,789,439</b>
	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets</b>		
<b>Cash</b>		
United States Dollar	1,162,014	85,647
Singapore Dollar	677,224	66,692
European Euro	264,084	16,265
Australian Dollar	187,524	17,701
Japanese Yen	75,015	622,428
Chinese Yuan	39,490	18,952
Great Britain Poundsterling	38,668	2,110
Hong Kong Dollar	10,695	6,160
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
Japanese Yen	503,190	4,175,158
Chinese Yuan	260,319	124,935
Singapore Dollar	221,916	21,854
Great Britain Poundsterling	220,814	12,049
Australian Dollar	50,908	4,805
Hong Kong Dollar	33,419	19,248
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
Chinese Yuan	214,907	103,140
European Euro	49,712	3,062
	44,841,849	3,391,791
<b>Marketable securities</b>		
United States Dollar	13,786,132	1,016,114
Singapore Dollar	338,070	33,292
European Euro	4,753	293
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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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
<b>Assets (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
Chinese Yuan	36,446	17,492
Great Britain Poundsterling	11,978	654
Australian Dollar	1,945	184
	9,524,092	1,126,800
<b>Derivative receivables</b>		
United States Dollar	312,546	23,036
European Euro	63,365	3,903
Australian Dollar	5,354	505
Great Britain Poundsterling	614	34
Yuan China	117	56
Singapore Dollar	112	11
Japanese Yen	28	232
	382,136	27,777
<b>Loan and sharia loan/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
Chinese Yuan	963,319	462,325
Australian Dollar	89,741	8,471
Japanese Yen	1,669	13,848
	109,869,720	8,502,016
<b>Acceptances receivable</b>		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Japanese Yen	151,986	1,261,085
Chinese Yuan	46,484	22,309
Singapore Dollar	12,432	1,224
Great Britain Poundsterling	3,878	212
Australian Dollar	1,260	119
	5,987,193	1,705,610
<b>Other assets</b>		
United States Dollar	954,272	70,334
European Euro	66,427	4,091
Chinese Yuan	5,566	2,671
Singapore Dollar	1,980	195
Australian Dollar	777	73
Japanese Yen	419	3,477
Great Britain Poundsterling	13	1
	1,029,454	80,842
<b>Total asset</b>	<b>235,084,828</b>	<b>28,062,689</b>

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance 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 and <i>wadiah</i> demand deposits		
United States Dollar	59,444,991	4,385,045
European Euro	818,924	47,912
Japanese Yen	576,876	4,786,558
Singapore Dollar	529,970	51,493
Great Britain Poundsterling	251,723	13,681
Chinese Yuan	179,401	86,100
Australian Dollar	59,996	5,663
Hong Kong Dollar	6,373	3,671
Others	9,054	667
	61,877,308	9,380,790
Saving deposits and <i>wadiah</i> saving deposits		
United States Dollar	26,525,184	1,955,053
Singapore Dollar	563,353	55,478
European Euro	347,242	21,387
Great Britain Poundsterling	116,136	6,337
Australian Dollar	88,834	8,385
Japanese Yen	34,601	287,098
Hong Kong Dollar	8,121	4,677
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 Poundsterling	16,832	918
Chinese Yuan	12,647	6,070
	21,792,585	1,632,223
<b>Deposits from other banks</b>		
Demand deposits, <i>wadiah</i> demand deposits 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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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance 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>		
<b>Deposits from other banks (continued)</b>		
Time deposits		
United States Dollar	414,133	23,890
<b>Securities sold under agreements to repurchase</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 Poundsterling	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 Poundsterling	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 Poundsterling	55	3
Chinese Yuan	60,528	29,049
Others	7	1
	602,025	73,868
<b>Other 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 Poundsterling	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
	<b>28,967,091</b>	<b>3,744,425</b>

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(v) Foreign exchange risk management (continued)**

c. The balance 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 and marketable securities</b>		
United States Dollar	191,501	14,115
<b>Total Liabilities</b>	<b>155,147,461</b>	<b>20,358,883</b>

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, 2018 and 2017:

	Increased by 5%	Decreased by 5%
<b>December 31, 2018</b>		
Increase/(decrease) net income	2,406,868	(2,406,868)
<b>December 31, 2017</b>		
Increase/(decrease) net income	3,566,829	(3,566,829)

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 for all trading book position including marketable securities owned by the Group in 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);

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**62. 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, 2018 and 2017:

	December 31, 2018			Fair value
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>				
Marketable securities				
Fair value through profit or loss	20,454,770	3,049,284	-	23,504,054
Available for sale	6,176,157	23,644,248	-	29,820,405
Government bonds				
Fair value through profit or loss	4,416,186	157,060	-	4,573,246
Available for sale	16,886,369	61,378,875	-	78,265,244
Derivative receivables	-	1,798,557	-	1,798,557
<b>Assets disclosed at fair value</b>				
Held to maturity				
Marketable securities	4,817,038	3,062,579	-	7,879,617
Government bonds	13,006,226	5,122,689	-	18,128,915
Loans	-	254,049,118	511,947,028	765,996,146
Consumer financing receivables	-	18,851,376	-	18,851,376
Net investment finance leases	-	3,858,711	-	3,858,711
<b>Liabilities measured at fair value</b>				
Derivative payables	-	1,117,677	-	1,117,677
<b>Liabilities disclosed at fair values</b>				
Debt securities issued	-	18,814,887	-	18,814,887
Fund borrowings	-	51,280,848	-	51,280,848
Subordinated loans and marketable securities	-	676,205	-	676,205

	December 31, 2017			Fair value
	Level 1	Level 2	Level 3	
<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	-	817,292	-	817,292
<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 finance leases	-	2,571,662	-	2,571,662
<b>Liabilities measured at fair value</b>				
Derivative payables	-	644,965	-	644,965
<b>Liabilities disclosed at fair values</b>				
Debt securities issued	-	17,220,606	-	17,220,606
Fund borrowings	-	35,644,899	-	35,644,899
Subordinated loans and marketable securities	-	191,501	-	191,501

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(vi) Fair value of financial assets and liabilities (continued)**

As of December 31, 2018 and 2017, for assets and liabilities held at year end are recurring 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 as of December 31, 2018 and 2017 amounted to Rp23,252,004 (25.83% of total assets measured at fair value level 2) and Rp30,565,367 (36.85% of total assets measured at fair value level 2), respectively, represent government bonds with variable interest rates and classified as available for sale.

