

Financial Review

The financial review described below refers to the Financial Statement for the years ended 31 December 2018 and 2017 presented in the present Annual Report. The Financial Statement has been audited by Public Accounting Firm Purwanto, Sungkoro, dan Surja (Member of Ernst and Young Global) and receives unqualified opinion. In all material things, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries on 31 December 2018, and its financial performance and consolidated cash flow for the year ended 31 December 2018, are consistent with the Financial Accounting Standard in Indonesia.

Financial Performance

The Company's financial performance consists of performance of Consolidated Statement of Financial Position, Statement of Profit Loss and Other Comprehensive Income as well as Statement of Consolidated Cash flow are presented below.

Consolidated Statement of Financial Position

Table of Consolidated Statement of Financial Position

(in million IDR)

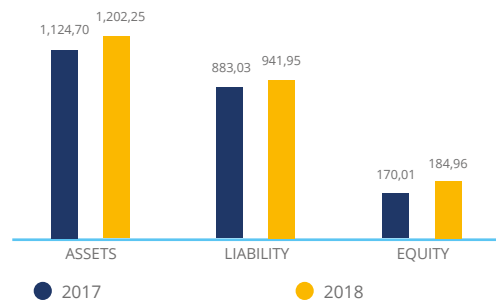
Description	2018	2017 ⁽¹⁾	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
ASSETS				
Cash	27,348,914	24,268,563	3,080,351	12.69%
Current Account in Bank Indonesia	59,852,761	50,188,118	9,664,643	19.26%
Current Accounts in Other Banks – Net	14,830,772	12,329,947	2,500,825	20.28%
Placements in BI and Other Banks – Net	22,515,696	74,600,803	(52,085,107)	(69.82%)
Efek-Efek – Neto	63,835,900	59,638,323	4,197,577	7.04%
Government Bond	114,284,518	103,411,188	10,873,330	10.51%
Other Bills – Trade Transactions – Net	24,809,459	24,090,128	719,331	2.99%
Claim on Security Purchased under Resale Agreement	2,097,629	2,629,315	(531,686)	(20.22%)
Derivative Bill	1,798,557	817,292	981,265	120.06%
Loan and Account Receivable/Sharia Financing – Net	767,761,095	678,292,520	89,468,575	13.19%
Consumer Financing Receivable – Net	16,826,865	14,782,332	2,044,533	13.83%
Net Investment in Finance Lease – Net	3,319,103	2,356,890	962,213	40.83%
Acceptance Receivable – Net	13,592,409	12,290,260	1,302,149	10.59%
Investment – Net	421,504	333,312	88,192	26.46%
Prepayment	2,858,186	2,784,234	73,952	2.66%
Prepaid Tax	1,236,027	2,688,049	(1,452,022)	(54.02%)
Fixed Asset – Net	38,442,696	36,618,753	1,823,943	4.98%
Intangible Asset – Net	2,764,726	2,401,467	363,259	15.13%
Other Assets – Net	18,657,655	14,615,034	4,042,621	27.66%
Deferred Tax Asset – Net	4,997,622	5,564,319	(566,697)	(10.18%)
TOTAL ASSETS	1,202,252,094	1,124,700,847	77,551,247	6.90%
LIABILITIES, TEMPORARY SHIRKAH FUNDS AND EQUITY				

(in million IDR)

Description	2018	2017 ^{*)}	Growth	
			(IDR)	(%)
LIABILITIES				
Immediate liabilities	3,843,194	2,838,567	1,004,627	35.39%
Customer Deposits	766,008,893	749,583,982	16,424,911	2.19%
Deposits from Other Banks	16,493,815	8,349,507	8,144,308	97.54%
Liability to Policyholder in Unit-Link Contract	22,357,802	23,254,035	(896,233)	(3.85%)
Liability for Security Purchased under Resale Agreement	16,611,528	3,592,883	13,018,645	362.35%
Derivative Liability	1,117,677	644,965	472,712	73.29%
Acceptance Liability	13,888,862	12,544,494	1,344,368	10.72%
Published Securities – Net	19,088,923	16,843,595	2,245,328	13.33%
Estimated Loss of Commitment and Contingency	125,729	381,771	(256,042)	(67.07%)
Accrued Expense	4,835,467	3,938,471	896,996	22.78%
Tax Debt	1,087,949	1,009,832	78,117	7.74%
Employee Benefit Liability	7,987,887	8,277,388	(289,501)	(3.50%)
Provision	370,525	375,770	(5,245)	(1.40%)
Other Liabilities	15,795,137	20,496,377	(4,701,240)	(22.94%)
Received Loan	51,653,982	35,703,679	15,950,303	44.67%
Loans and Subordinated Securities – Net	685,730	191,501	494,229	258.08%
TOTAL LIABILITIES	941,953,100	888,026,817	53,926,283	6.07%
TEMPORARY SHIRKAH FUNDS				
Customer Deposits	74,905,079	66,222,609	8,682,470	13.11%
Deposits from Other Banks	433,610	445,289	(11,679)	(2.62%)
TOTAL TEMPORARY SHIRKAH FUNDS	75,338,689	66,667,898	8,670,791	13.01%
EQUITIES				
Equity that can be distributed to the owner of the parent entity				
Share Capital	11,666,667	11,666,667	-	0.00%
Additional Paid-in Capital / Share Agio	17,316,192	17,316,192	-	0.00%
Difference in Exchange Rates Due to Description of Financial Statement in Foreign Currency	112,171	168,412	(56,241)	(33.39%)
Net Profit/(Loss) Unrealized from Decreased Fair Values of Government Bond Security and Investment Available for Sale after Deducted for Deferred Tax	(1,638,088)	1,117,864	(2,755,952)	(246.54%)
Effective Part of Cash Flow Hedge	(17,030)	(6,436)	(10,594)	(164.61%)
Net Difference of Fixed Asset Revaluation	26,435,307	25,666,631	768,676	2.99%
Net Actuarial (Loss)/Profit of Defined Benefit Program After Deducted for Deferred Tax	348,613	(462,008)	810,621	175.46%
Difference of Transaction with Non-Controlling Party	(106,001)	(106,001)	-	0.00%
Retained Earning	127,084,686	111,357,522	15,727,164	14.12%
Already Appropriated	5,380,268	5,380,268	-	0.00%
Unappropriated	121,704,418	105,977,254	15,727,164	14.84%
Non-Controlling Interest on Consolidated Net Asset of Subsidiary	3,757,788	3,287,289	470,499	14.31%
TOTAL EQUITY	184,960,305	170,006,132	14,954,173	8.80%
TOTAL LIABILITIES, TEMPORARY SHIRKAH FUNDS AND EQUITY	1,202,252,094	1,124,700,847	77,551,247	6.90%

*) Reclassified

**Chart of Consolidated Statement Of Financial Position
(in trillion IDR)**



Assets

In 2018, total assets of Bank Mandiri amounted to IDR 1.202.252.094 million. This achievement increased by IDR 77.551.247 million or 6,90% from 2017 which amounted to IDR 1.124.700.847 million. The increase was especially from loans and account receivables/sharia financing which amounted to IDR 89.468.575 million.

Table of Asset

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Cash	27,348,914	24,268,563	3,080,351	12,69%
Current Accounts in Bank Indonesia	59,852,761	50,188,118	9,664,643	19,26%
Current Accounts in Other Banks – Net	14,830,772	12,329,947	2,500,825	20,28%
Placements in BI and Other Banks – Net	22,515,696	74,600,803	(52,085,107)	(69,82%)
Marketable Security – Net	63,835,900	59,638,323	4,197,577	7,04%
Government Bond	114,284,518	103,411,188	10,873,330	10,51%
Other Bills – Trade Transactions – Net	24,809,459	24,090,128	719,331	2,99%
Claim on Security Purchased under Resale Agreement	2,097,629	2,629,315	(531,686)	(20,22%)
Derivative Bill	1,798,557	817,292	981,265	120,06%
Loan and Account Receivable/Sharia Financing – Net	767,761,095	678,292,520	89,468,575	13,19%
Consumer Financing Receivable – Net	16,826,865	14,782,332	2,044,533	13,83%
Net Investment in Finance Lease – Net	3,319,103	2,356,890	962,213	40,83%
Acceptance Receivable – Net	13,592,409	12,290,260	1,302,149	10,59%
Investment – Net	421,504	333,312	88,192	26,46%
Prepayment	2,858,186	2,784,234	73,952	2,66%
Prepaid Tax	1,236,027	2,688,049	(1,452,022)	(54,02%)
Fixed Asset – Net	38,442,696	36,618,753	1,823,943	4,98%
Intangible Asset – Net	2,764,726	2,401,467	363,259	15,13%
Other Assets – Net	18,657,655	14,615,034	4,042,621	27,66%
Deferred Tax Asset – Net	4,997,622	5,564,319	(566,697)	(10,18%)
TOTAL ASSETS	1,202,252,094	1,124,700,847	77,551,247	6,90%

Cash

The cash of Bank Mandiri amounted to IDR27.348.914 million in 2018. This achievement has increased by IDR3.080.351 million or 12,69% from 2017 which amounted to IDR24.268.563 million. The cash increase was especially from cash in IDR currency which amounted to IDR2.669.214 million

Table of Cash

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR	24,287,461	21,618,247	2,669,214	12.35%
Foreign Currency				
United States Dollar	1,377,201	1,162,014	215,187	18.52%
European Euro	165,625	264,084	(98,459)	(37.28%)
Singaporean Dollar	934,813	677,224	257,589	38.04%
Japanese Yen	44,448	75,015	(30,567)	(40.75%)
Australian Dollar	259,982	187,524	72,458	38.64%
Hong Kong Dollar	6,346	10,695	(4,349)	(40.66%)
British Pound Sterling	13,965	38,668	(24,703)	(63.88%)
Chinese Yuan	45,015	39,490	5,525	13.99%
Others	214,058	195,602	18,456	9.44%
Total Cash	27,348,914	24,268,563	3,080,351	12.69%

Current Account at Bank Indonesia

Current accounts in Bank Indonesia in Bank Mandiri amounted to IDR59.852.761 million in 2018. This achievement has increased by IDR9.664.643 million or 19,26% from 2017 which amounted to IDR50.188.118 million. Increased Current Accounts in Bank Indonesia were especially from Current Accounts in Bank Indonesia which was in United States Dollar which amounted to IDR7.678.438 million.

