

**The Consideration on the submission of Agenda of Annual General Meetings of Shareholders  
("AGMS")**

**PT Bank Mandiri (Persero) Tbk ("Company")  
for the Financial Year of 2013**

The Company will hold its AGMS for the financial year of 2013, on February 27<sup>th</sup>, 2014. As stipulated in art. 82 Laws no. 40/2007 regarding Limited Liability Company ("Company Law") and art. 13 par (5) & (6) the Company's Article of Association, The Company has published the Notice of AGMS on February 12, 2014 in several newspapers (Bisnis Indonesia, The Jakarta Post and Suara Pembaruan) which declares the Agenda as follows:

1. Approval of the Annual Report and ratification of the Company's Consolidated Financial Statements, also approval of the Board of Commissioner's Supervision Report, ratification of the Annual Report on the Partnership and Community Development Program (*Program Kemitraan dan Bina Lingkungan*) for the financial year ended on 31 December 2013;
2. Approval for the distribution of the Company's net profit for the financial year ended on 31 December 2013;
3. Appointment of the Public Accountant Office to audit the Company's Consolidated Financial Report and the Annual Report on Partnership and Community Development program (*Program Kemitraan dan Bina Lingkungan*) for the financial year ended on 31 December 2014;
4. Approval on the remuneration for the member of the Board of Directors, honorarium for member of the Board of Commissioners and tantieme, also other benefit for the entire members of the Company's Board of Directors and Board of Commissioners;
5. Approval on the acquisition of PT Asuransi Jiwa InHealth Indonesia;
6. Alteration on the Articles of Association regarding Shares and Share Certificates.

**The Considerations for submission of the Agenda are as follows:**

**QUESTION 1:**

The first agenda is mandatory for the AGMS as stipulated in the Company law article 66 to 69, Law No.19 Year 2003 concerning State Owned Enterprise ("SOE Law") article 23 paragraph (1) and Company's Article of Association article 11, which among others states that it is mandatory for the Board of Directors to submit its Annual Report at the AGMS and asking for approval, including the Company's Financial Report. The contents of the Annual Report are set forth in the Company Law and Company's Article of Association in which it is stated that AGMS's approval is required. Additionally, The Annual Report on the Partnership and Community Development Program (*Program Kemitraan*

*dan Bina Lingkungan*) is required to have AGMS approval based on Minister of SOE Decree No. Per-05/MBU/2007 dated April 27th, 2007.

The Company's Consolidated Financial Statements for the financial year ended on December 31st 2012 was audited by Tanudiredja, Wibisana & Rekan (a member firm of PricewaterhouseCoopers Global Network) with the Accountants' 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 at December 31, 2013" and was published on February 10th 2014.

The financial performance of the Company through December 2013 increased significantly. Significant growth in annual credit of 21.5% to Rp 472.4 trillion was slightly below the market growth rate. Low cost funds grew by 13.9% to Rp 360.0 trillion. The Company's net profit increased 17.4% year on year to Rp 18.2 trillion, driven by the largest component, net interest income growth of 23.6%. The Company's Equity has reached Rp 88.8 trillion, representing an increase of 16.0% year on year.

#### **QUESTION 2:**

As stipulated in the second agenda for the 2014 AGMS, the allocation for the use of the proposed net profit for a dividend payout ratio in line with other comparable State Owned Enterprise Banks which is approximately 20-30% of 2013 earnings. This proposal is undertaken to support credit growth and capital requirements to maintain the CAR at a level above 12% - 13 % through 2014. With the potential in Indonesia for credit growth to grow at 18-20%, we are targeting 20-30% payout ratio for a few reasons, one is to enlarge our capital to compete more effectively and two is to allow us to have a higher legal lending limit to one obligor. In addition, we plan to utilize Rp 2.6tn for investment in Capex such as for training centers, buildings and IT. Furthermore, the decision for the dividend payout ratio of the bank is based on multiple inputs as Bank Mandiri is majority owned by the Republic of Indonesia which currently holds 60% of the shares outstanding. The Banks Board of Directors and Commissioners has made a recommendation that the dividend payout ratio be within the range of 20-30% to the Ministry of State Owned Enterprises (BUMN). The Ministry of State owned enterprises as the governing body that represents the Republic of Indonesia's ownership interest in Bank Mandiri will review the Bank's Board of Directors and Commissioners recommendation, take it into account and then evaluate their dividend policy across other State Owned Enterprises before concluding on a dividend that they feel is appropriate. Bank Mandiri works in close dialogue with the Ministry and expects that the dividend payout ratio will fall within the guided range of 20-30%. We feel this level of payout is reasonable and allows the Bank to conserve capital for future growth of the business. Given our high ROE of more than 22.2% we feel it is better to reinvest in the business.