The fair value of financial instruments traded in active markets (such as marketable securities which 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 fair value. Quoted market price for financial assets owned by the Group are using current offering price. These instruments are included in level 1. The instruments included in level 1 generally include investments in shares in IDX and debt 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 are included in level 3.

As of December 31, 2018 and 2017, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>				
Marketable securities				
Held to maturity	7,887,729	7,879,617	8,196,823	8,223,432
At cost <sup>1)</sup>	2,656,999	2,655,320	1,139,166	1,152,390
Government bonds				
Held to maturity	17,977,222	18,128,915	2,585,950	2,680,182
At cost <sup>1)</sup>	13,468,806	12,243,849	8,262,937	8,259,914
Loans	767,761,095	765,996,146	678,292,520	663,041,540
Consumer financing receivable	16,826,865	18,851,376	14,782,332	14,768,169
Net Investment finance leases	3,319,103	3,858,711	2,356,890	2,571,662
	<b>829,897,819</b>	<b>829,613,934</b>	<b>715,616,618</b>	<b>700,697,289</b>
<b>Liabilities</b>				
Debt securities issued	19,088,923	18,814,887	16,843,595	17,220,606
Fund borrowings	51,653,982	51,280,848	35,703,679	35,644,899
Subordinated loans and marketable securities	685,730	676,205	191,501	191,501
	<b>71,428,635</b>	<b>70,771,940</b>	<b>52,738,775</b>	<b>53,057,006</b>

<sup>1)</sup> Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

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**62. 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 agreements to resell, 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.

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 agreements to resell, 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 agreements to resell, 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 agreements to repurchase, 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 payable amount/carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under agreements to repurchase, 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) Debt securities issued, fund borrowings and subordinated loans and marketable securities

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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**62. 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 (Bank only) as a result of market volatility that affects the Bank's trading exposure in normal conditions with a confidence level of 99%. VaR calculation method used by the Bank is Historical Simulation method which does not require assumption of market factors are normally distributed. Bank calculate VaR based on 250 days historical market factor data.

VaR realisation as of December 31, 2018 and 2017 (unaudited) are as follows:

December 31, 2018 <sup>1)</sup>				
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
<b>Type of Risk</b>				
Interest rate risk	21,426	35,131	7,100	14,256
Foreign exchange risk	10,846	35,831	1,845	23,528
<b>Total</b>	<b>36,457</b>	<b>66,154</b>	<b>12,480</b>	<b>12,480</b>

December 31, 2017 <sup>1)</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>

<sup>1)</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 2018 shows that the VaR calculation has been performed accurately, where the number of irregularities of P/L to the daily VaR is still acceptable.

**(viii) Cash management**

Details of cash are as follows:

	December, 31 2018		December, 31 2017	
	(in thousand)	Rupiah	(in thousand)	Rupiah
Rupiah	-	24,287,461	-	21,618,247
Foreign currencies				
United States dollar	95,772	1,377,201	85,647	1,162,014
Singapore dollar	88,567	934,813	66,692	677,224
Australia dollar	25,583	259,982	17,701	187,524
European euro	10,074	165,625	16,265	264,084

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**62. RISK MANAGEMENT (continued)**

B. Market risk and liquidity risk (continued)

**(viii) Cash management (continued)**

Details of cash are as follows: (continued)

	December, 31 2018		December, 31 2017	
	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah
Foreign currencies (continued)				
Chinese yuan	21,532	45,015	18,952	39,490
Japanese yen	340,285	44,448	622,428	75,015
Great Britain Poundsterling	763	13,965	2,110	38,668
Hong Kong dollar	3,456	6,346	6,160	10,695
Others	14,885	214,058	14,417	195,602
	<b>600,917</b>	<b>27,348,914</b>	<b>850,372</b>	<b>24,268,563</b>

As of December 31, 2018 and 2017, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp9,464,278 and Rp7,962,487, respectively.

C. Operational risk

Operational risk is a risk which resulting from inadequacy and/or dysfunctional 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 and OJK regulations, Basel and best practice either in local or global. 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 for operational risk management.
- (v) Provided Operational Risk Management System for all units.
- (vi) Established Risk Awareness across organizations including Risk Culture in the Bank's business activities.
- (vii) Implemented the operational risk management to the all units 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).
- (ix) Developed standard competencies for employees involved in the implementation of operational risk management framework activities.

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**62. RISK MANAGEMENT (continued)**

C. Operational risk (continued)

**Managing risk through operation (continued)**

The implementation of operational risk governance begins with:

- (i) Active monitoring by Board of Commissioners and Directors
- (ii) The implementation of risk management through three line of defense models where:
  - Business 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 who 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.

