

BUMN
Hadir untuk negeri


mandiri

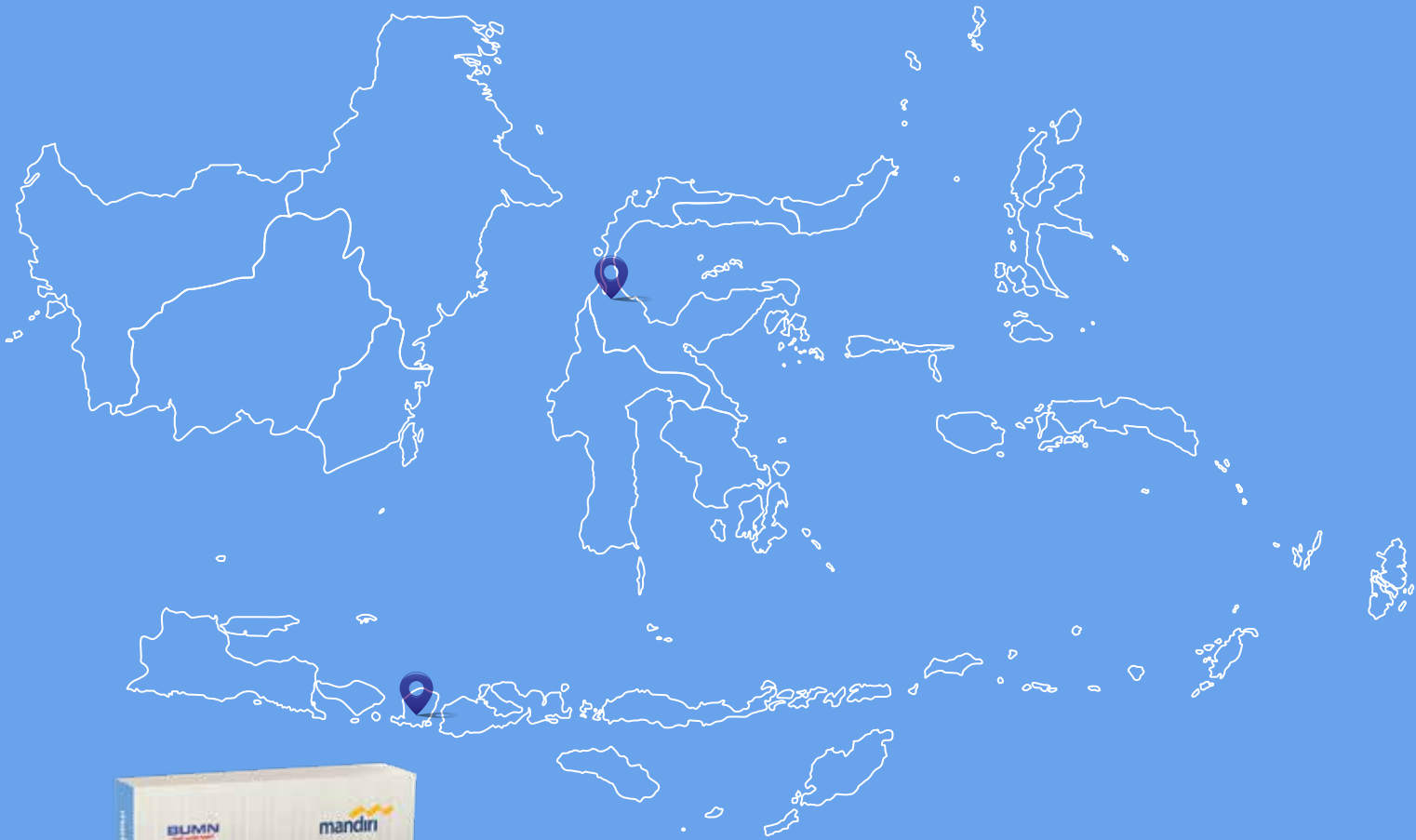


Mandiri Embraces the Future

20
TAHUN

Annual Report
2018

PT Bank Mandiri (Persero) Tbk
www.bankmandiri.co.id



"The cover of the Bank Mandiri Annual Report 2018 illustrates the atmosphere of SDN 07 Sibalaya, Sigi Regency, Palu as one of the earthquake affected and liquefied areas. Although it is full of limitations, the students are still eager to return to learning at the Temporary School built by Bank Mandiri and Ministry of SOE."

Mandiri Embraces the Future

2018 coincides with the 20 (twenty) years anniversary of Bank Mandiri. With a relatively short journey, Bank Mandiri has been able to strengthen its performance amidst various challenges faced. Bank Mandiri performance has been back on the track which among others has been realized by the performance of a significant decrease in non performing loan (NPL), from 4.0% in 2016 to less than 2.9% in 2018 as well as the credit growth over 10.0% followed by profit achievement around IDR25 trillion on a consolidated basis. This was the result of the effective business strategy change, among others by returning to Existing Core Competence in Corporate-Large Corporate segment and accelerate the New Core Competence in the Retail Banking segment. In the future, with the strong spirit of "Satu Hati Satu Mandiri" (One Heart One Mandiri) and the right strategy plan, especially through a more fundamental Information Technology transformation accompanied with the strengthening management of human capital that is focusing on facing the digitization era and the millennial group, Bank Mandiri is optimistic that it will be able to seize various opportunities so that it can grow excellently.



I feel so grateful! We finally have a house to sleep comfortably in. Luckily, we can play together because it has a slide too.



Our dream has come true!
Can't wait to study
and play with friends.



Hurrah! Now, my village
has a hall. We can practice
dance together.



Glad there is a new pier! Many
people come to Rinca Island. Now
is easy when we want to cross the
island, and mom's goods are also
sold better.



Earthquake has damaged my
school, but now I am so glad
that it has been rebuilt. I can
continue my dream of
becoming a doctor.



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Continuity of Themes



▶ **2018**
Mandiri Embraces the Future



▶ **2017**
**Unfolding Hopes
As the Pride of the Nation**



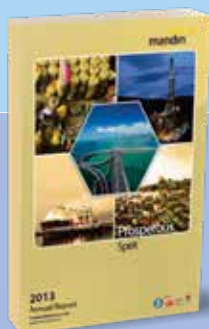
▶ **2016**
Mandiri True Contribution



▶ **2015**
Mandiri Friend of The Nation



▶ **2014**
Passion to Perform for Indonesia



▶ **2013**
Prosperous Spirit

2018 coincides with the 20 (twenty) years anniversary of Bank Mandiri. With a relatively short journey, Bank Mandiri has been able to strengthen its performance amidst various challenges faced. Bank Mandiri performance has been back on the track which among others has been realized by the performance of a significant decrease in non performing loan (NPL), from 4.0% in 2016 to less than 2.9% in 2018 as well as the credit growth over 10.0% followed by profit achievement around IDR25 trillion on a consolidated basis. This was the result of the effective business strategy change, among others by returning to Existing Core Competence in Corporate-Large Corporate segment and accelerate the New Core Competence in the Retail Banking segment. In the future, with the strong spirit of "Satu Hati Satu Mandiri" (One Heart One Mandiri) and the right strategy plan, especially through a more fundamental Information Technology transformation accompanied with the strengthening management of human capital that is focusing on facing the digitization era and the millennial group, Bank Mandiri is optimistic that it will be able to seize various opportunities so that it can grow excellently.

In 2017, Bank Mandiri was in the Transformation phase III that takes place in 2015 to 2020. In this phase, Bank Mandiri wanted to establish its vision of becoming "**Indonesia's best, ASEAN's prominent**" as evidenced by efforts to overcome the challenges faced in the previous year. These efforts have produced encouraging results in 2017 demonstrated by the achievement of financial and non-financial performance growth. The success achieved by Bank Mandiri in 2017 is in line with the spirit of prospering the country and being the pride of the nation.

In order to realize the Company's vision to become **Indonesia's best, ASEAN's prominent**, Bank Mandiri always strives to create real work in all aspects of its business. Various strategic steps, continuous innovation and the improvement of human resource quality also continued to be developed throughout 2016 supported by the implementation of good corporate governance principles, to strengthen the business foundation of Bank Mandiri in the future.

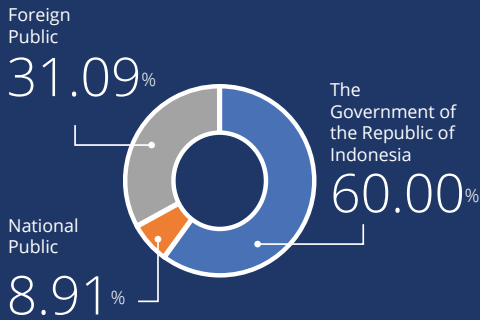
Bank Mandiri as the nation's partner is a service from the largest Bank in Indonesia, with the products and services owned, Bank Mandiri can provide inspiration, work and grow together and support all levels of society. Adhering to the good corporate governance principles, throughout 2015 Bank Mandiri not only succeeded in realizing the business plan and was able to create progress and business growth, but also made a real contribution in improving community welfare.

In order to carry out its mission to take an active role in supporting Indonesia's long-term growth, Bank Mandiri has always made every effort to continue working for Indonesia. We realized this by always igniting the spirit of making Bank Mandiri the bank with the best financial and operational performance and contributing as much as possible to society and the environment.

As one of the agents of change in Indonesia, We have a Spirit of Prospering the Nation where our existence aims to influence national economic growth, make business activities grow and drive the economy to grow and realize dreams for more customers.

Company Overview


Shareholders



Business Segment

Corporate Banking 
(Large Corporate and Middle Corporate)

Institutional Relationship 

Retail Banking 
(Consumer, Small and Medium Enterprises, Micro, dan Wealth);

Treasury & International Banking 

Products and Services



Savings Products:
Savings, Deposits, Current Accounts



Loan Products:
Credit, Credit Card



Other Services:
Foreign Currency and Securities Transactions, Agent Services, remittances, trade services, cash management, bank guarantees, e-Channel services, and Bancassurance

Asset Consolidation **6.9%** ↑
amounting to **IDR1,202.3** trillion

Profit Consolidation **21.2%** ↑
amounting to **IDR25.01** trillion

Loan Consolidation **12.4%** ↑
amounting to **IDR820.08** trillion

NPL **66bps** ↓
at **2.79%**

Market Capitalization
of **IDR344.17** trillion

7 Overseas Branches

Cayman Island, Singapura, Hong Kong, Shanghai-China, London-United Kingdom, Dili-Timor Leste, Kuala Lumpur-Malaysia.



BRANCH AND SUB-BRANCH
2.460

MICRO
1.975

ATM
17.376

EDC
221.927

Subsidiaries and Associates



First-Tier Subsidiaries

- ▶ PT Bank Syariah Mandiri **99.99%**
- ▶ PT Mandiri Sekuritas **99.99%**
- ▶ PT Mandiri Tunas Finance **51.00%**
- ▶ PT Mandiri AXA General Insurance **20.00%**
- ▶ PT AXA Mandiri Financial Services **51.00%**
- ▶ PT Bank Mandiri Taspen **51.08%**
- ▶ Mandiri International Remittance Sdn. Bhd. **100.00%**
- ▶ Bank Mandiri (Europe) Limited **100.00%**
- ▶ PT Asuransi Jiwa Inhealth Indonesia **80.00%**
- ▶ PT Mandiri Utama Finance **51.00%**
- ▶ PT Mandiri Capital Indonesia **99.98%**

Second-Tier Subsidiaries



- ▶ PT Mandiri Manajemen Investasi Ownership through PT Mandiri Sekuritas of **99.93%**
- ▶ Mandiri Securities Pte.Ltd Ownership through PT Mandiri Sekuritas of **100.00%**
- ▶ PT Mitra Transaksi Indonesia Ownership through PT Mandiri Capital Indonesia at **51.00%**

Associates

- ▶ PT Kustodian Sentral Efek Indonesia **10.00%**
- ▶ PT Pengembangan Armada Niaga Nasional (Persero) **7.00%**



Milestones

1824-1998

The establishment of Bank Mandiri began with the long journey 4 (four) Government-owned Banks, namely Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan Indonesia.

1998

Established on October 2, 1998, Bank Mandiri was part of a banking restructuring program implemented by the Government of Indonesia.

1999

In July 1999, 4 (four) Government-owned Banks, Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan Indonesia were merged into one entity called Bank Mandiri

2003

Bank Mandiri conducted Initial Public Offering (IPO).

2005

Became a turning point year by launching Transformation Phase 1 to 2010, to become a superior bank at the regional level **regional champion**.

Transformation was carried out with 4 (four) main strategies, namely cultural implementation, aggressive control of non-performance loans, increasing business growth that exceeds market growth averages, and developing and managing alliance programs between directorates.

2008-2009

Continuing the program in the previous year, this year Bank Mandiri implemented Transformation Program Phase 2 **"Outperform the Market"** which focused on business expansion to ensure significant growth in various business segments and achieve the level of profit that exceeds the market average target.

2006-2007

This year, Bank Mandiri Ran the **"Back on Track"** Transformation Program as part of Transformation Phase I which focused on reconstructing the fundamentals of Bank Mandiri.

2010

This year was the last phase in the Transformation series **"Shaping the End Game"** which had been running since 2005, where Bank Mandiri aimed to become the leading regional bank through consolidation of the financial services business and prioritize opportunities for non-organic growth strategies. Through this transformation process, Bank Mandiri had consistently managed to improve its performance as reflected in improvements of various financial indicators.

2011

This year, Bank Mandiri conducted a rights issue by issuing 2,336,838,591 shares at a price of IDR 5,000 per share.

This year was also the initial stage of the implementation of the Advanced Transformation in 2010-2014. At this phase, Bank Mandiri had revitalized its vision of becoming the **"most admired and progressive Indonesian Financial Institution"**.



2018

Bank Mandiri implemented the new culture in early 2018. The application of this new culture succeeded in making it be in the rank of 11st out of 500 world's best companies in terms of work environment or "The World Best Employers 2018" of Forbes Magazine version.

As a new source of funding, this year Bank Mandiri issued in Bank Mandiri Sustainable Bonds Phase III Year 2018 of IDR3 trillion. The company also issued Bank Mandiri Medium Term Notes I in 2018 with the total of IDR500 billion.

2017

Bank Mandiri began implementing the Corporate Plan Restart which was announced in September 2016. As a result of implementing this strategy, Bank Mandiri's annual net profit grew significantly by 49.5%.

2016

This year, Bank Mandiri carried out a number of corporate actions such as the issuance of sustainability bonds, Asset Backed Securities in the form of Participation Letters (EBA-SP) and the total asset value penetrating IDR1,000 trillion.

2012

Continued transformation in 2012 was carried out through Business Transformation, which focused on 3 (three) main areas, namely Wholesale Transaction, Retail Deposit and Payment and Retail Financing.

2014

Bank Mandiri succeeded in carrying out the second phase of the transformation and was preparing to continue Corporate Plan 2015-2020.

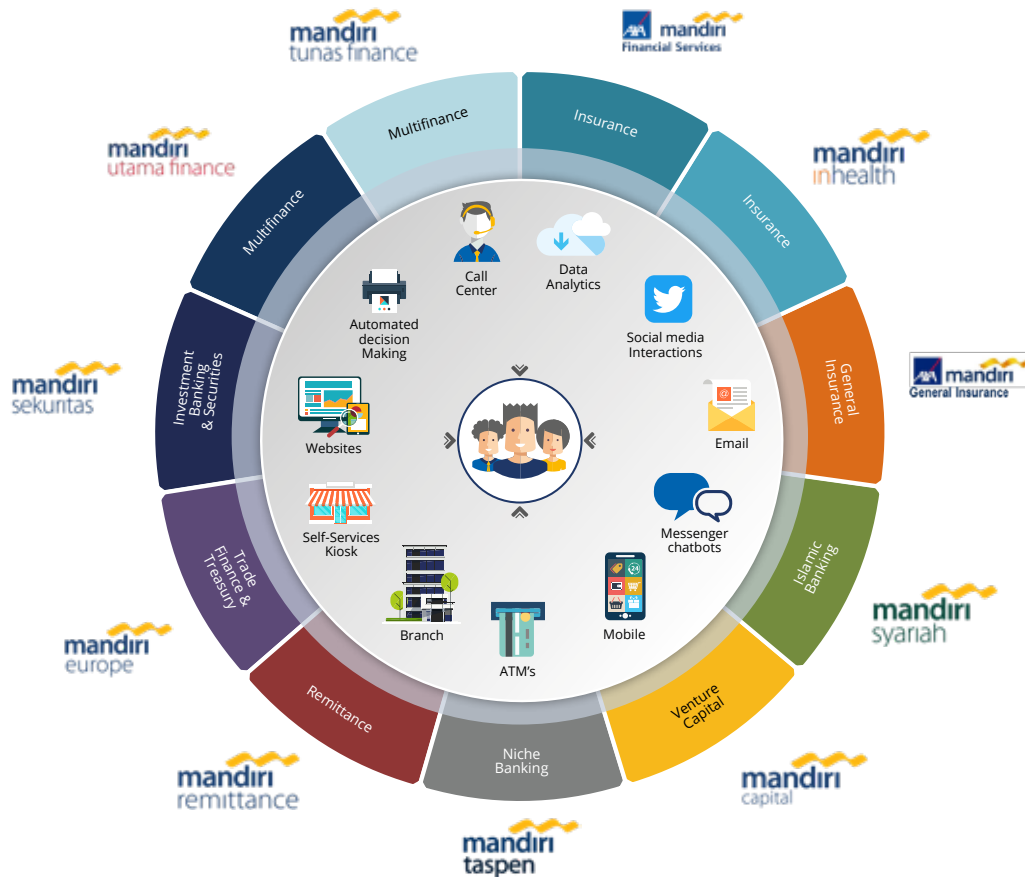
2015

This year was a new chapter in Transformation Phase 3 to become "The Best Bank in ASEAN 2020." The Transformation Phase 3 (three) would bring Bank Mandiri to be regional players who is ready to compete in the ASEAN market to provide the best financial services for all customers and the community as well as to be the pride of Indonesia as the ASEAN best financial institution.

Our Best Contribution

One Stop Profider of Financial Solutions

People's wishes and needs are a source of inspiration for Bank Mandiri to continue to innovate and deliver the best services. As the largest financial institution in Indonesia, it has become Bank Mandiri's commitment to always be innovative in presenting the best solutions for each of the financial needs of its customers. Bank Mandiri, which is supported by 11 (eleven) Subsidiaries, has integrated services that will meet all community needs which include Sharia Banking Services, Multifinance, Insurance, Investment Banking, Venture Capital and Remittance.



Continuous Digitalization



To welcome the digital banking era, Bank Mandiri continues to innovate and improve digital services to its customers. Bank Mandiri is increasingly active in developing information technology for strengthening digital banking and supporting the paperless program. One of the digital product innovations in the Retail segment is Mandiri Pay, an electronic payment application that uses QR CODE technology as a transaction method.

In the Wholesale segment, digital product innovations that have been developed are the Tax Billing Bulk ID Service Feature that facilitates Corporate taxpayers in paying taxes and the Mandiri Service Application Solution feature which is a digital application for patient hospital payments, as well as e-payment service features for payment of case fees to the Supreme Court.

Bank Mandiri also integrated the new transaction pattern in electronic payments on the toll road, this was done to support the National Non-Cash Movement (GNNT) program from Bank Indonesia.



Mandiri Is **Ranked 11st** of The World's Best Employers 2018 Forbes Version

Bank Mandiri is the only Indonesian company to enter the top 20 (twenty) in the ranking, which means that Bank Mandiri defeats thousands of other companies in Indonesia. The most surprising is the surge in ranking achieved by Bank Mandiri which jumped hundreds of numbers. In 2017 Bank Mandiri was ranked 494 and rose to rank 11 in 2018. One of the factors that influenced the surge was the New Culture Bank Mandiri, which prioritized the convenience of working employees with a smell of the place approach, namely creating a work atmosphere that combines productivity and work comfort.

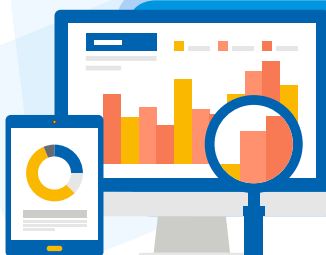
Milenials' Events



New Working Spaces



Bank With Strong Capitalization



Bank Mandiri recorded a total capital of IDR158.4 trillion for the implementation of Basel III with a capital ratio (CAR) of 20.96% (bank only) in 2018.

Performance Consistency That Makes Proud



This year, Bank Mandiri again proved its consistency by obtaining the Platinum Trophy for the title of "Very Good" Performance at the 2018 Infobank BUMN Award event and the 10th year the title was obtained. This proves that Bank Mandiri employees consistently maintain their productivity and always strive to innovate to answer new business opportunities, including the development of Digital Banking.

The Legend in Good Corporate Governance



This year is the 12nd year (twelfth) Bank Mandiri has received the title of The Most Trusted Companies from the Indonesian Institute for Corporate Governance (IICG). In addition, Bank Mandiri is also included in the 50 ASEAN Big PLCs and 3 Indonesian Big PLCs at the 2nd Corporate Governance Scorecard (CG) Awards held by the ASEAN Capital Markets Forum (ACMF). Appreciation from national institutions shows the consistency of Bank Mandiri in implementing GCG.



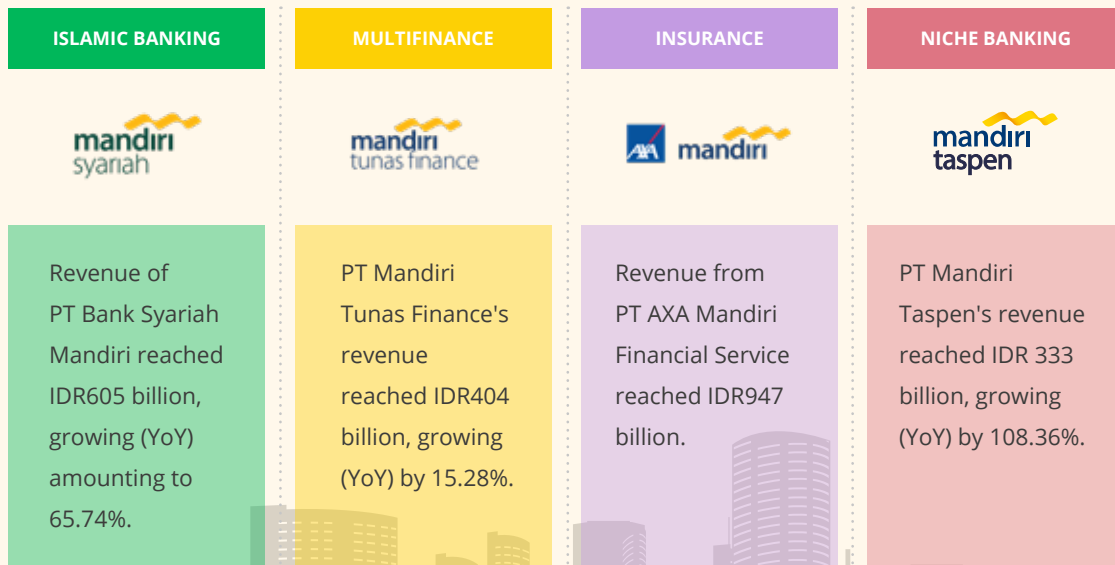
Pioneer Bank In The Development of Young Entrepreneurs



2018 is the 11st (eleven) year of Bank Mandiri to hold Mandiri Young Entrepreneurs (WMM). The enthusiasm of Bank Mandiri to continue to produce young entrepreneurs who are creative, innovative and have strong business mentality, in order to compete not only on a local scale, but also at the international level is evidence of the consistency of the Company to help build the business world in Indonesia. WMM also creates young entrepreneurs in the Information Technology / Startup sector. By creating 1,000 digital startups in 2020, Indonesia can achieve the title of Digital Energy of Asia.

Strong Synergy With Subsidiaries

Strong synergy with the Subsidiary is one of the secrets to the success of the achievement of Bank Mandiri's performance. In conglomeration, the net income contribution of 11 (eleven) Subsidiaries in 2018 reached Rp2.47 trillion or 4.30% of Bank Mandiri's net income, 4 (four) of 11 (eleven) Subsidiaries that made the largest contribution were following:



Consistency In Anti-Gratuity Implementation



In carrying out daily operations, Bank Mandiri always upholds the principles of integration and the Company's code of conduct, as evidenced by the election of Bank Mandiri as an SEO with the Best Gratuity Control System by the Corruption Eradication Commission (KPK) in 4 (four) consecutive years from 2016 to 2018.

Performance Highlights

In 2018, Bank Mandiri managed to reduce the NPL to 2.79% and increase its consolidated net income to IDR25.01 trillion.

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1♥1 MANDIRI
One Heart One Mandiri



Strong Mandirian



Growing Healthy



Together Build the Nation



Fulfilling Customer Needs



Achievements of Important Performance In 2018

6,9% Assets

IDR **1,202** trillion

Supported by the yearly Credit growth that reached **13.2%**



8,8% Consolidated Equity

Continues to grow with strengthening Equity that reached

IDR **184.96** trillion



21,2%

Consolidated Net Profit

Reached

IDR **25.01** trillion



Consolidated Loan

Reached **IDR820.08** trillion

12.4%



Consolidated Third Party Fund

Reached **IDR840.91** trillion

3.1%

Consolidated Fee Based Income

Reached **IDR27.67** trillion

Net Interest Margin

5.52%



The volume of Digital Banking transaction from the Wholesale Segment has reached more than

IDR6,000 trillion.

The number of Mandiri Cash Management (MCM) transaction increased by

24.39%



The volume of Digital Banking transaction from the Retail Segment has reached more than

IDR IDR2,800 trillion.

The number of Mandiri e-Money transaction increased by

87.12%



The number of cards:

- Debit cards increased to 18.83 million (including Social Support and Farmers Card/Kartu Tani)
- Credit Card increased to 5.03 million
- Prepaid Card increased to 16.63 million.



 **66 bps**

NPL decreases to

2.79%


The Employee Engagement level increased compared to 2017, by

80.5% (8.2% above the Global Benchmark of **72.3%**)
Corporate Governance Perception Index (CGPI)

 **93.86**

compared to 2017 **93.32** and achieved the highest score of all CGPI participants.

ASEAN Corporate Governance Scorecard (ACGS) Rank.

Top 3 Indonesian Public Listed Companies (PLCs) and **Top 50** ASEAN Public Listed Companies (PLCs).

Customer Satisfaction Score (CSAT)
 **83.66**

compared to the Industrial CSAT of **80.92**

Net Promotor Score (NPS)
 **36.00**

compared to the Industrial NPS of **25.00**


Supplier Satisfaction Level

increased compared to the previous year, by

97.88%

Maintain the Bank Soundness Level at Composite Rating **1 (one)**



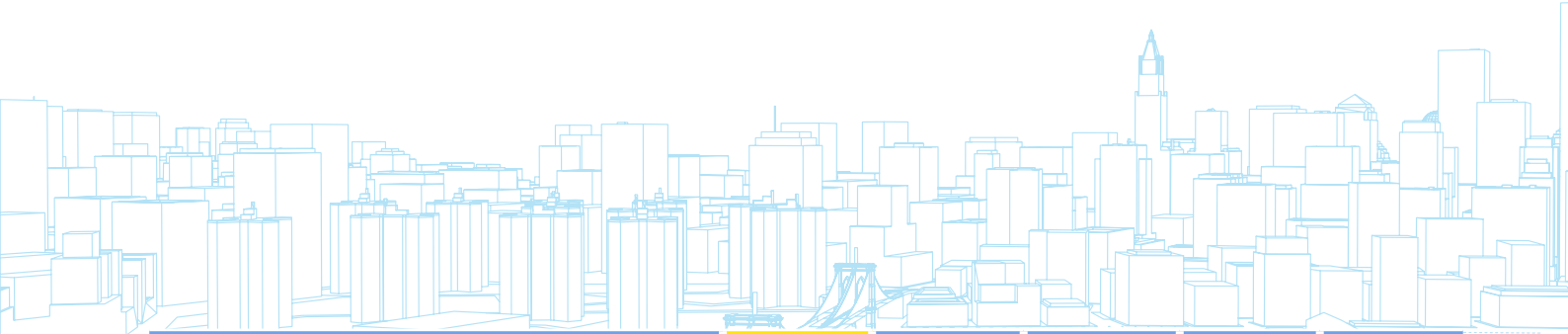
Zero Accident
for Work Accidents

Key Financial Highlights

Financial Highlights and Financial Ratios

Table of Financial Highlights

Description	2018	2017 ¹⁾	2016	2015	2014
(in million IDR)					
STATEMENT OF CONSOLIDATED FINANCIAL POSITION					
ASSETS					
Cash	27,348,914	24,268,563	22,906,775	25,109,124	20,704,563
Current Accounts at Bank Indonesia	59,852,761	50,188,118	52,484,974	56,314,316	50,598,840
Current Accounts at Other Banks - Net	14,830,772	12,329,947	10,360,165	10,152,214	8,983,467
Placements in BI and Other Banks - Net	22,515,696	74,600,803	73,616,927	37,320,863	61,117,605
Securities - Net	63,835,900	59,638,323	56,572,903	43,641,564	40,465,158
Government Bonds	114,284,518	103,411,188	98,933,278	103,869,361	86,153,906
Other Charges - Trade Transactions - Net	24,809,459	24,090,128	14,167,271	13,184,766	11,651,696
Charges on Securities Purchased under Agreements to Resell - Net	2,097,629	2,629,315	5,054,488	676,900	19,744,804
Derivative Charges - Net	1,798,557	817,292	470,243	700,884	71,044
Credit Provided And Sharia Receivables/Financing - Net	767,761,095	678,292,520	616,706,193	564,393,595	505,394,870
Consumer Financing Receivables - Net	16,826,865	14,782,332	11,531,838	7,907,449	5,893,135
Net Investment in Leasing Financing - Net	3,319,103	2,356,890	829,945	598,359	766,524
Acceptance Charges - Net	13,592,409	12,290,260	14,548,203	11,224,243	13,007,132
Investment in associated entities	80,865	3,001	3,001	3,001	3,001
Equity Participation - Net	421,504	333,312	245,136	48,394	55,490
Prepaid Expenses	2,858,186	2,784,234	2,751,081	2,299,852	1,837,500
Prepaid Tax	1,236,027	2,688,049	2,612,707	4,817,396	2,591,982
Fixed Assets - Net	38,442,696	36,618,753	35,663,290	9,761,688	8,928,856
Intangible Assets - Net	2,764,726	2,401,467	1,955,496	1,915,192	1,644,583
Other Assets - Net	18,657,655	14,615,034	11,304,995	11,292,727	11,239,398
Deferred Tax Assets	4,997,622	5,564,319	5,990,101	4,834,522	4,189,120
TOTAL ASSETS	1,202,252,094	1,124,700,847	1,038,706,009	910,063,409	855,039,673
LIABILITIES					
Current Liabilities	3,843,194	2,838,567	1,569,911	1,156,327	1,156,366
Deposits from Customers	766,008,893	749,583,982	702,060,230	622,332,331	583,448,911
Deposits from Other Banks	16,493,815	8,349,507	9,339,196	12,636,237	17,531,845
Liabilities to Unit-Link Policy Holders	22,357,802	23,254,035	19,602,950	17,019,049	17,343,799
Liabilities on Securities Purchased under Agreements to Resell	16,611,528	3,592,883	3,353,042	4,863,171	6,112,589
Derivative Liabilities	1,117,677	644,965	749,429	299,079	157,055
Acceptance Liabilities	13,888,862	12,544,494	14,789,244	11,331,273	13,114,059
Efek-Efek Yang Diterbitkan-Neto	19,088,923	16,843,595	9,025,994	2,398,178	2,009,625
Estimated Loss on Commitments and Contingencies	125,729	381,771	207,401	395,610	196,793
Charges to Pay	4,835,467	3,938,471	3,496,536	3,490,801	3,880,273
Tax Payables	1,087,949	1,009,832	1,258,792	2,131,616	1,875,141
Employee Benefits Liability	7,987,887	8,277,388	6,763,068	5,777,077	5,181,160
Provision	370,525	375,770	435,880	676,170	667,644
Other Liabilities	15,795,137	20,496,377	15,810,036	14,189,412	16,370,686
Borrowings	51,653,982	35,703,679	35,882,757	33,764,671	24,227,104
Subordinate Borrowings - Net	685,730	191,501	215,432	3,737,703	3,746,574



Description	2018	2017 ¹⁾	2016	2015	2014
TOTAL LIABILITIES	941,953,100	888,026,817	824,559,898	736,198,705	697,019,624
TEMPORARY SYIRKAH FUNDS					
Deposits from Customers	74,905,079	66,222,609	60,440,474	54,054,930	52,933,182
Deposits from Other Banks	433,610	445,289	335,914	317,933	242,305
TOTAL TEMPORARY SYIRKAH FUNDS	75,338,689	66,667,898	60,776,388	54,372,863	53,175,487
EQUITY					
Share Capital	11,666,667	11,666,667	11,666,667	11,666,667	11,666,667
Additional Paid-in Capital/Share Agio	17,316,192	17,316,192	17,316,192	17,316,192	17,316,192
Exchange Difference Due to Translation of Financial Statements in Foreign Currencies	112,171	168,412	202,363	242,807	203,625
Unrealized Net Losses from Decreasing Fair Value of Government Bonds Available for Sale After Deducted by Deferred Taxes	(1,638,088)	1,117,864	(759,364)	(1,565,019)	(571,348)
The effective portion of cash flow hedges	(17,030)	(6,436)	-	-	-
Net Asset Revaluation Difference	26,435,307	25,666,631	25,140,523	-	-
(Loss)/Actuarial Net Profit of Defined Benefit Program - Net After Deducted by Deferred Tax	348,613	(462,008)	49,515	277,676	-
Difference in Transactions with Non-Controlling Parties	(106,001)	(106,001)	(92,751)	(92,751)	-
Retained Earnings	127,084,686	111,357,522	96,930,793	89,224,718	74,042,745
Non-controlling Interest in Net Assets of Consolidated Subsidiaries	3,757,788	3,287,289	2,915,785	2,421,551	2,186,681
TOTAL EQUITY	184,960,305	170,006,132	153,369,723	119,491,841	104,844,562
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY	1,202,252,094	1,124,700,847	1,038,706,009	910,063,409	855,039,673
STATEMENT OF PROFIT AND LOSS AND OTHER CONSOLIDATED COMPREHENSIVE INCOME					
OPERATING INCOME AND EXPENSES					
Interest and Sharia Income - Net	54,622,632	51,988,361	51,825,369	45,363,103	39,132,424
Premium Income - Net	2,707,133	2,465,075	2,652,431	3,137,070	2,680,570
Interest, Sharia, and Premium Income - Net	57,329,765	54,453,436	54,477,800	48,500,173	41,812,994
Other Operating Income	27,672,065	22,830,407	19,286,425	18,378,678	14,687,815
Reserve Formation for Impairment Losses	(14,394,973)	(15,646,385)	(24,943,938)	(11,664,837)	(5,718,130)
Reversal/(Establishment) Allowance for Estimated Losses for Commitments and Contingencies	270,973	(173,402)	181,459	(198,450)	5,313
Other Reversal/(Establishment) Allowance	(61,498)	(132,050)	117,637	(179,242)	183,481
Unrealized Gains/(Losses) from Increase/(Decrease) Fair Value of Securities, Government Bonds and Policyholders Investment in Unit-Link Contracts	(18,483)	46,849	15,638	(18,306)	146,521
Benefits of Selling Government Securities and Bonds	674,087	779,993	745,904	275,499	234,463
Other Operating Expenses	(37,566,139)	(34,989,097)	(31,268,198)	(28,754,543)	(25,374,351)
OPERATING PROFIT	33,905,797	27,169,751	18,612,727	26,338,972	25,978,106
(Expenses)/Non-Operating Income - Net	37,572	(12,888)	(39,762)	30,458	29,909
PROFIT BEFORE TAX EXPENSES AND NON-CONTROLLING INTEREST	33,943,369	27,156,863	18,572,965	26,369,430	26,008,015
Tax Expenses - Net	(8,091,432)	(5,713,821)	(3,922,802)	(5,217,032)	(5,353,232)