Table of Current Accounts in Bank Indonesia

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR	41,937,965	39,951,760	1,986,205	4.97%
United States Dollar	17,914,796	10,236,358	7,678,438	75.01%
Total Current Accounts in Bank Indonesia	59,852,761	50,188,118	9,664,643	19.26%

Current Accounts in Other Banks

Current Accounts in Other Banks in Bank Mandiri amounted to IDR14,830,772 million in 2018. This achievement has increased by IDR2,500,825 million or 20.28% from 2017 which amounted to IDR12,329,947 million. Increased Current accounts in Other Banks originated from Current Account in Other Banks of foreign currencies amounted to IDR3,871,609 million, which was compensated by a decrease in Current Account in Other Banks in the IDR amounting to IDR1,369,037 million.

Table of Current Accounts in Other Banks

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR				
Related Parties	7,735	26,664	(18,929)	(70.99%)
Third Party	258,361	1,608,469	(1,350,108)	(83.94%)
Total IDR	266,096	1,635,133	(1,369,037)	(83.73%)
Foreign Currency				
Related Parties	741	869	(128)	(14.73%)
Third Party	14,569,124	10,697,387	3,871,737	36.19%
Total Foreign Currency	14,569,865	10,698,256	3,871,609	36.19%
Deducted: Allowance for Impairment Loss	(5,189)	(3,442)	1,747	50.76%
Total Current Accounts in Other Banks	14,830,772	12,329,947	2,500,825	20.28%

Placements In Bank Indonesia and Other Banks

Placements in Bank Indonesia and Other Banks in Bank Mandiri amounted to IDR22,515,696 million in 2018. The achievement decreased by IDR52,085,107 million or 69,82% from 2017 which amounted to IDR74,600,803 million. Decreased Placements in Bank Indonesia and Other Banks were especially from Placements in Bank Indonesia and Other Banks in foreign currencies to related parties which amounted to IDR35,156,728 and IDR currency amounted to IDR16,927,754 million.

Table of Placements in Bank Indonesia and Other Banks

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR				
Related Parties	255,000	751,020	(496,020)	(66.05%)
Third Party	12,625,913	29,057,647	(16,431,734)	(56.55%)
Total IDR	12,880,913	29,808,667	(16,927,754)	(56.79%)
Foreign Currency				
Related Parties	907,378	2,401,147	(1,493,769)	(62.21%)
Third Party	8,777,743	42,440,702	(33,662,959)	(79.32%)
Total Foreign Currency	9,685,121	44,841,849	(35,156,728)	(78.40%)
Deducted: Allowance for Impairment Loss	(50,338)	(49,713)	625	1.26%
Total Placements in Bank Indonesia and Other Banks	22,515,696	74,600,803	(52,085,107)	(69.82%)

Marketable Securities

Marketable Securities in Bank Mandiri amounted to IDR63.835.900 million in 2018. This achievement has increased by IDR4.197.577 million or 7,04% from 2017 which amounted to IDR59.638.323 million. Increased marketable securities were especially from marketable securities to related parties which amounted to IDR3.785.287 million.

Table of Marketable Securities

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	21,562,800	20,775,463	787,337	3.79%
Third Party	42,569,876	38,784,589	3,785,287	9.76%
Deducted: Unamortized Discount/Premium, Loss/Profit -Net Unrealized from Reduced Fair Value and Allowance for Impairment Loss	(296,776)	78,271	(375,047)	(479.16%)
Total Securities	63,835,900	59,638,323	4,197,577	7.04%

Government Bonds

Government bonds in Bank Mandiri amounted to IDR114,284,518 million in 2018. This achievement has increased by IDR10.873.330 million or 10,51% from 2017 which amounted to IDR103.411.188 million. Increased Government Bonds were especially originating from Government Bonds held to maturity of IDR15,391,272 million and Government Bonds measured at cost of IDR5,205,869 million, which was compensated by a decrease in Government Bonds available for sale of IDR10,808,480 million.

Table of Government Bond Ownership

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Government Bond				
Measured on Fair Value through Profit and Loss	3,372,637	2,183,356	1,189,281	54.47%
Available for Sale ^{*)}	78,265,244	89,073,724	(10,808,480)	(12.13%)
Held to Maturity	17,977,222	2,585,950	15,391,272	595.19%
Measured on Acquisition Cost ^{**)}	13,468,806	8,262,937	5,205,869	63.00%
Investment in Unit-Link^{***)}				
Measured on Fair Value through Profit and Loss	1,200,609	1,305,221	(104,612)	(8.01%)
Total Government Bonds	114,284,518	103,411,188	10,873,330	10.51%

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

^{**)} Government Bonds owned by Subsidiaries

^{***)} Investment in unit-link is an investment owned by the policyholder in Unit-Link contract of Subsidiary which is presented at fair value.

Other Bills - Trade Transactions

Other bills – trade transactions in Bank Mandiri amounted to IDR24,809,459 million in 2018 This achievement has increased by IDR719.331 million or 2,99% from 2017 which amounted to IDR24.090.128 million. Increased other bills – trade transactions were especially from other bills – trade transactions to third parties which amounted to IDR767.083 million.

Table of Other Bills – Trade Transactions

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	10,724,084	10,517,587	206,497	1.96%
Third Party	15,688,973	14,921,890	767,083	5.14%
Deducted: Allowance for Impairment Loss	(1,603,598)	(1,349,349)	254,249	18.84%
Total of Other Bills – Trade Transactions	24,809,459	24,090,128	719,331	2.99%

Claims on Securities Purchased Under Resale Agreement

Claims on Securities Purchased under Resale Agreements in Bank Mandiri amounted to IDR2,097,629 million in 2018. The achievement decreased by IDR531.686 million or 20,22% from 2017 which amounted to IDR2.629.315 million. Decreased claims on securities purchased under resale agreements were especially from claims on securities purchased under resale agreements to third parties which amounted to IDR531.686 million.

Table of Claim on Security Purchased Under Resale Agreement

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Third Party	2,097,629	2,629,315	(531,686)	(20.22%)

Derivative Bills

Derivative bills in Bank Mandiri amounted to IDR1,798,557 million in 2018. This achievement has increased by IDR981.265 million or 120,06% from 2017 which amounted to IDR817.292 million. Increased derivative bills were especially from derivative bills to third parties which amounted to IDR855,257 million.

Table of Derivative Bills

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	149,832	23,824	126,008	528.91%
Third Party	1,648,725	793,468	855,257	107.79%
Total Derivative Bills	1,798,557	817,292	981,265	120.06%

Loan and Account Receivable/Sharia Financing

Loans and Account Receivables/Sharia Financing in Bank Mandiri amounted to IDR767,761,095 million in 2018. This achievement has increased by IDR89.468.575 million or 13,19% from 2017 which amounted to IDR678.292.520 million. Increased loans and account receivables/sharia financing were especially from loans and account receivables/sharia financing in IDR currency to related parties and third parties which amounted to IDR24,357,742 million and IDR37,901,284 million, respectively.

Table of Loans and Account Receivables/Sharia Financing

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR				
Related Parties	114,429,946	90,072,204	24,357,742	27.04%
Third Party	549,997,225	512,095,941	37,901,284	7.40%
Foreign Currency				
Related Parties	46,299,756	23,539,208	22,760,548	96.69%
Third Party	88,830,261	86,330,512	2,499,749	2.90%
Deducted: Allowance for Impairment Loss	(31,796,093)	(33,745,345)	(1,949,252)	(5.78%)
Total Loan Provided and Receivables /Sharia Financing	767,761,095	678,292,520	89,468,575	13.19%

Consumer Financing Receivables

Consumer Financing Receivables in Bank Mandiri amounted to IDR16,826,865 million in 2018. This achievement has increased by IDR2,044,533 million or 13,83% from 2017 which amounted to IDR14,782,332 million. Increased consumer financing receivables were especially from consumer financing receivables to third parties which amounted to IDR2,052,616 million.

