

Investment of Capital Goods

Investment in the form of Capital Goods (Capital Expenditure) is the activity of capital expenditure which is used to purchase several fixed assets or increase the value of fixed asset in hope to provide benefits in the future.

Types and Value of Capital Goods Investment

The types and value of capital goods investment are as follows:

Table for Types and Value of Capital Goods Investment – Fixed Asset
(in Million Rupiahs)

Types	Value
Land	566,305
Building	217,433
Equipment, office supplies and computer	220,980

Types	Value
Vehicle	7,320
Assets in progress*	1,339,064
Total	2,351,102

*asset in progress include buildings, computers, and other types of hardware that have not been installed, office supplies and inventories, land, motor vehicles, and the like.

As for the investment of capital goods in the form of intangible assets, the information is presented in the following table.

Table for Types and Value of Capital Goods Investment – Intangible Asset
(in Million Rupiahs)

Types	Value
Software	888,925

Objective of Capital Goods Investment

The purchase of capital goods aims to support the Bank operational activity as a whole.

Material Information on Investment, Expansion, Divestment, Acquisition, or Debt and Capital Restucturing

Investment

Bank Mandiri invested in several government obligation and stocks which aims to improve profitability and performance of the Bank. As for Bank Mandiri's investment details as of December 31, 2017 and 2016 are presented as follows.

Table of Investment Details

(in Million Rupiahs)

Description	2017	2016
Stocks		
Related party		
Measured at fair value through profit or loss	1,834,067	2,044,697
Available for sale	8,221,431	7,807,931
Owned until due date	2,116,345	1,920,506
Measured at cost*)	632,808	392,044
	12,804,651	12,165,178
Third party		
Measured at fair value through profit or loss	1,674,105	2,708,846
Available for sale	17,335,737	14,503,106
Owned until due date	6,146,605	9,348,361
Measured at cost*)	518,153	246,146
	25,674,600	26,806,459
Unit-link Investment **)		
Related party		
Measured at fair value through profit or loss	7,970,812	6,406,370
Third party		

Description	2017	2016
Measured at fair value through profit or loss	13,081,638	11,444,472
Total	59,531,701	56,822,479
Subtracted:		
Unamortized discount	(9,305)	(5,429)
Unrealized gains /(losses) from increase/(decrease) in fair value of stock securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	78,271	(270,836)
Net	59,609,972	56,551,643

*) Securities owned by Subsidiaries

**) Unit-link investment is investment held by the policyholder under a Subsidiary's unit-link contract which is presented at fair value.

Table of Bond Details

(in Million Rupiahs)

Description	2017	2016
Government Bond		
Related party		
Measured at fair value through profit or loss	2,183,356	1,191,310
Available for sale*)	89,073,724	80,334,549
Owned until due date	2,585,950	11,142,896
Measured at cost**)	8,262,937	5,027,262
	102,105,967	97,696,017
Unit-link investment***)		
Related party		
Measured at fair value through profit or loss	1,305,221	1,237,261
Total	103,411,188	98,933,278

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

**) Government Bonds owned by Subsidiaries.

***) Unit-link investment is an investment held by the policyholder under a Subsidiary's unit-link contract which is presented at fair value

Information about investment in the form of additional capital in Subsidiaries is presented as follows.

Table for Additional Capital Investment for Subsidiaries

No	Additional Capital	Objective	Approval				Date of Additional Capital
			Capital & Subsidiary Committee	Commissioner	Financial Services Authority (OJK)	Performance of Additional Capital	
1	PT Mandiri Capital Indonesia (MCI)	- Fulfillment of Share Holder Agreement Mitra Transaksi Indonesia (SHA MTI) -Development of 6 Investee	21 February 2017	05 April 2017	26 July 2017	-Deadline for Mitra Transaksi Indonesia (MTI) Capital deposit. -Date – Date of investee investment	28 July 2017
2	PT Mandiri Utama Finance (MUF) Phase 1 amount of Rp51 billion Phase 2 amount of Rp51 billion	Business Development	21 February 2017	05 April 2017	26 July 2017	DER > 8x	Phase 1: July 28, 2017 Phase 2: End of October 2017

No	Additional Capital	Objective	Approval				Date of Additional Capital
			Capital & Subsidiary Committee	Commissioner	Financial Services Authority (OJK)	Performance of Additional Capital	
3	PT Bank Mandiri Taspen (Mantap) Phase 1 amount of Rp100 billion Phase 2 amount of Rp 90 billion	Development of office network Clearing Deficit of Core Capital Allocation	22 March 2017	22 September 2017	On Process	Phase 1: Immediately after approved by OJK. Phase 2: Immediately after Taspen application is approved by the Ministry of SOEs	-
4	PT Bank Syar In amount of Rp500 billion	- Business Development - CAR > 15%	22 March 2017	02 October 2017	On Process	Immediately after approved by OJK.	-