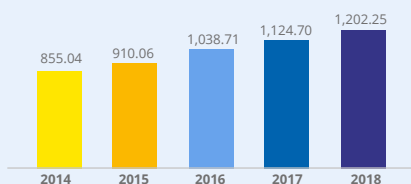
Description	2018	2017 ¹⁾	2016	2015	2014
CURRENT YEAR PROFIT	25,851,937	21,443,042	14,650,163	21,152,398	20,654,783
OTHER COMPREHENSIVE INCOME					
Posts that Will Not Be Reclassified to Profit or Loss	1,585,482	9,678	24,909,438	273,737	-
Posts that Will Be Reclassified to Profit or Loss	(2,902,231)	1,868,315	785,447	(979,306)	827,897
Current Year Other Comprehensive Income/Expenses - After Income Tax	(1,316,749)	1,877,993	25,694,885	(705,569)	827,897
TOTAL CURRENT YEAR COMPREHENSIVE INCOME	24,535,188	23,321,035	40,345,048	20,446,829	21,482,680
Attributed current year profit:					
Owner of the Parent	25,015,021	20,639,683	13,806,565	20,334,968	19,871,873
Non-Controlling Interest	836,916	803,359	843,598	817,430	782,910
Total attributed current year comprehensive income:					
Owner of the Parent	23,771,531	22,491,109	39,484,138	19,658,155	20,699,770
Non-Controlling Interest	763,657	829,926	860,910	788,674	782,910
PROFIT PER SHARE (in full Rupiah)	536,04	442,28	295,85^{**}	871,50	851,66
STATEMENT OF CONSOLIDATED CASH FLO					
Net Cash Obtained from (Used for) Operating Activities	(31,962,470)	4,981,054	41,521,119	10,201,454	21,091,691
Net Cash Obtained from (Used for) Investment Activities	(21,041,189)	(5,276,211)	(6,162,781)	(28,949,323)	(7,084,002)
Net Cash Obtained from (Used for) Funding Activities	17,151,038	702,143	(1,974,522)	778,320	3,496,231
Increase(Decrease) in Net Cash and Cash Equivalents	(35,852,621)	406,986	33,383,816	(17,969,549)	17,503,920
Impact of Exchange Difference	1,754,511	808,703	(1,491,116)	4,832,573	277,305
Cash and Cash Equivalent Balance at Beginning of Year	158,775,796	157,560,107	125,667,407	138,804,383	121,023,158
Cash and Cash Equivalent Balance at End of Year	124,677,686	158,775,796	157,560,107	125,667,407	138,804,383
FINANCIAL RATIO (Bank Only)					
CAPITALIZATION					
Minimum Capital Adequacy Requirement (KPMM) Ratio	20.96%	21.64%	21.36%	18.60%	16.60%
KPMM by Calculating Credit Risk, Operational	21.14%	22.06%	21.42%	18.63%	16.66%
KPMM by Considering Credit Risk, Operational Risk, and Market Risk	20.96%	21.64%	21.36%	18.60%	16.60%
Fixed Assets to Capital	22.09%	23.11%	25.07%	8.30%	9.60%
EARNING ASSETS (%)					
Problematic Earning and Non-Earning Assets Against Total Earning and Non-Earning Assets	1.92%	2.16%	2.47%	1.56%	1.15%
Problematic Earning Assets to Total Earning Assets	2.42%	2.73%	3.07%	1.96%	1.42%
Financial Asset CKPN Against Earning Assets	3.40%	3.76%	3.97%	3.10%	2.61%
Fulfillment of CKPN Earning Assets	31,566,448	33,495,714	32,912,493	22,532,227	17,906,264
Fulfillment of CKPN Non-Earning Assets	113,236	349,404	193,144	370,727	195,147
NPL Gross	2.79%	3.45%	3.96%	2.29%	1.66%
NPL Nett	0.67%	1.06%	1.38%	0.60%	0.44%
Fixed assets to Capital	22.09%	23.11%	25.07%	8.30%	9.60%
Credit Ratio to Total Earning Assets	77.51%	72.38%	71.54%	73.84%	69.39%
Core debtor Ratio to total loans	34.49%	22.49%	21.26%	21.94%	19.85%
Profitability					
ROA	3.17%	2.72%	1.95%	3.15%	3.57%
ROE	16.23%	14.53%	11.12%	23.03%	25.81%
NIM	5.52%	5.63%	6.29%	5.90%	5.94%
Operating Expense to Operating Income	66.48%	71.78%	80.94%	69.67%	64.98%
Profit (Loss) Ratio to Total Assets	2.32%	2.05%	1.42%	2.49%	2.57%
Profit (Loss) Ratio to Total Equity	13.91%	12.54%	9.07%	17.99%	19.96%
Liability Ratio to Total Assets	83.31%	83.69%	84.31%	86.16%	87.14%

Description	2018	2017 ^{*)}	2016	2015	2014
Liability Ratio to Equity	499.08%	512.94%	537.32%	622.67%	677.79%
Fee Based Income Ratio to Total Operating Income	30.69% ^{*)}	23.29%	21.29%	22.26%	20.09%
LIQUIDITY					
Loan to Funding Ratio (LFR)	95.46%	87.16%	85.86%	87.05%	82.02%
Liquid Asset Ratio to Total Assets	6.84%	13.26%	14.64%	12.97%	11.76%
Total Liquid Asset Ratio to Short-Term Funding	9.59%	17.78%	19.54%	17.09%	15.45%
Total Credit Ratio to MSMEs to Total Credit	11.68%	12.47%	13.55%	14.14%	15.44%
CASA ratio (in million Rupiah)	492,199,870	498,916,800	454,332,044	412,729,657	352,497,267
COMPLIANCE					
Percentage of LLL Violation					
Related Party	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage of Violation to BMPK					
Related Party	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Primary GWM - Rupiah	6.92%	6.78%	6.50%	7.50%	8.00%
Secondary GWM - Rupiah	10.14%	8.91%	9.84%	14.35%	17.74%
Forex GWM	8.10%	8.10%	8.12%	8.50%	8.49%
GWM LFR	0.00%	0.00%	0.00%	0.00%	0.00%
Net Open Position	0.67%	1.59%	2.98%	2.91%	2.01%
OTHER RATIOS					
Gross LLR/NPL (Coverage Ratio) (%)	146.93%	142.95%	131.29%	167.02%	201.43%
CIR (Cost-to-Income Ratio) (%)	44.35%	45.43%	39.15%	39.20%	41.42%
Operating Income/Employee (in million Rupiah)	785,67	655,12	418,63	670,81	696,41

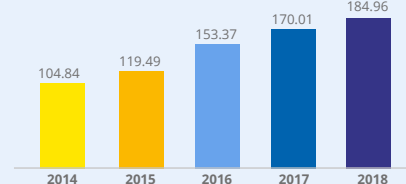
^{*)} Reclassified

^{**)} Restated

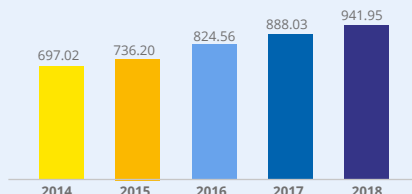
2014-2018 Asset Growth Chart
(in trillion IDR)



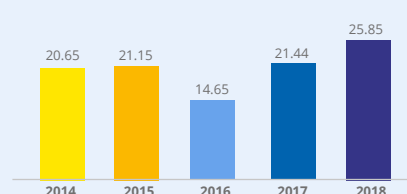
2014-2018 Equity Growth Chart
(in trillion IDR)



2014-2018 Growth Liability Chart
(in trillion IDR)



2014-2018 Current Year Profit Growth Chart
(in trillion IDR)



Operational Highlights

Table of Operational Performance of Large Corporate Segment

(in million IDR)

Product	2018 ^(*)	2017 ^(**)	2016 ^(*)	2015 ^(*)	2014 ^(*)
Third-Party Fund	127,649,737	127,011,830	178,317,626	154,150,135	141,266,862
• Current account	79,923,964	83,354,774	92,357,811	86,552,341	58,091,427
• Savings	6,533,237	7,003,356	6,051,088	4,800,091	1,656,045
• Deposit	41,192,536	36,653,700	79,908,727	62,797,703	81,519,390
Total Credit	302,625,449	248,745,671	228,664,566	196,591,585	173,292,233
Total Fee Based Income	2,517,336	2,277,649	2,166,235	1,630,213	1,066,809

Note: Business segmentation is adjusted to the organizational structure in the reporting year
^(*) The Corporate Segment is still incorporated into Institutional Banking / Institutional Relations
^(**) The Corporate Segment is not included in Institutional Banking/Institutional Relations

Table of Operational Performance of Corporate-Middle Corporate Segment

(in million IDR)

Product	2018	2017 ^(**)	2016 ^(**)	2015 ^(**)	2014 ^(*)
Third-Party Fund	59,775,005	68,145,567	66,353,326	63,629,940	24,041,853
• Current account	33,262,301	37,174,479	40,435,471	38,120,057	13,223,418
• Savings	9,324,378	11,731,448	8,143,489	8,560,670	3,344,503
• Deposit	17,188,326	19,239,640	17,774,366	16,949,213	7,473,932
Total Credit	142,581,578	155,820,017	165,157,169	160,621,315	196,182,613
Total Fee Based Income	1,020,997	1,129,285	1,774,650	1,164,406	1,579,640

Note: Business segmentation is adjusted to the organizational structure in the reporting year
^(*) Incorporation of the Commercial and Business Segments
^(**) Commercial Segments

Table of Operational Performance of Institutional Relationship Segment

(in million IDR)

Product	2018	2017 ^(**)	2016 ^(*)	2015 ^(*)	2014 ^(*)
Third-Party Fund	64,155,368	50,676,336	-	-	-
• Current account	20,358,667	20,964,557	-	-	-
• Savings	965,360	1,174,738	-	-	-
• Deposit	42,831,341	28,537,041	-	-	-
Total Credit	21,864,053	13,862,546	-	-	-
Total Fee Based Income	261,918	269,181	-	-	-

Note: Business segmentation is adjusted to the organizational structure in the reporting year
^(*) The Corporate Segment is still incorporated into Institutional Banking / Institutional Relations
^(**) In 2017 the Institutional Relation Segment was called Government & Institutional Segment

Table of Operational Performance of Retail Banking Segment

(in million IDR)

Product	2018	2017 ^(***)	2016 ^(***)	2015 ^(**)	2014 ^(*)
Third-Party Fund	480,511,134	476,371,887	435,276,455	390,013,050	402,904,084
• Current account	55,389,473	51,006,025	45,497,602	39,541,346	50,425,065
• Savings	283,926,092	283,736,956	259,483,049	232,910,746	224,423,863
• Deposit	141,195,569	141,628,906	130,295,804	117,560,958	128,055,156
Total Credit	246,570,936	223,098,142	196,193,756	175,210,948	100,736,303
Total Fee Based Income	9,160,485	8,311,567	8,572,218	8,358,521	7,068,160

Note: Business segmentation is adjusted to the organizational structure in the reporting year
^(*) Micro, Retail and Customer Segment
^(**) Micro, Business, Customer and Individual Segment
^(***) Retail Segment (still included in Micro, Business, Customer and Individual Segment)

Table of Operational Performance of Treasury Segment

(in million IDR)

Product	2018	2017 ^(**)	2016 ^(**)	2015 ^(**)	2014 ^(*)
Third-Party Fund	7,395,290	7,571,909	8,002,438	5,367,804	8,113,002
• Current account	2,477,319	2,748,140	2,268,645	2,191,203	1,302,746
• Savings	39,079	22,325	94,889	53,203	30,200
• Deposit	4,878,892	4,801,444	5,638,904	3,123,398	6,780,056
Total Credit	3,998,638	1,173,623	1,064,421	1,425,147	5,055,677
Total Fee Based Income	4,275,471	3,728,182	3,873,837	3,678,886	4,234,562

Note: Business segmentation is adjusted to the organizational structure in the reporting year
^(*) Still becomes part of the Treasury, Financial Institution and SAM (Special Asset Management) Segment
^(**) Still becomes part of the Treasury and Markets Segment

Information on Stock Price



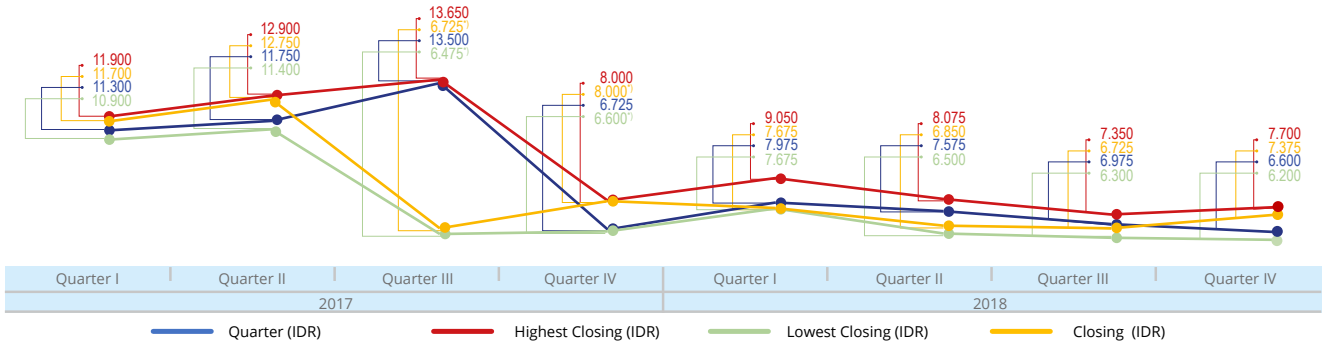
Table of Share Price, Volume and Capitalization of Bank Mandiri 2013-2018

Year	Price Per Share (IDR)				Total Outstanding Shares (share)	Transaction Volume (share)	Market Capitalization (IDR Trillion)
	Opening	Highest	Lowest	Closing			
2018							
Quarter I	7,975	9,050	7,675	7,675	46,666,666,666	2,391,994,300	358.17
Quarter II	7,575	8,075	6,500	6,850	46,666,666,666	2,471,927,000	319.67
Quarter III	6,975	7,350	6,300	6,725	46,666,666,666	2,181,434,200	313.83
Quarter IV	6,600	7,700	6,200	7,375	46,666,666,666	2,387,837,400	344.17
2017							
Quarter I	11,300	11,900	10,900	11,700	23,333,333,333	2,210,511,800	273.00
Quarter II	11,750	12,900	11,400	12,750	23,333,333,333	2,044,842,000	297.50
Quarter III	6,750	6,825 ^{*)}	6,475 ^{*)}	6,725 ^{*)}	46,666,666,666 ^{*)}	2,135,509,000	313.83
Quarter IV	6,725	8,000	6,600 ^{*)}	8,000 ^{*)}	46,666,666,666 ^{*)}	2,611,076,700	373.33
2016							
Quarter I	9,200	10,350	9,100	10,300	23,333,333,333	1,575,788,096	240.33
Quarter II	10,225	10,357	8,700	9,525	23,333,333,333	1,369,132,900	222.25
Quarter III	9,500	11,800	9,400	11,200	23,333,333,333	1,683,095,896	261.33
Quarter IV	11,325	11,575	10,100	11,575	23,333,333,333	1,268,503,900	270.08
2015							
Quarter I	10,775	12,475	10,700	12,475	23,333,333,333	1,281,646,000	291.08
Quarter II	12,475	12,275	9,425	10,050	23,333,333,333	1,644,480,096	234.50
Quarter III	10,125	10,400	7,525	7,925	23,333,333,333	1,584,873,000	184.92
Quarter IV	8,000	9,650	7,675	9,250	23,333,333,333	1,296,309,704	215.83
2014							
Quarter I	7,850	10,250	7,600	9,450	23,333,333,333	1,964,619,800	220.50
Quarter II	9,575	10,825	9,525	9,725	23,333,333,333	1,661,089,700	226.91
Quarter III	9,825	11,000	9,625	10,075	23,333,333,333	1,714,043,200	235.08
Quarter IV	10,100	10,875	9,300	10,100	23,333,333,333	1,279,584,700	251.41
2013							
Quarter I	8,250	10,150	8,000	10,000	23,333,333,333	1,294,194,000	233.33
Quarter II	9,900	10,750	8,250	9,000	23,333,333,333	1,813,248,500	209.99
Quarter III	8,900	10,300	6,250	7,950	23,333,333,333	2,587,401,000	185.49
Quarter IV	8,050	8,950	7,300	7,850	23,333,333,333	1,665,966,500	183.10

^{*)} Bank Mandiri conducted corporate actions by conducting a stock split which was effective starting September 13, 2017

Chart of Bank Mandiri Stock Price Movements for 2017 - 2018

Stock Opening, Highest Closing, Lowest Closing, and Closing Prices in Every Quarter (IDR)



* Bank Mandiri conducts a corporate action by carrying out a stock split which becomes effective as of September 13, 2017 with a ratio of 1: 2..

Chart of Bank Mandiri Stock Transactions for 2017 - 2018

Transaction Volume (Billion Shares)

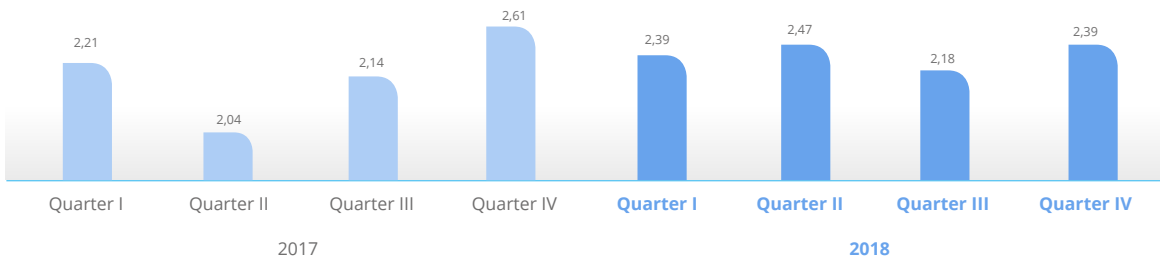
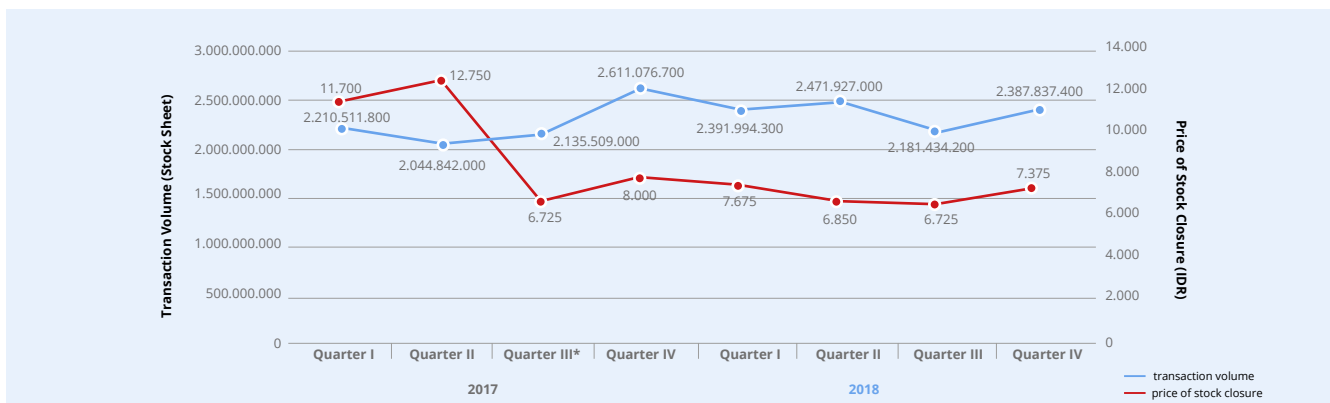


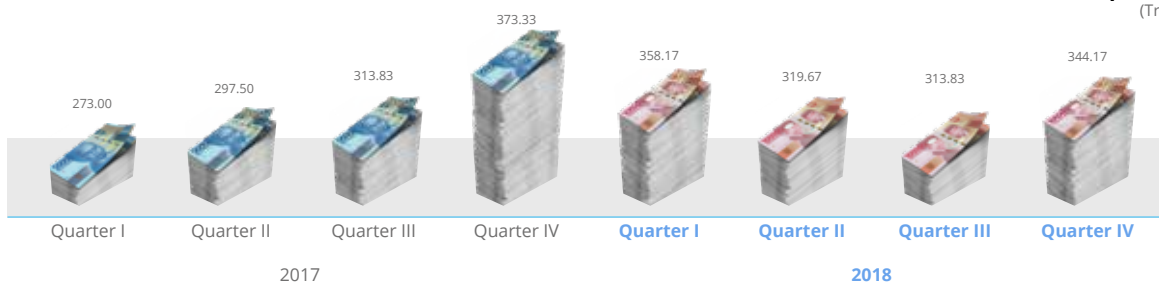
Chart of Stock Price and Volume Movements in 2018



* Bank Mandiri conducts corporate actions by carrying out a stock split which is effective as of September 13, 2017 with a ratio of 1: 2

Chart of Bank Mandiri Stock Market Capitalization for 2017 - 2018

Capitalization (Trillion IDR)



Corporate Action

In 2018 Bank Mandiri did not implement Corporate Action.

Temporary Termination of Stock Trading (Suspension) and/or Shares Registration Delisting

In 2018, Bank Mandiri had never been subject to sanctions for the temporary suspension of stock trading and/or the elimination of delisting.

Information on Bonds, Sukuk, and/or Convertible Bonds

Information on Bonds

No.	Description	Date of Electronic Bond Distribution	Tenor	Currency	Amount of Bond (billion)	Offer Price	Maturity Date	Interest Rate	Payment Status	Ranking			Trustee
										2018	2017	2016	
1.	Bank Mandiri's Sustainable Bond I Phase I Year 2016	30 September 2016	A Series: 5 years B Series: 7 years C Series: 10 years	IDR	5,000	100% (one hundred percent) of bonds Principal amount	A Series: 30 September 2021 B Series: 30 September 2023, C Series: 30 September 2026.	A Series: 7.95% B Series: 8.50% C Series: 8.65%	Unsettled	^{id} AAA by Pefindo	^{id} AAA by Pefindo	^{id} AAA by Pefindo	Bank Tabungan Negara
2.	Bank Mandiri's Sustainable Bond I Phase II Year 2017*)	15 June 2017	A Series: 5 years B Series: 7 years C Series: 10 years D Series: 13 years	IDR	6,000	A B and C Series 100% (one hundred percent) of bonds Principal amount D Series 79.3146% (seventy nine point three one four six percent) of bonds Principal amount	A Series: 15 June 2022 B Series: 15 June 2024, C Series: 15 June 2027, D Series: 15 June 2020	A Series: 8.00% B Series: 8.50% C Series: 8.65% D Series: 7.80%*	Unsettled	^{id} AAA by Pefindo	^{id} AAA by Pefindo	-	Bank Tabungan Negara
3.	Bank Mandiri's Sustainable Bonds I Phase II Year 2018	21 September 2018	5 years	IDR	3,000	100% (one hundred percent) of bonds Principal amount	21 September 2023	8.50%	Unsettled	^{id} AAA by Pefindo	-	-	Bank Permata

* Bank Mandiri Sustainable Bonds Phase II Year 2017 D Series are zero coupon bonds with a value issued of IDR1 trillion.

Information on Sukuk

As of 2018 Bank Mandiri did not issue sukuk or state securities issued based on sharia principles, thus the Bank does not have information about sukuk.

Information on Convertible Bonds

As of 2018 Bank Mandiri did not issue convertible bonds, thus the Bank has no information regarding convertible bonds.

Information on Other Sources of Funding

Negotiable Certificates of Deposit (NCD)

In 2 (two) consecutive years, Bank Mandiri had issued Negotiable Certificates of Deposit (NCD), namely PT Bank Mandiri (Persero) Tbk Phase I of 2015 Series A, B, C, D, and E on 25 May 2015 with a total of IDR 2.60 trillion and NCD II of PT Bank Mandiri (Persero) Tbk Phase II of 2016 Series A, B, C and D on 16 December 2016 with a total of IDR 2.66 trillion. All NCD Phase I had been fully paid in 2016, while repayments for NCD Phase II had been partly implemented in 2017 and 2018 (for Series A, B and C). NCD Phase II D Series with an interest rate of 8.40% will mature on 13 December 2019. Information on the chart of the chronology of NCD issuance can be seen in the chapter on Company Profile in this Annual Report.

Asset-Backed Security In The Form of Participation Letter ("EBA-SP") BMRI 01 A Class

Bank Mandiri has also issued an Asset Backed Securities in the Form of Participation Letter ("EBA-SP") of BMRI 01 A Class on 26 August 2016 and has been listed on the Indonesia Stock Exchange with a principal amount of IDR 456,500,000,000.- (four hundred fifty six billion five hundred million rupiah) which will mature on 27 October 2029. EBA SP A1 series is issued with an interest rate of 8.6% per year while EBA SP A2 series with an interest rate of 9.1% per year. For 2 (two) consecutive years, EBA-SP BMRI A Class A1 and A2 series each has AAA ranking from Pefindo. Information regarding the chronology table for the issuance of Asset Backed Securities in the Form of Participation Letter ("EBA-SP") BMRI 01 A Class can be seen in the Company Profile chapter in this Annual Report.

Subordinate Medium Term Notes I Bank Mandiri 2018

In compliance with the provisions of the Financial Services Authority Regulation No. 14/POJK.03/2017 concerning Recovery Plans For Systemic Banks, Bank Mandiri has issued Bank Mandiri Medium Term Notes (MTN) Subordinate I in 2018 ("MTN Subordinasi Mandiri") which had also been approved at the General Meeting of Shareholders Annual on 21 March 2018. MTN Subordinasi Mandiri was listed on 27 July 2018 with a value of IDR 500,000,000,000 (five hundred billion Rupiah). The MTN has an interest rate of 8.50% per annum and will mature on 31 July 2023. In 2018, Mandiri Subordinated MTN had an AA (Double A) rating from Pefindo. Information regarding the chronology table for the publication of MTN Subordinasi Mandiri can be seen in the Company Profile chapter in this Annual Report.

Corporate Rating 2018

Rating Agency	Rank	Validity Period
Standard & Poor's (S&P)		
Issuer Credit Rating	BB+/STABLE/B	December 2018–December 2019
Sovereign Rating	BBB-	
Fitch Ratings		
Long Term Foreign Currency	BBB-	October 2018–October 2019
Long Term Local Currency	BBB-	
Short Term Foreign Currency	F3	
Support Rating Floor	BBB-	
Support Rating	2	

Rating Agency	Rank	Validity Period
Viability Rating	bb+	October 2018–October 2019
National Long Term Rating	AAA(idn)	
National Short Term Rating	F1+(idn)	
Sovereign Risk Rating	BBB	
Moody's		
Outlook	STABLE	December 2018–December 2019
Senior Unsecured Debt	Baa2/P-2	
Bank Deposit	Baa2/P-2	
Baseline Credit Assessment	Baa3	
Counterparty Risk Assessment	Baa2(cr)/P-2(cr)	
PT Pemeringkat Efek Indonesia (Pefindo)		
Corporate Rating	^{id} AAA	May 2018–May 2019
Long Term General Obligation	^{id} AAA	

Company Analysis Report

No.	Security	Recommendation	Target Price	Resume	Date
1.	Deutsche Bank (DB)	Buy	9,750	DB still maintains Bullish for the banking sector in Indonesia in 2019. Working Capital is a driving factor for loan demand in the first semester of 2019, while smooth running presidential elections can make LPS stronger and demand for Working Capital Loans higher in the second semester of the year 2019. DB estimates growth in net profit at the end of 2019 (excluding one-time income) in about a dozen percent, but with a slightly better composition. In 2019, given the steady growth of Net Interest Margin (NIM) and credit, we estimate that Bank Mandiri can generate stronger growth in Pre-Provision Operating Profit (PPOP), while a decrease in Cost of Credit (CoC) will be a driver of revenue growth.	January 28, 2019
2.	Goldman Sachs (GS)	Buy	8,495	Bank Mandiri announced net income in the fourth quarter of 2019 of IDR6.92 trillion, up by 24% on an annual basis or 17% on a quarterly basis, above GS expectations and Bloomberg consensus. The target stock price for the next 12 months is not GS change, which is at the price of Rp.8,495. The main risk that might arise is the slower recovery of asset quality than expected, contraction in the NIM, and the impact of IFRS9 implementation in 2019 which is greater than our expectations.	January 28, 2019
3.	CIMB	Buy	8,800	Bank Mandiri announced a 2018 net profit of IDR 25 trillion (+ 21% on an annual basis), in line with our expectations and above consensus due to unexpectedly lower credit costs. Loans grew by 12% on an annual basis (+ 5% quarterly) in the fourth quarter of 2018, driven by the Corporate and Micro segments. However, Third Party Funds fell 3% on an annual basis (+ 1% quarterly) in the fourth quarter of 2018. The loan to deposit ratio rose to 97%. CIMB still maintains ADD recommendations given the continuous improvement in asset quality. The possible risks are significantly lower credit and margin growth amid tight liquidity.	January 28, 2019
4.	UBS	Buy	8,700	Although Bank Mandiri provides a weak growth in net interest income, which is 5% in the flat NIM, we believe this momentum can increase in the coming quarter due to adjustments in lending rates, especially in the ForEx portfolio, and at the beginning of the first Quarter of 2019 the resumption of growth in the Commercial and KUM segment loans which have high yields. In our opinion, the 20-30bp reduction target on CoC and higher dividend payments can further increase income and dividend prospects.	January 28, 2019

Significant Events In 2018

January 08, 2018

Bank Mandiri has prepared integrated and IT-based banking services in the National Brain Center Hospital (RSPON) through a cooperation agreement held at the RSPON Multipurpose Room, Jakarta.



January 19, 2018

National Working Meeting for the Preparation of Corporate Budget Work Plan (RKAP) 2018.



February 06 - 09, 2018

Mandiri Investment Forum (MIF) 2018 was held at the Fairmont Hotel Jakarta in 2018, attended by around 600 investors and business people. Chief Economist of Bank Mandiri Anton H. Gunawan said that this forum is very important to get a synergy between investors and stakeholders. Taking the theme of Reform and Growth in the Political Years, MIF 2018 also presented the Minister of Finance Sri Mulyani.



January 27, 2018

Bank Mandiri together with all business entities incorporated in the Mandiri Group held a conference on the Annual Integrated Risk and Governance Conference (AIRC) 2018. The event aimed to share information related to the development of each entity's business, as well as managing risk management and corporate governance.



March 19, 2018

Bank Mandiri launched the chatbot service feature, named Mandiri Intelligence Assistant (MITA). MITA is an alternative channel for customers to access various information related to Bank Mandiri products and non-financial services through a smartphone screen anywhere and anytime.



March 21, 2018

Annual General Meeting of Shareholders (AGMS) for Fiscal Year 2017 Bank Mandiri, through the AGMS, agreed to pay dividends of 45%.

On the same occasion the shareholders also approved the appointment of four new Directors following the end of the term of office of several Directors. The four new faces on Board of Directors of Bank Mandiri are Agus Dwi Handaya, Panji Irawan, Alexandra Askandar and Donsuwan Simatupang who will carry out the tenure of the 2018-2023 periods.



June 07, 2018

Break Fasting with 30 Thousand Orphans and Disabled Children Centered in De Tjolomadoe, Solo (7/6) Bank Mandiri and subsidiaries held Domestic Children Gathering 2018.



June 07, 2018

Through Mudik Bareng Guyub Rukun Bank Mandiri sent 19,410 Free Homecoming Participants from nine regions in Indonesia.



May 05-13, 2018

The Mandiri Property Expo 2018 was held in Jakarta Convention Center (JCC).



May 04 - 06, 2018

The Leadership Forum (LF) XI t2018 took place in Labuan Bajo, East Nusa Tenggara (NTT) and was attended by approximately 165 senior Bank Mandiri management officials, including Board of Directors.



April 09, 2018

Bank Mandiri launched a debit card bearing the National Payment Gate (GPN) logo. Located at Plaza Mandiri, Jakarta, the launch was attended by the Head of the Electronification Department and the National Payment Gate (GPN) of Bank Indonesia Pungky P. Wibowo, Director of Small Business and Network of Bank Mandiri Hery Gunardi, and Director of Digital Banking & Technology of Bank Mandiri Rico Usthavia Frans. The issuance of this card is intended to increase efficiency and reduce the cost of interbank transactions.



