

Information on Material Transactions Containing Conflicts of Interest and/or Transactions with the Affiliates

Review Mechanism Policy for Transaction And Fulfillment of Related Terms and Conditions

Bank Mandiri has internal policies related to transactions containing conflict of interest and/or transactions with affiliates. The policy of providing funds to related parties shall not be contrary to the general procedure of granting the provision of funds in force and shall continue to provide a reasonable benefit to the company, the provision shall also be subject to the approval of the Board of Commissioners.

Loan Policy for Board Of Commissioners and Directors

Bank Mandiri has a crediting policy for the Board of Commissioners and the Board of Directors that takes into account the principle of fairness through a generally accepted crediting process such as crediting process to regular customers.

Funding to related parties and to debtors with large amounts of funds is always done with a consideration to the principles of prudence, and has complied with the provisions of the Financial Services Authority (OJK) and other applicable laws and regulations, including the Legal Lending Limit (BMPK).

	Related Parties	Unrelated Parties (Individuals)	Unrelated Parties (Group of Debtors)
Violation of BMPK	None	None	None
Excess of BMPK	None	None	None

The Legal Lending Limit (BMPK) as of December 31, 2017 did not violate and exceed the BMPK's requirements for related parties and unrelated parties. BMPK was calculated in accordance with Bank Indonesia Regulation - PBI no. 7/3 /PBI/2005 dated January 20, 2005 on the Legal Lending Limit for Commercial Bank as amended by Bank Indonesia Regulation no. 8/13/PBI/2006 dated October 5, 2006.

During 2017 there was no violation and/or excess of BMPK for the provision of funds to the Related Parties of Bank Mandiri.

The Appropriateness and Reasons of Doing the Transaction

conflicts of interest had been done appropriately according to the laws and regulations. The transaction was conducted on the basis of the company's requirements and was free of any conflict of interest. In relation to transactions with related parties, Bank Mandiri and Its Subsidiaries conducted the transactions with related parties as defined in Statement of Financial Accounting Standards (SFAS) No.7 on "Related Party Disclosures" and Capital Market Supervisory Agency (BAPEPAM) and Financial Institution (LK) Regulations no. KEP-347/BL/2012 dated June 25, 2012 on "Presentation and Disclosures of Financial Statements of Issuers or Public Companies", defined as follows:

1. Person who:
 - a. Has control or joint control over the reporting party entity;
 - b. Has significant influence over the reporting party entity; or
 - c. Is a key management personnel of the reporting party entity or parent company of reporting party entity.
2. An entity is related to the reporting party entity if it meets one of the following:
 - a. Entity and reporting party entity are members of the same business group
 - b. An entity is an associate or joint venture of the entity
 - c. Both entities are joint ventures of the same third party
 - d. An entity is a joint venture of a third entity and another entity is an associate of the third entity
 - e. The entity is a post-employment benefit program for an employee benefit of one of the reporting party entity or entity associated with the reporting party entity