

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

Consolidated financial statements
as of December 31, 2019
and for the year then ended
with independent auditors' report

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.
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Jakarta 12190, Indonesia
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We, the undersigned:

1. Name : Sulaiman A. Arianto
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Maribaya G III No. 4 Puri Cinere RT 006/ RW 005
Kelurahan Pangkalan Jati, Kecamatan Cinere,
Kotamadya Depok
Phone number : 021 – 5245108
Title : Deputy President Director
2. Name : Hery Gunardi
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Taman Mpu Sendok No. 31 RT/RW 008/003
Kelurahan Selong, Kecamatan Kebayoran Baru,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245036
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, 23 January 2020

Deputy President Director,

Director


Sulaiman A. Arianto  **Hery Gunardi**

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, 2019 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Table of Contents

	Pages
Independent Auditors' Report	
Consolidated Statement of Financial Position	1 - 8
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	9 - 11
Consolidated Statement of Changes in Equity	12 - 13
Consolidated Statement of Cash Flows	14 - 16
Notes to the Consolidated Financial Statements	17 - 309
Parent Entity Financial Information	
Statement of Financial Position - Parent Entity	Appendix 1
Statement of Profit or Loss and Other Comprehensive Income - Parent Entity	Appendix 2
Statement of Changes in Equity - Parent Entity	Appendix 3
Statement of Cash Flows - Parent Entity	Appendix 4

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. 00018/2.1032/AU.1/07/0685-2/1/I/2020

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, 2019, 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. 00018/2.1032/AU.1/07/0685-2/1/I/2020 (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, 2019, 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, 2019 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, 2019, 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 23, 2020

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Cash	2c,2g,62.B.(viii)	28,094,267	27,348,914
Current accounts with Bank Indonesia	2c,2g,2h,4	46,490,930	59,852,761
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	56	4,493	8,476
Third parties		12,558,997	14,827,485
		12,563,490	14,835,961
Less: allowance for impairment losses		(5,193)	(5,189)
Net		12,558,297	14,830,772
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	56	1,499,924	1,162,378
Third parties		36,116,511	21,403,656
		37,616,435	22,566,034
Less: allowance for impairment losses		(47,675)	(50,338)
Net		37,568,760	22,515,696
Marketable securities	2c,2f,2j,7,66		
Related parties	56	27,377,257	21,562,800
Third parties		43,789,655	42,569,876
		71,166,912	64,132,676
Add/(less): unamortised discounts, unrealised gains/(losses) - net from increase/(decrease) in fair value and allowance for impairment losses		96,456	(296,776)
Net		71,263,368	63,835,900
Government bonds - net			
Related parties	2c,2f,2k,8,56	129,000,300	114,284,518
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	56	14,186,619	10,724,084
Third parties		16,229,083	15,688,973
		30,415,702	26,413,057
Less: allowance for impairment losses		(1,311,591)	(1,603,598)
Net		29,104,111	24,809,459

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
ASSETS (continued)			
Securities purchased under agreements to resell			
Third parties	2c,2m,10	1,955,363	2,097,629
Derivative receivables	2c,2f,2n,11		
Related parties	56	18,817	149,832
Third parties		1,598,659	1,648,725
		1,617,476	1,798,557
Loans and sharia loan/financing	2c,2f,2o,12		
Related parties	56	171,384,121	160,729,702
Third parties		714,451,116	638,827,486
		885,835,237	799,557,188
Less: allowance for impairment losses		(29,988,393)	(31,796,093)
Net		855,846,844	767,761,095
Consumer financing receivables	2c,2f,2p,13		
Related parties	56	6,758	8,278
Third parties		18,558,948	17,189,878
		18,565,706	17,198,156
Less: allowance for impairment losses		(354,618)	(371,291)
Net		18,211,088	16,826,865
Net investment finance leases	2c,2q,14		
Third parties		3,055,071	3,328,389
Less: allowance for impairment losses		(7,982)	(9,286)
Net		3,047,089	3,319,103
Acceptance receivables	2c,2f,2u,15		
Related parties	56	1,198,875	2,183,157
Third parties		9,080,964	11,705,705
		10,279,839	13,888,862
Less: allowance for impairment losses		(221,804)	(296,453)
Net		10,058,035	13,592,409

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
ASSETS (continued)			
Investments in shares	2f,2s,16		
Related parties	56	112,298	322,617
Third parties		506,631	129,476
		618,929	452,093
Less: allowance for impairment losses		(12,919)	(30,589)
Net		606,010	421,504
Prepaid expenses	17	3,012,550	2,858,186
Prepaid taxes	2ad,33a	1,176,600	1,236,027
Fixed assets	2r.i,2r.ii,18	57,657,529	50,075,628
Less: accumulated depreciation		(13,045,330)	(11,632,932)
Net		44,612,199	38,442,696
Intangible assets	2r.iii,2s,19	7,114,887	5,963,706
Less: accumulated amortisation		(3,793,603)	(3,198,980)
Net		3,321,284	2,764,726
Other assets	2c,2t,2v,2af,20	17,373,411	19,256,317
Less: allowance for other impairment losses		(623,357)	(598,662)
Net		16,750,054	18,657,655
Deferred tax assets - net	2ad,33e	3,951,710	4,997,622
TOTAL ASSETS		1,318,246,335	1,202,252,094

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY			
LIABILITIES			
Obligations due immediately	2w	3,169,451	3,843,194
Deposits from customers			
Demand deposits and <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	56	60,118,497	51,161,488
Third parties		187,325,770	148,662,268
Total		247,444,267	199,823,756
Saving deposits and <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	56	3,307,760	3,537,033
Third parties		321,180,312	303,745,320
Total		324,488,072	307,282,353
Time deposits	2c,2f,2x,23		
Related parties	56	34,132,147	40,762,862
Third parties		244,043,859	218,139,922
Total		278,176,006	258,902,784
Total deposits from customers		850,108,345	766,008,893
Deposits from other banks			
Demand deposits, <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24		
Related parties	56	148,557	787,013
Third parties		7,599,711	3,051,371
Total		7,748,268	3,838,384
Interbank call money - third parties	2c,2f,2y,25	219,360	8,472,197
Time deposits	2c,2f,2y,26		
Related parties	56	-	116,958
Third parties		5,430,238	4,066,276
Total		5,430,238	4,183,234
Total deposits from other banks		13,397,866	16,493,815
Liabilities to unit-linked policyholders	2z,27	24,037,658	22,357,802

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Securities sold under agreements to repurchase	2c,2f,2m,28		
Related parties	56,65	-	102,234
Third parties		3,782,055	16,509,294
Total		3,782,055	16,611,528
Derivative payables	2c,2f,2n,11,		
Related parties	56	42,505	19,126
Third parties		1,152,517	1,098,551
Total		1,195,022	1,117,677
Acceptance payables	2c,2f,2u,29		
Related parties	56	2,076,355	4,688,800
Third parties		8,203,484	9,200,062
Total		10,279,839	13,888,862
Debt securities issued	2c,2f,2aa,30		
Related parties	56,65	10,696,100	10,071,700
Third parties		21,620,405	9,055,200
		32,316,505	19,126,900
Less: unamortised debt issuance cost		(71,235)	(37,977)
Net		32,245,270	19,088,923
Estimated losses on commitment and contingencies	2c,31c	386,039	125,729
Accrued expenses	2c,2af,32	6,215,561	4,835,467
Taxes payable	2ad,33b	1,286,973	1,087,949
Employee benefit liabilities	2ai,34,51	7,586,150	7,987,887
Provision	63b	405,312	370,525
Other liabilities	2c,35	16,861,260	15,795,137
Fund borrowings			
Related parties	2c,2f,2ab,36	984,974	423,686
Third parties	56,65	53,143,588	51,230,296
Net		54,128,562	51,653,982

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Subordinated loans and marketable securities	2c,2f,2ac,37		
Related parties	56,65	127,750	136,750
Third parties		537,295	550,040
		665,045	686,790
Less: unamortised subordinated loans and marketable securities		(828)	(1,060)
Net		664,217	685,730
TOTAL LIABILITIES		1,025,749,580	941,953,100
TEMPORARY SYIRKAH FUNDS			
	2f,2ae,38		
Deposits from customers			
Related parties	56		
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	207,504	144,810
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	1,526,416	2,132,346
Total related parties		1,733,920	2,277,156
Third parties			
Demand deposits - restricted investments and <i>mudharabah musytarakah - musyarakah</i> demand deposits	38a.1	2,969,820	682,242
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	34,465,922	31,173,610
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	43,846,541	40,772,071
Total third parties		81,282,283	72,627,923
Total deposits from customers		83,016,203	74,905,079
Deposits from Other Banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	343,098	277,312
<i>Mudharabah</i> time deposit - unrestricted investment	38b	102,929	156,298
Total deposits from other banks		446,027	433,610
TOTAL TEMPORARY SYIRKAH FUNDS		83,462,230	75,338,689

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
EQUITY			
Attributable equity of the Parent Entity			
Share capital - Rp250 (full amount)			
par value per share as of December 31, 2019 and 2018			
Authorised Capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2019 and 2018			
Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2019 and 2018			
	40a	11,666,667	11,666,667
Additional paid-in capital/agio	40b	17,316,192	17,316,192
Differences arising from translation of financial statements in foreign currencies	2e	13,388	112,171
Net unrealised gain/(losses) from increase/ (decrease) in fair value of available for sale marketable securities and government bonds - net of deferred tax	2j,2k	1,385,796	(1,638,088)
Effective portion of cash flow hedges	2n,11	(30,045)	(17,030)
Net differences in fixed assets revaluation	2r.i,18	30,306,255	26,435,307
Net actuarial gain from defined benefit program - net of deferred tax	2ai,34,51	653,489	348,613
Other comprehensive income		85,052	-
Difference in transactions with non controlling parties	1g	(106,001)	(106,001)

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
EQUITY (continued)			
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		5,380,268	5,380,268
Unappropriated		137,929,792	121,704,418
Total retained earnings		143,310,060	127,084,686
		204,600,853	181,202,517
Noncontrolling interests in net assets of consolidated subsidiaries	2d,39	4,433,672	3,757,788
TOTAL EQUITY		209,034,525	184,960,305
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		1,318,246,335	1,202,252,094

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

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
INCOME AND EXPENSE FROM OPERATIONS			
Interest income and sharia income	2f,2af,41,56		
Interest income		84,431,175	74,454,382
Sharia income		7,093,915	6,538,188
Total interest income and sharia income		91,525,090	80,992,570
Interest expense and sharia expense	2f,2af,42,56		
Interest expense		(29,070,226)	(23,710,628)
Sharia expense		(3,014,676)	(2,659,310)
Total interest expense and sharia expense		(32,084,902)	(26,369,938)
NET INTEREST AND SHARIA INCOME		59,440,188	54,622,632
Premium income	2ag	11,113,650	10,342,487
Claim expense	2ag	(9,306,147)	(7,635,354)
NET PREMIUM INCOME		1,807,503	2,707,133
NET INTEREST, SHARIA AND PREMIUM INCOME		61,247,691	57,329,765
Other operating income			
Other fees and commissions	2ah,67	14,216,435	13,013,786
Trading income - net	2c,2e,2n,43	3,871,620	3,657,290
Others	44	8,402,343	11,000,989
Total other operating income		26,490,398	27,672,065
Allowance for impairment losses	2c,45	(11,742,986)	(14,394,973)
(Provision)/reversal for impairment losses on commitments and contingencies	2c,31c	(262,215)	270,973
Provision for other allowances	2t,46	(67,262)	(61,498)
Unrealised gain/(loss) from increase/(decrease) in fair value of policyholders investment in unit-link contracts	2j,2k,2z,47	8,205	(18,483)
Gains on sale of marketable securities and government bonds	2j,2k,48	853,850	674,087

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
Other operating expenses	2f,2ai,		
Salaries and benefits	49,51,56	(17,221,046)	(16,322,769)
General and administrative expenses	2r,50	(17,635,053)	(16,587,005)
Others - net	52	(5,220,068)	(4,656,365)
Total other operating expenses		(40,076,167)	(37,566,139)
INCOME FROM OPERATION		36,451,514	33,905,797
Non operating (expense)/income - net	53	(10,074)	37,572
INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST		36,441,440	33,943,369
Tax expense			
Current	2ad,33c,33d		
Current year		(7,433,937)	(5,918,708)
Prior year	33f	(201,197)	(1,313,347)
Deferred	2ad,33c,33e	(350,714)	(859,377)
Total tax expense - net		(7,985,848)	(8,091,432)
NET INCOME FOR THE YEAR		28,455,592	25,851,937
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on fixed asset revaluation	2r.i	3,870,948	768,681
Actuarial gain from defined benefit program	2ai	368,663	1,023,174
Income tax related to items that will not be reclassified to profit or loss		(72,032)	(206,373)
Others		85,052	-
		4,252,631	1,585,482
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	2e	(100,228)	(55,547)
Changes in fair value of available for sale financial assets	2j,2k	3,819,305	(3,585,763)
Effective portion of cash flow hedge	2n	(34,028)	(27,695)
Income tax related to items that will be reclassified to profit or loss		(726,604)	766,774
		2,958,445	(2,902,231)
Other comprehensive income for the year - net of income tax		7,211,076	(1,316,749)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35,666,668	24,535,188

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
OTHER COMPREHENSIVE INCOME			
(continued)			
Net income for the year attributable to:			
Parent Entity		27,482,133	25,015,021
Noncontrolling interest	2d	973,459	836,916
		28,455,592	25,851,937
Total comprehensive income for the year			
attributable to:			
Parent Entity		34,655,095	23,771,531
Noncontrolling interest	2d	1,011,573	763,657
		35,666,668	24,535,188
EARNINGS PER SHARE			
	2aj		
Basic (full amount of Rupiah)		588.90	536.04
Diluted (full amount of Rupiah)		588.90	536.04

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 CHANGES IN EQUITY
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Difference arising from translation of financial statements in foreign currencies	Net unrealised gain/(loss) from increase/(decrease) in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion cash flow hedge	Net differences in fixed assets revaluation	Net actuarial gain from defined benefit program-net of deferred tax	Other comprehensive income	Difference in transaction with noncontrolling parties	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
											Appropriated	Unappropriated	Total		
Balance as of January 1, 2019		11,666,667	17,316,192	112,171	(1,638,088)	(17,030)	26,435,307	348,613	-	(106,001)	5,380,268	121,704,418	127,084,686	3,757,788	184,960,305
Dividend payment from 2018 net income	40c	-	-	-	-	-	-	-	-	-	-	(11,256,759)	(11,256,759)	-	(11,256,759)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	-	(335,689)	(335,689)
Income for the current year		-	-	-	-	-	-	-	-	-	-	27,482,133	27,482,133	973,459	28,455,592
Comprehensive income for the current year		-	-	(98,783)	3,023,884	(13,015)	3,870,948	304,876	85,052	-	-	-	-	38,114	7,211,076
Balance as of December 31, 2019		11,666,667	17,316,192	13,388	1,385,796	(30,045)	30,306,255	653,489	85,052	(106,001)	5,380,268	137,929,792	143,310,060	4,433,672	209,034,525

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 CHANGES IN EQUITY (continued)
For the year ended December 31, 2019
(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 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) from defined benefit program- net of deferred tax	Difference in transaction with noncontrolling parties	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)
Balance as of December 31, 2018		11,666,667	17,316,192	112,171	(1,638,088)	(17,030)	26,435,307	348,613	(106,001)	5,380,268	121,704,418	127,084,686	3,757,788	184,960,305

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 CASH FLOWS
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income		80,611,352	70,439,495
Receipts from sharia income		7,131,796	6,583,301
Receipts from provision, commissions and premium income - net		16,023,938	15,720,919
Payments of interest expense		(28,769,875)	(23,124,701)
Payments of sharia expense		(2,987,143)	(2,674,047)
Receipts from the sale of government bonds - fair value through profit or loss		127,549,079	56,455,307
Acquisition of government bonds - fair value through profit or loss		(128,375,141)	(56,865,888)
Foreign exchange gains - net		2,414,433	6,058,853
Trading income - net		779,664	547,986
Other operating income - others		3,529,280	4,307,755
Other operating expenses - others		(3,387,910)	(4,544,296)
Salaries and employee benefits		(17,317,907)	(15,801,649)
General and administrative expenses		(15,575,697)	(14,771,162)
Non-operating (expense)/income - net		(22,603)	15,682
Payment of corporate income tax		(7,551,004)	(7,200,860)
Cash flows from operating activities before changes in operating assets and liabilities		34,052,262	35,146,695
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		359,212	1,743,348
Marketable securities - fair value through profit or loss		(7,203,658)	1,823,982
Other receivables - trade transactions		(4,002,645)	(973,579)
Loans		(89,102,373)	(93,514,200)
Sharia financing/receivables		(9,764,609)	(9,187,208)
Securities purchased under agreements to resell		142,266	531,686
Consumer financing receivables		(2,088,779)	(2,834,995)
Net investment finance lease		249,143	(966,751)
Prepaid taxes		59,427	1,452,022
Prepaid expenses		(154,364)	(73,952)
Other assets		1,754,709	(3,296,918)
Recovery of written-off financial assets		5,018,924	6,845,434
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		46,976,850	(3,467,776)
Saving deposits		21,759,264	(1,402,889)
Time deposits		20,520,226	21,975,342
Interbank call money		(8,252,837)	7,464,542
Obligations due immediately		(673,743)	1,004,627

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 CASH FLOWS (continued)
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(continued)			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Liability to unit - linked policyholders	27	1,679,856	(896,233)
Other taxes payable		114,894	46,922
Other liabilities		4,400,324	(2,053,360)
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit <i>mudharabah musytarakah - musyarakah</i>		2,287,578	156,957
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		3,420,792	3,078,422
- <i>Mudharabah</i> time deposit - unrestricted investment		2,415,171	5,435,412
Net cash provided/(used in) by operating activities		23,967,890	(31,962,470)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - other than fair value through profit or loss		(1,423,112)	(5,290,469)
Increase in government bonds - other than fair value through profit or loss		(10,011,890)	(12,544,614)
Proceeds from sale of fixed assets		17,710	87,908
Acquisition of fixed assets		(3,685,566)	(2,432,966)
Acquisition of intangible assets		(1,149,030)	(861,048)
Net cash used in investing activities		(16,251,888)	(21,041,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of investment in Subsidiaries		(514,742)	(474,552)
Increase in debt securities issued		13,379,710	2,170,723
Increase in fund borrowings		3,865,402	12,105,048
(Decrease)/increase in subordinated loans and marketable securities		(15,406)	484,358
(Decrease)/increase in securities sold under agreements to repurchase	28	(12,330,221)	12,153,318
Payments of dividends	40c	(11,256,759)	(9,287,857)
Net cash (used in)/provided by financing activities		(6,872,016)	17,151,038

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 CASH FLOWS (continued)
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2019	2018
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		843,986	(35,852,621)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1,728,922)	1,754,511
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		124,677,686	158,775,796
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		123,792,750	124,677,686
Cash and cash equivalents at end of year consists of:			
Cash	62.B.(viii)	28,094,267	27,348,914
Current accounts with Bank Indonesia	4	46,490,930	59,852,761
Current accounts with other banks	5	12,563,490	14,835,961
Liquid short-term investments are with maturity period of three months or less since the date of acquisition		36,644,063	22,640,050
Total cash and cash equivalents		123,792,750	124,677,686

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 was 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 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, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 which 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 bonds and medium term notes, 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 bonds and medium term notes

On April 11, 2019, Bank Mandiri issued Euro Medium Term Notes (EMTN) with nominal value of USD750,000,000 (full amount) in Singapore Exchange (SGX).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

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

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.

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., LL.M No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

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

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

Changes in share capital of Bank Mandiri

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

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of bonds and medium term notes, 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):

	Number of shares
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
Total	46,666,666,666

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, 2019 and 2018, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2019	2018
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	51.08 ¹⁾
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 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	99.99 ²⁾	99.98

¹⁾ Since December 19, 2018, Bank Mandiri's ownership became 51.08%.

²⁾ Since February 6, 2019, Bank Mandiri's ownership became 99.99%.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

The Subsidiaries' total assets as of December 31, 2019 and 2018 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2019	December 31, 2018
PT Bank Syariah Mandiri	1955	112,298,325	98,341,119
Bank Mandiri (Europe) Limited	1999	2,585,317	2,504,393
PT Mandiri Sekuritas	1992	2,074,075	1,877,046
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	26,948,295	20,943,935
PT Mandiri Tunas Finance	1989	18,336,516	17,481,843
Mandiri International Remittance Sendirian Berhad	2009	17,861	16,751
PT AXA Mandiri Financial Services	1991	32,753,110	29,576,153
PT Asuransi Jiwa InHealth Indonesia	2008	2,216,667	2,146,355
PT Mandiri Utama Finance	2015	5,132,442	4,569,489
PT Mandiri Capital Indonesia	2015	1,461,885	406,047
Total		203,824,493	177,863,131

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) was 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 Governor 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 increased 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 increased 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 increased 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 increased 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Syariah Mandiri (continued)

On December 21, 2012, Bank Mandiri increased 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 increased 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 increased 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 increased 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 notarised with Deed No. 09 dated December 7, 2016 on such additional capital investment. OJK approval related to the capital increase was received on January 24, 2017.

On December 11, 2017, Bank Mandiri increased 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 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 operated effectively on July 31, 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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") was 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., and 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 by 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 increased its capital in form of cash at Mandiri Sekuritas, amounted to Rp29,512. Bank Mandiri 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 it 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 showed Bank Mandiri ownership of 80.00% shares of BSHB. Furthermore, BSHB operated as stand-alone Bank which mainly focussed on Small and Micro Business Financing.

On October 22, 2009, the Bank increased 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 increased 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 approved by Bank Indonesia as stated in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 amounted 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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

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. 112 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.

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.

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 Extradordinary 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%.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounted to Rp19,219 was amortised 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 amortised 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, 2019 and 2018 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., LL.M., dated February 6, 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounted to Rp290,000.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 had 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 amortised 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 amortised but 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, 2019 and 2018 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 from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

PT AXA Mandiri Financial Services

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT AXA Mandiri Financial Services (continued)

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., LL.M. The addition of shares in AXA Mandiri was approved by Bank Indonesia through its letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri increased to become 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounted to Rp40,128 was amortised 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 amortised but 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, 2019 and 2018 amounted to Rp37,194.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, Bank Mandiri also has received the approval of the proposed acquisition from 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.

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 had 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 amounted 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Bank Mandiri acquired 80% of total shares issued by Inhealth amounted to Rp1,320,000. As of December 31, 2019 and 2018 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"), 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 signed a shareholders' agreement on the establishment of a finance company with an authorised capital of Rp100,000 and an ownership composition as follows: the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, in accordance with letter No. S-137/PB.31/2014 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 amounted to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, which such changes registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

After the signing of the deed, MUF submitted application of financing company business license to 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 amounted 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 amounted 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%.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Utama Finance (continued)

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 amounted 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 amounted to 51%, ASCO amounted to 37% and TURI amounted 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 amounted Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounted to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the 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 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 amounted to Rp340,000 had been carried out and therefore MCI's authorised share capital became 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 amounted to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounted to 0.03%.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Capital Indonesia (continued)

Based on the approval 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 amounted to Rp200,000 resulted the paid in capital of MCI increased to Rp550,000 which 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 with nominal value of Rp100,000,000 (full amount) and all the new shares were executed by Bank Mandiri (100%).

With this additional capital injection amounted to Rp200,000 which all executed by Bank Mandiri resulted the percentage of ownership of Bank Mandiri in MCI became 99.98% and Mandiri Sekuritas became 0.02%.

Based on the approval letter from OJK No. S-14/PB.31/2019 dated January 31, 2019 regarding Bank's additional investment to PT Mandiri Capital Indonesia (MCI), OJK has recorded the Bank's plan to conduct the additional investment to MCI in OJK's administration.

On February 6, 2019, Bank's executed additional equity investment in MCI amounted to Rp547,000 therefore the capital of MCI became Rp1,097,000 which was documented in notarial deed from Muhammad Hanafi No. 6 dated February 7, 2019 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-0006380.AH.01.02. This additional equity investment executed by issuing 5,470 new shares in which each share has nominal value of Rp100,000,000 (full amount) and fully executed by Bank Mandiri (100%).

With the additional equity investment of Rp547,000 conducted by Bank Mandiri, the Bank's and Mandiri Sekuritas percentage ownership became 99.99% and 0.01%, respectively.

On July 30, 2019, the Bank's executed additional equity investment to MCI amounted to Rp360,000, therefore the capital of MCI became Rp1,457,000 which was documented on Notarial Deed from Burhanuddin Husaini SH., MH No. 13 dated July 30, 2019 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-0044080.AH.01.02 on July 30, 2019. This additional equity investment executed by issuing 14,570 new shares in which each share has nominal value of Rp100,000,000 (full amount) and fully executed by Bank Mandiri (100%).

With the additional equity investment of Rp360,000 which executed by Bank Mandiri, the Bank's and Mandiri Sekuritas percentage ownership became 99.99% and 0.01%, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 had 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 amounted to Rp60,000,000,000 (full amount) and AXA S.A owned 80,000 shares amounted 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.H., L.L.M dated January 6, 2014 and submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and received by letter No. AHU-AH.01.10.01330 dated January 10, 2014.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 amounted 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 amounted to Rp30,000.

On July 9, 2015, the Bank carried out the execution of the additional investment to MAGI amounted 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 amounted to Rp30,000. On August 9, 2016, the Bank made the additional investment transaction execution to MAGI amounted 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 amounted to 60% and AXA S.A by 40%.

On October 31, 2018, the Bank 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 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 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 which had been approved on December 12, 2018. Since the change of ownership of Bank Mandiri in MAGI became 20%, MAGI's financial statement was no longer consolidated to Bank Mandiri.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, Bank Mandiri's domestic and overseas offices are as follows:

	December 31, 2019	December 31, 2018
Domestic regional offices	12	12
Domestic branches:		
Area	84	84
Community Branches	1,347	1,310
Mandiri Mitra Usaha offices	1,012	1,066
Cash Outlets	140	172
	2,583	2,632
Total domestic branches	2,583	2,632
Overseas branches	6	6

As of December 31, 2019, 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, are responsible for the Bank's main business development consists of 2 (two) segments namely Corporate Banking which consists of Corporate Banking and Commercial Banking, Government Institutional, Treasury & International Banking and Retail banking which consists of Credit Card, Small & Medium Enterprise, Micro Banking, Consumer Loans and Micro Development & Agent Banking.
2. Support Functions, are responsible for supporting units that provide overall support to Bank's operations consisting of Special Asset Management, Risk Management which monitors Wholesale Risk and Retail Risk, Information Technology & Operation that supervises Operation, Compliance, Strategic and Finance, Internal Audit, Chief Digital Banking Officers and Chief Transformation Officer.
3. Small Business & Distribution that supervises consumer and transaction is responsible for selling products and goods unit to all segments of Bank's customers, consisting of 12 (twelve) Regional Offices that are spread out across Indonesia and wealth management.

Bank Mandiri has made changes in its organizational structure which became effective on December 10, 2019, as stated in the Decree (SK) Board No. KEP.DIR/070/2019 dated December 12, 2019 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019 and 2018, the members of Bank Mandiri's Boards of Commissioners are as follows:

	<u>Desember 31, 2019</u>	<u>Desember 31, 2018</u>
<u>Dewan Komisaris</u>		
President Commissioner/		
Independent Commissioner	: -	Hartadi Agus Sarwono
President Commissioner	: Kartika Wirjoatmodjo ^{*)}	-
Deputy Chief Commissioner	: -	Imam Apriyanto Putro
Deputy Chief Commissioner/		
Independent Commissioner	: Muhamad Chatib Basri ^{*)}	-
Independent Commissioner	: Makmur Keliat	Goei Siau Hong
Independent Commissioner	: Mohamad Nasir ^{*)}	Bangun Sarwito Kusmulyono
Independent Commissioner	: Robertus Bilitea ^{*)}	Makmur Keliat
Commissioner	: Ardan Adiperdana	Ardan Adiperdana
Commissioner	: R.Widyo Pramono	R. Widyo Pramono
Commissioner	: Rionald Silaban ^{*)}	Askolani

^{*)} Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated December 9, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")

^{*)} Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated August 28, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")

As of December 31, 2019 and 2018, the members of Bank Mandiri's Board of Directors are as follows:

	<u>December 31, 2019</u>
<u>Board of Directors</u>	
President Director	: Royke Tumilaar ^{*)}
Deputy of President Director	: Sulaiman Arif Arianto
Director of Consumer and Retail Transaction	: Hery Gunardi
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology	: Rico Usthavia Frans
Director of Treasury, International Banking and Special Asset Management	: Darmawan Junaidi
Director of Corporate Banking	: Alexandra Askandar
Director of Compliance and Human Resources	: Agus Dwi Handaya
Director of Operation	: Panji Irawan
Director of Government Institutional	: Donsuwan Simatupang
Director of Commercial Banking	: Riduan
Director of Finance	: Silvano Winston Rumantir ^{*)}

^{*)} Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated December 9, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")

	<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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019 and 2018, the members of Bank Mandiri's Audit Committee are as follows:

	December 31, 2019	December 31, 2018
Chairman and member	: Ardan Adiperdana	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat	Hartadi Agus Sarwono
Member	: R. Widyo Pramono	Goei Siau Hong
Member	: Robertus Bilitea ¹⁾	Makmur Keliat
Member	: Mohamad Nasir ¹⁾	-
Member	: Ridwan D. Ayub	Budi Sulistio
Member	: Bambang Ratmanto	Bambang Ratmanto

¹⁾ The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

As of December 31, 2019 and 2018, Bank Mandiri's Remuneration and Nomination Committee consists of:

	December 31, 2019	December 31, 2018
Chairman and member	: R. Widyo Pramono	Hartadi Agus Sarwono
Member	: Kartika Wirjoatmodjo ¹⁾	Imam Apriyanto Putro
Member	: Makmur Keliat	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Makmur Keliat
Member	: Robertus Bilitea ¹⁾	-
Member	: Indri K. Hidayat	Askolani
Member	: -	R. Widyo Pramono
Member	: -	Goei Siau Hong
Member	: -	Ardan Adiperdana
Secretary (<i>ex-officio</i>)	: Group Head or Executive Officer designated in Human Capital	Group Head Human Capital Services

¹⁾ The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

As of December 31, 2019 and 2018, Bank Mandiri's Risk Oversight Committee consists of:

	December 31, 2019	December 31, 2018
Chairman and Member	: Makmur Keliat	Goei Siau Hong
Member	: Muhamad Chatib Basri ¹⁾	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Ardan Adiperdana
Member	: R. Widyo Pramono	R. Widyo Pramono
Member	: Rionald Silaban ¹⁾	-
Member	: Lista Irna	Lista Irna
Member	: Chrisna Pranoto	Ridwan Darmawan Ayub

¹⁾ The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and management (continued)

As of December 31, 2019 and 2018, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2019	December 31, 2018
Chairman and Member	: Makmur Keliat	Goei Siau Hong
Member	: Kartika Wirjoatmodjo ⁾	-
Member	: Muhamad Chatib Basri ⁾	Imam Apriyanto Putro
Member	: Ardan Adiperdana	Makmur Keliat
Member	: R. Widyono Pramono	Askolani
Member	: Robertus Bilitea ⁾	-
Member	: Rionald Silaban	Bangun Sarwito Kusmulyono
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Chrisna Pranoto	Budi Sulistio
Member	: Independent Commissioner Bank Mantap ⁾	Edhi Chrystanto (Bank Mandiri Taspen)
Member	: Independent Commissioner MAGI ⁾	Frans A. Wiyono (Mandiri AXA General Insurance)
Member	: Independent Commissioner Mansek ⁾	D. Cyril Noerhadi (Mandiri Sekuritas)
Member	: Independent Commissioner AMFS ⁾	Wihana Kirana Jaya (AXA Mandiri Financial Services)
Member	: Independent Commissioner MTF ⁾	Ravik Karsidi (Mandiri Tunas Finance)
Member	: Independent Commissioner Inhealth ⁾	Ali Ghufroon Mukti (Asuransi Jiwa Inhealth Indonesia)
Member	: Independent Commissioner BSM ⁾	Mulya E. Siregar (Bank Syariah Mandiri)
Member	: Sharia Supervisory Board from subsidiary ⁾	M. Syafii Antonio (Bank Syariah Mandiri)

⁾ The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

⁾ Based on subsidiaries executives

As of December 31, 2019 and 2018, the Chairman of the Internal Audit of Bank Mandiri is Mustaslimah.

As of December 31, 2019 and 2018, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2019 and 2018 is 39,065 and 39,809 people, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Bank and Subsidiaries ("Group") were completed and authorised for issuance by the Board of Directors on January 23, 2020.

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".

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 statement is 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, between accounts which will be reclassified to Profit or Loss and will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary engaged in sharia banking have been prepared based on 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 is 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, 2019, the Group adopted new and revised or amendment of financial accounting standards that are relevant to the Group's and effective for application from that date:

- SFAS No. 22 (Improvement 2018) regarding "Business Combination"
- SFAS No. 24 (Amendment 2018) regarding "Employee Benefit"
- SFAS No. 26 (Improvement 2018) regarding "Borrowing Cost"
- SFAS No. 46 (Improvement 2018) regarding "Income Tax"
- SFAS No. 66 (Improvement 2018) regarding "Join Arrangement"
- IFRIC No. 33 "Foreign exchange transactions and advanced benefit"
- IFRIC No. 34 "Uncertainty in income tax treatment"

The Group assesses that the adoption of these new and revised or amendment standards and interpretations which are effective since January 1, 2019 had no material impact to the Group's consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 is 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 charged 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 at fair value through profit or loss are recorded in the consolidated statement of profit or loss and other comprehensive income in trading income - net.

(b) Loans and receivables

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

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(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 the 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 are recognised in the consolidated statement of profit or loss and other comprehensive income, until the financial assets is derecognised. If available for sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised as other comprehensive income is recognised in the profit or loss. Interest income is calculated using the effective interest method.

Recognition

The Bank uses trade date accounting for 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities

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

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

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

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

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the consolidated statement of profit or loss and other comprehensive income as "Trading income - net". Interest expense from financial liability classified as trading are recorded as "Trading income - net".

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, debt securities which classified as fair value option consists of debt host and embedded derivatives that must be separated.

Changes of fair value related to financial liabilities designated at fair value through profit or loss are recognised in "Trading income - net". Interest expense from financial liabilities designated at fair value through profit or loss are recorded as "Trading income - net".

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

C. Derecognition (continued)

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.

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

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments

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

Category		Class	Sub-classes	
Financial assets	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 mutual funds
	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		

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments (continued)

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below (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, <i>wadiah</i> demand deposits and 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		

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This means that the right to offset:

- 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 indicates 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

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 assessed 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 which impairment occurred will have material impact to the consolidated financial statements, i.e. loans with Gross Annual Sales (GAS) Corporate and Corporate, as well as loans with GAS outside Corporate and 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 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 has significant value and there are no objectives evidence of impairment; or
2. Loans which individually has insignificant value; or
3. Restructured loans which individually has insignificant value.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

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 do 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, consist 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".

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Collective impairment calculation (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 and 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Allowance for possible losses on earning assets of Subsidiary based on sharia (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 *ijarah muntahiyah bittamlik*. The Subsidiary 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 impacts 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

(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* is included in the transaction cost. The difference between acquisition cost and nominal value is amortised 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 which its 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* is included as transaction costs. The difference between the acquisition cost and nominal value is amortised 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* is 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

I. Sukuk *mudharabah* issued

Sukuk *mudharabah* issued is recognised at nominal. Transaction costs are recognised as deferred expense and presented as "Other asset" and amortised 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 among 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 has the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For government bond 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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.

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 of Bank 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 is presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation is 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 is 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 are accounted for as an equity transaction, in this case a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the parent.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 are 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, 2019 and 2018. 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):

	December 31, 2019	December 31, 2018
Great Britain Poundsterling 1/Rp	18,238.14	18,311.50
European Euro 1/Rp	15,570.61	16,440.66
United States Dollar 1/Rp	13,882.50	14,380.00
Japanese Yen 100/Rp	12,781.00	13,062.00

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks

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 are required to maintain Minimum Statutory Reserves (GWM) at Bank Indonesia in Rupiah and Foreign Exchange.

PBI No. 20/3/PBI/2018 described on *Anggota Dewan Gubernur* Regulation (PADG) No. 20/10/PADG/2018 over Minimum Statutory Reserve 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.

Those regulations had been revised two times on PADG No. 20/30/PADG/2018 dated on November 30, 2018 and the latest PADG No. 21/14/PADG/2019 dated June 26, 2019 about second changes over *Anggota Dewan Gubernur* Regulation No. 20/10/PADG/2018 about Statutory Reserve in Rupiah and other currencies for conventional Banking, Sharia Commercial Banking, and Sharia Business Units.

In Accordance with PADG No.21/14/PADG/2019, Statutory reserve Conventional Banking should be maintain on average 6% from Third Party Funds in Rupiah during certain period which should be maintained on daily of 3% and on average of 3%. Meanwhile GWM in Rupiah for Commercial Sharia Banking and Sharia Business Units should be maintained of 4.5% of the Subsidiaries's Third Party Funds in Rupiah, during certain period should be maintained on daily of 1.5% and on average of 3%.

GWM in foreign currency is set at 8.00% of foreign currency third party fund during certain period which should be maintained on daily of 6% and on average of 2%.

Macroprudential Liquidity Buffer

Macroprudential Liquidity Ratio, will be mentioned as MLB (previously mentioned as secondary GWM) is a minimum statutory reserve which should be maintain in Rupiah by conventional bank in terms of Securities under certain requirements and the amount will be determined by Bank Indonesia in certain percentage of Conventional Bank Third Party Fund in Rupiah. For Sharia Conventional Banking Macroprudential Liquidity buffer (PLM Sharia) is minimum statutory reserve which should be maintain by sharia commercial banking in terms of sharia securities under certain requirements and the amount will be determined by Bank Indonesia in certain percentage of sharia commercial bank's Third Party Fund in Rupiah.

The requirement of latest MLB is stated on PBI No.21/12/PBI/2019 about the changes of PBI No. 20/4/PBI/2018 about *Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah dan Unit Usaha Syariah* that being explained on *Anggota Dewan Gubernur* Regulations No.21/22/PADG/2019 about *Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah*.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Based on that regulations, LMB should be maintained at average of 4% from Third Party Funds in Rupiah by conventional Bank and sharia bank during certain periods. The calculation of PLM refers to PBI No. 20/4/PBI/2018 article 20 (3).

Macroprudential Intermediate Ratio

Macroprudential Intermediate Ratio (MIR) replaces Loan to Funding Ratio (LFR). According to PBI No.20/4/PBI/2018 dated on March 29, 2018, the name of LFR will be replaced by Macroprudential Intermediate Ratio (MIR) in compliance with MIR fund will be applied on July 16, 2018. According to the regulations, MIR is ratio of comparison of:

- a. Loan to third party fund in Rupiah and Other currencies
- b. Corporate securities in Rupiah and other currencies which meet certain requirement

Over:

- a. TPF bank in terms of current account, saving account, and deposits in rupiah and other currencies excluding interbank fund, and
- b. Issued securities by the bank in rupiah and other currencies which meet certain requirement for funding.

MIR Current Account is statutory reserve that should be maintained by the bank as balance in Bank Indonesia Current Account in certain percentage from third party fund which composed from the spread between MIR of the bank and targetted MIR. MIR current Account will be applied when MIR Bank is under Bank Indonesia Minimum Target (80%) or above Bank Indonesia Maximum Target (92%) with Bank's CAR is lower that Bank Indonesia insentive CAR about 14%.

The requirement of MIR and compliance of MIR are re-refined by PBI No. 21/12/PBI/2019 about *Perubahan atas peraturan Bank Indonesia No.20/4/PBI/2018 about Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah* therefore, RIM is defined by the comparison of:

- a. Loan to third party fund in Rupiah and other currencies
- b. Corporate securities in Rupiah and other currencies which meet certain requirement

Over:

- a. TPF bank in terms of current account, saving account, and deposits in rupiah and other currencies excluding interbank fund, and
- b. Issued securities by the bank in rupiah and other currencies which meet certain requirement for funding.
- c. Fund Borrowing in Rupiah and other currencies which met certain requirements that received by Bank for funding.