April 15, 2018

The annual Mandiri Jogja Marathon (Jogmar) event took place in the Prambanan Temple area and was attended by around 8,000 runners, consisting of local and foreign runners. The numbers competed were Full Marathon, Half Marathon, 10K, and 5K. Mandiri Jogmar's organization aims to lift up and promote the cultural wealth and local wisdom of Yogyakarta so that they can spur the development of tourism and economic growth in the province known as the City of Culture



July 25, 2018

Shrimp farms assisted by Bank Mandiri farmers in the Muara Gembong area began to produce results with the initial harvest.



July 27, 2018

Issuance of Bank Mandiri Medium Term Notes (MTN) Subordinate I in 2018 ("MTN Subordinasi Mandiri") with a value of IDR 500,000,000,000 (five hundred billion Rupiah).



August 28, 2018

Bank Mandiri carried out the signing of banking service collaboration in the form of an online non-cash Financial service feature to pay court fees at the Supreme Court (MA). The signing was carried out by the Secretary of MA A.S Pudjoharsoyo with Deputy Managing Director of Bank Mandiri Sulaiman Arif Arianto at the Supreme Court Hall.



August 27, 2018

Signing Cooperation in banking services through services with two financial technology companies (fintech), namely PT Amarta Mikro Fintek (Amarta) and PT Lunaria Annu Teknologi (KoinWorks). Through this collaboration, it is expected to strengthen working capital and expand thousands of MSMEs throughout Indonesia.



September 10 - 27, 2018

Bank Mandiri was trusted as the SOE coordinator for distribution of aid and rehabilitation after the earthquake. The company also synergized with other SOEs to build earthquake-friendly houses, to rehabilitate earthquake-affected areas.

Gradually, Bank Mandiri sent hundreds of volunteers to support the handling of the earthquake disaster in Lombok, West Nusa Tenggara. The volunteers consisting of Bank Mandiri employees from various regions, helped evacuate and prepare public kitchens at earthquake-affected locations.



September 17 - 20, 2018

Mandiri Customer Care Summit (MCCS) 2018 took place in Jakarta with a series of interesting programs, MCCS presented the National Front Championship (NFC) followed by Workshop Service attended by Service Quality Officers (SQO) in the Region and Area throughout Indonesia.



October 24, 2018

Bank Mandiri Work Environment was placed in the Elite World Rank. Bank Mandiri was ranked 11st as the best company in the world by Forbes magazine.



November 21, 2018

Bank Mandiri received the Top 50 rating of ASEAN and Top 3 PLCs in Indonesia in the 2nd ASEAN event Corporate Governance Scorecard (CG) Awards organized by the ASEAN Capital Markets Forum (ACMF) in Kuala Lumpur, Malaysia.



December 19, 2018

Bank Mandiri was awarded "The Most Trusted Company" for 12 (twelve) consecutive years from the Indonesian Institute for Corporate Governance (IICG) and received the highest point, 93.86.



October 20, 2018

As the peak of the event of its 20th Anniversary celebration, Bank Mandiri held a Mandiri Carnival at Gelora BungKarno, Jakarta. In this activity Bank Mandiri also launched several new programs such as launching culture and uniform, BOT, and Mandiri Pay.



October 15 - 30, 2018

Bank Mandiri distributed assistance for Earthquake and Tsunami Disaster Victims in Central Sulawesi.

Bank Mandiri mobilized hundreds of volunteers to support development in earthquake-affected areas, including the construction of temporary housing, schools, halls and proper MCK facilities.



September 21, 2018

Issuance of Sustainable Bond I of Bank Mandiri Phase II in 2018 amounted to IDR 3 Trillion.



September 26, 2018

Bank Mandiri won the "9th Infobank BUMN Award 2018" in the Platinum Trophy category for the title of "Very Good" for a period of 10 consecutive years.



September 30, 2018

Mandiri Badung International Night Run 2018 is the largest marathon event ever held at night in Bali. The activity was attended by 3,000 participants, 4 categories competed in the Mandiri Badung International Night Run 2018, namely: Full Marathon (42 km), Half Marathon (21 km), 10 km and 5 km. Themed "Run Across The Sea - Chasing The Sunrise", the participants of Mandiri Badung International Night Run 2018 took the Bali Mandara toll road route, Nusa Dua, South Kuta.



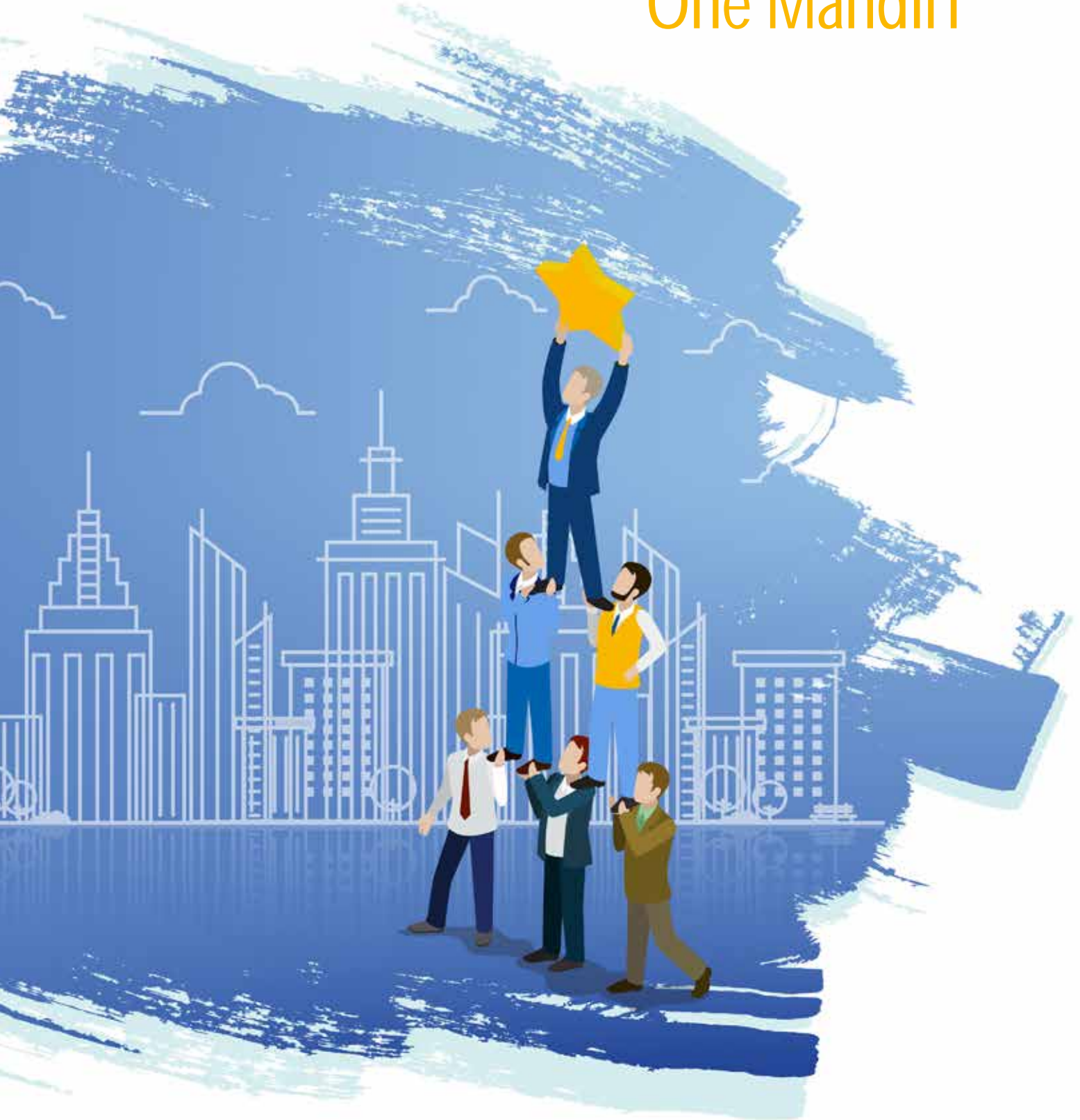
Board of Commissioners and Board of Directors Report

Bank Mandiri's improved performance further strengthening Bank Mandiri's steps to become a "One-stop Provider of Financial Solutions" for all its customers and becoming a leader in the financial services industry.

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1♥1 MANDIRI

One Heart
One Mandiri



Report of the Board of Commissioners



Hartadi A. Sarwono
President Commissioner / Independent Commissioner



The Board of Commissioners gives the highest appreciation for the achievement of the performance of the Board of Directors in managing Bank Mandiri. The Board of Directors in formulating strategies and work plans has paid attention to what is the strength and weakness so that the strategies and work plans that are carried out are right on target in order to improve the performance of Bank Mandiri.

Dear Respected Stakeholders and Shareholders

It is one of our accountabilities to present report to all shareholders and stakeholders regarding the implementation of the Board of Commissioners' duties in conducting supervision of the management of the Board of Directors and giving advice to the Directors during 2018.

This report consists of the assessment of the Board of Commissioners above the performance of the Board of Directors, oversight of the Board Commissioner for the implementation of the Company's strategy, the views of the Board Commissioners for business prospects arranged by the Board of Directors, the views of the Board Commissioner for implementing governance Company, the Report on composition changes of the Board of Commissioners, as well as the frequency and method of giving advice from the Board of Commissioners to the Board of Directors.

The Assessment of the Board of Commissioners on Board of Directors Performance

The Board of Commissioners deeply understood that external factors outside Bank Mandiri needed to become significant consideration to evaluate the performance of

the Board of Directors in running the management of the Bank Mandiri during 2018. The external factor was mainly related to global economic conditions and the National economy as well as the national banking industry in general. Overall, the Board The Commissioner believed that in 2018, the Directors carried out their management duties very well.

Economic Review

Indonesian economy in 2018 showed stable condition with maintained growth rates and maintained inflation with the inflation speed that was recorded in quite stable and core inflation pace which illustrated strength of demand as well as domestic economic activity that tended to increase throughout 2018 to 3.07% from 2.95% in 2017. Nevertheless, unbalanced imports and exports performance caused deficit balance sheet of trade, and in further it caused a wider range of Current Account Deficit (CAD) from USD16.2 billion (1.60% to GDP) to USD31.1 billion (2.98% to GDP). Widening deficit of the current account balance was followed by an increase in interest rates policies in the United States that affected the increase pressure on the Rupiah exchange rate. Throughout 2018, Rupiah fluctuated against USD on the range of IDR 13,265 to IDR 15,285. This development triggered Bank Indonesia (BI) to tighten policy monetary and raising rates of



interest on BI-7 days reverse policy repo as many as 175 basis points (bps) from 4.25% to 6%. The condition of the national economy provided positive impact for the banking industry to grow. Banking industry of Indonesia recorded well-maintained banking asset quality, and the bank credit also experienced growth in the midst of high exchange rate fluctuations and rising interest rates.

Company Performance

The Board of Commissioners presented the highest appreciation for the achievement of Board of Directors performance to run the management of Bank Mandiri. In developing the strategy and work plan, Directors had considered the strength and weakness of the company, so the strategies and work plans were able to run on target in order to improve Bank Mandiri's performance. Key Performance Indicators (KPI) of the Board of Directors was determined on the basis of component of (i) Financial and market perspectives, (ii) Customer focus, (iii) Product and process effectiveness, (iv) Workforce focus, (v) Leadership, governance and CSR, and (vi) Agent of Development, and it reached 132.28% of the target set in 2018.

Bank Mandiri's performance in terms of credit, asset quality and Third Party Funds showed its growth. Consistency of Bank Mandiri in developing credit segments that became the target proved to be positive. In consequence, Bank Mandiri's credit growth position was better compared to the total banking industry throughout 2018. Bank Mandiri's credit growth in 2018 recorded at 12.41% (YoY), and it was higher compared to total bank credit in the same period amounted to 11.75% (YoY).

Meanwhile credit quality improved in which Bank Mandiri's Non Performing Loan (NPL) had been began to show a decline throughout 2018 although it was still higher than the NPL of National banking. Bank Mandiri's NPL in 2018 recorded at 2.79%. It decreased if compared to NPL at the end of the 2017 amounting to 3.45%. Bank Mandiri's deposits in the year of 2018 recorded the growth of 3.08%.

In the era of increasing competition, Bank Mandiri's credit market share in 2018 reached 15.49%, and it increased compared to the same period last year which reached 15.40%. Increased market share became a good achievement at amidst competition for increasingly competitive interest rates.

The Market Share was described based on DPK products. It can be seen that Bank Mandiri deposits

reached IDR 301.81 trillion or grew 9.55% (YoY) with a market share of 12.12% or a growth of 42 bps. Meanwhile, the current account and savings products experienced a little pressure. Bank Mandiri Current Account of IDR 200,51 trillion experienced a slight decrease of 1.42% (YoY), with a market share of 15.25%. Whereas, the Savings products reached IDR. 338.60 trillion or grew by 0.50% (YoY) with market share reaching 18.55% or decreasing by 125 bps (YoY). However, Bank Mandiri remained able to maintain the Net Interest Margin (NIM) which only decreased by 11 bps from the previous year 2017. This decline was better than the total banking industry which fell by 18 bps.

Based on the operational performance that had been generated, Bank Mandiri managed to record Net Profit consolidation reaching IDR 25.01 trillion, an increase of 21.20% from 2017 which reached IDR 20.64 trillion.

The Board of Commissioners also gave great appreciation to the ability of the Directors to capture opportunities in developing Digital Banking services. The strategy of Bank Mandiri to capture opportunities by dividing Digital Banking products and services was divided into two segments, namely Wholesale Segments and Retail Segments. Thus, each segment could be more focused in developing products and services according to the customer's needs in the segment. The New Core of Retail Segment was expected to fulfill millennial customer needs that currently dominated Indonesian society. Bank Mandiri's strategy to launch some products including Millennial Mortgage products with product features adapted to millennial ability became the right step in increasing market penetration to millennial customers.

The Board of Commissioners expected that the Board of Directors could maintain the company's fundamentals that had run well and always strive to conduct improvements to be the best banking company.

Bank Soundness Level

Along with the development of the business, it also means that the more increased risk profile, the more risks needed to be managed, so everything which could significantly affect performance could be immediately followed up. The results of the assessment of the Bank's Soundness Level were regulated by Financial Services Authority Regulation No. 4/POJK.03/2016 dated on January 26, 2016 concerning Level Assessment Soundness of Commercial Banks. It was one of the control facilities by using a risk approach (Risk based bank rating) which included four factors, namely:

1. Risk Profile
2. Good Corporate Governance (GCG)
3. Rentability (Earnings)
4. Capital

Through the self assessment mechanism in semester II in 2018, Bank Mandiri's Soundness Level was at "1" Composite Rating, which reflected the condition of the Banks that was generally very healthy. Thus, the value was very capable of facing negative influences and significant changes in business conditions and other external factors. If there were weaknesses, then in general these weaknesses were not significant. Meanwhile, Bank Soundness for the first semester of the year 2018 was in the "2" Composite Rating, after getting feedback from OJK.

In the view of the Board of Commissioners, the Board of Directors had meticulously identified the Materiality assessment of Bank's Soundness Level.

Supervision of Company's Strategy Implementation

The Board of Commissioners emphasized that strategy was a factor that could determine the success upon an effort. Therefore, the preparation of strategies was necessary to consider its implementation in the previous year, so the strategy implemented the following year would be able to reach the target and objectives. Through giving advice, the Board of Commissioners played a role in drafting strategies. After that, Board of Commissioners supervised the implementation and submitted the report to Financial Services Authority.

Supervision report on the implementation of the Bank Business Plan included:

1. Board of Commissioners' assessment of implementation the Business Plan included an assessment of quantitative (financial) aspects and qualitative aspects (Company work program).
2. Board of Commissioners' assessment of factors which affected the performance of Bank Mandiri among others were (i) Implementation of Good Corporate Governance, (ii) Gratuity Control, (iii) Application of Anti Money Laundering and Prevention of Funding Terrorism, (iv) Implementation of Fit and Proper Test, (v) Improving credit quality, and (vi) Reporting to Regulators.
3. Assessment of the Board of Commissioners regarding efforts to improve bank performance was carried out by (i) Evaluating Performance to Bank Mandiri's Consolidated Finance every month and

Financial Performance of Bank Mandiri Subsidiaries every quarter, (ii) Conducting studies on quarterly financial information published by Bank Mandiri, (iii) Conducting supervisory function of Risk Management such as ensuring the effectiveness of systems and processes of Risk Management by monitoring the main risk of Bank's management, reviewing the Profile of Periodic risk and evaluation of position and developments in the Bank's risk every quarter, (iv) Monitoring the Board of Directors' plans and strategies in preparing Bank Mandiri for entering the era of Financial Technology (Fintech) and ensuring that the bank had owned good human resources and a qualified and competent system.

In 2018, the Board of Commissioners has made and submitted an Implementation Supervision Report on The Bank's Business Plan as follows:

1. Letter No. KOM/015/2018 February 21, 2018, concerning Business Plan Supervision Report of Bank 2017 - 2019 PT. Bank Mandiri (Persero) Tbk, Semester II of 2017.
2. Letter No. KOM/097/2018 dated August 29, 2018, Regarding the Business Plan Supervision Report of Bank 2018 - 2020 PT. Bank Mandiri (Persero) Tbk, First semester of 2018.
3. Letter No. KOM/024/2019 February 27, 2019, concerning Business Plan Supervision Report of Bank 2018 - 2020 PT. Bank Mandiri (Persero) Tbk, Second semester of 2018.

The Viewpoints of the Board of Commissioners over the Business Prospects Arranged by the Directors

The Board of Commissioners had confidence about the sustainability of Bank Mandiri to maintain good performance in 2019 on the basis of business prospects arranged by the Board of Directors who have captured the opportunities that existed by paying attention on the strengths owned by Bank Mandiri such as strong capital as well as large and diverse customer base.

Global and national economic conditions hasndot revealed any changes in the year of 2019, and it had to be anticipated by the Board of Directors. Besides that, the development of Fintech became a challenge, so the infrastructure development to support improving Digital Banking services was always done to place Bank Mandiri as one of the banks that had provided Best Digital Banking services. Initiative for development of Fintech

products and services can also be done through the support of subsidiaries to increase overall performance of the Mandiri Group.

The business outlook of the credit aspect were still quiet promising including controlling quality credit. Whereas in terms of deposits, especially cheap funds like current accounts and savings, will face increasingly competitive competition among banks in providing interest rates for low-cost funds, and the Board of Commissioners believed that collecting deposits could increase from the previous year to strengthen more the funding base that currently existed to reduce the cost of funds.

With the development of business that lead to the digital era and with employees who were millennial generations as the majority, human capital management was significantly needed to create high quality human capitals. The steps of the Directors to sharpening of core values covered several aspects, namely Trust, Integrity, Professionalism, Customer Focus, and Excellence, through improving Corporate Culture (New Culture) which provided more value to support the achievement of this purpose.

The Viewpoints of the Board of Commissioners on Bank Mandiri Governance Implementation

Based on the viewpoints of the Board of Commissioners, Bank Mandiri has applied good governance in banking accordingly with the applicable laws and regulations on international best practices. This can be indicated by the application as follows:

Responsibility Principles of the Board of Commissioners

The Board of Commissioners had the responsibility to do supervision and provided advice to the Board of Directors as the management of the Company.

Implementation of the principles of responsibility of the Board of Commissioners showed that the Board of Commissioners has carried out the function in supervision of Bank Mandiri's management carried out by the Board of Directors and gave advice to the Board of Directors through a Board of Commissioners meeting forums, the Board of Commissioners Meetings with Directors, and the Meetings with Committees under the Board of Commissioners. Board of Commissioners

Focused on the policies of the Directors, and there were several things that needed to be the Management's attention as follow:

- a. Loan.
- b. Risk management.
- c. Internal control.
- d. Information Technology.
- e. Human Resources.
- f. Management of Subsidiaries.

In addition, in the Board of Commissioners' Regulations as stated in the Board Commissioner's Decree Number KEP.KOM/005/2016 stated that the responsibility of the Board of Commissioners was to provide opinions and suggestions on the Work Plan and Annual Budget as well as to provide advice on important things by Bank Mandiri including corporate culture.

Principles of Qualification and Composition of the Board of Commissioners

Members of the Board of Commissioners had to own the appropriate quality in performing their duties and responsibilities, as well as an individual or a collegial. The Board of Commissioners had to understand its role in supervision and the application of corporate governance and were capable to carry out healthy and objective decision making.

Implementation of the principles of qualification and composition of the Board of Commissioners included:

- Members of the Board of Commissioners of Bank Mandiri had already owned knowledge and/or experience in the field of finance, and they had also attended seminars, training and education to support its supervisory duties.
- The composition of the Board of Commissioners currently consisted of 50% Independent Commissioners and 50% non Independent Commissioners.
- There was no financial, management relationship, share ownership and/or family relations among the members of the Board of Commissioners, Directors and/or Controlling Shareholders or relationship with the Bank, which could affect the ability concerned to act independently as regulated in Provisions for the Implementation of Good Corporate Governance for Commercial Banks. Every year the Board of Commissioners signed an Independent Statement.

Principles of Structure and Mechanism of the Board of Commissioners

The Board of Commissioners had to establish proper structure and governance practice in carrying out its duties and periodically reviewing its effectiveness.

Implementation of the principles of structure and mechanism of The Board of Commissioners covered:

- Guidelines and Work Rules of the Board of Commissioners.
- Committees under the Board of Commissioners that helped the implementation of the duties of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, and Integrated Governance Committee.

Principles of the Board of Directors

Under the direction and supervision of the Board of Commissioners,

The Board of Directors was able to manage Bank activities in accordance with business strategy, risk appetite, remuneration policy and other policies approved by the Board of Commissioners.

Implementation of the Board of Directors' principles included:

- Board of Commissioners supervision was reflected in the approval of the Work Plan and Company Budget and Bank Business Plan approved by the Board of Commissioners.
- Board of Commissioners through the Committee under the Board of Commissioners evaluated performance of the Company.
- All policies that underlied the activities of Bank Mandiri's operations had to obtain approval of the Board of Commissioners.

Principles of Business Group Governance Structure

In a business group, the Board of Commissioners of parent company had complete responsibility towards the business group and had to ensure determination and implementation of clean governance practices related to structure, business, and business group risks and entities. The Board of Commissioners and Directors had to understand the organizational structure of business groups and risk faced.

Implementation of the principles of business groups governance structure covered:

- The Board of Directors and Board of Commissioners of Bank Mandiri had owned knowledge and understanding of main business and main risks of the company proven from the passing of the entire Board of Commissioners and Directors from Fit and Proper Test. Directors and Board of Commissioners always followed training and development to improve their abilities.

- The Board of Commissioners owned an Integrated Governance Committee, and the Board of Directors had an Integrated Risk Committee to conduct periodic evaluations on the implementation of risk management and compliance at Bank Mandiri and its Subsidiaries.

Principles of Risk Management Functions

Bank Mandiri had to own a high quality, independent, and resourceful risk management functions, and they had to own an access to the Board of Commissioners.

Implementation of the principle of risk management functions covered:

- Bank Mandiri run the Processes of Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through the framework of Enterprise Risk Management (ERM) performance.
- Bank Mandiri always improved capabilities and knowledge of all employees, especially in the matters of risk management, by organizing regular internal training through Risk Management Academy.
- Bank Mandiri also routinely at least once inside a year holded socialization, discussion forums, internship, or program regarding management risks that were in line with company's cultural internalization.
- Bank Mandiri communicated risk management to the Board of Commissioners through the Risk Monitoring Committee and Integrated Governance Committee.

Principles of Identification of Monitoring and Risk Control

Risks had to be identified, monitored and controlled upon all Bank activities. Quality from risk management infrastructure and internal control had to be able to follow changes in the Bank's risk profile, external risk conditions and industry practices.

Implementation of the principle of identification of monitoring and risk control had to work well in the management of Bank Mandiri Risk Management who had been identified, measured and assessed by bankwide risk assessment by compiling periodic risk profile. Measurement and assessment of the risk could run well according to the Adjusted Risk Management Policy with the level of risk faced by Bank Mandiri.

Principles of Risk Communication

Effective risk governance implementation required accurate risk communication within the Bank both between organizations and through reporting to Board of Commissioners and Directors.



Implementation of the principle of risk communication included assessment of Risk Based Bank Rating (RBBR) every semester submitted to the Integrated Risk Committee members of the Board of Directors of Bank Mandiri and the Subsidiaries. In addition, the results of the RBBR assessment were delivered to the Board of Commissioners through the Integrated Governance Committee.

Compliance Principle

The Board of Commissioners was responsible for supervising management related to Bank compliance risk. The Board of Commissioners had to establish a compliance function and to give approval to policies and the process of identifying, evaluating, monitoring and reporting, and to provide advice to risk obedience.

The implementation of the principle of compliance included the issue that the Board of Commissioners had to ensure the implementation of good corporate governance in every business activity and corporate governance policy, including the implementation of compliance. Compliance risk assessment in the RBBR was reported to the Board of Commissioners every 6 (six) months to get feedback.

Principles of Internal Audit

The internal audit function had to report all independent assurance activities to the Board of Commissioners and had to support the Board of Commissioners and Directors in encouraging effective implementation of governance processes and the health of the Bank in the long term.

Implementation of the principle of internal audit covered the implementation of objective testing of a particular evidence in order to provide an independent assessment for the adequacy of internal control, risk management and governance process in the organization. Internal audit was responsible directly to the President Director and communicated with the Board of Commissioners through the Audit Committee.

Principle of Compensation

The Bank's remuneration structure had to support the implementation of corporate governance and risk management.

Implementation of the principle of compensation included:

- Remuneration structure for Bank Mandiri's Board of Directors and Board of Commissioners was compiled based on POJK No. 45/POJK.03/2015

concerning Implementation of Governance in Giving Remuneration for Commercial Banks.

- The remuneration structure for employees was regulated in the Standard Procedure for Human Resources.

Principles of Disclosure and Transparency

Implementation of governance from the Bank had to implement the transparently to Shareholders, Depositor, Other relevant stakeholders and market participants.

Implementation of the principles of disclosure and transparency covered:

Bank Mandiri had owned a website with an address www.bankmandiri.co.id, as a means for providing information to stakeholders' interests.

- Bank Mandiri conducted the periodic Public Expose on the Company's Performance.
- Bank Mandiri prepared Annual reports and Sustainability Report

Bank Mandiri periodically conducted self assessments on the implementation of corporate governance in accordance with Financial Services Authority regulations. The self assessment results that had received feedback from the Financial Services Authority showed that the GCG ranking in semester II of 2018 was in the composite 1 (one), while the first semester of 2018 was a composite rating of 2 (two) after getting feedback from the FSA. This reflected that the Board of Directors of Bank Mandiri had implemented good governance. Although there were weaknesses in the application of the governance principles, in general these weaknesses were less significant and could be resolved by normal actions by the Bank's management.

The Viewpoints of the Board of Commissioners on the Effectiveness of the Internal Control System

In the context of implementing an effective internal control system, the Board of Commissioners always provided direction to improve affective risk awareness culture effective and had to ensure that it was inherent at every level of the organization. Through the Audit Committee and the Risk Monitoring Committee, the Board of Commissioners ensured that Internal Audit had carried out its functions effectively and played an active role in continuously improving the internal control system in operational activities.

Bank Mandiri had owned an internationally-standardized internal control system namely Internal Control System developed by Committee of Sponsoring Organizations of The Treadway Commission (COSO) which included the purpose of control, controlling environment, risk assessment, controlling activity, information and communication as well as monitoring activities. The controlling activities included planning, establishment of policies and procedures, implementation control and early verification process for ensuring that policies and procedures had been consistently implemented.

Control activities could not be separated from every day functions of Bank Mandiri or activities applied at all levels of function according to the structure of the organization. In addition, Bank Mandiri had adopted a pattern of segregation of duties that so far had been running effectively, so the opportunities to do and hide mistakes or irregularities in carrying out tasks could be minimized.

The Board of Commissioners believed that the system of internal controls that had been implemented went well even some of them were still necessarily to be improved in line with the more growing as well as the more complex of business.

The Viewpoints of the Board of Commissioners upon the Application of Risk Management

The principle of Bank Mandiri risk management was implemented proactively by maintaining an optimal risk-adjusted level return according to the risk appetite desired. As a manifestation of Bank Mandiri's commitment in carrying out good corporate governance practices, especially in terms of risk management, Bank Mandiri had compiled policies, processes, competencies, accountability, reporting and supporting technology aiming for risk management within the organization of Bank Mandiri to always run effectively and efficiently.

In the framework of risk management and governance at Bank Mandiri, the Board of Commissioners had performed risk oversight function through the Audit Committee, Risk Monitoring Committee and Integrated Governance Committee.

The duties, responsibilities and authority of the Board of Commissioners were associated with active supervision within Risk Management activities including:

1. To understand the risks inherent in functional activities of the Company, especially those that could affect conditions of the Company's finances;
2. To evaluate and approve the policies of Risk Management carried out at least once in one year or more in higher frequency when there were changes in factors affecting Bank Mandiri's business activities significantly;
3. To evaluate the Directors regarding implementation of Risk Management to be in accordance with Bank Mandiri's policies, strategies, and established procedures;
4. To provide consultation to the Board of Directors regarding to transactions or business activities with great amount of funds;
5. To approve the provision of funds to related parties on credit proposed by the Credit Committee accordingly its authority;
6. To actively supervise against Bank Mandiri's capital adequacy in accordance with the profile of Bank Mandiri's overall risk, including reviewing Bank Mandiri's Risk Appetite set by the Directors;
7. To increasing the awareness and anti-fraud culture on all levels of the Company's organization;
8. To supervise the implementation of Integrated Risk Management according to the characteristics and complexity of the Company business.

In order to implement Integrated Risk Management, the Board of Commissioners was responsible on various aspects, as follows:

1. To direct, approve, and evaluate policies governing Integrated Management Risk Periodically;
2. To evaluate the implementation of policies of Integrated Management Risk by the Main Entity's Board of Directors; and
3. To evaluate the implementation of Recovery Plan.

Bank Mandiri had owned an Integrated Risk Committee which consisted of the Executive Director / Officer in charge of the Risk Management function at Bank Mandiri and Subsidiaries that had a role in providing recommendations for preparation and improvement of Integrated Risk Management policies.

In addition, Bank Mandiri also formed an Integrated Risk Management Work Unit which was responsible to answer directly to the Director of Risk Management.

The Board of Commissioners always evaluated the effectiveness of the risk management system. Board of Commissioners had a great concern on the implementation of risk management evaluation system which included strategy adjustments and



risk framework as a part of risk management policy, adequacy of information systems of risk management and the adequacy of the identification process, risk measurement, monitoring and control.

The Board of Commissioners believed that the system of risk management implemented in 2018 had been adequate and constantly improved, so in the future it can drive Bank Mandiri's long-term performance.

The Viewpoints of the Board of Commissioners upon the Application of Whistleblowing System

The Whistleblowing System (WBS) was owned by Bank Mandiri since 2009 to maintain and improve Bank Mandiri's reputation, and it was in line with the 2nd pillar of Anti Fraud Strategy (SAF) as a pillar of detection. There were several media reporting complaints of violations with the name of Letter to CEO (LTC) in which the reporter could provide information about actions that could be indicated as fraud. LTC facilities also encouraged employees' awareness and care.

In 2018, Bank Mandiri transferred management of receipt and administration of LTC reports to independent parties, and no longer internally managed by internal Bank Mandiri with the aim of providing safe-environment, so the employees and stakeholders could be more freely in reporting fraud or indication of fraud. Besides, there was a developing mechanism by which reporters / whistleblowers could monitor follow-up status of the report. So far, the reported fraud was not only in the form of corruption, fraud, theft, embezzlement and forgery but also in the form of violations of "Non-fraud" such as violations of norms and ethics (code of conduct).

The Board of Commissioners believed that management of LTC by third parties became a righteous policy because third parties were independent as well as professional ones, so they could provide security for the reporter / whistleblower that had no element of conflict of interest, and in the long term it will increase stakeholder's trust in managing the WBS at Bank Mandiri.

The Board of Commissioners always ensured that every report had been followed up properly. Every complaint that after being investigated proved to be violations would be subjected to sanctions according to the applicable regulations.

Performance Assessment of Committees under the Board of Commissioners and Its Basic Assessment

The Board of Commissioners had formed a supporting committee who supported the implementation of the duties of the Board of Commissioners namely the Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and Integrated Governance Committee. The duties and responsibilities of each committee under the Board of Commissioners had been described in the section on Corporate Governance in this Annual Report.

Each Committee had assisted the Board of Commissioners in carrying out supervisory duties by conducting 21 (twenty one) meetings for Audit Committee, 5 (five) times for the Remuneration and Nomination Committee, 30 (thirty) times for the Monitoring Risk Committee, and 2 (two) times for the Integrated Governance Committee. The implementation of the committees' duties was to assist the Board of Commissioners in recommending the proposed name of Work Plan and Budget for the audit of Bank Mandiri Financial Report and the Financial Institution Pension Fund of Bank Mandiri in 2018, in proposing a remuneration system which was suitable for the Board of Directors and Board of Commissioners of Bank Mandiri in the form of a payroll system / honorarium, facilities / allowances, bonuses, and so on for the year of 2018, in reviewing management and implementation of risk management in Bank Mandiri, as well as in realizing the Integrated Work Plan of Work Unit in 2018.

The Board of Commissioners periodically conducted assessment of the achievement of Key Performance Indicators (KPI) of each committee. Information on KPI achievement Committees under the Board of Commissioners were presented in the section of the Board of Commissioners' Committee in this Annual Report.

Changes in the Composition of the Board of Commissioners

Composition of Bank Mandiri Board of Commissioners Members has been balanced between the number of Board Members of Independent Commissioner and the number of Board Members of Non-Independent Commissioner. There was no position of Board of Commissioners members that finished the term of service in the year 2018, so there was no change. Although there was no gender diversity in the composition of the Board of Commissioners, but throughout the journey of Bank Mandiri it had shown that diversity. Competence, experience and educational background of the Board of Commissioners were currently fulfilled in order to carry out supervisory duties of the Board of Commissioners. To maintain a consistent attitude of independence, in the end of each year the members of the Board of Commissioners signed an independent attitude statement.

Frequency and Method of Giving Advice from the Board of Commissioners to the Board of Directors

The Board of Commissioners did not only play a significant role from the side supervision but also give an active role from the side of giving advice. Provision of advice from the Board of Commissioners to the Board of Directors was done formally at the Meetings, as well as informally at each opportunities that existed with all Directors or/and with one of the Directors.