The ORM Tools used by the Bank are:

- (i) Risk & Control Self Assessment (RCSA), is a register on risk and main control which resulted inherent and residual risk assessment.
- (ii) Loss Event Database, is operational risk incidents database as a lesson learned, future improvement monitoring and operational risk capital calculation recommendation.
- (iii) Key indicator (KI) is an indicator prepared to monitor applicable risks on risk based approach to ensure follow-up action are promptly taken before the risks are happened.
- (iv) Issue & Action Management (IAM), is a tool to monitor follow-up action that have been designed on identified issues.
- (v) Capital Modeling, an operational capital calculation model (regulatory capital charge) that complies with applicable regulations, as part of mitigating operational risk.

As the output of Operational Risk Management process, each unit generates operational risk profile reviewed by Internal Audit unit and presented to the Board of Commissioners and reported to regulators periodically also use to determine Banks's soundness ratio in Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is an operational risk management reports that are submitted to management as a monitoring tool and consideration for priority decision making.

**Managing risk through capital**

In accordance with the regulation, the Bank uses the Basic Indicator Approach to calculate the operational risk capital charge. The Basic Indicator Approach calculation is based on Gross Income of the Bank for the last 3 (three) years.

The results of operational risk capital charge of Bank Mandiri (Bank only) is Rp9,205,427 (unaudited), meanwhile for the consolidation is amounted to Rp10,787,919 (unaudited). Based on balance of operational risk capital charge, the RWA of operational risk is amounted to Rp115,067,839 (Bank only) and Rp134,848,983 (unaudited) (consolidated).

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**63. 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 amounted to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounted 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, 2018, 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 fixed asset based on the realization value of USD977,900 (full amount, after VAT), therefore estimated completion as of December 31, 2018 was 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 blanket order system with a maximum contract value of USD2,583,700 (full amount, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor for additional features of eMAS. As of December 31, 2018, the contract value based on the realisation payment was equal to USD2,443,000 (full amount) and the Bank has recorded the payment as fixed asset of USD2,333,800 (full amount) therefore the estimated project completion as of December 31, 2018 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 blanket order system 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 for additional features of eMAS. As of December 31, 2018, the contract value based on the realisation payment was equal to USD3,442,435 (full amount) and the Bank has recorded the payment as fixed asset of USD3,291,560 (full amount) therefore the estimated project completion as of December 31, 2018 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 blanket order system with a maximum contract value of 6,000 mandays. As of December 31, 2018, the contract value based on realisation payment was equal to USD3,506,511.25 (full amount) and the Bank has recorded the payment realisation as fixed asset of USD2,708,683 (full amount), therefore the estimated project completion as of December 31, 2018 was 77.25%.

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 5,256 mandays. As of December 31, 2018, the contract value using the realisation payment approach is equal to USD2,545,116.75 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,067,324.50 (full amount), so that the estimated project completion as of December 31, 2018 was 81.23%.

On January 25, 2018, Bank Mandiri entered into an agreement with vendors to enhance eMAS features related to Management Application 2017 with the blanket order system with a maximum contract value of 8,592 mandays. On December 31, 2018 the payment realisation was equal to USD759,507.75 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD114,289 (full amount), therefore the estimated project completion as of December 31, 2018 was 15.05%.

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**63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

**b. Legal matters**

Currently, the Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners due to disputes that had been decided by the Court where the Bank was convicted by the Court to pay compensation amounted to Rp121 (December 31, 2017: Rp121). Currently, the Bank is still in the legal process to appeal against the decision.

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2018 and 2017 amounted to Rp607,836 and Rp681,269, respectively. As of December 31, 2018 and 2017, the Bank has provided a provision amounted to Rp171,367 and Rp178,062, respectively and believes that the provision is adequate.

**c. Trade Financing with Asian Development Bank**

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) which are Confirmation Bank Agreement (CBA) and Issuing Bank Agreement (IBA)

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for export import transactions of its customers with Letter of Credit (L/C) arrangement. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries with low trade volume with Indonesia.

Based on RCA, Bank Mandiri granted revolving loan facility amounted to USD25,000,000 (full amount). This facility bears interest equal to total margin and LIBOR during interest period.

**64. GOVERNMENT GUARANTEE FOR PAYMENT OBLIGATIONS OF COMMERCIAL 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 agency called Deposit Insurance Agency (LPS). LPS guarantee public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent deposits.

Based on the LPS No. 2/PLPS/2014 dated September 22, 2014 regarding amendment of LPS 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).

The interest rate of LPS as of December 31, 2018 and 2017 is 6.75% and 5.75%, respectively, for deposits denominated in Rupiah, and 2.00% and 0.75%, respectively, for deposits denominated in foreign currencies.

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## **65. NEW (REVISED) FINANCIAL ACCOUNTING STANDARDS**

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK) - Institute of Indonesia Chartered Accountants (IAI), 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, 2019:

- a. SFAS 22 (2018 Improvement): "Business Combinations" adds a condition that when a party in a joint arrangement obtains control of business which is a joint operation (as defined in SFAS 66), and has rights to assets and liabilities above liabilities related to the joint operation shortly before the acquisition date, the transaction is a business combination carried out in stages, the acquirer applies the requirements for business combinations that are carried out in stages, including the re-measurement of previously owned interests in joint operations in the manner described in paragraph 42. Thus, the acquirer measures again all previously held interests in the joint operation.
- b. SFAS 24 (2018 Amendments): "Employee Benefits" provide clearer guidance for entities in recognizing past service costs, gain or loss on settlement, current service costs and net interest after amendments, curtailments, or completion of programs because they use the latest actuarial assumptions (previously using actuarial assumptions at the beginning of the annual reporting period). In addition, the Amendment to SFAS 24 also clarifies how the accounting requirements for amendments, curtailments, or program completion can affect the asset boundary requirements as seen from the reduction in surplus which causes the impact of the upper limit of assets to change.
- c. SFAS 26 (2018 Improvement): "Borrowing Costs" clarifies that capitalization rate of borrowing costs are the weighted average of borrowing costs for all borrowing of the entity during the period but, exclude the borrowing costs that are specifically obtain a qualifying asset until the qualifying asset are ready to use or sale from calculation.
- d. SFAS 46 (2018 Improvement): "Income Taxes" confirms the consequences of income tax on dividends by deleting paragraph 52B and adding paragraph 57A. The consequence of income tax on dividends (as defined in SFAS 71: Financial Instruments) arises when the entity recognizes liabilities for pay dividends, the consequences of income tax are more directly related to past transactions or events that generate profits that can be distributed rather than distribution to the owner. Therefore, the entity recognizes the income tax consequences in profit or loss, other comprehensive income or equity in accordance with the entity's initial recognition of past transactions or events.
- e. SFAS 66 (2018 Improvement): "Joint Arrangements" clarifying that the parties participating in, but not having joint control over, a joint operation can obtain joint control over joint operations in the event that joint operating activities are a business (as defined in SFAS 22: Business Combinations). In such cases, previously held interests in joint operations are not remeasured.
- f. IFRIC No. 33: "Foreign exchange transactions and advanced benefit" clarifies the use of transaction dates to determine the exchange rate used in the initial recognition of assets, related expenses or income when the entity has received or paid compensation in advance in foreign currency.
- g. IFRIC No. 34: "Uncertainty in income tax treatment" clarifies and provides guidance in reflecting uncertainty about income tax treatment in financial statements.

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**65. NEW (REVISED) FINANCIAL ACCOUNTING STANDARDS (continued)**

Effective on January 1, 2020:

- a. Amendments to SFAS 15: "Investments in associates and joint ventures" stipulates that the entity also applies SFAS No. 71 on financial instruments in associates or joint ventures where equity methods are not applied. This includes long-term interests which the substance forms part of the entity's net investment in an associate or joint venture as referred to in SFAS No. 15 paragraph 38.
- b. Amendments to SFAS 62: "Insurance Contract" on Applying SFAS 71 Financial Instruments with SFAS 62 "Insurance" fulfills certain criteria to apply temporary exemptions from SFAS No. 71 (deferral approach) or chooses to apply a layered approach (overlay approach) to a defined financial asset
- c. SFAS 71: "Financial Instruments", adopted from IFRS 9 regulates the classification and measurement of financial instruments based on the characteristics of the contractual cash flows and the entity's business model; the expectation credit loss method for impairment that produces information that is more timely, relevant and understood by users of financial statements; accounting for hedges that reflects entity risk management is better by introducing more general requirements based on management considerations
- d. Amendments to SFAS 71: "Financial Instruments" regulates that financial assets with accelerated repayment features that can produce negative compensation qualify as contractual cash flows from payments of principal and interest from the amount owed
- e. SFAS 72: "Revenue from contract with customers" this SFAS regulates the model of recognition of income from contracts with customers
- f. SFAS 73: "Leases", adopted from IFRS 16 establishes the principle of recognizing, measuring, presenting and disclosing leases by introducing a single accounting model by requiring recognition of right-of-assets assets and lease liabilities. There are 2 optional exceptions in recognition of lease assets and liabilities, namely for: (1) short-term leases and (2) the underlying assets of the leased asset have low value.

The Group is currently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

**66. RECLASSIFICATION ACCOUNTS**

Some of accounts in the consolidated financial statements and financial information of Parent Entity as of and for the year ended December 31, 2017 and consolidated and parent entity statement of financial position as of January 1, 2017 have been reclassified to conform with the presentation of the consolidated financial statements and financial information of Parent Entity as of and for the year ended December 31, 2018.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
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**66. RECLASSIFICATION ACCOUNTS (continued)**

The reclassifications are to reclassify interest income, interest expense, gain/(loss) from derivative transactions, gain/(loss) from sales of marketable securities and government bonds and other operating expenses from financial assets in trading classification including derivatives other than hedging, whereas in 2018 are recorded in 1 (one) account of "trading income - net". The corresponding accounts in the consolidated and Parent Entity's statement of financial position have been reclassified as well in relation to the above matter.

	December 31, 2017		
	Before Reclassification	Reclassification	After Reclassification
<b><u>Consolidated Statement of Financial</u></b>			
<b><u>Position</u></b>			
Assets			
Marketable securities - net	59,609,972	28,351	59,638,323
Derivative receivables	446,459	370,833	817,292
Other assets - net	15,014,218	(399,184)	14,615,034
Liabilities			
Derivative payables	276,243	368,722	644,965
Accrued expenses	4,307,193	(368,722)	3,938,471
<b><u>Consolidated Statement of Profit or Loss and</u></b>			
<b><u>Other Comprehensive Income</u></b>			
Income and expenses from operation			
Interest income and sharia income			
Interest income	73,271,984	(2,216,882)	71,055,102
Interest expense and sharia expense			
Interest expense	(24,633,241)	1,878,084	(22,755,157)
Other operating income			
Other fees and commissions	12,483,134	(34,819)	12,448,315
Trading income - net	-	3,471,667	3,471,667
Foreign Exchange gains and derivative transactions - net	2,888,082	(2,888,082)	-
Unrealised (loss)/gain from (decrease)/increase in fair value of policyholders' investment in unit-link contracts			
	167,892	(121,043)	46,849
Gain on sales of marketable securities and government bonds	893,570	(113,577)	779,993
Other operating expenses			
Others - net	(4,749,528)	24,652	(4,724,876)
<b><u>Consolidated Statement of Cashflow</u></b>			
Cash flow from operating activities			
Receipts from interest income	69,888,604	(2,216,882)	67,671,722
Receipts from provision, commissions, premium income - net	14,948,209	(34,819)	14,913,390
Payment of interest expenses	(24,478,983)	1,509,362	(22,969,621)
Receipts from the sale of government bonds - fair value through profit or loss	53,656,513	(112,131)	53,544,382
Acquisition of government bonds - fair value through profit or loss	(53,707,496)	(116,899)	(53,824,395)
Foreign exchange gains - net	2,392,249	(2,111)	2,390,138
Trading income - net	-	462,542	462,542
Other operating expenses - others	(4,158,256)	24,652	(4,133,604)
Decrease/(increase) in operating assets:			
Marketable securities - fair value through profit or loss	(2,048,245)	115,453	(1,932,792)
Other assets	(3,240,312)	399,184	(2,841,128)