Meanwhile, MIR Current Account is statutory reserve that should be maintained by the bank as balance in Bank Indonesia Current Account in certain percentage from third party fund which composed from the spread between MIR of the bank and target MIR. MIR current Account will be applied when MIR Bank is under Bank Indonesia's Minimum Target (84%) or above Bank Indonesia Maximum Target (94%) with calculation of disincentive parameter with non-performing loan or non performing financing as well as CAR ratio and disincentive parameter above 0.2 if CAR Ratio is below CAR incentive (14%).

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, sharia FASBI (*Fasilitas Simpanan Bank Indonesia Syariah* (FASBIS)), interbank call money, sharia interbank call money, time deposits and others.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Placements with Bank Indonesia and other banks (continued)

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

Placements with Bank Indonesia and other banks is 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 and Interbank *Mudharabah* investment certificate (SIMA).

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

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

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 has 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 from available for sale to held to maturity classification is 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Other receivables - trade transactions

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

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

m. Securities purchased/sold under resale/repurchase agreements

Securities purchased under 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.

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 recognised the reverse repo sharia in accordance to SFAS No. 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 recognised in other comprehensive income.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative receivables and derivative payables (continued)

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

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

o. Loans and sharia loan/financing

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, whose 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 and 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia loan/financing (continued)

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

Ijarah receivables are the financing on the availability of fund in relation to transfer the right to use and benefit of a good and service based on rental transaction which is 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 transfer 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 that is not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah contracts 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* is the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer.

Murabahah financing is classified as financial assets under loans and receivables according to SFAS No. 55 "Financial Instruments: Recognition and Measurements".

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

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

Istishna is 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* is presented based on the outstanding billings less allowance for possible losses.

Qardh is 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 obligates 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia loan/financing (continued)

Loan restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into share/stock 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 share or financial instruments received, deducted by estimated expenses to sell the share 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 categorised 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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer financing receivables (continued)

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.

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 revalued 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i. Fixed assets and software (continued)

Group conducted revaluation in year 2019, 2016 and 2015 for accounting and tax purposes where the Group obtained approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

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

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

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

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

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

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

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

Land rights in the form of right to cultivate, right to build and use rights are not amortised, 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ii. Leased assets

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

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

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

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

iii. Intangible assets

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

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

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

s. Investments in shares

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in shares (continued)

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.

v. Other assets

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

Receivables consist of government bonds pledged by the Bank, mutual fund receivables from Subsidiaries and receivables from policy holders.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets (continued)

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.

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 interbank Certificates *Mudharabah* Investment (Sertifikat Investasi *Mudharabah* Antarbank (SIMA)).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from other banks (continued)

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

z. Insurance contract

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

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

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

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

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

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

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

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

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

Liability adequacy test

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability adequacy test (continued)

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

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.

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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability for future policy benefits (continued)

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

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

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

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

Unexpired Risk Reserve (URR)

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

aa. Debt securities issued

Debt securities issued by the Bank and its Subsidiaries, including 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 utilised.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realised 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income tax (continued)

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

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

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

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(i) Conventional (continued)

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 with sharia principle. 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 rate of return method (annuity).

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

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

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

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

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

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Fees and commissions income

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

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

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

ai. Employee benefits

Pension liability

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

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

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

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

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

Remeasurements of the net defined benefit liability consists of:

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

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

Other long-term employment benefit obligations

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

Tantiem distribution

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

aj. Earnings per share

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

The weighted-average number of outstanding shares used in computing basic and diluted earnings per share as of December 31, 2019 and 2018 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Operating segment (continued)

Segment Information as of December 31, 2019 onwards presented in accordance with the Board of Directors Decree No. KEP.DIR/034/2019 dated May 24, 2019 on Organizational Structure, the operating segments are divided into the following business segments: Corporate Banking, Commercial Banking, Institutional, Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; Subsidiary - Insurance and Other Subsidiaries.

Segment Information as of December 31, 2018 onwards presented in accordance with 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: Corporate Banking (Large Corporate and Middle Corporate), Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; 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.

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 amortised cost and debt securities classified as available for sale are described in Note 2c.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

Key sources of estimation uncertainty (continued)

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

Allowance for impairment losses related to a specific counterparty 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 quailable 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.

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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)**

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

Key sources of estimation uncertainty (continued)

e. Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be 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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

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.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2019	December 31, 2018
Rupiah	33,083,619	41,937,965
United States Dollar (Note 62B.(iv))	13,407,311	17,914,796
	46,490,930	59,852,761

As of December 31, 2019 and 2018, the Bank's Minimum Statutory Reserve has complied 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 and PADG No. 21/14/PADG/2019 dated June 26, 2019 which are as follows:

	December 31, 2019	December 31, 2018
Rupiah		
- Primary Minimum Statutory Reserve	6.00%	6.50%
(i) Daily Minimum Statutory Reserve	3.00%	3.50%
(ii) Average Minimum Statutory Reserve	3.00%	3.00%
- PLM (formerly Secondary Minimum Statutory Reserve)	4.00%	4.00%
Foreign currencies	8.00%	8.00%
(i) Daily Minimum Statutory Reserve	6.00%	6.00%
(ii) Average Minimum Statutory Reserve	2.00%	2.00%

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

Macroprudential Intermediation Ratio (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:
 - a. TPF Banks in the form of demand deposits, savings deposits and time deposits/deposits in rupiah and foreign currencies, excluding interbank funds; and
 - b. Marketable Securities in rupiah and foreign currencies that meet certain requirements, issued by the Bank for funding sources

As of December 31, 2019 and 2018, 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:

	December 31, 2019	December 31, 2018
Rupiah		
- Primary Minimum Statutory Reserve	6.21%	6.92%
(i) Daily Minimum Statutory Reserve	3.00%	3.50%
(ii) Average Minimum Statutory Reserve	3.21%	3.42%
- PLM (formerly Secondary Minimum Statutory Reserve)	13.02%	10.14%
Foreign currencies	8.10%	8.10%
(i) Daily Minimum Statutory Reserve	6.00%	6.00%
(ii) Average Minimum Statutory Reserve	2.10%	2.10%

5. CURRENT ACCOUNTS WITH OTHER BANKS

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

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	4,247	7,735
Third parties	486,671	258,361
Total	490,918	266,096
Foreign currencies		
Related parties (Note 56)	246	741
Third parties	12,072,326	14,569,124
Total (Note 62B.(iv))	12,072,572	14,569,865
Total	12,563,490	14,835,961
Less: allowance for impairment losses	(5,193)	(5,189)
Net	12,558,297	14,830,772

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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018
Rupiah		
Current	490,918	266,096
Foreign currencies		
Current	12,069,282	14,566,391
Loss	3,290	3,474
Total (Note 62B.(iv))	12,072,572	14,569,865
Less: allowance for impairment losses	12,563,490 (5,193)	14,835,961 (5,189)
Net	12,558,297	14,830,772

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

	December 31, 2019	December 31, 2018
Rupiah	0.01%	0.01%
Foreign currencies	1.41%	1.04%

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

	December 31, 2019	December 31, 2018
Beginning balance	5,189	3,442
Allowance during the year (Note 45)	248	1,703
Others ^{*)}	(244)	44
Ending balance	5,193	5,189

^{*)} 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

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

		December 31, 2019			
		Maturity	Current	Loss	Total
Rupiah					
Bank Indonesia	< 1 month		12,380,226	-	12,380,226
Call money	< 1 month		4,020,000	-	4,020,000
Time Deposits	< 1 month		829,100	-	829,100
	≥ 1 month ≤ 3 months		311,800	-	311,800
	> 3 months ≤ 6 months		9,500	-	9,500
Total			17,550,626	-	17,550,626
Foreign currencies					
Bank Indonesia	< 1 month		8,468,325	-	8,468,325
Call money	< 1 month		8,090,026	-	8,090,026
Fixed Term Placement	> 12 months ≤ 36 months		-	46,601	46,601
	< 1 month		2,310,017	-	2,310,017
	≥ 1 month ≤ 3 months		235,617	-	235,617
	> 3 months ≤ 6 months		246,398	-	246,398
	> 12 months ≤ 36 months		-	1,074	1,074
Time Deposits	< 1 month		666,779	-	666,779
	> 36 months		972	-	972
Total (Note 62B.(iv))			20,018,134	47,675	20,065,809
					37,616,435
Less: allowance for impairment losses					(47,675)
Net					37,568,760

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

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

		December 31, 2018			
		Maturity	Current	Loss	Total
Rupiah					
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
Foreign currencies					
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
Time Deposits	> 12 months		-	1,134	1,134
	< 1 month		590,047	-	590,047
	> 12 months		75,172	-	75,172
Total (Note 62B.(iv))			9,634,783	50,338	9,685,121
Less: allowance for impairment losses					22,566,034 (50,338)
Net					22,515,696

b. By related parties and third parties:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	368,500	255,000
Third parties	17,182,126	12,625,913
Total	17,550,626	12,880,913
Foreign currencies		
Related parties (Note 56)	1,131,424	907,378
Third Parties	18,934,385	8,777,743
Total (Notes 62B.(iv))	20,065,809	9,685,121
Less: allowance for impairment losses	37,616,435 (47,675)	22,566,034 (50,338)
Net	37,568,760	22,515,696

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

- c. Average interest rate (yield) per annum:

	December 31, 2019	December 31, 2018
Rupiah	1.40%	1.83%
Foreign currencies	2.06%	1.82%

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

	December 31, 2019	December 31, 2018
Beginning balance	50,338	49,713
(Reversal)/allowance during the year (Note 45)	(51)	115
Others ⁾	(2,612)	510
Balance at end of year	47,675	50,338

⁾ 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, 2019 and 2018 were EUR3,061,829 (full amount), respectively. As of December 31, 2019 and 2018, 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, 2019, placements with a balance of USD70,000 (full amount) (December 31, 2018: USD5,227,520.08 (full amount)) were pledged for loan facilities received from other banks (Note 36e).

7. MARKETABLE SECURITIES

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

	December 31, 2019	December 31, 2018
<u>Marketable securities</u>		
Related parties (Note 56):		
Fair value through profit or loss	2,834,117	119,807
Available for sale	8,626,405	8,422,061
Held to maturity	5,158,874	3,802,269
At cost ⁾	1,922,915	1,104,833
	18,542,311	13,448,970

⁾ Marketable securities owned by Subsidiary.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	December 31, 2019	December 31, 2018
<u>Marketable securities (continued)</u>		
Third parties:		
Fair value through profit or loss	4,637,866	3,627,578
Available for sale	11,140,087	21,616,313
Held to maturity	2,882,674	4,152,400
At cost ¹⁾	11,952,894	1,552,166
	<u>30,613,521</u>	<u>30,948,457</u>
<u>Investments in unit-link contracts ^{**)}</u>		
Related parties (Note 56):		
Fair value through profit or loss	8,834,946	8,113,830
Third parties:		
Fair value through profit or loss	13,176,134	11,621,419
Total	<u>71,166,912</u>	<u>64,132,676</u>
Less:		
Unamortised discounts	(5,654)	(3,653)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	171,648	(196,549)
Allowance for impairment losses	(69,538)	(96,574)
	<u>96,456</u>	<u>(296,776)</u>
Net	<u>71,263,368</u>	<u>63,835,900</u>

¹⁾ Marketable securities owned by Subsidiary.

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	December 31, 2019						
	Cost/ nominal value/ fair value ¹⁾	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost ²⁾			
				Current	Substandard	Loss	Total
Rupiah							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	2,515,695	-	10,778	2,526,473	-	-	2,526,473
Investments in mutual fund units	241,995	-	-	241,995	-	-	241,995
Certificates of Bank Indonesia	365,117	-	8,015	373,132	-	-	373,132
Shares	342,011	-	-	342,011	-	-	342,011
Negotiable certificate of deposit	226,227	-	2,833	229,060	-	-	229,060
	3,691,045	-	21,626	3,712,671	-	-	3,712,671
<u>Investments in unit-link contracts ³⁾</u>							
Shares	20,510,838	-	-	20,510,838	-	-	20,510,838
Investments in mutual fund units	1,493,474	-	-	1,493,474	-	-	1,493,474
Bonds	6,768	-	-	6,768	-	-	6,768
	22,011,080	-	-	22,011,080	-	-	22,011,080
	25,702,125	-	21,626	25,723,751	-	-	25,723,751
Available for sale							
Investments in mutual fund units	3,661,868	-	25,789	3,687,657	-	-	3,687,657
Bonds	5,760,130	-	(21,295)	5,738,835	-	-	5,738,835
Medium term notes	5,000	-	-	5,000	-	-	5,000
Share	11,103	-	-	11,103	-	-	11,103
	9,438,101	-	4,494	9,442,595	-	-	9,442,595
Held to maturity							
Bonds	5,549,008	(2,788)	-	5,546,220	-	-	5,546,220
Medium Term Notes	245,000	-	-	245,000	-	-	245,000
Export bills	738,858	-	-	738,858	-	-	738,858
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	6,777,866	(2,788)	-	6,775,078	-	-	6,775,078
At cost ⁴⁾							
Sharia Corporate bonds	3,163,600	-	-	3,163,600	-	-	3,163,600
Certificate of Bank Indonesia sharia	850,000	-	-	850,000	-	-	850,000
Sukuk BI	9,431,729	-	-	9,431,729	-	-	9,431,729
Bond	299,514	-	-	299,514	-	-	299,514
Export bills	130,966	-	-	130,966	-	-	130,966
	13,875,809	-	-	13,875,809	-	-	13,875,809
Total	55,793,901	(2,788)	26,120	55,817,233	-	-	55,817,233
Foreign currencies							
Fair value through profit or loss							
Bonds	685,865	-	6,403	692,268	-	-	692,268
Treasury bills	1,845,228	-	5,288	1,850,516	-	-	1,850,516
Certificates of Bank Indonesia	1,249,845	-	3,647	1,253,492	-	-	1,253,492
	3,780,938	-	15,338	3,796,276	-	-	3,796,276
Available for sale							
Bonds	4,617,241	-	135,804	4,753,045	-	-	4,753,045
Treasury bills	1,601,717	-	14,169	1,615,886	-	-	1,615,886
Certificates of Bank Indonesia	896,163	-	100	896,263	-	-	896,263
Investment in the mutual fund units	3,213,270	-	(19,883)	3,193,387	-	-	3,193,387
	10,328,391	-	130,190	10,458,581	-	-	10,458,581
Held to maturity							
Bonds	238,978	(2,866)	-	236,112	-	-	236,112
Export bills	1,024,704	-	-	1,022,232	-	2,472	1,024,704
	1,263,682	(2,866)	-	1,258,344	-	2,472	1,260,816
Total (Note 62B.(iv))	15,373,011	(2,866)	145,528	15,513,201	-	2,472	15,515,673
	71,166,912	(5,654)	171,648	71,330,434	-	2,472	71,332,906
Less: allowance for impairment losses							(69,538)
Net							71,263,368

¹⁾ 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.

²⁾ Held to maturity securities are presented at amortised cost.

³⁾ Marketable securities owned by Subsidiary

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	December 31, 2018						
	Cost/ nominal value/ fair value ¹⁾	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost ²⁾			
				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>-</u>	<u>3,523</u>	<u>1,020,926</u>	<u>4,958</u>	<u>-</u>	<u>1,025,884</u>
<u>Investments in unit-link contracts³⁾</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>-</u>	<u>-</u>	<u>19,735,249</u>	<u>-</u>	<u>-</u>	<u>19,735,249</u>
	<u>20,757,610</u>	<u>-</u>	<u>3,523</u>	<u>20,756,175</u>	<u>4,958</u>	<u>-</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>-</u>	<u>(24,095)</u>	<u>17,640,039</u>	<u>-</u>	<u>-</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>-</u>	<u>6,091,297</u>	<u>-</u>	<u>-</u>	<u>6,091,297</u>
At cost ⁴⁾							
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>-</u>	<u>-</u>	<u>2,656,999</u>	<u>-</u>	<u>-</u>	<u>2,656,999</u>
Total	47,170,043	(3)	(20,572)	47,144,510	4,958	-	47,149,468
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>-</u>	<u>17,897</u>	<u>2,742,921</u>	<u>-</u>	<u>-</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>-</u>	<u>(193,874)</u>	<u>12,180,366</u>	<u>-</u>	<u>-</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>-</u>	<u>1,859,719</u>	<u>-</u>	<u>-</u>	<u>1,859,719</u>
Total (Note 62B.(iv))	16,962,633	(3,650)	(175,977)	16,783,006	-	-	16,783,006
	<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)
Net							<u>63,835,900</u>

¹⁾ 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.

²⁾ Held to maturity securities are presented at amortised cost.

³⁾ Marketable securities owned by Subsidiary.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

c. By maturity:

	December 31, 2019	December 31, 2018
<u>Marketable securities</u>		
Rupiah		
No maturity date	605,819	729,742
< 1 year	18,580,784	13,612,063
> 1 < 5 years	10,930,189	10,245,088
> 5 < 10 years	3,666,029	2,847,901
Total	33,782,821	27,434,794
Foreign currencies		
No maturity date	-	287,310
< 1 year	6,145,885	6,918,008
> 1 < 5 years	6,223,934	6,762,609
> 5 < 10 years	3,003,192	2,988,689
> 10 years	-	6,017
Total	15,373,011	16,962,633
<u>Investments in unit-link ⁾</u>		
Rupiah		
No maturity date	22,004,312	19,725,364
< 1 year	3,403	9,885
> 1 < 5 years	3,365	-
Total	22,011,080	19,735,249
	71,166,912	64,132,676
Less:		
Unamortised discounts	(5,654)	(3,653)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	171,648	(196,549)
Allowance for impairment losses	(69,538)	(96,574)
	96,456	(296,776)
Net	71,263,368	63,835,900

⁾ 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:

	December 31, 2019	December 31, 2018
<u>Marketable securities</u>		
Corporate	23,745,463	27,286,754
Banks	6,288,446	8,563,445
Central Bank	12,792,855	4,718,811
Government	6,329,068	3,828,417
	49,155,832	44,397,427

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2019	December 31, 2018
<u>Investments in unit-link contracts ^{*)}</u>		
Corporate	14,920,217	13,492,055
Bank	7,090,863	6,243,194
	<u>22,011,080</u>	<u>19,735,249</u>
Total	<u>71,166,912</u>	<u>64,132,676</u>
Less:		
Unamortised discounts	(5,654)	(3,653)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	171,648	(196,549)
Allowance for impairment losses	(69,538)	(96,574)
	<u>96,456</u>	<u>(296,776)</u>
Net	<u>71,263,368</u>	<u>63,835,900</u>

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

e. Details of bonds by rating:

	Rating Agencies	Rating ⁾		Fair value/at cost/amortised cost	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rupiah					
Fair value through profit or loss					
<u>Marketable securities</u>					
Bonds					
Government Treasury Bills ^{**) -}		-	-	2,469,184	216,760
PT Sarana Multigriya					
Infrastruktur	Pefindo	idAAA	-	47,691	-
Others	Various	Various	Various	9,598	29,503
				<u>2,526,473</u>	<u>246,263</u>

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

^{**)} No rating

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

	Rating Agencies	Rating ¹⁾		Fair value/at cost/amortised cost	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rupiah (continued)					
Fair value through profit or loss (continued)					
<u>Investments in unit-link^{***)}</u>					
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	3,403	-
PT Surya Artha Nusantara Finance	Pefindo	-	idAA-	-	4,623
Others	Various	Various	Various	3,365	5,262
				<u>6,768</u>	<u>9,885</u>
				<u>2,533,241</u>	<u>256,148</u>
Available for sale					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	-	1,092,709	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Pefindo	idAAA	idAAA	697,453	695,735
PT Utama Karya (Persero)	Pefindo	idAAA	idAAA	308,756	308,756
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	299,920	380,036
PT Telekomunikasi Indonesia Tbk.	Pefindo	idAAA	idAAA	260,141	293,205
Perum Pegadaian	Pefindo	idAAA	idAAA	233,321	233,941
PT Bank Tabungan Negara (Persero) Tbk.	Pefindo	idAA+	idAA+	214,629	700,822
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	107,614	216,133
PT Jasa Marga (Persero) Tbk.	Pefindo	-	idAA	-	155,802
Others	Various	Various	Various	2,524,292	3,394,589
				<u>5,738,835</u>	<u>6,379,019</u>
Held to maturity					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Utama Karya (Persero) Jakarta Lingkar Barat	Pefindo	idAAA	idAAA	650,000	650,000
PT Sarana Multi Infrastruktur (Persero)	Pefindo	idAAA	-	460,000	460,000
PT Tunas Baru Lampung Tbk.	Fitch	A+ (Idn)	A (Idn)	449,000	-
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	426,000	426,000
PT Mayora Indah Tbk.	Pefindo	-	idAA	105,000	105,000
Others	Various	Various	Various	-	74,000
				<u>3,456,220</u>	<u>2,813,112</u>
				<u>5,546,220</u>	<u>4,528,112</u>
At cost^{**)}					
<u>Marketable securities</u>					
<u>Sharia Corporate Bonds</u>					
PT Sarana Multi Infrastruktur (Persero)	Pefindo	idAAA ^(sy)	idAAA ^(sy)	300,000	300,000
PT Indosat Tbk.	Pefindo	idAAA ^(sy)	idAAA ^(sy)	185,000	185,000
Medco Power Indonesia	Pefindo	idA ^(sy)	-	140,600	-
Others	Various	Various	Various	2,538,000	2,043,000
				<u>3,163,600</u>	<u>2,528,000</u>
Total				<u>16,981,896</u>	<u>13,691,279</u>

¹⁾ Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

^{**)} Marketable securities owned by Subsidiary.

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

	Rating Agencies	Rating ¹⁾		Fair value/at cost/amortised cost	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Foreign currencies					
Fair value through profit and loss					
Marketable Securities					
Bonds					
Agricultural Bank of China, HK	Moody's	A1	A2	277,192	143,128
Bank of East Asia Limited	Moody's	Ba2 ^(hyb)	Ba2 ^(hyb)	276,564	430,538
Others	Various	Various	Various	138,512	202,769
				692,268	776,435
Available for sale					
Marketable securities					
Bonds					
PT Pertamina (Persero)	Moody's	Baa2	Baa2	3,771,293	3,671,069
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	342,260	591,512
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa2	264,200	213,543
Bank of China	Fitch	-	A- (ldn)	-	42,643
Others	Various	Various	Various	375,292	127,701
				4,753,045	4,646,468
Held to maturity					
Marketable securities					
Bonds					
PT Pelindo (Persero)	Moody's	Baa2	Baa2	67,564	69,618
PT Pertamina (Persero)	Moody's	Baa2	Baa2	42,203	43,944
PT Soechi Lines Tbk	Moody's	-	Baa3	-	71,900
Others	Various	Various	Various	126,345	112,868
				236,112	298,330
Total				5,681,425	5,721,233

¹⁾ Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2019	December 31, 2018
Rupiah	8.28%	7.34%
Foreign currencies	6.44%	5.36%

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

	December 31, 2019	December 31, 2018
Beginning balance	96,574	81,734
(Reversal)/allowance during the year (Note 45)	(11,701)	20,263
Others ²⁾	(15,335)	(5,423)
Balance at end of year	69,538	96,574

²⁾ 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	December 31, 2019	December 31, 2018
Mutual Fund Syailendra USD 3	2,438,587	2,561,727
Mutual Fund Trimegah VI	787,550	786,565
Mutual Fund Syailendra USD 2	754,800	780,678
Protected Mutual Fund Schroder IDR Income Plan II	655,815	656,188
Protected Mutual Fund Trimegah I	651,837	656,657
Protected Fund BNP Paribas Selaras V	500,150	-
Protected Mutual Fund Emco XVI	485,068	484,772
Protected Mutual Fund Trimegah XI	460,162	456,894
Protected Mutual Fund SAM Sejahtera 3	136,365	136,099
Protected Mutual Fund BNP Paribas Selaras IV	-	2,512,978
Protected Mutual Fund Schroder IDR Income Plan I	-	1,005,116
Protected Mutual Fund Manulife Dana Utama	-	1,000,876
Protected Mutual Fund Emco VII	-	905,172
Protected Mutual Fund Emco VIII	-	603,493
Protected Mutual Fund Trimegah IV	-	227,131
Mutual Fund Indopremier XI	-	225,825
Protected Mutual Fund Trimegah II	-	197,040
	6,870,334	13,197,211

- j. As of December 31, 2019, marketable securities with total nominal amount of Rp444,242 (December 31, 2018: Rp359,500) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2019, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2018: USD65,000,000 (full amount)) are being pledged as collateral for fund 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, 2019 and 2018, with details as follows:

	December 31, 2019	December 31, 2018
Related party (Note 56)		
<u>Government bonds</u>		
Fair value through profit or loss	5,040,996	3,372,637
Available for sale ^{*)}	96,664,454	78,265,244
Held to maturity	18,003,259	17,977,222
At cost ^{*)}	8,079,331	13,468,806
<u>Investments in unit-link contracts ^{**)}</u>		
Fair value through profit or loss	1,212,260	1,200,609
	129,000,300	114,284,518

^{*)} Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

^{**)} 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By maturity

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

	December 31, 2019	December 31, 2018
Rupiah		
Fair value through profit or loss		
<u>Government bonds</u>		
Less than 1 year	157,424	527,768
1 - 5 years	1,612,886	483,099
5 - 10 years	2,116,432	1,730,859
Over 10 years	890,273	538,044
	<u>4,777,015</u>	<u>3,279,770</u>
<u>Investments in unit-link **)</u>		
Less than 1 year	111,877	486,722
1 - 5 years	407,500	137,027
5 - 10 years	435,944	416,132
Over 10 years	256,939	160,728
	<u>1,212,260</u>	<u>1,200,609</u>
	<u>5,989,275</u>	<u>4,480,379</u>
Available for sale****)		
Less than 1 year	16,094,598	15,060,493
1 - 5 years	33,183,555	28,907,326
5 - 10 years	22,633,274	9,974,175
Over 10 years	2,857,390	2,912,801
	<u>74,768,817</u>	<u>56,854,795</u>
Held to maturity		
Less than 1 year	9,970	95,205
1 - 5 years	15,487,132	15,270,849
5 - 10 years	325,088	293,456
Over 10 years	84,614	124,003
	<u>15,906,804</u>	<u>15,783,513</u>
At cost*)		
Less than 1 year	4,123,431	7,198,947
1 - 5 years	3,955,900	6,125,245
	<u>8,079,331</u>	<u>13,324,192</u>
Total	<u><u>104,744,227</u></u>	<u><u>90,442,879</u></u>

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

**) 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

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

	December 31, 2019	December 31, 2018
<u>Foreign currencies</u>		
Fair value through profit or loss		
Less than 1 year	1,138	-
1 - 5 years	154,134	15,398
5 - 10 years	73,808	39,563
Over 10 years	34,901	37,906
	263,981	92,867
Available for sale		
Less than 1 year	2,611,730	2,803,201
1 - 5 years	13,173,513	11,240,079
5 - 10 Years	6,110,394	7,338,016
Over 10 years	-	29,153
	21,895,637	21,410,449
Held to maturity		
Less than 1 year	778,531	-
1 - 5 years	651,387	1,382,155
5 - 10 years	666,537	811,554
	2,096,455	2,193,709
At cost^{*)}		
Less than 1 year	-	144,614
	-	144,614
Total (Note 62B.(iv))	24,256,073	23,841,639
	129,000,300	114,284,518

^{*)} Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

b. By type

	December 31, 2019				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<u>Rupiah</u>					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	4,508,379	5.45% - 12.9%	4,777,015	10/03/2020 - 15/05/2048	1 and 6 months
<u>Investments in unit-link contracts^{**)}</u>					
Fixed rate bonds	1,212,260	5.45% - 11.00%	1,212,260	10/03/2020 - 15/4/2039	1 and 6 months

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2019					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah (continued)					
Available for sale^{****)}					
Fixed rate bonds	58,696,103	5.45% - 12.90%	60,900,409	15/03/2020 - 15/02/2044	1, 3 and 6 months
Variable rate bonds	13,922,008	SPN 3 months	13,868,408	25/07/2020	3 months
	<u>72,618,111</u>		<u>74,768,817</u>		

December 31, 2019					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Held to maturity					
Fixed rate bonds	<u>15,906,804</u>	5.45% - 11.75%	15/11/2020 - 15/05/2037		6 months
At cost⁾					
Fixed rate bonds	<u>8,079,331</u>	5.00% - 7.23%	15/03/2020 - 15/01/2022		6 months

December 31, 2019					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	<u>238,279</u>	3.30% - 5.88%	<u>263,981</u>	13/03/2020 - 30/10/2049	6 and 9 months
Available for sale					
Fixed rate bonds	<u>20,791,312</u>	0.65% - 5.88%	<u>21,895,637</u>	13/03/2020 - 18/09/2029	6 and 12 months

December 31, 2019					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Held to maturity					
Fixed rate bonds	<u>2,096,455</u>	0.90% - 5.88%	26/04/2020 - 08/01/2026		6 months

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

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
Rupiah					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	3,255,785	5.45% - 12.90%	3,279,770	10/03/2019 - 15/05/2048	1 and 6 months
<u>Investments in unit-link contracts ^{*)}</u>					
Fixed rate bonds	1,200,609	5.45% - 11.00%	1,200,609	04/01/2019 - 15/05/2038	1 and 6 months
Available for sale ^{**)}					
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	23,252,002	25/08/2019 - 25/07/2020	3 months
	57,313,914		56,854,795		
December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
Held to maturity					
Fixed rate bonds	15,783,513	5.45% - 11.75%	15/04/2019 - 15/05/2037	6 months	
At cost ^{*)}					
Fixed rate bonds	13,324,192	5.45% - 8.63%	04/01/2019 - 15/1/2022	1 and 6 months	

^{*)} Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

^{**)} 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
Foreign Currencies					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	94,836	3.38% - 6.75%	92,867	29/03/2021 - 11/02/2049	6 months
Available for sale					
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	
Foreign Currencies					
Held to maturity					
Fixed rate bonds	2,193,709	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months	
At cost¹⁾					
Fixed rate bonds	144,614	6.13%	15/03/2019	6 months	

¹⁾ Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

c. Other information

As of December 31, 2019, Government Bonds with total nominal amount of Rp3,563,112 were sold under repurchase agreements (December 31, 2018: Rp17,593,546) (Note 28).

As of December 31, 2019, Government Bonds with total nominal amount of Rp944,322 and USD410,910,000 (full amount) (December 31, 2018: 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, 2019 and 2018, Bank Indonesia's collectibility for government bonds is current.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

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

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)		
Usance L/C payable at sight	195,177	319,854
Others	13,646,693	9,928,956
	<u>13,841,870</u>	<u>10,248,810</u>
Third parties		
Usance L/C payable at sight	850,175	1,251,371
Others	7,012,889	5,373,616
	<u>7,863,064</u>	<u>6,624,987</u>
Total	<u>21,704,934</u>	<u>16,873,797</u>
Foreign currencies		
Related parties (Note 56)		
Usance L/C payable at sight	177,840	468,622
Others	166,909	6,652
	<u>344,749</u>	<u>475,274</u>
Third parties		
Usance L/C payable at sight	1,350,469	2,678,664
Others	7,015,550	6,385,322
	<u>8,366,019</u>	<u>9,063,986</u>
Total (Note 62B.(iv))	<u>8,710,768</u>	<u>9,539,260</u>
	30,415,702	26,413,057
Less: allowance for impairment losses	(1,311,591)	(1,603,598)
Net	<u>29,104,111</u>	<u>24,809,459</u>

b. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018
Current	29,058,282	25,086,403
Special mention	90,149	137,627
Substandard	26,063	-
Doubtful	86,743	-
Loss	1,154,465	1,189,027
	<u>30,415,702</u>	<u>26,413,057</u>
Less: allowance for impairment losses	(1,311,591)	(1,603,598)
Net	<u>29,104,111</u>	<u>24,809,459</u>

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	5,575,977	3,994,285
1 - 3 months	10,012,245	5,904,816
3 - 6 months	5,872,356	5,205,590
6 - 12 months	51,053	1,495,306
Over 12 months	193,303	273,800
Total	<u>21,704,934</u>	<u>16,873,797</u>
Foreign currencies		
Less than 1 month	1,518,923	1,679,594
1 - 3 months	3,613,952	4,005,307
3 - 6 months	2,612,806	2,855,355
6 - 12 months	645	-
Over 12 months	964,442	999,004
Total (Note 62B.(iv))	<u>8,710,768</u>	<u>9,539,260</u>
	30,415,702	26,413,057
Less: allowance for impairment losses	<u>(1,311,591)</u>	<u>(1,603,598)</u>
Net	<u>29,104,111</u>	<u>24,809,459</u>

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

	December 31, 2019	December 31, 2018
Beginning balance	1,603,598	1,349,349
(Reversal)/allowance during the year (Note 45)	(262,928)	178,324
Others ⁾	(29,079)	75,925
Balance at end of year	<u>1,311,591</u>	<u>1,603,598</u>

⁾ 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

a. Securities purchased under agreements to resell

December 31, 2019					
Type of securities	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Bond FR0078	09/12/2019	06/01/2020	310,973	217	310,756
Bond FR0061	31/12/2019	28/01/2020	245,590	924	244,666
Bond FR0061	11/12/2019	08/01/2020	244,472	239	244,233
Bond FR0077	23/12/2019	20/01/2020	204,085	540	203,545
Bond FR0059	06/12/2019	03/01/2020	191,411	54	191,357
Bond FR0064	26/12/2019	09/01/2020	169,051	200	168,851
Bond FR0063	10/12/2019	07/01/2020	140,383	117	140,266
Bond FR0063	13/12/2019	10/01/2020	140,351	177	140,174
Bond FR0063	17/12/2019	14/01/2020	116,729	212	116,517
Share	30/12/2019	21/01/2020	70,078	39	70,039
Share	19/11/2019	15/05/2020	45,699	32	45,667
Bond FR0068	13/09/2019	12/06/2020	26,252	647	25,605
Bond FR0068	13/09/2019	12/06/2020	15,757	392	15,365
Bond FR0068	25/10/2019	24/04/2020	13,810	218	13,592
Bond FR0052	01/11/2019	03/08/2020	10,516	312	10,204
Bond FR0063	18/10/2019	17/07/2020	9,845	282	9,563
Bond FR0072	01/11/2019	30/10/2020	5,180	217	4,963
Total			1,960,182	4,819	1,955,363

December 31, 2018					
Type of securities	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
Total			2,099,642	2,013	2,097,629

b. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018
Current	1,955,363	2,097,629

As of December 31, 2019 and 2018, 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2019, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 56)			
<u>Foreign currencies related</u>			
1. Forward - buy			
United States Dollar	28,390	-	565
2. Forward - sell			
United States Dollar	689,399	6,004	-
3. Swap - buy			
United States Dollar	1,003,247	-	2,315
4. Swap - sell			
United States Dollar	851,002	3,879	-
5. Option - sell			
United States Dollar	694,125	-	-
Others	1,041,188	-	10
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar	-	8,934	39,615
Total related parties		18,817	42,505
Third parties			
<u>Foreign currencies related</u>			
1. Forward - buy			
United States Dollar	6,042,889	-	86,753
Others	1,471,997	9,674	3,372
2. Forward - sell			
United States Dollar	4,570,919	28,623	4,703
Others	323,991	299	175
3. Swap - buy			
United States Dollar	17,283,615	1,283	321,964
Others	187,935	1,577	-
4. Swap - sell			
United States Dollar	52,549,644	841,657	960
Others	1,699,928	33	18,321
5. Option - buy			
United States Dollar	-	7,405	-
Others	-	44,675	15,703
6. Option - sell			
United States Dollar	-	18,645	-
Others	-	58,324	-
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar	-	559,360	525,557
Others	-	27,104	175,009
Total third parties		1,598,659	1,152,517
Total		1,617,476	1,195,022

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

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
Related parties (Note 56)			
<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
Third parties			
<u>Foreign currencies related</u>			
1. Forward - buy			
United States Dollar	8,629,804	224	110,197
Others	1,441,671	5,550	7,450
2. Forward - sell			
United States Dollar	6,857,148	116,081	1,926
Others	36,885	527	25
3. Swap - buy			
United States Dollar	10,126,846	2,008	150,581
Others	413,134	1,487	151
4. Swap - sell			
United States Dollar	58,581,199	780,903	86,955
Others	5,256,413	2,133	6,696
5. Option - buy			
United States Dollar	-	61,176	52,033
6. Option - sell			
United States Dollar	-	7,752	-
Others	-	64,768	-
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar	-	421,324	181,154
Others	-	184,792	501,383
Total third parties		1,648,725	1,098,551
Total		1,798,557	1,117,677

As of December 31, 2019 and 2018, 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 recognised as other comprehensive income.

As of December 31, 2019 and 2018, Bank Indonesia's collectibility for derivative receivables is current.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING

A. Details of loans and sharia loan/financing:

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	138,616,038	114,429,946
Third parties	606,188,301	549,997,225
Total	744,804,339	664,427,171
Foreign currencies		
Related parties (Note 56)	32,768,083	46,299,756
Third parties	108,262,815	88,830,261
Total (Note 62B.(iv))	141,030,898	135,130,017
	885,835,237	799,557,188
Less: allowance for impairment losses	(29,988,393)	(31,796,093)
Net	855,846,844	767,761,095

b.1 By type:

	December 31, 2019		
	Non-impaired ^{*)}	Impaired ^{*) **)}	Total
Rupiah			
Working capital	235,036,504	31,978,346	267,014,850
Consumer	196,473,705	4,392,393	200,866,098
Investment	161,835,888	22,395,794	184,231,682
Syndicated	37,152,938	818,667	37,971,605
Government Program	33,230,266	172,178	33,402,444
Employees	15,148,158	143,696	15,291,854
Export	5,787,926	237,880	6,025,806
Total	684,665,385	60,138,954	744,804,339
Foreign currencies			
Investment	52,496,133	10,144,085	62,640,218
Syndicated	39,512,395	1,626,646	41,139,041
Working capital	20,326,628	6,273,769	26,600,397
Export	9,293,815	440,778	9,734,593
Consumer	916,203	-	916,203
Government Program	446	-	446
Total (Catatan 62B.(iv))	122,545,620	18,485,278	141,030,898
	807,211,005	78,624,232¹⁾	885,835,237
Less: allowance for impairment losses	(6,600,528)	(23,387,865) ²⁾	(29,988,393)
Net	800,610,477	55,236,367³⁾	855,846,844

^{*)} 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 amounted to Rp64,045,105 and Rp14,579,127, respectively.

²⁾ Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp20,382,564 and Rp3,005,301, respectively.

³⁾ Loans - net evaluated by using individual and collective assessment are amounted to Rp43,662,541 and Rp11,573,826, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan financing:

b.1 By type (continued):

	December 31, 2018		
	Non-impaired ¹⁾	Impaired ^{1) 2)}	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
Total	608,262,431	56,164,740	664,427,171
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
Total (Catatan 62B.(iv))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488 ¹⁾	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150) ²⁾	(31,796,093)
Net	719,052,757	48,708,338³⁾	767,761,095

¹⁾ 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)).

²⁾ 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 amounted to Rp58,027,272 and Rp16,105,216, respectively.