Table of Consumer Financing Receivables

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	8,278	7,957	321	4.03%
Third Party	17,189,878	15,137,262	2,052,616	13.56%
Deducted: Allowance for Impairment Loss	(371,291)	(362,887)	8,404	2.32%
Total Consumer Financing Receivables	16,826,865	14,782,332	2,044,533	13.83%

Net Investment in Finance Leases

Net Investments in Finance Leases in Bank Mandiri amounted to IDR3,319,103 million in 2018. This achievement has increased by IDR962,213 million or 40,83% from 2017 which amounted to IDR2,356,890 million. Increased net investments in finance leases were especially from net investments in finance leases to third parties which amounted to IDR963,760 million.

Table of Net Investments in Finance Leases

(in million IDR)

Uraian (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Third Party	3,328,389	2,364,629	963,760	40.76%
Deducted: Allowance for Impairment Loss	(9,286)	(7,739)	1,547	19.99%
Total Net Investments in Finance Leases	3,319,103	2,356,890	962,213	40.83%

Acceptation Claims

Acceptance Claims in Bank Mandiri amounted to IDR13,592,409 million in 2018. This achievement has increased by IDR1.302.149 million or 10,59% from 2017 which amounted to IDR12.290.260 million. Increased acceptance claims were especially from acceptance claims in IDR currency to debtors which amounted to IDR1.421.378 million.

Table of Acceptance of Claims

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
IDR				
Claim to Other Bank	1,100,653	381,325	719,328	188.64%
Claim to Debtor	7,597,354	6,175,976	1,421,378	23.01%
Foreign Currency				
Claim to Other Bank	308,500	204,377	104,123	50.95%
Claim to Debtor	4,882,355	5,782,816	(900,461)	(15.57%)
Deducted: Allowance for Impairment Loss	(296,453)	(254,234)	42,219	16.61%
Total Acceptance of Claims	13,592,409	12,290,260	1,302,149	10.59%

Investment

Investment in Bank Mandiri amounted to IDR421,504 million in 2018. This achievement has increased by IDR88.192 million or 26,46% from 2017 which amounted to IDR333.312 million. Increased investment was especially from investments to third parties which amounted to IDR80,660 million.

Table of Investment

(in million IDR)

Growth (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	322,617	297,420	25,197	8.47%
Third Party	129,476	48,816	80,660	165.23%
Deducted: Allowance for Impairment Loss	(30,589)	(12,924)	17,665	136.68%
Equity Investment	421,504	333,312	88,192	26.46%

Prepayment

Prepayment in Bank Mandiri amounted to IDR2,858,186 million in 2018. This achievement increased by IDR73,952 million or by 2.66% from 2017 which amounted to IDR2,784,234 million. Increased prepayment was especially from prepaid leases, especially leases of buildings used as Group branch offices and official houses across Indonesia which amounted to IDR46,121 million.

Table of Prepayment

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Prepaid Lease	1,662,531	1,616,410	46,121	2.85%
Building Maintenance Costs	556,571	611,027	(54,456)	(8.91%)
Others	639,084	556,797	82,287	14.78%
Total Prepaid Expenses	2,858,186	2,784,234	73,952	2.66%

Prepaid Taxes

Prepaid Taxes in Bank Mandiri amounted to IDR1,236,027 million in 2018. The achievement decreased by IDR1.452.022 million or 54,02% from 2017 which amounted to IDR2.688.049 million. Decreased prepaid taxes were especially from prepaid taxes of subsidiaries which amounted to IDR1,312,681 million.

Table of Prepaid Tax

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Bank Mandiri	1,091,292	2,403,973	(1,312,681)	(54.60%)
Subsidiaries	144,735	284,076	(139,341)	(49.05%)
Total Prepaid Taxes	1,236,027	2,688,049	(1,452,022)	(54.02%)

Fixed Assets

Fixed Assets in Bank Mandiri amounted to IDR38,442,696 million in 2018. This achievement increased by IDR1,823,943 million or by 4.98% from 2017 which amounted to IDR36,618,753 million. Increased fixed assets were especially from fixed assets of direct ownerships in the form of land which amounted to IDR822,167 million and fixed assets in progress amounted to IDR845,724 million.

Table of Fixed Assets

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Direct Ownership				
Land	30,340,902	29,518,735	822,167	2.79%
Building	3,589,189	3,125,547	463,642	14.83%
Equipment, Office Equipment and Computer	2,159,981	2,464,423	(304,442)	(12.35%)
Motor vehicle	63,705	66,228	(2,523)	(3.81%)
Assets in progress	2,281,059	1,435,335	845,724	58.92%
Leased Assets	7,860	8,485	(625)	(7.37%)
Total Fixed Assets	38,442,696	36,618,753	1,823,943	4.98%

Intangible Assets

Intangible Assets in Bank Mandiri amounted to IDR2,764,726 million in 2018. This achievement increased by IDR363,259 million or 15.13% from 2017 which amounted to 2,401,467 million. Increased intangible assets were especially from intangible assets in the form of software which amounted to IDR363,259 million.

Table of Intangible Assets

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Software	2,341,611	1,978,352	363,259	18.36%
Goodwill	423,115	423,115	-	0.00%
Total Intangible Assets	2,764,726	2,401,467	363,259	15.13%

Other Assets

Other Assets in Bank Mandiri amounted to IDR18,657,655 million in 2018. The achievement increased by IDR4,042,621 million or 27.66% from 2017 which amounted to IDR14,615,034 million. Increased other assets were especially from other assets in IDR currency which amounted to IDR2,324,640 million.

Table of Other Assets

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
IDR	14,903,944	12,579,304	2,324,640	18.48%
Foreign Currency	4,352,373	2,653,520	1,698,853	64.02%
Deducted: Allowance	(598,662)	(617,790)	(19,128)	(3.10%)
Total Other Assets	18,657,655	14,615,034	4,042,621	27.66%

Deferred Tax Assets

Deferred Tax Assets in Bank Mandiri amounted to IDR4,997,622 million in 2018. The achievement decreased by IDR566,697 million or 10.18% from 2017 which amounted to IDR5,564,319 million. Decreased deferred tax assets were especially from net deferred tax assets of Bank Mandiri only which amounted to IDR393,700 million.

Table of Deferred Tax Assets

(in million IDR)

Growth	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Net Deferred Tax Asset - Bank Mandiri Only	4,576,026	4,969,726	(393,700)	(7.92%)
Deferred Tax Asset - Subsidiary	421,596	594,593	(172,997)	(29.10%)
Total Deferred Tax Assets	4,997,622	5,564,319	(566,697)	(10.18%)

Liabilities

Liabilities in Bank Mandiri amounted to IDR941,953,100 million in 2018. The achievement increased by IDR53,926,283 million or 6.07% from 2017 which amounted to IDR888,026,817 million. Increased liabilities were especially from customer deposits which amounted to IDR16,424,911 million, received loans amounted to IDR15,950,303 million, and liabilities for securities sold under repurchase agreements amounted to IDR13,018,645 million.

Table of Liabilities

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Immediate liabilities	3,843,194	2,838,567	1,004,627	35.39%
Customer Deposits	766,008,893	749,583,982	16,424,911	2.19%
Deposits from Other Banks	16,493,815	8,349,507	8,144,308	97.54%
<i>Liability to Policyholder in Unit-Link Contract</i>	22,357,802	23,254,035	(896,233)	(3.85%)
Liability for Security Purchased under Resale Agreement	16,611,528	3,592,883	13,018,645	362.35%
Derivative Liability	1,117,677	644,965	472,712	73.29%
Acceptance Liability	13,888,862	12,544,494	1,344,368	10.72%
Published Securities – Net	19,088,923	16,843,595	2,245,328	13.33%
Estimated Loss of Commitment and Contingency	125,729	381,771	(256,042)	(67.07%)
Accrued Expense	4,835,467	3,938,471	896,996	22.78%
Tax Debt	1,087,949	1,009,832	78,117	7.74%
Employee Benefit Liability	7,987,887	8,277,388	(289,501)	(3.50%)
Provision	370,525	375,770	(5,245)	(1.40%)
Other Liabilities	15,795,137	20,496,377	(4,701,240)	(22.94%)
Received Loan	51,653,982	35,703,679	15,950,303	44.67%
Loans and Subordinated Securities – Net	685,730	191,501	494,229	258.08%
TOTAL LIABILITIES	941,953,100	888,026,817	53,926,283	6.07%

Immediate Liability

Immediate liabilities in Bank Mandiri amounted to IDR3,843,194 million in 2018. This achievement has increased by IDR1,004,627 million or 35,39% from 2017 which amounted to IDR2,838,567 million. Increased immediate liabilities were especially from liabilities related to increasing liabilities related to current account of non-customers that had to be settled amounted to IDR1,091,762 million and liabilities related to script that will be paid by clearing notes amounted to IDR137,497 million, which were compensated by a decrease of IDR204,998 million in related telegraph transfers and liabilities related to other food deposits amounting to IDR13,330 million.