Additional Capital to PT Mandiri Capital Indonesia (MCI) For Rp200 Billion

This investment is intended as additional capital for PT Mitra Transaksi Indonesia (MTI) and investment for several startup companies. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on February 21, 2017 and approved by Board of Commissioners of Bank Mandiri on April 5, 2017. The proposed additional capital has been approved by OJK on July 26, 2017. On July 28, 2017, the transaction of additional capital to MCI amounted to Rp 200 billion is conducted. After the additional capital, Bank Mandiri's ownership of PT Mandiri Capital Indonesia has increased in 2016 from Rp 99.97% to 99.98%

Additional Capital to PT Mandiri Utama Finance (MUF) For Rp102 Billion

This investment is intended for the business development and expansion of MUF branch network. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on February 21, 2017 and approved by Board of Commissioners of Bank Mandiri on April 5, 2017. The proposed additional capital has been approved by OJK on July 26, 2017.

The inclusion of MUF capital is done in two phases with Rp 51 billion (in accordance with ownership portion of Bank Mandiri) for each phase. On July 28, 2017, the first phase of transaction of additional capital for MUF amounting to Rp51 billion has been executed. Furthermore, the second phase of additional capital has been executed on October 30, 2017. After the additional capital, there is no change in Bank Mandiri's ownership of PT Mandiri Utama Finance.

Additional Capital to PT Bank Mandiri Taspen (Mantap) For Rp500 Billion

The additional capital is intended for the development of Bank Mantap office network. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on March 22, 2017. The proposed additional capital is then approved by the Ministry of SOEs on September 7, 2017 and approved by Board of Commissioners of Bank Mandiri on September 22, 2017. This additional capital has been submitted to OJK on September 29, 2017 and is still under approval process. After the additional capital, there is no change in Bank Mandiri's ownership of PT Bank Mandiri Taspen (Mantap).

Additional Capital to PT Bank Syariah Mandiri (BSM) For Rp500 Billion

The additional capital is intended as part of efforts to strengthen BSM's capital structure with CAR target at the level of 15%-16% at the end of 2017. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on March 22, 2017. The proposed additional capital is then approved by the Ministry of SOEs on September 22, 2017 and approved by Board of Commissioners of Bank Mandiri on October 2, 2017. This additional capital has been submitted to OJK on October 6, 2017 and is still under approval process. After the additional capital, there is no change in Bank Mandiri's ownership of PT Bank Syariah Mandiri (BSM).

Expansion

Throughout 2017, Bank Mandiri and its Subsidiaries have performed expansion by increasing the number of regional areas and branch areas as follows.

Table of Expansion

Information	31 December 2017	31 December 2016	Expansion
Area Office	83	79	4
Branch Office	1,293	1,237	56

Divestment

During 2017, Bank Mandiri did not do any divestment activity.

Acquisition

During 2017, Bank Mandiri did not do any acquisition activity.

Debt And Capital Restructuring

During 2017, Bank Mandiri did not do debt and capital restructuring transaction.

Used of Third Party Services

The used of third party services to assessment the fairness of investment, acquisition, divestment and restructuring transactions is conducted in accordance with the prevailing regulations in the capital market.

Commitment and Contingency

Bank Mandiri has commitment and contingency. The commitment and contingency summary of the Bank as follows.

Table of Commitment and Contingency

(in Million Rupiahs)

Description	2017	2016
COMMITMENT		
Commitment liability		
Credit facility given but untapped *)		
Related Parties	(50,456,815)	(38,790,412)
Third Party	(92,747,364)	(81,630,934)
Total	(143,204,179)	(120,421,346)
Letters of credit which is inalienable and still in progress		
Related Parties	(5,904,249)	(3,519,396)
Third Party	(9,918,273)	(8,577,270)
Total	(15,822,522)	(12,096,666)
Commitment liability - net	(159,026,701)	(132,518,012)
CONTINGENCY		
Contingency bill		
Guarantee received from other bank	16,223,496	17,741,644
Interest income in progress	8,088,139	6,793,156
more	32,729	32,729

Description	2017	2016
Total	24,344,364	24,567,529
Contingency liability		
Guarantee given in form:		
Guarantee bank		
Related Parties	(25,912,130)	(23,212,078)
Third Party	(53,775,848)	(51,054,206)
Total	(79,687,978)	(74,266,284)
Standby letters of credit		
Related Parties	(6,171,176)	(6,739,568)
Third Party	(6,107,442)	(6,424,992)
Total	(12,278,618)	(13,164,560)
more	(603,302)	(907,215)
Total	(92,569,898)	(88,338,059)
Contingency liability - net	(68,225,534)	(63,770,530)
TOTAL OF COMMITMENT AND CONTINGENCY - NET	(227,252,235)	(196,288,542)

*) Including unused committed and uncommitted loan facilities.