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

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

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

	December 31, 2019					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah						
Working capital	239,512,972	15,254,329	2,947,221	1,718,558	7,581,770	267,014,850
Consumer	189,420,026	8,378,886	612,574	726,277	1,728,335	200,866,098
Investment	172,986,123	7,973,807	496,631	825,845	1,949,276	184,231,682
Syndicated	37,971,605	-	-	-	-	37,971,605
Government program	32,639,987	610,530	41,034	62,084	48,809	33,402,444
Employees	15,190,501	92,345	114	352	8,542	15,291,854
Export	5,770,213	128,187	-	7,467	119,939	6,025,806
Total	693,491,427	32,438,084	4,097,574	3,340,583	11,436,671	744,804,339

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

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

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

	December 31, 2019					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Foreign currencies						
Investment	55,768,911	6,175,397	45,528	-	650,382	62,640,218
Syndicated	40,672,957	-	164,585	-	301,499	41,139,041
Working capital	24,804,085	1,358,287	148,827	-	289,198	26,600,397
Export	9,353,706	47,341	18,402	314,911	233	9,734,593
Consumer	915,937	266	-	-	-	916,203
Government program	446	-	-	-	-	446
Total (Notes 62B.(iv))	131,516,042	7,581,291	377,342	314,911	1,241,312	141,030,898
	825,007,469	40,019,375	4,474,916	3,655,494	12,677,983	885,835,237
Less: allowance for impairment losses	(8,369,625)	(8,162,433)	(1,733,492)	(1,297,759)	(10,425,084)	(29,988,393)
Net	816,637,844	31,856,942	2,741,424	2,357,735	2,252,899	855,846,844

	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
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171
Foreign currencies						
Investment	44,866,921	1,899,148	38,260	224,623	380,755	47,409,707
Working capital	35,497,934	2,156,743	-	-	417,222	38,071,899
Syndicated	24,157,854	-	176,353	-	318,696	24,652,903
Export	24,359,860	12,920	-	-	1,666	24,374,446
Consumer	620,379	-	-	-	-	620,379
Government program	683	-	-	-	-	683
Total (Notes 62B.(iv))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	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)
Net	736,684,469	25,271,781	2,418,240	1,061,240	2,325,365	767,761,095

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

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

c.1 By economic sector:

	December 31, 2019		
	Non-impaired ^{*)}	Impaired ^{**)}	Total
Rupiah			
Manufacturing	87,717,052	21,604,273	109,321,325
Trading, restaurant & hotel	95,334,533	9,240,397	104,574,930
Agriculture	65,028,294	13,805,373	78,833,667
Business services	75,269,739	2,929,403	78,199,142
Construction	51,390,959	2,525,236	53,916,195
Transportation, warehouse & communication	40,168,975	3,877,269	44,046,244
Electricity, gas and water	25,954,835	380,107	26,334,942
Social services	20,977,417	520,188	21,497,605
Mining	4,121,571	642,852	4,764,423
Others	218,702,010	4,613,856	223,315,866
Total	684,665,385	60,138,954	744,804,339
Foreign currencies			
Mining	39,792,830	4,263,662	44,056,492
Manufacturing	21,685,056	11,647,252	33,332,308
Electricity, gas and water	15,993,066	847,207	16,840,273
Trading, restaurant & hotel	14,366,413	71,383	14,437,796
Social services	9,734,687	-	9,734,687
Agriculture	8,588,655	429	8,589,084
Business services	5,799,921	479,975	6,279,896
Transportation, warehouse & communication	4,995,523	1,175,288	6,170,811
Construction	103,871	-	103,871
Others	1,485,598	82	1,485,680
Total (Notes 62B.(iv))	122,545,620	18,485,278	141,030,898
	807,211,005	78,624,232 ¹⁾	885,835,237
Less: allowance for impairment losses	(6,600,528)	(23,387,865) ²⁾	(29,988,393)
Net	800,610,477	55,236,367³⁾	855,846,844

*) 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 amounted to Rp64,045,105 and Rp14,579,127, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp20,382,564 and Rp3,005,301, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounted to Rp43,662,541 and Rp11,573,826, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

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

c.1 By economic sector (continued):

	December 31, 2018		
	Non-impaired ^(*)	Impaired ^(**)	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
Total	608,262,431	56,164,740	664,427,171
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
Total (Notes 62B.(iv))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488 ¹⁾	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150) ²⁾	(31,796,093)
Net	719,052,757	48,708,338 ³⁾	767,761,095

^{*)} 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 amounted to Rp58,027,272 and Rp16,105,216, respectively.

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

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019					Total
	Current	Special mention	Sub- standard	Doubtful	Loss	
Rupiah						
Manufacturing	89,006,885	12,438,344	1,343,385	1,683,263	4,849,448	109,321,325
Trading, restaurant, and hotel	95,857,038	4,884,607	1,210,021	487,843	2,135,421	104,574,930
Agriculture	77,269,793	1,276,996	105,421	42,705	138,752	78,833,667
Business service	76,355,681	1,151,095	77,276	47,541	567,549	78,199,142
Construction	51,690,347	1,258,163	39,388	33,578	894,719	53,916,195
Transportation, warehousing and communications	40,457,314	2,479,609	547,106	296,421	265,794	44,046,244
Electricity, gas and water	25,952,365	103,564	119,215	714	159,084	26,334,942
Social service	21,038,634	196,133	20,710	19,911	222,217	21,497,605
Mining	4,151,997	144,969	10,707	1,516	455,234	4,764,423
Others	211,711,373	8,504,604	624,345	727,091	1,748,453	223,315,866
Total	693,491,427	32,438,084	4,097,574	3,340,583	11,436,671	744,804,339
Foreign currencies						
Mining	43,289,060	323,943	-	-	443,489	44,056,492
Manufacturing	25,809,039	6,586,281	138,449	314,911	483,628	33,332,308
Electricity, gas and water	15,993,065	434,418	164,585	-	248,205	16,840,273
Trading, restaurant, and hotel	14,405,675	3,108	28,780	-	233	14,437,796
Social service	9,734,687	-	-	-	-	9,734,687
Agriculture	8,588,655	429	-	-	-	8,589,084
Business service	6,151,615	75,060	-	-	53,221	6,279,896
Transportation, warehousing and communications	5,955,043	157,786	45,528	-	12,454	6,170,811
Construction	103,871	-	-	-	-	103,871
Others	1,485,332	266	-	-	82	1,485,680
Total (Noted 62B.(iv))	131,516,042	7,581,291	377,342	314,911	1,241,312	141,030,898
	825,007,469	40,019,375	4,474,916	3,655,494	12,677,983	885,835,237
Less: allowance for impairment losses	(8,369,625)	(8,162,433)	(1,733,492)	(1,297,759)	(10,425,084)	(29,988,393)
Net	816,637,844	31,856,942	2,741,424	2,357,735	2,252,899	855,846,844

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 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
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171
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
Total (Noted 62B.(iv))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	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)
Net	736,684,469	25,271,781	2,418,240	1,061,240	2,325,365	767,761,095

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

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

d. By period:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 year	81,061,277	117,486,386
1 - 2 years	94,575,022	77,603,964
2 - 5 years	147,361,102	124,183,732
Over 5 years	421,806,938	345,153,089
Total	744,804,339	664,427,171
Foreign currencies		
Less than 1 year	19,008,784	41,717,911
1 - 2 years	13,082,022	4,837,152
2 - 5 years	36,914,214	21,940,923
Over 5 years	72,025,878	66,634,031
Total (Note 62B.(iv))	141,030,898	135,130,017
	885,835,237	799,557,188
Less: allowance for impairment losses	(29,988,393)	(31,796,093)
Net	855,846,844	767,761,095

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, 2019 and 2018, were 2.33% and 2.75%, respectively (the ratios for Bank Mandiri only were 2.39% and 2.79% as of December 31, 2019 and 2018, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2019 and 2018, were 0.84% and 0.73%, respectively (the ratios for Bank Mandiri only were 0.84% and 0.67% as of December 31, 2019 and 2018, 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, 2019 and 2018 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 amounted to Rp7,014,512 and Rp3,762,120 as of December 31, 2019 and 2018, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 amounted to Rp75,173,775 and Rp67,144,435 as of December 31, 2019 and 2018, respectively which consist of:

	December 31, 2019	December 31, 2018
Receivables from <i>murabahah</i> and <i>istishna</i>	40,170,541	38,355,494
<i>Musyarakah</i> financing	26,772,424	21,449,077
Other sharia financing	8,230,810	7,339,864
Total	75,173,775	67,144,435
Less: allowance for impairment losses	(1,967,351)	(2,243,878)
Net	73,206,424	64,900,557

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

	December 31, 2019	December 31, 2018
Average interest rates (yield) per annum:		
Rupiah	10.06%	10.02%
Foreign currencies	5.00%	4.29%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	0.25% - 13.43%	0.27% - 13.28%
<i>Musyarakah</i> financing	1.87% - 12.03%	3.15% - 10.06%
Other sharia financing	7.60% - 18.75%	9.08% - 11.27%

- 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, 2019 and 2018 amounted to Rp49,377,572 and Rp39,274,366, 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are ranging of 2.48% to 96.08% and 3.71% to 88.61% (unaudited) respectively, of the total syndicated loans. While the percentage of Bank Mandiri's share if only as a syndicated member as of December 31, 2019 and 2018 are ranging from 3.40% to 97.50% and 0.32% to 93.75% (unaudited) respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Extension of loan maturity dates	54,956,852	48,165,419
Extension of loan maturity dates and reduction of interest rates	1,956,338	2,751,544
Extension of loan maturity dates and other restructuring schemes ¹⁾	3,292,303	3,896,067
Total	60,205,493	54,813,030

¹⁾ 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:

	December 31, 2019	December 31, 2018
Current	19,920,911	21,759,122
Special mention	27,723,917	18,581,507
Substandard	3,083,568	3,141,824
Doubtful	502,977	1,197,101
Loss	8,974,120	10,133,476
Total	60,205,493	54,813,030

Total restructured loans under non-performing loans (NPL) category as of December 31, 2019 and 2018 are amounted to Rp12,560,665 and Rp14,472,401, 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 amounted 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, 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, 2019	December 31, 2018
Beginning balance ¹⁾	31,796,093	33,745,345
Allowance during the year (Note 45)	11,468,133	13,481,957
Write-offs ²⁾	(12,588,933)	(15,182,085)
Others ³⁾	(686,900)	(249,124)
Ending balance³⁾	29,988,393	31,796,093

¹⁾ 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, 2019 and 2018 is amounted to Rp22,645,180 and Rp24,048,237, respectively, which were calculated using individual assessment and Rp9,150,913 and Rp9,661,108, respectively, which were calculated using collective assessment.

2) Write-off as of December 31, 2019 and 2018 is amounted to Rp5,360,177 and Rp6,546,341, respectively, which are calculated using individual assessment and Rp7,228,756 and Rp8,635,744, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2019 and 2018 is amounted to Rp20,382,564 and Rp22,645,180, respectively, which were calculated using individual assessment and Rp9,605,829 and Rp9,150,913, respectively, which were calculated using collective assessment.

Management believes that the allowance for impairment losses on loans and sharia loan/financing is adequate.

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

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2019	December 31, 2018
Rupiah		
Manufacturing	7,876,096	7,295,033
Trading, restaurant and hotel	3,833,285	5,306,734
Transportation, warehousing and communications	1,109,321	783,969
Construction	967,685	1,069,557
Business services	692,366	1,943,559
Mining	467,457	636,492
Agriculture	286,878	277,659
Electricity, gas and water	279,013	319,188
Social services	262,838	265,965
Others	3,099,889	2,853,330
	18,874,828	20,751,486

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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):

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2019	December 31, 2018
Foreign currencies		
Manufacturing	936,988	283,613
Mining	443,489	459,382
Electricity, gas and water	412,790	683,301
Transportation, warehousing and communications	57,982	75
Business services	53,221	56,196
Trading, restaurant and hotel	29,013	-
Construction	-	3,026
Social services	-	71,897
Others	82	85
	1,933,565	1,557,575
Total	20,808,393	22,309,061

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

	Minimum allowance for impairment losses	
	December 31, 2019	December 31, 2018
Rupiah		
Manufacturing	5,892,587	5,898,487
Trading, restaurant and hotel	2,560,846	3,765,547
Constructions	917,416	999,784
Business services	602,911	1,856,502
Transportation, warehousing and communication	496,070	500,220
Mining	457,598	540,924
Social services	235,279	244,780
Electricity, gas and water	177,323	144,990
Agriculture	175,918	233,037
Others	2,205,650	1,970,344
	13,721,598	16,154,615

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 are as follows (continued):

	Minimum allowance for impairment losses	
	December 31, 2019	December 31, 2018
Foreign currencies		
Manufacturing	661,851	274,433
Mining	443,489	459,382
Electricity, gas and water	272,893	397,813
Business services	53,221	56,196
Transportation, warehousing and communications	19,283	11
Trading, restaurant and hotel	4,550	-
Social services	-	71,897
Construction	-	3,026
Others	82	85
	1,455,369	1,262,843
Total	15,176,967	17,417,458

l. Write-off of "Loss" category loans

For the year ended December 31, 2019 and 2018, Bank Mandiri written-off loans in the "loss" category amounted to Rp10,841,455 and Rp13,230,972 (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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are as follows (Bank Mandiri only):

	December 31, 2019	December 31, 2018
Beginning balance	66,804,961	57,444,008
Write-offs	10,841,455	13,230,972
Cash recoveries from write-off loans	(4,747,232)	(5,070,394)
Others ^{*)}	(938,394)	1,200,375
Ending balance	71,960,790	66,804,961

^{*)} 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, 2019 and 2018 amounted to Rp7,339,386 and Rp6,493,534, respectively,

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

	December 31, 2019	December 31, 2018
Loans (Note 12A)	885,835,237	799,557,188
Accrued interest receivables	3,238,168	3,135,393
Deferred income (directly attributable) (Note 35)	(832,551)	(748,908)
Allowance for impairment losses (Note 12A and 12B.j)	(29,988,393)	(31,796,093)
Total	858,252,461	770,147,580

13. CONSUMER FINANCING RECEIVABLES

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

	December 31, 2019	December 31, 2018
Consumer financing receivables - gross		
Direct financing - Rupiah	65,682,192	59,794,999
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(40,006,072)	(36,408,208)
Total consumer financing receivables - gross	25,676,120	23,386,791

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

	December 31, 2019	December 31, 2018
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(11,495,741)	(10,296,967)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	4,385,327	4,108,332
Unearned income on consumer financing	(7,110,414)	(6,188,635)
Total	18,565,706	17,198,156
Less: allowance for impairment losses	(354,618)	(371,291)
Net	18,211,088	16,826,865

Installments of consumer financing receivables - gross as of December 31, 2019 and 2018 which will be received from customers based on the maturity dates are as follows:

	December 31, 2019	December 31, 2018
<u>Year</u>		
2019	-	24,876,743
2020	26,730,207	17,989,307
2021	18,529,759	10,635,860
2022 and later	20,422,226	6,293,089
Total	65,682,192	59,794,999

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

The agreement was amended several times, the latest amendment dated May 7, 2019, which increases the of facility amounted to Rp31,000,000 with the portion of joint financing facility at minimum of 1.00% from the Subsidiary and a maximum of 99.00% from Bank Mandiri. This agreement has been extended to February 28, 2020.

On August 29, 2013, Bank Mandiri and Subsidiary signed a Consumer Financing Asset Takeover Agreement with a total facility amounted to Rp1,100,000, which Subsidiary bears the credit risk in accordance with its financing portion (without recourse).

On April 13, 2016, Subsidiary and the Bank signed a Vehicle Joint Financing Agreement with a total facility amounted to Rp1,630,000, in which Subsidiary bears credit risk in accordance with its financing portion (without recourse). The latest amendment of the Agreement between Subsidiary 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

On November 4, 2016, Subsidiary 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, 2020, with total facility amounted to Rp8,400,000.

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 amounted to Rp6,758 and Rp8,278 as of December 31, 2019 and 2018, respectively (refer to Note 56).

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Current	16,993,116	15,469,432
Special mention	1,362,531	1,511,464
Substandard	94,179	89,415
Doubtful	103,316	120,444
Loss	12,564	7,401
Total	18,565,706	17,198,156
Less: allowance for impairment losses	(354,618)	(371,291)
Net	18,211,088	16,826,865

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Car	15.71%	15.16%
Motorcycle	24.83%	24.70%

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

	December 31, 2019	December 31, 2018
Beginning balance	371,291	362,887
Allowance during the year (Note 45)	564,224	638,849
Cash recoveries from write-offs	140,332	151,613
Write-offs	(721,229)	(782,058)
Ending balance	354,618	371,291

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

- f. Consumer financing receivables pledged as collateral for debt securities issued as of December 31, 2019 and 2018 are Rp2,410,460 and Rp1,643,197 respectively (Note 30).
- g. Consumer financing receivables pledged as collateral for fund borrowing as of December 31, 2019 and 2018 are Rp9,556,239 and Rp10,284,416, respectively (Note 36f).
- h. As a collateral to the customer financing receivables, the Subsidiaries received Vehicles Ownership Certificate (*Bukti Kepemilikan Kendaraan Bermotor* or "BPKB") from its customer for every leased vehicle.

14. NET INVESTMENT FINANCE LEASES

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

	December 31, 2019	December 31, 2018
Net investment finance leases		
Rupiah		
Gross lease financing receivables	5,928,487	5,160,930
Finance lease receivables jointly funded other parties without recourse - gross	(2,314,193)	(1,243,484)
Guaranteed residual value	2,289,322	1,631,185
Deferred lease income	(559,223)	(589,057)
Security deposit	(2,289,322)	(1,631,185)
Total net investment finance leases	3,055,071	3,328,389
Less: allowance for impairment losses	(7,982)	(9,286)
Net	3,047,089	3,319,103

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

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

	December 31, 2019	December 31, 2018
<u>Year</u>		
2019	-	2,473,702
2020	3,154,820	1,824,280
2021	1,926,895	727,172
2022	719,781	119,225
2023 and later	126,991	16,551
	5,928,487	5,160,930
Finance lease receivables jointly funded by other parties without recourse - gross	(2,314,193)	(1,243,484)
Guaranteed residual value, deferred lease income and security deposit	(559,223)	(589,057)
Finance leases receivable	3,055,071	3,328,389

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

14. NET INVESTMENT FINANCE LEASES (continued)

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Current	2,845,500	3,136,371
Special mention	182,377	167,720
Substandard	7,855	6,077
Doubtful	9,297	9,840
Loss	10,042	8,381
Total	3,055,071	3,328,389
Less: allowance for impairment losses	(7,982)	(9,286)
Net	3,047,089	3,319,103

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2019 and 2018, are as follows:

	December 31, 2019	December 31, 2018
Car	12.60%	12.40%
Heavy equipment	12.56%	12.53%
Machine	12.43%	11.25%

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

	December 31, 2019	December 31, 2018
Beginning balance	9,286	7,739
Allowance during the year (Note 45)	17,342	3,950
Cash recoveries from write-offs finance leases	5,529	588
Write-offs	(24,175)	(2,991)
Ending balance	7,982	9,286

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 pledged as collateral for debt securities issued as of December 31, 2019 and 2018 amounted to Rp427,540 and Rp66,803 respectively (Note 30).
- g. Net investment finance lease pledged as collateral for fund borrowings as of December 31, 2019 and 2018 amounted to Rp368,957 and Rp468,553, respectively (Note 36f).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018
Rupiah		
Receivables from other banks		
Related parties (Note 56)	258,928	363,414
Third parties	521,369	737,239
	<u>780,297</u>	<u>1,100,653</u>
Receivables from debtors		
Related parties (Note 56)	425,231	1,336,016
Third parties	4,063,655	6,261,338
	<u>4,488,886</u>	<u>7,597,354</u>
Total	<u>5,269,183</u>	<u>8,698,007</u>
Foreign currencies		
Receivables from other banks		
Related parties (Note 56)	-	335
Third parties	114,908	308,165
	<u>114,908</u>	<u>308,500</u>
Receivables from debtors		
Related parties (Note 56)	514,716	483,392
Third parties	4,381,032	4,398,963
	<u>4,895,748</u>	<u>4,882,355</u>
Total (Note 62B.(iv))	<u>5,010,656</u>	<u>5,190,855</u>
	10,279,839	13,888,862
Less: allowance for impairment losses	(221,804)	(296,453)
Net	<u>10,058,035</u>	<u>13,592,409</u>

b. By maturity:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	1,344,635	1,872,875
1 - 3 months	2,039,197	3,798,051
3 - 6 months	1,865,678	3,026,255
6 - 12 months	19,673	826
Total	<u>5,269,183</u>	<u>8,698,007</u>
Foreign currencies		
Less than 1 month	1,543,956	1,308,948
1 - 3 months	2,035,902	2,263,324
3 - 6 months	1,386,521	1,606,715
6 - 12 months	44,277	11,868
Total (Note 62B.(iv))	<u>5,010,656</u>	<u>5,190,855</u>
	10,279,839	13,888,862
Less: allowance for impairment losses	(221,804)	(296,453)
Net	<u>10,058,035</u>	<u>13,592,409</u>

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

c. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018
Current	10,160,309	13,844,220
Special mention	18,052	44,642
Substandard	27,629	-
Doubtful	73,849	-
	10,279,839	13,888,862
Less: allowance for impairment losses	(221,804)	(296,453)
Net	10,058,035	13,592,409

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

	December 31, 2019	December 31, 2018
Beginning balance	296,453	254,234
(Reversal)/allowance during the year (Note 45)	(65,114)	49,878
Others ^{*)}	(9,535)	(7,659)
Ending balance	221,804	296,453

^{*)} 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, 2019	December 31, 2018
Investments in shares		
Related Parties (Note 56)	112,298	322,617
Third Parties	506,631	129,476
Total	618,929	452,093
Less: allowance for impairment losses	(12,919)	(30,589)
Net	606,010	421,504

The detail of investments in shares as of December 31, 2019 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	146
PT Fintek Karya Nusantara	Fintech Lending	17.03%	311,000
PT Amarthia Mikro Fintek	Fintech Lending	9.45%	55,391
Sleekr	HR and Accounting Platform	5.00%	36,515
Moka	Fintech point of sale	3.18%	25,930
Others (each less than Rp20,000)	Various	2.23% - 17.50%	72,476
Cost and equity method:			
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	35,796
PT Mandiri AXA General Insurance (MAGI)	General Insurance	20.00%	73,502

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 are as follows (continued):

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Cost and equity method (continued):			
Others (each less than Rp20,000)	Various	0.00015% - 10%	8,173
			618,929
Less: allowance for impairment losses			(12,919)
Net			606,010

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 ¹⁾	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)	General 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%	80,591
			452,093
Less: allowance for impairment losses			(30,589)
Net			421,504

¹⁾ 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, 2019	December 31, 2018
Current	573,334	399,658
Substandard	35,796	50,331
Loss	9,799	2,104
	618,929	452,093
Less: allowance for impairment losses	(12,919)	(30,589)
Net	606,010	421,504

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

	December 31, 2019	December 31, 2018
Beginning balance	30,589	12,924
Allowance during the year (Note 45)	32,833	19,934
Write Off	(50,331)	(2,278)
Others ¹⁾	(172)	9
Ending balance	12,919	30,589

¹⁾ Including effect of foreign currency translation

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

17. PREPAID EXPENSES

	December 31, 2019	December 31, 2018
Prepaid rent	1,708,858	1,662,531
Building maintenance	416,581	556,571
Others	887,111	639,084
Total	3,012,550	2,858,186

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, 2019				Ending Balance ^{*)}
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	
At cost/revaluation value					
Direct ownership					
Land	30,340,902	3,974,318	-	188,922	34,504,142
Building	5,973,183	190,600	(9,335)	1,115,022	7,269,470
Furniture and fixtures, office equipment and computer	11,254,122	693,637	(22,991)	811,075	12,735,843
Vehicles	213,867	4,380	(23,314)	412	195,345
Construction in progress	2,281,059	2,778,631	(4,025)	(2,115,431)	2,940,234
	50,063,133	7,641,566	(59,665)	-	57,645,034
Leased assets	12,495	-	-	-	12,495
	50,075,628	7,641,566	(59,665)	-	57,657,529
Accumulated depreciation (Note 50)					
Direct ownership					
Building	2,383,994	316,108	(9,279)	-	2,690,823
Furniture and fixtures, office equipment and computer	9,094,141	1,134,284	(19,905)	-	10,208,520
Vehicles	150,162	13,779	(23,214)	-	140,727
	11,628,297	1,464,171	(52,398)	-	13,040,070
Leased assets	4,635	625	-	-	5,260
	11,632,932	1,464,796	(52,398)	-	13,045,330
Net book value					
Direct ownership					
Land					34,504,142
Building					4,578,647
Furniture and fixtures, office equipment and computer					2,527,323
Vehicles					54,618
Construction in progress					2,940,234
					44,604,964
Leased assets					7,235
					44,612,199

*) Including revaluation of fixed assets and reclassification of abandoned properties.

**) As of December 31, 2019 there was a revaluation of fixed assets of amounted to Rp31,107,770 which from the Bank amounted to Rp30,703,036 and Subsidiaries amounted to Rp404,734.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

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

	December 31, 2018				Ending Balance ^{*)}
	Beginning Balance	Additions ^{*)}	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
					38,442,696

*) Including revaluation of fixed assets and reclassification of abandoned properties.

**) As of December 31, 2018 there was a revaluation of fixed assets of amounted to Rp27,236,822 which from the Bank amounted to Rp26,832,088 and subsidiary amounted to Rp404,734.

Construction in progress as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Buildings	1,667,638	1,232,826
Computers and other hardware that have not been installed	697,206	687,815
Land	510,478	245,506
Office equipment and inventory	56,034	106,412
Vehicles	1,521	381
Others	7,357	8,119
	2,940,234	2,281,059

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

The estimated percentage of completion of construction in progress as of December 31, 2019 and 2018 for computers and other hardwares that have not been installed was ranging between 5.00% - 95.00% and 10.00% - 90.00%, respectively.

Others

- a. On December 28, 2018, the Bank and PT Wijaya Karya Bangunan Gedung, Tbk has signed the agreement in relation to Build, Operate and Transfer for asset on Jl Proklamasi No. 31 Jakarta for 30 years period in order to optimize the strategic assets of Bank Mandiri by prioritizing the cooperation through BUMN synergy.

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 from 2016 until 2021.

b. Revaluation year 2015 - 2016

Based on Minister of Finance of the Republic of Indonesia Regulation (Peraturan Menteri Keuangan (PMK)) No. PMK/191 dated October 15, 2015, with the first amendment through the Minister of Finance Regulation No. 233/PMK.03/2015 dated December 21, 2015 and the second amendment of the Minister of Finance Regulation No. 29/PMK.03/2016 February 19, 2016. The Group has 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

b. Revaluation year 2015 - 2016 (continued)

Based on the Assessment Report of the KJPP MBPRU dated December 21, 2015 (Subsidiaries) and April 11, 2016 (Bank) and KJPP ANA dated April 13, 2016 (Bank), 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. The results of revaluation of fixed assets of subsidiary was approved by the DGT on January 8, 2016.

Revaluation year 2019

In 2019, Bank has performed land revaluation. The valuation of land was performed by external independent appraisers of the Office of Public Appraisal Services (KJPP) Yanuar Bey and Partners and KJPP Iwan Bachron and Partners. The assessment was performed in accordance with and subject to the provisions of the General Assessment Concepts and principles point 17 in the Indonesian Appraisal Standard (SPI) of year 2018.

In the fair value measurement of the land, the KJPP takes into account the market participants' ability to generate economic benefits to the highest and best use of the assets or by selling assets to other market participants would use the asset on the highest and best use condition. The valuation methods used by KJPP are the market approach, income approach and cost approach.

Based on the Appraisal Report of KJPP Yanuar Bey on July 8, 2019 and KJPP Iwan Bachron on August 9, 2019, the value of fixed assets and its value increase are as follows:

Fixed assets	Fair value	Book value	Increase in value (before tax)
Land	33,596,578	29,725,630	3,870,948

To determine the fair value, KJPP Yanuar Bey and KJPP Iwan Bachron used the market approach methodology SPI 2018-KPUP 15.2 using direct comparison method.

- c. Assessment in the fair value of assets owned by the Bank on December 31, 2019 and 2018 uses revaluation method for lands and sales value of taxable object for buildings. As of December 31, 2019, the revaluation value of land and sales value of taxable object of buildings owned by the Bank was Rp34,443,470 and Rp4,860,975, respectively. As of December 31, 2018, the revaluation value of land and sales value of taxable object of buildings owned by the Bank was Rp30,299,138 and Rp4,839,211, respectively.
- d. The value of land based on cost model as of December 31, 2019 and 2018 amounted to Rp3,335,700 and Rp3,047,431, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

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, 2019			Fair Value
	Level 1	Level 2	Level 3	
Land	-	34,443,470	-	34,443,470

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

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 2020 until 2042. Based on past experience, the Group believes that they can extend the HGB.
- f. As of December 31, 2019, the Bank has insured its fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disaster to PT Asuransi Adira Dinamika, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Krida Upaya Tunggal and PT Asuransi Bina Dana Artha, entirety are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri and PT Asuransi Jasaraharja Putera, PT Asuransi Tugu Pratama Indonesia and PT Asuransi Kredit Indonesia, all of these insurance companies are related parties, with total insured amount approximately Rp16,596,036 (December 31, 2018: Rp16,425,126). 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 consist of several things such as office machine, printing office equipment and housing.
- h. Management believes that there is no impairment on fixed assets as of December 31, 2019 and 2018.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

19. INTANGIBLE ASSETS

	December 31, 2019	December 31, 2018
Software	2,898,169 ¹⁾	2,341,611 ¹⁾
Goodwill	423,115	423,115
	3,321,284	2,764,726

¹⁾ Net of amortisation of Rp3,793,603 and Rp3,189,980, respectively as of December 31, 2019 and 2018.

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

As of December 31, 2019 and 2018, included in the software balance are construction in progress for software amounted to Rp1,037,146 and Rp956,490, respectively. The estimated percentage of completion of software as of December 31, 2019 was ranging between 5.00% - 95.00% (December 31, 2018: 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, 2019 and 2018, there are no impairment of goodwill.

20. OTHER ASSETS

	December 31, 2019	December 31, 2018
Rupiah		
Accrued income	4,544,578	4,300,584
Receivables from government bonds pledged as collateral	1,645,380	1,659,116
Receivables from customer transactions	1,283,244	1,017,064
Receivables from sales of marketable securities	75,789	677,840
Receivables from transactions related to ATM and credit card <i>ljarah</i> assets	594,136	573,310
Receivables from policyholders	296,407	498,709
Receivables from mutual fund	147,437	475,184
Receivables from mutual fund	369,622	306,986
Repossessed assets - net of accumulated losses amounted Rp9,847 and Rp9,850 as of December 31, 2019 and 2018	297,048	295,237
Abandoned properties - net of allowance for decrease in net realizable value amounted RpNil and Rp615 December 31, 2019 and 2018, respectively	87,202	90,679
Others	3,452,274	5,009,235
Total	12,793,117	14,903,944
Foreign currencies		
Receivables from government bonds pledged as collateral (Note 62B.(iv))	1,909,265	1,840,188
Accrued income (Note 62B.(iv))	848,545	950,739
Receivables from sale of marketable securities (Note 62B.(iv))	-	153,497
<i>ljarah</i> assets	71,110	108,391
Receivables from customer transactions (Note 62B.(iv))	32,244	8,110

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

	December 31, 2019	December 31, 2018
Foreign currencies (continued):		
Receivables from policyholder (Note 62B.(iv))	127	1,857
Receivables from transactions related to ATM and credit card (Note 62B.(iv))	1,561	628
Others	1,717,442	1,288,963
Total	4,580,294	4,352,373
	17,373,411	19,256,317
Less: allowance for possible losses	(623,357)	(598,662)
Net	16,750,054	18,657,655

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, 2019 and 2018, included in receivables from customer transactions is an impaired portfolio amounted to Rp10,611 and Rp12,602, 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, Master Card and JCB as a result of credit card transactions.

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 due date on November 15, 2020, USD24,926,000 at due date on January 11, 2023, USD31,270,000 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 2, 2020 and January 4, 2019.

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

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

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

	December 31, 2019	December 31, 2018
Beginning balance	598,662	617,790
Allowance during the year (Note 46)	4,544	56,222
Others ¹⁾	20,151	(75,350)
Ending balance	623,357	598,662

¹⁾ 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, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	44,306,890	37,761,744
Third parties	132,036,012	109,703,494
Total	176,342,902	147,465,238
Foreign currencies		
Related parties (Note 56)	15,811,607	13,399,744
Third parties	55,289,758	38,958,774
Total (Note 62B.(iv))	71,101,365	52,358,518
	247,444,267	199,823,756

Included in demand deposits were *wadiah* deposits amounted to Rp11,510,301 and Rp8,704,173 as of December 31, 2019 and 2018, respectively.

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

Average interest rates (cost of funds) per annum:

	December 31, 2019	December 31, 2018
Rupiah	2.51%	2.13%
Foreign currencies	0.76%	0.40%

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

	December 31, 2019	December 31, 2018
Rupiah	0.37% - 0.79%	0.36% - 0.79%
Foreign currencies	0.09% - 0.79%	0.09% - 0.79%

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND WADIAH DEMAND DEPOSITS (continued)

- c. As of December 31, 2019 and 2018, 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 Rp8,943,540 and Rp6,201,073, 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:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)		
Mandiri Saving Deposits	2,159,305	2,521,396
Third parties		
Mandiri Saving Deposits	294,789,160	277,179,232
Hajj Mandiri Saving Deposits	298,882	361,914
Total	<u>297,247,347</u>	<u>280,062,542</u>
Foreign currencies		
Related parties (Note 56)		
Mandiri Saving Deposits	1,148,455	1,015,637
Third parties		
Mandiri Saving Deposits	26,092,270	26,204,174
Total (Note 62B.(iv))	<u>27,240,725</u>	<u>27,219,811</u>
	<u>324,488,072</u>	<u>307,282,353</u>

Included in saving deposits were *wadiah* deposits amounted to Rp5,126,726 and Rp3,751,591 as of December 31, 2019 and 2018, respectively.

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

	December 31, 2019	December 31, 2018
Rupiah	1.04%	1.13%
Foreign currencies	0.40%	0.33%

- c. As of December 31, 2019 and 2018, total saving deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp11,493,253 and Rp6,153,268 respectively (Note 12B.c).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By currencies, related parties and third parties:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	30,081,000	33,786,152
Third parties	212,034,840	188,213,027
Total	242,115,840	221,999,179
Foreign currencies		
Related parties (Note 56)	4,051,147	6,976,710
Third parties	32,009,019	29,926,895
Total (Note 62B.(iv))	36,060,166	36,903,605
	278,176,006	258,902,784

Include in deposits from customers - time deposits are negotiable certificate of deposit amounted to RpNil and Rp336,838 as of December 31, 2019 and 2018, respectively.

Total of unamortised interest expense on the certificate of time deposits as of December 31, 2019 and 2018 amounted to RpNil and Rp23,162, respectively.

b. By maturity date:

	December, 31 2019	December 31, 2018
Rupiah		
1 month	80,114,735	83,035,879
3 months	122,716,579	128,897,885
6 months	15,640,679	5,805,798
12 months	22,228,549	3,196,865
Over 12 months	1,415,298	1,062,752
Total	242,115,840	221,999,179
Foreign currencies		
1 month	18,925,610	17,757,452
3 months	11,731,579	9,283,648
6 months	3,064,699	7,625,821
12 months	2,126,744	1,931,902
Over 12 months	211,534	304,782
Total (Note 62B.(iv))	36,060,166	36,903,605
	278,176,006	258,902,784

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By remaining period to maturity date:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	124,945,068	114,738,061
1 - 3 months	88,117,526	97,681,724
3 - 6 months	10,463,449	4,716,025
6 - 12 months	17,159,139	4,112,310
Over 12 months	1,430,658	751,059
Total	242,115,840	221,999,179
Foreign currencies		
Less than 1 month	22,346,185	22,398,379
1 - 3 months	10,606,003	9,087,378
3 - 6 months	1,578,258	3,982,255
6 - 12 months	1,499,032	1,081,019
Over 12 months	30,688	354,574
Total (Note 62B.(iv))	36,060,166	36,903,605
	278,176,006	258,902,784

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

	December 31, 2019	December 31, 2018
Rupiah	5.97%	5.49%
Foreign currencies	2.23%	1.38%

e. As of December 31, 2019 and 2018, total time deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp34,689,121 and Rp30,367,572, respectively (Note 12B.c).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018
Demand deposits and <i>wadiah</i> demand deposits		
Related parties (Note 56)		
Rupiah	40,077	7,074
Foreign currencies (Note 62B.(iv))	108,480	779,939
	<u>148,557</u>	<u>787,013</u>
Third parties		
Rupiah	898,647	1,238,888
Foreign currencies (Note 62B.(iv))	1,114,593	779,557
	<u>2,013,240</u>	<u>2,018,445</u>
Total	<u>2,161,797</u>	<u>2,805,458</u>
Saving deposits		
Third parties		
Rupiah	5,586,458	1,032,913
Foreign currencies (Note 62B.(iv))	13	13
	<u>5,586,471</u>	<u>1,032,926</u>
Total	<u>7,748,268</u>	<u>3,838,384</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounted to Rp67,135 and Rp78,245 as of December 31, 2019 and 2018, respectively.

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

	December 31, 2019	December 31, 2018
Average interest rates (cost of funds) per annum:		
Demand deposits and <i>wadiah</i> demand deposits		
Rupiah	2.51%	2.13%
Foreign currencies	0.76%	0.40%
Saving deposits		
Rupiah	1.04%	1.13%
Foreign currencies	0.40%	0.33%
Range of profit sharing per annum on <i>wadiah</i> demand deposits:		
Rupiah	0.73% - 0.79%	0.69% - 0.79%

c. As of December 31, 2019 and 2018, total demand deposits, *wadiah* demand deposits and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounted to Rp4,429 and Rp5,083, respectively (Notes 12B.c and 31e).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

25. DEPOSITS FROM OTHER BANKS - INTERBANK CALL MONEY

a. By currencies:

	December 31, 2019	December 31, 2018
Third Parties:		
Rupiah	-	2,300,000
Foreign currencies (Notes 62B.(iv))	219,360	6,172,197
Total	219,360	8,472,197

b. By remaining period to maturity date:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	-	2,300,000
Total	-	2,300,000
Foreign currencies		
Less than 1 month	159,534	5,388,030
More than 1 month	59,826	784,167
Total (Note 62B.(iv))	219,360	6,172,197
	219,360	8,472,197

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

	December 31, 2019	December 31, 2018
Rupiah	5.70%	5.12%
Foreign currencies	2.36%	1.87%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	-	116,958
Third parties	3,386,121	2,946,642
Total	3,386,121	3,063,600
Foreign currencies		
Third parties (Note 62B.(iv))	2,044,117	1,119,634
	5,430,238	4,183,234

Included in deposits from other banks - time deposits are negotiable certificate of deposit amounted to RpNil and Rp491,222 as of December 31, 2019 and 2018, respectively.

Total of unamortised interest expenses on certificates of deposits for the year ended December 31, 2019 and 2018 amounted to RpNil and Rp33,779, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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

b. By period:

	December 31, 2019	December 31, 2018
Rupiah		
1 month	2,464,644	1,913,526
3 months	210,624	634,891
6 months	970	8,935
12 months	709,883	15,025
More than 12 months	-	491,223
Total	3,386,121	3,063,600
Foreign currencies		
1 month	-	832,033
3 months	1,558,230	287,601
6 months	-	-
12 months	69,413	-
More than 12 months	416,474	-
Total (Note 62B.(iv))	2,044,117	1,119,634
	5,430,238	4,183,234

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

	December 31, 2019	December 31, 2018
Rupiah	5.97%	5.49%
Foreign currencies	2.23%	1.38%

d. As of December 31, 2019 and 2018, time deposits from other banks pledged as collateral on loans amounted Rp69,892 and Rp332,516, 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:

	December 31, 2019	December 31, 2018
Non-Sharia	22,955,397	21,250,821
Sharia	1,082,261	1,106,981
	24,037,658	22,357,802

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, 2019 and 2018, 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, 2019 and 2018, amounted to USD81,484,916 (full amount) and USD11,065,072 (full amount), respectively.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019	December 31, 2018
Dynamic Money	14,081,103	12,615,791
Attractive Money	4,539,564	5,148,311
Progressive Money	1,928,159	1,997,742
Excellent Equity	690,323	740,172
Equity Fund Offshore	583,457	82,300
Mandiri Golden Offshore	277,735	-
Protected Money	216,654	273,944
Balance Fund Offshore	161,853	38,301
Active Money	151,214	158,092
Secure Money	80,385	82,901
Fixed Money	67,979	62,814
Money Market	63,615	42,392
Mandiri Flexible Equity Offshore	45,694	-
Mandiri Equity Money	27,869	838
Mandiri Multi Asset Balanced Offshore	20,336	-
Mandiri Global Offshore	7,919	-
Money Market CS	6,181	2,721
Prime Equity	5,357	4,502
	22,955,397	21,250,821

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 capitalization shares) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Equity Fund Offshore

Equity-based mutual funds from foreign markets managed by Subsidiary.