Board of Commissioners' meeting in its implementation that could be categorizes as Formal Meetings covered 3 (three) types of meeting, namely:

1. Board of Commissioners Meetings which were internal meetings of The Board of Commissioners which were held 35 (thirty five) times in 2018.
2. The Board of Commissioners' meetings by inviting the Board of Directors; they were the joint meetings of Board of Commissioners and the Board of Directors which were held 12 (twelve) times in 2018.
3. Committee meetings under the supervision of the Board of Commissioners, consisting of Audit Committee Meetings, Meetings of Risk Monitoring Committee, Integrated Governance Committee Meetings, and Remuneration and Nominations Committee Meetings which could also invite Board of Directors or members of the Board of Directors.

Closing

The Board of Commissioners would like to thank you to shareholders and all stakeholders that always supported Bank Mandiri to achieve its vision and mission. The Board of Commissioners gave the highest appreciation to the Board of Directors for their commitments and efforts to ensure Bank Mandiri to become the best bank. Sincere gratitude was addressed by the Board of Commissioners to all employees who had perform their great work to provide the best for Bank Mandiri. The Board of Commissioners also expressed the gratitude to all customers, work partners and stakeholders for their trust to Bank Mandiri.

In further, the Board of Commissioners expect that Bank Mandiri still always maintains its best performance, so Bank Mandiri continues to grow well to give the best contribution for all Stakeholders and for our country, Indonesia.

One Heart One Mandiri

Jakarta, April 24, 2019
On behalf of the Board of Commissioners



Hartadi Agus Sarwono
President Commissioner / Independent Commissioner



Askolani
Commissioner

Makmur Keliat
Independent Commissioner

Goei Siau Hong
Independent Commissioner

Hartadi A. Sarwono
President Commissioner/
Independent Commissioner



**Imam Apriyanto
Putro**
Deputy President
Commissioner

**Bangun Sarwito
Kusmulyono**
Independent Commissioner

Ardan Adiperdana
Commissioner

R. Widyo Pramono
Commissioner

Report of Board of Directors



Kartika Wirjoatmodjo
President Director



During 2018, on a consolidated basis Bank Mandiri managed to record profits net amounting to IDR 25.01 trillion, or on an annual basis it increased 21.2%.

Dear Respected Stakeholders and Shareholders,

First of all, please allow us to praise and thank you to the presence of God Almighty above His abundance of gifts so that Bank Mandiri was capable to grow sustainably. In the year of 2018, Bank Mandiri even reached the age of 20, a journey that was relatively young but full of consistent commitment and passion for achieving vision and mission of Bank Mandiri. Bank Mandiri always grew as well as placed itself as one of the leading banks in Indonesia.

It is an honor for us as the Directors of Bank Mandiri to be able to submit a management report of Bank Mandiri for the financial year 2018 which fundamentally showed positive performance from financial and non financial aspects.

This Board of Directors report is going to present the analysis of company performance, the analysis of business prospects, the developments in the implementation of company governance, and composition changes of the Board of Directors.

Analysis of Company Performance

Bank Mandiri managed to register once more on positive performance growth in 2018, and this growth was generally better than the previous year. The achievement

of good performance could not be separated from the support of the Board Commissioner to the Board of Directors in running its business as well as all managements and employees of Bank Mandiri who always gave fast respons in facing every changes and challenges that happened during 2018.

In the part of company performance analysis, the Board of Directors would present the economic conditions that directly impacted on Company performance, strategic policy applied by the Company, comparison among the results achieved with the targeted objectives, and the constraints faced by Bank Mandiri, and their completion steps.

Economic Condition that Directly Impacted on Company Performance

Uncertain condition of global economy still continued with the level growth in the range of 3.73%. This condition caused trading volume and price of world commodities to remain low, so it brought a significant impact on Indonesian export transactions as a source of growth of national economy. In line with these conditions, inflation tended to increase in the European Union and the other countries, and even

it tended to be higher in the United States of America. The increase of inflation affected US monetary policy to increase Fed-Fund Rate (FFR) rates 4 (four) times as much as 100 bps throughout in 2018. Changes in monetary policy in various developed countries especially in setting interest rates was essentially followed by adjustments to monetary policy in developing countries (emerging market), including Indonesia. Hence, the country was able to face the effects of change in global financial condition.

These global financial conditions also encouraged higher investment risk premiums in developing countries resulting great withdrawals of foreign investment funds from emerging countries as the markets. Strengthens US dollars caused capital flows / foreign investment to developing countries also fell sharply, which amounted to USD101.16 billion in 2017, becoming USD6.54 billion in 2018.

In the midst of the world economic conditions that had not been conducive, Indonesia's economy in 2018 was relatively good with a growth rate of 5.17% in 2018. Meanwhile, inflation throughout 2018 remained low in the range of 3.07%. Indonesia's economy tended to be quite stable, not apart from monetary policy and the efforts of the Government of Indonesia in driving domestic demand.

Financial system stability was also supported by banking industry that had a strong capital structure, sufficient liquidity and controlled credit risk. Capital adequacy ratio (CAR) was relatively high at 20.96%. The maintained liquidity ratio was quite large, which was equal to 19.3%, and the ratio of non-performing loan (NPL) was still low, which was 2.4% (gross) or 1.0% (net). Banking credit growth increased to 11.75% from 2017 which was 8.2% (YoY). Nevertheless, the growth of the Third Party Fund(TPF) decreased to 6.5% on 2018 from 9.4% in 2017

Strategic Policy Applied by the Company

Strategic policy compiled for the Corporate Plan Restart 2016-2020 became the foundation of the strategic policy established and implemented by the Directors in 2018. Directors also made great improvement steps, so the implementation of the strategy in 2018 could run better than the previous year. In preparing the 2018 strategy,

the Board of Directors had anticipated external factors which might affect the implementation of the strategy. Such anticipatory actions were proven that Bank Mandiri could achieve the target set.

Loans which became the main aspect of Bank Mandiri continued to grow with the quality of well maintained credit assets. In terms of deposits originating from cheap funds (CASA), it faced a little challenge both from interest rates and other external factors.

Development was also carried out on the Bank Mandiri's platform system which was not limited to the development of initiatives products, but also on support systems for banking services, so it could speed up the banking service process. Several initiatives had been taken in the development of Digital Banking products and services facing the development of Fintech as well as becoming efforts to increase Fee Based Income. Bank Mandiri's cost efficiency was still being carried out in every activity without reducing the quality of products and services of Bank Mandiri.

The Board of Directors also realized that the execution of the strategy could be achieved if it was supported by human quality capital. In addition, human capital management focused on facing the digital era and millennial generation was importantly needed. For this reason, Bank Mandiri was consistent that from year to year to conduct employee development program. Next, Bank Mandiri sharpened the core values, namely Trust, Integrity, Professionalism, Customer Focus, Excellence, through improvement Corporate Culture (New Culture). Good Quality of Human capital could support the sustainability of Bank Mandiri's business in the long term objectives.

Performance Analysis of Company's

Operational and Financial Performance

In general, the operational performance of Bank Mandiri continued to show improvement compared to the previous year. The biggest contribution to operational performance of Bank Mandiri was in Existing Core Competence showing that the Corporate Segment was divided into sub segments namely Large Corporate and Middle Corporate and New Core Competence; it was the Retail Banking segment.

In the Corporate-Large Corporate segment, total credit on an annual basis grew 21.66% to reach IDR 302.63 trillion; it increased compared by that in 2017 amounting to IDR 248.75 trillion. Corporate-segment total credit-Large Corporate contributed 36.9% towards Bank Mandiri's total credit. Credit distribution of Retail Banking segment reached IDR 246.57 trillion in 2018, an increase of IDR 23.47 trillion or 10.52% by annual growth. The highest Growth was recorded by the Micro-Retail Banking segment which managed to grow 22.53% to reach IDR102.38 trillion, followed by the Retail Banking-Consumer Loan segment and each of the Retail Banking-Credit Cards segments managed to grow 12.11% and 11.86%. Growth Retail loans also grew with under controlled NPL, which was 1.77%, improving by 76 bps compared to 2017 which was 2.53%.

Corporate loan which became the part of managing the Institutional Relations segment also grew to reach IDR 21.86 trillion, or on an annual basis it grew by 57.72%. Total loan to corporations of Bank Mandiri was the largest number in Indonesia, so Bank Mandiri could be categorized as the category of Domestic-Systemically Important Bank (D-SIB).

In terms of funding, the total Third Party Funds of Corporate-Large Corporate segment reached IDR 127.65 trillion or contributed to 15.18% of total deposits. Whereas, the total Institutional Deposit Funds segment reached IDR 64.16 trillion or an annual growth of 26.60%. Retail Banking segment funds during 2018 successfully recorded growth. Total deposits grew 0.87%, while total cheap funds (CASA) grew 1.37%. This growth was driven by fulfillment of transactional needs and trade transactions from customers in the Retail Banking-SME segment and segment of Micro-Retail Banking obtained from Mandiri Savings, Business Partner Savings (Tab-MU), Business Savings, and Current Account. Despite lower growth rate of Third Party Funds than the previous year, Third Party Funds sustainability level improved along with the change in strategy of Bank Mandiri in pushing TPF growth to be more sustainable, by looking the growth using a base daily balance average. This can be seen from the average balance of bank that grew 7.2% on an annual basis, with an average growth rate savings of 9.6% YoY, average current account of 8.8% YoY, and average deposits of 3.3% YoY.

The achievement of operational performance had an impact on income increase and profit achievement

of company profit. During 2018, Bank Mandiri consolidatedly managed to record a net profit of IDR 25.01 trillion, or on an annual basis it increased by 21.20%. Profit growth was mainly driven by the achievement of fee-based income of IDR 28.44 trillion growing by 20.10% YoY, and net interest income was amounted to IDR 54.62 trillion, which grew 5.07% YoY. Income growth was also accompanied by a decline of CKPN fee of 11.08% YoY. Decreased Allowance for Impairment Losses costs was a reflection of the improvement in credit quality progress, effective collection and discipline credit restructuring. Besides, efficiency initiatives had also been done, so the operational costs could be under control.

Retail segment products that had the most significant growth was transaction volume through Mandiri E-Money which reached 105.78%. Besides, Bank Mandiri was actively expanding the channel of E-Money transactions and created top ups with strategic partners to support customer convenience in using E-Money transactions. Until the end of 2018, Mandiri E-Money was still in the control of chip-based electronic money transaction market share in Indonesia by 70%. Bank Mandiri also supported the implementation of the National Payment Gate launched by Bank Indonesia by offering debit card on a NPG basis.

Bank Mandiri's total assets on an annual basis grew 6.90% reaching IDR 1,202.3 trillion which was mainly driven by credit growth of 12.41% YoY by reaching IDR 820.1 trillion. In terms of capital, Bank Mandiri's total equity reached IDR 184.96 trillion, or on an annual basis it grew by 8.80%. In addition, other key financial ratios also generally showed improvements compared to that in 2017. Return on Equity (ROE) increased by 170 bps or 16.23% and Capital adequacy ratio or CAR bank only was still solid at 20.98%. Efficiency ratio, Cost to Income Ratio (CIR) reached 44.41%, moving down 119 bps compared to the same period last year amounting to 45.60% with coverage ratio reaching 142.80% increasing by 7.71% YoY. Net Interest Margin (NIM) annual went down 11 bps to 5.52%, as a result of changes in the composition of the loan portfolio to the segment with lower risk. However, NIM was still relatively well maintained along with the implementation of a more sustainable fundraising strategy.

Performance achievement was indicated by increasing financial stability that strengthened more solid steps



of Bank Mandiri to become a “One-stop Provider of Financial Solutions” for all of its customers as well as to become a leader in the financial services industry.

Comparison Between Achieved Results and Targeted Results

Bank Mandiri’s consolidated performance during 2018 showed satisfactory performance results, which as a bottom line basis, current year’s net income grew significantly in 20.56% YoY reaching IDR 25.85 trillion, far exceeded the set target of IDR 23.01 trillion. Profit growth was driven by increases Fee Based Income which grew on an annual basis 20.10% reaching IDR 28.44 trillion, cost control operational, and a decrease in Allowance for Impairment Losses costs of 11.08% YoY with improving credit quality owned by the Company. Efforts to improve credit quality showed positive results with the decline in the NPL 66 bps to 2.79% at the end of 2018, or better than the target set at 2.92%, with the coverage ratio maintained at 142.80%.

The efficiency program carried out was also capable in controlling the growth of operational costs of the company, so it did not exceed the budget set. In terms of consolidated credit growth, it was targeted at IDR 818.4 trillion with realization reaching IDR. 820.08 trillion or grew by 12.29%. In terms of fund raising, Bank Mandiri Deposit Funds on an annual basis grew 3.08% or IDR 840.91 trillion, with cheap funds reaching 64.11% of total deposits.

Management of Digital Banking

In order to adjust the needs of the community in digital era, management of Digital Banking at Bank Mandiri was divided into two segments namely Wholesale segments and Retail segments. The division of management aimed that each segment could be more optimal in developing products and services as needed by each segment, including in compiling marketing strategy.

The wholesale product segment which experienced the most significant transaction volume growth was Mandiri Host to Host Payment that reached 198.05% compared to the previous year. This matter was driven by the displacement of customers of the Segment of Large Corporate Mandiri Cash Management users to Host

to Host Payment solution to be able to integrate with the customer’s business process. Then, the transaction performance of Mandiri Bill Collection and Mandiri Auto Debit products was seen in a stable position from a nominal value compared than that in the previous year by registering each transaction volume to increase by 31.91% and 34.64%.

In the Retail Segment, Bank Mandiri developed Mandiri Online Service which became the result service of integrating Mandiri Internet and Mandiri mobile with a more user friendly look. Mandiri Online Service could facilitate customers to do financial transactions anytime through cellular communication device. In Mandiri Online, there were additional features that were not owned by mobile banking and internet banking before. In addition, there were additional levels of security.

At the beginning of 2018, Bank Mandiri launched Mandiri Intelligent Assistant (MITA), which was information service to customers based on chat applications which could be accessed directly by telephone cellular or through the Bank Mandiri website. MITA service would speed up and facilitate interaction between the customer and the bank in particular to find out information about products, services, promotions, ATMs locations and branches at any time.

Constraints Faced by the Company and Steps of Completion

In carrying out operational activities, Bank Mandiri also faced various obstacles, both from external and internal. Related to constraints from internal, Bank Mandiri still faced several problems that the level of credit growth had not been sustainable compared to major competitors and yet managed to maintain performance consistently in the long term objective. Another obstacle that had not been countered was the reorganization through distribution network transformation with the readiness of supporting infrastructure.

In addition, from the external side, the development of non-bank digital finance service specifically originating from Fintech startup company had changed the map of financial industry competition, in which the ability of Fintech in providing financial services / transactions had become better banking domain. To answer the

challenge, Bank Mandiri continued to try to optimize the role of its subsidiary company namely Mandiri Capital Indonesia (MCI) as a bridge between investors and entrepreneurs in the fintech industry that was growing rapidly, so it could keep up banking business sustainability.

Some parts of Bank Mandiri's credit growth in 2018 were mostly supported by Large Corporate and new core credit loans (consumer segment and payroll business). Meanwhile, Middle Corporate and SME segments was still focused on consolidation in the context of improvement of credit quality. It is expected that in 2019, Commercial credit segments and SME could grow to single digits again with improved credit quality. Several effort had been done such as by improving the credit process which was supported by the determination of the right and better target market as well as better management of portfolio mix.

Increasing in benchmark interest rates over the past year also contributed to a decrease in net interest banking margins. This was also indicated by the yield which continued to be depressed due to increasing competition in the market. To anticipate the potential decline in such margins, Bank Mandiri had proactively taken various strategic steps, including reducing cost of funds, managing the composition of the loan portfolio to get optimal yield, increasing contribution of fee income (non interest income), and improving operational efficiency.

Analysis of Business Prospects

Global and domestic economy in the year of 2019 was estimated to have no significant change. China's economic growth was estimated to continue to slow down. Momentum of improvement of the US economy was also predicted to weaken. IMF in 2018 World Economic Outlook predicted that the economy in the US and China would grow, each amounting to 2.5% and 6.2%, lower than that estimated growth in 2018 which was 2.9% and 6.6%. Some other major countries, like Japan and countries that became the members of the European Union were also predicted to grow lower in 2019 compared to 2018. In addition, the normalization process of monetary policy in the US was still estimated to continue, which would also be followed by the Central Bank of Europe. This would have an impact on still high exchange rate volatility, especially the currencies in

developing countries (emerging markets). Besides, the continuation of the US-China trade war also contributed to add uncertainty to the global economic outlook in 2019.

In the midst of slowing global economic growth, Bank Mandiri believed that the national economic conditions in 2019 would be better than that in 2018. The Indonesian economy was estimated to grow 5.20% in 2019, slightly higher compared to that in 2018. Hence, Bank Mandiri estimated to reach 5.16%. This was supported by better growth in household and private sector investment spending, and more effective government spending. In addition, Bank Mandiri believed that the CAD ratio against GDP in 2019 would be smaller compared to that in 2018. Bank Mandiri estimates that CAD in 2019 would decline to 2.57% of GDP, lower than the Bank Mandiri's estimation in 2018 which was 2.87% of GDP.

In line with improving domestic economic condition, national banking credit growth would also grow higher. Bank Mandiri estimated banking credit and third party deposits in 2019 respectively would grow by 10.5% and 9.8%, higher than that estimated in 2018 which was equal to 10.2% and 9.7%.

Improving the national economy and banking showed that the business prospects of Bank Mandiri would go forward very well. However, high challenges in the global economic environment encouraged Bank Mandiri to remain selective in its own right to choose a strategy so that business opportunities could be captured properly.

Bank Mandiri was optimistic that the business prospects of Bank Mandiri would be very good. This was supported by the strength owned by Bank Mandiri, including:

- Strong capital and ready to face implementation of Basel III.
- Bank Mandiri access to the capital market which was could be used well when Bank Mandiri needed alternatives funding of non long term TPF and the need for increased capital.
- Wide number of physical and electronic distribution networks that had spread throughout Indonesia.
- A large and diverse customer base as diversification of broad business segmentation, through development and synergy between business segments and Subsidiaries.
- Having One Stop Banking services through Mandiri Group, with 10 (ten) Subsidiaries to penetrate

- products and services of Non-Bank finance throughout the Bank Mandiri network.
- Some of the main Subsidiaries were leading companies and pioneers in each Industry.

Development of Corporate Governance Implementation

Bank Mandiri remained consistent in implementing Good corporate governance (GCG) and guaranteed quality improvement in implementing GCG. This could be seen from governance outcomes that increased from year to year. Both operational and financial performance showed continuous growth which became the result of GCG implementation.

In maintaining consistency, Bank Mandiri always measured the quality of GCG implementation, both carried out independently (self assessment) for each semester and asked third parties to get more independent assessment results. Criteria used in conducting self assessment was based on the Circular Letter of Financial Services Authority No. 13/SEOJK.03/2017 concerning Implementation Governance for Commercial Banks. This self-assessment was intended to map strength and weaknesses on the implementation of governance in Bank Mandiri, which were grouped in governance structure, process, and outcome.

The results of self assessment of the first semester in 2018 obtained feedback from the Financial Services Authority and obtained the value of 2 (two) indicating that management of the Company had implemented good governance in general. This was reflected in adequate principles fulfillment of governance. In terms of the weaknesses in the application of governance principles management, in general these weaknesses were not that significant. While second semester 2018 self assessment obtained a value of 1 (one) or very good.

The results of the self assessment indicated that there were still some weaknesses that needed to be followed up. Related to governance structure, Bank Mandiri was currently improving the quality of the inside information technology infrastructure to support the operations of the Company. In the year of 2018, Bank Mandiri already owned Mandiri Cloud which was expected to increase the information technology support for business processes.

In terms of the governance process, Bank Mandiri always increased employees' awareness on culture compliance so that it could minimize the occurrence of compliance risk in the future.

Associated with evaluating the implementation of GCG conducted by an independent party, Bank Mandiri followed the Governance Perception Index research program and ranking held by The Indonesian Institute of Corporate Governance (IICG). Governance Perception Index was followed by public companies (issuers), State-Owned Enterprises, banks and other private companies. Bank Mandiri had consistently followed Governance Perception Index assessment for 15 (fifteen) consecutive years since 2003. The results of the Governance Perception Index assessment was used by Bank Mandiri to conduct an evaluation and improvement of GCG implementation. Mandiri Bank obtained the title of "The Most Trusted Company" in the assessment of the Governance Perception Index in 2018 with a value of 93.86.

External party assessment was also carried out by ASEAN Capital Market Forum (ACMF) using ASEAN Corporate Governance Scorecard. In the year of 2018, Bank Mandiri managed to get ASEAN TOP 50 Public Listed Companies (PLCs) based on application of GCG according to the ASEAN CG Scorecard. In addition, Bank Mandiri managed to become the TOP 3 PLCs in Indonesia. The achievement of Bank Mandiri was announced in the 2nd ASEAN Corporate Governance Award Ceremony in Kuala Lumpur, Malaysia, on November 21, 2018.

Bank Mandiri had also received external recognition to the implementation of the gratification control system. Bank Mandiri had been selected as a State-Owned Enterprise with the Best Gratuity Control System by Corruption Eradication Commission for 3 (three) years consecutively from 2016 to 2018.

Performance Assessment of Committees under the Board of Directors and Its Basis of Assessment

In carrying out its management duties, the Board of Directors was also assisted by Committees under the Board of Directors or referred as Executive Committees divided into 9 (nine) Committees, as follow:

1. Assets and Liabilities Committee (ALCO)
2. Business Committee (BC)
3. Capital and Subsidiaries Committee (CSC)
4. Human Capital Policy Committee (HCPC)
5. Information Technology Committee (ITC)
6. Integrated Risk Committee (IRC)
7. Policy and Procedure Committee (PPC)
8. Risk Management and Credit Policy Committee (RMPC)
9. Credit Committee/Credit Committee Meeting (RKK)

During 2018, the Board of Directors considered that the committee under the Board of Directors had carried out their duties and responsibility well.

Assets and Liabilities Committee (ALCO) was committee established to assist the Directors in carry out the function of determining management strategies of assets and liabilities, setting interest rates and liquidity, as well as other matters related to management of the Company's assets and liabilities, as well as monitoring and implementatiing of the Recovery Plan when Bank Mandiri was in a state of financial crisis / pressure. During 2018, ALCO implemented 9 (nine) meetings and carrying out their duties well.

Business Committee was a committee formed to assist the Board of Directors in determining strategies of integrated business management of the Company, product arrangement and/or activity of Bank Mandiri and the determination of marketing strategies and communication effectiveness in the wholesale banking and retail banking fields. During 2018, BC had conducted 19 (nineteen) meetings and carried out great performance.

Capital and Subsidiaries Committee (CSC) was a committee established to assist the Directors in the management of Subsidiaries, such as to stipulate strategies for managing Subsidiaries, equity participation, release of capital, determination of members of the Board of Directors and /or member of the Board of Commissioners of the Subsidiary and remuneration for Members of the Board of Directors and / or Members of Board of Commissioners of Subsidiaries. During 2018, CSC had carried out its duties related to staffing which was discussed and decided at the Board of Directors' Meeting and already carried out the duties properly.

Information Technology Committee (ITC) was committee established to assist the Directors in stipulation of IT strategic plan and IT budgeting, stipulation of strategic IT projects and IT security. During the year 2018, ITC conducted 6 (six) meetings and carried out the duties well.

Integrated Risk Committee (IRC) was a committee to assist the Directors in preparation of Integrated Risk Management policies and repairs or improvements of Integrated Risk Management policy based on the evaluation results. During 2018, IRC held 4 (four) meetings and had carried out the duties properly.

Policy and Procedure Committee (PPC) was committee formed to discuss and recommend to the Directors in the preparation and / or policy adjustments / improvements of Bank Mandiri and to establish Bank Mandiri procedures including Human Capital policies and procedures as well as to discuss and decide on giving authority to Bank Mandiri officials (ex-officio). During the year of 2018, PPC had carried out 18 (eighteen) times meeting and carried out the duties properly.

Risk Management Committee (RMC) was a committee formed to assist the Directors in discussing and recommending policies, as well as establishing procedures and monitoring risk profiles, and managing all of Bank Mandiri's risks integrated with detailed scope of assignments, authority and responsibility. Based on the letter of Directors Decree No. KEP.DIR/68/2018 per date September 29, 2018, Risk Management Committee had been adjusted to expand its scope to Risk Management & Credit Policy Committee (RMPC). During 2018, RMC held 9 (nine) meetings and RMPC held 1 (one) meeting and had carried out the duties properly.

Credit Committee was a committee assisted the Board of Directors in deciding the granting of loans (new, additional, decreasing and/or extending) managed by the Business Unit according to the limits of authority, including stipulation / change of credit structure. The Loan Committee had held meetings of 441 (four hundred forty one) times for the Large Corporate segment and 503 (five hundred three) times for the Middle Corporate segment and had implemented the duties well.

Changes in the Composition of the Board of Directors

In 2018, the number and composition of the Board of Directors experienced several changes with the composition as follows:

Period January 1 – March 21, 2018

The composition of the Board of Directors of Bank Mandiri for the period January 1 – March 21, 2018 consisted of 10 (ten) people Board of Directors covering of 1 (one) Managing Director, 1 (one) Deputy Managing Director and 8 (eight) Directors.

Table of Composition and Basis for Appointed Directors

Name	Position	Executive	Grounds for the Appointment	Operational Effective Date
Kartika Wirjoatmodjo	President Director	Financial Service Authority	Annual GMS dated March 21, 2016	May 17, 2016
Sulaiman Arif Arianto	Deputy President Director	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Ogi Prastomiyono	Director of Operations	Bank Indonesia	Annual GMS dated May 29, 2008	December 24, 2008
Royke Tumilaar	Director of Wholesale Banking	Bank Indonesia	Annual GMS dated May 23, 2011	July 25, 2017
Hery Gunardi	Director of Distributions	Financial Services Authority	Annual GMS dated April 2, 2013	July 4, 2013
Tardi	Director of Retail Banking	Financial Services Authority	Annual GMS dated March 16, 2015	September 22, 2015
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Kartini Sally	Director of Kelembagaan	Financial Services Authority	Annual GMS dated March 16, 2015	June 10, 2015
Rico Usthavia Frans	Director of Digital Banking & Technology	Financial Services Authority	Annual GMS dated March 21, 2016	July 20, 2016
Darmawan Junaidi	Director of Treasury	Financial Services Authority	Extraordinary GMS dated August 21, 2017	January 12, 2018

Period March 21 – December 31, 2018

In 2017 Bank Mandiri Annual General Meeting of Shareholders ("2017 GMS") the Directors changed the following changes to the Directors' Nomenclature, which approved the appointment of Panji Irawan as Director of Finance, Alexander Askandar as Director of Institutional Relations, Donsuan Simatupang as Director of Agus and Retail Banking Dwi Handaya as Compliance Director. Furthermore, the 2017 AGM decided the termination of Tardi's tenure as Banking Director, Kartini Sally as Institutional Director and with the appointment of Agus Dwi Handya as Compliance Director, and Ahmad Siddik Badruddin was subsequently appointed as Director of Risk Management. Changes in the number of Directors and changes in the Directors' Nomenclature had met the needs of the Company.

The composition of the Board of Directors of Bank Mandiri for the period March 21 - December 31, 2018 consisted of is 11 (eleven) people Board of Directors covering 1 (one) President Director, 1 (one) Deputy President Director and 9 (nine) Directors.

Table of Composition and Basis for Appointed Directors

Name	Position	Executive	Grounds for the Appointment	Operational Effective Date
Kartika Wirjoatmodjo	President Director	Financial Services Authority	Annual GMS dated March 21, 2016	May 17, 2016
Sulaiman Arif Arianto	Deputy President Director	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Royke Tumilaar	Director of Corporate Banking	Bank Indonesia	Annual GMS dated May 23, 2011	July 25, 2017
Hery Gunardi	Director of Small Business & Network	Financial Services Authority	Annual GMS dated April 2, 2013	July 4, 2013
Ahmad Siddik Badruddin	Director of Risk Management	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Rico Ustavia Frans	Director of Information Technology & Operation	Financial Services Authority	Annual GMS dated March 21, 2016	July 20, 2016
Darmawan Junaidi	Director of Treasury & International Banking	Financial Services Authority	Extraordinary GMS dated August 21, 2017	January 12, 2018
Alexandra Askandar	Director of Institutional Relationship	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 12, 2018
Agus Dwi Handaya	Director of Compliance	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 12, 2018
Panji Irawan	Director of Finance	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 4, 2018
Donsuwan Simatupang	Director of Retail Banking	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 4, 2018

Closing

Upon the achievement of Bank Mandiri's performance this year, the Board of Directors would like to thank to those who contributed their best. To the honorable shareholders and stakeholders, the Board of Directors would like to thank for the support that had been given. The Board of Directors would like to thank the Board of Commissioners for the supervision and advice given to the Board of Directors, so that the management of Bank Mandiri could run effectively and reached target set. The Board of Directors also thanked all levels of management and employees, thanks to their high dedication to move forward and create great progress together. The performance of 2018 was very good. Hopefully this year's performance will continue to be maintained, and Bank Mandiri always grows in the following years.

Finally, to all respectable customers and business partners, it is a pride for Bank Mandiri to be able to serve you sincerely, and we thank you for the trust given.

One Heart One Mandiri
 Jakarta, April 24, 2019
 On behalf of the Directors



Kartika Wirjoatmodjo
 President Director



Donsuwan Simatupang
Director of Retail
Banking

Panji Irawan
Director of Finance

Darmawan Junaidi
Director of Treasury &
International Banking

Alexandra Askandar
Director of Institutional
Relations

Royke Tumilaar
Director of Corporate
Banking

Ahmad Siddik Badruddin
Director of Risk
Management

Kartika Wirjoatmodjo
President Director

Sulaiman Arif Arianto
Vice President Director

Hery Gunardi
Director of Small &
Network Business

Rico Usthavia Frans
Director of Information
& Operations Technology

Agus Dwi Handaya
Director of Compliance

Riduan
Director of Commercial
Banking^{*)}

^{*)} Appointed in Extraordinary General Meeting of Shareholders 2019

Responsibility for the 2018 Annual Report

We, the undersigned, hereby certify that all the information presented in this Annual Report of PT Bank Mandiri (Persero) Tbk. Year 2018 has been written comprehensively and that we shall assume full responsibility for the accuracy of this Company's Annual Report.

This statement is made correctly.

Jakarta, April 24, 2019

Board of Directors



Kartika Wirjoatmodjo
(President Director)



Sulaiman Arif Arianto
(Vice President Director)



Royke Tumilaar
(Director of Corporate Banking)



Hery Gunardi
(Director of Small & Network Business)



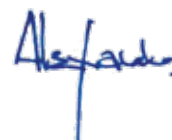
Ahmad Siddik Badruddin
(Director of Risk Management)



Rico Usthavia Frans
(Director of Information & Operations Technology)



Darmawan Junaidi
(Director of Treasury & International Banking)



Alexandra Askandar
(Director of Institutional Relations)



Agus Dwi Handaya
(Director of Compliance)



Panji Irawan
(Director of Finance)



Donsuwan Simatupang
(Director of Retail Banking)

Board of Commissioners



Hartadi Agus Sarwono

(President Commissioner/Independent Commissioner)



Imam Apriyanto Putro

(Deputy President Commissioner)



Askolani
(Commissioner)



Bangun Sarwito Kusmulyono
(Independent Commissioner)



Goei Siau Hong
(Independent Commissioner)



Ardan Adiperdana
(Commissioner)



Makmur Keliat
(Independent Commissioner)



R. Widyo Pramono
(Commissioner)

Company Profile

As of December 31, 2018 Bank Mandiri has 1 Head Office, 17,376 ATM and 2,848 office networks consisting of branch offices, sub-branch offices, overseas offices, cash offices and other office networks such as payment points, mobile cash and micro mobile cash.

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Strong Mandirian



Company Identity

Company Name	PT Bank Mandiri (Persero) Tbk.
Short Name	Bank Mandiri
Line of Business	Banking
Date of Establishment	October 2, 1998
Legal Basis of Establishment	Deed No. 10 dated October 2, 1998, made before Sutjipto, S.H., a Notary, and has been approved by the Minister of Justice of the Republic of Indonesia Number. C26561. HT.01.01 TH 98 dated October 2, 1998, as well as has been announced in the State Gazette of the Republic of Indonesia Number. 97 dated December 4, 1998, and its Supplement Number. 6859.
Shareownership	The Government of the Republic of Indonesia 60% Public 40%
Authorized Capital	IDR16,000,000,000,000 (sixteen trillion Rupiah) consisted of 1 (one) Series A Dwiwarna share and 63,999,999,999 (sixty three billion nine hundred ninety-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) Series B shares, each having a nominal value of IDR250 (two hundred and fifty Rupiah).
Issued and Fully Paid-up Capital	IDR11,666,666,666,500 (eleven trillion six hundred sixty six billion six hundred sixty-six million six hundred sixty-six thousand and five hundred Rupiah) consisted of 1 (one) Series A Dwiwarna with a nominal value of IDR250 (two hundred and fifty Rupiah) and 46,666,666,665 (forty six billion six hundred sixty-six million six hundred sixty-six thousand six hundred sixty-five) Series B share with a nominal value of IDR250 (two hundred and fifty Rupiah). After the stock split that was effective since September 13, 2017.
Listing on Indonesia Stock Exchange	July 14, 2003
Stock Code	BMRI
SWIFT Code	BMRIIDJA
Office Network Data	<ul style="list-style-type: none"> 1 Head Office 139 Branch Offices 11 Subsidiaries 2,321 Sub-Branch Offices 172 Cash Offices 17,376 ATM 7 Overseas Branch Office 3 Sub-subsidiaries



Number of Employees	December 2018 39,809 person
Corporate Secretary	Rohan Hafas Telp. : 62-21 524 5299 Fax : 62-21 526 3460 Email : corporate.secretary@bankmandiri.co.id
Head Office Address	Plaza Mandiri Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA Telp. : 62-21 5265045 Fax : 62-21 5274477, 527557
Website	www.bankmandiri.co.id
Call Center	14000 ; (021) 52997777
Contact Address	Corporate Secretary Email : corporate.secretary@bankmandiri.co.id Investor Relation Email : ir@bankmandiri.co.id website : ir.bankmandiri.co.id Customer Care Email : mandiricare@bankmandiri.co.id Media Sosial Facebook : Bank Mandiri Twitter : @bankmandiri Instagram : bankmandiri
Subsidiaries	PT Bank Syariah Mandiri PT Mandiri Sekuritas PT Mandiri Tunas Finance PT Mandiri AXA General Insurance PT AXA Mandiri Financial Services PT Bank Mandiri Taspen Mandiri International Remittance Sdn. Bhd. Bank Mandiri (Europe) Limited PT Asuransi Jiwa Inhealth Indonesia PT Mandiri Utama Finance PT Mandiri Capital Indonesia
Sub-subsidiaries	PT Mandiri Manajemen Investasi Mandiri Securities Pte Ltd PT Mitra Transaksi Indonesia

Company Brand

Brand identity of Bank Mandiri consists of a symbol, letter logo, color and tagline. In short, each item can be explained as follow:



Brief History of The Company

PT Bank Mandiri (Persero) Tbk. hereinafter referred to as “Bank Mandiri” was established on October 2, 1998 in the Republic of Indonesia under notary deed of Sutjipto, S.H., Number. 10 in conjunction to Government regulation No. 75 Year 1998 dated October 1, 1998.. The Deed of Establishment was ratified by the Minister of Justice of the Republic of Indonesia in Decree No. C2-16561.HT.01.01.TH.98 dated October 2, 1998, and was announced on Supplement No. 6859 in State Gazette of the Republic of Indonesia No. 97 dated December 4, 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Exim Bank”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as “Merged Bank”). Based on Article 3 of the Articles of Association of Bank Mandiri, the scope of activities of Bank Mandiri is to conduct business in the banking sector in accordance with the applicable laws and regulations. Bank Mandiri started its operations on August 1, 1999.