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**66. RECLASSIFICATION ACCOUNTS (continued)**

	December 31, 2017 (continued)		
	Before Reclassification	Reclassification	After Reclassification
<b><u>Consolidated Statement of Cashflow</u></b>			
<b><u>(continued)</u></b>			
Cash flow from investing activities			
Increase in marketable securities other than fair value through profit or loss	(1,083,092)	(28,351)	(1,111,443)
<b><u>Parent Entity Statement of Financial</u></b>			
<b><u>Position</u></b>			
<b>Assets</b>			
Marketable securities - net	31,033,240	2,946	31,036,186
Derivative receivables	423,257	370,833	794,090
Other assets - net	9,424,686	(373,779)	9,050,907
<b>Liabilities</b>			
Derivative payables	256,702	368,722	625,424
Accrued expenses	3,243,235	(368,722)	2,874,513
<b><u>Parent Entity Statement of Profit or Loss and</u></b>			
<b><u>Other Comprehensive Income</u></b>			
Income and expenses from operation			
Interest income	67,878,151	(2,102,464)	65,775,687
Interest expense	(22,986,499)	1,878,084	(21,108,415)
Other operating income			
Other fees and commissions	11,425,382	(34,819)	11,390,563
Trading income - net	-	3,190,024	3,190,024
Foreign exchange gains and derivative transactions - net	2,837,965	(2,837,965)	-
Unrealised gain/(loss) from increase/(decrease) in fair value of marketable securities and government bonds	2,489	(2,489)	-
Gain on sales of marketable securities and government bonds	850,383	(115,023)	735,360
Other operating expenses			
Others - net	(3,901,824)	24,652	(3,877,172)
<b><u>Parent Entity Statement of Cashflow</u></b>			
Cash flow from operating activities			
Receipts from interest income	64,541,308	(2,102,464)	62,438,844
Receipts from provision, commissions and premium income - net	11,425,382	(34,819)	11,390,563
Payment of interest expenses	(22,888,494)	1,509,362	(21,379,132)
Acquisition of government bonds - fair value through profit or loss	(52,448,684)	(128,496)	(52,577,180)
Foreign exchange gains - net	2,347,865	(2,111)	2,345,754
Trading income - net	-	349,436	349,436
Other operating expenses - others	(3,512,560)	24,652	(3,487,908)
Decrease/(increase) in operating assets:			
Marketable securities - fair value through profit or loss	769,599	13,607	783,206
Other assets	(2,238,104)	373,779	(1,864,325)
Cash flow from investing activities			
Increase in marketable securities other than fair value through profit or loss	(2,704,364)	(2,946)	(2,707,310)

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**  
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**66. RECLASSIFICATION ACCOUNTS (continued)**

	January 1, 2017		
	Before Reclassification	Reclassification	After Reclassification
<b><u>Consolidated Statement of Financial</u></b>			
<b><u>Position</u></b>			
Assets			
Marketable securities - net	56,551,643	21,260	56,572,903
Derivative receivables	239,260	230,983	470,243
Other assets - net	11,557,238	(252,243)	11,304,995
Liabilities			
Derivative payables	502,469	246,960	749,429
Accrued expenses	3,743,496	(246,960)	3,496,536
<b><u>Parent Entity Statement of Financial</u></b>			
<b><u>Position</u></b>			
Assets			
Marketable securities - net	29,245,790	(1,741)	29,244,049
Derivative receivables	239,260	230,983	470,243
Other assets - net	6,923,751	(229,242)	6,694,509
Liabilities			
Derivative payables	502,452	246,960	749,412
Accrued expenses	2,941,711	(246,960)	2,694,751

**67. SUBSEQUENT EVENT**

**Changes in Member of Board of Director**

In accordance with Bank Mandiri's Extraordinary General Meeting of Shareholders (RUPS LB) 2019 on January 7, 2019, among others, Mr. Riduan has been appointed as Director of Commercial Banking, the appointment will be effective after obtaining approval from the Financial Services Authority (OJK) for capability and compliance test and fulfillment to the prevailing laws and regulations.

**68. ADDITIONAL INFORMATION**

**Additional Financial Information**

The additional information presented in appendix 1 - 4 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent Entity, which presents the Bank's investments in Subsidiaries based on cost method.