Mandiri Golden Offshore

This is an equity fund with underlying exposures of equity traded in offshore market.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Balance Fund Offshore

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

Active money

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

Secure money

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

Fixed money

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

Money Market

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

Mandiri Flexible Equity Offshore

Balanced fund with underlying exposures in Equity and Money Market in foreign markets.

Mandiri Equity Money

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

Mandiri Multi Asset Balanced Offshore

Balanced fund with underlying exposure in Equity, Fixed Income and Money Market listed in Foreign Markets.

Mandiri Global Offshore

Balanced fund with underlying exposures in Equity and Money Market listed in Foreign Markets.

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*.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

27. LIABILITY TO UNIT-LINK HOLDERS (continued)

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

	December 31, 2019	December 31, 2018
Attractive Money Sharia	852,174	918,212
Active Money Sharia	151,515	120,446
Amanah Equity Sharia	53,630	43,444
Advanced Commodity Sharia	24,509	24,879
Amanah Fixed Income	358	-
Amanah Money Market Sharia	75	-
Total	1,082,261	1,106,981

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2019 and 2018 amounted to RpNil and Rp20,000, 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*.

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*.

Amanah Money Market Sharia

A Fixed Income Mutual Fund with underlying exposures of Sharia Money Market and Sharia Fixed Income Marketable Securities.

Amanah Fixed Income

Sharia mutual fund with underlying exposures of Sukuk and Sharia Government Bonds.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

December 31, 2019						
Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Rupiah						
Third Parties						
FR0078	362,000	26/12/2019	09/01/2020	351,634	410	351,224
FR0064	240,000	02/12/2019	02/01/2020	203,182	30	203,152
FR0053	215,000	26/12/2019	09/01/2020	200,678	233	200,445
FR0070	156,000	27/12/2019	10/01/2020	150,319	196	150,123
FR0078	124,000	26/12/2019	09/01/2020	120,449	140	120,309
PBS019	100,000	16/12/2019	13/01/2020	101,474	178	101,296
PBS019	100,000	17/12/2019	14/01/2020	101,238	192	101,046
PBS019	50,000	17/12/2019	17/03/2020	51,087	564	50,523
PBS011	15,000	16/10/2019	15/01/2020	15,334	33	15,301
PBS014	10,000	10/12/2019	07/01/2020	9,502	8	9,494
Total Rupiah	1,372,000			1,304,897	1,984	1,302,913
Foreign currencies						
Third Parties						
FR0063	636,268	13/02/2019	14/02/2022	427,897	10,912	416,985
Bond INDON-171023	277,650	03/12/2019	03/03/2020	301,247	700	300,547
Bond INDON-080126	201,296	03/12/2019	03/03/2020	220,858	513	220,345
Bond ADGB-030521	208,238	16/12/2019	16/03/2020	201,296	478	200,818
Bond INDON-080126	138,825	23/12/2019	08/01/2020	152,335	73	152,262
Bond INDON-150125	118,001	26/09/2019	15/01/2020	124,440	402	124,038
Bond KUWIB-200322	111,060	16/12/2019	16/03/2020	109,106	258	108,848
Bond INDOIS-280525	97,178	08/07/2019	08/01/2020	101,767	552	101,215
Bond INDON-250422	97,178	26/09/2019	15/01/2020	99,536	322	99,214
Bond INDOIS-290322	83,295	10/07/2019	10/01/2020	84,421	463	83,958
Bond INDON-171023	69,413	23/12/2019	08/01/2020	75,157	36	75,121
Bond ADGB-111022	69,413	23/12/2019	16/09/2020	71,274	508	70,766
Bond INDON-130320	69,413	10/07/2019	10/01/2020	71,133	390	70,743
Bond INDON-150124	55,530	23/12/2019	10/01/2020	62,184	34	62,150
Bond INDON-080126	41,648	23/12/2019	08/01/2020	45,701	22	45,679
Bond INDOIS-200229	41,648	23/12/2019	08/01/2020	45,296	21	45,275
Bond INDON-050521	41,648	10/07/2019	10/01/2020	43,285	237	43,048
Bond KUWIB-200322	41,648	23/12/2019	16/03/2020	41,570	91	41,479
Bond ROI-100924	55,530	06/03/2019	07/03/2022	40,333	-	40,333
Bond INDON-080126	27,765	23/12/2019	08/01/2020	30,467	15	30,452
Bond INDON-171023	27,765	10/07/2019	10/01/2020	30,593	168	30,425
Bond ROI-290326	41,648	06/03/2019	07/03/2022	30,281	-	30,281
Bond INDOIS-100924	27,765	23/12/2019	10/01/2020	29,393	16	29,377
Bond INDOIS-290327	27,765	23/12/2019	10/01/2020	29,150	15	29,135
Bond INDON-171023	13,883	23/12/2019	10/01/2020	15,034	9	15,025
Bond PERTM-030522	13,883	06/03/2019	07/03/2022	11,623	-	11,623
Total foreign currencies (Note 62B.(iv))	2,635,354			2,495,377	16,235	2,479,142
Total	4,007,354			3,800,274	18,219	3,782,055

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (continued)

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.(iv))		3,188,046			2,818,343	16,265	2,802,078
Total		17,953,046			16,638,754	27,226	16,611,528

29. ACCEPTANCE PAYABLES

a. By currency, related parties and third parties:

Rupiah	December 31, 2019	December 31, 2018
Payables to other banks		
Related parties (Note 56)	1,849,182	4,205,778
Third parties	2,627,960	3,380,566
Payables to debtors		
Related parties (Note 56)	223,444	475,412
Third parties	568,597	636,251
Total	5,269,183	8,698,007

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

29. ACCEPTANCE PAYABLES (continued)

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018
Foreign currencies		
Payables to other banks		
Related parties (Note 56)	217	-
Third parties	4,895,531	4,882,355
Payables to debtors		
Related parties (Note 56)	3,512	7,610
Third parties	111,396	300,890
Total (Note 62B.(iv))	<u>5,010,656</u>	<u>5,190,855</u>
	<u>10,279,839</u>	<u>13,888,862</u>

b. By maturity:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	1,344,635	1,872,875
1 - 3 months	2,039,197	3,798,051
3 - 6 months	1,865,678	3,026,255
6 - 12 months	19,673	826
Total	<u>5,269,183</u>	<u>8,698,007</u>
Foreign currencies		
Less than 1 month	1,543,956	1,308,948
1 - 3 months	2,035,902	2,263,324
3 - 6 months	1,386,521	1,606,715
6 - 12 months	44,277	11,868
Total (Note 62B.(iv))	<u>5,010,656</u>	<u>5,190,855</u>
	<u>10,279,839</u>	<u>13,888,862</u>

30. DEBT SECURITIES ISSUED

By type and currencies:

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)		
Bonds	10,638,100	10,013,700
Subordinated notes sharia <i>mudharabah</i>	58,000	58,000
Total	<u>10,696,100</u>	<u>10,071,700</u>
Third parties		
Bonds	10,916,570	8,672,082
Subordinated notes sharia <i>mudharabah</i>	317,000	317,000
Mandiri travelers' cheques	65,417	66,118
Total	<u>11,298,987</u>	<u>9,055,200</u>
	<u>21,995,087</u>	<u>19,126,900</u>

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

By type and currencies (continued):

	December 31, 2019	December 31, 2018
Foreign currencies (Note 62B.(iv))		
Third parties		
Bonds	10,321,418	-
	<u>32,316,505</u>	<u>19,126,900</u>
Less: unamortised debt issuance cost	(71,235)	(37,977)
Net	<u>32,245,270</u>	<u>19,088,923</u>

Bonds

Rupiah

On September 21, 2018, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase III 2018 ("Sustainable 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 ("Sustainable 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 Sustainable Bonds I Phase II issuance is PT Bank Tabungan Negara (Persero) Tbk.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

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

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 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 categorised 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, 2019 and 2018, the Pefindo's rating of Sustainable Bonds I Phase III, II and Phase I is idAAA (triple A).

On November 18, 2019, The Subsidiary (Bank Mandiri Taspen) issued and registered the Sustainable Bond I Phase I 2019 to Indonesia Stock Exchange with total nominal value of Rp1,000,000 in which comprised of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	700,000	7.90%	November 26, 2022
Series B	300,000	8.20%	November 26, 2024

Bonds interest were paid on quarterly basis, with the first interest payment was made on February 26, 2020, while the last interest payment and maturity of the bonds on November 26, 2022 for Series A and November 26, 2024 for Series B which also the due date for principal repayment of each bonds.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

Trustee for Sustainable Bond I Phase I Bank Mantap on 2019 is PT Bank Permata Tbk., as of December 31, 2019, Sustainable Bond I Phase I Bank Mantap is rated AA (idn) by PT Fitch Rating Indonesia.

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>
Series A	1,500,000	8.50%	July 11, 2020
Series 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 due date for principal repayment for each bonds.

Trustee for Bond I Bank Mantap on 2017 is PT Bank Tabungan Negara (Persero) Tbk. on December 31, 2019 and 2018, 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 categorised 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 July 26, 2019 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds IV Mandiri Tunas Finance Phase II Year 2019 ("Sustainable Bonds IV Phase II") to the Indonesia Stock Exchange with total nominal value of Rp2,000,000 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	1,342,000	8.90%	July 26, 2022
Series B	658,000	9.50%	July 26, 2024

The trustee for Sustainable Bonds IV Phase II is PT Bank Rakyat Indonesia (Persero) Tbk.

On January 8, 2019 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds IV Mandiri Tunas Finance Phase I Year 2019 ("Sustainable Bonds IV Phase I") to the Indonesia Stock Exchange with total nominal value of Rp1,000,000 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	800,000	9.40%	January 8, 2022
Series B	200,000	9.75%	January 8, 2024

The trustee for Sustainable Bonds IV Phase I is PT Bank Rakyat Indonesia (Persero) Tbk.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

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, 2019 based on Pefindo's rating, the Sustainable Bonds IV Phase II and I was rated idAA+ (double A plus).

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:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
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:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
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, 2019 and 2018, based on Pefindo's rating, the Sustainable Bonds III Phase II and I was rated idAA+ (double A plus).

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:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

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 II and I Series B based on Pefindo's rating as of December 31, 2019 and 2018 are rated idAA+ (double A plus).

Sustainable Bond III Phase I Series A at principal value amounted to at Rp400,000, Sustainable Bond II Phase II Series A at principal value amounted to Rp720,000 and Sustainable Bond II Phase I Series A at principal value amounted to Rp500,000 was fully paid on due date.

On December 31, 2019, all debt securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounted to Rp2,410,460 (December 31, 2018: Rp1,643,197) (Note 13f) and net investment finance leases amounted to Rp427,540 (December 31, 2018: Rp66,803) (Note 14f).

Foreign Currency

On April 11, 2019 Bank Mandiri issued Euro Medium Term Notes (EMTN) with total nominal value of USD750,000,000 (full amount) as follow:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Euro Medium Term Notes	750,000,000	3.75%	April 11, 2024

Euro Medium Term Notes is offered at 99% (ninety nine percent) of the principal amount of bonds. The Interest is paid on semi-annual basis with the first interest payment was made on October 11, 2019, while the last interest payment and due date of the bonds principal on April 11, 2024 which is also the due date of the principal amount of bonds. The trustee of the bond issuance is Bank of New York Mellon.

As of December 31, 2019, EMTN is rated Baa2 by Moody's and BBB- (Fitch).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Subordinated notes sharia *mudharabah*

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

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, 2019 and 2018, based on Pefindo's rating is idAA^{-(sy)} (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, 2019 and 2018.

During the year ended December 31, 2019 and 2018, Bank Mandiri and the subsidiaries have fulfilled the requirements as set out in the agreement of issued debt securities issued.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	December 31, 2019	December 31, 2018
Rupiah		
Bank guarantees issued (Note 54)	55,897,947	51,577,755
Committed unused loan facilities	17,215,992	21,557,890
Outstanding irrevocable letters of credit (Note 54)	4,552,680	8,262,298
Standby letters of credit (Note 54)	2,724,906	1,772,782
Total	80,391,525	83,170,725
Foreign currencies		
Bank guarantees issued (Note 54)	40,565,449	30,536,330
Committed unused loan facilities	21,944,810	15,370,389
Outstanding irrevocable letters of credit (Note 54)	13,012,673	11,483,630
Standby letters of credit (Note 54)	11,073,182	11,358,907
Total	86,596,114	68,749,256
	166,987,639	151,919,981

- b. By Bank Indonesia's collectibility:

	2019	2018
Current	165,471,035	151,436,895
Special mention	1,468,886	433,564
Substandard	15,731	23,487
Doubtful	15,788	5,204
Loss	16,199	20,831
Total	166,987,639	151,919,981
Less: allowance for impairment losses	(386,039)	(125,729)
Commitments and contingencies - net	166,601,600	151,794,252

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

	December 31, 2019	December 31, 2018
Beginning balance	125,729	381,771
Allowance/(reversal) during the year	262,215	(270,973)
Others*)	(1,905)	14,931
Ending balance	386,039	125,729

*) Including the effect of foreign currencies translation.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- 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, 2019 and 2018 were amounted to Rp5,822,663 and Rp3,785,146, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2019	December 31, 2018
Interest expense	1,747,159	1,555,932
Fixed asset and software procurement	2,360,967	1,700,712
Outsourcing expenses	361,851	401,594
Promotions	236,507	352,394
Employee related costs: training, uniform, recreation and others	99,725	43,718
Professional service costs	49,719	37,756
Others	1,359,633	743,361
Total	6,215,561	4,835,467

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

	December 31, 2019	December 31, 2018
Bank Mandiri	974,947	1,091,292
Subsidiaries	201,653	144,735
Total	1,176,600	1,236,027

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

b. Taxes payable

	December 31, 2019	December 31, 2018
Current income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	68,316	183,320
Subsidiaries		
Corporate Income Tax - Article 29	194,454	149,175
	<u>262,770</u>	<u>332,495</u>
Others income taxes payable		
Bank Mandiri		
Income Tax		
Article 25	153,855	-
Article 21	165,989	161,721
Article 4 (2)	317,389	297,794
Others	141,018	131,796
	<u>778,251</u>	<u>591,311</u>
Subsidiaries	245,952	164,143
	<u>1,024,203</u>	<u>755,454</u>
Total	<u>1,286,973</u>	<u>1,087,949</u>

c. Tax expense/(benefit)

	Year ended December 31,	
	2019	2018
Tax expense - current:		
Bank Mandiri		
Current year	6,317,547	5,022,275
Prior year	201,197	1,313,347
Subsidiaries	1,116,390	896,433
	<u>7,635,134</u>	<u>7,232,055</u>
Tax expense/(benefit) - deferred:		
Bank Mandiri		
Bank Mandiri	462,046	905,622
Subsidiaries	(111,332)	(46,245)
	<u>350,714</u>	<u>859,377</u>
Total	<u>7,985,848</u>	<u>8,091,432</u>

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current

The reconciliation between income before tax 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,	
	2019	2018
Consolidated income before tax expense and non-controlling interests	36,441,440	33,943,369
Less:		
Income before tax expense of Subsidiaries - after elimination	(6,042,823)	(3,559,469)
Impact of changes in recording investment from equity method to cost method	2,032,153	936,182
Income before tax expense and non-controlling interests - Bank Mandiri only	32,430,770	31,320,082
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	839,557	(2,290,412)
Others	58,709	9,817
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,355,733)	(4,453,592)
Allowance for impairment losses on financial assets other than loans	(396,531)	405,181
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	(231,318)	361,542
Allowance for estimated losses arising from legal cases	(1,056)	(6,789)
Provision for estimated losses on commitments and contingencies	249,448	(236,168)
Allowance for possible losses of repossessed assets	-	42,087
Depreciation of fixed assets	77,192	(40,307)
Unrealised losses/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	(79,213)	17,629
Allowance for possible losses of abandoned properties	(4,092)	(17,693)
Estimated taxable income	31,587,733	25,111,377
Estimated tax expense - current		
Bank Mandiri only		
Tax expense - current: current year	6,317,547	5,022,275
Tax expense - current: prior year	201,197	1,313,347
Subsidiaries	1,116,390	896,433
Total	7,635,134	7,232,055

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current (continued)

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,	
	2019	2018
Consolidated income before tax expense and noncontrolling interest	36,441,440	33,943,369
Tax calculated at applicable tax rates	7,996,860	7,153,884
Income tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(199,622)	(263,599)
- Expenses not deductible for tax purposes	407,773	68,187
- Prior year tax audit result	201,197	1,313,347
Estimated taxable income	409,348	1,117,935
Subsidiaries	(420,360)	(180,387)
Total tax effect	(11,012)	937,548
Income tax expense	7,985,848	8,091,432

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 was 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current (continued)

Based on Certificate No. DE/I/2020-0152 dated January 6, 2020 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 3, 2020 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, 2019 are calculated using the tax rate of 20%.

The Bank believes that they can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2019.

e. Deferred tax assets - net

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

	December 31, 2019			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	1,249,755	(245,096)	-	1,004,659
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,409,438	(46,263)	(80,536)	1,282,639
Loans write-off until 2008	961,145	(139,836)	-	821,309
Allowance for impairment losses on financial assets other than loans	443,795	(79,306)	-	364,489
Estimated losses on commitments and contingencies	22,648	49,890	-	72,538
Allowance for estimated losses arising from legal cases	34,093	(211)	-	33,882
Allowance for possible losses on abandoned properties	18,089	(695)	-	17,394
Allowance for possible losses on repossessed assets	1,968	-	-	1,968
Accumulated losses arising from difference in net realisable value of repossessed assets	10,412	-	-	10,412
Accumulated losses arising from difference in net realisable value of abandoned properties	123	(123)	-	-
Deferred tax assets	4,151,466	(461,640)	(80,536)	3,609,290
Deferred tax liabilities:				
Unrealised gain/(loss) from increase/(decrease) in fair value of marketable securities and government bonds - available to sale	556,627	-	(682,813)	(126,186)
Unrealised gains from increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	4,874	(15,843)	-	(10,969)
Net book value of fixed assets	(136,941)	15,438	-	(121,503)
Deferred tax assets - Bank Mandiri only	4,576,026	(462,045)	(763,349)	3,350,632
Deferred tax assets - Subsidiaries	421,596			601,078
Total consolidated deferred tax assets - net	4,997,622			3,951,710

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets – net (continued)

	December 31, 2018			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
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
Unrealised gain/(loss) from increase/(decrease) in fair value of 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 from 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
Deferred tax assets	5,098,606	(897,561)	511,922	4,712,967
Deferred tax liabilities:				
Net book value of fixed assets	(128,880)	(8,061)	-	(136,941)
Deferred tax assets net - Bank Mandiri only	4,969,726	(905,622)	511,922	4,576,026
Deferred tax assets - Subsidiaries	594,593			421,596
Total consolidated deferred tax assets - net	5,564,319			4,997,622

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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 with installment of tax payment for month March, April and May 2019. On February 8, 2019, Tax Office has approved the compensation request.

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 disagreed 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.

According to the result on December 31, 2018, Bank has charged the tax payment which was previously recorded as prepaid tax to current tax expense - prior year in the 2018 consolidated statement of profit or loss amounted to Rp1,313,347.

Fiscal year 2015

According to the tax audit result by Tax office, on November 26, 2019, Bank received Underpayment Tax Assessment Letter (SKPKB) of Corporate Income Tax for fiscal year 2015 amounted to Rp918,160 (including penalties) which accepted by Bank only amounted to Rp201,197 and recorded as current tax expense - prior year in the current year consolidated statement of profit or loss. On December 5, 2019, the Bank has paid all of the underpayment and will submit an objection letter on the SKPKB of Corporate Tax Expense amounted to Rp716,962 to the Tax Office.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

f. Tax assessment letter (continued)

Fiscal year 2015 (continued)

On November 26, 2019, Bank also obtained Underpayment Tax Assessment Letter (SKPKB) for income tax article 21, 23, and 4(2) amounted to Rp28,255 (including penalties) and value added tax (STP) amounted to Rp247,544 (including penalties) for the 2015 fiscal year. On December 5, 2019, the Bank has paid underpayment of tax article 21, 23, and 4(2) amounted to Rp28,255, and will submit an objection on the disagreed decision on SKPKB of Value Added Tax (PPN) amounted to Rp247,544 to the Tax Office.

The payment for the disagreed underpayment (SKPKB) amounted to Rp964.506 million, where the Bank will submit an objection are recorded as prepaid tax as of December 31, 2019.

Fiscal year 2016

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

34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2019	December 31, 2018
Rupiah		
Provision for post-employment benefit (Note 51)	3,748,969	3,563,484
Provisions for bonuses, leave and holiday entitlements	3,837,181	4,424,403
Total	7,586,150	7,987,887

Provision for post-employment benefit such as pension fund and other long term remuneration are in accordance with the Bank and Subsidiaries' policy which are calculated using actuarial calculation.

35. OTHER LIABILITIES

	December 31, 2019	December 31, 2018
Rupiah		
Liability to policy holders	5,016,841	4,162,783
Liability related to ATM and credit card transactions	1,397,689	980,463
Payable to customers	948,741	1,081,030
Deferred income (directly attributable)	816,397	743,065
Guarantee deposits	715,114	879,759
Deferred income (not directly attributable)	675,251	638,105
Liabilities related to unit-link	331,941	273,546
Customers transfer transaction	71,853	228,339
Payable from purchase of marketable securities	-	395,957
Others	4,490,137	3,094,329
Total	14,463,964	12,477,376

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

	December 31, 2019	December 31, 2018
Foreign currencies		
Deferred income (not directly attributable)	509,620	238,156
Customers transfer transactions	434,361	1,249,349
Guarantee deposits	254,227	515,537
Other liabilities related to UPAS transactions	175,153	632,896
Payable from purchase of marketable securities	72,145	92,413
Deferred income (directly attributable)	16,154	5,843
Others	935,636	583,567
Total (Note 62B.(iv))	2,397,296	3,317,761
	16,861,260	15,795,137

Liabilities to policyholders consist of liabilities of the Subsidiaries (PT AXA Mandiri Financial Services and PT Asuransi Jiwa Indonesia InHealth) as follows:

	December 31, 2019	December 31, 2018
Future policy benefits from non unit-link products	4,033,612	3,380,188
Unearned premiums	492,884	438,967
Estimated claim liabilities	351,775	234,369
Claim payables	138,570	109,259
Total	5,016,841	4,162,783

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

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 and JCB 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 from or 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 2, 2020 and January 4, 2019 for December 31, 2019 and 2018.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

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

	December 31, 2019	December 31, 2018
Rupiah		
Related Party		
(f) Others (Note 56)	221,436	423,686
Third parties		
(e) Repo to maturity	494,301	494,301
(a) Ministry of Public Work and Housing (Kemenpupera)	377,742	218,192
(f) Others	8,151,704	7,530,934
Total	9,245,183	8,667,113
Foreign currencies		
Related party		
(a) Direct off-shore loans (Notes 56)	763,538	-
Third parties		
(b) Direct off-shore loans	17,102,600	17,505,088
(d) Trade financing facilities	15,592,079	12,868,015
(c) Bilateral loans	6,107,673	5,750,503
(e) Repo to Maturity	2,079,438	2,153,958
(f) Others	3,238,051	4,709,305
Total (Note 62B.(iv))	44,883,379	42,986,869
	54,128,562	51,653,982

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

This account represents Liquidity Facility of Housing Financing (*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 Liquidity Facility of Housing Financing (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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

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

In 2018 there was a change of funding sharing composition to become 75% from PPDPK 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 Liquidity Facility of House Financing (FLPP) funds 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 the Distribution of FLPP Funds for home ownership for Low-Income Communities (MBR).

In 2019 the Agreement has been renewed between PPDPK Kemenpupera and PT Bank Mandiri (Persero) Tbk through operational agreement No. 59/PKS/Sg/2019 and DIR.PKS/55/2019 about FLPP through Loan/House Financing/Sharia House Financing for Low-Income Communities dated December 19, 2019.

Outstanding balance as of December 31, 2019 and 2018 were Rp377,742 and Rp218,192, 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 1st to 10th) and starting the next two months for disbursement starting 11th until the end of the month), repayment of principal and interest to Kemenpupera should be done no later than the 10th of each month.

(b) Direct off-shore loans

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

	December 31, 2019	December 31, 2018
Foreign currencies		
Related party:		
Bank Rakyat Indonesia, New York	763,538	-
Third Parties		
China Development Bank, China		
- Tranche A	7,754,208	9,366,975
- Tranche B	3,036,141	3,711,915
United Overseas Bank Limited, Singapore	2,776,500	2,876,000
Oversea-Chinese Banking Corporation Limited, Singapore	1,388,250	1,438,000
Sumitomo Mitsui Banking Corporation, Singapore	1,379,547	-
DZ Bank AG, Singapore	689,781	-
Agence Française de Développement, France	78,173	112,198
Total	17,866,138	17,505,088

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Bank Rakyat Indonesia, New York

December 31, 2019					
Type	Arranger	Maturity date	Interest rate per annum	Nominal amount	
				Foreign currency (full amount)	Rupiah equivalent
Bilateral Loan	Bank Rakyat Indonesia, New York	June 29, 2020	LIBOR (3 months) + certain margin	55,000,000	763,538
				55,000,000	763,538

On April 2, 2019, and the latest on October 2, 2019 Bank Mandiri obtained loan facility without collateral from Bank Rakyat Indonesia, New York amounted to USD45,000,000 (full amount) and USD55,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

The loan facilities have a tenor less than 1 (one year) and will be due on October 2, 2019 and June 29, 2020. Bank Mandiri made withdrawal from these loan facilities amounted to USD45,000,000 (full amount) on April 2, 2019 and was already fully paid on the maturity date, then Bank Mandiri made withdrawal from these loan facilities amounted to USD55,000,000 (full amount) on October 2, 2019.

China Development Bank, China

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 16, 2025	120	LIBOR (6 months) + certain margin	560,000,000	7,774,200
Less:						
Unamortised issuance costs					(1,440,053)	(19,992)
					558,559,947	7,754,208
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,526,736,000	3,044,586
Less:						
Unamortised issuance costs					(4,235,152)	(8,445)
					1,522,500,848	3,036,141

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China (continued)

December 31, 2018						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	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)
					651,389,133	9,366,975
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)
					1,775,551,301	3,711,915

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 mature 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, 2019 the Bank has already paid for this loan amounted to USD140,000,000 (full amount) and CNY381,684,000 (full amount).

United Overseas Bank Limited, Singapore

December 31, 2019						
Type	Arranger	Maturity date	Interest rate per annum	Nominal amount		
				Foreign currency (full amount)	Rupiah equivalent	
Bilateral loan	United Overseas Bank Limited, Singapore	February 4, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250	
Bilateral loan	United Overseas Bank Limited, Singapore	April 6, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250	
					200,000,000	2,776,500

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

United Overseas Bank Limited, Singapore (continued)

December 31, 2018

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

On January 19, 2018, February 28, 2018, February 14, 2019, and April 15, 2019, 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 have been or will be due on January 9, 2019 and February 19, 2019, February 4, 2020, and April 6, 2020. Bank Mandiri made withdrawal from each of these loan facilities amounted to USD100,000,000 (full amount) on January 19, 2018, February 28, 2018, February 14, 2019, and April 15, 2019. Loan facilities obtained on January 19, 2018 and February 28, 2018 amounted to USD100,000,000 (full amount). This borrowing have already fully paid on the maturity date.

Oversea-Chinese Banking Corporation Limited, Singapore

December 31, 2019

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount	
				Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Oversea-Chinese Banking Corporation Limited, Singapura	November 6, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250
				100,000,000	1,388,250

December 31, 2018

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Oversea-Chinese Banking Corporation Limited, Singapore (continued)

On November 13, 2019, Bank Mandiri obtained a loan facility without collateral from Oversea-Chinese Banking Corporation Limited, Singapore amounted to USD100,000,000 (full amount) with tenor less than 1 (one) year. Bank Mandiri made withdrawal from this loan facility amounted to USD100,000,000 on November 13, 2019. These loan facility will mature on November 6, 2020.

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 was due on August 7, 2019.

Sumitomo Mitsui Banking Corporation, Singapore

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Sumitomo Mitsui Banking Corporation, Singapore	March 11, 2022	36	LIBOR (3 months) + certain margin	100,000,000	1,388,250
Less:						
Unamortised issuance costs					(626,888)	(8,703)
					<u>99,373,112</u>	<u>1,379,547</u>

On March 5, 2019, Bank Mandiri obtained loan facility from Sumitomo Mitsui Banking Corporation, Singapore (SMBC) amounted to USD150,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facility have a tenor of 3 (three) years maturing on March 11, 2022. Bank Mandiri made withdrawal from these loan facilities amounted to USD150,000,000 (full amount) on March 12, 2019.

On June 10, 2019, SMBC as a facility agent have sent a form of transfer certificate which stated SMBC have transferred loan of Bank Mandiri to DZ Bank AG, Singapore branch. This transferred loan is effective per June 12, 2019.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

DZ Bank AG, Singapore

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	DZ Bank AG, Singapore	March 11, 2022	33	LIBOR (3 months) + certain margin	50,000,000	694,125
Less:						
Unamortised issuance costs					(312,884)	(4,344)
					49,687,116	689,781

Effective per June 12, 2019, Bank Mandiri has outstanding of loan facility from DZ Bank AG, Singapore Branch amounted to USD50,000,000 which transferred from some portion of Sumitomo Mitsui Banking Corporation, Singapore (SMBC) of its facility. This loan facility will mature on March 11, 2022.

Agence Française de Développement, France

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement, France	September 30, 2023	114	LIBOR (6 months) + certain margin	5,714,286	79,329
Less:						
Unamortised issuance costs					(83,280)	(1,156)
					5,631,006	78,173

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)
					785,475	11,295
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)
					7,016,860	100,903
					7,802,335	112,198

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

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.

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 March 31, 2016. This borrowing was already fully paid on the maturity date.

On February 16, 2012, May 30, 2012 and May 31, 2012, the Bank has drawdown the loan facilities amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which have been matured on September 30, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (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 mature on September 30, 2023.

(c) Bilateral loans

The details of bilateral loans are as follows:

	December 31, 2019	December 31, 2018
Foreign currencies		
JP Morgan Chase Bank, N.A., - Jakarta Branch	5,552,373	5,750,503
Citibank, N.A., - Indonesia Branch	555,300	-
	6,107,673	5,750,503

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan Chase Bank, N.A. - Jakarta Branch

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan Chase Bank, N.A. - Jakarta Branch	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,082,375
Less:						
Unamortised issuance costs					(19,387)	(269)
					<u>149,980,613</u>	<u>2,082,106</u>
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,470,625
Less:						
Unamortised issuance costs					(25,760)	(358)
					<u>249,974,240</u>	<u>3,470,267</u>
					<u>399,954,853</u>	<u>5,552,373</u>

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

On November 15, 2013, the Bank obtained a loan facility from JP Morgan Chase Bank, N.A., - Jakarta Branch amounted 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 amounted to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will mature on November 21, 2020.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan Chase Bank, N.A. - Jakarta Branch (continued)

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2019	December 31, 2018
FR0053 ^{*)}	284,375	284,375
INDOIS 22 ^{**)}	60,000,000	60,000,000
ROI 21 ^{**)}	36,500,000	36,500,000
ROI 24 ^{**)}	30,000,000	30,000,000
ROI 22 ^{**)}	18,000,000	18,000,000
ROI 23 ^{**)}	17,500,000	17,500,000

^{*)} In million rupiah

^{**)} In USD (full amount)

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan Chase Bank, N.A., - Jakarta Branch amounted 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 mature on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount	
	December 31, 2019	December 31, 2018
FR0053 ^{*)}	659,947	659,947
INDOIS 22 ^{**)}	98,500,000	98,500,000
PERTAMINA 23 ^{**)}	65,000,000	65,000,000
ROI 23 ^{**)}	37,000,000	37,000,000
ROI 21 ^{**)}	32,000,000	32,000,000
INDOIS 25 ^{**)}	28,410,000	-
ROI 19 ^{**)}	-	27,295,000

^{*)} In million rupiah

^{**)} In USD (full amount)

Citibank N.A., Indonesia Branch

December 31, 2019						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Citibank, N.A., Indonesia Branch	January 3, 2022	36	LIBOR (3 months) + certain margin	40,000,000	555,300

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

Citibank N.A., Indonesia Branch (continued)

On January 2, 2019, Bank Mandiri obtained loan facility from Citibank, N.A., Indonesia Branch amounted to USD40,000,000 (full amount) with interest rate of LIBOR 3 (three) months plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on January 3, 2022. Bank Mandiri had withdrawn on the loan facility amounted to USD40,000,000 (full amount) on January 3, 2019.

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2019	December 31, 2018
ROI 28 ⁾	28,000,000	-
ROI 27 ⁾	25,000,000	-

⁾ 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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
CO Bank US, United States	2,637,675	3,120,460
Sumitomo Mitsui Banking Corporation, Singapore	1,634,932	1,721,286
Bank of America, Hong Kong	1,388,250	-
Citibank NA, Hong Kong	1,335,497	532,060
The Bank of New York Mellon, Singapore	944,010	-
United Overseas Bank Limited, Singapore	873,695	3,147,782
Landesbank Baden-Wuerttemberg, Singapore	416,475	431,400
Bank of Montreal, Canada	-	2,631,540
Wells Fargo Bank, Singapore	2,498,850	-
DBS Bank, Singapore	2,330,594	-
Bank Permata	694,125	-
The Korea Development Bank, Singapore	340,121	-
Standard Chartered Bank, Hong Kong	497,855	1,283,487
Total	15,592,079	12,868,015

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(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 mature 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 Currency

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 Bank N.A. - Jakarta Branch. Bank Mandiri transferred FR0031 government bonds to JPM. For the transfer of Rupiah denominated FR0031 government bonds, Bank Mandiri recognised 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.

As of December 31, 2019, this loan facilities from NSL have guaranteed by placement amounted to USD70,000, respectively (full amount) (December 31, 2018: USD5,227,520.08) (Notes 6g).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others

	December 31, 2019	December 31, 2018
Rupiah		
Related parties		
PT Bank Negara Indonesia (Persero) Tbk.	172,236	224,486
PT Bank Rakyat Indonesia (Persero) Tbk.	49,200	199,200
	221,436	423,686
Third parties		
PT Bank Pan Indonesia Tbk.	3,019,902	2,632,355
PT Bank Central Asia Tbk.	1,393,740	1,184,063
PT Bank DKI	577,364	643,550
PT Bank Maybank Indonesia Tbk.	556,627	374,308
PT Bank KEB Hana Indonesia	492,757	311,809
PT Bank OCBC NISP Tbk	462,824	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	406,546	334,526
PT Bank Permata Tbk.	343,332	395,109
MUFG Bank Ltd., Jakarta Branch	300,000	700,000
PT Bank UOB Indonesia	124,863	223,144
PT Bank HSBC Indonesia	100,000	150,000
PT Bank Resona Perdania	92,837	-
PT Bank BPD DIY	87,311	23,564
PT Bank CIMB Niaga Tbk.	79,659	146,183
PT Bank BCA Syariah	48,704	-
PT Bank Ina Perdana Tbk.	46,604	99,926
PT Bank Danamon Indonesia Tbk.	18,634	162,397
PT Bank Tabungan Pensiunan Nasional Tbk.	-	150,000
	8,151,704	7,530,934
Total	8,373,140	7,954,620
Foreign currencies		
Third parties		
MUFG Bank Ltd., Jakarta Branch	2,273,159	4,116,308
PT Bank Mizuho Indonesia	518,407	-
Bank of China Limited, Jakarta Branch	370,013	579,240
DBS Bank Ltd.	69,521	-
PT Bank UOB Indonesia	6,951	13,757
Total	3,238,051	4,709,305
	11,611,191	12,663,925

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah

PT Bank Negara Indonesia (Persero) 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% - 9.50%. The facility is a revolving working capital loan. The period of withdrawal of loan facilities is up to October 9, 2019 and has been extended in October 4, 2019, therefore the maturity date will be October 8, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from BNI amounted to Rp172,236 and Rp224,486, 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 mature in 12 months after the contract is signed and have extended up to November 9, 2020 with interest rates according to the bank's treasury recommendation and ranging between 7.75% - 9.50%.

As of December 31, 2019 and 2018, outstanding borrowings from Bank BRI amounted to Rp49,200 and Rp199,200, respectively.

PT Bank Pan Indonesia Tbk.

On November 12, 2012 and the latest amendment on July 10, 2019, 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 Rp4,200,000 and bears a fixed interest rate. These facilities have various maturity dates ranging from January 2020 until September 2022.

On May 26, 2017, the Subsidiary (PT Mandiri Utama 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 non revolving money market line facility with a limit of Rp100,000. These facilities bears an 9.00% - 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 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 was matured on May 26, 2019. This facilities was already fully paid on the maturity date.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Pan Indonesia Tbk. (continued)

On April 15, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained additional of non revolving working capital loan facility amounted to Rp500,000 and bears at 9.00% - 9.75% interest rate at drawdown, additional of money market line facility amounted to Rp200,000 and revolving current account facility amounted to Rp50,000. Money market line facility and current account facility bear interest rate ranging of 9%-10%. This facility will mature on April 15, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Panin was amounted to Rp3,019,902 and Rp2,632,355, 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 mature on March 12, 2020.

On March 8, 2016 and the latest on February 26, 2019, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed loan agreement that BCA provides several non revolving term loan facilities with total limit up to Rp2,500,000 and bears at 8.75% - 10.25% of various fixed interest rate. This facility will mature ranging from February 2020 to May 2022.

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 9.50% of fixed interest rate. The facility has various maturity dates which ranging between July 2020 until August 2020.

As of December 31, 2019 and 2018, outstanding borrowings from BCA amounted to Rp1,393,740 and Rp1,184,063, respectively.

PT Bank DKI

On September 17, 2013 and the latest updated on May 3, 2019, 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 amounted to Rp700,000 and subject to a various fixed rate of interest and ranging between 8.50% - 9.15%. These facilities have various maturity dates which ranging between January 2020 until August 2022.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank DKI (continued)

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, 2019 and 2018, outstanding borrowings from Bank DKI was amounted to Rp577,364 and Rp643,550, respectively.

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 term loan facility up to Rp500,000 and bears 8.50% of fixed interest rate. This facility will mature on March 12, 2021.

On May 10, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained money market line loan facility and term loan facility from PT Bank Maybank Indonesia Tbk (Maybank) with total maximum limit up to Rp100,000 and bears interest rate on withdrawal date, and money market line facility amounted to Rp600,000 and bears 9.50% of fixed interest rate. This is a revolving loan facility and will mature on May 10, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Maybank was amounted to Rp556,627 and Rp374,308, 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 Rp400,000 and bears 9.50% of fixed interest rate. These facilities have maturity dated on February 19, 2022.

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (Bank Hana) signed a loan agreement where Bank Hana provides non revolving working capital facility with a total limit of Rp200,000 and bears 9.00% of fixed interest rate. The facility will mature on September 7, 2020.

On February 8, 2018, the Subsidiary (PT Mandiri Utama Finance) and Bank Hana signed a loan agreement that Bank Hana provides additional non revolving working capital loan facility up to Rp200,000 with 9.00% of interest rate. This facility will mature on July 8, 2021.

On August 21, 2019, the Subsidiary (PT Mandiri Utama Finance) and Bank Hana signed a loan agreement that Bank Hana provides additional of non revolving working capital facility with maximum limit up to Rp100,000 and bears 9.50% of interest rate. This facility will mature on February 21, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Bank Hana amounted to Rp492,757 and Rp311,809, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank OCBC NISP

On March 29, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank OCBC NISP (OCBC) signed a loan agreement that OCBC provides revolving demand loan/market money line with total limit up to Rp200,000 and bears floating interest rate and non revolving term loan with total limit up to Rp575,000 and bears 9.75% of fixed interest rate. This facility have a various maturity and ranging from November 2020 to May 2022.