Articles of Association of Bank Mandiri have been amended several times, as lastly amended based on the Deed of Resolutions of the Annual General Meeting of Shareholders No. 21, dated April 11, 2018, made before Ashoya Ratam SH, Mkn, Notary in South Jakarta, in connection with the Ministry of State-Owned Enterprises Program (“SOE”) to standardize the Articles of Association of public SOEs. The Amendment was informed to the Minister of Justice and Human Rights of the Republic of Indonesia as specified in Letter No. AHU-AH.01.03-0172245 on the Receipt of Announcement on the Amendment to the Company’s Articles of Association of PT Bank Mandiri (Persero) Tbk., dated April 30, 2018, and was also listed in Company Register No. AHU-0061310.AH.01.11. Year 2018 dated April 30, 2018.



Information on Business Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as “the Government”) announced a plan to restructure the Merged Bank. In connection with the restructuring plan, the Government established Bank Mandiri in October 1998 by depositing cash and transferring Government shares to the Merged Bank. The difference between the transfer price and book value of shares at restructuring period was not calculated due to impracticality. All losses incurred during the restructuring period were recognized in the Recapitalization Program.

The restructuring plan was designed to incorporate the Merged Banks’ business into Bank Mandiri in July 1999 and Bank Mandiri’s recapitalization. The restructuring of the Merged Bank into Bank Mandiri includes :

- Restructuring of Loan;
- Restructuring of Non-credit assets;
- Rationalization of domestic and overseas branch offices;
- Rationalization of human resource.

Under the notarial deed made by Sutjipto, S.H., No. 100 dated July 24 , 1999, the Merged Banks were legally incorporated into Bank Mandiri. The Deed of Merger was ratified by the Minister of Justice of the Republic of Indonesia under the Decree No. C-13.781.

HT.01.04.TH.99 dated July 29, 1999 and approved by Bank Indonesia Governor under the Decree No. 1/9/KEP.GBI/1999, dated July 29, 1999. Such merger was deemed valid by the Head of Department of Industry and Trade of South Jakarta through Decree No. 09031827089 dated July 31, 1999 that was an effective date of the merger.

On the effective date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the Surviving Bank;
- All operations and business activities of the Merged Banks were transferred and operated by Bank Mandiri;
- Bank Mandiri received an additional paid-in capital amounting of IDR1,000,000 (one million Rupiah) (full value) or equivalent to 1 (one) share of the remaining shares owned by the Government in each Merged Banks.

On such effective date, the Merged Banks were legally dissolved without any liquidation process and Bank Mandiri as the Surviving Bank received all rights and liabilities of the Merged Banks.

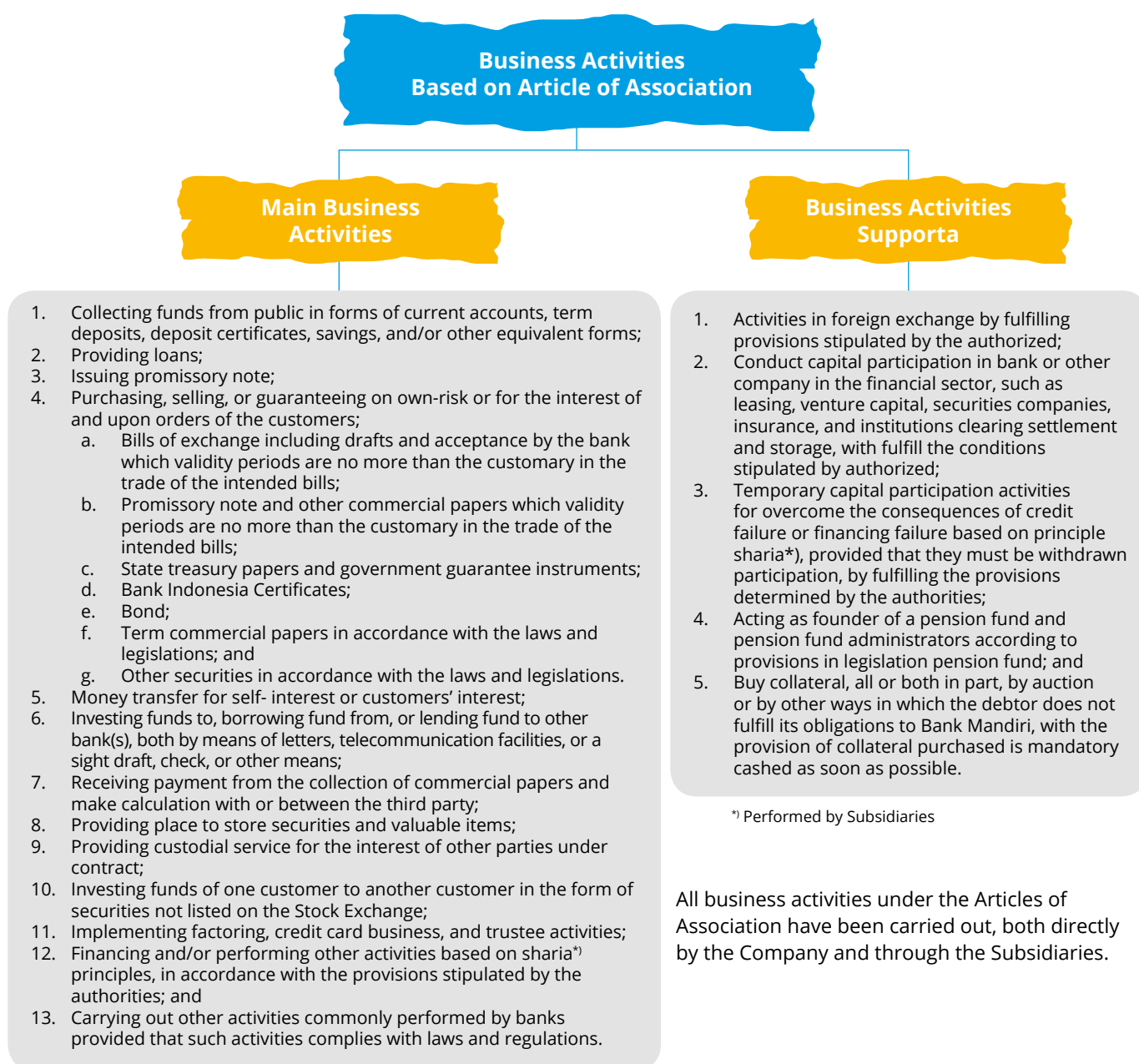
Information of Name Change

In accordance with the brief history description, Bank Mandiri never changes its name since it was first established to date. However, the bank has made changes to its original status of a company from private company to a public company so that the company name become PT Bank Mandiri (Persero) Tbk. This amendment was effective on April 19, 2004 in accordance with the Decree of Senior Deputy Governor of Bank Indonesia No. 6/11/KEP.DGS/2004 dated April 19, 2004.

Line of Business

Business Activities According to The Article Association and Business Activities Conducted

Based on Article 3 of the Articles of Association of Bank Mandiri, the scope of activities of Bank Mandiri is to conduct business in banking sector according to the applicable laws and regulations. Information on business activities based on Articles of Association on the scope of the Company's activities are :



Products and Services

Bank Mandiri's business activities include a variety of deposit products, loan products, and various services described below.

Individual

Savings

Savings in Rupiah Currency

Savings account in Rupiah currency for individual customers that can be opened, paid, or withdrawn in all Bank Mandiri Branches.

Savings in Foreign Exchange

Savings in foreign currencies for individuals who provide benefits, ease and convenience in transactions while investing to meet customer needs. It is equipped with Internet Banking, Mobile Banking, and Phone Banking services with balance inquiry function and transfer transaction in same currency. Mandiri Deposit in Foreign Exchange is available in 8 (eight) types of currency namely USD, SGD, JPY, EUR, CHF, GBP, AUD and HKD.

Mandiri Plan Saving

This product is a savings account with Mandatory Monthly Deposit for a specified period of time. This product also comes with insurance coverage.

Tabunganku

This is a savings for Individuals. This savings comes with simple and convenient requirements and jointly organized by banks in Indonesia. It aims to foster saving culture and improve the community welfare.

Deposit In Rupiah Currency

Time deposit products in the form of rupiah, which can only be withdrawn at a certain time period according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Rupiah can be opened via all Bank Mandiri Branches and e-banking (Mandiri Online).

Freedom from administration fees with Mandiri tabunganMU



Deposito Valas

Time deposit products in the form of foreign currencies whose withdrawals can only be made within a certain period of time according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Rupiah can be opened via all Bank Mandiri Branches and e-banking (Mandiri Online).

Saving Service

There is Autodebit Service for the payment of regular monthly bills, Automatic Fund Service for automatic regular fund transfers, and the transaction can be done through Mandiri SMS, Mandiri Online, Mandiri Call.

Loan

Micro Multipurpose Credit

Financing facilities provided to individual customers who have a fixed income or permanent profession, retirees or to certain target markets to finance various kinds of needs. This financing facility can be used for various needs such as: education, marriage, health, home renovation and other family needs.

Motorcycle Loan

A motor vehicle financing facility for individual customers which is processed through Mandiri's subsidiary, i.e. Mandiri Tunas Finance and Mandiri Utama Finance.

- **Mandiri Regular Motor Vehicle Loan**
New Motorcycle financing facilities for the purchase of passenger car and motorcycle categories.
- **Mandiri Multipurpose Motor Vehicle Loan**
Financing facilities for the purchase of goods and services with vehicle collateral, in the form of a passenger car or motorcycle category owned by the customer.

Housing Loan

Consumptive loan provided by the bank to individuals for financing the purchase of new or old house, covering residence/shophouse/office house, apartment.

- **Mandiri KPR Milenial**
Financing the purchase of a house / apartment intended for millennial age communities with a larger credit limit benefit compared to regular KPR because they consider increasing income per year.

- **Mandiri KPR Take Over**
A feature of Mandiri KPR, i.e. the takeover of similar housing loan from another bank, with maximum credit limit of the current outstanding value at the originating bank or to the amount of the new credit limit according to the bank's calculation.
- **Mandiri KPR Top Up**
feature of Mandiri KPR, i.e. the addition of credit limit to existing Mandiri KPR with fixed loan tenure or additional loan tenure so that the additional limit can be used to meet other necessities.
- **Mandiri KPR Multiguna**
Consumptive loan provided by the bank to individuals by using residence/shop house/ office house/apartment used for consumptive needs.
- **Mandiri KPR Multiguna Take Over**
The feature of Mandiri KPR Multiguna is in the form of the takeover of similar loans with Mandiri KPR Multiguna from other banks or companies that have been running for a certain period of time, with a maximum credit limit according to the Bank's calculation.
- **Mandiri KPR Multiguna Top Up**
The credit limits top-up for the Mandiri KPR Multiguna credit facility that has been running for a certain period of time that was used for the consumptive needs.
- **Mandiri KPR Duo**
A feature of Mandiri KPR used for the purchase of new residence/ apartment/shophouse at developer's project as well as the purchase of car/motorcycle/ furniture/home appliances.
- **Mandiri KPR Flexible**
A feature of Mandiri KPR which is used for the purchase of residence/ shophouse/office house/ apartment with flexible installment (revolving) for a certain period of time or partially certain period of time from the credit limit earned.
- **Mandiri KPR Angsuran Berjenjang (Mandiri Tiered Installment Housing Loan)**
A feature of Mandiri KPR that is intended only for employees / professionals for the purpose of purchasing a house that provides relief in the form of delaying payment of a portion of the principal installments until a certain year, then installments return to normal (installments of principal and interest).

BUMN
Bantu untuk maju

mandiri

muda beli rumah dengan mandiri kpr milenial

Penawaran spesial untuk pegawai Bank Mandiri dalam memiliki rumah impian melalui program kpr milenial dengan promo suku bunga kompetitif dan berbagai benefit lainnya.

cicilan ringan | tanpa DP* | tenor panjang | limit lebih besar

#MUDA BELI RUMAH

#mudabelirumah #rumahimpianjadinyata

saatnya miliki kendaraan impian dengan mandiri kkb

- Suku Bunga Rendah
- Persyaratan Mudah
- Proses Cepat

14000



Kartu Kredit

Travel

- **Visa Signature**
Credit card for the convenience of customers during traveling for holidays and business, outside and inside their country.
- **SKYZ Card**
Credit card which offers a number of benefit and programs to meet customers' traveling needs.
- **JCB Precious**
A credit card product that supports the lifestyle of the present-time cardholders, with the main benefits for traveling and online transaction.

Automotive

- **Mandiri Pertamina Card**
Credit card products for customers who are very concerned about the convenience of driving and for other needs related to vehicles and daily expenses.

Golf

Mandiri Golf Signature/Platinum/Gold

Credit card specially presented for golf enthusiasts.

Lifestyle

- **Mandiri Visa Gold Card**
Credit card products to meet Gunakan Terus mandiri kartu kredit Anda customers' daily transactions.
- **Mandiri Visa Platinum Card**
Credit card products that are appropriate for customers' modern lifestyle, such as dining, shopping, and other lifestyle needs.
- **Everyday Card**
Credit card products to meet customers' daily transactions. This product is not marketed, only maintains renewal.

Hypermart

Credit card with additional benefit for each purchase of groceries and household goods in Hypermart.

World Elite

Credit card product provided specially for Bank Mandiri's private banking customers, giving only the best service facilities and rewards.

Investment and Assurance

Mutual Funds

- **Money Market Mutual Funds**
Investment products with 100% placement of funds in money market instruments (deposits, tenor bonds <1 year, etc.).
- **Fixed Income Mutual Funds**
Investment products with placement of funds of at least 80% in bond instruments.
- **Balanced Mutual Funds**
Investment products with a maximum placement of funds of 79% in shares and / or bonds.
- **Share Mutual Fund**
Investment products with placement of funds of at least 80% in share instruments.
- **Protected Mutual Funds**
Investment products that provide protection for the initial investment (principal) through managing the portfolio mechanism.
- **Index Mutual Fund**
Investment products that are managed to obtain investment returns are similar to an index that is used as a reference.

Ori and Sukuk Ritel (Indonesian Retail Bonds and Retail Sukuk)

- **Retail State Bonds**
State Bond sold to an individual/ an Indonesian Citizen through a seller agent with a specified minimum volume.
- **Retail Sukuk**
State Bond issued under sharia principles as proof of participation in State Sharia Securities Assets, sold to individual/an Indonesian Citizen through a seller's agent with a specified minimum volume.

Insurance – AXA Mandiri

- **General Insurance:**

- **Fire Insurance**

This insurance covers damages for the properties of the beneficiaries from disasters such as fire, lightning strikes, explosions, airplane crashes, smokes, and others with extended coverage against natural disaster to guarantee customers' properties.

- **Auto Insurance Bermotor**

This kind of insurance gives protection for customers' personal vehicle with low premium.

- **Mandiri Travel Insurance**

This insurance covers the beneficiaries from personal accidents, treatment expenses, and any inconvenience suffered when traveling, with protection coverage nearly all over the world.

Health Insurance – Mandiri Inhealth

- **Health and Protection:**

- **Mandiri Jiwa Sejahtera**

This product provides protection against life indeterminacy, such as death, with the minimum premium of Rp1.5 million/USD 300 per year.

- **Mandiri Jiwa Prioritas**

This product offers the benefits of life protection for death risk, with the flexibility in determining premium, and the Coverage starting from Rp2 billion according to the customer's needs. As a part of customer convenience, this product provides a free medical check up service for the beneficiary with Coverage up to Rp3 billion.

- **Mandiri Mikro Sejahtera**

This is a micro insurance product for micro customers of Bank Mandiri, that provides death benefit for the risk of accidents or nonaccidents.

- **Mandiri Secure Plan**

This is a life protection product with the accidental death benefits amounting to 200% of the coverage, and return of premium in the end of the 5th year and end of the 10th year amounting in total to 110% of the total premium paid in 5 years, assuming that the policy is active and no claim is filed during such period.

- **Mandiri Heart Protection**

This is a product with the benefits of protection against heart attack, stroke, and death due to any cause, with the return of premium paid in the 10th (tenth) anniversary of the Policy Date as the benefit, with the total return of 105% of the total premium paid in 10 years, assuming that the policy is active and no claim is filed during such period.

- **Mandiri Kesehatan Prima**

This is a product that offers health protection benefit by providing access to health service in hospitals and reputable doctors all over the worlds and reimbursement for inpatient expenses as well as international emergency medical assistance at any moment (24 hours x 7 days).

- **Mandiri Jaminan Kesehatan**

This is a product that offers health protection benefit that covers reimbursement for inpatient hospital room daily expense, ICU expense, surgery expense, up to the hospital travel expense, and 100% Return of premium paid assuming that no claim is filed in the period of 5 consecutive years.

- **Mandiri Hospital Life**

This is a product that offers health protection benefit for all family members by providing Coverage on death risk of 100% total return of premium paid in the first to fourth year, benefit for hospital inpatient care, benefit for inpatient care due to tropical diseases.

- **Mandiri Proteksi Kanker**

This is a product that provides cash benefit of up to Rp250 million in the event that the beneficiary is diagnosed with or deceased due to cancer. This insurance also gives premium discount of 10% in the first year, return of 25%, 50%, and 100% henceforward of the premium paid, assuming that no claim is filed until the end of the 3rd (third) year, 6th (sixth) year, 9th (ninth) year, and every 3 (three) years forward.

General Insurance Jiwa Sejahtera – Mandiri AXA General Insurance

- **Regular Premium Unit Link:**

- **Mandiri Elite Plan**

It is a product that provides comprehensive protection complemented with features that will optimize life protection and profits of investment, with loyalty bonus as the benefit offered, given starting from the end of the 5th year since the Policy Date, to the end of the 8th (eighth) year.

- **Mandiri Sejahtera Mapan**

This is a product that provides comprehensive protection for the beneficiary until his/ her age gets to 100 years, complemented with choices of supplementary insurance and investment fund that suit the customer's need.

- **Mandiri Sejahtera Mapan Syariah**
This is a product that provides benefits of comprehensive life protection in the form of investment for financial planning which is designed in accordance with the principles of sharia for the customers of Bank Mandiri in order to avoid uncertainty (gharar), gambling, usury, bribery, non-sharia compliant goods, and non-sharia compliant conducts in the event of misfortune.
- **Mandiri Sejahtera Cerdas**
It is a product to assist the customers of Bank Mandiri in financial planning to ensure that the education financial for their children is wellprepared, supplemented with protection that covers the risk of death and total permanent disability, and flexibility in determining Premium and Coverage.
- **Single Premium Unit Link:**
 - **Mandiri Investasi Sejahtera Plus**
This product offers the benefits of life insurance amounting to 125% of single premium for death risk, with investment. The single premium payment system of this product offers loyalty bonus given starting from the end of the 10th(tenth) year and every 5 years forward.
 - **Mandiri Investasi Sejahtera Plus Syariah**
This product provides life insurance against death risk, in the form of investment managed according to sharia principles to assist in financial planning, free from



any uncertainty (gharar), gambling, usury, bribery, non-sharia compliant goods, and non-sharia compliant conducts.

E-Banking

Mandiri SMS

This product is an e-banking service to access account using mobile/HP. This transaction may be made via Mandiri SMS i.e. Financial and nonfinancial transactions.

Mandiri Online

This product is an integrated service between Mandiri Internet and Mandiri Mobile. It comes with a new update to provide more comfort and convenience in providing information and conducting financial transaction activities.

Mandiri E-Money

This is a chip based Electronic Money issued by Bank Mandiri instead of paying in cash for payment transaction.

Mandiri E-Cash

This is a server based e-money utilizing application technology available in handphone and USSD enabling the users to make banking transaction without opening account at Bank Mandiri branches.

Mandiri Pay

An innovation in form of e-wallet for electronic payment using QR CODE technology. In this application,



user may use several choices of funding sources for transactions, including E-cash, Bank Mandiri Debit Card, and Bank Mandiri Credit Card.

MANDIRI ATM

The banking service through the Mandiri ATM machines, by using the Mandiri Debit Card to access the Mandiri Saving account or Mandiri Current Account.

Business

Savings

Savings Business

This product is a savings product intended for individual or non-individual business persons. It comes with features and benefits i.e. ease of transactions with Mandiri Debit Bisnis and Mandiri Internet Business, transaction details on savings book, sweep and auto debit services.

Deposit in Rupiah Currency

This product is a time deposit in rupiah currency. The withdrawal may only be made at a certain period according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Rupiah can be made via Bank Mandiri branches and e-banking (Mandiri SMS, Mandiri Internet, or Mandiri Call). Mandiri Deposito Rupiah provides comfort and security in investment. It comes with competitive interest rates and various other benefits.

Deposit in Foreign Exchange

This product is temporary saving product in which the withdrawal may only be made at a certain period according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Valas can be made via Bank Mandiri branches and e-banking (Mandiri SMS, Mandiri Internet, or Mandiri Call for USD). Mandiri Deposito Valas provides comfort, security, and benefits in investment. It comes with competitive interest rates and various other benefits.

Giro Rupiah (Rupiah Current Account)

A deposit account in Rupiah that can be withdrawn at any time by using Checks, Bilyet Giro, other payment order facilities or by transfer.

Giro Valas (Foreign Currency Current Account)

A deposit account in foreign currency that can be withdrawn every time by using Letter of Authorization (LOA).

Loan

UMKM (MSME)

- **Work Capital Loan**
Credit facilities provided to meet working capital needs that are exhausted in one business cycle and / or specific working capital requirements such as to finance inventory / accounts / projects or other special needs.
- **Investment Loan**
Credit facility provided to finance the needs for capital goods in order to rehab, modernize, expand, establish new projects and or other purposes pertaining to investments.
- **Kredit Usaha Rakyat (KUR) (People's Business Loan)**
Loan for the financing of feasible yet non-bankable micro, small, and medium enterprises and cooperatives to obtain working capital and/ or investment loan through direct or linkage credit, insured by Credit Insurance Agency.
- **Micro Business Loan (KUM)**
Investment Loan facilities and/or Working Capital Loan facilities for developing micro productive or consumptive business on micro-scale financing facilities can be given to all micro-business owners and household businesses in the form of companies, business groups and individuals (such as traders, farmers, farmers and fishermen).

Corporate

• Work Capital Loan

Credit facilities provided to meet working capital needs that are exhausted in one business cycle and / or specific working capital requirements such as to finance inventory / accounts / projects or other special needs.

• Investment Loan

Credit facility provided to finance the needs for capital goods in order to rehab, modernize, expand, establish new projects and or other purposes pertaining to investments.

Corporate Card

Credit card presented to facilitate business travel transactions of corporate employees. This facility provides convenience for companies in controlling their employees' expenditure.

Cash Management

Mandiri Cash Management

This is an Internet-based e-banking service provided by the Bank for Customers for various financial activities i.e. information access, various transaction types based on current Mandiri Cash Management feature and soon-to-be developed in the future.

Mandiri Bill Collection

This product is a service for company requiring identification of receipt in bulk from Customers while providing payment alternative channel for the Customers.



Mandiri Host To Host Payment

This product is a payment service using account debiting through integration between Bank and Customer system. This service can accommodate format-based Transaction of Online Messaging and Message of File.

Mandiri Auto Debit

This product is a debiting service of fund from Payment Account under the name of Payer addressed to the Biller account under the predefined agreement from the account holder.

Sector Solutions

Mandiri Hospital Application Solution (MHAS)

Digital service provides ease for hospital in running its business process, such as in receiving payment from the patient.

Trade Finance

Financial Supply Chain Management

Financial Supply Chain Management is an on line service that provides transaction ease till business reconciliation of Your Supply Chain.

- **Account Receivable Financing**
An acceleration of billing payment facility provided by

Bank Mandiri for supplier Bank Mandiri customers. Those facilities such as: Supplier Financing, Invoice Financing, PO Financing, and others. This facility can be enjoyed by SOEs Company or Public Company customers with a good reputation, Customers who have a minimum of 50 (fifty) suppliers and Customers with an Outstanding Days Payable maximum of 180 (one hundred and eighty) days.

- **Account Payable Financing**
Deferred Payment facility provided by Bank Mandiri to protect customers' Cash Flow Gap. Those facilities such as: Distributor Financing, and eBiz Financing. These facilities can be enjoyed by customers, such as: A reputable company that has a wide share market, customers who have a minimum of 25 (twenty five) distributors spread throughout Indonesia and customers who have a maximum transaction cycle of 90 (ninety) days.

Export

- **Receivables Financing**
Trade financing for customers who act as sellers during pre delivery financing or PO financing and/ or acceleration of billing payment from buyer for the selling of goods or services in local trade transactions.
- **Pre Export Financing**
Trade financing facility provided by the Bank for Sellers for pre-shipment financing to meet an order in a trade transaction, both with LC or Non-LC.
- **Post Export Financing**
This product is a LC or Non-LC based document and/ or draft acquisition allowing Customers to receive payment immediately after presenting document to the Bank to facilitate Customers' cash inflow. This draft acquisition can be made by a means of negotiation/discount with recourse or without recourse/Forfeiting rights.

Import

- **Impor Documentary Collection**
Payment is made after there is a confirmation that the good delivered is in good condition, and it is evidenced by the document. It can also provide security to suppliers abroad because payment will be received, when the Customers provide confirmation.
- **Impor Letter of Credit**
Payments issued by Bank Mandiri to suppliers abroad if they can present documents in accordance with the issued Letter of Credit. This will increase the credibility of the Customer for the Supplier.



- **Deferred Payment**
This is a payment solution from Bank Mandiri for its Customers' Account Payable under LC and Non-LC transaction standards. This facility enables the Customers to delay payment over goods purchased by the Customers without reducing the credibility of the Customer for Supplier.
- **Shipping Guarantee**
This product is a guarantee issued by the Bank to the shipping company for the benefit of the customer or importer over the guarantee letter issued by the customer or importer related to the export or purchase of local goods, based on the copy of the Bill of Lading (B/L) document due to the original B/L has not been received.

Value Chain

This facility overcomes customers' cash flow gap and increase business volume through payment facilities to the customers by using an easy transaction that can be done at anytime and anywhere (through on line Portal).

Bank Guarantee and Standby LC

- **Bank Guarantee**
This product is the Bank 's guarantee to the Beneficiary in which the Bank binds itself to pay a certain amount of money in case of default from the guaranteed party related to the underlying agreement/contract.
- **Issuance of LC Standby**
This product is an irrevocable Bank's written pledge that is issued at the request of the customer to pay the beneficiary if the documents submitted comply with the requirements of the documents listed in the LC Standby.

Local Trade

- **Issuance of LC/SKKBDN**
This product is Bank Mandiri's irrevocable payment pledge as the Issuing Bank to the beneficiary if the recipient submits documents to the Issuing Bank and such documents must comply with the LC terms and conditions. For domestic transaction, Business persons uses domestic LC known as Surat Kredit Berdokumen Dalam Negeri (SKBDN)(Domestic Letter of Credit).

- **Receivables Financing**
Trade financing for customers who act as sellers during pre delivery financing or PO financing and/ or acceleration of billing payment from buyer for the selling of goods or services in local trade transactions.

Treasury

Cash Transaction

- **FX Today**
This is a transaction to exchange a currency against another currency on a same-day delivery basis.
- **FX Tom**
This is a transaction to exchange a currency against another currency on the day of the transaction. The money will be delivered in one business day following the date of the transaction.
- **FX Spot**
This is a transaction to exchange a currency against another currency on the day of the transaction. The money will be delivered in two business days following the date of the transaction.
- **Banknote in Foreign Currency**
This is the banknote in foreign currency legally issued by a country outside Indonesia and is recognized as a valid payment instrument of the country concerned.

Hedging Products

- **FX Forward**
This is a hedging product. It is a transaction/ contract of sale or purchase of a currency against other currency in certain amount and price with the submission and receipt of such funds are going to be exercised more than 2 (two) working days following the date of the transaction.
- **Par Forward**
This is a series of FX forward transactions that have different due dates using a single rate as agreed at the beginning of the transaction.
- **FX Swap**
This is a hedging product that is a transaction/ contract to exchange currency against other currency on a particular currency date as well as an agreement to exchange back to that foreign currency on a different currency date in the future. Rate used on both transactions is determined on the transaction

date, and both transactions are made at once with the same counter party.

- **FX Option**
This is a hedging product which is a transaction/ contract entitling rights (instead of liabilities) to the option buyer to purchase or sell a currency against another currency at a predetermined price (strike price) for a certain period by paying significant amount of premium to the seller option.
- **Interest Rate Swap (IRS)**
This is a hedging product that is a contract/ transaction between two parties to change in interest rate payment from floating rate into fixed rate or vice versa without principal payment.
- **Cross Currency Swap (CCS)**
This is a hedging product that is a contract/ transaction between two parties to exchange principal and interest payment in two different currencies over an agreed period of time.
- **Mandiri Call Spread**
This is a hedging product that is a combination of Buy Call Option and Sell Call Option transactions with two different conversion rates.

Investment Product

- **Government Securities Notes (SBN)**
This is a securities issued by the government in the form of acknowledgment of indebtedness letter the payment of interest and principal of which is guaranteed by the Republic of Indonesia based on its validity period.
- **Retail Securities Notes**
This is a securities issued by the government particularly intended for retail investor/individual by determining minimum nominal terms of purchase in small quantities The term of retail secures is at most 3 years. The payment of principal and coupon is guaranteed by the government.
- **Mandiri Deposit Swap (MDS)**
This is an investment product in foreign currency which is a combination of deposit product and foreign exchange transaction. MDS provides higher yields than conventional savings products and has the characteristic of principal protected (protected

deposit placement).

- **Mandiri Dual Currency Investment (MDCI)**
This is an investment product in foreign currency which is a combination of deposit product and FX option exchange sales transaction by the customers. MDCI provides higher yields than conventional savings products. It has the characteristic of non-principal protected (non-protected deposit placement) as well.

Financial Institution

Custodial Services

- **General Custody**
This product is a custodial service for securities listed in BEI, shares investment, securities, etc.
- **Sub Registry of Sovereign Letter (SUN) and Bank Indonesia Certificate (SBI)**
This product is a custodial service for depository and settlement of SUN and SBI transactions.
- **Custody for ADR/GDR Program**
This a service where the Bank acts as local Custodial for a transaction of dual/multi listing shares.
- **Mutual Fund Administration**
This is a service where the Bank acts as a local Custodial for a transaction of dual/multi listing shares.
- **Discretionary Fund Administration**
This is a service provided by Bank for investment administration from mutual fund.
- **Custody Euroclear**
This is a service where the Bank acts as a direct member and provides custodial service for securities listed in Euroclear Brussels.
- **KIK-EBA Administration**
This is a services provided by Bank for investment administration from KIK EBA.

Trust Services

- **Trustee**
This product is a service provided by the Bank to a legal institution and a government institution that

Financial Institution

Jasa Custodial Services

- **General Custody**
Custodian services for listing securities on the IDX, equity participation, valuable documents, and so.
- **Sub Registry of Sovereign Letter (SUN) and Bank Indonesia Certificate (SBI)**
Custodian services for storage and settlement of SUN and SBI transactions.
- **Custody for ADR/GDR Program**
This a service where the Bank acts as local Custodial for a transaction of dual/multi listing shares.
- **Mutual Fund Administration**
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- **Custody Euroclear**
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- **KIK-EBA Administration**
This is a services provided by Bank for investment administration from KIK EBA.



Trust Services

- **Trustee**
Services provided by Bank Mandiri to Legal and Institutional Institutions
The government will issue Bonds / Sukuk or other Debt Notes.
- **Paying Agent**
Services provided by the Bank to:
 - Legal Institution and Government Institution that will issue Bonds/ MTNs with a draft in which



coupon payment and Bonds/MTNs with a draft in which coupon payment and Bonds/MTN Notes are made without going through KSEI.

- Company that makes payment for dividends to their shareholders that do not have Securities Account in a Custodian or Securities Company.
- **Security Agent**
Services provided by Bank Mandiri to customers who will conduct bilateral transactions/multilateral where in the transaction there are collateral items that must be stored and managed by the Security

Agent as an independent party under the Trustee / Security Agreement Agent that has been signed by the parties.

- **Escrow Agent**
Services provided by Bank Mandiri to parties who conduct bilateral / multilateral transactions where parties need an independent party to save and administer funds the transaction is in accordance with the provisions agreed by the parties.
- **Receiving Bank**
Services provided by Bank Mandiri to Legal Entity Institutions that will do it Initial Public Offering (IPO) of shares.

E-Banking

Mandiri EDC

It is an Electronic Data Capture (EDC) machine available at / merchants as a tool functioned to receive Mandiri Electronic Card transactions through Visa International Network and Bank Mandiri.

Mandiri Internet Bisnis

This product is an e-banking service to conduct financial and non-financial transactions using Internet banking application. Such application is provided for business Customers from individual and corporate segments especially small and medium enterprise category. Feature contained in Mandiri Internet business service i.e. general information on the account, transfer, payment, purchase, administration, business information, and business activities.