Table of Immediate Liabilities

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Immediate liabilities	3,843,194	2,838,567	1,004,627	35.39%

Customer Deposits

Customer deposits in Bank Mandiri amounted to IDR766,008,893 million in 2018. The achievement increased by IDR16,424,911 million or 2.19% from 2017 which amounted to IDR749,583,982 million. Increased customer deposits were especially from time deposits of IDR20,895,570 million, which was compensated by a decrease in wadiah demand deposits and current accounts of IDR3,041,104 million.

Table of Customer Deposits

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Current Account/Wadiah Current Account	199,823,756	202,864,860	(3,041,104)	(1.50%)
Saving/Wadiah Saving	307,282,353	308,711,908	(1,429,555)	(0.46%)
Time Deposit	258,902,784	238,007,214	20,895,570	8.78%
Total Customer Deposits	766,008,893	749,583,982	16,424,911	2.19%

Deposits From Other Banks

Deposits from Other Banks in Bank Mandiri amounted to IDR16,493,815 million in 2018. This achievement increased by IDR8,144,308 million or 97.54% from 2017 which amounted to IDR8,349,507 million. Increased deposits from other banks were especially from deposits in the form of inter-bank call money amounted to IDR7,464,542 million.

Table of Deposits from Other Banks

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Current Account/Wadiah Current Account and Deposit	3,838,384	4,238,390	(400,006)	(9.44%)
Inter-Bank Call Money	8,472,197	1,007,655	7,464,542	740.78%
Time Deposit	4,183,234	3,103,462	1,079,772	34.79%
Total Deposits from Other Banks	16,493,815	8,349,507	8,144,308	97.54%

Liability To Policy Holders On Unit-Link Contracts

Liability to Policy Holders at Unit-Link Contract in Bank Mandiri amounted to IDR22,357,802 million in 2018. This achievement decreased by IDR896,233 million or 3.85% from 2017 which reached IDR23,254,035 million. The decrease in liabilities to policy holders in unit-link contracts originated mainly from liabilities to policyholders in non-sharia unit-link contracts of IDR885,655 million.

Table of Liabilities to Policyholders in Unit-Link Contracts

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Non-Sharia	21,250,821	22,105,476	(854,655)	(3.87%)
Sharia	1,106,981	1,148,559	(41,578)	(3.62%)
Total Liabilities to Policyholders in Unit-Link Contracts	22,357,802	23,254,035	(896,233)	(3.85%)

Liabilities For Securities Purchased Under Resale Agreement

Liabilities for Securities Purchased under Resale Agreements in Bank Mandiri amounted to IDR16,611,528 million in 2018. This achievement increased by IDR13,018,645 million or 362.35% from 2017 which amounted to IDR3,592,883 million. The increase in liabilities for securities purchased under resale agreements were especially from liabilities for securities purchased under resale agreements for third parties which amounted to IDR12,916,411 million.

Liability for Security Purchased under Resale Agreement

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	102,234	-	102,234	100.00%
Third Party	16,509,294	3,592,883	12,916,411	359.50%
Total Liability for Security Purchased under Resale Agreement	16,611,528	3,592,883	13,018,645	362.35%

Derivative Liabilities

Derivative liabilities in Bank Mandiri amounted to IDR1,117,677 million in 2018. This achievement increased by IDR472,712 million or 73.29% from 2017 which amounted to IDR644,965 million. Increased derivative liabilities were especially from derivative liabilities to third parties which amounted to IDR470,168 million.

Table of Derivative Liabilities

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	19,126	16,582	2,544	15.34%
Third Party	1,098,551	628,383	470,168	74.82%
Total Derivative Liabilities	1,117,677	644,965	472,712	73.29%

Acceptance Liabilities

Acceptance liabilities in Bank Mandiri amounted to IDR13,888,862 million in 2018. This achievement increased by IDR1,344,368 million or 10.72% from 2017 which amounted to IDR12,544,494 million. Increased in acceptance liabilities were especially from acceptance liabilities to related parties which amounted to IDR4,085,906 million, which was compensated by a decrease of acceptances liabilities to third parties amounting to IDR2,741,538 million.

Table Acceptance Liabilities

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	4,688,800	602,894	4,085,906	677.72%
Third Party	9,200,062	11,941,600	(2,741,538)	(22.96%)
Total Acceptance Liabilities	13,888,862	12,544,494	1,344,368	10.72%

Issued Securities

Issued Securities in Bank Mandiri amounted to IDR19,088,923 million in 2018. This achievement increased by IDR2,245,328 million or by 13.33% from 2017c which amounted to IDR16,843,595 million. Increased issued securities were especially from published securities to related parties which amounted to IDR1,525,500 million.

Table of Issued Securities

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Parties	10,071,700	8,546,200	1,525,500	17.85%
Third Party	9,055,200	8,341,088	714,112	8.56%
Deducted: Unamortized Publishing Fee	(37,977)	(43,693)	(5,716)	(13.08%)
Total Issued Securities	19,088,923	16,843,595	2,245,328	13.33%

Estimated Loss of Commitments and Contingency

Estimated Loss of Commitment and Contingency in Bank Mandiri amounted to IDR125,529 million in 2018. The achievement decreased by IDR256,042 million or 67.07% from 2017 which amounted to IDR381,771 million. Increased estimated loss of commitment and contingency was especially from formation of reversal of allowance in 2018 which amounted to IDR270.973 million while in 2017 there was formation of allowance amounted to IDR173.402 million.

Table of Estimated Loss of Commitment and Contingency

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Balance at Beginning of the Year	381,771	207,401	174,370	84.07%
(Reversal)/Allowance During the Year	(270,973)	173,402	(444,375)	(256.27%)
Others*)	14,931	968	13,963	1.442.46%
Balance at the End of the Year	125,729	381,771	(256,042)	(67.07%)

*) Included foreign exchange translation due to foreign currency translation.

Accrued Expenses

Accrued Expenses in Bank Mandiri amounted to IDR4,835,467 million in 2018 This achievement increased by IDR896,996 million or by 22.78% from 2017 amounted to IDR3,938,471 million. Increased accrued expenses were especially from procurements of fixed assets and software which amounted to IDR433,466 million and interest expense which amounted to IDR136,679 million.

Table of Accrued Expenses

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Procurement of Fixed Assets and Software	1,700,712	1,267,246	433,466	34.21%
Interest expense	1,555,932	1,419,253	136,679	9.63%
Third Party Personnel Service	401,594	359,249	42,345	11.79%
Promotion	352,394	295,548	56,846	19.23%
Office Clothes Expense, Recreation, etc.	43,718	60,842	(17,124)	(28.15%)
Professional service expenses	37,756	50,984	(13,228)	(25.95%)
Others	743,361	485,349	258,012	53.16%
Total of Accrued Expenses	4,835,467	3,938,471	896,996	22.78%

Tax Debt

Tax debts in Bank Mandiri amounted to IDR1,087,949 million in 2018. This achievement increased by IDR78,117 million or 7.74% from 2017 which amounted to IDR1,009,832 million. Increased tax debt were especially from current tax debts which amounted to IDR46,922 million.

Table of Tax Debts

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Tax Debt	332,495	301,300	31,195	10.35%
Other Tax Debt	755,454	708,532	46,922	6.62%
Total Tax Debts	1,087,949	1,009,832	78,117	7.74%

Employee Benefit Liabilities

Employee Benefits Liabilities in Bank Mandiri amounted to IDR7,987,887 million in 2018. This achievement decreased by IDR289,501 million or 3.50% from 2017 which amounted to IDR8,277,388 million. The decrease in employee benefits liabilities was especially from allowance for employee reward expenses amounted to IDR467,277 million, which was compensated by an increase in reserves for bonuses, incentives, leave and THR of IDR177,776 million.

Table of Employee Benefit Liabilities

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Allowance for Employee Reward Expense	3,563,484	4,030,761	(467,277)	(11.59%)
Reserve for Bonus, Incentive, Leave and THR	4,424,403	4,246,627	177,776	4.19%
Total Employee Benefit Liabilities	7,987,887	8,277,388	(289,501)	(3.50%)

Provisions

Provisions in Bank Mandiri amounted to IDR370,525 million in 2018. This achievement decreased by IDR5,245 million or 1.40% from 2017 which amounted to IDR3,75,770 million. Decreased provisions were especially from decreased provisions for estimated loss of legal contingencies of the IDR which amounted to IDR5,043 million.

Table of Provision

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Provision	370,525	375,770	(5,245)	(1.40%)

Other Liabilities

Other liabilities in Bank Mandiri amounted to IDR15,795,137 million in 2018. This achievement decreased by IDR4,701,240 million or by 22.94% from 2017 which amounted to IDR20,496,377 million. Decrease in other liabilities were especially from other liabilities in IDR currency related to transaction and credit card which amounted to IDR1,234,910 and related to customer transaction debts which amounted to IDR1,204,454 million.

Table of Other Liabilities

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Other Liabilities	15,795,137	20,496,377	(4,701,240)	(22.94%)

Received Loans

Received loans in Bank Mandiri amounted to IDR51,653,982 million in 2018. The achievement increased by IDR15,950,303 million or 44.67% from 2017 which amounted to IDR35,703,679 million. Increased in received loans were especially from loans received by third parties amounted to IDR15,526,617 million.