On December 31, 2019 and 2018, outstanding borrowings from PT Bank OCBC NISP amounted to Rp462,824 and RpNil, respectively.

PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.

On April 22, 2014 and the latest updated on February 14, 2019, 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 Rp1,000,000 and subject to a various fixed rate of interest and ranging between 8.75% - 9.50%. This facility has a various maturity and ranging from March 2020 to March 2022.

As of December 31, 2019 and 2018, outstanding borrowings from BJB amounted to Rp406,546 and Rp334,526, respectively.

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 9.00% of interest rate at drawdown, and revolving money market line facility with total limit Rp100,000 which bears an interest rate ranging between 7.00% - 7.25%. These facilities matured on November 14, 2018.

On December 13, 2018, the Subsidiary (PT Mandiri Utama Finance) and Bank Permata signed a loan agreement that Bank Permata provides non revolving working capital facility with maximum limit up to Rp300,000 and bears 9.00% of interest rate and extend money market line loan facility. Those facility matured on November 15, 2019 and has been extended to February 13, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Bank Permata amounted to Rp343,332 and Rp395,109, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

MUFG Ltd, Jakarta Branch

On February 11, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo Mitsubishi UFJ (BTMU) signed a loan agreement that BTMU provides revolving uncommitted short-term loan/money market line facility with total limit up to Rp695,050 and bears 6.21% of floating interest rate at drawdown. This facility have will mature on February 11, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Bank of Tokyo Mitsubishi UFJ amounted to Rp300,000 and Rp700,000, 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 8.40% of fixed interest fixed rate and revolving loan facility with total facility up to Rp300,000 and bears 6.40% of floating interest rate at drawdown. These facilities have various maturity date a ranging from November 2020 to March 2021.

As of December 31, 2019 and 2018, outstanding borrowings from Bank UOB amounted to Rp124,863 and Rp223,144, respectively.

PT Bank HSBC Indonesia

On October 23, 2000 and the latest updated on July 31, 2019, 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 Rp250,000 and bears 6.25% of floating interest rate at drawdown. These facilities have various maturity date a ranging from January 2020 to July 2020 and already paid fully at the maturity date.

As of December 31, 2019 and 2018, outstanding borrowings from Bank HSBC Indonesia amounted to Rp100,000 and Rp150,000, respectively.

PT Bank Resona Perdania

On September 3, 2019, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Resona Perdania (Bank Resona) signed a loan agreement that Bank Resona provides working capital facility amounted to Rp100,000 and bears 8.83% of interest rate.

As of December 31, 2019 and 2018, outstanding borrowings from PT Bank Resona amounted to Rp92,837 and RpNil, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank BPD DIY

On May 18, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank BPD DIY (BPD DIY) signed a loan agreement where BPD DIY provides non revolving working capital loan facility with maximum limit up to Rp50,000 and bears 9.00% of interest rate at drawdown. This loan facility will be matured on November, 2020.

On April 30, 2019, the Subsidiary (PT Mandiri Utama Finance) and BPD DIY signed a loan agreement that Bank BPD DIY provides additional non revolving working capital loan facility with maximum limit up to Rp100,000 and bears 9.50% of interest rate at drawdown. This loan facility will be matured on October 2022.

As of December 31, 2019 and 2018, outstanding borrowings from BPD DIY amounted to Rp87,311 and Rp23,564, 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% of interest rate at drawdown. This facility will mature in 2021.

As of December 31, 2019 and 2018, loans from Bank CIMB Niaga amounted to Rp79,659 and Rp146,183, respectively.

PT Bank BCA Syariah

On May 20, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained non revolving Working Capital Loan facility to Syariah financing from PT Bank BCA Syariah (BCAS) with total limit up to Rp100,000 and bears 9.50% of interest rate. This facility will mature on May 2020.

As of December 31, 2019 and 2018, outstanding borrowings from PT Bank BCA Syariah amounted to Rp48,704 and RpNil, 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 9.00% of interest rate.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and Bank Ina Perdana signed an agreement of additional of non revolving working capital facility amounted to Rp85,000 and bears at 8.50% of interest rate. These facility will mature on December 20, 2020.

As of December 31, 2019 and 2018, outstanding borrowings from Bank Ina amounted to Rp46,604 and Rp99,926, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Rp852,000 which bears 8.75% - 9.00% of fixed interest rate and working capital loan facility up to Rp150,000 bears and bears 6.70% of floating interest rate at drawdown. These facilities have various maturity dates which are ranging from June 2020 to September 2020.

On October 22, 2018, the Subsidiary (PT Mandiri Sekuritas) signed a loan agreement that Danamon provides loan facility amounted to Rp200,000. Based on the agreement, the interest rate of this facility will be adjusted a 7.90% of interest rate at withdrawal on July 2019. This facility matured on October 22, 2019 and has been paid fully at the maturity date.

On December 30, 2019, the Subsidiary (PT Mandiri Utama Finance) and Bank Danamon signed a loan agreement that Danamon provides non revolving term loan facility and revolving working capital facility with each maximum limit up to Rp350,000 and Rp100,000 and bear 9.00% of interest rate of term loan facility and 8.00% of interest rate of working capital facility.

The term of withdrawal of Term Loan facility and working capital are 12 months since the facility have been signed.

As of December 31, 2019 and 2018, outstanding borrowings from Danamon Indonesia amounted to Rp18,634 and Rp162,397, 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 April 16, 2019. This facility has been fully paid at the maturity date.

On January 30, 2019, the Subsidiary (PT Mandiri Sekuritas) and BTPN signed a loan agreement that BTPN provides money market line loan facility amounted to Rp225,000 and bears interest rate per year from BTPN. At withdrawal, this loan facility bears at 8.00% of interest rate. This facility withdrew on June 2019 and already fully paid on July 2019. This Facility has been fully paid at the maturity date.

As of December 31, 2019 and 2018, loans from Bank Tabungan Pensiunan Nasional amounted to RpNil and Rp150,000, respectively.

Foreign currencies

MUFG Bank Ltd., Jakarta Branch

On July 19, 2017 and the latest updated on April 26, 2018, the Subsidiary (PT Mandiri Tunas Finance) and MUFG Bank Ltd (MUFG) signed a loan agreement which MUFG provides several non revolving syndication loan facilities in USD and JPY with total limit of Rp5,122,908 and bears fixed interest rate ranging 7.23% - 9.85%. These facilities have various maturity date from September 2020 to October 2021.

As of December 31, 2019 and 2018, outstanding borrowings from MUFG amounted to equivalent Rp2,273,159 and Rp4,116,308, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Foreign currencies (continued)

PT Bank Mizuho Indonesia

On June 29, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Mizuho Indonesia (Mizuho) signed a loan agreement that Mizuho provides non revolving term loan facility with total limit up to Rp697,750 which withdrawn on February 7, 2019 and bears to 8.60% of interest rate. Those facility will mature on February 7, 2022.

As of December 31, 2019 and 2018, outstanding borrowings from Mizuho amounted to Rp518,407 and RpNil, respectively.

Bank of China Limited, Jakarta Branch

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 at drawdown which is non-revolving and bears interest rate of 9.25%. The facility will mature on December 24, 2021.

As of December 31, 2019 and 2018, outstanding borrowings from PT Bank of China amounted to Rp370,013 and Rp579,240, respectively.

DBS Bank Ltd.

On March 6, 2019, the Subsidiary (PT Mandiri Sekuritas) and DBS Bank Ltd. (DBS) signed a working capital loan facility agreement amounted to USD5,000,000 (full amount) and bears fixed interest rate of 3.24% and 3.14% at withdrawals. This facility has withdrawn on December 2019 and have no maturity date. The facility will mature when the Subsidiary or DBS decided to terminate the agreement.

As of December 31, 2019 and 2018, outstanding borrowings from DBS amounted to Rp69,521 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, the sub limit facility as uncommitted bank guarantee at the maximum of Rp200,000 and foreign exchange line facility up to USD5,000,000 (full amount). The maximum validity period up to September 29, 2012 and continuously extended up to February 1, 2020. According to the loan agreement, interest rate is determined by the bank. The interest rate at withdrawal bears at 3.45%.

As of December 31, 2019 and 2018, outstanding borrowings from Bank UOB amounted to Rp6,951 and Rp13,757, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounted to Rp9,556,239 as of December 31, 2019 (December 31, 2018: Rp10,284,416) (Note 13g) and net investment finance leases amounted to Rp368,957 as of December 31, 2019 (December 31, 2018: Rp468,553) (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, 2019 and 2018.

During the year ended December 31, 2019 and 2018, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

37. SUBORDINATED LOANS AND MARKETABLE SECURITIES

By type and currency:

	December 31, 2019	December 31, 2018
Rupiah		
Medium Term Notes Subordinated I Bank Mandiri		
Related parties (Note 56)	127,750	136,750
Third parties	372,250	363,250
Total	500,000	500,000
Foreign currencies		
Two-Step Loans (TSL)		
Third parties		
Asian Development Bank (ADB) (Note 62B.(iv))	165,045	186,790
	665,045	686,790
Less: unamortised issuance cost	(828)	(1,060)
Net	664,217	685,730

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, 2019, the unamortised issuance cost of Subordinated MTN I amounted to Rp828.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

Medium Term Notes Subordination I Bank Mandiri (continued)

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 categorised 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 authorised, issued and paid in capital, except required by government, authorised by the Authorities or Bank Indonesia; (ii) change the core business; (iii) perform merger, either take over by other entity which lead to dissolution of Bank Mandiri.

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, 2019.

As of December 31, 2019, 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 st installment on January 15, 2005.						
The details of credit facilities from ADB are as follows:								
		<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">December 31, 2019</th> <th style="text-align: center;">December 31, 2018</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">ADB Loan 1327 - INO (SF)</td> <td style="text-align: center;">186,790</td> </tr> <tr> <td style="text-align: center;">165,045</td> <td style="text-align: center;">186,790</td> </tr> </tbody> </table>	December 31, 2019	December 31, 2018	ADB Loan 1327 - INO (SF)	186,790	165,045	186,790
December 31, 2019	December 31, 2018							
ADB Loan 1327 - INO (SF)	186,790							
165,045	186,790							

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2019	December 31, 2018
Rupiah		
Third parties		
Demand deposits - restricted investment	2,963,613	674,923
Demand deposits - <i>Mudharabah Musytarakah</i>	6,207	7,319
	2,969,820	682,242

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, 2019	December 31, 2018
Related parties (Note 56)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	206,964	144,132
<i>Berencana</i> BSM saving deposits	309	457
<i>Mabrur</i> saving deposits	52	158
<i>Investa Cendekia</i> saving deposits	179	63
	207,504	144,810
Third parties		
Saving deposits - restricted investment	787,424	908,012
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	27,587,172	24,651,395
<i>Mabrur</i> saving deposits	4,954,428	4,531,105
Retirement saving deposits	583,159	547,837
<i>Investa Cendekia</i> saving deposits	405,563	387,273
<i>Berencana</i> BSM saving deposits	147,921	147,704
<i>Qurban</i> saving deposits	255	284
	34,465,922	31,173,610
Total	34,673,426	31,318,420

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the annual profit sharing ratio (*nisbah*) for *Mudharabah* saving deposits - unrestricted investment:

	December 31, 2019	December 31, 2018
Profit sharing ratio (<i>nisbah</i>)	0.47% - 4.72%	0.86% - 4.71%

3) *Mudharabah* Time Deposit - unrestricted investment

	December 31, 2019	December 31, 2018
Rupiah		
Related parties (Note 56)	1,510,315	2,127,451
Third parties	41,404,074	36,969,676
Total	42,914,389	39,097,127
Foreign currency		
Related parties (Note 56)	16,101	4,895
Third parties	2,442,467	3,802,395
Total	2,458,568	3,807,290
	45,372,957	42,904,417

b. Deposits from Other Banks

	December 31, 2019	December 31, 2018
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	343,098	277,312
<i>Mudharabah</i> time deposits - unrestricted investment	102,929	156,298
Total	446,027	433,610

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

- c. Other significant information related to the time deposits for deposits from customers and deposits from other banks

- 1) By contract period:

	December 31, 2019	December 31, 2018
Rupiah		
1 month	30,575,948	30,129,639
3 months	6,962,624	4,618,576
6 months	1,875,956	1,646,362
12 months	3,602,790	2,858,848
Total	<u>43,017,318</u>	<u>39,253,425</u>
Foreign currency		
1 month	1,623,141	3,402,932
3 months	390,890	195,471
6 months	67,116	47,537
12 months	377,421	161,350
Total	<u>2,458,568</u>	<u>3,807,290</u>
	<u>45,475,886</u>	<u>43,060,715</u>

- 2) By remaining period until maturity date:

	December 31, 2019	December 31, 2018
Rupiah		
Less than 1 month	31,615,397	31,127,591
1 - 3 months	7,447,123	4,901,920
3 - 6 months	1,954,776	1,531,852
6 - 12 months	2,000,022	1,692,062
Total	<u>43,017,318</u>	<u>39,253,425</u>
Foreign currency		
Less than 1 month	1,786,146	3,522,633
1 - 3 months	286,742	131,423
3 - 6 months	65,946	39,054
6 - 12 months	319,734	114,180
Total	<u>2,458,568</u>	<u>3,807,290</u>
	<u>45,475,886</u>	<u>43,060,715</u>

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

Temporary *Syirkah* funds consists of (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, 2019	December 31, 2018
Rupiah	4.11% - 5.90%	3.98% - 5.89%
Foreign currency	0.64% - 1.57%	0.62% - 1.57%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp6,190,705 and Rp5,403,875 as of December 31, 2019 and 2018, 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, 2019	December 31, 2018
PT AXA Mandiri Financial Services	1,423,616	1,116,480
PT Bank Mandiri Taspen	1,258,073	1,088,584
PT Mandiri Tunas Finance	1,219,224	1,047,216
PT Asuransi Jiwa InHealth Indonesia	261,336	257,883
PT Mandiri Utama Finance	271,061	247,318
PT Mandiri Sekuritas	290	239
PT Mandiri Capital Indonesia	72	68
Total	4,433,672	3,757,788

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as of December 31, 2019 and 2018, respectively, are as follows:

December 31, 2019				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
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%
Total Authorised Capital	64,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
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 Comissioners:				
Kartika Wirjoatmodjo	789,000	250	197,250,000	0.00%
Ardan Adiperdana	319,500	250	79,875,000	0.00%
R. Widyo Pramono	249,900	250	62,475,000	0.00%
Direksi:				
Royke Tumilaar	786,100	250	196,525,000	0.00%
Sulaiman Arif Arianto	1,103,558	250	275,889,500	0.00%
Hery Gunardi	1,102,100	250	275,525,000	0.00%
Rico Usthavia Frans	684,100	250	171,025,000	0.00%
Darmawan Junaidi	529,500	250	132,375,000	0.00%
Ahmad Siddik Badruddin	1,680,700	250	420,175,000	0.00%
Alexandra Askandar	753,600	250	188,400,000	0.00%
Agus Dwi Handaya	415,100	250	103,775,000	0.00%
Panji Irawan	345,100	250	86,275,000	0.00%
Donsuwan Simatupang	345,100	250	86,275,000	0.00%
Riduan	158,400	250	39,600,000	0.00%
Public (less than 5% each)	18,657,404,908	250	4,664,351,227,000	40.00%
	46,666,666,666		11,666,666,666,500	100.00%
December 31, 2018				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
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%
Total Authorised Capital	64,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
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 Comissioners:				
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%
	46,666,666,666		11,666,666,666,500	100.00%

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

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

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 member of Directors and Non Independent 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, 2019 and 2018 respectively, amounted to 9,261,758 shares and 4,327,958 shares, or 0.01% and 0.01% of the total number of authorised shares.

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 ("*inbrenng*") 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 amounted to Rp168,801,315 as share premium.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

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

The 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 amounted 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".

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

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

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 amounted 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 amounted 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, 2019 and 2018 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 amounted Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Share Premium (continued)

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree (KMK-RI) No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

- a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
- b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of net income

Based on the Annual General Shareholders' Meeting held on May 16, 2019 and March 21, 2018, the shareholders approved the distribution of the 2018 and 2017 net income as follows:

	2018	2017
Dividends	11,256,759	9,287,857
Retained Earnings		
Unappropriated	13,758,262	11,351,826
	25,015,021	20,639,683
Dividend per share (full amount)	241.216272	199.025516

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

c. Distribution of net income (continued)

Dividends from 2018 net income amounted to Rp11,256,759 were paid on June 19, 2019 and dividends from 2017 net income amounted to Rp9,287,857 were paid on April 20, 2018. 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,	
	2019	2018
<u>Interest income</u>		
Loans	69,228,698	61,997,206
Government bonds	6,951,891	5,109,443
Marketable securities	2,694,677	2,003,041
Consumer financing income	3,670,767	3,339,294
Placements with Bank Indonesia and other banks	1,248,275	1,273,910
Others	636,867	731,488
	84,431,175	74,454,382
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,776,750	4,565,821
<i>Musyarakah</i> income	2,015,342	1,616,886
<i>Mudharabah</i> income	248,319	330,120
<i>Ijarah</i> income - net	53,504	25,361
	7,093,915	6,538,188
Total	91,525,090	80,992,570

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, 2019 and 2018 amounted to Rp511,176 and Rp589,769 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2019 and 2018 amounted to Rp3,334,201 and Rp2,647,879, respectively.

Included in interest income is interest income from financial asset that measures in fair values through profit and loss amounted to Rp131,181 and Rp438,709 for the year ended on December 31, 2019 and 2018, respectively.

As of December 31, 2019 and 2018 included in interest income and sharia income was income from transaction with related parties on government bonds and treasury bills amounted to Rp6,951,891 and Rp5,109,695, respectively (refer to Note 56).

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2019	2018
<u>Interest expense</u>		
Time deposits	14,826,827	12,993,991
Demand deposits	4,984,326	2,969,636
Fund borrowings	3,525,738	2,998,149
Saving deposits	3,416,706	3,283,606
Debt securities issued	2,282,866	1,415,414
Subordinated loans and marketable securities	1,205	2,931
Others	32,558	46,901
	29,070,226	23,710,628
<u>Sharia expense</u>		
Mudharabah deposits	2,402,722	2,079,279
Mudharabah saving deposits	532,066	505,173
Restricted Investments	68,446	74,779
Musyarakah - mudharabah musyarakah	23	35
Certificate of interbank mudharabah investment	11,419	44
	3,014,676	2,659,310
	32,084,902	26,369,938

Included in interest expense and sharia expense are interest expense from related parties transactions related to interest expense of fund borrowing for the year ended December 31, 2019 and 2018 amounted to Rp51,349 and RpNil (Note 56).

43. TRADING INCOME - NET

	Year ended December 31,	
	2019	2018
Interest income	323,608	377,916
Unrealised gain/(loss) from increase/(decrease) in fair value - net	160,682	(241,168)
Gain from derivatives transactions - net	2,915,844	3,397,330
Gain from sales - net	471,486	123,212
Total	3,871,620	3,657,290

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. OTHER OPERATING INCOME - OTHERS

	Year ended December 31,	
	2019	2018
Recoveries from write-offs loans and sharia loan/financing	4,672,320	5,485,853
Income from mutual fund dividend	575,790	477,303
Income from penalty	337,755	313,651
Income from loan written off	200,744	202,829
Safety deposit box	41,667	41,764
Stamp duty income	34,613	37,969
Others	2,539,454	4,441,620
Total	8,402,343	11,000,989

45. ALLOWANCE FOR IMPAIRMENT LOSSES

	Year ended December 31,	
	2019	2018
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	(248)	(1,703)
Placements with other banks (Note 6d)	51	(115)
Marketable securities (Note 7g)	11,701	(20,263)
Other receivables - trade transactions (Note 9d)	262,928	(178,324)
Loans (Note 12B.j)	(11,468,133)	(13,481,957)
Consumer financing receivables (Note 13d)	(564,224)	(638,849)
Net investment finance leases (Note 14d)	(17,342)	(3,950)
Acceptance receivables (Note 15d)	65,114	(49,878)
Investments in shares (Note 16c)	(32,833)	(19,934)
Total	(11,742,986)	(14,394,973)

46. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES

	Year ended December 31,	
	2019	2018
(Allowance)/reversal provision for:		
Estimated losses arising from legal cases	810	7,568
Losses from operational risk - internal fraud	(28,339)	-
Losses from operational risk - external fraud	(22,768)	(5,580)
Fines/penalty	(9,722)	-
Losses from operational risk - business activity disruption and system failure	(1,455)	-
Losses from operational risk - management execution, delivering and processing	(1,227)	-
Estimated losses arising from fraud cases	(17)	18
Losses from other operational	-	(7,282)
Other assets (Note 20)	(4,544)	(56,222)
Total	(67,262)	(61,498)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

47. UNREALISED (LOSSES)/GAINS FROM (DECREASE)/INCREASE IN FAIR VALUE OF POLICYHOLDERS INVESTMENT IN UNIT-LINK CONTRACTS

	Year ended December 31,	
	2019	2018
Changes in fair value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in fair value of policyholders' investment	1,759	1,802,602
- Increase in liability in unit-link contracts	(1,759)	(1,802,602)
Others	8,205	(18,483)
Total	8,205	(18,483)

48. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	Year ended December 31,	
	2019	2018
Marketable securities	352,269	229,509
Government bonds	501,581	444,578
Total	853,850	674,087

49. SALARIES AND EMPLOYEE BENEFITS

	Year ended December 31,	
	2019	2018
Salaries, wages, pension and tax allowances	10,401,672	9,518,261
Religious holidays allowance, leave and related entitlements	1,792,326	1,700,249
Employee benefits in kind	1,282,235	1,245,430
Training and education	708,207	708,193
Provision for post-employment benefit expenses	621,878	608,573
Provision of tantiem	307,435	222,595
Bonuses and others	2,107,293	2,319,468
Total	17,221,046	16,322,769

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 (Bank and Subsidiaries) are amounted to Rp1,380,804 and Rp1,295,170 (Note 56) for the year ended December 31, 2019 and 2018, respectively, as follows:

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

49. SALARIES AND EMPLOYEE BENEFITS (CONTINUED)

	Year ended December 31, 2019			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	48,341	109,503	5,457	163,301
Directors	177,649	334,623	18,914	531,186
Audit Committee and Risk Monitoring Committee	6,555	206	34	6,795
Sharia Supervisory Board	2,073	602	300	2,975
Senior Executive Vice Presidents and Senior Vice President	410,517	242,509	23,521	676,547
Total	645,135	687,443	48,226	1,380,804

	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
Total	650,788	590,747	53,635	1,295,170

50. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2019	2018
Professional fees	4,220,894	4,123,776
Rent	2,217,764	2,132,616
Goods/services provided by third parties	2,111,231	1,728,393
Repairs and maintenance	1,490,891	1,483,710
Depreciation of fixed assets (Note 18)	1,464,796	1,311,681
Communication	1,277,576	1,191,526
Promotion	1,135,295	1,055,052
Office supplies	624,990	576,906
Amortisation of intangible assets	594,624	505,608
Electricity, water and gas	562,274	537,431
Transportations	499,671	441,454
Traveling expenses	234,038	208,139
Insurance expenses	78,461	79,224
Others	1,122,548	1,211,489
	17,635,053	16,587,005

For the year ended December 31, 2019 and 2018, promotions expenses include the reward/prize expenses of third party funds amounted to Rp60,886 and Rp63,868, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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.

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. Regulation established by Bank Mandiri pension fund 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 the 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 the 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 the 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 Decision 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, 2019 and 2018 amounted to Rp11,250 and Rp37,000, respectively. The interest rate of the deposits are the same with interest rate for third party time deposits.

For the year ended December 31, 2019 and 2018, Bank has paid pension contribution of Rp456,717 and Rp431,438, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

- b. Four employer's pension funds provide defined benefits program (DPPK-PPMP), which from the merger of four (4) 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, ex 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (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 Board of Commissioners of Otoritas Jasa Keuangan (“OJK”) 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 Commissioners 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 Commissioners (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 Commissioners 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 Commissioners (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 Commissioners 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 initial of 115% to become 105%, and delegation authority to Board of Commissioners (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.
8. Based on resolution of Board of Commissioners (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 Commissioners 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

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 Commissioners 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.

12. Based on resolution of Board of Commisioner (BoC) of Bank Mandiri's meeting on March 20, 2019, 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-10/NB.1/2019 (Pension Fund One), No. KEP-11/NB.1/2019 (Pension Fund Two), No. KEP-12/NB.1/2019 (Pension Fund Three), No. KEP-13/NB.1/2019 (Pension Fund Four), all dated April 16, 2019.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The actuarial calculation on pension benefits liability for Bank only as of December 31, 2019 and 2018 were based on estimated actuarial calculation for the year ended December 31, 2019 and 2018 as stated in report of PT Bestama Aktuarial dated January 2, 2020 and January 7, 2019 with method of "Projected Unit Credit".

The assumptions used for the year ended December 31, 2019 and 2018 are as follows:

	<u>DPBMS</u>	<u>DPBMD</u>	<u>DPBMT</u>	<u>DPBME</u>
Discount rate	7.50% per annum (2018: 8.30% per annum)	7.50% per annum (2018: 8.30% per annum)	7.50% per annum (2018: 8.30% per annum)	7.50% per annum (2018: 8.30% 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	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on 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 Male	80% UN 2010 Male	80% UN 2010 Male	80% UN 2010 Male
Turnover rate	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the 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
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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as of December 31, 2019, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,369,078)	(1,618,288)	(695,760)	(475,040)
Fair value of plan assets (unaudited)	1,606,734	1,675,488	751,528	533,980
Funded Status	237,656	57,200	55,768	58,940
Asset ceiling ¹⁾	(237,656)	(57,200)	(55,768)	(58,940)
Pension Plan Program Assets recognised in consolidated statement of financial position ²⁾	-	-	-	-

¹⁾ 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.

²⁾ 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, 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 ¹⁾	(134,549)	(19,360)	(7,408)	(45,023)
Pension Plan Program Assets recognised in consolidated statement of financial position ²⁾	-	-	-	-

¹⁾ 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.

²⁾ 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the year ended December 31, 2019 and 2018 are as follows:

	December 31, 2019 (unaudited)			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	6%	8%	3%	12%
Bonds	39%	44%	22%	41%
Direct placement	7%	18%	28%	18%
Land and building	23%	3%	26%	5%
Shares	5%	3%	1%	1%
Treasury Bills	19%	20%	16%	10%
Others	1%	4%	4%	13%
Total	100%	100%	100%	100%

	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%
Total	100%	100%	100%	100%

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As of December 31, 2019 and 2018, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounted to Rp3,689,782 and 3,563,484 (including compensation benefits of Rp8,240 for resigned employees which have not yet been paid and excluded from actuarial calculation) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as of December 31, 2019 and 2018 are estimated using the employees service entitlements calculation for the year ended December 31, 2019 and 2018 as included in the independent actuarial report of PT Bestama Aktuaria dated January 2, 2020 and January 7, 2019, respectively. The assumptions used by the actuary for the year ended December 31, 2019 and 2018 are as follows:

- a. Discount rate is 8.1% per annum (2018: 8.0%)
- b. Expected rate of annual salary increase is 9.50% per annum
- c. Mortality rate table used is Indonesia Mortality Table IV or or TMI IV (2018: 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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):

	December 31, 2019	December 31, 2018
Provision for post employment benefits presented in statement of financial position	2,984,609	2,988,260

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2019	December 31, 2018
Beginning balance of present value of obligation	2,988,260	3,512,601
Current service cost	314,392	301,428
Interest cost	244,908	253,260
Benefit paid	(168,213)	(90,625)
Actuarial (gain)/losses	(394,738)	(988,404)
Ending balance of present value of obligation	2,984,609	2,988,260

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):

	Year ended December 31,	
	2019	2018
Current service cost	314,392	301,428
Interest cost	244,908	253,260
Cost of pension benefits	559,300	554,688

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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,	
	2019	2018
Bank Mandiri		
Beginning balance of provision for post employment benefits	2,988,260	3,512,601
Expenses during the year	559,300	554,688
Payments of benefits	(168,213)	(90,625)
Recognition of actuarial (gains)/losses in other comprehensive income	(394,738)	(988,404)
Provision for post employment benefits (Bank Mandiri only)	2,984,609	2,988,260
Subsidiaries		
Provision for post employment benefits	696,933	566,984
Total provision for post employment benefits	3,681,542*)	3,555,244*

*) As of December 31, 2019 and 2018, the amount does not include unpaid severance for resigned employees amounted 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'				
	2019	2018	2017	2016	2015
Present value of defined benefit obligations	2,984,609	2,988,260	3,512,601	2,434,892	1,976,724
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	2,984,609	2,988,260	3,512,601	2,434,892	1,976,724
Experience adjustments on plan liabilities	330,750	389,056	(89,944)	152,490	62,579
Experience adjustments on asset program	-	-	-	-	-

Pension Appreciation

Bank Mandiri provides pension appreciation programs to employees who enter normal retirement age (age 56). This program is valid for employees who have entered their ten years of working service. The present value for provision of pension appreciation program as of December 31, 2019 and 2018 based on an actuarial calculation amounted Rp59,187 and RpNil (Notes 34).

The assumptions used for the period ending December 31, 2019 are as follows:

- a. Discount rate : 7.60%
- b. Gold price : Rp697,583 (full amount)
- c. Increment rate of gold price : 8.00%
- d. Mortality rate table used is Indonesia Mortality Table IV or TMI IV.
- e. Disability rate 10% from TMI IV
- f. Turnover rate is 5% for employee's age of 25 and decreasing linearly up to 0% at age 55.
- g. Normal retirement age between 36 to 56 years according to the grades.
- h. Actuarial method used is projected unit credit method

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Appreciation (continued)

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2019
Beginning balance of present value of obligation	-
Expenses during the year	71,747
Payments of benefits	(4,620)
Actuarial gain	(7,940)
	59,187
Ending balance of present value of obligation	59,187

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):

	December 31, 2019
Current service cost	9,521
Interest cost	8,055
Past service cost	54,171
	71,747
Cost of pension appreciation	71,747

Reconciliation of PVDBO:

	December 31, 2019					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Beginning balances of PVDBO	1,436,183	1,672,113	726,850	495,946	2,988,260	-
Current service cost	-	-	-	-	314,392	9,521
Interest cost of PVDBO	112,214	130,822	56,926	38,936	244,908	8,055
Past service cost	-	-	-	-	-	54,171
Benefit payments from plan assets	(168,406)	(191,885)	(81,982)	(53,678)	(168,213)	(4,620)
Actuarial (gain)/losses from PVDBO:						
Losses on change of assumption in economic	43,858	80,870	35,336	18,942	(63,987)	(3,785)
(Gain)/losses on experience adjustment	(54,771)	(73,632)	(41,370)	(25,106)	(330,751)	(4,155)
Ending balances of PVDBO	1,369,078	1,618,288	695,760	475,040	2,984,609	59,187

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Reconciliation of PVDBO (continued):

	December 31, 2018					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
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)	-
Ending balances of PVDBO	1,436,183	1,672,113	726,850	495,946	2,988,260	-

Reconciliation of plan assets:

	December 31, 2019			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,570,732	1,691,473	734,258	540,969
Benefit payments from plan assets	(168,406)	(191,885)	(81,981)	(53,678)
Interest Income in plan assets	123,382	132,429	57,541	42,673
Result of plan assets (exclude interest income)	81,026	43,471	41,710	4,016
Ending fair value plan assets	1,606,734	1,675,488	751,528	533,980

	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)
Ending fair value plan assets	1,570,732	1,691,473	734,258	540,969

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the year ended December 31, 2019 and 2018 as follows:

	December 31, 2019					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	373,653	-
Actuarial losses of the current year	-	-	-	-	394,738	7,940
Accumulated of actuarial gains on ending year	-	-	-	-	768,391	7,940

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Movements in other comprehensive income (continued):

Movements in other comprehensive income for the Bank only for the year ended December 31, 2019 and 2018 as follows (continued):

	December 31, 2018					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Apresiasi Pensiun
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	(614,751)	-
Actuarial losses of the current year	-	-	-	-	988,404	-
Accumulated of actuarial gains on ending year	-	-	-	-	373,653	-

Employee benefits liabilities maturing on December 31, 2019 and 2018 related to UUK No. 13/2003 are as follows:

	December 31, 2019	December 31, 2018
Year 1	225,908	321,803
Year 2	256,052	368,388
Year 3	261,381	431,517
Year 4	335,819	448,975
Year 5	427,208	607,729
Year 6 and others	15,469,465	53,441,408
Total	16,975,833	55,619,820

The average duration of the defined benefit obligation is 11.15 years and 10.42 years and the defined contribution obligation is 17.49 years and 15.08 years as of December 31, 2019 and 2018, respectively.

Provision for actuarial calculation on employee pension benefits for Subsidiaries as of December 31, 2019 and 2018 were based on estimated actuarial calculation for the year ended December 31, 2019 and 2018, respectively.

Provision for employee service entitlements of Subsidiaries as of December 31, 2019 and 2018 were calculated by an independent actuary as included in the independent actuarial report as follows:

Subsidiaries	Independent Actuary	2019	2018
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 29, 2019	November 30, 2018
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	January 2, 2020	December 27, 2018
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 15, 2020	January 7, 2019
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 3, 2020	January 2, 2019
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 8, 2020	January 14, 2019
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 3, 2020	January 5, 2019
PT Mandiri Utama Finance	PT Kompujasa Aktuarial Indonesia	December 31, 2019	January 3, 2019

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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,	
	2019	2018
Changes of assumptions:		
1% increase in discount rate	(2,532,019)	(2,532,393)
1% decrease in discount rate	3,589,252	3,587,607

52. OTHER OPERATING EXPENSES - OTHERS - NET

	Year ended December 31,	
	2019	2018
Insurance premiums on third party funds guarantee program	1,703,810	1,626,089
Fees and commissions expenses	655,171	666,452
Fees related to credit card and ATM transaction	636,865	539,556
Insurance sales force compensation	279,832	565,274
Bancassurance fee	331,043	316,511
Fees from RTGS, remittance and clearing transactions	83,305	78,709
Group insurance commissions	143,500	149,176
Others	1,386,542	714,598
	5,220,068	4,656,365

53. NON-OPERATING INCOME/(EXPENSE) - NET

	Year ended December 31,	
	2019	2018
Gain on sale of fixed assets	12,529	21,890
Others - net	(22,603)	15,682
Net	(10,074)	37,572

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

54. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2019	December 31, 2018
COMMITMENTS		
Commitment payables:		
Unused loan facilities ^{*)}		
Related parties (Note 56)	(67,895,741)	(55,668,817)
Third parties	(116,865,692)	(103,488,612)
	<u>(184,761,433)</u>	<u>(159,157,429)</u>
Outstanding irrevocable letters of credit (Note 31):		
Related parties (Note 56)	(7,689,574)	(11,195,881)
Third parties	(9,875,779)	(8,550,047)
	<u>(17,565,353)</u>	<u>(19,745,928)</u>
Commitment payables - net	<u>(202,326,786)</u>	<u>(178,903,357)</u>
CONTINGENCIES		
Contingent receivables:		
Guarantees received from other banks	21,693,786	15,016,138
Interest receivable on non-performing assets	7,897,176	8,811,005
Others	32,729	32,729
	<u>29,623,691</u>	<u>23,859,872</u>
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties (Note 56)	(18,426,336)	(26,849,223)
Third parties	(78,037,060)	(55,264,862)
	<u>(96,463,396)</u>	<u>(82,114,085)</u>
Standby letters of credit (Note 31)		
Related parties (Note 56)	(9,253,918)	(7,673,903)
Third parties	(4,544,170)	(5,457,786)
	<u>(13,798,088)</u>	<u>(13,131,689)</u>
Others	(1,206,502)	(816,766)
Total	<u>(111,467,986)</u>	<u>(96,062,540)</u>
Contingent payables - net	<u>(81,844,295)</u>	<u>(72,202,668)</u>
	<u>(284,171,081)</u>	<u>(251,106,025)</u>

^{*)} Including committed and uncommitted unused loan facilities.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are as follows:

Original Currency	December 31, 2019			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	235,020,000	3,262,665	288,858,500	4,010,078
Others ^{*)}		240,114		331,053
		3,502,779		4,341,131

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 ^{*)}		272,720		612,119
		3,760,158		4,742,896