Map of Operational Areas

As of December 31, 2018 Bank Mandiri has 1 Head Office and 17,376 ATM network and 2,848 offices network that consist of branch offices, sub-branch offices, overseas offices, cash offices, and other network of offices such as payment point, mobile cash, and micro mobile cash.

Table of Office Network for the past 5 (five) years

Type of Office	2018	2017	2016	2015	2014
Head Office	1	1	1	1	1
Branch Office	139	139	139	137	136
Overseas Branch Office	7	7	7	8	8
Sub-Branch Office	2,321	2,315	2,261	2,076	1,915
Cash Office	172	177	199	244	261
Other Type of Office	216	215	182	171	163
• Payment Point	130	129	117	106	99
• Mobile Cash	59	59	59	59	59
• Micro Mobile Cash Office	27	27	6	6	5
ATM	17,376	17,766	17,461	17,388	15,344

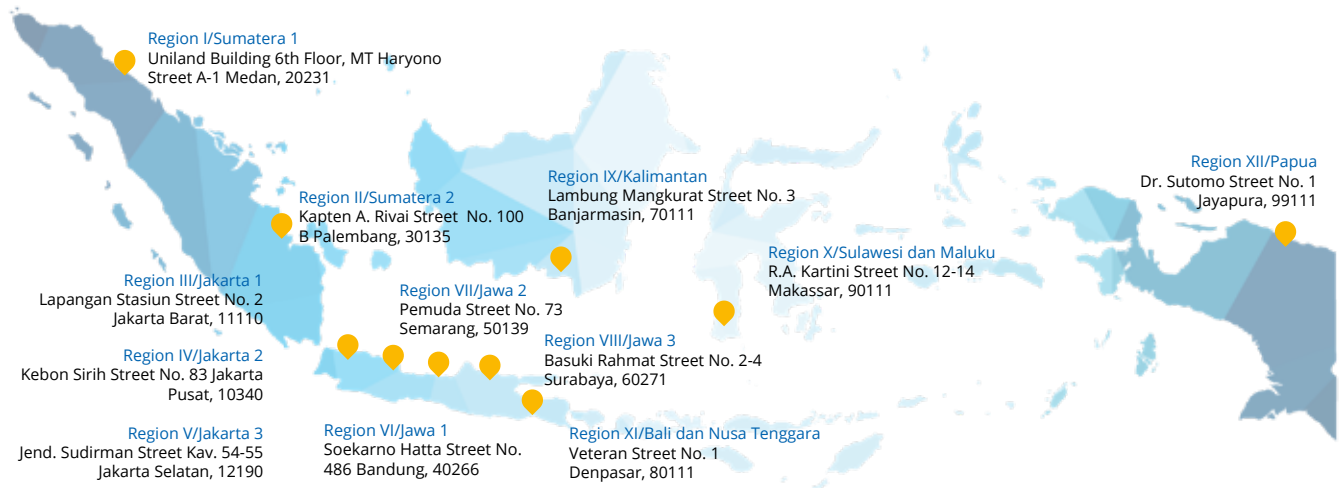
Table of Office Network Per Region of 2018

Region	Type of Office						
	Branch Office	Sub-Branch Office	Office Cash	Other Office Network			
				Payment Point	Cash Mobile	Micro Mobile Cash Office	ATM
Region I/Sumatera 1	18	248	18	25	4	2	1,491
Region II/Sumatera 2	14	217	3	5	8	4	1,027
Region III/Jakarta 1	12	228	50	9	1	2	2,619
Region IV/Jakarta 2	10	207	24	14	2	1	2,300
Region V/Jakarta 3	8	172	20	2	-	1	2,044
Region VI/Jawa 1	9	222	5	10	-	2	1,388
Region VII/Jawa 2	10	255	7	37	7	3	1,502
Region VIII/Jawa 3	12	298	13	10	10	2	2,230
Region IX/ Kalimantan	12	148	11	6	16	3	941
Region X/Sulawesi and Maluku	19	165	8	6	5	3	840
Region XI/ Bali and Nusa Tenggara	5	109	9	3	4	2	679
Region XII/ Papua	10	52	4	3	2	2	315
TOTAL	139	2,321	172	130	59	27	17,376

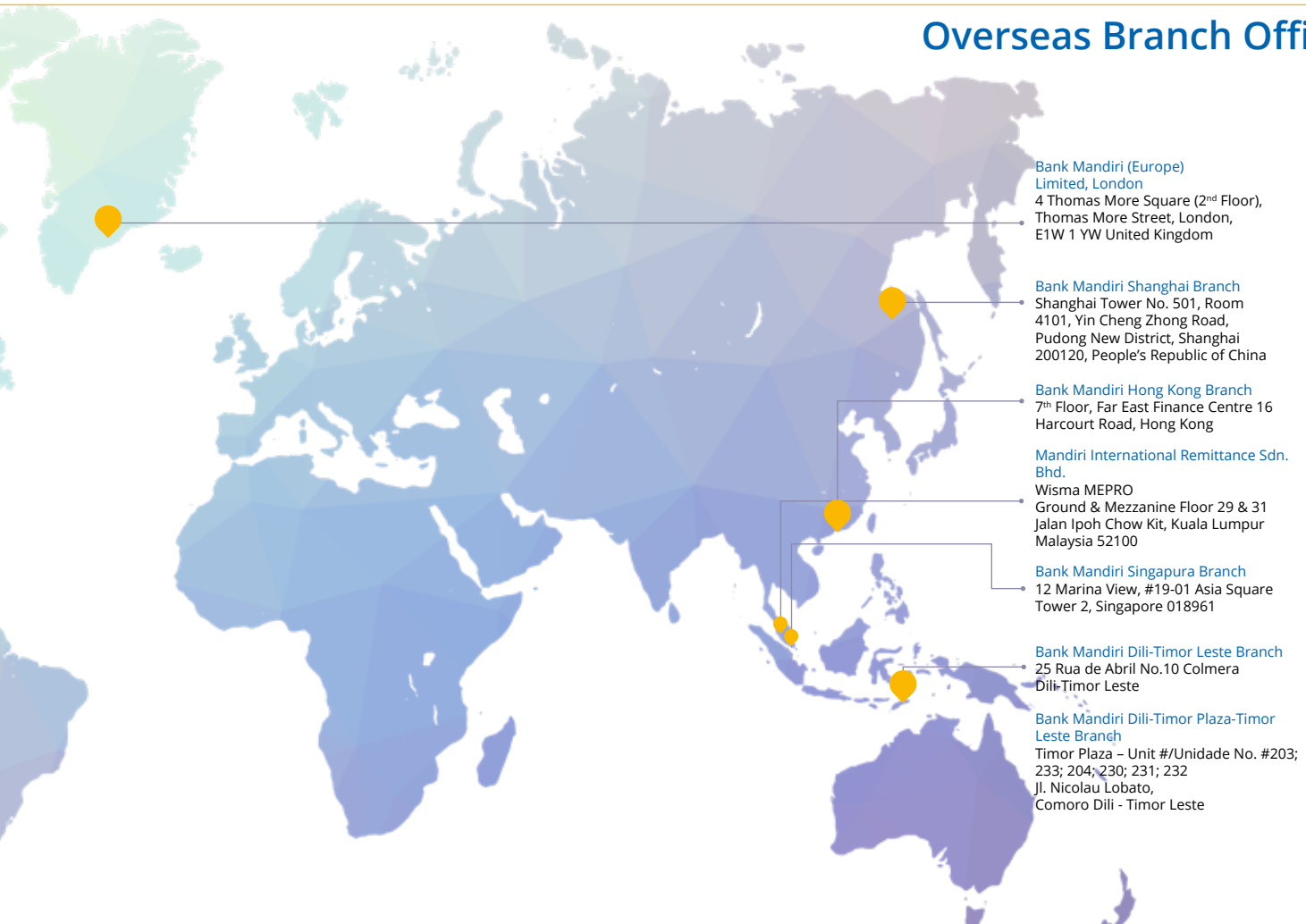


Bank Mandiri Cayman Islands Branch
Cardinal Plaza (3rd Floor), #30 Cardinal Avenue, PO BOX 10198,
Grand Cayman KY 1-1002, Cayman Islands

Regional Offices

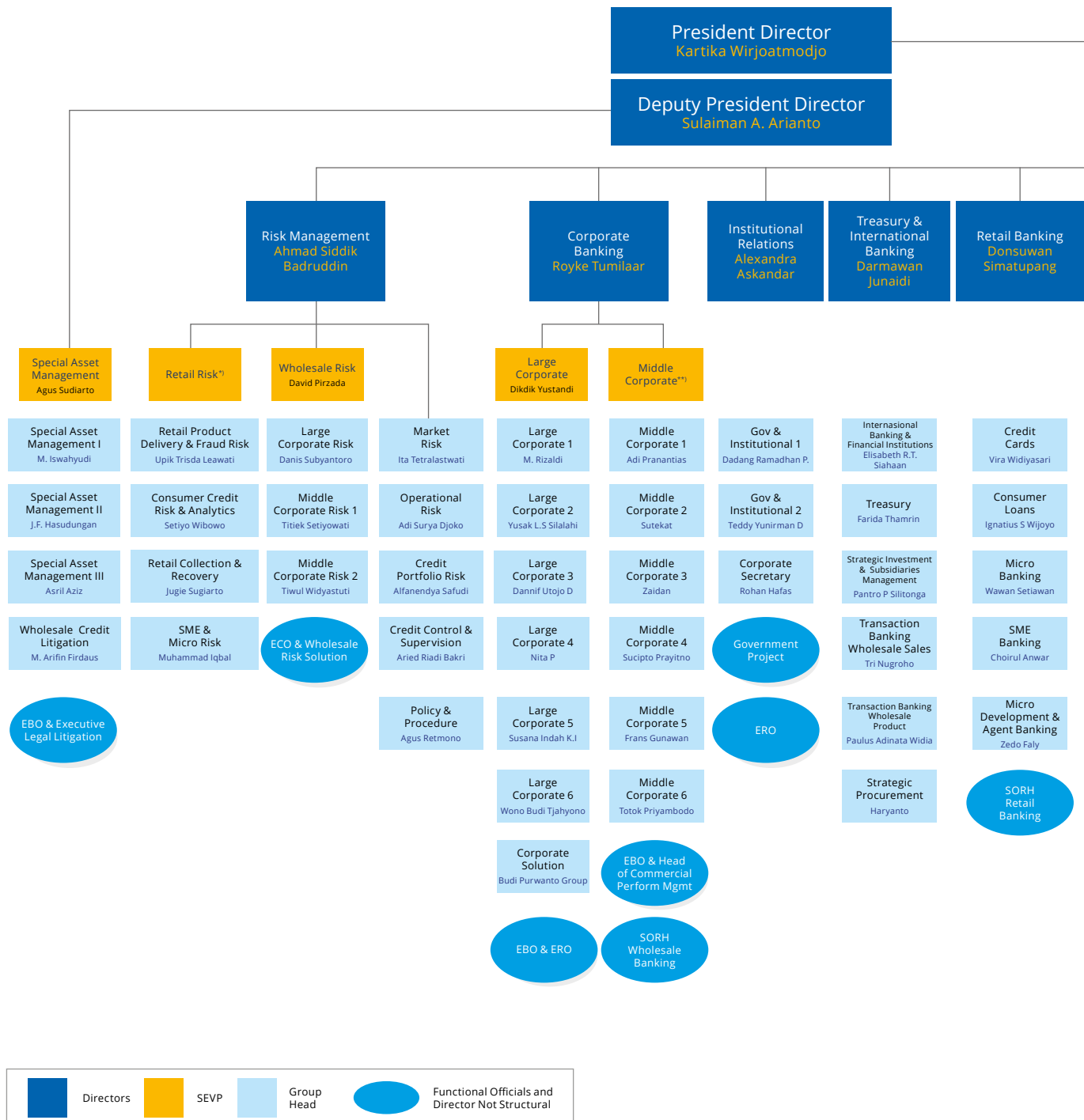


Overseas Branch Office



Organizational Structure

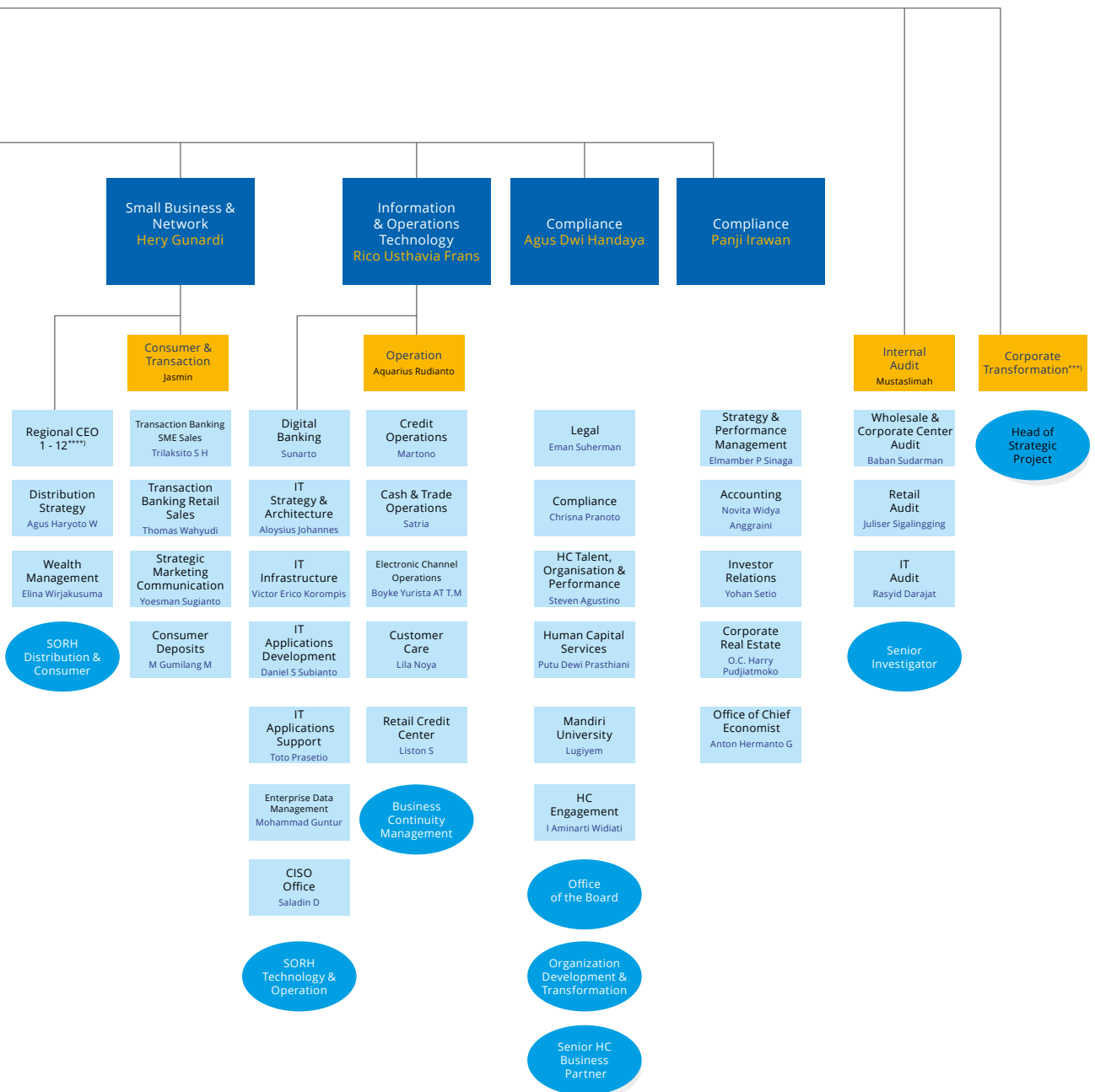
Bank Mandiri's Organizational Structure has undergone several changes. The last change occurred in March 2018 as stated in the Decree of the Board of Directors No. KEP.DIR/22/2018 concerning Organizational Structure March 29, 2018.



*) SEVP Retail Risk's tenure ends on December 1, 2018.
 **) SEVP Middle Corporate's tenure ends on January 7, 2018.
 ***) SEVP Corporate Transformations tenure ends on January 5, 2018.
 ****) Name of CEO Regional Officers 1 - 12 is presented in the Profile of Senior Officers in this Annual Report.

COMMITTEES UNDER THE BOARD OF COMMISSIONERS	
Audit Committee	Risk Monitoring Committee
Remuneration & Nomination Committee	Governance Committee Integrated

COMMITTEES UNDER THE BOARD OF DIRECTORS				
Business Committee		Assets & Liabilities Committee	Capital & Subsidiaries Committee	Information & Technology Committee
Risk Management & Credit Policy Committee	Policy & Procedure Committee	Credit Committee	Integrated Risk Committee	Human Capital Policy Committee



Vision, Mission and Corporate Culture

2016 – 2020

Corporate Plan Restart
(Indonesia's Best, ASEAN's Prominent)



Indonesia's Best,
ASEAN's Prominent

2015 – 2020

Corporate Plan
(The Best Bank
in ASEAN by 2020)

2010 – 2014

Indonesia's Most Admired
and Progressive Financial Institution

2003 – 2005

Domestic Power House
(Regional Champion Bank)

2005 – 2009

Dominant Multi Specialist
(Regional Champion Bank)

Vision

Bank Mandiri's long-term vision in 2020 is to become Indonesia's best, ASEAN's prominent with key milestones including:

- a. Achieving the value of Market Capitalization of IDR500 trillion in 2020,
- b. Year on year credit growth is 3% above the market, and
- c. Become an employer of choice in Indonesia.

The description of the said vision is as follows:

- a. Commits to build a long term relationship with business and individual customers based on trust. Bank Mandiri serves every customer with compliance to the international service standards through innovative financial solutions. It also strives for recognition for the best performance, human capital, and teamwork.
- b. Actively participates in driving long term growth of Indonesia and consistently provides high return for the shareholders.



Mission

To support the Vision, the Missions of Bank Mandiri have been stated as follows:

- a. Oriented towards market needs fulfillment
 - 1) Prioritizing the interest of customers.
 - 2) Providing the best service in a professional and friendly manner.
 - 3) Suggesting competitive and secured products.
- b. Developing professional human capital
 - 1) Providing equal job opportunity for everyone.
 - 2) Recruiting, training, and developing human capital based on skills and capabilities.
 - 3) Providing reward and promotion to compensate achievement and dedication
- c. Gaining maximum benefit for the stakeholders.
 - 1) Memberikan keuntungan yang maksimum kepada semua pihak yang berkepentingan.
 - 2) Menjamin pertumbuhan dan peningkatan laba yang berkesinambungan.
- d. Melaksanakan manajemen terbuka
 - 1) Providing maximum benefits to all concerned parties.
- e. Ensuring sustainable growth and profit increase.
- e. Caring for social and environmental issues
Taking into account social interests and environment in making decisions.

To support Bank Mandiri in transforming into a banking institution that pays attention to the Environment, Social, and Governance (LST) aspects in its operations, on November 28, 2018, Bank Mandiri has carried out adjustment in the Mission scope by incorporating the LST elements in a sustainable context as follows:

- a. Carry out operations and good corporate governance in banking operations and activities, and
- b. Contribute to sustainable growth by considering economic, environmental and social needs.

Review on Vision and Mission by the Board Commissioners and Directors

In order to ensure the compatibility of the Vision and Mission of Bank Mandiri that has been running, Bank Mandiri always reviews the Vision and Mission every 5 (five) years. Whereas the achievement of milestones is always reviewed every 6 (six) months, both for short and medium term targets, namely by implementing a Mid-Year Retreat and End of Year Retreat which is attended by all Directors and Senior Executive Vice Presidents (SEVP). During 2018, Board Retreats were held twice, that were on July 13-15 2018 and September 28-29 2018, both events took place in Bali.

Besides being attended by top management (Board of Directors and SEVP), Bank Mandiri also invited independent parties in the Board Retreat to review the Vision and Mission and the achievement of several main indicators so that Bank Mandiri's Vision in 2020 can be achieved in accordance with agreed targets.

Bank Mandiri's vision and mission have been discussed and approved by the Board of Directors and the Board of Commissioners. The scope of mission adjustments is carried out in the context of implementing sustainable finance, as stated in the Sustainable Financial Action Plan (RAKB) that has been approved by the Board of Commissioners and has been submitted to the Financial Services Authority (OJK) on November 28, 2018.

Corporate Culture

Throughout 2018, the revamp culture process has been carried out systematically to perfect the Work Culture with a foundation of core values, namely Trust, Integrity, Professionalism, Customer Focus, and Excellence), Code of Conduct, and Business Ethics as a foundation to build a strong character of independence. The results of the revamp culture are 5 new Bank Mandiri Work Culture, namely: **Satu Hati Satu Mandiri (One Heart One Mandiri)**, **Mandirian Tangguh (Strong Mandirian)**, **Tumbuh Sehat (Growing Healthy)**, **Memenuhi Kebutuhan Pelanggan (Fulfilling Customer Needs)**, and **Bersama Membangun Negeri (Together Build The Nation)** that is a guide in thinking, acting, and behaving daily.

Explanation of 5 (five) new work cultures is as follows :



With the new cultural changes, the 11 (eleven) main behaviors of Bank Mandiri were adjusted back to 13 (thirteen) main behaviors as the behavior guidelines of Mandiri people. Those 13 (thirteen) main behaviors are as follows.



One Heart One Mandiri

1. **Prioritizing Mandiri interests:** I act and make decisions by prioritizing the interests of Mandiri above personal and other parties' interests.
2. **Collaboration:** I collaborate and support each other selflessly to achieve the best results.
3. **Empathy and respect:** I treat others as individuals who should be appreciated.



Strong Mandirian

4. **Code of Conduct and Business ethics:** I work with always adhere to the code of conduct and business ethics.
5. **Learner mindset:** I continually add knowledge, capabilities and insights from various sources, experiences, and feedback.
6. **Smart work, Agile, Adaptive and Solution Oriented:** I understand the context and essence of work to complete work in an effective and productive way and always focus on providing solutions.
7. **Intrapreneurship:** I am actively seeking and exploiting opportunities to maximize business potential.



Growing Healthy

8. **Think and act balanced:** I act by balancing various factors (processes, capabilities, risks, etc.) to achieve sustainable results.
9. **Continuous:** I balance performance achievement for long-term sustainability.



Fulfilling Customers' Needs

10. **Explore and meet customer needs:** I actively explore customer needs including market conditions and competition to provide the appropriate products, services and solutions.
11. **Maintaining customer relationships:** Always maintain a mutually beneficial relationship between the Company and customers.



Together Build The Nation

12. **Contribution to the Country:** I contribute to giving the best for personal, family, environment and always give the best performance.
13. **Balanced Role:** I balance the role of being an employee who manages a company professionally, constantly enhancing company value, and acting as an agent of development.

Board of Commissioners Profile



Hartadi A. Sarwono

President Commissioner/Independent Commissioner

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Jakarta in 1952, 66 years old as of December 2018.

EDUCATION BACKGROUND

- Earned Bachelor's Degree in Industry Engineering from Institut Teknologi Bandung (1979).
- Master of Arts in Macroeconomics from University of Oregon, United States, (1985).
- Ph.D in Monetary Theory and Policy from University of Oregon, United States, (1989).

CERTIFICATION

- Certification of Level 2 Risk Management for Commissioners obtained from Risk Management Certification Agency (2016).
- Refreshment Program of Risk Management Certification held by the Ikatan Bankir Indonesia (IBI) (Indonesian Bankers Association) and Master of Management FEB UGM (MMUGM) (2017).
- Refreshment Program of Risk Management Certification held by Indonesian Banking Development Agency (2018).

WORK EXPERIENCE

- Logistic staff of Bank Indonesia (1980-1983).
- Junior Economics Researcher in the Research and Development Desk (1989-1990).
- Staff of Bank Indonesia Governor (1990-1993).
- Head of General Economy Division (1993-1994).
- Head of Monetary Division (1994-1996).
- Head of Policy Analysis and Planning Division (1996-1997).
- Deputy Director of Economy and Monetary Policy Research (1997-2000).
- Director of Economy and Monetary Policy Research (2000-2003).
- Director/Head of Bank Indonesia's Representative Office-Tokyo (2003-June 2003)
- Deputy Governors of Bank Indonesia (June 2003-June 2008 and June 2008-June 2013).
- President Director of Indonesian Banking Development Agency (August, 26 2013 - Present),
- President Commissioner of PT Bank Negara Indonesia (Persero) Tbk (May 04, 2016 -August 21, 2017).
- President Commissioner/Independent Commissioner of Bank Mandiri (2017-Present).

LEGAL BASIS OF APPOINTMENT

Appointed as President Commissioner/ Independent Commissioner for the first time by the Extraordinary General Meeting of Shareholders (GMS) dated August 21, 2017 pursuant to the Deed of Resolutions of Extraordinary General Meeting of Shareholders No. 28 dated November 17, 2017.

PERIOD OF OFFICE

Until the closing of the 2022 Annual GMS (First Period).

CONCURRENT POSITION

President Director of Indonesian Banking Development Agency since August 26, 2013 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders

SHAREHOLDING OF BMRI SHARES

Nihil

Imam Apriyanto Putro

Deputy President Commissioner



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Cilacap in 1963, 55 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Economics in Management from Universitas Diponegoro, Semarang (1988).
- Master of Management from Sekolah Tinggi Ilmu Ekonomi IBII, Jakarta (2000).

CERTIFICATION

Certification of Level 1 Risk Management for Commissioners held by Risk Management Certification Agency (BSMR) (2015).

WORK EXPERIENCE

- Pjs. Section Head of Funding and Resources Analyst in the Ministry of State-Owned Enterprises (1993-2010).
- Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011).
- Assistant of Research and Information Department in the Ministry of State-Owned Enterprises (2010-2012).
- Commissioner of PT Petrokimia Gresik (Persero) (2011-2012).
- Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013).
- Head of Planning and Human Resource Bureau in the Ministry of State-Owned Enterprises (2012-2013).
- Plh. Deputy of Infrastructure and Logistics Business Sector of the Ministry of State-Owned Enterprises (2013).
- Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014).
- Secretary of the Ministry of State-Owned Enterprises (2013-present).
- Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015).
- Vice President Commissioner of Bank Mandiri (2015-Present)

LEGAL BASIS OF APPOINTMENT

Appointed as Vice President Commissioner for the first time by Annual General Meeting of Shareholders (GMS) of March 16, 2015 pursuant to the Deed of Resolutions of Annual GMS No. 35 dated June 15, 2015.

PERIOD OF OFFICE

Until the closing of the 2020 Annual GMS (First Period).

CONCURRENT POSITION

Secretary to the Ministry of State-owned Enterprises since 2013 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.

SHAREHOLDING OF BMRI SHARES

114.300 shares (0,0002449%).



Goei Siau Hong

Independent Commissioner

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Jember in 1964, 54 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor's Degree in Agronomy from Institut Pertanian Bogor (1988).
- Master of Business Administration (MBA) in Business, Finance, and Marketing from Indiana University, Bloomington, USA (1993).

CERTIFICATION

Certification of Level 2 Risk Management for Commissioners held by Professional Banking Certification Agency (2015).

WORK EXPERIENCE

- System Analyst in Astra Graphia (1988-1991).
- Equity Analyst and Senior Equity Analyst in WI Carr Indonesia (1993-1995).
- Deputy Head of Research and Head of Research in CLSA Indonesia (1995-1996).
- Head of Research in SocGen Crosby (1996-1998).
- Vice President of Research in Nomura Singapore (1998-1999).
- Head of Research in Nomura Indonesia (1999-2001).
- President Director of Gagas Prima Solusi (2001 - Present).
- Member of Risk Monitoring Committee of Bank Permata (2006-2010).
- Independent Commissioner of Bank Mandiri (2015-Present).

LEGAL BASIS OF APPOINTMENT

Appointed as Independent Commissioner for the first time at Annual GMS dated March 16, 2015 pursuant to the Deed of Resolutions of GMS No. 117 dated June 30, 2015.

PERIOD OF OFFICE

Until the closing of the 2020 Annual GMS (First Period).

CONCURRENT POSITION

President Director of Gagas Prima Solusi since 2001 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

Nihil

Bangun Sarwito Kusmulyono

Independent Commissioner



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Bogor in 1943, 75 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor's Degree in Chemical Engineering from Institut Teknologi Bandung (1970).
- Master of Business Administration from University of Southern California, Los Angeles, USA (1974).
- Doctor's Degree in Environment Management from Institut Pertanian Bogor (2007).

CERTIFICATION

- Certification of Level 2 Risk Management for Commissioners held by Risk Management Certification Agency (2016).
- Refreshment Program of Risk Management Certification held by Banking Professional Certification Agency (2016).

WORK EXPERIENCE

- Executive staff of Indonesia's Investment Coordinating Board (1970-1972).
- Chase Manhattan Bank (New York and Hong Kong), Fincorinvest, and Asian Development Bank (1962 - 1985).
- President Director of Bank Nusa International (1988-1998).
- 5th Batch of National Resilience Institute Short Course (1995).
- A Member of Board of Commissioners of Maybank Nusa (1990-1997)
- A Member of Board of Commissioners of Bank Niaga (1998-1999)
- President Director of Permodalan Nasional Madani (1999-2005).
- A Member of Board of Commissioners of Syarikat Takaful Indonesia (1999-2005).
- Independent Commissioner of Bank Rakyat Indonesia (2005-2010).
- Chairman of National Committee of Micro Finance Empowerment of Indonesia (PKMI) (2005 - Present).
- Independent Commissioner of Bank Rakyat Indonesia (2010-2015).
- Independent Commissioner of Bank Mandiri (2015-Present).

LEGAL BASIS OF APPOINTMENT

Appointed as Independent Commissioner for the first time at GMS dated March 16, 2015 pursuant to the Deed of Resolutions of Annual GMS No. 117 dated June 30, 2015.

PERIOD OF OFFICE

Until the closing of the 2020 Annual GMS (First Period).

CONCURRENT POSITION

Chairman of National Committee of Micro Finance Empowerment of Indonesia (PKMI) since 2005 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

Nihil



Askolani

Commissioner

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Palembang in 1966, 52 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Economics and Development Study from Universitas Sriwijaya (1990).
- Master of Business Administration in Economics and Banking from the University of Colorado, Denver-USA (1999).

CERTIFICATION

- Level 1 Risk Management Certification of Commissioner held by the Banking Professional Certification Institute (LSPP) (2014).
- Risk Management Certification Refreshment held by BARa Risk Forum (2018).

WORK EXPERIENCE

- Director of Non-Tax State Revenue (PNBP) in the Ministry of Finance (2011-2013).
- Commissioner of PT Indonesia Ferry (ASDP) (2007-2010).
- Commissioner of PT Pertamina Gas (2012-2013).
- Commissioner of PT Angkasa Pura I (2013-2014).
- Director General of Budget of the Ministry of Finance (2013 - Present).
- Governor of Indonesia in Opex Fund for International Development (OFID) (2015).
- Commissioner of Bank Mandiri (2014-present).

LEGAL BASIS OF APPOINTMENT

Appointed as Commissioner for the first time at the Annual GMS dated March 21, 2016, based on the Deed of Resolution of the Annual GMS No. 13 dated October 11, 2016.

PERIOD OF OFFICE

Until the closing of the 2019 Annual GMS (First Period).

CONCURRENT POSITION

Director General of Budget of the Ministry of Finance since 2013 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

109,000 shares (0,0002336%)

Ardan Adiperdana

Commissioner



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Singkawang in 1960, 58 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Economics from STAN (1987).
- Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada (1992).
- Doctor's Degree in Strategic Management from Universitas Indonesia (2013).

LEGAL BASIS OF APPOINTMENT

Appointed as Commissioner for the first time at the Annual GMS dated March 21, 2016, based on the Deed of Resolution of the Annual GMS No. 13 dated October 11, 2016.

CERTIFICATION

- Level 1 Risk Management Certification of Commissioner held by the Banking Professional Certification Institute (LSPP) (2016).
- The Risk Management Certification Refreshment Program held by the Indonesian Banking Development Institute (LPP) (2018).

PERIOD OF OFFICE

Until the closing of the 2021 Annual GMS (First Period).

WORK EXPERIENCE

- Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013).
- President Commissioner of PT Jasa Raharja (Persero) (2013-2015).
- Head of Development Finance Comptroller (BPKP) (2015 - Present).
- Commissioner of Bank Mandiri (2016-present).

CONCURRENT POSITION

Head of Development Finance Comptroller (BPKP) since 2015 to date.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

109,000 shares (0,0002336%)



Makmur Keliat

Independent Commissioner

NATIONALITY

Indonesian.

DOMICILE

Bogor.

PLACE AND DATE OF BIRTH/AGE

Born in Medan in 1961, 57 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor's Degree in Corporate Economics from Universitas Pembangunan Nasional "Veteran" (1984).
- Bachelor of Art in Social and Political Sciences / International Relations Department from Universitas Gadjah Mada (1984).
- Drs. in Social and Political Sciences/International Relations Department from Universitas Gadjah Mada (1986).
- Ph.D in School of International Studies from Jawaharlal Nehru University (1995).

CERTIFICATION

Certification of Level 2 Risk Management for Commissioners held by Professional Banking Certification Agency (2017).

WORK EXPERIENCE

- Lecturer in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia (1999 - Present).
- Head of Graduate Program in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia (2002-2004).
- Executive Director of Global Society Studies Center (PACIVIS UI) (2002-2004).
- Executive Director of CEACoS (Center for East Asia Cooperation Studies) of FISIP UI (2005-2007).
- Research and Publication Manager of Social and Political Science Faculty of Universitas Indonesia (2007-2008).
- Head of Graduate Program in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia (2009-2012).
- Special Staff of Cabinets Secretariat of the Republic of Indonesia (May to August 2015).
- Independent Commissioner of Bank Mandiri (2017-Present).

LEGAL BASIS OF APPOINTMENT

Appointed as Independent Commissioner for the first time at GMS dated March 14, 2017 pursuant to the Deed of Resolutions of Annual GMS No. 28 dated November 17, 2017.

PERIOD OF OFFICE

Until the closing of the 2022 Annual GMS (First Period).

CONCURRENT POSITION

Lecturer in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia since March 1, 1999.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

Nihil

R. Widyo Pramono

Commissioner



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Nganjuk in 1957, 61 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Law from Universitas Negeri Solo, Surakarta (1984).
- Master of Management from STIE IPWI, Jakarta (2001).
- Master of Law from Universitas Gadjah Mada, Yogyakarta (2007);
- Doctorate in criminal law from Universitas Padjadjaran, Bandung (2012).
- Inaugurated as Professor of Criminal Law at Universitas Diponegoro (2015).