Table of Received Loans

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Parties	423,686	-	423,686	100.00%
Third Party	51,230,296	35,703,679	15,526,617	43.49%
Total Received Loans	51,653,982	35,703,679	15,950,303	44.67%

Loans and Subordinated Securities

Loans and subordinated securities in Bank Mandiri amounted to IDR685,730 million in 2018. The achievement increased by IDR494,229 million or by 258.08% from 2017 which amounted to IDR191,501 million. The increase in loans and subordinated securities were especially from subordinated loans from third parties which amounted to IDR358,539 million.

Table of Loans and Subordinated Securities

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties	136,750	-	136,750	100.00%
Third Party	550,040	191,501	358,539	187.23%
Deducted: Unamortized Publishing Fee	(1,060)	-	1,060	100.00%
Total Loans and Subordinated Securities	685,730	191,501	494,229	258.08%

Temporary Shirkah Funds

Temporary Shirkah Fund in Bank Mandiri amounted to IDR75,338,689 million in 2018. This achievement has increased by IDR8,670,791 million or by 13.01% from 2017 which amounted to IDR66,667,898 million. The increase in temporary shirkah funds was especially from temporary shirkah fund in the form of customer deposits amounted to IDR8,682,470 million.

Table of Temporary Shirkah Fund

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Customer Deposits	74,905,079	66,222,609	8,682,470	13.11%
Deposits from Other Banks	433,610	445,289	(11,679)	(2.62%)
TOTAL TEMPORARY SHIRKAH FUNDS	75,338,689	66,667,898	8,670,791	13.01%

Customer Deposits

Customer Deposits in Bank Mandiri amounted to IDR74,905,079 million in 2018. This achievement increased by IDR8,682,470 million or 13.11% from 2017 which amounted to IDR66,222,609 million. The increase in customer deposits mainly came from third party customer deposits for mudharabah deposits - unrestricted investments amounting to IDR4,214,798 million and mudharabah deposits - restricted and unrestricted investment accounts which amounted to IDR3,007,658 million.

Table of Customer Deposits

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Related Parties				
Saving - Restricted Investment Account and Unrestricted Investment Account - Mudharabah	144,810	34,784	110,026	316.31%
Mudharabah Deposit - Unrestricted Investment Account	2,132,346	939,315	1,193,031	127.01%
Third Party				
Current Account - Restricted Investment Account and Mudharabah Musyarakah Current Account - Musyarakah	682,242	525,285	156,957	29.88%
Saving - Restricted Investment Account and Unrestricted Investment Account - Mudharabah	31,173,610	28,165,952	3,007,658	10.68%
Mudharabah Deposit - Unrestricted Investment Account	40,772,071	36,557,273	4,214,798	11.53%
Total Customer Deposits	74,905,079	66,222,609	8,682,470	13.11%

Deposits From Other Banks

Deposits from Other Banks in Bank Mandiri amounted to IDR433,610 million in 2018. This achievement decreased by IDR11,679 million or 2.62% from 2017 which amounted to IDR445,289 million. The decreased deposits from other banks were especially from mudharabah savings - unrestricted investment accounts which amounted to IDR39,262 million, which was compensated by an increase of mudharabah deposits - unrestricted investments amounted to IDR27,583 million.

Table of Deposits from Other Banks

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Mudharabah Saving - Unrestricted Investment Account	277,312	316,574	(39,262)	(12.40%)
Mudharabah Deposit - Unrestricted Investment Account	156,298	128,715	27,583	21.43%
Total Deposits from Other Banks	433,610	445,289	(11,679)	(2.62%)

Equities

Equities in Bank Mandiri amounted to IDR184,960,305 million in 2018. This achievement increased by IDR14,954,173 million or by 8.80% from 2017 which amounted to IDR170,006,132 million. The increased equities were especially from retained earning which amounted to IDR15,727,164 million

Table of Equities

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Share Capital	11,666,667	11,666,667	-	0.00%
Additional Paid-in Capital / Shared Agio	17,316,192	17,316,192	-	0.00%
Difference in Exchange Rates Due to Description of Financial Statement in Foreign Currency	112,171	168,412	(56,241)	(33.39%)
Net Profit/(Loss) Unrealized from Decreased Fair Values of Government Bond Security and Investment Available for Sale after Deducted for Deferred Tax	(1,638,088)	1,117,864	(2,755,952)	(246.54%)
Effective Part of Cash Flow Hedge	(17,030)	(6,436)	(10,594)	(164.61%)
Net Difference of Fixed Asset Revaluation	26,435,307	25,666,631	768,676	2.99%
Net Actuarial (Loss)/Profit of Defined Benefit Program After Deducted for Deferred Tax	348,613	(462,008)	810,621	175.46%
Difference of Transaction with Non-Controlling Party	(106,001)	(106,001)	-	0.00%
Retained Earning	127,084,686	111,357,522	15,727,164	14.12%
Non-Controlling Interest on Consolidated Net Asset of Subsidiary	3,757,788	3,287,289	470,499	14.31%
TOTAL EQUITY	184,960,305	170,006,132	14,954,173	8.80%

Capital Stock

Capital stocks in Bank Mandiri amounted to IDR11,666,667 million in 2018. It neither increased nor decreased from 2017 which amounted to IDR11,666,667 million.

Additional Paid In Capital/Agio Capital

Additional paid-in capitals in Bank Mandiri amounted to IDR17,316,192 million in 2018. It neither increased nor decreased from 2017 which amounted to IDR17,316,192 million.

Difference In Exchange Rates Due To Description of Financial Statement In Foreign Currency

Difference in exchange rates due to description of financial statement in foreign currency in Bank Mandiri amounted to IDR112,171 million in 2018. This achievement decreased by IDR 56,241 million or by 33.39% from 2017 which amounted to IDR168,412 million.

Net Profit/(Loss) Unrealized From Decreased Fair Values of Government Bond Security and Investment Available For Sale After Deducted For Deferred Tax

Net loss unrealized from increased/(decreased) fair values of government bond securities and investments available for sale after deducted for deferred taxes in Bank Mandiri amounted to (IDR1,638,088) million in 2018. This achievement decreased by (IDR755,952 million) or by 246.54% from 2017 which amounted to IDR1,117,864 million.

Effective Part of Cash Flow Hedge

Effective part of cash flow hedge in Bank Mandiri amounted to (IDR17,030) million in 2018. This achievement decreased by IDR10,594 million or 164.61% from 2017 amounted to IDR6,436 million

Net Difference of Fixed Asset Revaluation

Net difference of fixed asset revaluation in Bank Mandiri amounted to IDR26,435,307 million in 2018. This achievement increased by IDR768,676 million or 2.99% from 2017 which amounted to IDR25,666,631 million.

Net Actuarial (Loss)/Profit of Defined Benefit Program After Deducted For Deferred Tax

Net actuarial (loss)/profit of defined benefit program after deducted for deferred taxes in Bank Mandiri amounted to IDR348,613 million in 2018. This achievement increased by IDR810,621 million or 175.46% from 2017 which amounted to (IDR462,008) million.

Difference of Transaction With Non-Controlling Party

Difference of transaction with non-controlling parties in Bank Mandiri amounted to (IDR106,001) million in 2018. This achievement neither increased nor decreased from 2017 which amounted to IDR106,001) million.

Retained Earning

Retained earnings in Bank Mandiri amounted to IDR127,084,686 million in 2018. This achievement increased by IDR15,727,164 million or 14.12% from 2017 which amounted to IDR111,357,522 million.

Non-Controlling Interest On Consolidated Net Assets of Subsidiary

Non-controlling interest on consolidated net assets of subsidiaries in Bank Mandiri amounted to IDR3,757,788 million in 2018. This achievement increased by IDR470,499 million or by 14.31% from 2017 which amounted to IDR3,287,289 million.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Bank Mandiri in 2017 managed to record consolidated Net Profit amounted to IDR25,015,021 million which increased by 21.20% from 2017 which amounted to IDR20,639,683 million.