^{*)} 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.	PT Mandiri AXA General Insurance	Associate Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
8.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
9.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
12.	PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
13.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
14.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
15.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
16.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	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**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
1.	PT Abipraya Nusantara Energi	Subsidiary of State Owned Enterprise
2.	PT Abuki Jaya Stainless	Subsidiary of State Owned Enterprise
3.	PT Adhi Commuter Properti	Subsidiary of State Owned Enterprise
4.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
5.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
6.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
7.	PT Administrasi Medika	Subsidiary of State Owned Enterprise
8.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise
9.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
10.	PT Aero Wisata	Subsidiary of State Owned Enterprise
11.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
12.	PT Aerojasa Cargo	Subsidiary of State Owned Enterprise
13.	PT Aerojasa Perkasa	Subsidiary of State Owned Enterprise
14.	PT AeroTRANS Service Indonesia	Subsidiary of State Owned Enterprise
15.	PT Agro Sinergi Nusantara	Subsidiary of State Owned Enterprise
16.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
17.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
19.	PT Aneka Jasa Grhadika	Subsidiary of State Owned Enterprise
20.	PT Aneka Tambang	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Aviasi	Subsidiary of State Owned Enterprise
22.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
23.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
24.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
25.	PT Angkasa Pura Propertindo	Subsidiary of State Owned Enterprise
26.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
27.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
28.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
29.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
30.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
31.	PT Antam Energi Indonesia	Subsidiary of State Owned Enterprise
32.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
33.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
34.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
35.	PT Askrindo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
36.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
37.	PT Asuransi BRI Life	Subsidiary of State Owned Enterprise
38.	PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
39.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
40.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
41.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
42.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
43.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
44.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
45.	PT Bahana Securities	Subsidiary of State Owned Enterprise
46.	PT Bahana TCW Investment Management	Subsidiary of State Owned Enterprise
47.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
48.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
49.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
50.	PT Bank BNI Syariah	Subsidiary of State Owned Enterprise
51.	PT Bank BRI Syariah Tbk	Subsidiary of State Owned Enterprise
52.	PT Batubara Bukit Kendi	Subsidiary of State Owned Enterprise
53.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Belitung Intipermai	Subsidiary of State Owned Enterprise
55.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
56.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
57.	PT Berkah Multi Cargo	Subsidiary of State Owned Enterprise
58.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
59.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise
60.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
61.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
62.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
63.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
64.	PT BNI Asset Management	Subsidiary of State Owned Enterprise
65.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
66.	PT BNI Sekurities	Subsidiary of State Owned Enterprise
67.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
68.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
69.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
70.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
71.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
72.	PT Brantas Energi	Subsidiary of State Owned Enterprise
73.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
74.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
75.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
76.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
77.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
78.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
79.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
80.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
81.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
82.	PT Bukit Asam	Subsidiary of State Owned Enterprise
83.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
84.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
85.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
86.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
87.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
88.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
89.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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>
90.	PT Cibaliung Sumber Daya	Subsidiary of State Owned Enterprise
91.	PT Cibitung Tanjung Priok Port Tollways	Subsidiary of State Owned Enterprise
92.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
93.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
94.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
95.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
96.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise
97.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
98.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
99.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
100.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
101.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
102.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
103.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
104.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
105.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
106.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
107.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
108.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
109.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
110.	PT Dok & Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
111.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
112.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
113.	PT Dwimitra Enggang Khatulistiwa	Subsidiary of State Owned Enterprise
114.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
115.	PT Elnusa Fabrikasi Konstruksi	Subsidiary of State Owned Enterprise
116.	PT Elnusa Geosains Indonesia	Subsidiary of State Owned Enterprise
117.	PT Elnusa Oilfield Service	Subsidiary of State Owned Enterprise
118.	PT Elnusa Petrofin	Subsidiary of State Owned Enterprise
119.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
120.	PT Elnusa Trans Samudera	Subsidiary of State Owned Enterprise
121.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
122.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
123.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
124.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
125.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Feni Haltim	Subsidiary of State Owned Enterprise
127.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
128.	PT Fintek Karya Nusantara	Subsidiary of State Owned Enterprise
129.	PT Freeport Indonesia	Subsidiary of State Owned Enterprise
130.	PT Gadang Hidro Energi	Subsidiary of State Owned Enterprise
131.	PT GAG Nikel	Subsidiary of State Owned Enterprise
132.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise
133.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
134.	PT Garuda Maintenance Facility Aero Asia	Subsidiary of State Owned Enterprise
135.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
136.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
137.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise
138.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
139.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
140.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
141.	PT Graha Niaga Tata Utama	Subsidiary of State Owned Enterprise
142.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
143.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
144.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
145.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
146.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
147.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
148.	PT Hakaaston	Subsidiary of State Owned Enterprise
149.	PT Haleyora Power	Subsidiary of State Owned Enterprise
150.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
151.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
152.	PT HK Infrastruktur	Subsidiary of State Owned Enterprise
153.	PT HK Realtindo	Subsidiary of State Owned Enterprise
154.	PT Hutama Prima	Subsidiary of State Owned Enterprise
155.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise
156.	PT Igasar	Subsidiary of State Owned Enterprise
157.	PT Indo Japan Steel Center	Subsidiary of State Owned Enterprise
158.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
159.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
160.	PT Indometal London Ltd	Subsidiary of State Owned Enterprise
161.	PT Indonesia Air & Marine Supply	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
163.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
164.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
165.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
166.	PT Indonesia Power	Subsidiary of State Owned Enterprise
167.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
168.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
169.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
170.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
171.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
172.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
173.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise
174.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
175.	PT Inhutani I	Subsidiary of State Owned Enterprise
176.	PT Inhutani II	Subsidiary of State Owned Enterprise
177.	PT Inhutani III	Subsidiary of State Owned Enterprise
178.	PT Inhutani IV	Subsidiary of State Owned Enterprise
179.	PT Inhutani V	Subsidiary of State Owned Enterprise
180.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
181.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
182.	PT International Mineral Capital	Subsidiary of State Owned Enterprise
183.	PT Inti Bagas Perkasa	Subsidiary of State Owned Enterprise
184.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
185.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
186.	PT ITCI Kayan Hutani	Subsidiary of State Owned Enterprise
187.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
188.	PT Jakarta Industrial Estate Pulogadung	Subsidiary of State Owned Enterprise
189.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
190.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
191.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
192.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise
193.	PT Jambi Prima Coal	Subsidiary of State Owned Enterprise
194.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
195.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
196.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
197.	PT Jasa Marga Gempol Pasuruan	Subsidiary of State Owned Enterprise
198.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Jasa Marga Japek Selatan (JJS)	Subsidiary of State Owned Enterprise
200.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
201.	PT Jasa Marga Kunciran Cengkareng	Subsidiary of State Owned Enterprise
202.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
203.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
204.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
205.	PT Jasa Marga Probolinggo Banyuwangi	Subsidiary of State Owned Enterprise
206.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
207.	PT Jasa Marga Semarang Batang	Subsidiary of State Owned Enterprise
208.	PT Jasa Marga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
209.	PT Jasa Marga Tollroad Maintenance	Subsidiary of State Owned Enterprise
210.	PT Jasa Marga Tollroad Operator (JMTO)	Subsidiary of State Owned Enterprise
211.	PT Jasa Marga Transjawa Tol (JTT)	Subsidiary of State Owned Enterprise
212.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
213.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
214.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
215.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
216.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
217.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
218.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
219.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
220.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
221.	PT Kaltim Kariangau Terminal	Subsidiary of State Owned Enterprise
222.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
223.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
224.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
225.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
226.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
227.	PT Kerismas Witikco Makmur (PT Kerismas)	Subsidiary of State Owned Enterprise
228.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
229.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise
230.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
231.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
232.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
233.	PT Kimia Farma Diagnostika	Subsidiary of State Owned Enterprise
234.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
235.	PT Kimia Farma Trading & Distribution	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
237.	PT Koba Tin	Subsidiary of State Owned Enterprise
238.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
239.	PT Komipo Pembangunan Jawa Bali	Subsidiary of State Owned Enterprise
240.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
241.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
242.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
243.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
244.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
245.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
246.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
247.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
248.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
249.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
250.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise
251.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
252.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
253.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
254.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
255.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
256.	PT Krakatau Semen Indonesia	Subsidiary of State Owned Enterprise
257.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
258.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
259.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
260.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
261.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
262.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
263.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
264.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
265.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
266.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
267.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
268.	PT Madu Baru	Subsidiary of State Owned Enterprise
269.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
270.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
271.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
272.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Mega Citra Utama	Subsidiary of State Owned Enterprise
274.	PT Mega Eltra	Subsidiary of State Owned Enterprise
275.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
276.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
277.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
278.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
279.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
280.	PT Metra Plasa	Subsidiary of State Owned Enterprise
281.	PT MetraNet	Subsidiary of State Owned Enterprise
282.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
283.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
284.	PT Mitra Cipta Polasarana	Subsidiary of State Owned Enterprise
285.	PT Mitra Dagang Madani	Subsidiary of State Owned Enterprise
286.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
287.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
288.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
289.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
290.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
291.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
292.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
293.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
294.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
295.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
296.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
297.	PT Multi Nitrotama Kimia (MNK)	Subsidiary of State Owned Enterprise
298.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
299.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
300.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
301.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
302.	PT Nindya Beton	Subsidiary of State Owned Enterprise
303.	PT Nindya Karya	Subsidiary of State Owned Enterprise
304.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
305.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
306.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
307.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
308.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
309.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
311.	PT Nutech Integrasi	Subsidiary of State Owned Enterprise
312.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
313.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
314.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
315.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
316.	PT Patra Drilling Contractor	Subsidiary of State Owned Enterprise
317.	PT Patra Jasa	Subsidiary of State Owned Enterprise
318.	PT Patra Logistik	Subsidiary of State Owned Enterprise
319.	PT Patra Nusa Data	Subsidiary of State Owned Enterprise
320.	PT Patra Trading	Subsidiary of State Owned Enterprise
321.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
322.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
323.	PT Pegadaian Galeri Dua Empat	Subsidiary of State Owned Enterprise
324.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
325.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
326.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
327.	PT Pelat Timah Nusantara Tbk (PT Latinusa)	Subsidiary of State Owned Enterprise
328.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
329.	PT Pelayaran Bahtera Adiguna	Subsidiary of State Owned Enterprise
330.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
331.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
332.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
333.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
334.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
335.	PT Pemalang Batang Toll Road	Subsidiary of State Owned Enterprise
336.	PT Pembangkitan Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
337.	PT Pendawa Lestari Perkasa	Subsidiary of State Owned Enterprise
338.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
339.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
340.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
341.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
342.	PT Perjaya Bravo Energi	Subsidiary of State Owned Enterprise
343.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
344.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
345.	PT Perkebunan Nusantara I	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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>
346.	PT Perkebunan Nusantara II	Subsidiary of State Owned Enterprise
347.	PT Perkebunan Nusantara IV	Subsidiary of State Owned Enterprise
348.	PT Perkebunan Nusantara IX	Subsidiary of State Owned Enterprise
349.	PT Perkebunan Nusantara V	Subsidiary of State Owned Enterprise
350.	PT Perkebunan Nusantara VI	Subsidiary of State Owned Enterprise
351.	PT Perkebunan Nusantara VII	Subsidiary of State Owned Enterprise
352.	PT Perkebunan Nusantara VIII	Subsidiary of State Owned Enterprise
353.	PT Perkebunan Nusantara X	Subsidiary of State Owned Enterprise
354.	PT Perkebunan Nusantara XI	Subsidiary of State Owned Enterprise
355.	PT Perkebunan Nusantara XII	Subsidiary of State Owned Enterprise
356.	PT Perkebunan Nusantara XIII	Subsidiary of State Owned Enterprise
357.	PT Perkebunan Nusantara XIV	Subsidiary of State Owned Enterprise
358.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
359.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise
360.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
361.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
362.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
363.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
364.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
365.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
366.	PT Pertamina EP	Subsidiary of State Owned Enterprise
367.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
368.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
369.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
370.	PT Pertamina Hulu Indonesia	Subsidiary of State Owned Enterprise
371.	PT Pertamina Hulu Mahakam	Subsidiary of State Owned Enterprise
372.	PT Pertamina Hulu Sanga Sanga	Subsidiary of State Owned Enterprise
373.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
374.	PT Pertamina International Shipping	Subsidiary of State Owned Enterprise
375.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
376.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
377.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
378.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
379.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
380.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
381.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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>
382.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
383.	PT Peruri Properti	Subsidiary of State Owned Enterprise
384.	PT Perusahaan Gas Negara	Subsidiary of State Owned Enterprise
385.	PT Pesonna Indonesia Jaya	Subsidiary of State Owned Enterprise
386.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
387.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
388.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
389.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
390.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
391.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
392.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
393.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
394.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
395.	PT Petronika	Subsidiary of State Owned Enterprise
396.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise
397.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
398.	PT PG Rajawali II	Subsidiary of State Owned Enterprise
399.	PT PGAS Solution	Subsidiary of State Owned Enterprise
400.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
401.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
402.	PT Phapros Tbk	Subsidiary of State Owned Enterprise
403.	PT PHE Abar	Subsidiary of State Owned Enterprise
404.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
405.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
406.	PT PHE ONWJ	Subsidiary of State Owned Enterprise
407.	PT PHE OSES Ltd	Subsidiary of State Owned Enterprise
408.	PT PHE Semai II	Subsidiary of State Owned Enterprise
409.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
410.	PT PINS Indonesia	Subsidiary of State Owned Enterprise
411.	PT PJB Investasi	Subsidiary of State Owned Enterprise
412.	PT PJB Services	Subsidiary of State Owned Enterprise
413.	PT PLN Batam	Subsidiary of State Owned Enterprise
414.	PT PLN Batubara	Subsidiary of State Owned Enterprise
415.	PT PLN Enjinering	Subsidiary of State Owned Enterprise
416.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
417.	PT PNM Investment Management	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Portek Indonesia	Subsidiary of State Owned Enterprise
419.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
420.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
421.	PT PP Energi	Subsidiary of State Owned Enterprise
422.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
423.	PT PP Presisi (formerly PT PP Peralatan)	Subsidiary of State Owned Enterprise
424.	PT PP Properti	Subsidiary of State Owned Enterprise
425.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
426.	PT PP Urban (formerly PT PP Pracetak)	Subsidiary of State Owned Enterprise
427.	PT PPA Finance	Subsidiary of State Owned Enterprise
428.	PT PPA Kapital	Subsidiary of State Owned Enterprise
429.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
430.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
431.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
432.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
433.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise
434.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
435.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
436.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
437.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
438.	PT Prima Terminal Peti Kemas	Subsidiary of State Owned Enterprise
439.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
440.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise
441.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
442.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
443.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
444.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
445.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
446.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
447.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
448.	PT Puspertino	Subsidiary of State Owned Enterprise
449.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
450.	PT Putra Indo Tenaga	Subsidiary of State Owned Enterprise
451.	PT Railink	Subsidiary of State Owned Enterprise
452.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
453.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
454.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
455.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
456.	PT Ratah Timber	Subsidiary of State Owned Enterprise
457.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
458.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
459.	PT Rekadaya ElektriKa	Subsidiary of State Owned Enterprise
460.	PT Rekadaya ElektriKa Consult	Subsidiary of State Owned Enterprise
461.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
462.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
463.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
464.	PT Rekayasa Industri (PT Rekind)	Subsidiary of State Owned Enterprise
465.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
466.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
467.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
468.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
469.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
470.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise
471.	PT Rumah Sakit Bhakti Timah	Subsidiary of State Owned Enterprise
472.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
473.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
474.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
475.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
476.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise
477.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
478.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
479.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
480.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
481.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
482.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise
483.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
484.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
485.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
486.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
487.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
488.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
489.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
490.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
491.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Sarana Riau Ventura	Subsidiary of State Owned Enterprise
493.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
494.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
495.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
496.	PT Sari Arthamas (Sari Pacific Hotel)	Subsidiary of State Owned Enterprise
497.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
498.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
499.	PT Segara Indochon	Subsidiary of State Owned Enterprise
500.	PT Semen Gresik	Subsidiary of State Owned Enterprise
501.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
502.	PT Semen Indonesia Beton (formerly PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
503.	PT Semen Indonesia Distributor (formerly PT Waru Abadi)	Subsidiary of State Owned Enterprise
504.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
505.	PT Semen Indonesia Logistik (formerly PT Varia Usaha)	Subsidiary of State Owned Enterprise
506.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
507.	PT Semen Padang	Subsidiary of State Owned Enterprise
508.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
509.	PT Senggigi Pratama Internasional	Subsidiary of State Owned Enterprise
510.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
511.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
512.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
513.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
514.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
515.	PT Sigma Cipta Utama	Subsidiary of State Owned Enterprise
516.	PT Sigma Utama	Subsidiary of State Owned Enterprise
517.	PT Sinergi Informatika Semen Indonesia	Subsidiary of State Owned Enterprise
518.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
519.	PT Sinergi Perkebunan Nusantara (SPN)	Subsidiary of State Owned Enterprise
520.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
521.	PT Solusi Bangun Andalas	Subsidiary of State Owned Enterprise
522.	PT Solusi Bangun Beton	Subsidiary of State Owned Enterprise
523.	PT Solusi Bangun Indonesia	Subsidiary of State Owned Enterprise
524.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
525.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
526.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
527.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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>
528.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
529.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
530.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
531.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
532.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
533.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
534.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
535.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
536.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
537.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
538.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise
539.	PT Telkom Akses	Subsidiary of State Owned Enterprise
540.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
541.	PT Telkom Satelit Indonesia (formerly PT Patra Telekomunikasi Indonesia)	Subsidiary of State Owned Enterprise
542.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
543.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
544.	PT Tiar Daya Hidro	Subsidiary of State Owned Enterprise
545.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
546.	PT Timah	Subsidiary of State Owned Enterprise
547.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
548.	PT Timah Industri	Subsidiary of State Owned Enterprise
549.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise
550.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
551.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
552.	PT Tracon Industri	Subsidiary of State Owned Enterprise
553.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
554.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
555.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
556.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
557.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
558.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
559.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
560.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
561.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
562.	PT United Tractors Semen Gresik	Subsidiary of State Owned Enterprise
563.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
564.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
565.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
566.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
567.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
568.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
569.	PT Waskita Fim Perkasa Realti	Subsidiary of State Owned Enterprise
570.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
571.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
572.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
573.	PT Widar Mandripa Nusantara	Subsidiary of State Owned Enterprise
574.	PT Wijaya Karya Bangunan Gedung	Subsidiary of State Owned Enterprise
575.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
576.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
577.	PT Wijaya Karya Industri dan Energi	Subsidiary of State Owned Enterprise
578.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
579.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
580.	PT Wijaya Karya Komponen Beton	Subsidiary of State Owned Enterprise
581.	PT Wijaya Karya Krakatau Beton	Subsidiary of State Owned Enterprise
582.	PT Wijaya Karya Pracetak Gedung	Subsidiary of State Owned Enterprise
583.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
584.	PT Wijaya Karya Realty Minor Development	Subsidiary of State Owned Enterprise
585.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
586.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
587.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise
588.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
589.	Perum BULOG	State Owned Enterprise
590.	Perum DAMRI	State Owned Enterprise
591.	Perum Jaminan Kredit Indonesia (Jamkrindo)	State Owned Enterprise
592.	Perum Jasa Tirta I	State Owned Enterprise
593.	Perum Jasa Tirta II	State Owned Enterprise
594.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (Perum LPPNPI)	State Owned Enterprise
595.	Perum LKBN Antara	State Owned Enterprise
596.	Perum Pegadaian	State Owned Enterprise
597.	Perum Pengangkutan Djakarta (PPD)	State Owned Enterprise
598.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
599.	Perum Percetakan Uang Republik Indonesia (Perum PERURI)	State Owned Enterprise
600.	Perum Perhutani	State Owned Enterprise
601.	Perum Perikanan Indonesia (Perum PERINDO)	State Owned Enterprise
602.	Perum Perumnas	State Owned Enterprise
603.	Perum Produksi Film Negara	State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
604.	PT Adhi Karya (Persero) Tbk	State Owned Enterprise
605.	PT Amarta Karya	State Owned Enterprise
606.	PT Angkasa Pura I (Persero)	State Owned Enterprise
607.	PT Angkasa Pura II (Persero)	State Owned Enterprise
608.	PT ASABRI	State Owned Enterprise
609.	PT ASDP Indonesia Ferry	State Owned Enterprise
610.	PT Asuransi Jasa Indonesia	State Owned Enterprise
611.	PT Asuransi Jiwasraya	State Owned Enterprise
612.	PT Asuransi Kredit Indonesia (PT Askrindo)	State Owned Enterprise
613.	PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
614.	PT Balai Pustaka	State Owned Enterprise
615.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
616.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
617.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
618.	PT Barata Indonesia	State Owned Enterprise
619.	PT Berdikari	State Owned Enterprise
620.	PT Bhandha Ghara Reksa	State Owned Enterprise
621.	PT Bina Karya	State Owned Enterprise
622.	PT Bio Farma	State Owned Enterprise
623.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
624.	PT Boma Bisma Indra	State Owned Enterprise
625.	PT Brantas Abipraya	State Owned Enterprise
626.	PT Dahana	State Owned Enterprise
627.	PT Danareksa	State Owned Enterprise
628.	PT Dirgantara Indonesia	State Owned Enterprise
629.	PT Djakarta Lloyd	State Owned Enterprise
630.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
631.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
632.	PT Energy Management Indonesia	State Owned Enterprise
633.	PT Garam	State Owned Enterprise
634.	PT Garuda Indonesia	State Owned Enterprise
635.	PT Hotel Indonesia Natour	State Owned Enterprise
636.	PT Hutama Karya	State Owned Enterprise
637.	PT Iglas	State Owned Enterprise
638.	PT Indah Karya	State Owned Enterprise
639.	PT Indofarma	State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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>
640.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
641.	PT Indra Karya	State Owned Enterprise
642.	PT Industri Kapal Indonesia	State Owned Enterprise
643.	PT Industri Kereta Api (INKA)	State Owned Enterprise
644.	PT Industri Nuklir Indonesia	State Owned Enterprise
645.	PT Industri Sandang Nusantara	State Owned Enterprise
646.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
647.	PT Istaka Karya	State Owned Enterprise
648.	PT Jasa Marga Tbk	State Owned Enterprise
649.	PT Kawasan Berikat Nusantara	State Owned Enterprise
650.	PT Kawasan Industri Makasar	State Owned Enterprise
651.	PT Kawasan Industri Medan	State Owned Enterprise
652.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
653.	PT Kereta Api Indonesia	State Owned Enterprise
654.	PT Kertas Kraft Aceh	State Owned Enterprise
655.	PT Kertas Leces	State Owned Enterprise
656.	PT Kimia Farma Tbk	State Owned Enterprise
657.	PT Kliring Berjangka Indonesia	State Owned Enterprise
658.	PT Krakatau Steel Tbk	State Owned Enterprise
659.	PT Len Industri	State Owned Enterprise
660.	PT Merpati Nusantara Airlines	State Owned Enterprise
661.	PT PAL Indonesia	State Owned Enterprise
662.	PT Pann Multi Finance	State Owned Enterprise
663.	PT Pelabuhan Indonesia I	State Owned Enterprise
664.	PT Pelabuhan Indonesia II	State Owned Enterprise
665.	PT Pelabuhan Indonesia III	State Owned Enterprise
666.	PT Pelabuhan Indonesia IV	State Owned Enterprise
667.	PT Pelayaran Nasional Indonesia (PT PELNI)	State Owned Enterprise
668.	PT Pembangunan Perumahan	State Owned Enterprise
669.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
670.	PT Pengusahaan Daerah Industri Pulau Batam	State Owned Enterprise
671.	PT Perikanan Nusantara	State Owned Enterprise
672.	PT Perkebunan Nusantara III	State Owned Enterprise
673.	PT Permodalan Nasional Madani	State Owned Enterprise
674.	PT Pertamina	State Owned Enterprise
675.	PT Pertani	State Owned Enterprise
676.	PT Perusahaan Listrik Negara	State Owned Enterprise

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
677.	PT Perusahaan Pengelola Aset	State Owned Enterprise
678.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise
679.	PT Pindad	State Owned Enterprise
680.	PT Pos Indonesia	State Owned Enterprise
681.	PT Primmisima	State Owned Enterprise
682.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
683.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
684.	PT Reasuransi Indonesia Utama	State Owned Enterprise
685.	PT Sang Hyang Seri	State Owned Enterprise
686.	PT Sarinah	State Owned Enterprise
687.	PT Semen Baturaja	State Owned Enterprise
688.	PT Semen Indonesia	State Owned Enterprise
689.	PT Semen Kupang	State Owned Enterprise
690.	PT Sucofindo	State Owned Enterprise
691.	PT Survai Udara Penas	State Owned Enterprise
692.	PT Surveyor Indonesia	State Owned Enterprise
693.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
694.	PT Taspen	State Owned Enterprise
695.	PT Telekomunikasi Indonesia (PT Telkom)	State Owned Enterprise
696.	PT Varuna Tirta Prakasya	State Owned Enterprise
697.	PT Virama Karya	State Owned Enterprise
698.	PT Waskita Karya	State Owned Enterprise
699.	PT Wijaya Karya	State Owned Enterprise
700.	PT Yodya Karya	State Owned Enterprise
701.	BPJS Kesehatan	State Owned Enterprise
702.	BPJS Ketenagakerjaan	State Owned Enterprise
703.	PT Indonesia Infrastruktur Finance	Financial Institution
704.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
705.	PT Sarana Multi Infrastruktur	Financial Institution
706.	PT Sarana Multigriya Finansial	Financial Institution
707.	Lembaga Pembiayaan Ekspor Indonesia	Financial Institution

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Transactions with government related entities**

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, acceptance payables, liabilities on securities sold under agreements to repurchase, debt securities issued, fund borrowings, subordinated loans and subordinated debt, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President (Note 49) for the year ended December 31, 2019 and 2018 amounted to Rp1,380,804 and Rp1,295,170 or 3.45% and 3.44% of total consolidated operating expenses - others, respectively.

Details of significant transactions with related parties as of December 31, 2019 and 2018, are as follows:

	December 31, 2019	December 31, 2018
Assets		
Current accounts with other banks (Note 5a)	4,493	8,476
Placements with Bank Indonesia and other banks (Note 6b)	1,499,924	1,162,378
Marketable securities (Note 7a) [*]	27,377,257	21,562,800
Government bonds (Note 8)	129,000,300	114,284,518
Other receivables - trade transactions (Note 9a)	14,186,619	10,724,084
Derivative receivables (Note 11)	18,817	149,832
Loans (Note 12A.a)	171,384,121	160,729,702
Consumer financing receivables (Note 13a)	6,758	8,278
Acceptance receivables (Note 15a)	1,198,875	2,183,157
Investments in shares (Note 16a)	112,298	322,617
Total assets with related parties	344,789,462	311,135,842
Total consolidated assets	1,318,246,335	1,202,252,094
Percentage of total assets with related parties to total consolidated assets	26.16%	25.88%

* Stated at gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in securities.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2019 and 2018, are as follows (continued):

	December 31, 2019	December 31, 2018
<u>Liabilities</u>		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits (Note 21a)	60,118,497	51,161,488
Saving deposits and <i>wadiah</i> saving deposit (Note 22a)	3,307,760	3,537,033
Time deposits (Note 23a)	34,132,147	40,762,862
Deposits from other banks		
Demand deposits, <i>wadiah</i> demand deposit and saving deposits (Note 24a)	148,557	787,013
Time deposits (Note 26a)	-	116,958
Liabilities for securities sold under agreements to repurchase (Note 28)	-	102,234
Derivative payables (Note 11)	42,505	19,126
Acceptance payables (Note 29a)	2,076,355	4,688,800
Debt securities issued (Note 30)	10,696,100	10,071,700
Fund borrowings (Note 36)	984,974	423,686
Subordinated loans and marketable securities (Note 37)	127,750	136,750
Total liabilities with related parties	111,634,645	111,807,650
Total consolidated liabilities	1,025,749,580	941,953,100
Percentage of total liabilities with related parties to total consolidated liabilities	10.88%	11.87%
Temporary <i>syirkah</i> funds (Note 38)	1,733,920	2,277,156
Percentage to total temporary <i>syirkah</i> funds	2.08%	3.02%
	Year ended December 31,	
	2019	2018
<u>Statements of profit or loss and other comprehensive income</u>		
Interest income from government bonds and treasury bills (Note 41)	6,951,891	5,109,695
Percentage to interest income and sharia income	7.60%	6.31%
Interest expense from fund borrowings	51,349	-
Percentage to interest expense and sharia expense	0.16%	-

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2019 and 2018, are as follows (continued):

	December 31, 2019	December 31, 2018
<u>Commitments and contingencies (Note 54)</u>		
Unused loan facilities	67,895,741	55,668,817
Outstanding irrevocable letters of credit	7,689,574	11,195,881
Guarantees issued in the form of bank guarantee	18,426,336	26,849,223
Guarantees issued in the form of Standby letters of credit	9,253,918	7,673,903
Total commitments and contingencies for related parties	103,265,569	101,387,824
Total consolidated commitments and contingencies	284,171,081	251,106,025
Percentages of total commitments and contingencies with related parties to consolidated assets	36.34%	40.38%

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 following describes the operations in each reportable segments as of December 31, 2019:

- Corporate Banking : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.
- Commercial Banking : including loans to medium scale and automotive sector, customer deposits and other transactions belong to commercial customers.
- Government Institutional : including loans, costumer 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2019 (continued):

- 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 managing 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.

The following describes the operations in each reportable segments as of December 31, 2018:

- 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.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)**

57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2018 (continued):

- . 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

December 31, 2019 ¹⁾											
Description	Corporate Banking	Commercial Banking	Government Institutional	Retail Banking	Treasury & International Banking	Head Office	Subsidiary - sharia	Subsi- diaries - insurance	Subsi- diaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income ³⁾	31,508,487	15,792,654	6,138,427	67,377,512	10,437,527	156,478	8,417,748	397,436	6,717,915	(55,419,094)	91,525,090
Interest and sharia expense ³⁾	(22,974,579)	(11,210,249)	(4,693,246)	(31,674,017)	(5,531,012)	(211,111)	(3,014,676)	-	(3,399,793)	50,623,781	(32,084,902)
Net interest and sharia income	8,533,908	4,582,405	1,445,181	35,703,495	4,906,515	(54,633)	5,403,072	397,436	3,318,122	(4,795,313)	59,440,188
Net premium income	-	-	-	-	-	-	-	2,118,647	-	(311,144)	1,807,503
Net interest and sharia and premium income	8,533,908	4,582,405	1,445,181	35,703,495	4,906,515	(54,633)	5,403,072	2,516,083	3,318,122	(5,106,457)	61,247,691
Other operating income:											
Other fees and commission	1,967,111	693,043	379,279	6,265,331	339,521	2,427,708	1,783,982	-	838,445	(477,985)	14,216,435
Other	291,177	111,156	11,010	3,916,018	4,004,581	1,409,145	201,389	1,103,063	1,682,249	(455,825)	12,273,963
Total	2,258,288	804,199	390,289	10,181,349	4,344,102	3,836,853	1,985,371	1,103,063	2,520,694	(933,810)	26,490,398
Reversal of/(allowance for) impairment losses on financial assets and others	(1,214,279)	(3,739,769)	(3,998)	(5,622,102)	(1,635)	716,455	(1,530,499)	-	(674,616)	(2,020)	(12,072,463)
Unrealised gains/(losses) from increase/(decrease) in fair value of policy holders' investment in unit-link contracts	-	-	-	-	-	-	-	5,726	2,479	-	8,205
Gain on sale of marketable securities and government bonds	-	-	-	-	-	793,519	-	23,991	36,340	-	853,850
Other operating expenses:											
Salaries and employee benefit	(168,222)	(278,299)	(186,223)	(2,503,962)	(132,064)	(9,634,860)	(2,084,091)	(455,351)	(2,089,118)	311,144	(17,221,046)
General and administrative expense	(121,537)	(101,670)	(533,124)	(2,762,435)	(126,655)	(10,085,379)	(1,687,202)	(805,174)	(1,411,877)	-	(17,635,053)
Other	(256,227)	(123,402)	(151,221)	(1,332,411)	(301,907)	(1,892,054)	(321,362)	(1,093,382)	(247,956)	499,854	(5,220,068)
Total	(545,986)	(503,371)	(870,568)	(6,598,808)	(560,626)	(21,612,293)	(4,092,655)	(2,353,907)	(3,748,951)	810,998	(40,076,167)
Non-operating income/(expense) - net	-	-	-	-	-	57,594	(50,285)	-	(17,383)	-	(10,074)
Tax expense	-	-	-	-	-	(6,980,790)	(439,972)	(178,279)	(386,807)	-	(7,985,848)
Net income	9,031,931	1,143,464	960,904	33,663,934	8,688,356	(23,243,295)	1,275,032	1,116,677	1,049,878	(5,231,289)	28,455,592
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	973,459
Parent Entity	-	-	-	-	-	-	-	-	-	-	27,482,133
Consolidated statement of financial position											
Loans - gross	329,763,941	151,424,144	27,027,984	275,953,020	6,820,070	1,361,958	75,173,775	-	20,852,431	(2,542,086)	885,835,237
Total assets	354,295,785	143,398,957	27,651,440	277,201,816	149,188,110	176,947,767	112,298,325	34,969,777	56,556,392	(14,262,034)	1,318,246,335
Demand deposits and wadiah demand deposits	(100,667,400)	(41,898,718)	(25,459,231)	(60,358,283)	(8,013,579)	-	(11,510,301)	-	(376,625)	839,870	(247,444,267)
Saving deposits and wadiah saving deposits	(7,451,380)	(10,698,060)	(1,072,276)	(296,554,444)	(77,073)	-	(5,126,726)	-	(3,508,113)	-	(324,488,072)
Time deposits	(38,735,792)	(23,067,620)	(45,243,111)	(150,470,646)	(5,337,928)	-	-	-	(16,259,914)	939,005	(278,176,006)
Total deposit from customers	(146,854,572)	(75,664,398)	(71,774,618)	(507,383,373)	(13,428,580)	-	(16,637,027)	-	(20,144,652)	1,778,875	(850,108,345)
Total liabilities	(152,499,274)	(78,851,135)	(72,022,009)	(509,673,421)	(20,104,685)	(101,072,006)	(19,433,761)	(30,741,502)	(47,595,584)	6,243,797	(1,025,749,580)

¹⁾ In accordance with operating segments of Bank Mandiri (Note 2ak).

²⁾ Include component of internal transfer pricing among operating segments.

³⁾ Include elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

December 31, 2018 ¹⁾											
Description	Corporate Banking					Head Office	Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ³⁾	Total
	Large Corporate	Middle Corporate	Government Institutional	Retail Banking	Treasury & International Banking						
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income ²⁾	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 ²⁾	(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
Other operating income:											
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 policy holders' 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
Other operating expenses:											
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
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	836,916
Parent Entity	-	-	-	-	-	-	-	-	-	-	25,015,021
Consolidated statement of financial position****)											
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
Demand deposits and wadiah demand 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)
Saving deposits and wadiah saving deposits	(6,533,237)	(9,324,378)	(965,360)	(283,926,092)	(39,079)	-	(3,751,592)	-	(2,742,615)	-	(307,282,353)
Time deposits	(41,192,536)	(17,188,326)	(42,831,341)	(141,195,569)	(4,878,892)	-	-	-	(12,320,962)	704,842	(258,902,784)
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)

¹⁾ In accordance with operating segments of Bank Mandiri (Note 2ak).

²⁾ Including component of internal transfer pricing among operating segments.

³⁾ Including elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

⁴⁾ For the year ended December 31, 2018.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	89,829,280	1,192,514	92,331	410,965	91,525,090
Interest and sharia expense	(31,302,122)	(644,100)	(41,572)	(97,108)	(32,084,902)
Net interest and sharia income	58,527,158	548,414	50,759	313,857	59,440,188
Net premium income	1,807,503	-	-	-	1,807,503
Net interest and sharia and premium income	60,334,661	548,414	50,759	313,857	61,247,691
Other operating income:					
Others fees and commissions	13,891,091	280,996	-	44,348	14,216,435
Others	11,989,798	168,859	5,671	109,635	12,273,963
Total	25,880,889	449,855	5,671	153,983	26,490,398
(Allowance for)/reversal of impairment losses on financial assets and others	(12,277,257)	91,045	-	113,749	(12,072,463)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	8,205	-	-	-	8,205
Gain on sale of marketable securities and government bonds	704,066	149,784	-	-	853,850
Other operating expenses:					
Salaries and employee benefit	(17,010,452)	(173,854)	(23,597)	(13,143)	(17,221,046)
General, administrative expenses and others	(22,674,170)	(132,100)	(20,779)	(28,072)	(22,855,121)
Total	(39,684,622)	(305,954)	(44,376)	(41,215)	(40,076,167)
Non operating income/ (expense) - net	(82,988)	99,027	-	(26,113)	(10,074)
Tax expense	(7,846,179)	(137,519)	(2,150)	-	(7,985,848)
Net income	27,036,775	894,652	9,904	514,261	28,455,592
Net income attributable to:					
Noncontrolling interest	-	-	-	-	973,459
Parent Entity	-	-	-	-	27,482,133
Consolidated statement of financial position					
Loans	850,428,612	28,276,194	536,120	6,594,311	885,835,237
Total assets	1,260,518,160	41,619,677	2,585,317	13,523,181	1,318,246,335
Demand deposits and <i>wadiah</i> demand deposits	(241,672,996)	(5,490,921)	(280,350)	-	(247,444,267)
Saving deposits and <i>wadiah</i> saving deposits	(322,075,799)	(2,412,273)	-	-	(324,488,072)
Time deposits	(274,576,454)	(3,599,552)	-	-	(278,176,006)
Total deposit from customers	(838,325,249)	(11,502,746)	(280,350)	-	(850,108,345)
Total liabilities	(968,855,444)	(41,562,216)	(1,861,378)	(13,470,542)	(1,025,749,580)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2018:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
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	27,241,872	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	24,577,451	780,947	7,970	485,569	25,851,937
Net income attributable to:					
Noncontrolling interest	-	-	-	-	836,916
Parent Entity	-	-	-	-	25,015,021
Consolidated statement of financial position					
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)

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Standardised Approach¹ 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 Standardised Measurement Method² and internally uses Value at Risk. For Operational Risk, the Bank refers to Basel II Basic Indicator Approach³.

The calculation of Risk Weighted Assets (Credit, Operational and Market) and Capital Adequacy Ratio (CAR) (Bank Mandiri only) as of December 31, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Capital:		
Core capital	179,161,161	158,442,446
Supplementary capital	9,667,098	9,115,536
Total capital for credit risk, operational risk and market risk	188,828,259	167,557,982
Risk-Weighted Assets for credit	731,563,854	677,717,804
Risk-Weighted Assets for operational	123,291,988	115,067,839
Risk-Weighted Assets for market	28,049,779	6,449,454
Total Risk-Weighted Assets for credit, operational and market risk	882,905,621	799,235,097

1 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, SE OJK 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 SE OJK 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.

2 Referring to SE OJK No.38/SEOJK.03/2016 regarding Guidelines for Using Standard Methods in Calculating Minimum Capital Requirements for Commercial Banks to calculate market risk.

3 Referring to SE OJK No.24/SEOJK.03/2016 regarding Risk-Weighted Assets Calculation for Operational Risk by Using a Basic Indicator Approach.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

58. CAPITAL ADEQUACY RATIO (continued)

Capital risk management (continued)

	December 31,	
	2019	2018
CAR for core capital	20.29%	19.82%
CAR for credit risk	25.81%	24.72%
CAR for credit risk and operational risk	22.09%	21.14%
CAR for credit risk and market risk	24.86%	24.49%
CAR for credit risk, operational risk and market risk	21.39%	20.96%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile ⁴	9.59%	9.56%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2019 and 2018 including credit, operational and market risk are 20.90% and 20.46%, respectively, taking into account credit and operational risk are 21.53% and 20.62%, 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, 2019 and 2018 (Bank Mandiri only) are 1.65% and 1.88%, 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, 2019 and 2018 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2019 and 2018 are 107.56% and 115.23%, 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, 2019 and 2018 are 6.23% and 6.04%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2019 and 2018 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia's 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.

⁴ The minimum CAR for the main risks of tier 1 and additional risks of tier 2 (capital add-on) is based on the Internal Capital Adequacy Assessment Process (ICAAP) method.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, Bank Mandiri's Custodian Operations has 4,916 and 3,279 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, 2019 are amounted to Rp525,576,046, USD2,136,759,816 (full amount), and EUR141,100 (full amount) and as of December 31, 2018 are amounted to Rp476,857,329, USD2,218,416,860 (full amount), and EUR141,336 (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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Decree of Capital Market and Financial Institutions Supervisory Board based on 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, 2019, Bank Mandiri manage 117 customers with the total value of bonds and MTN issued amounted to Rp115,589,750 and as of December 31, 2018 manage 116 customers with the total value of bonds and MTN issued amounted to Rp111,941,100 and USD5,000,000 (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, corporate and commercial, non-profit organisation 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

61. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	December 31, 2019	December 31, 2018
Government:		
Agriculture	259,660	261,272
Manufacturing	953	14,543
	260,613	275,815

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 Nederlandse 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%.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 synchronised 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 & Credit Policy Committee (RMPC), 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 supervised under Board of Directors, 4 committees directly involved with risk management, i.e RMPC, IRC, ALCO and PPC. All functions and key responsibilities are as follows:

1. Risk Management & Credit Policy Committee (RMPC)
Discuss and recommends loan regulation as well as monitoring risk profile and all risks related to the Bank
2. Integrated Risk Committee (IRC)
Provide recommendation to the Board of Directors in order to develop integrated risk management regulations and revised or refined the standards for integrated risk management based on the results of evaluation process.

Bank Mandiri as parent entity has formed IRC committee as an application of POJK No.17/POJK.03/2014 about integrated risk management for financial Group. Member of IRC includes Board of Directors of parent entity and Subsidiaries.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

All functions and key responsibilities are as follows (continued):

3. **Asset & Liabilities Committee (ALCO)**
Manages Bank's strategic management of asset and liabilities, interest rate, liquidity and other areas related to the asset and liability management of the Bank. Furthermore, ALCO has function and responsibility to monitor risk indicator and financial Bank which state the recovery plan and also recommend recovery plan activation in which this indicator has crossed the line.
4. **Policy & Procedure Committee (PPC)**
Manages synchronization regulation and operational procedures to be in line with the Bank's regulation.

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 and Subsidiaries, also discuss and propose a guidance for risk management. The organization structure of risk management consist of Risk Taking Unit and Independent Risk Management Unit. Risk Taking Unit who run the four eye principles which are Wholesale Risk and Retail Risk 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.

The process of managing Bank Mandiri's kredit for the wholesale segment begins with setting targets the market through the Portfolio Guidelines which establish Industry Classification (attractive, neutral, selective) and the appropriate industry limits, and select and filter target customers through Industry Acceptance Criteria and Name Clearance, to produce quality debtor pipelines. The next process is to conduct a credit risk assessment using a series of credit risk tools (credit risk rating, spreadsheets, CPA, NAK, etc.) which are then decided by the Authorized Person to Approve Credit (through Credit Committee Meetings) with the four-eyes principle which involve the Business Unit and Credit Risk Management Unit independently.

After the credit disbursement process, credit risk and the potential for debtor failure must always be monitored and detected early (Early Warning Signals), among others by using ALERT (watchlist) tools and if a debtor becomes problematic then an account strategy is needed which includes collection, recovery and restructuring activities.