CERTIFICATION

- Level 1 Risk Management Certification of Commissioner held by the Banking Professional Certification Institute (LSPPI) (2017).
- The Risk Management Certification Refreshment Program held by the Indonesian Banking Development Institute (LPPI) (2018).

PENGALAMAN KERJA

- Administrative Staff of District Prosecutor's Office of Jakarta Selatan (1986-1990).
- Prosecutor/Sub-Section Head of Pre-Prosecution of Head of Crime Section
- Prosecutor/Sub-Section Head of Economic Crime of Head of Special Crime Section
- Prosecutor/Sub-Section Head of Prosecution of High Prosecutor's Office of DKI Jakarta (1995)
- Head of Academic and Grading Subdivision of Education and Training Center of Attorney General's Office of the Republic of Indonesia (1995-1996).
- Prosecutor/Directorate of Other General Crimes (TPUL) of Head of Examination I Section of Examination Subdirectory Office (1996-1998).
- Head of General Crimes Administration of the Secretary to Junior Attorney General of Attorney General' Office of the Republic of Indonesia (1998-1999).
- Attaché of Attorney General's Office of Indonesian Embassy in Bangkok, Thailand (1999-2003).
- Head of Sukabumi District Prosecutor General's Office in the Provincial Prosecutor's Office of West Java (2003-2005).
- Division Head of International Legal Cooperation in Junior Attorney General for Development of Attorney General's Office of the Republic of Indonesia (2005-2006).
- Special Assistant of Attorney General of the Republic of Indonesia (2006-2007).
- Head of Public Bureau (2007-2008).
- Head of Provincial Prosecutor's Office of Papua in the Attorney General's Office of the Republic of Indonesia (2008-2009).
- Inspector of General Crimes in Junior Attorney General for Supervision (2009-2010).
- Head of Provincial Prosecutor's Office of Central Java (2010-2011).
- Secretary to the Junior Attorney General for Public Crimes (2011-2012).
- Expert Staff of Attorney General of the Republic of Indonesia for Public Crimes (2012-2013).
- Junior Attorney General for Special Crimes (2013-2015).
- Junior Attorney General for Supervision (2015-August 2017).
- Commissioner of Bank Mandiri (2017-present).

LEGAL BASIS OF APPOINTMENT

Appointed as Commissioner for the first time at the Extraordinary GMS dated August 21, 2017, based on the Deed of Decision of the Extraordinary General Meeting of Shareholders No. 25 dated January 23, 2018.

PERIOD OF OFFICE

Until the closing of the 2022 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

39,400 shares (0.0000844%).

Board of Directors Profile



Kartika Wirjoatmodjo

President Director

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Surabaya in 1973, 45 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Economics majoring in accounting from the University of Indonesia (1996).
- Master of Business Administration (MBA) in Business from Erasmus University in Rotterdam (2001).

CERTIFICATION

- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2015).
- Risk Management Certification Refreshment Program held by the Banking Professional Certification Institute (LSPP) (2017).

WORK EXPERIENCE

- Tax and Accounting Consultant at RSM AAJ (1995-1996), Credit Analyst at the Industrial Bank of Japan (1996-1998).
- Senior Consultant at PwC Financial Advisory Services (1998-1999).
- Senior Consultant at The Boston Consulting Group (2000-2003).
- Dept. Head of Strategy and Performance Management Group at Bank Mandiri (2003-2005).
- Group Head of Strategy and Performance Management Group at Bank Mandiri (2005-2008).
- Managing Director at Mandiri Sekuritas (2008-2011).
- President Director and CEO at Indonesia Infrastructure Finance (2011-2013).
- Chief Executive and Member of the Board of Commissioners at Indonesia Deposit Insurance Corporation (LPS) (2014-2015).
- Bank Mandiri Finance and Strategy Director (2015-2016).
- Bank Mandiri President Director (2016 - present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director of Bank Mandiri for the first time at the Annual GMS on March 16, 2015, based on the Deed of Resolution of the Annual General Meeting of Shareholders Number 26 dated August 26, 2015. Furthermore, in the 2016 Annual GMS for March 21, 2016, it was decided, among others, the transfer of duties, he became the President Director as stated in the Deed of Resolution of the Annual General Meeting of Shareholders Number 62 dated May 25, 2016.

PERIOD OF OFFICE

Until the closing of the Annual GMS 2020 (First Period).

CONCURRENT POSITION

Does not have multiple positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

269,100 shares (0,0005766%).

Sulaiman Arif Arianto

Vice President Director



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Boyolali in 1959, 59 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor in Animal Husbandry from Institut Pertanian Bogor (1981).
- Master of Business Administration (MBA) in Finance from the University of New Orleans, USA (1991).

CERTIFICATION

- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2015).
- Risk Management Certification Refreshment Program held by the Banking Professional Certification Institute (LSPP) (2017).

WORK EXPERIENCE

- Corporate Finance Manager Assistant at BRI (1991-1992),
- Deputy Chairman IV of Corporation at BRI (1992-1994).
- Section Head of Corporate Finance at BRI (1994-1999).
- Deputy Head of Corporate Financing Division at BRI (1999).
- Head of the Middle Credit Division at BRI (1999-2002).
- Head of the Head Office Agribusiness Division at BRI (2001-2002).
- Denpasar Regional Area Leaders at BRI (2002-2003).
- Jakarta Regional Region Leaders at BRI (2003-2006).
- Director of Micro and Small Business at BRI (2006-2009).
- Director of Commercial Banking at BRI (2009-2015).
- Bank Mandiri Deputy President Director (2015 - present).

LEGAL BASIS OF APPOINTMENT

Appointed as Deputy President Director of Bank Mandiri for the first time at the Annual GMS dated March 16, 2015 based on the Deed of Decision of the Annual GMS No. 117 dated June 30, 2015.

PERIOD OF OFFICE

Until the closing of the Annual GMS 2020 (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

He has no affiliation with either other members of the Board of Directors, members of the Board of Commissioners or with controlling and major shareholders.

SHAREHOLDING OF BMRI SHARES

635,658 shares (0.0013621%).



Royke Tumilaar

Director of Corporate Banking

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Manado in 1964, 54 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Economics in Management from Universitas Trisakti (1987).
- Master of Business Administration in Finance from University of Technology, Sydney (1999).

CERTIFICATION

- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2012).
- Risk Management Certification Refreshment Program held by BARa Risk Forum (2016).
- Risk Management Certification Refreshment Program held by BARa Risk Forum (2018).

WORK EXPERIENCE

- Credit Analyst in matters of Credit Monitoring and Research at BDN.
- Dept. Head of Corporate Banking at Bank Mandiri (2005).
- Authority Holder to Decide Credit (Group Head) Commercial Banking (2006).
- Bank Mandiri Regional Commercial Sales Group Head (January 2007).
- Bank Mandiri Regional Commercial Sales I Group Head (November 2007).
- President Commissioner at PT Staco Jasaratama (General Insurance) (2008).
- Commissioner at Mandiri Sekuritas (2009).
- Director of Treasury, Finance Institutions and Bank Mandiri's Special Asset Management (2011-2015).
- Bank Mandiri Corporate Banking Director (2015-March 2017).
- Bank Mandiri Director of Wholesale Banking (March 2017-March 2018).
- Bank Mandiri Corporate Banking Director (March 2018-present).

LEGAL BASIS OF APPOINTMENT

Appointed first as Director of Bank Mandiri at the Annual General Meeting of Shareholders on May 23, 2011 based on the Deed of Decision of the Annual GMS No. 32 dated June 21, 2011. Then reappointed based on the Deed of Decision of the Annual General Meeting of Shareholders Number 46 dated April 20, 2016.

PERIOD OF OFFICE

Until the closing of the 2021 Annual GMS (Second Period).

CONCURRENT POSITION

Do not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

344,200 shares (0,0007376%).

Hery Gunardi

Director of Small & Network Business



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Bengkulu in 1962, 56 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Commerce Administration from Universitas 17 Agustus 1945 (1987).
- Master of Business Administration (MBA) in Finance and Accounting from the University of Oregon, USA (1991).

CERTIFICATION

- Foreign Exchange and Money Market Dealer in Indonesia (1997).
- Chartered Financial Consultant held by the Singapore Collage of Insurance (2004).
- Chartered Life Underwriter held by the Singapore Collage of Insurance (2004).
- Certified Wealth Manager held by University of Greenwich (2005).
- Chartered Financial Planning Standards Board in Indonesia (2007).
- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2015).
- Certified Risk Management Refreshment Program held by BARA Risk Forum (2017).

WORK EXPERIENCE

- Troubled Credit Analyst in Special Debtor matters in Bapindo (1993 - 1996).
- Head of Subdivision of Debt Syndication in Treasury matters in Bapindo (1996-1998).
- Member of the Merger Team at Bank Mandiri (1998-1999).
- Regional Marketing Manager of Bank Mandiri, Jakarta City Region (1999-2002).
- Bank Mandiri Area Manager Daan Mogot (2002).
- Dept. Head of Bank Assurance and Project Director for the Establishment of a Joint Insurance Company with AXA (2002-2003).
- Director of PT AXA Mandiri Financial Services (2003-2006).
- Independent Group Head Wealth Management (2006-2009).
- President Commissioner of PT AXA Mandiri Financial Services (2006-2009).
- Jakarta Head Group Network at Bank Mandiri (2009-2011).
- President Commissioner of PT Mandiri Manajemen Investasi (2009-2013).
- Distribution Network 1 Group Head at Bank Mandiri (2011-2013).
- Consumer Finance EVP Coordinator (2013).
- Bank Mandiri Director of Micro and Retail Banking (2013-2015).
- Bank Mandiri Micro and Business Banking Director (2015).
- Bank Mandiri Consumer Banking Director (2015-2016).
- Bank Mandiri Distributions Director (2016 - March 2018).
- Bank Mandiri Small Business and Network Director (March 2018 - present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director of Bank Mandiri for the first time at the Annual GMS dated April 2, 2013 based on the Deed of Resolution of the Annual GMS No. 19 dated August 28, 2013.

PERIOD OF OFFICE

Until the closing of the 2023 Annual GMS (Second Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

660,200 shares (0.0014147%).



Ahmad Siddik Badruddin

Director of Risk Management

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Bandung in 1965, 53 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor of Chemical Engineering from the University of Texas, Austin, USA (1988).
- Master of Business Administration (MBA) in Management Information Systems from the University of Texas, Austin, USA (1990).

CERTIFICATION

- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2015).
- The Risk Management Certification Refreshment Program held by BARa Risk Forum (2017).

WORK EXPERIENCE

- Management Associate at Citibank (1990-1995).
- Regional Risk Officer of Global Consumer Bank (AVP) at Citibank, Singapore (1995-1997).
- Retail Bank Risk Director of Global Consumer Bank (VP) at Citibank, Jakarta (1997-1998).
- Head of Risk Management at ABN AMRO Bank, Hong Kong (1999-2001).
- Country Risk Director at Citibank (2001-2004).
- Country Risk Director and Deputy Country Risk Director at Citibank, Germany (2004-2008).
- Senior Credit Officer Regional for Central & Eastern Europe and Middle East Africa Region at Citibank, London (2008-2011).
- Global Unsecured Product Risk Management at Citibank, New York (2011-2014).
- SEVP Retail Chief Risk Officer of Bank Mandiri (2014-2015).
- Bank Mandiri Director of Risk Management and Compliance (2015-March 2018).
- Bank Mandiri Risk Management Director (March 2018 - present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director of Bank Mandiri for the first time at the Annual GMS dated March 16, 2015, based on the Deed of Decision of the Annual GMS No. 117 dated June 30, 2015.

PERIOD OF OFFICE

Until the closing of the Annual GMS 2020 (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

1,238,800 shares (0.0026546%).

Rico Usthavia Frans

Director of Information & Operations Technology



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Kebumen in 1970, 48 years old as of December 2018.

EDUCATION BACKGROUND

Bachelor of Electrical Engineering from Institut Teknologi Bandung (1992).

LEGAL BASIS OF APPOINTMENT

Appointed as Director of Bank Mandiri for the first time at the Annual GMS dated March 21, 2016 based on the Deed of Decision of the Annual GMS No. 45 dated July 29, 2016.

CERTIFICATION

- Level 5 Risk Management Certification held by the Risk Management Certification Agency (BSMR) (2016).
- The Risk Management Certification Refreshment Program held by BARa Risk Forum (2018).

PERIOD OF OFFICE

Until the closing of the 2021 Annual GMS (First Period).

WORK EXPERIENCE

- Field Manager at Schlumberger (1993-1995).
- Management Associate at Citibank NA (1995-1997).
- e-Trade Head Asset Based Finance Head at Citibank NA (1997-2001).
- e-Business Head at Citibank NA (2001-2006).
- Group Head Electronic Banking at Citibank NA (2006-2010).
- Electronic Banking Group Head of Bank Mandiri (2010-2013).
- SEVP Transaction Banking of Bank Mandiri (2013-2015).
- Bank Mandiri Digital Banking and Technology Director (2016-March 2018).
- Bank Mandiri Information Technology and Operation Director (March 2018 - present).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

242,200 shares (0,0005190%).



Darmawan Junaidi

Director of Treasury & International Banking

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Palembang in 1966, 52 years old as of December 2018.

EDUCATION BACKGROUND

Bachelor of Law from Sriwijaya University, Palembang (1990).

CERTIFICATION

- Advance Treasury Dealer Certification held by the Banking Professional Certification Institute (LSPP) (2018).
- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2017).

WORK EXPERIENCE

- Administration of the Head Office at PT Bank Bumi Daya (Persero) (1992-1994).
- Credit Recovery Officer at PT Bank Bumi Daya (Persero) (1994-1996).
- Professional Staff of Internal Control Affairs at PT Bank Bumi Daya (Persero) (1996-1997).
- Professional Staff in Treasury Affairs at PT Bank Bumi Daya (Persero) (1997-1999).
- Treasury Manager of Cayman Islands Branch at Bank Mandiri (1999-2005).
- Senior Manager - Professional Staff of Treasury Marketing I, Treasury Group at Bank Mandiri (2005-2007).
- Assistant Vice President - Chief Dealer of Marketing II, Treasury Group at Bank Mandiri (2007-2009).
- Vice President - Department Head of Marketing West, Treasury Group at Bank Mandiri (2009-2011).
- Vice President - Department of Banking Book Management, Treasury Group at Bank Mandiri (2011-2012).
- Senior Vice President - Deputy Group Head of Treasury at Bank Mandiri (2012-2015).
- Regional Senior Vice President CEO of Bali and Nusa Tenggara (Executive Officer in Funding and Lending) at Bank Mandiri (2015-2016).
- Senior Vice President - Group Head of Treasury at Bank Mandiri (January-May 2016).
- Director of Finance and as President Commissioner at PT Semen Kupang Indonesia, at the same time (2016- August 2017).
- Acting President Director of PT Semen Indonesia (Persero) Tbk (May 2017 - August 2017).
- Bank Mandiri Treasury Director (August 2017-March 2018).
- Bank Mandiri Director of Treasury and International Banking (March 2018 - now).

LEGAL BASIS OF APPOINTMENT

Appointed as Director of Bank Mandiri for the first time on the Extraordinary GMS dated August 21, 2017, based on the Deed of Resolution of the Extraordinary General Meeting of Shareholders No. 25 dated January 23, 2018.

PERIOD OF OFFICE

Until the closing of the 2022 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

87,600 shares (0,0001877%).

Alexandra Askandar

Director of Institutional Relations



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Medan in 1972, 46 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor in Economics from the University of Indonesia (1995).
- Master of Business Administration (MBA) in Finance from Boston University, USA (1999).

LEGAL BASIS OF APPOINTMENT

Appointed as Director for the first time at the Annual GMS dated March 21, 2018, based on the Deed of Resolution of the Annual GMS No. 60 dated September 18, 2018.

CERTIFICATION

Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2018).

PERIOD OF OFFICE

Until the closing of the 2023 Annual GMS (First Period).

WORK EXPERIENCE

- Manager of Finance Division at PT Surveyor Indonesia (1995-1996).
- ISO 9000 & 14000 Consultant at PT Surveyor Indonesia (1996-1997).
- Account Manager at the Loan Work Out Division of the Indonesian Bank Restructuring Agency (1999-2000).
- Senior Relationship Manager for Corporate Banking Group at Bank Mandiri (2000-2006).
- Corporate Banking III Group Department Head at Bank Mandiri (2007-2009).
- Group Head Syndication, Oil & Gas at Bank Mandiri (2009-2015).
- Corporate Banking Group Head V, Group at Bank Mandiri (2015-2016).
- Commissioner of PT Mandiri Sekuritas (2011- March 2018).
- Senior Executive Vice President of Corporate Banking at Bank Mandiri (2016-March 2018).
- Bank Mandiri Institutional Relationship Director (March 21, 2018-present).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

408,500 shares (0,0008754%).



Agus Dwi Handaya

Director of Compliance

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Medan in 1970, 48 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor in Economics/Accounting from the University of North Sumatra (1995).
- Master of Business Administration in Strategy & Finance from the Nanyang Fellows National Technological University Singapore (2013).

CERTIFICATION

Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2018).

WORK EXPERIENCE

- Branch Officers of Medan Medan City Hall for Small & Corporate Loans and Medium-Term Loans at Import Export Banks (1996-1999).
- Section Head Regional Banking Controllers at Bank Mandiri (1999-2001).
- Section Head of Commercial Banking Controller at Bank Mandiri (2001-2003).
- Senior Strategic Plan at Bank Mandiri (2003-2005).
- Commercial Controller Head at Bank Mandiri (2005-2007).
- Department Head Strategy & Financial Analysis at Bank Mandiri (2007-2009).
- Group Head Strategy & Performance Group at Bank Mandiri (2009-2012).
- Study Tasks at the Nanyang Fellows National Technological University Singapore (2012-2013).
- Group Head Strategy & Performance Group at Bank Mandiri (2013-2014).
- Director of Finance & Distribution Network at PT Bank Syariah Mandiri (2014-2015).
- Director of Finance & Strategy at PT Bank Syariah Mandiri (2015-2016).
- Group Head Office of the CEO at Bank Mandiri (2016-2017).
- Senior Executive Vice President of Corporate Transformation & Finance at Bank Mandiri (2017-March 21, 2018).
- Compliance Director at Bank Mandiri (March 21, 2018-current).

LEGAL BASIS OF APPOINTMENT

Appointed as Director for the first time at the Annual GMS dated March 21, 2018, based on the Deed of Resolution of the Annual GMS No. 60 dated September 18, 2018.

PERIOD OF OFFICE

Until the closing of the 2023 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

70,000 shares (0,0001500%).

Panji Irawan

Director of Finance



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Jakarta in 1965, 53 years old as of December 2018.

EDUCATION BACKGROUND

Bachelor/Engineer in Agricultural & Resource Economics from Institut Pertanian Bogor (1989).

CERTIFICATION

- Underwriter Representative License held by the Capital Market Professional Standards Committee - Association of Underwriter Representatives (1995).
- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2016).
- Advanced Treasury Level Certification (2017).
- Competency Assessor Certification in Banking held by the Banking Professional Certification Institute (LSPP) (2017).
- The Risk Management Certification Refreshment Program held by the Deposit Insurance Corporation (LPS) (2018).

WORK EXPERIENCE

- Chief Inspector at NIKE Inc. Representative Office (1989-1991).
- Dealer Trainee at PT Bank Indonesia Import Export (1991-1992).
- Leadership Staff in PT Bank Indonesia's Import Export Fund Management Unit (1993-1997).
- Leadership Officer in the Grand Cayman Work Unit of PT Bank Indonesia Import Export (1997-1999).
- Group Head of Foreign Exchange in the Global Market & Sales Division at Bank Mandiri (1999-2000).
- Group Head of Foreign Exchange in the Bank Mandiri Global Market Division (2000-2001).
- Chief Dealer at Treasury Management Group Bank Mandiri (2001-2003).
- Bank Mandiri Treasury Trading Department Head (2003-2008).
- Bank Mandiri Debt & Capital Market Department Head (2008-2010).
- Official Treasury Group Head at Bank Mandiri (2010-2011).
- Commissioner at PT Mandiri Sekuritas (2010-2016).
- Bank Mandiri Treasury Group Head (2011-2016).
- Treasury & International Director at PT Bank Negara Indonesia (Persero) Tbk. (2016-March 21, 2018).
- Bank Mandiri Finance Director (March 21, 2018-present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director for the first time at the Annual GMS dated March 21, 2018, based on the Deed of Resolution of the Annual GMS No. 17 dated September 6, 2018.

PERIOD OF OFFICE

Until the closing of the 2023 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

Nihil



Donsuwan Simatupang

Director of Retail Banking

NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Medan in 1961, 57 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor in Corporate Economics from Universitas Parahyangan (1985).
- The Master of Business Administration (MBA) in the field of Investment Banking from Virginia Polytechnic Institute and State University, Blacksburg, Virginia, US (Virginia Tech) (1993).

CERTIFICATION

- Level 5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2015).
- The Risk Management Certification Refreshment Program held by the Center for Risk Management Studies / CRMS (2017).

WORK EXPERIENCE

- Students of Ur. Education at PT Bank Rakyat Indonesia (Persero) Tbk. (1986-1989).
- Staff II Ur. Credit Administration at PT Bank Rakyat Indonesia (Persero) Tbk. (1989-1991).
- Staff II Ur. Training at PT Bank Rakyat Indonesia (Persero) Tbk. (1991-1992).
- Asmen Ur. Training at PT Bank Rakyat Indonesia (Persero) Tbk. (1993).
- Assistant Manager of Industrial Section at PT Bank Rakyat Indonesia (Persero) Tbk. (1993-1995).
- Associate Staff 1 Industrial Section at PT Bank Rakyat Indonesia (Persero) Tbk. (1995-1996).
- Branch Manager of the Argamakmur Branch Office, Palembang Regional Office at PT Bank Rakyat Indonesia (Persero) Tbk. (1996-1998).
- Head of Manado Branch Office, Manado Regional Office at PT Bank Rakyat Indonesia (Persero) Tbk. (1999-2001).
- Head of Jakarta Kramat Branch Office Branch, Jakarta Regional Office at PT Bank Rakyat Indonesia (Persero) Tbk. (2001-2003).
- Branch Manager Jakarta Jatinegara Branch Office, Jakarta Regional Office at PT Bank Rakyat Indonesia (Persero) Tbk. (2004-2005).
- Deputy Leader of the Makassar Region at PT Bank Rakyat Indonesia (Persero) Tbk. (2005-2007).
- Pj. Head of the Retail Credit Division at PT Bank Rakyat Indonesia (Persero) Tbk. (2007-2008).
- Head of the Retail Credit Division at PT Bank Rakyat Indonesia (Persero) Tbk. (2008-2010).
- Medan Region Leader at PT Bank Rakyat Indonesia (Persero) Tbk. (2010-2012).
- Surabaya Regional Leader at PT Bank Rakyat Indonesia (Persero) Tbk. (2012-2013).
- Head of General Business Division at PT Bank Rakyat Indonesia (Persero) Tbk. (2013-2015).
- Commercial Director at PT Bank Rakyat Indonesia (Persero) Tbk. (2015-2017).
- Director of Micro, Small & Medium Enterprises at PT Bank Rakyat Indonesia (Persero) Tbk. (2017).
- Director of Risk Management at PT Bank Rakyat Indonesia (Persero) Tbk. (2017-March 21, 2018).
- Bank Mandiri Retail Banking Director (March 21, 2018-present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director for the first time at the Annual GMS dated March 21, 2018, based on the Deed of Resolution of the Annual GMS No. 17 dated September 6, 2018.

PERIOD OF OFFICE

Until the closing of the 2023 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

Nihil

Riduan

Director of Commercial Banking^{*)}



NATIONALITY

Indonesian.

DOMICILE

Jakarta.

PLACE AND DATE OF BIRTH/AGE

Born in Palembang in 1970, 48 years old as of December 2018.

EDUCATION BACKGROUND

- Bachelor in Accounting Economics from Sriwijaya University (1995).
- Master in Management from Sriwijaya University (2007).

CERTIFICATION

5 Risk Management Certification held by the Banking Professional Certification Institute (LSPP) (2019).

WORK EXPERIENCE

- Internal Auditor (SPI) PT Bank Dagang Negara (Persero) (1996 - 1999).
- Internal Auditor at Bank Mandiri (1999 - 2001).
- Internal Control & Compliance Head in Region II / Palembang Bank Mandiri (2001 - 2005).
- Bank Mandiri Branch Manager Palembang (2003).
- Assistant Vice President of Bank Mandiri Micro Banking District Center II / Palembang (2005 - 2007).
- Vice President of the Regional II / Palembang Commercial Banking Center Bank Mandiri (2007 - 2011).
- Group Head of Bank Mandiri Business Banking/SME (Senior Vice President) (2011 - 2013).
- Commissioner of PT Mandiri AXA General Insurance (2012 - 2014).
- Director of Finance and Investment at PT Askes (Persero) and BPJS Kesehatan (2013-2016).
- Regional CEO II / Sumatra 2 Bank Mandiri (2016 - 2017).
- Commissioner of PT Mandiri Sekuritas (June 2018 - currently).
- Bank Mandiri Middle Corporate Senior Executive Vice President (2017-2018).
- Bank Mandiri Commercial Banking Director (January 7, 2019-present).

LEGAL BASIS OF APPOINTMENT

Appointed as Director for the first time at the Extraordinary GMS dated January 7, 2019 based on the Deed of Resolution of the Extraordinary GMS No. 03 January 07 2019.

PERIOD OF OFFICE

Until the closing of the 2024 Annual GMS (First Period).

CONCURRENT POSITION

Does not have concurrent positions in other companies or institutions.

AFFILIATIONS

No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or main shareholders.

SHAREHOLDING OF BMRI SHARES

150.000 shares (0,0003214%)

^{*)} The appointment of members of the Board of Directors is effective after obtaining approval from the Financial Services Authority on Fit & Proper Test and fulfilling the applicable laws and regulations.

Profile of Senior Executives

Senior Executive Vice President



Mustaslimah
Senior Executive Vice President/
SEVP Internal Audit

Nationality	Indonesian.
Domicile	Depok.
Place and Date of Birth/Age	Born in Temanggung District, Central Java in 1965, 53 years old per December 2018.
Education Background	Bachelor degree in Agroindustrial Technology from Bogor Agricultural University in 1988.
Work Experience	She joined Bank Mandiri in 1999 as Senior Officer Support Function and prior to her current position, she served as Group Head of Human Capital and Service since 2014.
Legal Basis of Appointment	Since 2015 she has held the position as Senior Executive Vice President/SEVP Internal Audit pursuant to Decree of the Board of Directors No. KEP.DIR/095/2015 dated March 26, 2015.
Shareholding of BMRI Shares	394,500 shares (0.0008454%)



Agus Sudiarto
Senior Executive Vice President/
SEVP Special Asset Management

Nationality	Indonesian.
Domicile	Jakarta.
Place and Date of Birth/Age	Born in Jakarta in 1964, 54 years old as of December 2018.
Riwayat Pendidikan	Earned Bachelor's Degree in Law from Universitas Indonesia in 1988 and earned Master's Degree in Risk Management from Universitas Indonesia in 2004.
Work Experience	He joined Bank Mandiri in 1999 as Credit Restructuring Uni Officer and prior to his current position, he assumed the role as Group Head of Special Asset Management since 2010.
Legal Basis of Appointment	Since 2017 he has held the position as Senior Executive Vice President/SEVP Special Asset Management pursuant to Decree of the Board of Directors No. KEP.DIR/082/2017 dated March 26, 2018.
Shareholding of BMRI Shares	90,000 shares (0.0001929%)



Dikdik Yustandi
Senior Executive Vice President/
SEVP Large Corporate

Nationality	Indonesian.
Domicile	Jakarta.
Place and Date of Birth/Age	Born in Bogor in 1963, 55 years old as of December 2018.
Education Background	Earned Bachelor's Degree in Fisheries from Institut Pertanian Bogor in 1987 and earned Master's Degree in Marketing from Universitas Satyagama in 1997.
Work Experience	He joined Bank Mandiri in 1999 as a Senior Relationship Manager Region of Surabaya and prior to his current position he served as Group Head of Corporate Banking 2 Group since 2016.
Legal Basis of Appointment	Since 2018 he has served as SEVP Large Corporate pursuant to Decree of the Board of Directors No. KEP.DIR/26/2018 dated March 29, 2018.
Shareholding of BMRI Shares	100,000 shares (0.0002143%)



Jasmin
Senior Executive Vice President/
SEVP Consumer and Transaction

Nationality	Indonesian.
Domicile	Jakarta.
Place and Date of Birth/Age	Born in Grobogan in 1964, 54 years old per December 2018.
Education Background	Earned Bachelor's Degree in Economics from Universitas Gadjah Mada in 1988 and earned Master's Degree in International Business from Universitas Gadjah Mada in 1998.
Work Experience	She joined Bank Mandiri in 1999 as Spoke C Manager of Jakarta Branch Office Bendungan Hilir and prior to her current position she served as Regional CEO IV/ Jakarta 2 since 2015.
Legal Basis of Appointment	Since 2018, she has served as SEVP Consumer and Transaction based on Directors Decree No. KEP. DIR/27/2018 dated March 29, 2018.
Shareholding of BMRI Shares	18,100 shares (0.0000388%)



David Pirzada
Senior Executive Vice President/
SEVP Wholesale Risk

Nationality	Indonesian.
Domicile	Jakarta.
Place and Date of Birth/Age	Born in Palembang in 1968, 50 years old per December 2018.
Education Background	Obtained a Bachelor's degree in Electrical Engineering from Northeastern University, Boston, Massachusetts, USA, in 1991 and an MBA Program in International Business, Southern New Hampshire University in 1992.
Work Experience	He joined Bank Mandiri in 2018 as SEVP Wholesale Risk and prior to his current position he served as Chief Risk Officer at Bank of Tokyo Mitsubishi since 2015.
Legal Basis of Appointment	Since 2018, he has served as SEVP Wholesale Risk based on Decree of the Board of Directors No. KEP.DIR/50/2018 dated 02 July 2018.
Shareholding of BMRI Shares	-



Aquarius Rudianto
Senior Executive Vice President/
SEVP Operation

Nationality	Indonesian.
Domicile	Jakarta.
Place and Date of Birth/Age	Born in Jakarta in 1967, 51 years old per December 2018.
Education Background	Obtained a Bachelor's degree in Social Politics - Governmental Science at Padjajaran University, in 1990
Work Experience	He joined Bank Mandiri in 1991 as Samarinda Branch Manager. Prior to his current position he served as Bank Mandiri Regional CEO III since 2015.
Legal Basis of Appointment	Since 2018 he has served as SEVP Operation pursuant to Decree of the Board of Directors No. KEP.DIR/71/2018 dated November 8, 2018
Shareholding of BMRI Shares	143,500 shares (0.0003075%)

Other than the SEVPs mentioned above, there are 4 (four) other SEVPs whose term of office has expired in 2018 and in January 2019, they are Riyani T. Bondan, Sanjay N. Bharwani, Joseph G. Godong, and Kepas A.A. Manurung, with the position details as follows:

Name	Position	Term of Office Commencing Date	Term of Office Termination Date
Riyani T. Bondan	Senior Executive Vice President/ SEVP Retail Risk	March 17, 2015	December 1, 2018
Sanjay N. Bharwani	Senior Executive Vice President/ SEVP Human capital	August 18, 2014	April 1, 2018
	Senior Executive Vice President/ SEVP Corporate Transformation	April 2, 2018	January 5, 2019
Joseph G. Godong	Senior Executive Vice President/ SEVP Operations	October 29, 2014	October 31, 2018
Kepas A.A. Manurung	Senior Executive Vice President/ SEVP Wholesale Risk	March 26, 2015	July 2, 2018

Group Head

Work unit	Head of Work Unit
Special Asset Management	
Special Asset Management I	M. Iswahyudi
Special Asset Management II	J.F. Hasudungan
Special Asset Management III	Asril Aziz
Wholesale Credit Litigation	M. Arifin Firdaus
Executive Legal Litigation	Hikmat Nazar Soebandi
Executive Business Officer - B	Ruslina S.S.H. Butarbutar
Risk Management	
Retail Product Delivery & Fraud Risk	Upik Trisda Leawati
Consumer Credit Risk & Analytics	Wiweko Probojakti ^{*)}
	Setiyo Wibowo
Retail Collection & Recovery	Nury Sriandajani ^{*)}
	Jugie Sugiarto
SME & Micro Risk	Muhammad Iqbal
Large Corporate Risk	Tiwul Widyastuti ^{*)}
	Danis Subyantoro
Middle Corporate Risk 1	Titiek Setiyowati
Middle Corporate Risk 2	Karya Prasetya Budi ^{*)}
	Tiwul Widyastuti
Market Risk	Ita Tetralastwati
Operational Risk	Adi Surya Djoko
Credit Portfolio Risk	Setiyo Wibowo ^{*)}
	Alfanendya Safudi
Credit Control & Supervision	Aried Riadi Bakri
Policy & Procedure	Agus Retmono
Head of Wholesale Risk Solution	Diyantini Soesilowati
Executive Credit Officer - A	Karya Prasetya Budi
Executive Credit Officer - A	M. Sigit Pambudi
Executive Credit Officer - A	Tatang Tabroni
Executive Credit Officer - B	Eko Virgianto
Executive Credit Officer - B	Maria Nuringati
Executive Credit Officer - B	Martinus Amrih Utomo
Executive Credit Officer - B	Pandu Wiguno
Executive Credit Officer - B	Sam Malee
Executive Credit Officer - B	Nur Hidayat Udin
Executive Credit Officer - B	Farid Ma'ruf
Executive Credit Officer - B	Deru Widyarto
Executive Credit Officer - B	Goetomo
Corporate Banking	
Large Corporate 1	Yusak Labanta SS ^{*)}
	M. Rizaldi
Large Corporate 2	Dikdik Yustandi ^{*)}
	Yusak Labanta Sudena Silalahi