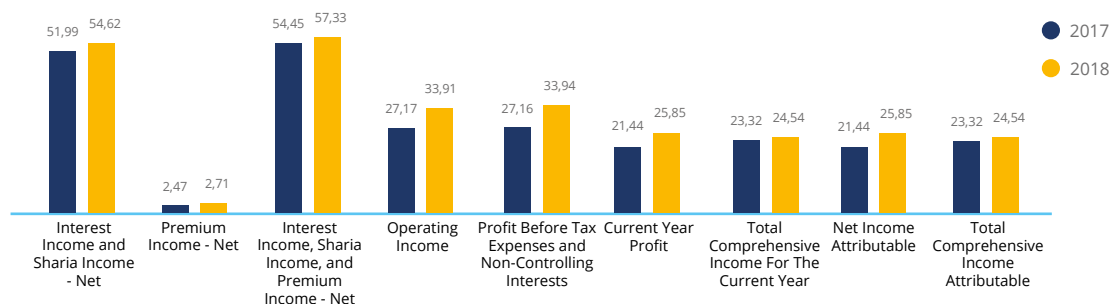
Table of the Consolidated Summary of Profit and Loss and Other Comprehensive Income

(in million IDR)

Description (1)	2018 (2)	2017 ^{*)} (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
OPERATING INCOME AND EXPENSES				
Interest Income and Sharia Income	80,992,570	77,284,648	3,707,922	4.80%
Interest Expense and Sharia Expense	(26,369,938)	(25,296,287)	1,073,651	4.24%
Interest and Sharia Income – Net	54,622,632	51,988,361	2,634,271	5.07%
Premium Income – Net	2,707,133	2,465,075	242,058	9.82%
Interest, Sharia, and Premium Income – Net	57,329,765	54,453,436	2,876,329	5.28%
Other Operating Income	27,672,065	22,830,407	4,841,658	21.21%
Allowance for Impairment Losses	(14,394,973)	(15,646,385)	(1,251,412)	(8.00%)
Reversal/(Formation) for Estimated Losses on Commitments and Contingencies	270,973	(173,402)	(444,375)	(256.27%)
Other Allowance Formation	(61,498)	(132,050)	(70,552)	(53.43%)
<i>Unrealised Gains/(Losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts</i>	(18,483)	46,849	(65,332)	(139.45%)
Gains on Sale of Marketable Securities and Government Bonds	674,087	779,993	(105,906)	(13.58%)
Other Operating Expense	(37,566,139)	(34,989,097)	2,577,042	7.37%
OPERATING PROFIT	33,905,797	27,169,751	6,736,046	24.79%
Income/(Expenses) Non-Operating - Net	37,572	(12,888)	50,460	391.53%
PROFIT BEFORE TAX EXPENSES	33,943,369	27,156,863	6,786,506	24.99%
Tax Expenses - Net	(8,091,432)	(5,713,821)	2,377,611	41.61%
PROFIT FOR THE CURRENT YEAR	25,851,937	21,443,042	4,408,895	20.56%
OTHER COMPREHENSIVE INCOME				
Items That Will Not Be Reclassified To Profit or Loss	1,585,482	9,678	1,575,804	16.282.33%
Items That Will Be Reclassified To Profit or Loss	(2,902,231)	1,868,315	(4,770,546)	(255.34%)
Other Comprehensive Income for the Current	(1,316,749)	1,877,993	(3,194,742)	(170.11%)
TOTAL COMPREHENSIVE INCOME OF THE CURRENT YEAR	24,535,188	23,321,035	1,214,153	5.21%
Profit for the Current Year Attributed To:	25,851,937	21,443,042	4,408,895	20.56%
Owner of Parent Company	25,015,021	20,639,683	4,375,338	21.20%
Non-Controlling Interest	836,916	803,359	33,557	4.18%
Total Comprehensive Income for the Current Year Attributed to:	24,535,188	23,321,035	1,214,153	5.21%
Owner of Parent Company	23,771,531	22,491,109	1,280,422	5.69%
Non-Controlling Interest	763,657	829,926	(66,269)	(7.98%)
PROFIT PER SHARE (in full IDR)	536,04	442,28	93,76	21.20%

^{*)} Reclassified

Chart of Profit and Loss Statements and Other Comprehensive Consolidated Income (in trillion IDR)



Interest and Sharia Income - Net

Interest and Sharia Income - Net in Bank Mandiri amounted to IDR54,622,632 million in 2018. This achievement increased by IDR2,634,271 million or by 5.07% from 2017 which amounted to IDR51,988,361 million. The increase in interest and sharia income - net was especially from interest income of IDR3,399,280 million.

Table of Interest and Sharia Income - Net

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Interest Income	74,454,382	71,055,102	3,399,280	4.78%
Sharia Income	6,538,188	6,229,546	308,642	4.95%
Total Interest Income and Sharia Income	80,992,570	77,284,648	3,707,922	4.80%
Interest expense	(23,710,628)	(22,755,157)	955,471	4.20%
Sharia Expense	(2,659,310)	(2,541,130)	118,180	4.65%
Total Interest Expense and Sharia Expense	(26,369,938)	(25,296,287)	1,073,651	4.24%
Interest and Sharia Income - Net	54,622,632	51,988,361	2,634,271	5.07%

Premium Income - Net

Net Premium Income at Mandiri Bank amounted to IDR2,707,133 million in 2018. This achievement increased by IDR242,058 million or 9.82% from 2017 which amounted to IDR2,465,075 million. The increase in net premium income was especially from a decrease in claim expenses of IDR224,758 million, which was offset by an increase in premium income of IDR17,300 million.

Table of Premium Income - Net

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Premium Income	10,342,487	10,325,187	17,300	0.17%
Claim Expense	(7,635,354)	(7,860,112)	(224,758)	(2.86%)
Premium Income - Net	2,707,133	2,465,075	242,058	9.82%

Other Operating Income

Other Operating Income at Bank Mandiri amounted to IDR27,672,065 million in 2018. This achievement increased by IDR4,841,658 million or by 21.21% from 2017 which amounted to IDR22,830,407 million. This increase in the Other Operating Income was especially from other operating income - others amounted to IDR4,090,564 million.

Table of Other Operating Income

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Other Fees and Commissions	13,013,786	12,448,315	565,471	4.54%
Income from Marketable Group - Net	3,657,290	3,471,667	185,623	5.35%
Others	11,000,989	6,910,425	4,090,564	59.19%
Total Other Operating Income	27,672,065	22,830,407	4,841,658	21.21%

Allowance For Impairment Losses

Allowance for Impairment Losses at Bank Mandiri amounted to (IDR14,394,973) million in 2018. This achievement decreased by IDR1,251,412 million or by 8.00% from 2017 which amounted to (IDR15,646,385) million. The decreased allowance for impairment losses was especially from provided Loans amounted to IDR1,976,536 million.

Table of Allowance for Impairment Losses

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Current Account with Other Banks	(1,703)	44	1,747	3.970.45%
Placement with Other Banks	(115)	53,290	53,405	100.22%
Securities	(20,263)	(8,420)	11,843	140.65%
Other Receivables - Trade Transactions	(178,324)	425,563	603,887	141.90%
Loans	(13,481,957)	(15,458,493)	(1,976,536)	(12.79%)
Consumer Financing Receivables	(638,849)	(640,151)	(1,302)	(0.20%)
Net Investment in Leasing	(3,950)	(5,784)	(1,834)	(31.71%)
Acceptance Claims	(49,878)	(9,783)	40,095	409.84%
Equity Investment	(19,934)	(2,651)	17,283	651.94%
Allowance for Impairment Losses	(14,394,973)	(15,646,385)	(1,251,412)	(8.00%)

Formation of Other Allowances

The formation of Other Allowances at Bank Mandiri amounted to IDR61,498 million in 2018. This achievement decreased by IDR70,552 million or 53.43% from 2017 which amounted to IDR132,050 million. The decrease in the formation of other allowances was especially from the decrease in the provision of allowance for estimated losses arising from fraud cases amounted to IDR58,803 million.

Table of Formation of Other Allowances

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
<i>Estimated Losses Arising from Fraud</i>	18	(58,785)	(58,803)	(100.03%)
Estimated Losses Arising from Legal Cases	7,568	33,099	(25,531)	(77.14%)
Losses Arising from Operating Risk - External Fraud	(5,580)	(7,625)	(2,045)	(26.82%)
Losses of Other Operating Risks	(7,282)	-	7,282	100.00%
Other Assets	(56,222)	(98,739)	(42,517)	(43.06%)
Other Allowance Formation	(61,498)	(132,050)	(70,552)	(53.43%)

UNREALISED GAINS/(LOSSES) FROM AN INCREASE/(DECREASE) IN THE FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS, AND POLICYHOLDERS' INVESTMENT IN UNIT-LINK CONTRACTS

Unrealised Gains/(Losses) From An Increase/(Decrease) In The Fair Value Of Marketable Securities, Government Bonds, And Policyholders' Investment In Unit-Link Contracts at Bank Mandiri amounted to (IDR18,483) million in 2018. This achievement decreased by IDR65,332 million or by 139.45% from 2017 which amounted to IDR46,849 million.

Table of Unrealised Gains/(Losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
<i>Changes in the Fair Value of Policyholders' Investment and an Increase/(Decrease) in the Liability Contract in Unit-Link Contracts</i>				
Changes in the Fair Value of Policyholders' Investment	1,802,602	3,311,638	(1,509,036)	(45.57%)
<i>Increase in the Liabilities under Unit-Link Contracts</i>	(1,802,602)	(3,311,638)	1,509,036	45.57%
Others	(18,483)	46,849	(65,332)	(139.45%)
Unrealised Gains/(Losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts	(18,483)	46,849	(65,332)	(139.45%)

Gain On Sale of Marketable Securities and Government Bonds

Gain On Sale Of Marketable Securities And Government Bonds at Bank Mandiri amounted to IDR674,087 million in 2018. This achievement decreased by IDR105,906 million or by 13.58% from 2017 which amounted to IDR779,993 million. The decrease in profits from the sale of securities and government bonds was especially from available-for-sale government bonds amounted to IDR299,944 million, was compensated by an increase in securities available for sale of IDR194,038 million.