For the retail segment, because it is a mass market, the credit process is carried out more automatically by using a credit risk scorecard, with reference to each Risk Acceptance Criteria products, as well as processing through an automated work flow (loan factory).

The monitoring process is carried out in a portfolio manner through the Portfolio Quality Review, which can be continued with the collection and recovery process for the problematic portion of the portfolio.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

To anticipate the deterioration of macroeconomic conditions, a what-if analysis is conducted wholesale and retail portfolios through stress testing using certain several macroeconomics scenarios.

In distributing the credit, Bank Mandiri always focus on prudent principal using credit policy which managing end to end credit risks. Operationally, the policy is formalised in Credit Procedures (SPK) and products manual.

To manage concentration risk on debtor level, Bank Mandiri consistently monitor Legal Lending Limit (BMPK). In general, loan processing and credit risk management in Bank Mandiri had been integrated with Business Unit, Credit Operation Unit and Credit Risk Management Unit.

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. Executive Business Officer and 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 Business Officer and Executive Credit Officer can be monitored from time to time.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Credit risk (continued)

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 authorised 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-attribution).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 inventarisation, 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 standardised, 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 2019, Bank Mandiri has updated the Recovery Plan which has been approved at the Board of Directors Meeting dated November 20, 2019.

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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Current accounts with Bank Indonesia	46,490,930	59,852,761
Current accounts with other banks	12,558,297	14,830,772
Placement with Bank Indonesia and other banks	37,568,760	22,515,696
Marketable securities ^{*)}		
Government		
Fair value through profit or loss	4,319,700	216,760
Available for sale	1,615,886	3,583,165
Held to maturity	16,726	-
At cost	405,881	-
Non-government		
Fair value through profit or loss	3,189,247	3,547,087
Available for sale	18,285,290	26,236,035
Held to maturity	7,982,683	7,887,279
At cost	13,436,875	2,630,325
Government bonds ^{***)}		
Fair value through profit or loss	5,040,996	3,372,637
Available for sale	96,664,454	78,265,244
Held to maturity	18,003,259	17,977,222
At cost	8,079,331	13,468,806
Other receivables - trade transactions	29,104,111	24,809,459
Securities purchased under agreements to resell	1,955,363	2,097,629
Derivatives receivables	1,617,476	1,798,557

^{*)} 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are as follows (continued):

	December 31, 2019	December 31, 2018
Loans and sharia loan/financing ¹⁾		
Corporate	360,345,989	325,034,885
Commercial	132,412,926	122,341,005
Retail	289,881,505	255,484,648
Sharia	73,206,424	64,900,557
Consumer financing receivables	18,211,088	16,826,865
Net investment finance leases	3,047,089	3,319,103
Acceptance receivables	10,058,035	13,592,409
Other assets		
Accrued income	5,393,123	5,251,323
Receivables from customer transactions	1,304,879	1,012,574
Receivables from transactions related to ATM and credit card	595,697	573,938
Receivables from policyholders	147,564	477,041
Receivables from sale of marketable securities	75,789	831,337
Receivables from government bonds pledged as collateral	3,554,645	3,499,304
	1,204,570,018	1,096,234,423

¹⁾ Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Bank guarantees issued	96,343,574	82,023,611
Committed unused loan facilities	39,132,832	36,911,030
Outstanding irrevocable letters of credit	17,552,391	19,734,769
Standby letter of credit	13,572,803	13,124,842
	166,601,600	151,794,252

The above table represents the maximum financial assets exposure on credit risk for Bank Mandiri and Subsidiaries as of December 31, 2019 and 2018, 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018. In the following table, Bank Mandiri and Subsidiaries have allocated exposures based on the geographical area where the transactions are recorded.

	December 31, 2019					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	46,490,930	-	-	-	-	46,490,930
Current accounts with other banks	10,224,194	10	572	-	2,338,714	12,563,490
Placement with Bank Indonesia and other banks	26,491,374	-	-	-	11,125,061	37,616,435
Marketable securities**)						
Government						
Fair value through profit or loss	2,469,184	-	-	-	1,850,516	4,319,700
Available for sale	-	-	-	-	1,615,886	1,615,886
Held to maturity	16,726	-	-	-	-	16,726
At cost	405,881	-	-	-	-	405,881
Non Government						
Fair value through profit or loss	2,496,979	-	-	-	692,268	3,189,247
Available for sale	17,725,826	-	-	-	559,464	18,285,290
Held to maturity	7,799,914	-	-	-	219,254	8,019,168
At cost	13,469,928	-	-	-	-	13,469,928
Government Bonds ***)						
Fair value through profit or loss	5,040,996	-	-	-	-	5,040,996
Available for sale	92,152,640	-	-	-	4,511,814	96,664,454
Held to maturity	16,685,335	-	-	-	1,317,924	18,003,259
At cost	8,079,331	-	-	-	-	8,079,331
Other receivables-trade transactions	30,202,607	-	-	-	213,095	30,415,702
Securities purchased under agreements to resell	1,955,363	-	-	-	-	1,955,363
Derivatives receivables	1,601,140	-	-	-	16,336	1,617,476
Loans *)						
Corporate	276,267,516	45,645,011	5,619,170	3,352,500	34,485,748	365,369,945
Commercial	107,231,695	27,635,833	9,632,986	3,558,414	963,009	149,021,937
Retail	196,531,462	52,278,744	19,661,042	21,848,099	5,950,233	296,269,580
Sharia	49,384,727	14,170,018	5,964,659	3,598,998	2,055,373	75,173,775
Consumer financing receivables	12,453,126	2,676,510	1,520,180	1,857,925	57,965	18,565,706
Net investment finance leases	2,968,215	42,243	32,107	11,404	1,102	3,055,071
Acceptance receivables	9,377,389	-	-	-	902,450	10,279,839
Other assets						
Accrued Income	4,422,687	436,656	126,126	129,827	277,827	5,393,123
Receivables from customer transactions	1,173,575	89,774	21,756	28,236	2,147	1,315,488
Receivables from transactions related to ATM and credit card	595,697	-	-	-	-	595,697
Receivables to policyholders	147,564	-	-	-	-	147,564
Receivables from sale of marketable securities	75,789	-	-	-	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	-	-	-	3,554,645
	947,492,435	142,974,799	42,578,598	34,385,403	69,156,186	1,236,587,421

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

***) 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 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 ²⁾						
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	809,125	-	-	-	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 ³⁾						
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 ²⁾						
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
Acceptance 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
Receivables to policyholders	477,041	-	-	-	-	477,041
Receivables from sale of marketable securities	807,245	-	-	-	24,092	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	-	-	-	3,499,304
	883,522,209	129,099,999	40,467,223	30,822,232	46,564,182	1,130,475,845

²⁾ Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

³⁾ Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.

⁴⁾ Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

⁵⁾ Others include portfolios in Papua and overseas branches.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	93,586,431	94,720	24,259	82,437	2,675,549	96,463,396
Committed unused loan facilities	12,769,401	4,872,577	772,094	415,516	20,331,214	39,160,802
Outstanding irrevocable letters of credit	16,173,203	5,275	-	-	1,386,875	17,565,353
Standby letter of credit	12,925,660	-	-	-	872,428	13,798,088
	135,454,695	4,972,572	796,353	497,953	25,266,066	166,987,639
	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
	127,751,979	5,392,446	826,498	592,876	17,356,182	151,919,981

****) 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, 2019 and 2018.

	December 31, 2019						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	46,490,930	-	-	-	-	46,490,930
Current accounts with other banks	-	12,563,490	-	-	-	-	12,563,490
Placement with Bank Indonesia and other banks	-	37,616,435	-	-	-	-	37,616,435
Marketable securities**)							
Government							
Fair value through profit or loss	4,319,700	-	-	-	-	-	4,319,700
Available for sale	1,615,886	-	-	-	-	-	1,615,886
Held to maturity	16,726	-	-	-	-	-	16,726
At cost	405,881	-	-	-	-	-	405,881
Non Government							
Fair value through profit or loss	-	3,016,983	92,548	88	53,029	26,599	3,189,247
Available for sale	-	11,020,052	318,793	154,072	2,450,311	4,342,062	18,285,290
Held to maturity	-	3,345,297	621,516	466,075	2,564,872	1,021,408	8,019,168
At cost	-	11,795,328	400,000	85,000	385,000	804,600	13,469,928
Government Bonds****)							
Fair value through profit or loss	5,040,996	-	-	-	-	-	5,040,996
Available for sale	96,664,454	-	-	-	-	-	96,664,454
Held to maturity	18,003,259	-	-	-	-	-	18,003,259
At cost	8,079,331	-	-	-	-	-	8,079,331
Other receivables-trade transactions	-	5,988,403	9,778,576	1,897,493	205,518	12,545,712	30,415,702
Securities purchased under resale agreements	-	1,839,657	-	-	-	115,706	1,955,363
Derivatives receivables	-	1,165,889	-	-	-	451,587	1,617,476

***) 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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)

	December 31, 2019 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans ⁾							
Corporate	13,567,951	6,114,177	85,521,532	39,480,182	45,702,704	174,983,399	365,369,945
Commercial	-	701,949	46,513,622	27,236,270	19,589,813	54,980,283	149,021,937
Retail	-	47,219	5,916,721	16,770,264	16,482,885	257,052,491	296,269,580
Sharia	17,276	5,871,056	3,708,803	3,936,036	3,801,803	57,838,801	75,173,775
Consumer financing receivables	153,821	25,052	555,174	35,211	167,630	17,628,818	18,565,706
Net investment finance leases	76,113	2,586	77,363	40,146	563,260	2,295,603	3,055,071
Acceptance receivables	1,469	981,419	872,765	-	5,245	8,418,941	10,279,839
Other assets							
Accrued income	666,736	1,468,736	312,435	109,486	339,177	2,496,553	5,393,123
Receivables from customer transactions	-	475,802	-	-	-	839,686	1,315,488
Receivables from transactions related to ATM and credit card	-	-	-	-	-	595,697	595,697
Receivables to policyholders	-	147,564	-	-	-	-	147,564
Receivables from sale of marketable securities	-	75,789	-	-	-	-	75,789
Receivables from Government Bonds pledged as collateral	-	3,554,645	-	-	-	-	3,554,645
	148,629,599	154,308,458	154,689,848	90,210,323	92,311,247	596,437,946	1,236,587,421

	December 31, 2018						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
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

⁾ Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

^{**)} 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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)

	December 31, 2018 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans ^{*)}							
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
Acceptance 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
Receivables to policyholders	-	477,041	-	-	-	-	477,041
Receivables from sale of marketable securities	-	831,337	-	-	-	-	831,337
Receivables from Government Bonds pledged as collateral	-	3,499,304	-	-	-	-	3,499,304
	128,619,675	152,517,559	151,441,934	84,920,305	67,240,196	545,736,176	1,130,475,845

^{*)} Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

^{****)} Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2019						Net
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others^{*)}	
Administrative accounts							
Bank guarantees issued	25,582	27,584,799	21,890,489	221,225	425,821	46,315,480	96,463,396
Committed unused loan facilities	16,684,136	2,794,599	6,616,123	1,322,600	-	11,743,344	39,160,802
Outstanding irrevocable letters of credit	63,944	10,168	2,168,351	334,116	1,921,081	13,067,693	17,565,353
Standby letter of credit	-	-	2,224,023	-	3,832,186	7,741,879	13,798,088
	16,773,662	30,389,566	32,898,986	1,877,941	6,179,088	78,868,396	166,987,639

	December 31, 2018						Net
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others^{*)}	
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
	11,608,797	23,119,734	32,431,008	1,648,626	7,796,643	75,315,173	151,919,981

^{*)} Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, exposure to credit risk on financial assets are as follows:

	December 31, 2019					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	46,490,930	-	-	46,490,930	-	46,490,930
Current account with other bank	12,560,200	-	3,290	12,563,490	(5,193)	12,558,297
Placement with Bank Indonesia and others bank	37,568,760	-	47,675	37,616,435	(47,675)	37,568,760
Marketable securities ^{*)}						
Government						
Fair value through profit or loss	4,319,700	-	-	4,319,700	-	4,319,700
Available for sale	1,615,886	-	-	1,615,886	-	1,615,886
Held to maturity	16,726	-	-	16,726	-	16,726
At cost	405,881	-	-	405,881	-	405,881
Non-government						
Fair value through profit or loss	3,189,247	-	-	3,189,247	-	3,189,247
Available for sale	18,285,290	-	-	18,285,290	-	18,285,290
Held to maturity	7,949,850	-	69,318	8,019,168	(36,485)	7,982,683
At cost	13,469,928	-	-	13,469,928	(33,053)	13,436,875
Government Bonds ^{***)}						
Fair value through profit or loss	5,040,996	-	-	5,040,996	-	5,040,996
Available for sale	96,664,454	-	-	96,664,454	-	96,664,454
Held to maturity	18,003,259	-	-	18,003,259	-	18,003,259
At cost	8,079,331	-	-	8,079,331	-	8,079,331
Other receivables						
trade transactions	22,418,217	6,502,375	1,495,110	30,415,702	(1,311,591)	29,104,111
Securities purchased under resale agreements	1,955,363	-	-	1,955,363	-	1,955,363
Derivatives receivables	1,617,476	-	-	1,617,476	-	1,617,476
Loans ¹⁾						
Corporate	334,409,001	21,838	30,939,106	365,369,945	(5,023,956)	360,345,989
Commercial	110,759,311	871,124	37,391,502	149,021,937	(16,609,011)	132,412,926
Retail	279,674,630	9,720,049	6,874,901	296,269,580	(6,388,075)	289,881,505
Sharia	71,119,651	635,401	3,418,723	75,173,775	(1,967,351)	73,206,424
Consumer financing receivables	16,993,116	1,362,530	210,060	18,565,706	(354,618)	18,211,088
Net Investment finance leases	2,845,500	182,377	27,194	3,055,071	(7,982)	3,047,089
Acceptance receivables	9,720,487	-	559,352	10,279,839	(221,804)	10,058,035
Other assets						
Accrued income	5,393,123	-	-	5,393,123	-	5,393,123
Receivables from customer transactions	1,304,877	-	10,611	1,315,488	(10,609)	1,304,879
Receivables from transactions related to ATM and credit card	595,697	-	-	595,697	-	595,697
Receivable to policyholders	147,564	-	-	147,564	-	147,564
Receivables from sale of marketable Securities	75,789	-	-	75,789	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	-	3,554,645	-	3,554,645
	1,136,244,885	19,295,694	81,046,842	1,236,587,421	(32,017,403)	1,204,570,018

¹⁾ Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

^{**) 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.}

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2018					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	59,852,761	-	-	59,852,761	-	59,852,761
Current account with other bank Placement with Bank Indonesia	14,832,487	-	3,474	14,835,961	(5,189)	14,830,772
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	78,265,244	-	-	78,265,244	-	78,265,244
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 ^{*)}						
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
Sharia	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
Acceptance 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
	1,033,453,783	18,838,268	78,138,794	1,130,475,845	(34,241,422)	1,096,234,423

^{*)} Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

^{**) 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.}

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, exposure to credit risk on administrative accounts are as follows:

	December 31, 2019					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	95,547,794	-	915,602	96,463,396	(119,822)	96,343,574
Committed unused loan facilities	38,732,357	4,389	424,056	39,160,802	(27,970)	39,132,832
Outstanding irrevocable letters of credit	16,813,849	-	751,504	17,565,353	(12,962)	17,552,391
Standby letter of credit	12,906,578	-	891,510	13,798,088	(225,285)	13,572,803
	164,000,578	4,389	2,982,672	166,987,639	(386,039)	166,601,600

	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
	150,013,263	12,002	1,894,716	151,919,981	(125,729)	151,794,252

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2019		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	46,490,930	-	46,490,930
Current accounts with other banks	12,560,200	-	12,560,200
Placement with Bank Indonesia and other banks	37,568,760	-	37,568,760
Marketable securities ^{*)}			
Government			
Fair value through profit or loss	4,319,700	-	4,319,700
Available for sale	1,615,886	-	1,615,886
At cost	405,881	-	405,881
Held to maturity	16,726	-	16,726
Non Government			
Fair value through profit or loss	3,189,247	-	3,189,247
Available for sale	18,285,290	-	18,285,290
Held to maturity	7,693,805	256,045	7,949,850
At cost	13,469,928	-	13,469,928
Government Bonds ^{***)}			
Fair value through profit or loss	5,040,996	-	5,040,996
Available for sale	96,664,454	-	96,664,454
Held to maturity	18,003,259	-	18,003,259
At cost	8,079,331	-	8,079,331
Other receivables-trade transactions	18,236,810	4,181,407	22,418,217
Securities purchased under agreements to resell	1,955,363	-	1,955,363
Derivatives receivables	1,617,476	-	1,617,476
Loans ^{†)}			
Corporate	248,865,875	85,543,126	334,409,001
Commercial	97,676,865	13,082,446	110,759,311
Retail	277,420,366	2,254,264	279,674,630
Sharia	71,119,651	-	71,119,651
Consumer financing receivables	16,993,116	-	16,993,116
Net Investment finance leases	2,845,500	-	2,845,500
Acceptance receivables	9,310,881	409,606	9,720,487
Other assets			
Accrued income	5,393,123	-	5,393,123
Receivables from customer transactions	1,304,877	-	1,304,877
Receivables from transactions related to ATM and credit card	595,697	-	595,697
Receivables to policyholders	147,564	-	147,564
Receivables from sale of marketable securities	75,789	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	3,554,645
Total	1,030,517,991	105,726,894	1,136,244,885

^{†)} Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

^{*)} 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, details of the quality of financial assets that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2018		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	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 ³⁾			
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 ⁴⁾			
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 ¹⁾			
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
Acceptance 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
Receivables to policyholders	477,041	-	477,041
Receivables from sale of marketable securities	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	3,499,304
Total	927,761,564	105,692,220	1,033,453,784

¹⁾ Segment of risk management are classified into Corporate, Commercial, Retail and Sharia.

²⁾ Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

³⁾ Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2019		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	77,740,283	17,807,511	95,547,794
Committed unused loan facilities	35,361,189	3,371,168	38,732,357
Outstanding irrevocable letters of credit	13,628,050	3,185,799	16,813,849
Standby letters of credit	10,396,314	2,510,264	12,906,578
	137,125,836	26,874,742	164,000,578
	December 31, 2018		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
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
	134,248,311	15,764,952	150,013,263

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, 2019 and 2018, 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, 2019 and 2018.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as of December 31, 2019 and 2018.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are as follows:

	December 31, 2019			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	6,502,375	-	-	6,502,375
Loans				
Corporate	21,838	-	-	21,838
Commercial	511,024	69,720	290,380	871,124
Retail	6,663,463	1,739,707	1,316,879	9,720,049
Sharia	248,880	170,162	216,359	635,401
Consumer financing receivables	963,669	228,614	170,247	1,362,530
Net investment finance leases	74,146	43,160	65,071	182,377
	14,985,395	2,251,363	2,058,936	19,295,694
	December 31, 2018			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
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
	14,716,687	2,230,985	1,935,596	18,883,268

- (ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2019 and 2018, are summarised in the tables below:

	December 31, 2019 ¹⁾				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	29,668,029	32,418,201	1,144,055	814,820	64,045,105
Allowance for impairment losses	(4,663,478)	(14,663,017)	(451,096)	(604,973)	(20,382,564)
Carrying amount	25,004,551	17,755,184	692,959	209,847	43,662,541

¹⁾ Segment of Risk Management are classified into Corporate, Commercial, Retail and Sharia.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018, are summarised in the tables below (continued):

	December 31, 2019¹⁾ (continued)				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed collectively)					
Gross amount	1,271,077**)	4,973,301 ¹⁾)	5,730,846	2,603,903	14,579,127
Allowance for impairment losses	(2,300)	(622,990)	(1,769,668)	(610,343)	(3,005,301)
Carrying amount	1,268,777	4,350,311	3,961,178	1,993,560	11,573,826
Total gross amount	30,939,106	37,391,502	6,874,901	3,418,723	78,624,232
Allowance for impairment losses	(4,665,778)	(15,286,007)	(2,220,764)	(1,215,316)	(23,387,865)
Total carrying amount	26,273,328	22,105,495	4,654,137	2,203,407	55,236,367

¹⁾ Segment of Risk Management are classified into Corporate, Commercial, Retail and Sharia.

** Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2018¹⁾				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
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
Impaired (assessed collectively)					
Gross amount	1,655,066**)	5,830,187**)	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)
Total carrying amount	19,182,392	22,040,046	4,704,241	2,781,659	48,708,338

¹⁾ Segment in Risk Management classified into Corporate, Commercial, Retail and Sharia.

** 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

	December 31, 2019		
	Non-impaired¹⁾	Impaired	Total
Rupiah	490,918	-	490,918
Foreign currencies	12,069,282	3,290	12,072,572
Total	12,560,200	3,290	12,563,490
Less: allowance for impairment losses	(1,903)	(3,290)	(5,193)
Net	12,558,297	-	12,558,297
	December 31, 2018		
	Non-impaired¹⁾	Impaired	Total
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)
Net	14,830,772	-	14,830,772

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks

	December 31, 2019		
	Non-impaired ¹⁾	Impaired	Total
Rupiah			
Bank Indonesia	12,380,226	-	12,380,226
Call money	4,020,000	-	4,020,000
Time deposits	1,150,400	-	1,150,400
	<u>17,550,626</u>	<u>-</u>	<u>17,550,626</u>
Foreign currencies			
Bank Indonesia	8,468,325	-	8,468,325
Call money	8,090,026	46,601	8,136,627
Placement "Fixed Term"	2,792,032	1,074	2,793,106
Time deposits	667,751	-	667,751
	<u>20,018,134</u>	<u>47,675</u>	<u>20,065,809</u>
Total	37,568,760	47,675	37,616,435
Less: allowance for impairment losses	-	(47,675)	(47,675)
Net	<u>37,568,760</u>	<u>-</u>	<u>37,568,760</u>
	December 31, 2018		
	Non-impaired ¹⁾	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
	<u>12,880,913</u>	<u>-</u>	<u>12,880,913</u>
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
	<u>9,634,783</u>	<u>50,338</u>	<u>9,685,121</u>
Total	22,515,696	50,338	22,566,034
Less: allowance for impairment losses	-	(50,338)	(50,338)
Net	<u>22,515,696</u>	<u>-</u>	<u>22,515,696</u>

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities

	December 31, 2019		
	Non-impaired ¹⁾	Impaired ²⁾	Total
Government			
Rupiah			
Bonds	2,768,698	-	2,768,698
Export bills	123,093	-	123,093
	2,891,791	-	2,891,791
Foreign currencies			
Treasury bills	3,466,402	-	3,466,402
Total	6,358,193	-	6,358,193
Non-government			
Rupiah			
Investments in mutual fund	4,174,652	-	4,174,652
Certificates of Bank Indonesia and Sharia	1,223,132	-	1,223,132
Sukuk Bank Indonesia	9,431,729	-	9,431,729
Bonds	11,342,344	-	11,342,344
Medium term notes	250,000	-	250,000
Sharia corporation bonds	3,163,600	-	3,163,600
Negotiable certificate of deposit	229,060	-	229,060
Shares	353,114	-	353,114
Export bills	717,386	29,345	746,731
Total	30,885,017	29,345	30,914,362
Foreign currencies			
Certificates of Bank Indonesia	2,149,755	-	2,149,755
Investments in mutual fund	3,193,387	-	3,193,387
Bonds	5,681,425	-	5,681,425
Export bills	984,731	39,973	1,024,704
Total	12,009,298	39,973	12,049,271
Total	42,894,315	69,318	42,963,633
	49,252,508	69,318	49,321,826
Less: allowance for impairment losses	(51,100)	(18,438)	(69,538)
Net	49,201,408	50,880	49,252,288

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

²⁾ Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2018		
	Non-impaired ¹⁾	Impaired ²⁾	Total
Government			
Rupiah			
Bonds	1,458,453	-	1,458,453
Foreign currencies			
Treasury bills	2,341,472	-	2,341,472
	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
	44,015,602	181,623	44,197,225
Less: allowance for impairment losses	(91,616)	(4,958)	(96,574)
Net	43,923,986	176,665	44,100,651

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

²⁾ Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vi) Other receivables - trade transactions

	December 31, 2019		
	Non-impaired ¹⁾	Impaired	Total
Rupiah			
Usance L/C payable at sight	901,013	144,339	1,045,352
Others	20,381,696	277,886	20,659,582
Total	21,282,709	422,225	21,704,934
Foreign currencies			
Usance L/C payable at sight	1,426,827	101,482	1,528,309
Others	6,211,056	971,403	7,182,459
Total	7,637,883	1,072,885	8,710,768
	28,920,592	1,495,110	30,415,702
Less: allowance for impairment losses	(85,249)	(1,226,342)	(1,311,591)
Net	28,835,343	268,768	29,104,111
	December 31, 2018		
	Non-impaired ¹⁾	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
Total	16,044,563	829,234	16,873,797
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
Total	8,206,455	1,332,805	9,539,260
	24,251,018	2,162,039	26,413,057
Less: allowance for impairment losses	(83,914)	(1,519,684)	(1,603,598)
Net	24,167,104	642,355	24,809,459

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptance receivables

	December 31, 2019		
	Non-impaired	Impaired	Total
Rupiah	4,948,214	320,969	5,269,183
Foreign currencies	4,772,273	238,383	5,010,656
	9,720,487	559,352	10,279,839
Less: allowance for impairment losses	(58,919)	(162,885)	(221,804)
Net	9,661,568	396,467	10,058,035

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vii) Acceptance receivables (continued)

	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)
Net	12,469,082	1,123,327	13,592,409

(viii) Consumer financing receivables

	December 31, 2019		
	Non-impaired	Impaired	Total
Rupiah	18,355,646	210,060	18,565,706
Less: allowance for impairment losses	(290,767)	(63,851)	(354,618)
Net	18,064,879	146,209	18,211,088

	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)
Net	16,675,281	151,584	16,826,865

(ix) Securities purchased under agreements to resell

	December 31, 2019		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under agreements to resell	1,955,363	-	1,955,363

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under agreements to resell	2,097,629	-	2,097,629

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(x) Net investment finance leases

	December 31, 2019		
	Non-impaired	Impaired	Total
Rupiah	3,027,877	27,194	3,055,071
Less: allowance for impairment losses	(7,474)	(508)	(7,982)
Net	3,020,403	26,686	3,047,089
	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)
Net	3,296,153	22,950	3,319,103

(xi) Estimated losses on commitments and contingencies

	December 31, 2019		
	Non-impaired ^{*)}	Impaired	Total
Rupiah			
Bank guarantees issued	55,142,427	755,520	55,897,947
Committed unused loan facilities			
Outstanding irrevocable letters of credit	16,794,262	421,730	17,215,992
Standby letters of credit	3,988,133	564,547	4,552,680
	1,995,405	729,501	2,724,906
Total	77,920,227	2,471,298	80,391,525
Foreign currencies			
Bank guarantees issued	40,405,367	160,082	40,565,449
Committed unused loan facilities			
Outstanding irrevocable letters of credit	21,942,484	2,326	21,944,810
Standby letters of credit	12,825,716	186,957	13,012,673
	10,911,173	162,009	11,073,182
Total	86,084,740	511,374	86,596,114
	164,004,967	2,982,672	166,987,639
Less: allowance for impairment losses	(33,890)	(352,149)	(386,039)
Net	163,971,077	2,630,523	166,601,600

^{*)} Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

^{**)} Including balance amounted to Rp70,589 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounted to Rp33,890.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2018		
	Non-impaired ^{*)}	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
Total	82,106,966	1,063,759	83,170,725
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
Total	67,918,299	830,957	68,749,256
	150,025,265	1,894,716	151,919,981
Less: allowance for impairment losses	(19,928)	(105,801)	(125,729)
Net	150,005,337	1,788,915	151,794,252

^{*)} Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

^{**)} Including balance amounted 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 amounted to Rp19,928.

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 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, 2019, the Bank maintained Rupiah primary statutory reserve of 6.21% from total outstanding deposit from customers denominated in Rupiah in accordance with the regulated limit, while for RIM ratio is 0.00% and PLM ratio of 13.02% 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019, 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, qualified debt securities issued by the Bank and qualified borrowing received by the Bank. As of December 31, 2019, the Bank's RIM is 93.93%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) with the estimation of 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, 2019, the Bank's LCR is 184.13%.

Net Stable Funding Ratio (NSFR) is a ratio of the available stable funding to required stable funding. As of December 31, 2019, the Bank's NSFR is 116.56%.

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, 2019, 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 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 1-week JIBOR, BI 7-days RR, 10-years SUN Yield, Outstanding Bank Rupiah Liquidity, Composite Stock Price Index (IHSG), Rate Interbank Call Money, 10-years UST Yield, USD/IDR Exchange Rate, Indonesia's 5-years Credit Default Swap (CDS), and the current market informations.

The maturity profile as of December 31, 2019 and 2018 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019								
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
Assets								
Current accounts with Bank Indonesia	46,490,930	-	46,490,930	-	-	-	-	-
Current accounts with other banks - gross	12,563,490	-	12,560,200	-	-	-	-	3,290
Placement with Bank Indonesia and other banks	37,616,435	-	36,764,473	547,417	255,898	-	47,675	972
Marketable securities - gross	71,332,906	22,610,132	12,104,435	3,960,743	4,291,788	4,424,596	9,555,722	14,385,490
Government bonds	129,000,300	-	-	6,555,758	1,251,428	16,081,510	30,613,260	74,498,344
Other receivables-trade transactions - gross	30,415,702	-	7,094,900	13,626,197	8,485,162	51,698	47,359	1,110,386
Securities purchased under resale agreements - gross	1,955,363	-	1,830,404	-	100,229	24,730	-	-
Derivative receivables - gross	1,617,476	-	447,026	280,155	72,690	196,035	130,477	491,093
Loans - gross	885,835,237	-	84,495,249	40,565,045	55,064,536	69,544,986	148,025,156	488,140,265
Consumer financing receivables-gross	18,565,706	-	884,262	1,268,471	1,324,345	2,562,052	6,497,141	6,029,435
Net Investment finance leases - gross	3,055,071	-	151,564	300,764	427,000	746,415	1,363,886	65,442
Acceptance receivables - gross	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Other asset - gross ^{*)}	11,082,306	147,564	4,247,866	156,113	183,734	243,576	832,507	5,270,946
	1,259,810,761	22,757,696	209,959,900	71,335,762	74,709,009	93,939,548	197,113,183	589,995,663
Allowance for impairment losses	(32,017,403)	-	-	-	-	-	-	-
Total	1,227,793,358	-	-	-	-	-	-	-
Liabilities								
Deposits from customers		-		-	-	-	-	-
Demand deposits	247,444,267	-	247,444,267	-	-	-	-	-
Savings deposits	324,488,072	-	324,488,072	-	-	-	-	-
Time deposits	278,176,006	-	147,291,253	98,723,529	12,041,707	18,658,171	1,461,346	-
Deposits from other banks		-		-	-	-	-	-
Demand and saving deposits	7,748,268	-	7,748,268	-	-	-	-	-
Interbank call money	219,360	-	159,534	59,826	-	-	-	-
Time deposits	5,430,238	-	2,742,501	2,267,137	1,700	418,300	600	-
Securities sold under agreements to repurchase	3,782,055	-	2,289,507	922,560	-	70,766	499,222	-
Derivatives liabilities	1,195,022	-	166,391	116,724	58,629	113,751	336,400	403,127
Acceptance liabilities	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Debt securities issued	32,245,270	-	65,417	-	1,817,657	1,595,488	6,117,276	22,649,432
Accrued expenses	6,215,561	529,317	5,686,244	-	-	-	-	-
Other liabilities ^{**)}	3,701,639	138,569	2,418,575	969,342	175,153	-	-	-
Fund borrowings	54,128,562	-	3,453,146	5,621,115	4,606,585	14,664,213	12,839,027	12,944,476
Subordinates loans and marketable securities	664,217	-	8,252	-	-	8,252	24,755	622,958
	975,718,376	667,886	746,850,018	112,755,332	21,953,630	35,592,891	21,278,626	36,619,993
Maturity gap	284,092,385	22,089,810	(536,890,118)	(41,419,570)	52,755,379	58,346,657	175,834,557	553,375,670
Net positions, net of allowance for impairment losses	252,074,982	-	-	-	-	-	-	-

* Other assets consists of accrued income, receivables from government bonds pledged as collateral, receivables from customer transactions, receivables from sale marketable securities, receivables from transaction related to ATM and credit card, and receivables from policyholder.

** Other liabilities consists of customers transfer transaction, liabilities related to ATM and credit card transactions, guarantee deposits, payable from purchase of marketable securities, other liabilities related to UPAS transactions and claim payables.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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
Assets								
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	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
	1,151,411,703	21,220,746	235,657,030	74,979,296	82,753,236	86,174,066	232,448,193	418,179,136
Allowance for impairment losses	(34,241,422)	-	-	-	-	-	-	-
Total	1,117,170,281	-	-	-	-	-	-	-
Liabilities								
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
	896,549,879	506,233	688,559,210	124,385,980	19,434,951	10,551,953	23,230,881	29,880,671
Maturity gap	254,861,824	20,714,513	(452,902,180)	(49,406,684)	63,318,285	75,622,113	209,217,312	388,298,465
Net positions, net of allowance for impairment losses	220,620,402	-	-	-	-	-	-	-

^{*)} Other assets consists of accrued income, receivables from government bonds pledged as collateral, receivables from customer transactions, receivables from sale marketable securities, receivables from transaction related to ATM and credit card, and receivables from policyholder.

^{**)} Other liabilities consists of customers transfer transaction, liabilities related to ATM and credit card transactions, guarantee deposits, payable from purchase of marketable securities, other liabilities related to UPAS transactions and claim payables.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 as follows:

December 31, 2019								
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
Liabilities								
Deposit from customers								
Demand deposits	247,804,330	-	247,804,330	-	-	-	-	-
Saving deposits	324,761,507	-	324,739,543	2,182	3,158	8,603	5,073	2,948
Time deposits	281,097,825	-	148,500,361	99,585,281	12,458,704	19,078,217	1,475,262	-
Deposits from other banks								
Demand and saving deposits	7,759,275	-	7,759,275	-	-	-	-	-
Interbank call money	220,204	-	160,078	60,126	-	-	-	-
Time deposits	5,477,376	-	2,772,044	2,272,405	1,735	430,590	602	-
Securities sold under agreements to repurchase	3,800,274	-	2,293,702	925,164	-	71,274	510,134	-
Derivative payables	1,275,014	-	163,976	138,561	98,945	192,115	566,500	114,917
Acceptance payables	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Debt securities issued	38,557,565	-	65,417	213,981	2,261,310	2,253,788	8,735,865	25,027,204
Accrued expenses	6,215,561	529,317	5,686,244	-	-	-	-	-
Other liabilities	3,701,639	138,569	2,418,575	969,342	175,153	-	-	-
Fund borrowings	56,949,984	-	3,552,661	5,751,039	4,771,677	14,933,191	14,327,028	13,614,388
Subordinated loans and marketable securities	837,824	-	20,271	-	10,479	30,941	122,147	653,986
Total	988,738,217	667,886	748,825,068	113,993,180	23,033,360	37,062,669	25,742,611	39,413,443

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
Liabilities								
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
Acceptance payables	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
Total	910,485,965	506,233	647,021,826	161,358,107	26,236,248	12,748,274	27,174,137	35,441,140

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 are as follows:

December 31, 2019								
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	96,463,396	-	96,463,396	-	-	-	-	-
Committed unused loan facilities	39,160,802	-	39,160,802	-	-	-	-	-
Outstanding irrevocable letters of credit	17,565,353	-	3,464,223	7,375,340	2,922,103	2,145,340	1,658,347	-
Standby letter of credit	13,798,088	-	13,798,088	-	-	-	-	-
	166,987,639	-	152,886,509	7,375,340	2,922,103	2,145,340	1,658,347	-
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	-	-	-	-	-
	151,919,981	-	135,985,677	5,620,647	3,616,076	4,903,922	1,793,659	-

(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).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 (Bank Mandiri only) as follows:

	<u>Increased by 400 bps</u>	<u>Decreased by 400 bps</u>
December 31, 2019 *)		
Increase/(decrease) net interest income (Rp billion)	3,627.54	(3,625.31)
	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
December 31, 2018		
Increase/(decrease) net interest income (Rp billion)	1,999.35	(1,653.54)

*) 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, started from June 2019

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, 2019 and 2018 (Bank Mandiri only) as follows:

	<u>Increased by 400 bps</u>	<u>Decreased by 400 bps</u>
December 31, 2019 *)		
Increase/(decrease) interest income (Rp billion)	650.41	(646.72)
	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
December 31, 2018		
Increase/(decrease) interest income (Rp billion)	184.32	(184.32)

*) 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, started from June 2019

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 ¹⁾										
	Interest bearing								Over 5 years	Non interest bearing	Total
	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				
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	46,490,930	46,490,930	
Current accounts with other banks	10,736,242	-	-	-	-	-	-	-	1,827,248	12,563,490	
Placements with Bank Indonesia and other banks	30,941,392	414,008	300,535	-	-	-	-	-	5,960,500	37,616,435	
Marketable securities	12,359,572	3,960,743	8,716,384	3,711,250	5,844,472	6,592,370	1,146,942	6,646,178	22,354,995	71,332,906	
Government bonds	13,868,407	6,555,759	3,464,529	14,943,947	15,669,315	21,417,387	16,595,360	36,485,596	-	129,000,300	
Other receivables - trade transactions	7,050,821	13,626,197	8,536,860	47,359	-	-	-	1,110,386	44,079	30,415,702	
Securities purchased under resale agreements	1,831,089	-	124,274	-	-	-	-	-	-	1,955,363	
Derivative receivables	3,111	37,575	26,751	93,401	9,825	442,890	23,794	-	980,129	1,617,476	
Loans	146,698,796	350,698,252	165,646,704	37,825,603	27,977,678	14,270,948	6,969,935	60,573,533	75,173,788 ²⁾	885,835,237	
Consumer financing receivables	1,052,807	1,565,876	4,819,409	5,144,520	3,528,383	1,855,938	598,304	469	-	18,565,706	
Net investment finance leases	151,566	300,764	1,173,415	992,968	370,918	58,622	6,818	-	-	3,055,071	
Acceptance receivables	-	-	-	-	-	-	-	-	10,279,839	10,279,839	
Other assets	-	-	-	-	-	-	-	11,082,306	-	11,082,306	
	224,693,803	377,159,174	192,808,861	62,759,048	53,400,591	44,638,155	25,341,153	115,898,468	163,111,508	1,259,810,761	
Deposits from customers											
Demand deposits and wadiah demand deposits	58,778,705	4,990,289	22,456,301	29,941,734	29,941,734	29,941,734	29,941,734	29,941,734	11,510,302	247,444,267	
Saving deposits and wadiah saving deposits	79,782,298	6,750,269	30,378,153	40,492,172	40,489,943	40,489,217	40,489,269	40,490,025	5,126,726	324,488,072	
Time deposits	151,633,441	95,178,850	30,203,318	1,160,397	-	-	-	-	-	278,176,006	
Deposits from other banks											
Demand and saving deposits	1,502,683	174,041	783,184	1,044,245	1,044,245	1,044,245	1,044,245	1,044,245	67,135	7,748,268	
Interbank call money	159,535	59,825	-	-	-	-	-	-	-	219,360	
Time deposits	2,724,641	2,425,351	280,246	-	-	-	-	-	-	5,430,238	
Securities sold under agreements to repurchase	2,287,749	921,852	70,712	-	501,742	-	-	-	-	3,782,055	
Derivative payables	-	2,923	10,404	254,835	68,867	399,504	17,589	-	440,900	1,195,022	
Acceptance payables	-	-	-	-	-	-	-	-	10,279,839	10,279,839	
Debt securities issued	-	-	3,177,225	1,847,281	4,475,816	4,477,050	14,497,762	3,395,136	375,000	32,245,270	
Accrued expenses	-	-	-	-	-	-	-	-	6,215,561	6,215,561	
Other liabilities	-	-	-	-	-	-	-	3,701,639	-	3,701,639	
Fund borrowings	4,436,438	16,893,818	27,138,964	3,232,326	1,847,610	520,727	58,679	-	-	54,128,562	
Subordinated loans and marketable securities	-	-	-	-	499,171	-	-	165,046	-	664,217	
	301,305,490	127,397,218	114,498,507	77,972,990	78,869,128	76,872,477	86,049,278	78,737,825	34,015,463	975,718,376	
Total interest repricing gap	(76,611,687)	249,761,956	78,310,354	(15,213,942)	(25,468,537)	(32,234,322)	(60,708,125)	37,160,643	129,096,045	284,092,385	

¹⁾ There was a change in the calculation following SEQJK regarding Interest Rate Risk in Banking Book (IRBB) No. 12/SEQJK.03/2018 dated August 21, 2018.