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY  
As of December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>ASSETS</b>			
Cash	24,443,872	22,005,487	21,223,106
Current accounts with Bank Indonesia	55,256,240	43,674,536	48,761,535
Current accounts with other banks			
Related parties	157,510	441	194,320
Third parties	13,031,944	11,724,561	8,401,644
	13,189,454	11,725,002	8,595,964
Less: allowance for impairment losses	(3,474)	(3,431)	(2,995)
Net	13,185,980	11,721,571	8,592,969
Placements with Bank Indonesia and other banks			
Related parties	1,592,578	2,150,449	2,198,674
Third parties	11,234,897	62,025,489	64,158,423
	12,827,475	64,175,938	66,357,097
Less: allowance for impairment losses	(50,338)	(49,713)	(80,108)
Net	12,777,137	64,126,225	66,276,989
Marketable securities			
Related parties	12,246,882	8,724,993	10,141,257
Third parties	25,871,496	22,217,856	19,193,895
	38,118,378	30,942,849	29,335,152
Add/(less): unamortised premium/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	(226,389)	93,337	(91,103)
Net	37,891,989	31,036,186	29,244,049
Government bonds - related parties	93,899,427	90,983,793	90,340,489
Other receivables - trade transactions			
Related parties	10,724,084	10,517,587	5,934,300
Third parties	15,413,252	14,635,602	9,944,879
	26,137,336	25,153,189	15,879,179
Less: allowance for impairment losses	(1,557,202)	(1,302,230)	(1,712,018)
Net	24,580,134	23,850,959	14,167,161
Securities purchased under agreements to resell - third parties	1,639,448	2,329,116	3,746,090
Derivative receivables			
Related parties	149,832	23,824	3,660
Third parties	1,510,313	770,266	466,583
Net	1,660,145	794,090	470,243
Loans			
Related parties	156,575,588	112,793,435	101,100,710
Third parties	562,391,258	531,463,973	491,568,560
	718,966,846	644,257,408	592,669,270
Less: allowance for impairment losses	(29,420,088)	(31,754,535)	(30,762,076)
Net	689,546,758	612,502,873	561,907,194

<sup>1)</sup> Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>December 31, 2018</u>	<u>December 31, 2017<sup>1)</sup></u>	<u>January 1, 2017<sup>1)</sup></u>
<b>ASSETS (continued)</b>			
Acceptance receivables			
Related parties	2,056,344	1,002,161	385,265
Third parties	<u>11,594,304</u>	<u>11,461,080</u>	<u>14,294,356</u>
	13,650,648	12,463,241	14,679,621
Less: allowance for impairment losses	<u>(293,964)</u>	<u>(253,248)</u>	<u>(239,901)</u>
Net	13,356,684	12,209,993	14,439,720
Investments in shares			
Related parties	7,555,807	7,540,742	6,581,083
Third parties	<u>2,104</u>	<u>2,171</u>	<u>2,120</u>
	7,557,911	7,542,913	6,583,203
Less: allowance for impairment losses	<u>(177,643)</u>	<u>(75,734)</u>	<u>(49,247)</u>
Net	7,380,268	7,467,179	6,533,956
Prepaid expenses	1,917,080	1,984,047	2,031,252
Prepaid taxes	1,091,292	2,403,973	2,421,556
Fixed assets	46,767,089	44,067,921	42,009,451
Less: accumulated depreciation	<u>(9,745,803)</u>	<u>(8,667,610)</u>	<u>(7,550,662)</u>
Net	37,021,286	35,400,311	34,458,789
Intangible assets	5,090,586	4,325,327	3,502,458
Less: accumulated amortization	<u>(2,912,598)</u>	<u>(2,458,868)</u>	<u>(2,066,144)</u>
Net	2,177,988	1,866,459	1,436,314
Other assets	15,058,349	9,359,453	6,974,347
Less: allowance for possible losses	<u>(382,297)</u>	<u>(308,546)</u>	<u>(279,838)</u>
Net	14,676,052	9,050,907	6,694,509
Deferred tax assets - net	<u>4,576,026</u>	<u>4,969,726</u>	<u>5,435,589</u>
<b>TOTAL ASSETS</b>	<b><u>1,037,077,806</u></b>	<b><u>978,377,431</u></b>	<b><u>918,181,510</u></b>

<sup>1)</sup> Reclassified, see Note 66

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2018	December 31, 2017 <sup>1)</sup>	January 1, 2017 <sup>1)</sup>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Obligations due immediately	3,843,194	2,838,567	1,569,911
Deposits from customers			
Demand deposits			
Related parties	50,921,083	46,287,627	48,889,558
Third parties	140,490,641	148,960,350	131,669,970
Total	191,411,724	195,247,977	180,559,528
Saving deposits			
Related parties	3,530,435	3,541,392	1,969,759
Third parties	297,257,711	300,127,431	271,802,756
Total	300,788,146	303,668,823	273,772,515
Time deposits			
Related parties	38,471,472	33,362,950	46,479,231
Third parties	208,815,192	197,497,781	187,138,570
Total	247,286,664	230,860,731	233,617,801
Total deposits from customers	739,486,534	729,777,531	687,949,844
Deposits from other banks			
Demand deposits, <i>wadiah</i> demand deposits and saving deposits			
Related parties	1,024,499	460,256	132,782
Third parties	2,958,616	3,896,430	4,199,571
Total	3,983,115	4,356,686	4,332,353
Interbank call money			
Related parties	-	-	440,000
Third parties	8,372,197	1,007,655	1,240,952
Total	8,372,197	1,007,655	1,680,952
Time deposits			
Related parties	116,958	108,473	346,732
Third parties	2,896,425	2,501,964	3,199,043
Total	3,013,383	2,610,437	3,545,775
Total deposits from other banks	15,368,695	7,974,778	9,559,080
Securities sold under agreements to repurchase			
Related parties	-	-	230,024
Third parties	16,120,197	3,592,883	3,123,018
Total	16,120,197	3,592,883	3,353,042
Derivative payables			
Related parties	19,126	16,582	10,058
Third parties	1,008,728	608,842	739,354
Total	1,027,854	625,424	749,412
Acceptance payables			
Related parties	4,595,150	575,595	2,481,708
Third parties	9,055,498	11,887,646	12,197,913
Total	13,650,648	12,463,241	14,679,621