Table of Gains on Sale of Marketable Securities and Government Bonds

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Available for sale				
Securities	229,509	35,471	194,038	547.03%
Government Bond	444,578	744,522	(299,944)	(40.29%)
Gains on Sale of Marketable Securities and Government Bonds	674,087	779,993	(105,906)	(13.58%)

Other Operating Expenses

Other Operating Expenses at Bank Mandiri amounted of (IDR 37,566,139) million in 2018. This achievement increased by IDR2,577,042 million or by 7.37% from 2017 which amounted to (IDR34,989,097) million. The increase in other operating expenses was especially from salaries and allowances amounted to IDR1,464,127 million and general and administrative expenses by IDR1,181,426 million.

Table of Other Operating Expenses

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Salary and Allowance Expense	(16,322,769)	(14,858,642)	1,464,127	9.85%
General and Administrative Expenses	(16,587,005)	(15,405,579)	1,181,426	7.67%
Miscellaneous - Net	(4,656,365)	(4,724,876)	(68,511)	(1.45%)
Total Other Operating Expenses	(37,566,139)	(34,989,097)	2,577,042	7.37%

Non-Operating Income/(Expenses)

Non-operating income / (expenses) at Bank Indonesia amounted to IDR37,572 million in 2018. This achievement has increased by IDR50,460 million or 391.53% from 2017 which amounted to (IDR12,888 million). The increase in non-operating income was especially from an increase in other non-operating income of IDR73,347 million, which was offset by a decrease in income from sales of fixed assets of IDR22,887 million.

Table of Non-Operating Income / (Expenses)

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Gains on Sale of Fixed Assets	21,890	44,777	(22,887)	(51.11%)
Miscellaneous - Net	15,682	(57,665)	73,347	127.20%
Non-Operating Income / (Expenses)	37,572	(12,888)	50,460	391.53%

Profit Before Tax Expenses and Non-Controlling Interests

Profit Before Tax Expenses and Non-Controlling Expenses at Bank Mandiri amounted to IDR33,943,369 million in 2018. This achievement increased by IDR6,786,506 million or by 24.99% from 2017 which amounted to IDR27,156,863 million. Increased profits before tax expense and non-controlling interests were especially from operating profit amounted to IDR6,736,046 million.

Table of Profit before Tax Expense and Non-Controlling Interests

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Operating Profit	33,905,797	27,169,751	6,736,046	24.79%
Non-Operating Income / (Expenses)	37,572	(12,888)	50,460	391.53%
Profit before Tax Expense and Non-Controlling Interests	33,943,369	27,156,863	6,786,506	24.99%

Tax Expenses

The tax expense at Bank Mandiri amounted to (IDR8,091,432) million in 2018. This achievement increased by IDR2,377,611 million or 41.61% from 2017 which amounted to (IDR5,713,821) million. The increase in tax expense, was especially from the current tax expenses in the previous year amounted to IDR1,313,347 and deferred tax expense amounted to IDR738,849 million.

Table of Tax Expenses

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Tax				
Current Year	(5,918,708)	(5,593,293)	325,415	5.82%
Previous Year	(1,313,347)	-	1,313,347	100.00%
Deferred Tax	(859,377)	(120,528)	738,849	613.01%
Tax Expenses - Net	(8,091,432)	(5,713,821)	2,377,611	41.61%

Profit For The Current Year

The current year's profit at Bank Mandiri amounted to IDR25,851,937 million in 2018. This achievement has increased by IDR4,408,895 million or 20.56% from 2017 which amounted to IDR21,443,042 million. The increase in profit for the current year was especially from profits before the tax expenses and non-controlling interests amounted to IDR6,786,506 million.

Table of the Profit for the Current Year

(in million IDR)

Description	2018	2017	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Profit before Tax Expense and Non-Controlling Interests	33,943,369	27,156,863	6,786,506	24.99%
Tax Expenses - Net	(8,091,432)	(5,713,821)	2,377,611	41.61%
Profit for the Current Year	25,851,937	21,443,042	4,408,895	20.56%

Other Comprehensive (Expenses) / Income

Other comprehensive (expenses) / income at Bank Mandiri amounted to (IDR1,316,749) million in 2018. This achievement decreased by IDR3,194,742 million or by 170.11% from 2017 which amounted to IDR1,877,993 million. The decrease in other comprehensive income was especially from a decrease in the change in the fair value of financial assets in the available-for-sale group amounted to IDR5,949.852 million, which was compensated with an increase in the actuarial profits of the defined benefit program amounted to IDR1,644,743 million.

Table of Other Comprehensive Income

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Items That Will Not Be Reclassified to Profit or Loss				
Benefits of Fixed Asset Revaluation	768,681	526,108	242,573	46.11%
Actuarial Benefits / (Losses) Arising from the Defined Benefit Plan	1,023,174	(641,569)	1,664,743	259.48%
Income Tax Regarding Items That Will Not Be Reclassified to Profit or Loss	(206,373)	125,139	(331,512)	(264.92%)
Total Posts That Will Not Be Reclassified to Profit and Loss	1,585,482	9,678	1,575,804	16.282.33%
Items That Will Be Reclassified To Profit or Loss				
Adjustments as a Result of Translation of Financial Statements in Foreign Currencies	(55,547)	(32,750)	(22,797)	69.61%
Changes in the Fair Value of Available-for-Sale Financial Assets	(3,585,763)	2,364,089	(5,949,852)	(251.68%)
Effective Portion Arising from the Cash Flow Hedge	(27,695)	(16,826)	(10,869)	(64.60%)
Income Tax Related to Items That Will Be Reclassified to Profit or Loss	766,774	(446,198)	(1,212,972)	(271.85%)
Total Items That Will Be Reclassified to Profit or Loss	(2,902,231)	1,868,315	(4,770,546)	(255.34%)
Other Comprehensive Income for the Current Year - after Income Tax	(1,316,749)	1,877,993	(3,194,742)	(170.11%)

Attributable Comprehensive Profit and Income

Attribution of Comprehensive Profit and Income for the Current Year at Bank Mandiri amounted to IDR24,535,188 million in 2018. This achievement increased by IDR1,214,153 million or by 5.21% from 2017 which amounted to IDR23,321,035 million. The increased in attributable comprehensive profit and income in the current year was especially from comprehensive income of the current year attributable to owner of Parent Company amounted to IDR1,280,422 million.

Table of Profit Attribution

(in million IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Owner of Parent Company	25,015,021	20,639,683	4,375,338	21.20%
Non-Controlling Interest	836,916	803,359	33,557	4.18%
Profit for the Current Year Attributable	25,851,937	21,443,042	4,408,895	20.56%
Owner of Parent Company	23,771,531	22,491,109	1,280,422	5.69%
Non-Controlling Interest	763,657	829,926	(66,269)	(7.98%)
Comprehensive Income for the Current Year Attributable	24,535,188	23,321,035	1,214,153	5.21%

Earning Per Share

Table of Earning per Share

(in full IDR)

Description (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
Basic	536,04	442,28	93,76	21.20%
Diluted	536,04	442,28	93,76	21.20%

Consolidated Statement of Cash Flows

Having strong operating cash flows, Bank Mandiri has a solid position to grow in the future. This is reflected in the disclosure in the following cash flows:

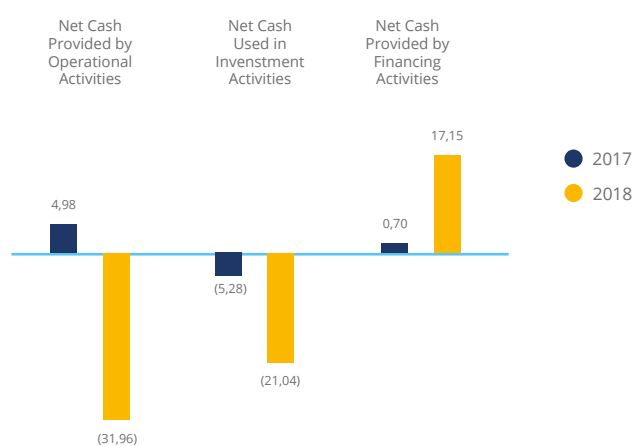
Table of Cash Flows

(in million IDR)

Description (1)	2018 (2)	2017 ¹⁾ (3)	Growth	
			(IDR) 4 = 2-3	(%) 5 = 4/3
CASH FLOWS FROM OPERATIONAL ACTIVITIES				
Net Cash (Used for)/Provided by Operational Activities	(31,962,470)	4,981,054	(36,943,524)	(741.68%)
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Net Cash Used in Investment Activities	(21,041,189)	(5,276,211)	15,764,978	298.79%
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Cash Provided by Financing Activities	17,151,038	702,143	16,448,895	2.342.67%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,852,621)	406,986	(36,259,607)	(8.909.30%)
EFFECTS OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	1,754,511	808,703	945,808	116.95%
Cash and Cash Equivalents at the Beginning of the Year	158,775,796	157,560,107	1,215,689	0.77%
Cash and Cash Equivalents at the End of the Year	124,677,686	158,775,796	(34,098,110)	(21.48%)

¹⁾ Reclassified

Consolidated Statement of Cash Flows (in trillion IDR)



Cash Flows from Operational Activities

Cash flows from operating activities at Bank Mandiri amounted to (IDR31,962,470) million in 2018. This achievement decreased by IDR36,943,524 million or 741.68% from 2017 which amounted to IDR4,981,054 million. The decrease was especially from the increase in loans amounting to IDR24,396,883 million and a decrease in savings of IDR32,997,247 million, which was offset by an increase in time deposits amounted to IDR22,529,223 million.