²⁾ Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2018 ¹⁾										
	Interest bearing									Non interest bearing	Total
	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		
1 year			2 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 ²⁾	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	
Acceptance receivables	-	-	-	-	-	-	-	-	-	13,888,862	13,888,862
Other assets	-	-	-	-	-	-	-	-	11,658,117	-	11,658,117
	251,799,147	254,202,748	200,769,327	68,127,711	37,049,896	27,274,966	27,755,462	93,651,035	190,781,411	1,151,411,703	
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	
Acceptance payables	-	-	-	-	-	-	-	-	-	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	
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	
	228,946,615	142,357,415	99,960,855	74,278,049	52,107,618	42,622,817	36,987,582	187,111,295	32,177,633	896,549,879	
Total interest repricing gap	22,852,532	111,845,333	100,808,472	(6,150,338)	(15,057,722)	(15,347,851)	(9,232,120)	(93,460,260)	158,603,778	254,861,824	

¹⁾ There was a change in the calculation following SEOJK regarding Interest Rate Risk in Banking Book (IRBB) No. 12/SEOJK.03/2018 dated August 21, 2018.

²⁾ 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).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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) 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, 2019 and 2018 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.

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

a. Net open position

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2019 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)^{*)}			
United States Dollar	274,368,735	275,943,615	1,574,880
European Euro	9,031,438	8,976,453	54,985
Singapore Dollar	2,524,459	2,688,245	163,786
Japanese Yen	1,345,872	1,460,013	114,141
Australian Dollar	488,982	511,324	22,342
Great Britain Poundsterling	301,027	288,045	12,982
Hong Kong Dollar	103,282	93,219	10,063
Others	4,691,577	4,890,718	289,223 ^{*)}
Total			<u>2,242,402</u>

STATEMENT OF FINANCIAL POSITION

United State Dollar	220,431,781	182,815,107	37,616,674
European Euro	7,527,135	6,354,640	1,172,495
Singapore Dollar	1,888,269	1,545,234	343,035
Japanese Yen	1,004,508	1,360,295	(355,787)
Australian Dollar	356,430	209,988	146,442
Great Britain Poundsterling	289,365	285,909	3,456
Hong Kong Dollar	64,365	26,528	37,837
Others	1,536,813	4,336,102	(2,799,289) ^{*)}
Total			<u>36,164,863</u>

Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)	188,828,259
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NOP ratio (statement of financial position)	19.15%
NOP ratio (overall)	1.19%

Net Open Position ratio as of December 31, 2019 if calculated using November 2019 capital as follows:

November 2019 Capital	186,331,732
NOP ratio (Statement of financial position)	19.41%
NOP ratio (overall) ^{*)}	1.20%

^{*)} Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

^{**)} Represents total amount of difference between assets and liabilities from other foreign currencies.

^{***)} The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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, 2018 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)^{*)}			
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 ^{*)}
Total			<u>1,129,787</u>

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) ^{*)}
Total			<u>52,845,696</u>

Total Tier I and Tier II Capital
less investments in Subsidiaries (Note 58) **167,557,982**

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)^{*)} 0.69%

^{*)} Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

^{**)} Represents total amount of difference between assets and liabilities from other foreign currencies.

^{***)} The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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, 2019 and 2018. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2019								Total
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	
Assets									
Cash	1,299,141	192,564	413,716	41,111	256,572	23,337	17,695	302,168	2,546,304
Current accounts with Bank Indonesia	13,407,311	-	-	-	-	-	-	-	13,407,311
Current accounts with other banks and other banks	8,261,426	1,837,176	239,843	404,132	92,977	28,102	253,889	955,027	12,072,572
Placement with Bank Indonesia	19,719,007	47,675	-	-	-	-	-	299,127	20,065,809
Marketable securities	15,103,611	2,606	408,877	579	-	-	-	-	15,515,673
Government bonds	20,398,803	3,384,373	-	472,897	-	-	-	-	24,256,073
Other receivables-trade transactions	8,606,700	58,610	6,077	8,857	-	-	13,549	16,975	8,710,768
Derivative receivables	1,475,789	14,658	3	32	127	41	43	97	1,490,790
Loans	138,258,224	1,149,647	776,651	1,075	2,057	3,268	-	839,976	141,030,898
Acceptance receivables	3,959,983	886,870	9,785	75,957	2,021	-	-	76,040	5,010,656
Other assets	2,731,437	49,414	2,874	523	24	11	79	7,380	2,791,742
Total asset	233,221,432	7,623,593	1,857,826	1,005,163	353,778	54,759	285,255	2,496,790	246,898,596
Liabilities									
Deposits from customers									
Demand deposits and wadiah demand deposits	64,989,888	3,919,861	269,367	723,085	33,352	4,819	119,651	1,041,342	71,101,365
Saving deposits and wadiah saving deposits	25,144,146	999,247	641,029	165,687	128,805	8,481	139,399	13,931	27,240,725
Time deposits	35,260,149	358,521	353,189	29,508	37,647	-	5,124	16,028	36,060,166
Deposits from other banks-									
Demand deposits, wadiah demand deposits and saving deposits	1,218,653	598	3,182	533	-	-	-	120	1,223,086
Interbank call money	-	-	-	-	-	-	-	219,360	219,360
Time deposits	2,044,117	-	-	-	-	-	-	-	2,044,117
Securities sold under agreements to repurchase	2,479,142	-	-	-	-	-	-	-	2,479,142
Derivative payable	982,432	18,154	5	421	2,517	48	2	722	1,004,301
Acceptance payables	3,959,983	886,870	9,785	75,957	2,021	-	-	76,040	5,010,656
Debt securities issued	10,321,418	-	-	-	-	-	-	-	10,321,418
Accrued expenses	648,229	-	37,021	172	136	7,009	303	65,356	758,226
Other liabilities	1,793,110	135,612	143,739	249,622	1,418	1,098	20,515	52,182	2,397,296
Fund borrowings	41,479,276	-	-	367,962	-	-	-	3,036,141	44,883,379
Subordinated loans and marketable securities	165,045	-	-	-	-	-	-	-	165,045
Total liabilities	190,485,588	6,318,863	1,457,317	1,612,947	205,896	21,455	284,994	4,521,222	204,908,282
Net statement of financial position	42,735,844	1,304,730	400,509	(607,784)	147,882	33,304	261	(2,024,432)	41,990,314
Administrative accounts - net	(37,571,550)	(1,130,793)	(633,563)	241,646	(168,785)	(27,774)	9,526	2,600,150	(36,681,143)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	December 31, 2018								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	Total
Assets									
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 and 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	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
Acceptance receivables	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
Total asset	222,614,285	10,023,568	3,009,047	886,137	312,906	30,158	200,687	3,145,451	240,222,239
Liabilities									
Deposits from customers									
Demand deposits and <i>wadiah</i> 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 <i>wadiah</i> 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, <i>wadiah</i> 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
Acceptance payables	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
Total liabilities	168,081,755	3,890,074	1,624,980	1,317,469	173,132	22,051	460,457	5,615,242	181,185,160
Net statement of financial position	54,532,530	6,133,494	1,384,067	(431,332)	139,774	8,107	(259,770)	(2,469,791)	59,037,079
Administrative accounts - net	(49,338,947)	(5,849,105)	(1,390,480)	(261,121)	(168,550)	(33,058)	272,779	2,615,472	(54,153,010)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2019	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
United States Dollar	1,299,141	93,581
Singapore Dollar	413,716	40,108
Australian Dollar	256,572	26,382
European Euro	192,564	12,367
Chinese Yuan	17,248	8,649
Japanese Yen	41,111	321,657
Great Britain Poundsterling	17,695	970
Hong Kong Dollar	23,337	13,090
Others	284,920	20,524
	2,546,304	537,328
Deposits with Bank Indonesia		
United States Dollar	13,407,311	965,771
Deposits with other banks		
United States Dollar	8,261,426	595,096
Chinese Yuan	583,725	292,714
European Euro	1,837,176	117,990
Japanese Yen	404,132	3,161,975
Great Britain Poundsterling	253,889	13,921
Singapore Dollar	239,843	23,252
Australian Dollar	92,977	9,560
Hong Kong Dollar	28,102	15,763
Others	371,302	26,746
	12,072,572	4,257,017
Placement with Bank Indonesia and other banks		
United States Dollar	19,719,007	1,420,422
European Euro	47,675	3,062
Chinese Yuan	299,127	150,000
	20,065,809	1,573,484
Marketable securities		
United States Dollar	15,103,611	1,087,961
Singapore Dollar	408,877	39,639
European Euro	2,606	167
Japanese Yen	579	4,530
	15,515,673	1,132,297
Government bonds		
United States Dollar	20,398,803	1,469,390
European Euro	3,384,373	217,356
Japanese Yen	472,897	3,700,000
	24,256,073	5,386,746

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	8,606,700	619,968
European Euro	58,610	3,764
Singapore Dollar	6,077	589
Chinese Yuan	16,975	8,512
Japanese Yen	8,857	69,298
Great Britain Poundsterling	13,549	743
	8,710,768	702,874
Derivative receivables		
United States Dollar	1,475,789	106,306
European Euro	14,658	941
Singapore Dollar	3	-
Japanese Yen	32	250
Australian Dollar	127	13
Hong Kong Dollar	41	23
Great Britain Poundsterling	43	2
Chinese Yuan	96	48
Others	1	-
	1,490,790	107,583
Loan and sharia loan/financing		
United States Dollar	138,258,224	9,959,173
European Euro	1,149,647	73,834
Hong Kong Dollar	3,268	1,833
Chinese Yuan	838,904	420,676
Singapore Dollar	776,651	75,293
Australian Dollar	2,057	212
Japanese Yen	1,075	8,411
Others	1,072	77
	141,030,898	10,539,509
Acceptance receivables		
United States Dollar	3,959,983	285,250
European Euro	886,870	56,958
Japanese Yen	75,957	594,296
Singapore Dollar	9,785	949
Chinese Yuan	76,040	38,131
Australian Dollar	2,021	208
	5,010,656	975,792
Other assets		
United States Dollar	2,731,437	196,754
European Euro	49,414	3,174
Australian Dollar	24	2
Chinese Yuan	7,374	3,698
Singapore Dollar	2,874	279
Hong Kong Dollar	11	6
Japanese Yen	523	4,092
Great Britain Poundsterling	79	4
Others	6	-
	2,791,742	208,009
Total asset	246,898,596	26,386,410

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits		
United States Dollar	64,989,888	4,681,425
European Euro	3,919,861	251,747
Singapore Dollar	269,367	26,114
Japanese Yen	723,085	5,657,499
Great Britain Poundsterling	119,651	6,560
Chinese Yuan	790,905	396,607
Australian Dollar	33,352	3,429
Hong Kong Dollar	4,819	2,703
Others	250,437	18,040
	71,101,365	11,044,124
Saving deposits and <i>wadiah</i> saving deposits		
United States Dollar	25,144,146	1,811,212
European Euro	999,247	64,175
Singapore Dollar	641,029	62,145
Great Britain Poundsterling	139,399	7,643
Australian Dollar	128,805	13,244
Japanese Yen	165,687	1,296,351
Chinese Yuan	13,382	6,711
Hong Kong Dollar	8,481	4,757
Others	549	40
	27,240,725	3,266,278
Time deposits		
United States Dollar	35,260,149	2,539,899
European Euro	358,521	23,025
Singapore Dollar	353,189	34,240
Chinese Yuan	16,028	8,037
Australian Dollar	37,647	3,871
Japanese Yen	29,508	230,877
Great Britain Poundsterling	5,124	281
	36,060,166	2,840,230
Deposits from other banks		
Demand deposits, <i>wadiah</i> demand deposits and saving deposits		
United States Dollar	1,218,653	87,783
Singapore Dollar	3,182	308
European Euro	598	38
Japanese Yen	533	4,170
Chinese Yuan	120	60
	1,223,086	92,359
Interbank call money		
Chinese Yuan	219,360	110,000

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Deposits from other banks (continued)		
Time Deposits		
United States Dollar	2,044,117	147,244
Securities sold under agreements to repurchase		
United States Dollar	2,479,142	178,580
Derivative payables		
United States Dollar	982,432	70,768
European Euro	18,154	1,166
Singapore Dollar	5	-
Japanese Yen	421	3,294
Great Britain Poundsterling	2	-
Australian Dollar	2,517	259
Hong Kong Dollar	48	27
Chinese Yuan	4	2
Others	718	52
	1,004,301	75,568
Acceptance payables		
United States Dollar	3,959,983	285,250
European Euro	886,870	56,958
Japanese Yen	75,957	594,296
Singapore Dollar	9,785	949
Chinese Yuan	76,040	38,131
Australian Dollar	2,021	208
	5,010,656	975,792
Debt securities issued		
United States Dollar	10,321,418	743,484
Accrued expenses		
United States Dollar	648,229	46,694
Chinese Yuan	65,348	32,769
Singapore Dollar	37,021	3,589
Hong Kong Dollar	7,009	3,932
Japanese Yen	172	1,346
Australian Dollar	136	14
Great Britain Poundsterling	303	17
Others	8	1
	758,226	88,362
Other liabilities		
United States Dollar	1,793,110	129,163
Japanese Yen	249,622	1,953,071
European Euro	135,612	8,709
Singapore Dollar	143,739	13,935
Australian Dollar	1,418	146
Hong Kong Dollar	1,098	616
Great Britain Poundsterling	20,515	1,125
Chinese Yuan	26,989	13,534
Others	25,193	1,815
	2,397,296	2,122,114
Fund borrowings		
United States Dollar	41,479,276	2,987,882
Chinese Yuan	3,036,141	1,522,501
Japanese Yen	367,962	2,878,977
	44,883,379	7,389,360

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Subordinated loans and marketable securities		
United States Dollar	165,045	11,889
Total Liabilities	204,908,282	29,085,384
	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
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
Deposits with Bank Indonesia		
United States Dollar	17,914,796	1,245,813
Deposits with other banks		
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
Placement with Bank Indonesia and other banks		
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
Marketable securities		
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
Government bonds		
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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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)
Assets (continued)		
Other receivables - trade transactions		
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
Derivative receivables		
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
Loan and sharia loan/financing		
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
Acceptance receivables		
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
Other assets		
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
Total asset	240,222,239	24,486,018

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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)
Liabilities		
Deposits from customers		
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
Deposits from other banks		
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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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)
Liabilities (continued)		
Deposits from other banks (continued)		
Time deposits		
United States Dollar	1,119,634	77,861
Securities sold under agreements to repurchase		
United States Dollar	2,802,078	194,859
Derivative payables		
United States Dollar	601,972	41,862
European Euro	14,022	853
Australian Dollar	275	27
Japanese Yen	25	190
	616,294	42,932
Acceptance payables		
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
Accrued expenses		
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
Other liabilities		
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
Fund borrowings		
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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) 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)
Subordinated loans and marketable securities		
United States Dollar	186,790	12,990
Total Liabilities	181,185,160	24,789,439

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, 2019 and 2018:

	Increased by 5%	Decreased by 5%
December 31, 2019		
Increase/(decrease) net income	1,880,834	(1,880,834)
 December 31, 2018		
Increase/(decrease) net income	2,406,868	(2,406,868)

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.

(v) 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);

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) 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, 2019 and 2018:

	December 31, 2019			Fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	22,604,594	6,915,433	-	29,520,027
Available for sale	1,143,993	18,757,183	-	19,901,176
Government bonds				
Fair value through profit or loss	5,853,720	399,536	-	6,253,256
Available for sale	39,874,398	56,790,056	-	96,664,454
Derivative receivables	-	1,559,152	58,324	1,617,476
Assets disclosed at fair value				
Held to maturity				
Marketable securities	-	8,037,544	-	8,037,544
Government bonds	12,977,126	5,096,699	-	18,073,825
At cost				
Marketable securities	10,581,243	3,333,898	-	13,915,141
Government bonds	8,140,324	-	-	8,140,324
Loans	-	291,767,934	565,536,359	857,304,293
Consumer financing receivables	-	17,433,465	-	17,433,465
Net investment finance leases	-	3,055,071	-	3,055,071
Liabilities measured at fair value				
Derivative payables	-	1,195,022	-	1,195,022
Liabilities disclosed at fair values				
Debt securities issued	-	32,977,554	-	32,977,554
Fund borrowings	-	54,028,333	-	54,028,333
Subordinated loans and marketable securities	-	671,922	-	671,922

	December 31, 2018			Fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
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
Assets disclosed at fair value				
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
Liabilities measured at fair value				
Derivative payables	-	1,117,677	-	1,117,677
Liabilities disclosed at fair values				
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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Fair value of financial assets and liabilities (continued)

As of December 31, 2019 and 2018, 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, 2019 and 2018 amounted to Rp13,868,408 (21.11% of total assets measured at fair value level 2) and Rp23,252,002 (25.83% 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, 2019 and 2018, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Marketable securities				
Held to maturity	8,035,894	8,037,544	7,887,729	7,879,617
At cost ¹⁾	13,875,809	13,915,141	2,656,999	2,655,320
Government bonds				
Held to maturity	18,003,260	18,073,825	17,977,222	18,128,915
At cost ¹⁾	8,079,331	8,140,324	13,468,806	12,243,849
Loans	855,863,865	857,304,293	767,761,095	765,996,146
Consumer financing receivable	18,211,088	17,433,465	16,826,865	18,851,376
Net Investment finance leases	3,047,089	3,055,071	3,319,103	3,858,711
	925,116,336	925,959,663	829,897,819	829,613,934
Liabilities				
Debt securities issued	32,245,270	32,977,554	19,088,923	18,814,887
Fund borrowings	54,128,562	54,028,333	51,653,982	51,280,848
Subordinated loans and marketable securities	664,217	671,922	685,730	676,205
	87,038,049	87,677,809	71,428,635	70,771,940

¹⁾ Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) 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, acceptance receivables and other assets.

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

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptance receivables and other assets is a reasonable approximation of fair value.

- (ii) Marketable securities (held to maturity) and government bonds (held to maturity)

The fair value for held to maturity marketable securities and government bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation 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, acceptance payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the payable amount/carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under agreements to repurchase, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

- (v) 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Value at Risk (VaR)

The implementation of managing market risk of trading, the Bank's applies segregation of duties principle by separation front office unit (conduct trading transaction), middle office unit (conduct process of risk management, develop policies and procedures) and back office unit (conduct process of settlement transaction).

Daily market risk analysis of trading treasury activities using best practice approach by consider internal and external policies, such as through calculation of 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, 2019 and 2018 (unaudited) are as follows:

	December 31, 2019			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	13,833	29,191	3,933	5,109
Foreign exchange risk	17,095	62,359	2,133	22,572
Total	27,117	81,837	8,379	33,381
	December 31, 2018 ¹⁾			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	21,426	35,131	7,100	14,256
Foreign exchange risk	10,846	35,831	1,845	23,528
Total	36,457	66,154	12,480	12,480

¹⁾ 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 2019 shows that the VaR calculation has been performed accurately, where the number of irregularities of P/L to the daily VaR is still acceptable.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vii) Cash management

Details of cash are as follows:

	December, 31 2019		December, 31 2018	
	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah
Rupiah	-	25,547,963	-	24,287,461
Foreign currencies				
United States Dollar	93,581	1,299,141	95,772	1,377,201
Singapore Dollar	40,108	413,716	88,567	934,813
Australia Dollar	26,382	256,572	25,583	259,982
European Euro	12,367	192,564	10,074	165,625
Chinese Yuan	8,649	17,248	21,532	45,015
Japanese Yen	321,657	41,111	340,285	44,448
Great Britain Poundsterling	970	17,695	763	13,965
Hong Kong Dollar	13,090	23,337	3,456	6,346
Others	20,524	284,920	14,885	214,058
	537,328	28,094,267	600,917	27,348,914

As of December 31, 2019 and 2018, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp9,636,525 and Rp9,464,278, 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, Basel and best practice in industry 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

C. Operational risk (continued)

Managing risk thorough operation (continued)

The implementation of operational risk governance begins with:

- (i) Active monitoring by Board of Commissioners and Directors
- (ii) The implementation of operational risk management is supervised by Director of Risk Management which supported by the involvement of:
 - Risk Management & Credit Policy Committee
 - Operational Risk Management and Development Unit
 - Operational Risk Management Unit
 - Risk Controlling Unit
 - Compliance Unit
 - Internal Audit Unit

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 key risk and main control which resulted inherent and residual risk assessment that will be used as basis of Control Testing by risk based to identify possible potential early weak of control and minimize residual risk level by taking action to mitigate before risk occurs.
- (ii) Loss Event Database, is operational risk incidents database as a lesson learned, future improvement monitoring and operational risk capital calculation recommendation (regulatory capital charge).
- (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 through various activities, such as Control Testing, incident, key indicator, self identified issued and other.
- (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 Rp9,863,359, meanwhile for the consolidation is amounted to Rp11,609,281. Based on balance of operational risk capital charge, the RWA of operational risk is amounted to Rp123,291,988 (in million rupiah) (Bank only) and Rp145,116,015 (in million rupiah) (consolidated).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019, 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, 2019 and 2018 was 90.27%, respectively.

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, 2019, 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, 2019 and 2018 are 95.53%, respectively.

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, 2019, the contract value based on the realisation payment was equal to USD3,476,160 (full amount) and the Bank has recorded the payment as fixed asset of USD3,366,820 (full amount) therefore the estimated project completion as of December 31, 2019 and 2018 are 96.85% and 95.62%, respectively.

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, 2019, the contract value based on realisation payment was equal to USD3,626,372.75 (full amount) and the Bank has recorded the payment realisation as fixed asset of USD2,948,406 (full amount), therefore the estimated project completion as of December 31, 2019 and 2018 was 81.30% and 77.25%, respectively.

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, 2019, the contract value using the realisation payment approach is equal to USD2,942,738.75 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,525,595.50 (full amount), so that the estimated project completion as of December 31, 2019 and 2018 was 85.52% and 81.23%, respectively.

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, 2019 the payment realisation was equal to USD2,357,133.60 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD192,876 (full amount), therefore the estimated project completion as of December 31, 2019 was 81.87%.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

a. Integrated banking system agreement with vendor (continued)

On January 25, 2018, Bank Mandiri entered into an agreement with vendors to enhance eMAS features related to Management Application 2018 with the blanket order system with a maximum contract value of 8,592 mandays. On December 31, 2019 the payment realisation was equal to USD1,094,811.80 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD192,944 (full amount), therefore the estimated project completion as of December 31, 2019 was 17.62%.

On May 28, 2019, Bank Mandiri entered into an agreement with vendors to enhance eMas features related to Management Application 2019 with the blanket order system with a maximum contract value of 6,141 mandays. On December 31, 2019 the payment realisation was equal to USD42,246.90 (full amount) and the Bank has recorded the payment realisation as a fixed asset as of USDNil, therefore the estimated project completion as of December 31, 2019 was 0.00%.

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 Rp271. 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, 2019 and 2018 amounted to Rp849,421 and Rp607,836, respectively. As of December 31, 2019 and 2018, the Bank has provided a provision amounted to Rp170,021 and Rp171,367, 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 revolving loan facility bears interest equal to total margin and LIBOR during interest period.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, 2019 and 2018 is 6.25% and 6.75%, respectively, for deposits denominated in Rupiah, 1.75% and 2.00%, respectively, for deposits denominated in foreign currencies.

65. CHANGES IN FINANCING ACTIVITIES

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

	January 1, 2019	Cash Flow	Non-cash flow		December 31, 2019
			Differences due to exchange rate	Others	
Debt securities issued	19,088,923	13,379,710	(273,093)	49,730	32,245,270
Fund borrowing	51,653,982	3,865,402	(1,388,782)	(2,040)	54,128,562
Subordinated loans and marketable securities	685,730	(15,406)	(6,336)	229	664,217
Securities sold under agreements to repurchase	16,611,528	(12,330,221)	(499,252)	-	3,782,055
Total liabilities from financing activities	88,040,163	4,899,485	(2,167,463)	47,919	90,820,104

	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
Total liabilities from financing activities	56,331,658	26,913,447	4,711,148	83,910	88,040,163

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

66. 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, 2020

- a. SFAS 1 (2019 Amendment): "Presentation of Financial Statements". This amendment provides for the new definition of "obscuring", the explanation and examples of its definition, change the word of " and alter the definition of "users" to "primary users" in the context of financial statements users and additional explanation related to the definition of its "primary users".
- b. SFAS 1 (2019 Improvement): "Presentation of Financial Statements". This improvement include the statement in the fifth paragraph in accordance to IAS 1 Presentation of Financial Statements.
- c. SFAS 15 (2017 Amendment): "Investment in Associates and Joint Ventures". This amendment regulates that the entity also implements SFAS 71 on financial instruments at associates and joint ventures when equity method is not applicable. This includes long-term interest which substantially forms net investment in associates and joint ventures in accordance to SFAS 15 paragraph 38.
- d. SFAS 25 (2019 Amendment): "Accounting Policies, Changes in Accounting Estimates and Errors". This improvement provides editorial correction for paragraph 27 of SFAS 25.
- e. SFAS 62 (2017 Amendment): "Insurance Contract". This amendment provides an optional temporary exemption from applying SFAS. 71 (deferral approach) or choose another option (overlay approach) for designated financial assets.
- f. SFAS 71: "Financial Instruments". This PSAK provides for classification and measurement of financial instruments based on the characteristics of contractual cash flows and business model of the entity; expected credit loss impairment model that resulting information more timely, relevant and understandable to users of financial statements; accounting for hedging that reflect the entity's risk management better by introduce a more general requirements based on management's judgment.
- g. SFAS 71 (2017 Amendment): "Financial Instruments". This amendment provides that a financial asset with prepayment features that may result in negative compensation qualifies as a contractual cash flow derived solely from the principal and interest of the principal amount owed.
- h. SFAS 72: "Revenue from Contracts with Customers". This SFAS provides revenue recognition from contracts with customers, and the entity is expected to have analyzing before recognizing the revenue.
- i. SFAS 73: "Leases". This SFAS establish the principles of recognition, measurement, presentation, and disclosure of the lease by introducing a single accounting model, with the requirement to recognize the right-of-use assets and liability of the lease; there are 2 optional exclusions in the recognition of the lease assets and liabilities: (i) short-term lease and (ii) lease with low-value underlying assets.

Effective on January 1, 2021:

- a. SFAS 22 (2019 Amandment): "Business Combinations: Definition of Business". This amendment adopted from IFRS 3 Business Combination: Definition of Business derived from the result of joint project between International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB). This amendment clarified the definition of business to help entities determine whether an acquired set of activities and assets is a business or not.

The Group is still in the process of calculating the impact of those accounting standards on its consolidated financial statements.

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

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)**

67. 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 investment in Subsidiaries using 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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2019	December 31, 2018
ASSETS		
Cash	25,356,393	24,443,872
Current accounts with Bank Indonesia	41,335,530	55,256,240
Current accounts with other banks		
Related parties	398,352	157,510
Third parties	9,996,763	13,031,944
	10,395,115	13,189,454
Less: allowance for impairment losses	(3,290)	(3,474)
Net	10,391,825	13,185,980
Placements with Bank Indonesia and other banks		
Related parties	1,409,074	1,592,578
Third parties	26,742,546	11,234,897
	28,151,620	12,827,475
Less: allowance for impairment losses	(47,675)	(50,338)
Net	28,103,945	12,777,137
Marketable securities		
Related parties	15,383,976	12,246,882
Third parties	17,452,896	25,871,496
	32,836,872	38,118,378
Add/(less): unamortised premium/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	131,782	(226,389)
Net	32,968,654	37,891,989
Government bonds - net		
Related parties	112,502,409	93,899,427
Other receivables - trade transactions		
Related parties	14,186,619	10,724,084
Third parties	16,185,004	15,413,252
	30,371,623	26,137,336
Less: allowance for impairment losses	(1,267,512)	(1,557,202)
	29,104,111	24,580,134
Securities purchased under agreements to resell - third parties	248,143	1,639,448
Derivative receivables		
Related parties	18,817	149,832
Third parties	1,578,564	1,510,313
Net	1,597,381	1,660,145

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2019	December 31, 2018
ASSETS (continued)		
Loans		
Related parties	165,431,044	156,575,588
Third parties	626,920,073	562,391,258
	792,351,117	718,966,846
Less: allowance for impairment losses	(27,812,363)	(29,420,088)
Net	764,538,754	689,546,758
Acceptance receivables		
Related parties	998,660	2,056,344
Third parties	9,057,052	11,594,304
	10,055,712	13,650,648
Less: allowance for impairment losses	(219,446)	(293,964)
Net	9,836,266	13,356,684
Investments in shares		
Related parties	8,459,823	7,555,807
Third parties	2,101	2,104
	8,461,924	7,557,911
Less: allowance for impairment losses	(175,420)	(177,643)
Net	8,286,504	7,380,268
Prepaid expenses	2,124,541	1,917,080
Prepaid taxes	974,947	1,091,292
Fixed assets	53,536,442	46,767,089
Less: accumulated depreciation	(10,825,270)	(9,745,803)
Net	42,711,172	37,021,286
Intangible assets	6,133,484	5,090,586
Less: accumulated amortization	(3,452,881)	(2,912,598)
Net	2,680,603	2,177,988
Other assets	12,934,942	15,058,349
Less: allowance for other impairment losses	(362,877)	(382,297)
Net	12,572,065	14,676,052
Deferred tax assets - net	3,350,632	4,576,026
TOTAL ASSETS	1,128,683,875	1,037,077,806

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY		
LIABILITIES		
Obligations due immediately	3,169,451	3,843,194
Deposits from customers		
Demand deposits		
Related parties	60,152,672	50,921,083
Third parties	176,244,539	140,490,641
Total	236,397,211	191,411,724
Saving deposits		
Related parties	3,304,085	3,530,435
Third parties	312,549,148	297,257,711
Total	315,853,233	300,788,146
Time deposits		
Related parties	30,936,012	38,471,472
Third parties	231,919,085	208,815,192
Total	262,855,097	247,286,664
Total deposits from customers	815,105,541	739,486,534
Deposits from other banks		
Demand deposits, <i>wadiah</i> demand deposits and saving deposits		
Related parties	555,981	1,024,499
Third parties	7,549,097	2,958,616
Total	8,105,078	3,983,115
Interbank call money		
Third parties	219,360	8,372,197
Time deposits		
Related parties	-	116,958
Third parties	4,206,437	2,896,425
Total	4,206,437	3,013,383
Total deposits from other banks	12,530,875	15,368,695
Securities sold under agreements to repurchase - third parties	3,699,819	16,120,197

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2019	December 31, 2018	
LIABILITIES AND EQUITY			
LIABILITIES (continued)			
Derivative payables			
Related parties	42,505	19,126	
Third parties	982,529	1,008,728	
Total	1,025,034	1,027,854	
Acceptance payables			
Related parties	2,035,636	4,595,150	
Third parties	8,020,076	9,055,498	
Total	10,055,712	13,650,648	
Debt securities issued			
Related parties	8,653,400	8,430,000	6
Third parties	15,702,105	5,535,900	4
	24,355,505	13,965,900	
Less: unamortised issuance cost	(51,597)	(28,071)	(2)
Net	24,303,908	13,937,829	
Estimated losses on commitment and contingencies	369,300	113,236	
Accrued expenses	4,983,813	3,813,671	
Taxes payable	846,567	774,631	
Employee benefit liabilities	6,480,327	7,047,758	
Provision	405,312	370,525	
Other liabilities	8,008,669	8,637,435	
Fund borrowings			
Related parties	820,151	98,687	
Third parties	41,753,834	38,990,057	
Total	42,573,985	39,088,744	2
Subordinated loans and marketable securities			
Related parties	127,750	131,750	-
Third parties	536,467	553,980	1
Total	664,217	685,730	1
TOTAL LIABILITIES	934,222,530	863,966,681	8

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY (continued)		
EQUITY		
Share capital - Rp250 (full amount) par value per share as of December 31, 2019 and 2018		
Authorised Capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2019 and 2018		
Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2019 and 2018	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	(167,543)	(98,046)
Net unrealised gain/(losses) from increase/(decrease) in fair value of available for sale marketable securities and government bonds - net of deferred tax	1,307,487	(1,640,866)
Differences arising from revaluation of fixed assets	29,910,569	26,039,621
Net actuarial gain/(loss) from defined benefit program - net of deferred tax	621,066	298,923
Other comprehensive income	85,052	-
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
Unappropriated	128,181,471	113,988,250
Total retained earnings	133,561,739	119,368,518
TOTAL EQUITY	194,461,345	173,111,125
TOTAL LIABILITIES AND EQUITY	1,128,683,875	1,037,077,806

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)

	Year ended December 31,	
	2019	2018
INCOME AND EXPENSES FROM OPERATIONS		
Interest income	76,272,259	67,692,623
Interest expense	(25,950,700)	(21,398,232)
NET INTEREST INCOME	50,321,559	46,294,391
Other operating income		
Other fees and commissions	12,071,993	11,603,014
Trading income - net	3,371,980	3,647,192
Others	6,371,107	9,337,474
Total other operating income	21,815,080	24,587,680
Allowance for impairment losses	(9,563,820)	(11,504,129)
(Provision)/reversal for impairment losses on commitments and contingencies	(257,783)	249,320
Provision for other allowances	(43,725)	(80,998)
Gain on sale of marketable securities and government bonds	793,519	666,018
Other operating expenses		
Salaries and employee benefits	(12,903,630)	(12,391,276)
General and administrative expenses	(13,730,800)	(13,065,155)
Others - net	(4,057,224)	(3,478,975)
Total other operating expenses	(30,691,654)	(28,935,406)
INCOME FROM OPERATIONS	32,373,176	31,276,876
Non-operating income - net	57,594	43,206
INCOME BEFORE TAX EXPENSE	32,430,770	31,320,082
Tax expense		
Current		
Current year	(6,317,547)	(5,022,275)
Prior year	(201,197)	(1,313,347)
Deferred	(462,046)	(905,622)
Total tax expense - net	(6,980,790)	(7,241,244)
NET INCOME FOR THE YEAR	25,449,980	24,078,838

These supplementary financial information are originally issued in the Indonesian language.

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2019	2018
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Gains on fixed assets revaluation	3,870,948	716,993
Actuarial losses on defined benefit plan	402,679	988,405
Income tax related to the items that will not be reclassified to profit or loss	(80,536)	(197,681)
Others	85,052	-
	4,278,143	1,507,717
Items that will be reclassified to profit or loss		
Difference arising from translation of financial statements in foreign currencies	(69,497)	(99,837)
Changes in fair value of available for sale financial assets	3,631,166	(3,418,431)
Income tax related to items that will be reclassified to profit or loss	(682,813)	709,603
	2,878,856	(2,808,665)
Other comprehensive income for the year - net of income tax	7,156,999	(1,300,948)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32,606,979	22,777,890
EARNING PER SHARE		
Basic (full amount)	545.36	515.98
Dilluted (full amount)	545.36	515.98

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, 2019
(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	Other comprehensive income	Retained earnings			Total equity
								Appropriated	Unappropriated	Total	
Balance as of January 1, 2019	11,666,667	17,476,308	(98,046)	(1,640,866)	26,039,621	298,923	-	5,380,268	113,988,250	119,368,518	173,111,125
Dividends payment from 2018 net income	-	-	-	-	-	-	-	-	(11,256,759)	(11,256,759)	(11,256,759)
Income for the current year	-	-	-	-	-	-	-	-	25,449,980	25,449,980	25,449,980
Comprehensive income for the current year	-	-	(69,497)	2,948,353	3,870,948	322,143	85,052	-	-	-	7,156,999
Balance as of December 31, 2019	11,666,667	17,476,308	(167,543)	1,307,487	29,910,569	621,066	85,052	5,380,268	128,181,471	133,561,739	194,461,345

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, 2019
(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)
Balance as of December 31, 2018	11,666,667	17,476,308	(98,046)	(1,640,866)	26,039,621	298,923	5,380,268	113,988,250	119,368,518	173,111,125

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
For the year ended December 31, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	72,318,950	63,919,139
Receipts from provision and commissions income	12,071,993	11,603,014
Payments of interest expense	(25,714,188)	(20,867,566)
Receipts from the sale of government bonds - fair value through profit or loss	127,488,748	56,447,238
Acquisition of government bonds - fair value through profit or loss	(127,333,266)	(55,358,389)
Foreign exchange gains - net	1,971,842	5,083,678
Trading income - net	521,341	415,486
Other operating income - others	1,623,875	4,267,080
Other operating expenses - others	(2,278,780)	(3,508,692)
Salaries and employee benefits	(13,148,918)	(12,227,393)
General and administrative expenses	(12,092,651)	(11,532,885)
Non-operating income - net	57,478	43,129
Payment of corporate income tax	(6,479,893)	(6,266,451)
Cash flows from operating activities before changes in operating assets and liabilities	29,006,531	32,017,388
Decrease/(increase) in operating assets:		
Placements with Bank Indonesia and other banks	422,587	7,540
Marketable securities - fair value through profit or loss	(3,654,698)	(1,214,565)
Other receivables - trade transactions	(4,234,287)	(984,147)
Loans	(84,225,726)	(87,940,410)
Securities purchased under agreements to resell	1,391,305	689,668
Prepaid taxes	116,345	1,312,681
Prepaid expenses	(207,461)	66,967
Other assets	2,179,167	(5,168,610)
Proceeds from collection of written-off financial assets	4,747,232	5,070,394
Increase/(decrease) in operating liabilities:		
Demand deposits	44,561,029	(4,243,538)
Saving deposits	19,611,508	(2,846,963)
Time deposits	16,761,487	16,828,878
Interbank call money	(8,152,837)	7,364,543
Obligations due immediately	(673,743)	1,004,627
Taxes payable	33,085	38,918
Other liabilities	2,705,436	(49,488)
Net cash (used in)/provided by operating activities	20,386,960	(38,046,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in marketable securities - other than fair value through profit or loss	8,475,762	(5,925,576)
Increase in government bonds - other than fair value through profit or loss	(15,016,592)	(6,047,293)
Proceeds from sale of fixed assets	443	77
Acquisition of fixed assets	(2,834,228)	(1,982,522)
Acquisition of intangible assets	(1,040,797)	(765,259)
Capital injection to PT Mandiri Capital Indonesia	(907,000)	-

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, 2019
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Divesment of shares ownership in PT Bank Mandiri Taspen	-	99,908
Divesment of shares ownership in PT Mandiri AXA General Insurance	-	138,000
Capital injection to PT Bank Mandiri Taspen	-	(255,250)
Net cash used in investing activities	(11,322,412)	(14,737,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in debt securities issued	10,579,710	2,998,723
Increase in fund borrowings	4,877,746	9,167,227
(Decrease)/increase in subordinated loans and marketable securities	(15,406)	484,358
Increase in marketable securities sold under agreements to repurchase	(11,923,245)	11,661,987
Payment of dividend	(11,256,759)	(9,287,857)
Net cash provided by/(used in) financing activities	(7,737,954)	15,024,438
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,326,594	(37,759,594)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,546,297)	1,656,976
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	104,412,490	140,515,108
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	104,192,787	104,412,490
Cash and cash equivalents at the end of year consist of:		
Cash	25,356,393	24,443,872
Current accounts with Bank Indonesia	41,335,530	55,256,240
Current accounts with other banks	10,395,115	13,189,454
Short-term investments with a period of time maturity of three months or less from the date of acquisition	27,105,749	11,522,924
Total cash and cash equivalents	104,192,787	104,412,490