#### **QUESTION 3:**

Appointment of a highly competent big four Public Accountant either Ernst & Young or Price, Waterhouse, Coopers with experience auditing firms with in excess of Rp100 trillion in assets to audit the Company's Financial Statements and Auditors to audit the implementation of the Annual Report & Community Development Partnership Program for the financial year which ends on 31 December 2014 on the agenda conducted in accordance with statutory provisions of the Company Law, Regulation of Bank Indonesia, Bapepam-LK Regulation, the Minister of State Enterprises Regulation

and the Minister of Finance Regulation. We are currently evaluating two of the four largest global public accounting firms to serve in this capacity and this is in the final stage of approval at this time.

**QUESTION 4:**

We provide authority and power to the Board of Commissioner, after consulting the Series A – Dwiwarna’s Shareholders to determine the tantieme of the Board of Directors and Board of Commissioners for Fiscal Year 2013, and to determine the salaries, honorarium, allowances and facilities as well as other benefits for members of the Board of Directors and Commissioner for the Year 2014. Historically, this has been 1.3-1.4% of our net profit after tax on average over the last 5 years and allows the bank to maintain a performance based corporate culture and the Company believes that the performance of the Company justifies the compensation level. Tantieme will be within the historical range.

2012 : Rp206,248mn or 1.3% of net profit

2011 : Rp173,979mn or 1.4% of net profit

2010 : Rp92,812mn or 1.0% of net profit

2009 : Rp113,737mn or 1.6% of net profit

2008 : Rp91,185mn or 1.7% of net profit

**QUESTION 5:**

As we described in our disclosure of information to BEI and OJK on 10th Januari 2014, the Company will take part in a corporate action that will occur in 2 (two) steps. First, the Company together with Jasindo, Kimia Farma, and Askes signing CSPA with the portion of each share is 60% for the Company, 20% for Askes, and each 10% for Jasindo and Kimia Farma. On the second step, after the transition of Askes-BPJS completed, Askes will divest its remaining 20% shares of InHealth which the Company has a right of first refusal to purchase the shares. The entire transaction closing will be conducted approximately at the end of 2014 and by the time the Company will own 80% shares of InHealth.

In late 2013 Bank Mandiri acquired InHealth to enrich its insurance services portfolio and we expect to complete the transaction in early 2014. The acquisition partners are Kimia Farma and Jasindo and our purchase will be completed in two stages. Our research and analysis concludes that the flow of money to the healthcare industry is estimated to be in the tens of billions of dollars in Indonesia and represents a good source of funds. We view InHealth as a rare asset as it is one of a few managed care insurance companies and has more than 1 million members.

InHealth has the largest provider network, a partnership with 880 hospitals, 1,154 pharmacies and 435 Clinic, also 1,694 specialists and 364 dentists). It is the largest player in the group health insurance industry with the largest number of policy holders in Indonesia. InHealth is the only health insurance company that we believe can operate the “managed care” insurance scheme on a large scale and profitably. InHealth is the most prepared partner for BPJS Kesehatan because it has the experience in managing the insurance scheme used by BPJS Kesehatan, as it was previously a subsidiary of Askes.

Bank Mandiri has appointed a Global independent consulting company, Milliman, to support the bank in this transaction, including due diligence and valuation analysis.

Due diligence undertaken include:

- Financial due diligence
- Legal due diligence
- Actuarial due diligence
- Tax due diligence

**The results of the due diligence was positive with no material issues that could hinder the implementation of the transaction. The pricing of the acquisition was at the low end of the valuation analysis range.**

**QUESTION 6:**

As stated in art. 19 par. (1) and (2) of the Company Law, the agenda of alteration/amendments on the Article of Association in General Meeting of Shareholders must be clearly stated in the Company's notice to the shareholders. Furthermore, the Company's Article of Association in art. 24 par. (1) stipulated that alteration/amendments on the Article of Association shall only be approved by General Meeting of Shareholders.

After the Company's rights issue carried out in February 2011, the Company's shares are 60% owned by the Government of the Republic of Indonesia and 40% owned by public. All 40% of the public's shares should be scripless shares in order to be registered and traded in Indonesian Stock Exchange.

The existing Company's Article of Association still provides a chance for shareholder who wants to hold a script shares(a script share in this capacity is the actual stock certification). Allowing public shareholders to holds a script share does not eliminate their rights as shareholders, such as the right to receive dividends, the right to attend and vote within General Meeting of Shareholders, the right to obtain information about the Company, and every kind of rights that owned by a shareholders. Script-less shares are preferable since it provides more convenience to shareholders such as faster dividend receipt and better and more orderly administration. Also, to keep the stock trading of BMRI Shares in line with global trading practices regulating the public shares in the form of script-less are preferable.

Referred to some considerations mentioned above, the Company proposed to add 1 (one) paragraph in the Company's Article of Association regarding the share certificate by setting the law that states an obligation to public shareholders to hold a script-less shares

The revision of articles of association is to make sure that we are going to be eligible for the 5% tax incentive for public companies with a 40% free float. Currently, there is a rule (Presidents Decree No.7/2013) that the 40% public ownership will need to be script-less, and therefore we are changing the Company's Article of Association to reflect the rule so that our shareholders will remain script-less with shares deposited collectively at the depository agency. We believe the change in the Company's Article of Association is for the best interest of our shareholders that we can continue to retain the lower tax rate.