<sup>1)</sup> Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>December 31, 2018</u>	<u>December 31, 2017 <sup>1)</sup></u>	<u>January 1, 2017 <sup>1)</sup></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES (continued)</b>			
Debt securities issued			
Related parties	8,430,000	6,712,500	2,570,000
Third parties	<u>5,535,900</u>	<u>4,185,788</u>	<u>2,502,035</u>
	13,965,900	10,898,288	5,072,035
Less: unamortised issuance cost	<u>(28,071)</u>	<u>(27,018)</u>	<u>(24,077)</u>
Net	13,937,829	10,871,270	5,047,958
Estimated losses on commitment and contingencies	113,236	349,404	193,144
Accrued expenses	3,813,671	2,874,513	2,694,751
Taxes payable	774,631	666,542	1,052,740
Employee benefit liabilities	7,047,758	7,674,599	6,236,533
Provision	370,525	375,770	435,880
Other liabilities	8,637,435	11,334,802	8,546,688
Fund borrowings			
Related parties	98,687	169,950	140,774
Third parties	<u>38,990,057</u>	<u>26,975,564</u>	<u>31,687,950</u>
Total	39,088,744	27,145,514	31,828,724
Subordinated loans and marketable securities			
Related parties	131,750	-	-
Third parties	<u>553,980</u>	<u>191,501</u>	<u>215,432</u>
Total	<u>685,730</u>	<u>191,501</u>	<u>215,432</u>
<b>TOTAL LIABILITIES</b>	<b><u>863,966,681</u></b>	<b><u>818,756,339</u></b>	<b><u>774,112,760</u></b>

<sup>1)</sup> Reclassified, see Note 66

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)  
As of December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>January 1, 2017</u>
<b>LIABILITIES AND EQUITY (continued)</b>			
<b>EQUITY</b>			
Share capital - Rp250 (full amount) par value per share as of December 31, 2018 and December 31, 2017, and Rp500 (full amount) par value per share as of January 1, 2017.			
Authorised Capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2018 and December 31, 2017, and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of January 1, 2017.			
Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2018 and December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of January 1, 2017	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	(98,046)	1,791	45,441
Unrealised (losses)/gain from (decrease)/increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	(1,640,866)	1,067,962	(768,222)
Differences arising from revaluation of fixed assets	26,039,621	25,322,628	24,796,520
Gain/(losses) from employee benefits program - net after deducting deferred tax	298,923	(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 at April 30, 2003)			
- Appropriated	5,380,268	5,380,268	5,380,268
- Unappropriated	113,988,250	99,197,269	85,399,507
Total retained earnings	119,368,518	104,577,537	90,779,775
<b>TOTAL EQUITY</b>	<b><u>173,111,125</u></b>	<b><u>159,621,092</u></b>	<b><u>144,068,750</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>1,037,077,806</u></b>	<b><u>978,377,431</u></b>	<b><u>918,181,510</u></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, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2018	2017 <sup>1)</sup>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>		
Interest income	67,692,623	65,775,687
Interest expense	(21,398,232)	(21,108,415)
<b>NET INTEREST INCOME</b>	<b>46,294,391</b>	<b>44,667,272</b>
Other operating income		
Other fees and commissions	11,603,014	11,390,563
Trading income - net	3,647,192	3,190,024
Others	9,337,474	5,488,834
Total other operating income	24,587,680	20,069,421
Allowance for impairment losses	(11,504,129)	(12,578,904)
Reversal/(provision for) impairment losses on commitments and contingencies	249,320	(155,380)
Provision for other allowances	(80,998)	(78,624)
Gains on sale of marketable securities and government bonds	666,018	735,360
Other operating expenses		
Salaries and employee benefits	(12,391,276)	(11,635,135)
General and administrative expenses	(13,065,155)	(12,051,008)
Others - net	(3,478,975)	(3,877,172)
Total other operating expenses	(28,935,406)	(27,563,315)
<b>INCOME FROM OPERATIONS</b>	<b>31,276,876</b>	<b>25,095,830</b>
Non-operating income - net	43,206	2,235
<b>INCOME BEFORE TAX EXPENSE</b>	<b>31,320,082</b>	<b>25,098,065</b>
Tax expense		
Current		
Current year	(5,022,275)	(4,903,592)
Prior year	(1,313,347)	-
Deferred	(905,622)	(183,757)
Total tax expense - net	(7,241,244)	(5,087,349)
<b>NET INCOME FOR THE YEAR</b>	<b>24,078,838</b>	<b>20,010,716</b>

<sup>1)</sup> Reclassified, see Note 66

**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, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2018	2017
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Gains on fixed assets revaluation	716,993	526,108
Actuarial gains/(losses) on defined benefit plan	988,405	(705,077)
Income tax related to the items that will not be reclassified to profit or loss	(197,681)	141,015
	1,507,717	(37,954)
<b>Items that will be reclassified to profit or loss</b>		
Difference arising from translation of financial statements in foreign currencies	(99,837)	(43,650)
Changes in fair value of available for sale financial assets	(3,418,431)	2,259,305
Income tax related to items that will be reclassified to profit or loss	709,603	(423,121)
	(2,808,665)	1,792,534
<b>Other comprehensive income for the year - net of income tax</b>	<b>(1,300,948)</b>	<b>1,754,580</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>22,777,890</b>	<b>21,765,296</b>
<b>EARNING PER SHARE</b>		
Basic (full amount)	515.98	428.80
Dilluted (full amount)	515.98	428.80

