



Transaction Policy with the Related Party PT Bank Mandiri (Persero) Tbk.

A. Criteria of the Related Party

Related Party is a borrower and/or a group of borrower which has relationship with Bank as it constitutes:

1. An Individual Shareholder holding 10% (ten percent) share or more of the paid up capital within Bank;
2. A corporate shareholder/entity holding 10% (ten percent) share or more of the paid up capital within Bank;
3. A member of Board of Commissioners of Bank.
4. A member of Board of Directors of Bank
5. Family of such parties as mentioned in point 1, 2 and 3.
6. An individual holding 25% (twenty five percent) share or more and/or who controls operation, supervision or decision making, either directly or indirectly, over the companies as referred to in point 2.
7. An executive officer of Bank, namely holding control on the policy and operation of Bank or company, including the head of working and internal audit unit, accounting and risk management unit of Bank;
8. Companies in which there are interests of the parties as referred to in aforementioned point 1 up to 7 with the ownership of 10% (ten percent) shares or more of the paid up capital within company;
9. Companies in which they have power in operation, supervision or decision making as referred to in point 1 up to 7 even those parties do not have shares in the aforementioned companies;
10. Subsidiary of Bank with Bank's ownership of more than 25% (twenty five percent) share of the paid up capital of the company and/or if Bank holds control over such capital.

Relationship between Bank which is incorporated as a State-Owned Enterprise (SOE) or Regional-Owned Enterprise (ROE) with the borrower of a State Owned Enterprise (SOE) or Regional Owned Enterprise (ROE) is excluded from the definition of the related party to the extent that such relationship is solely based on the direct ownership of the Government of the Republic of Indonesia.

Criteria of the family in terms of the Related Party is the family up to second degree either lineally or collaterally, including parents in law, son/daughter in law and brother/sister in law, therefore the family shall mean including as follows:

1. Biological Parents/ step parents / adoptive parents,
2. Biological/step/adoptive sister/brother,
3. Biological/step/adoptive son/daughter,





4. Biological/step/adoptive grandfather/grandmother,
5. Biological/step/adoptive grandson/grand daughter,
6. Biological/step/adoptive sister/brother of parents,
7. Husband/wife,
8. Parents in law,
9. Husband/wife of the biological/step/ adopted son/daughter,
10. Grandfather/grandmother of the husband/wife,
11. Husband/wife of the biological/step/ adopted grandson/grand daughter
12. Biological/step/adopted sister/brother of husband/wife,
13. Husband/wife of the biological/step/ adopted brother/sister,

Unrelated party is Borrower and/or Group of Borrower other than the Related Party.

B. Provision of Fund to the Related Party

1. As an effort for avoiding business failure of Bank as the consequence of concentration of fund provision and to improve the independency of Bank management against the potential intervention of the related party, Bank is obliged to implement the prudent principles in fund provision, among the other things by applying portfolio distribution/diversification of the provision of fund.
2. Implementation of fund provision to the related party must refer to the rules stipulated by the regulator regarding the Legal Lending Limit for Commercial Bank (LLL). LLL – the related party, is stipulated at the maximum 10% (ten percent) of Bank's Capital.
3. Bank stipulates the Maximum Limit of Internal Credit Provision (In-house Limit) in order that that the credit provision to the related party, debtor/group and State Owned Enterprises (SOE) does not exceed the LLL stipulated by Bank Indonesia. Amount of the in-house limit to the Related Party is $90\% \times (10\% \times \text{Bank capital})$.
4. All fund provisions to any related party (except for investment and placement), including the changes of terms and conditions of credit/covenants, collateral, type of facility or other changes in credit structure shall be under the authority of Credit Committee Category A, at the lowest Category A.4 Credit Committee and further, such decision for fund provision shall then be approved by the Board of Commissioners.
5. Credit Committee Secretary delivers and reports NAK which needs to be consulted with or approved by the Board of Commissioners.
6. Credit to the Related Party which shall be restructured must be analyzed/reviewed by the licensed and reputable independent financial consultant.
7. Fund provision to a company/entity which is owned by pension fund of Bank is excluded from the LLL calculation of the related party, even though the status of such company/entity remains the related party.
8. The provision of fund to the related party may not be in contravention of the general procedure of the applicable provision of fund and must remain providing the reasonable profits for Bank and also such provision of funds by Bank's must obtain the approval thereof





from Board of Commissioners of Bank. If the quality of fund provision to a related party decreases or becomes less current, doubted or bad, Bank must take settlement measures under credit restructuring scheme and/or settlement by debtor, within no later than 60 days.

9. Bank must deliver the monthly reports to Bank Indonesia regarding the breach of LLL, excess of LLL and fund provision to a Related Party.
10. Bank Policy regarding the Maximum Legal Lending Limit is governed in the Credit Policy of Bank Mandiri.
11. Standard Procedure governing the administration of Related Party of Bank and the reporting procedure are governed in the Credit Standard Procedure of Bank Mandiri of Corporate Segment, Commercial, and Business Banking.