Cash Flows From Investment Activities

Cash flows from investment activities at Bank Mandiri amounted to (IDR21,041,189) million in 2018. This achievement has increased by IDR15,764,978 million or by 298.79% from 2017 which amounted to (IDR5,276,211) million. The increase was especially derived from the increase in purchases of government bonds - other

than measured at fair value through profit and loss of IDR11,003,938 million and an increase in purchase of securities - other than measured at fair value through profit and loss of IDR4,179,026 million.

Cash Flows from Financing Activities

Cash flows from financing activities at Bank Mandiri amounted to IDR17,151,038 million in 2018. This achievement increased by IDR16,448,895 million or 2,342.67% from 2017 which amounted to IDR702,143 million. The increase was especially derived from the increase in revenues from loans received amounted to IDR12,735,961 million and an increase in revenues from securities sold under agreement to repurchase amounted to IDR11,913,477 million, which was compensated by a decrease in securities issued amounted to IDR5,656,530 million and a decrease in the increase in dividend payments amounted to IDR3,074,903 million.

The Ability to Pay Debt and Collectability of Accounts Receivable

Ability to Pay Debt

Ability to pay debt is reflected from the Bank's liquidity and solvency. Regarding the bonds issued, the ability to pay debt is reflected from the fluency of interest payment and bond rating.

The Ability to Pay Short-Term Debt (Bank's Liquidity)

The ability of Bank Mandiri to fulfill short-term obligations is carried out by managing good liquidity. In order to improve short-term liquidity resilience, Bank Mandiri maintains adequate liquidity by managing several indicators including Primary Reserve (Minimum Mandatory Current and Cash), Secondary Reserve (liquidity reserve), and Liquidity Coverage Ratio (LCR) according to regulatory provisions.

LCR is the ratio of comparison between High Quality Liquid Assets (HQLA) and the estimated net cash outflow for the next 30 (thirty) days in a crisis scenario. In December 2018 Bank Mandiri's LCR reached 170.60% (bank only) and 167.37% (consolidated), above the regulatory provisions which stipulated that LCR fulfillment was at least 100%.

In order to manage liquidity for a longer period of time (1 year), Bank Mandiri maintains the Net Stable Funding Ratio (NSFR) by increasing the stability of bank funding in accordance with the composition of assets and administrative accounts. NSFR is the ratio of the ratio of Available Stable Funding to the required stable Stable Funding. As of December 2018, Bank Mandiri's NSFR was 116.87% (bank only) and 117.11% (consolidated), above the limit regulator's provisions of 100%.

The Ability to Pay Long-Term Debt (Bank's Solvability)

Bank Mandiri's Capital Adequacy Ratio (Capital Adequacy Ratio - CAR is the capital ratio towards the weighted assets based on Risk-Weighted Assets - RWA) in 2018 decreased by 20.96% (bank only) when compared to the capital adequacy ratio in 2017 of 21.64% (bank only). The ratio showed that Bank Mandiri's solvency is still good because it has exceeded the minimum requirement CAR ratio from the Regulator so that it can fulfill credit risk, market risk and operational risk.

The Ability To Pay Debt From Issued Securities

The ability to pay debt can also be reflected based on the ratings of securities issued by Bank Mandiri, namely Bonds, Medium Term Notes (MTN) and Asset Backed Securities (EBA). Securities issued routinely are assessed by rating agencies to support the feasibility of securities. The quality of securities is largely determined by the ability of the securities issuing company to pay its securities at maturity and its ability to pay interest or coupons during the period of issuance of the securities. The bonds, MTN and EBA issued are listed on the Indonesia Stock Exchange, Bank Mandiri uses Pefindo as a rating agency.

Table of Ability to Pay Debt from Issued Securities

Description	Rating	
	2018	2017
Bond		
Bank Mandiri's Sustainable Bond I Stage I of 2016	idAAA issued by Pefindo	idAAA issued by Pefindo
Bank Mandiri's Sustainable Bond I Stage II 2017	idAAA issued by Pefindo	idAAA issued by Pefindo
Bank Mandiri's Sustainable Bond I Stage III 2018	idAAA issued by Pefindo	-
Medium Term Notes (MTN)		
Medium Term Notes (MTN) Subordination I Bank Mandiri in 2018 ("MTN Subordination Mandiri")	idAA (Double A) issued by Pefindo	-
Asset-Backed-Securities (EBA)		
EBA SP SMF-BMRI 01 Class A Level A1	idAAA issued by Pefindo	idAAA issued by Pefindo
EBA SP SMF-BMRI 01 Class A Level A2	idAAA issued by Pefindo	idAAA issued by Pefindo

Table of Rating Meaning

Rating Agency	Rating	Rating Meaning
PEFINDO RATING	idAAA	Has superior capacities in long-term financial commitments compared with the other obligors.
	idAA	Slightly different from idAAA, idAA rating implies that the Bank has a very strong capacity in long-term financial commitments compared with the other obligors.

The Bank's Rentability

Bank Mandiri's consolidated rentability was measured using the following ratios.

Table of the Bank's Rentability Ratio

Description	(Consolidated, in %)		
	2018	2017 ^{*)}	2016
Return on Equity (ROE)	16,23	14,53	11,12
Return on Assets (ROA)	3,17	2,72	1,95
Net Interest Margin (NIM)	5,52	5,63	6,29
Cost Efficiency Ratio (CER)	44,35	45,06	42,28
Operating Expense to Operating Income (BOPO)	66,48	71,17	80,94

^{*)} Account Reclassification

Bank Mandiri's performance in 2018 recorded a significant increase in the Return on Equity, i.e. by 170 bps to 16.23% compared to that in 2017 which was equal to 14.53%. Moreover, the Return on Assets also increased to 3.17%, rising by 45 bps from 2.72% in 2017. Conversely, the Net Interest Margin decreased by 11 bps to 5.52% in 2018, from 5.63% in 2017 as a result of the implementation of 7 Days Repo Rate as much as 6 times throughout 2018 to 6.00% or an increase of 1.75% YtD until the end of 2018, as well as an adjustment of the credit portfolio to a risky segment lower, and the implementation of a credit restructuring program for debtors in the context of improving asset quality.

The efficiency and effectiveness of operational activities and operational expansion implemented by Bank Mandiri is an appropriate strategy in reducing the Cost Efficiency Ratio which in 2018 amounted to 44.35%, a decrease of 70 bps compared to 2017 which reached 45.06%. While the BOPO ratio has decreased to 66.48% in 2018 from 71.17% in 2017, this indicates that Bank Mandiri is able to maintain the level of efficiency and effectiveness of operational activities properly.

Collectibility of Bank's Account Receivable

The collectability of accounts receivable can be measured from the extent to which payment of the loans disbursed runs smoothly. Loans that have been disbursed along with their collectability classifications are presented in the following table.

Table of Credit Collectability

	2018	2017	2016	2015	2014
	(in billion IDR)				
Current	669,875	596,828	548,208	501,587	448,159
Special Mention	29,048	25,195	21,020	22,513	19,188
Substandard	3,717	6,046	9,263	1,753	1,107
Doubtful	1,922	3,663	2,150	2,120	1,504
Loss	14,405	12,525	12,028	8,057	5,309
Credit	718,967	644,257	592,669	536,030	475,267
NPL	20,044	22,234	23,441	11,930	7,920
NPL (%)	2.79%	3.45%	3.96%	2.23%	1.67%

Bank Mandiri's NPL percentage in 2018 amounted to 2.79%, lower than that in 2016 which was equal to 3.45%. To address the issue of NPL, a great number of strategic initiatives were undertaken in 2017, such as improving asset quality step by step, the portfolio mix towards healthier sector growth, infrastructure and business processes, human resources in lending, and policies as well as procedures.

Bank Mandiri revised the watch list parameters based on the lesson learnt from high risk debtor accounts in order to develop a more precise debtor watch list analysis mechanism to anticipate a decrease in credit quality based on 3 pillars (Character, Business Capacity, and the Ability to Pay). In addition, this watch list mechanism is supported by the so-called "suspect watch list", which is a list indicating debtors that are potentially included into the watch list.

This suspect watch list is made through an on-desk analysis based on some mandatory parameters, followed by another analysis to further corroborate results of the watch list analysis individually by each debtor management. Thus, this helps to early determine more appropriate account strategies to anticipate Non-Performing Loan.

Bank Mandiri has established several regulations concerning credit that should be avoided, among others:

1. Credits used to run businesses which are speculative in nature, gambling business, pornography, businesses that violate the norms of decency, narcotics and sectors prohibited by Regulators and other laws and regulations.
2. Credit provided without sufficient financial information, except for small credits that may be adjusted as necessary by the Bank.
3. Credit that requires special skills not owned by the Bank.