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY  
For the year ended December 31, 2018  
(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)/loss from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial gain/(loss) on defined benefit program - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2018	11,666,667	17,476,308	1,791	1,067,962	25,322,628	(491,801)	5,380,268	99,197,269	104,577,537	159,621,092
Dividends payment from 2017 net income	-	-	-	-	-	-	-	(9,287,857)	(9,287,857)	(9,287,857)
Income for the current year	-	-	-	-	-	-	-	24,078,838	24,078,838	24,078,838
Comprehensive income for the current year	-	-	(99,837)	(2,708,828)	716,993	790,724	-	-	-	(1,300,948)
<b>Balance as of December 31, 2018</b>	<b>11,666,667</b>	<b>17,476,308</b>	<b>(98,046)</b>	<b>(1,640,866)</b>	<b>26,039,621</b>	<b>298,923</b>	<b>5,380,268</b>	<b>113,988,250</b>	<b>119,368,518</b>	<b>173,111,125</b>

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)  
For the year ended December 31, 2018  
(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	Net differences in fixed assets revaluation	Net actuarial loss on defined benefit program - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
<b>Balance as of January 1, 2017</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>
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, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2018	2017 <sup>1)</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from interest income	63,919,139	62,438,844
Receipts from provision and commissions income	11,603,014	11,390,563
Payments of interest expense	(20,867,566)	(21,379,132)
Receipts from the sale of government bonds - fair value through profit or loss	56,447,238	52,719,756
Acquisition of government bonds - fair value through profit or loss	(55,358,389)	(52,577,180)
Foreign exchange gains - net	5,083,678	2,345,754
Trading income - net	415,486	349,436
Other operating income - others	4,267,080	1,675,243
Other operating expenses - others	(3,508,692)	(3,487,908)
Salaries and employee benefits	(12,227,393)	(10,761,131)
General and administrative expenses	(11,532,885)	(10,541,336)
Non-operating income - net	43,129	1,044
Payment of corporate income tax	(6,266,451)	(5,347,697)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>32,017,388</b>	<b>26,826,256</b>
Decrease/(increase) in operating assets:		
Placements with Bank Indonesia and other banks	7,540	335,342
Marketable securities - fair value through profit or loss	(1,214,565)	783,206
Other receivables - trade transactions	(984,147)	(9,274,010)
Loans	(87,940,410)	(63,213,140)
Securities purchased under agreements to resell	689,668	1,416,974
Prepaid taxes	1,312,681	17,583
Prepaid expenses	66,967	47,205
Other assets	(5,168,610)	(1,864,325)
Proceeds from collection of written-off financial assets	5,070,394	3,813,591
Increase/(decrease) in operating liabilities:		
Demand deposits	(4,243,538)	14,668,699
Saving deposits	(2,846,963)	29,940,391
Time deposits	16,828,878	(3,692,408)
Interbank call money	7,364,543	(673,297)
Obligations due immediately	1,004,627	1,268,656
Taxes payable	38,918	57,907
Other liabilities	(49,488)	5,033,668
<b>Net cash (used in)/provided by operating activities</b>	<b>(38,046,117)</b>	<b>5,492,298</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in marketable securities - other than fair value through profit or loss	(5,925,576)	(2,707,310)
Increase in government bonds - other than fair value through profit or loss	(6,047,293)	1,785,664
Proceeds from sale of fixed assets	77	5,713
Acquisition of fixed assets	(1,982,522)	(1,498,326)
Acquisition of intangible assets	(765,259)	(822,869)
Capital injection to PT Bank Syariah Mandiri	-	(500,000)

<sup>1)</sup> Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

**PARENT ENTITY FINANCIAL INFORMATION**

**PT BANK MANDIRI (PERSERO) Tbk.  
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)  
For the year ended December 31, 2018  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2018	2017 <sup>1)</sup>
<b>CASH FLOWS FROM INVESTING ACTIVITIES (continued)</b>		
Capital injection to PT Mandiri Capital Indonesia	-	(200,000)
Capital injection to PT Mandiri Utama Finance	-	(102,000)
Capital injection to PT Bank Mandiri Taspen	(255,250)	(118,880)
Divesment of shares ownership in PT Bank Mandiri Taspen	99,908	-
Divesment of shares ownership in PT Mandiri AXA General Insurance	138,000	-
<b>Net cash used in investing activities</b>	<b>(14,737,915)</b>	<b>(4,158,008)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in debt securities issued	2,998,723	5,826,252
Increase/(decrease) in fund borrowings	9,167,227	(5,120,961)
Increase/(decrease) in subordinated loans and marketable securities	484,358	(23,931)
Increase in marketable securities sold under agreements to repurchase	11,661,987	239,841
Payment of dividend	(9,287,857)	(6,212,954)
<b>Net cash provided by/(used in) financing activities</b>	<b>15,024,438</b>	<b>(5,291,753)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(37,759,594)</b>	<b>(3,957,463)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>1,656,976</b>	<b>790,409</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>140,515,108</b>	<b>143,682,162</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>104,412,490</b>	<b>140,515,108</b>
Cash and cash equivalents at end of year consist of:		
Cash	24,443,872	22,005,487
Current accounts with Bank Indonesia	55,256,240	43,674,536
Current accounts with other banks	13,189,454	11,725,002
Short-term investments with a period of time maturity of three months or less from the date of acquisition	11,522,924	63,110,083
<b>Total cash and cash equivalents</b>	<b>104,412,490</b>	<b>140,515,108</b>

<sup>1)</sup> Reclassified, see Note 66