Work unit	Head of Work Unit
Large Corporate 3	Elisabeth R.T. Siahaan ^{*)}
	Dannif Utojo Danusaputro
Large Corporate 4	Faiz Firdausi ^{*)}
	Nita Prihutaminigrum
Large Corporate 5	Susana Indah K. Indriati
Large Corporate 6	Wono Budi Tjahyono
Corporate Solution	Budi Purwanto
Middle Corporate 1	Sucipto Prayitno ^{*)}
	Zainal Alam D ^{*)}
	Adi Pranantias
Middle Corporate 2	Sutekat
Middle Corporate 3	Zaidan Novari
Middle Corporate 4	Frans Gunawan L. ^{*)}
	Sucipto Prayitno
Middle Corporate 5	Poltak Simanullang ^{*)}
	Frans Gunawan L.
Middle Corporate 6	Zainal Alam D ^{*)}
	Poltak Simanullang ^{*)}
	Totok Priyambodo
Executive Business Officer - B Large Corporate	Ferry Muhammad Robbani
Executive Business Officer - B Corporate	Sulaeman
Executive Business Officer - B Middle Corporate	Zainal Alam Dalimunthe
Executive Relationship Officer Corporate	Jacob Johanis Maitimu
Executive Business Officer - B Commercial	Nur Susilo Wibowo
Executive Relationship Officer Commercial	Didik Yudianto
Senior Operational Risk Head Wholesale Banking	Mindha Erdismina
Institutional Relations	
Government & Institutional 1	Deny Edward Yusar ^{*)}
	Dadang Ramadhan P.
Government & Institutional 2	Teddy Yunirman Danas
Corporate Secretary	Rohan Hafas
Head of Government Project 1	Nila Mayta Dwi Rihandjani
Head of Government Project 2	Rahmat Broto Triaji
Head of Government Project 3	Tri Prasetyo ^{*)}
	Tonggo Marbun
Executive Relationship Officer Hubungan kelembagaan	Diana Hady
Executive Relationship Officer Hubungan Kelembagaan	R. Putut Putranto S
Treasury & International Banking	
International Banking & Financial Institutions	Ferry Muhammad Robbani ^{*)}
	Elisabeth R.T. Siahaan
Treasury	Farida Thamrin
Strategic Investment & Subsidiaries Management	Pantro Pander Silitonga
Transaction Banking Wholesale Sales	Lugiyem ^{*)}
	Tri Nugroho
Transaction Banking Wholesale Product	Paulus Adinata Widia

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross Reference POJK	Cross Reference ACGS	Financial Statement
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Work unit	Head of Work Unit
Strategic Procurement	Haryanto
Deputy Treasury	Abu Santosa Sudrajat
Retail Banking	
Credit Cards	Vira Widiyasari
Consumer Loans	Harry Gale ^{*)}
	Ignatius Susatyo Wijoyo
Micro Banking	Wawan Setiawan
SME Banking	Anton Herdianto ^{*)}
	Choirul Anwar
Micro Development & Agent Banking	Zedo Faly
Senior Operational Risk Head Retail	Mardiana
Small & Network Business	
Regional CEO I/Sumatera 1	H. R. Parlindungan H ^{*)}
	Wono Budi Tjahyono ^{**)}
Regional CEO II/Sumatera 2	Aribowo
Regional CEO III/Jakarta 1	Aquarius Rudianto ^{*)}
	Teuku Ali Usman ^{*)}
Regional CEO IV/Jakarta 2	Maqin Uddin Norhadi
Regional CEO V/Jakarta 3	Teuku Ali Usman
Regional CEO VI/Jawa 1	Iman Gunawan ^{*)}
	Harry Gale
Regional CEO VII/Jawa 2	Maqin Uddin Norhadi ^{*)}
	Maswar Purnama
Regional CEO VIII/Jawa 3	Agus Haryoto W ^{*)}
	R. Erwan Djoko
Regional CEO IX/Kalimantan	Anton Zulkarnain
Regional CEO X/Sulawesi & Maluku	Herry Rukmana ^{*)}
	Angga Erlangga Hanafie
Regional CEO XI/Bali & Nusa Tenggara	R. Erwan Djoko ^{*)}
	Rully Setiawan
Regional CEO XII/Papua	Tito Irianto Sutaryo ^{*)}
	I Gede Raka Arimbawa
Distribution Strategy	Myland ^{*)}
	Agus Haryoto Widodo
Wealth Management	Elina Wirjakusuma
Transaction Banking SME Sales	Angga Erlangga Hanafie ^{*)}
	Trilaksito Singgih Hudanendra
Transaction Banking Retail Sales	Thomas Wahyudi
Strategic Marketing Communications	Yoesman Sugianto
Consumer Deposits	Muhamad Gumilang M
Senior Operational Risk Head Distribution & Consumer	Tina Setiawati Sentoso
Information & Operations Technology	
Digital Banking	Sunarto

Work unit	Head of Work Unit
IT Strategy & Architecture	Aloysius Johannes
IT Infrastructure	Victor Erico Korompis
IT Application Development	Daniel Setiawan Subianto
IT Application Support	Toto Prasetyo
Enterprise Data Management	Mohammad Guntur
CISO Office	Saladin Dharmanugraha
Credit Operations	Martono
Cash & Trade Operations	Satria
Electronic Channel Operations	Boyke Yurista At T.M
Customer Care	Lila Noya
Retail Credit Center	Liston Simanjuntak
Head Business Continuity Management	Wawandrijo Priwardono
Senior Operational Risk Head Teknologi & Operation	Deni Hendra Permana
Compliance	
Legal	Eman Suherman
Compliance	Chrisna Pranoto
Human Capital Talent, Organisation and Performance	Steven Agustino
Human Capital Services	Putu Dewi Prasthiani
Mandiri University	Maswar Purnama ^{*)}
	Lugiyem
Human Capital Engagement	I Aminarti Widiati
Head of Office of The Board	Nur Eko Pujiastuti H
Head of Organization Development & Transformation	Mira Rozanna
Senior HCBP Head Wholesale Banking	Emmy Nurhayati
Senior HCBP Head Distribution & Retail Banking	Hendro Subekti
Finance	
Strategy & Performance Management	Elmamber Petamu Sinaga
Accounting	Novita Widya Anggraini
Investor Relations	Yohan Setio
Corporate Real Estate	O.C. Harry Pudjiatmoko
Chief Economist	Anton Hermanto Gunawan
Internal Audit	
Chief Auditor Wholesale & Corporate Center Audit	Baban Sudarman
Chief Auditor Retail Audit	Juliser Sigalingging
Chief Auditor IT Audit	Rasyid Darajat
Senior Investigator Head	Herry Rukmana
Corporate Transformation	
Head of Project Business Transformation	Rustam Sofyan Sirait
Head of Project Corporate Development	Muhamad Sudrajat
Head of Project Decision Engine	Williem Rudy
Head of Project Workflow Center of Excellence	Minette Rivelina

^{*)} Rotation/mutation/end of duty period/retirement ^{**)} Serving as of January 2019

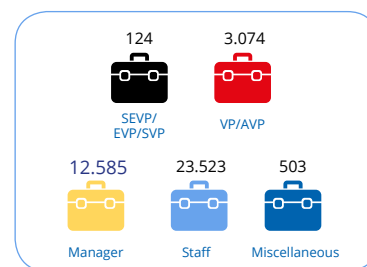
Employee Competencies Profile and Development

Amount of Employees Based on Organizational Level

Table of Number of Employees by Organization Level Organizational Level

(in person)

Organizational Level	2018			2017		
	Male	Female	Total	Male	Female	Total
Senior Executive Vice President (SEVP); Executive Vice President (EVP); Senior Vice President (SVP)	100	24	124	110	29	139
Vice President (VP); Assistant Vice President (AVP)	2,156	918	3,074	1,761	654	2,415
Senior Manager (SRM); Assistant Manager (AM)	6,383	6,202	12,585	6,812	6,355	13,167
Staff	10,111	13,412	23,523	9,425	12,794	22,219
Miscellaneous	247	256	503	366	1	367
Total	18,997	20,812	39,809	18,474	19,833	38,307

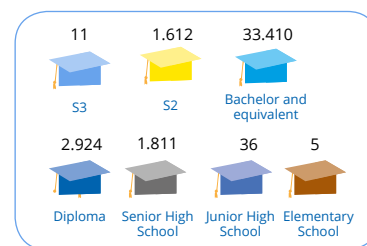


Amount of Employees Based on Education Level

Table of Number of Employees by Educational Level

(in person)

Educational Level	2018			2017		
	Male	Female	Total	Male	Female	Total
Doctoral Degree	8	3	11	5	2	7
Master's Degree	1,111	501	1,612	1,105	468	1,573
Bachelor and equivalent	15,421	17,989	33,410	14,733	17,045	31,778
Diploma	996	1,928	2,924	997	1,877	2,874
Senior High School	1,420	391	1,811	1,586	441	2,027
Junior High School	36	-	36	41	-	41
Elementary School	5	-	5	7	-	7
Total	18,997	20,812	39,809	18,474	19,833	38,307

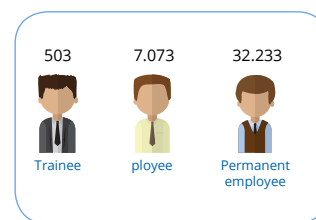


Amount of Employees Based on Employment Status

Table of Number of Employees Based on Employees Status

(in person)

Employees Status	2018			2017		
	Male	Female	Total	Male	Female	Total
Permanent employee	15,834	16,399	32,233	15,188	15,276	30,464
Non-Permanent (contract) employee	2,916	4,157	7,073	3,233	4,474	7,704
Trainee	247	256	503	53	83	136
Total	18,997	20,812	39,809	18,474	19,833	38,307

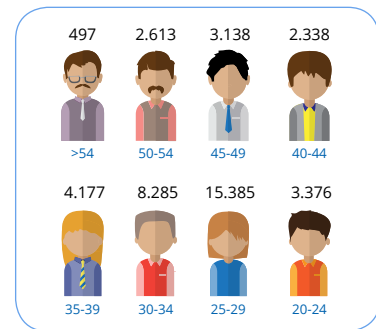


Amount of Employees Based on Age Range

Table of Number of Employees Based on Age Range

(in person)

Age Range	2018			2017		
	Male	Female	Total	Male	Female	Total
20-24	1,159	2,217	3,376	1,093	2,236	3,329
25-29	6,516	8,869	15,385	6,556	8,830	15,386
30-34	3,845	4,440	8,285	3,156	3,497	6,653
35-39	2,024	2,153	4,177	1,907	2,213	4,120
40-44	1,204	1,134	2,338	1,289	1,124	2,413
45-49	1,978	1,160	3,138	2,126	1,123	3,249
50-54	1,899	714	2,613	1,934	700	2,634
>54	372	125	497	413	110	523
Total	18,997	20,812	39,809	18,474	19,833	38,307

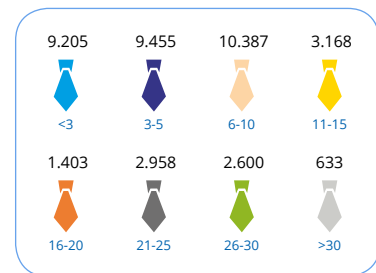


Amount of Employees Based on Years of Service

Table of Number of Employees Based on Years of Service

(in person)

Years of Service	2018			2017		
	Male	Female	Total	Male	Female	Total
<3	3,918	5,287	9,205	4,083	5,386	9,469
3-5	4,474	4,981	9,455	4,532	5,640	10,172
6-10	4,620	5,767	10,387	3,475	3,962	7,437
11-15	1,357	1,811	3,168	1,295	1,930	3,225
16-20	499	904	1,403	1,058	970	2,028
21-25	1,872	1,086	2,958	1,528	883	2,411
26-30	1,805	795	2,600	1,790	780	2,570
>30	452	181	633	713	282	995
Total	18,997	20,812	39,809	18,474	19,833	38,307

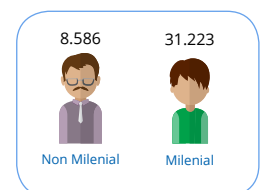


Amount of Employees Based on Milenial and Non Milenial Ages

Table Number of Employees Based on Millennial and Non Millennial Age

(in person)

Generation	2018				2017			
	Compo-sition	Male	Female	Total	Compo-sition	Male	Female	Total
Millennial Age	77.89%	13,544	17,679	31,223	77.00%	12,722	16,776	29,498
Non Millennial Age	22.11%	5,453	3,133	8,586	23.00%	5,752	3,057	8,809
Total	100.00%	18,997	20,812	39,809	100.00%	18,474	19,833	38,307



Competence Development for Employees Policy

Bank Mandiri gives equal opportunities to all employee regardless of the gender or position level. The human capital training and development was carried out with referring to the training and development framework that includes all aspects and methods of human capital development. The Training and Development include the introduction to the organization, vision and mission, the company's work culture, the needed technical competence, as well as the will to lead.

The training and development framework is prepared based on business needs and aligned with Human Capital strategies. The training and development is carried out using the life-long learning method, which is an employee capability improvement program that is not only conducted within classroom training, but also through experiential learning, including programs on the job training, coaching, mentoring, assignments, and so on. In addition, employees are asked to conduct self-learning through e-learning and/or other developments such as reading and sharing.

Competence Development Based on Position Level

The manifestation of Bank Mandiri's commitment to providing equal opportunities for its employees in developing competencies can be seen in the following table:

Table of Competency Development Based on Position Level in 2018

Level Position	Type Training	Program Training	Purpose Training	Total Participants
Board of Commissioners	Inhouse	Leadership	To improve leadership.	2
	Total			2
Directors	Inhouse	Leadership	To improve leadership.	3
		Management	To improve knowledge and competence in terms of company management.	1
		Credit	To improve knowledge and competence in terms of credit field.	1
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	4
	Total			9
SEVP	Inhouse	Credit	To improve knowledge and competence of the employees in terms of credit field.	2
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	1
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	1
		Leadership	To improve knowledge and competence in terms of leadership.	6
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	1
	Sub-total			11
	Public	Leadership	To improve knowledge and competence in terms of leadership.	2
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	1
	Sub-total			3
	Total			14

Level Position	Type Training	Program Training	Purpose Training	Total Participants	
EVP/SVP	Inhouse	Credit	To improve knowledge and competence of the employees in terms of credit field.	39	
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	22	
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	67	
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	4	
		Leadership	To improve knowledge and competence in terms of leadership.	210	
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	43	
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	35	
	Sub-total				420
	Public	Credit	To improve knowledge and competence of the employees in terms of credit field.	5	
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	1	
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	5	
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	10	
		Leadership	To improve knowledge and competence in terms of leadership.	17	
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	4	
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	5	
Sub-total				47	
Total				467	
VP – AVP	Inhouse	Credit	To improve knowledge and competence of the employees in terms of credit field.	2.219	
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	850	
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	1.003	
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	248	
		Leadership	To improve knowledge and competence in terms of leadership.	770	
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	1.448	
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	1.878	
	Sub-total				8.416
	Public	Credit	To improve knowledge and competence in terms of credit field.	18	
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	8	

Level Position	Type Training	Program Training	Purpose Training	Total Participants	
SRM – AM		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	50	
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	87	
		Leadership	To improve knowledge and competence in terms of leadership.	62	
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	105	
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	66	
	Sub-total			396	
	Total			8.812	
	Inhouse		Credit	To improve knowledge and competence of the employees in terms of credit field.	5.803
			Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	1.827
			General	To improve knowledge and competence in terms of marketing, risk management, and so on.	3.248
			Information Technology	To improve knowledge and competence of the employees in terms of information technology.	888
Leadership			To improve knowledge and competence in terms of leadership.	1.645	
Management			To improve employee insights and competencies related to Bank Mandiri's management activities.	3.461	
Operations			To improve employee insights and competencies related to Bank Mandiri's management activities.	5.700	
Sub-Total			22.572		
Public		Credit	To improve knowledge and competence of the employees in terms of credit field.	32	
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	9	
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	105	
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	115	
		Leadership	To improve knowledge and competence in terms of leadership.	56	
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	174	
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	78	
Sub-total			569		
Total			23.141		
Clerk	Inhouse		Credit	To improve knowledge and competence of the employees in terms of credit field.	3.646
			Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	994
			General	To improve knowledge and competence in terms of marketing, risk management, and so on.	2.604
			Information Technology	To improve knowledge and competence of the employees in terms of information technology.	684
			Leadership	To improve knowledge and competence in terms of leadership.	338
			Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	3.005
			Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	6.531

Level Position	Type Training	Program Training	Purpose Training	Total Participants
Others	Sub-total			17.802
	Public	Credit	To improve knowledge and competence of the employees in terms of credit field.	2
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	71
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	74
		Leadership	To improve knowledge and competence in terms of leadership.	17
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	30
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	22
	Sub-total			216
	Total			18.018
	Inhouse	Credit	To improve knowledge and competence of the employees in terms of credit field.	323
		Finance & Accounting	To improve knowledge and competence of the employees in terms of finance and accounting.	134
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	215
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	22
		Leadership	To improve knowledge and competence in terms of marketing, risk management, and so on.	42
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	233
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	429
	Sub-total			1.398
	Public	Credit	To improve knowledge and competence of the employees in terms of credit field.	1
		General	To improve knowledge and competence in terms of marketing, risk management, and so on.	7
		Information Technology	To improve knowledge and competence of the employees in terms of information technology.	9
		Leadership	To improve knowledge and competence in terms of leadership.	4
		Management	To improve employee insights and competencies related to Bank Mandiri's management activities.	10
		Operations	To improve employee insights and competencies related to Bank Mandiri's management activities.	7
Sub-total			38	
Total			1.436	
Grand Total			51.899	

Information about the number of employees training participants, number of training days on the number of training and the number of training days on the number of employees can be seen in the following table.

Table of Number of Training Days

Year	Total Employee	Total Number of Training Days	Training Days/ Employee	Total of Training Participant	Total of the Training Employee
2018	39,809	263,365	6.62	283,636	37,141
2017	38,307	237,860	6.22	245,769	35,170

Leadership Development Program Table

Leadership Development Program	2018		2017	
	Total Batch	Total Participants	Total Batch	Total Participants
Officer Development Program (ODP)	23	609	12	281
Staff Development Program (SDP)	19	554	25	710
MyLead Program	1	10	1	4
Master's Degree Bank Program	1	26	1	17
Middle Management Development Program (MDP)	2	60	2	60
Great Development Program (GDP)	1	34	-	-
SESPIBANK Training Program	1	4	2	6
Executive Training Program	1	21	1	12

Throughout 2018 there was a decrease in the number of participants and batch numbers in several leadership development programs that had been carried out by the Company, the decrease in participants was among them in the Staff Development Program (SDP) of 21.97% and the SESPIBANK Training Program of 33.33%. The decrease is based on the needs of the Company that affect the number of participants and batches according to the needs of the SDP and SESPIBANK classes in 2018.

While several other leadership programs experienced a significant increase such as the Program Officer Development Program (ODP) which increased by 216.76%. The significant increase in the ODP program was due to the organization's need to adjust the Company's business development in 2018. The success of the doctoral degree program also led to an increase in participants reaching 52.94%.

Implementation of Competence Development Evaluation

As one of the Company's Human Capital development strategies, competency development is aimed at employees at all levels, both business units and supporting, regardless of gender. The company also sets a target in the form of coverage development competency development activities for Bank Mandiri employees. Furthermore, it was revealed to each work unit to be one of the Key Performance Indicators (KPI) in the form of talent development and attendance rate training.

In addition to classroom training and experiential learning, Bank Mandiri also provides self-learning facilities for employees through 3 (three) online portals namely Mandiri i-learn, Mandiri i-share and Mandiri i-know. Mandiri i-learn contains information about e-learning training that can be accessed from all over

Indonesia, registration of training and assessment tools. Mandiri i-share is a social learning media as a means of sharing information among Bank Mandiri employees. Mandiri i-know includes a system of knowledge management to manage knowledge and collaboration facilities for Bank Mandiri employees.

Bank Mandiri evaluates training programs that have been carried out as input material for module development as well as subsequent employee development plans. This evaluation is divided into 4 evaluation levels, namely:

- Level 1 (L1) is an evaluation to assess the participants' reactions to the implementation of training. This includes the suitability of the material, the ability of the teacher to deliver material and the availability of training facilities.
- Level 2 (L2) is an evaluation to assess the participants' understanding throughout the training. This evaluation can be in the form of a theory or practice exam related to training material.
- Level 3 (L3) is an evaluation to assess the implementation of training materials and changes in training participants' behavior before and after the training takes place. This evaluation is carried out at least 3 (three) months after the training is conducted. The assessment process is carried out by multi-evaluator method that is asking for an assessment/opinion from employees, superiors, colleagues, subordinates of the employee.
- Level 4 (L4) is an evaluation to assess the impact of training that employees have followed on improving their performance. This evaluation is carried out after 3 (three) months since the training took place.

The results of the evaluation will then be reviewed by Bank Mandiri to make improvements to the training both in terms of material renewal, methods of delivering training, teaching quality and training facilities. The results of the evaluation of training and employee development at Bank Mandiri throughout 2018 are as follows:

Evaluation L1

Shows a score of 5.48 from a minimum standard of 4.8 (scale 1-6). This shows that the participants considered the implementation of the training to have been well implemented.

Evaluation L2

Shows a score of 83.73 from a minimum standard of 75 (scale 1-100). This shows that the participants have sufficient understanding of the training material that is followed.

Evaluation L3

Shows a score of 5.41 from a minimum standard of 4.8 (scale 1-6). This shows that the behavior of the participants experienced satisfying positive changes after attending the training.

Evaluation L4

Shows a score of 39.22% from a minimum standard of 15% (scale 1%-100%). This shows that there is an impact of training on improving employee performance.

Competence Development Expense

The commitment of Bank Mandiri to always increasing the added value for the employees is manifested in the sustainability competence development. The realization of employee competence development expense of 2018 amounts to IDR592.6 billion, increasing IDR38.4 billion or 6.9% in comparison to 2017. The total amount of the employee competence development expense can be viewed in the following table.

Table of Competence Development Expense in 2017-2018

(in billion IDR)

Competence Development Expense		Growth	
2018	2017	in currency	in percent
592,665	554,232	38,433	6.9%

Table of Competence Development Expense by Program Type

(in million rupiah)

Program	2018	2017	2016	2015	2014
Executive Development Program	9,025	5,014	5,540	29,714	13,473
Middle and Junior Management Development Program	103,689	120,216	186,541	83,625	101,337
Retaining Competency Development Program	42,415	27,430	44,582	37,097	40,181
Change and Culture Development Program	19,036	14,840	13,379	17,000	17,000
Essential Leadership Capability Development Program	10,218	78,150	30,433	39,000	29,500
Organizational Capability Development Program	63,266	21,810	2,166	18,750	36,999
Pre Retirement Program	9,565	1,479	12,571	23,000	11,000
Employee Engagement Activities	25,918	38,007	16,133	16,350	15,000
Mandatory Skill Development Program	309,532	247,286	219,486	227,647	90,395
Total	592,665	554,232	530,831	492,100	354,885

Shareholders' Composition

Table of Bank Mandiri's Shareholders' Competition Per December 2018

Shareholding	Number of Shareholders	Total Share	Shareholding Percentage
National			
The Government of the Republic of Indonesia	1	28,000,000,000	60.00000%
Individual	20,856	489,212,358	1.04831%
Employees	1,548	16,357,404	0.03505%
Cooperatives	6	1,474,200	0.00316%

Shareholding	Number of Shareholders	Total Share	Shareholding Percentage
Foundations	30	44,361,190	0.09506%
Pension Fund	145	514,787,122	1.10312%
Insurance	105	1,121,497,738	2.40321%
Limited Liability Company	103	704,275,396	1.50916%
Mutual Fund	346	1,264,665,249	2.71000%
Sub Total	23,140	32,156,630,657	68.90707%
Foreign			
Foreign Individual	118	1,708,446	0.00366%
Foreign Business Entity	1,371	14,508,327,563	31.08927%
Sub Total	1,489	14,510,036,009	31.08820%
Total	24,629	46,666,666,666	100.00000%

The 20 Largest Shareholders' Composition

Table of Bank Mandiri's The 20 Largest Shareholders' Composition

No.	Investor Name	Status	Amount of Shares	Shareholding Percentage
1.	THE GOVERNMENT OF THE REPUBLIC OF INDONESIA	The Government of the Republic of Indonesia	28,000,000,000	60.0000000%
2.	SSB 2IB5 S/A OAKMARK INTERNATIONAL FUND-	Foreign Business Entity	1,277,232,100	2.7369259%
3.	DIRECTORATE GENERAL OF EMPLOYMENT'S PENSION BENEFITS PROGRAM	Local Business Entity	603,285,912	1.2927555%
4.	GIC S/A GOVERNMENT OF SINGAPORE	Foreign Business Entity	534,212,246	1.1447405%
5.	BNYMSANV RE BNYMLB RE EMPLOYEES PROVIDEN	Foreign Business Entity	379,075,776	0.8123052%
6.	BNYMSANV RE BNYMILLUX RE RE MILLUX RE BL	Foreign Business Entity	364,616,200	0.7813204%
7.	SSB 4545 S/A LAZARD EMERGING MARKETS EQU	Foreign Business Entity	347,304,142	0.7442232%
8.	JPMCB NA AIF CLT RE-STICHTING DEPOSITARY	Foreign Business Entity	301,524,500	0.6461239%
9.	PT PRUDENTIAL LIFE ASSURANCE - REF	Local Business Entity	290,494,218	0.6224876%
10.	JPMCB NA RE - VANGUARD EMERGING MARKETS	Foreign Business Entity	286,443,915	0.6138084%
11.	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL	Foreign Business Entity	280,481,371	0.6010315%
12.	CITIBANK NEW YORK S/A GOVERNMENT OF NORW	Foreign Business Entity	245,087,654	0.5251878%
13.	RD SCHRODER D PRESTASI PLUS-908294000	Local Business Entity	209,602,272	0.4491477%
14.	THE BANK OF NEW YORK MELLON DR	Foreign Business Entity	193,090,520	0.4137654%
15.	CITIBANK N.A.-BANK MANDIRI	Foreign Business Entity	178,038,380	0.3815108%
16.	SSB 2Q27 S/A ISHARES CORE MSCI EMERGING	Foreign Business Entity	168,389,600	0.3608349%
17.	PT AIA FINL - UL EQUITY	Local Business Entity	156,868,900	0.3361476%
18.	GIC S/A MONETARY AUTHORITY OF SINGAPORE	Foreign Business Entity	149,392,300	0.3201264%
19.	HSBC BANK PLC S/A SAUDI ARABIAN MONETARY	Foreign Business Entity	144,968,020	0.3106458%
20.	JPMBL SA UCITS CLT	Foreign Business Entity	144,342,900	0.3093062%

Composition of Shareholders' Holding 5% or More of Shares

Table of the Composition of Shareholders with 5% or More Shareholding

Investor Name	Amount of Share	Shareholding Percentage
The Government of the Republic of Indonesia	28,000,000,000	60.0000000%

Community Shareholders' Group Composition Holding Less Than 5% of Shares

Table of Community Shareholders' Group Composition Holding Less than 5% of Shares

No.	Public Shareholding	Number Shareholders	Number Share	Shareholding Percentage
Domestic				
1.	Individual	20,856	489,212,358	1.04831%
2.	Employees	1,548	16,357,404	0.03505%
3.	Cooperation	6	1,474,200	0.00316%
4.	Foundation	30	44,361,190	0.09506%
5.	Pension Fund	145	514,787,122	1.10312%
6.	Insurance	105	1,121,497,738	2.40321%
7.	Limited Liability Company	103	704,275,396	1.50916%
8.	Mutual Funds	346	1,264,665,249	2.71000%
Sub Total		23.139	4.156.630.657	8,90707%
International				
1.	Foreign Individual	118	1,708,446	0.00366%
2.	Foreign Business Entity	1,371	14,508,327,563	31.08927%
Sub Total		1,489	14,510,036,009	31.08820%
Total		24,628	18,666,666,666	40.00000%

Board of Commissioners' and Directors' Shareholding

Table of Bank Mandiri's Board of Commissioners' and Board of Directors' Shareholding

No.	Name	Position	Number of Shares	Shareholding Percentage
Board of Commissioners				
1.	Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	0	0.0000000
2.	Imam Apriyanto Putro	Vice President Commissioner	114,300	0.0002449
3.	Goei Siauw Hong	Independent Commissioner	0	0.0000000
4.	Bangun S. Kusmulyono	Independent Commissioner	0	0.0000000
5.	Askolani	Commissioner	109,000	0.0002336
6.	Ardan Adiperdana	Commissioner	109,000	0.0002336
7.	Makmur Keliat	Independent Commissioner	0	0.0000000
8.	R.Widyo Pramono	Commissioner	39,400	0.0000844

No.	Name	Position	Number of Shares	Shareholding Percentage
Board of Directors				
1.	Kartika Wirjoatmodjo	President Director	269,100	0.0005766
2.	Sulaiman Arif Arianto	Vice Director	635,658	0.0013621
3.	Royke Tumilaar	Corporate Banking Director	344,200	0.0007376
4.	Donsuwan Simatupang	Director of Retail Banking	0	0.0000000
5.	Hery Gunardi	Director of Small and Network Businesses	660,200	0.0014147
6.	Darmawan Junaidi	Director of Treasury & International Banking	87,600	0.0001877
7.	Panji Irawan	Director of Finance	0	0.0000000
8.	Rico Usthavia Frans	Director of Information Technology & Operation	242,200	0.0005190
9.	Alexandra Askandar	Director of Institutional Relation	408,500	0.0008754
10.	Ahmad Siddik Badruddin	Director of Risk Management	1,238,800	0.0026546
11.	Agus Dwi Handaya	Director of Compliance	70,000	0.0001500
Total			4,327,958	0.0092742

Remarks: The Board of Commissioners and of Directors also do not have indirect ownership of Bank Mandiri.

Board of Commissioners' and Directors' Share Trading

Pursuant to the Regulation of the Financial Services Authority No. 11/POJK.04/2017 on the Policy concerning Board of Commissioners' and Board of Directors' Share Trading, and the Standard Procedure of Company Corporate Secretary, each and every member of Board of Commissioners and Board of Directors must inform the Company about their shareholding and any change pertaining to their Company shareholding no later than 3 (three) days following the trading. Subsequently, the Company must report such a transfer to Financial Services Authority 10 (ten) days at the most after the trading. In relation to this matter, throughout 2018, there had been 11 trading transactions of Bank Mandiri's share conducted by Bank Mandiri's members of Board of Directors and Board of Commissioners with the detail as follows:

No.	Name	Position	Transaction	Amount of Shares Before the Transaction	Amount of Trading	Share Price	Amount of Share After the Transaction	Transaction Date	Purpose of Transaction	Reporting
1.	Imam Apriyanto Putro	Deputy President Commissioner	Purchase	N/A	114,300 shares	IDR6,467.65	114,300 shares	Monday, July 09, 2018	In compliance with the Regulation of Financial Service Authority No. 45/POJK.03/2015 on the Implementation of Governance concerning Remuneration for Commercial Banks	Have been reported to the Indonesian Financial Service Authority via Letter dated July 18, 2018.
2.	Askolani	Commissioner	Purchase	N/A	109,000 shares	IDR6,467.65	109,000 shares			
3.	Ardan Adiperdana	Commissioner	Purchase	N/A	109,000 shares	IDR6,467.65	109,000 shares			
4.	R. Widyo Pramono	Commissioner	Purchase	N/A	39,400 shares	IDR6,467.65	39,400 shares			
5.	Kartika Wirjoatmodjo	President Director	Purchase	N/A	269,100 shares	IDR6,467.65	269,100 shares			
6.	Sulaiman A. Arianto	Deputy President Director	Purchase	380,058 shares	255,600 shares	IDR6,467.65	605,658 shares			
7.	Royke Tumilaar	Director of Corporate Banking	Purchase	102,000 shares	242,200 shares	IDR6,467.65	344,200 shares			
8.	Hery Gunardi	Director of Small & Network Businesses	Purchase	418,000 shares	242,200 shares	IDR6,467.65	660,200 shares			
9.	Ahmad Siddik Badruddin	Director of Risk Management	Purchase	996,600 shares	242,200 shares	IDR6,467.65	1,238,800 shares			
10.	Rico Usthavia Frans	Director of Information Technology & Operation	Purchase	N/A	242,200 shares	IDR6,467.65	242,200 shares			
11.	Darmawan Junaidi	Director of Treasury & International Banking	Purchase	N/A	87,600 shares	IDR6,467.65	87,600 shares			

List of Subsidiaries, Sub-Subsidiaries, and/or Associates

Subsidiaries

Name	Line of Business	Shareholding	Date and Year of Establishment	Operation Status	Total Assets (in million)	Domicile
PT Bank Syariah Mandiri	Sharia Banking Services	99.990%	1999	In Operation	98,341	Jakarta
Bank Mandiri (Europe) Limited	Banking Services	100.000%	1999	In Operation	2,535	London
PT Mandiri Sekuritas	Banking Investment Service	99.990%	2000	In Operation	1,669	Jakarta
PT Bank Mandiri Taspen	Banking Services	51.077%	1970	In Operation	20,944	Denpasar
PT Mandiri Tunas Finance	Motor Vehicle and Multipurpose Financing Services	51.000%	1989	In Operation	17,480	Jakarta
Mandiri International Remittance Sdn. Bhd.	Money Remittance Services	100.000%	2009	In Operation	17	Kuala Lumpur
PT AXA Mandiri Financial Services	Financial Planning Services Via Insurance Products	51.000%	2003	In Operation	29,070	Jakarta
PT Mandiri AXA General Insurance ("MAGI")	Motor Vehicle, Insurance Services and Other Insurance	20.000%	2011	In Operation	1,478	Jakarta
PT Asuransi Jiwa Inhealth Indonesia	Health Insurance and Life Insurance Services	80.000%	2008	In Operation	2,146	Jakarta
PT Mandiri Utama Finance	Customer Financing Services Especially for Motor Vehicle	51.000%	2015	In Operation	4,569	Jakarta
PT Mandiri Capital Indonesia	Venture Capital Services	99.980%	2015	In Operation	460	Jakarta

A brief description about each Subsidiaries is elaborated as follows:



PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is a subsidiary of Bank Mandiri which conducts banking activities under the sharia principles, established in the Republic of Indonesia on 15 June 1955, originally bearing the name of PT Bank Industri Nasional ("PT Bina"). Subsequently PT Bina was changed into PT Bank Maritim Indonesia on 4 October 1967 and subsequently into PT Bank Susila Bhakti on 10 August 1973, which is a Subsidiary of BDN. The last company name change was based on Notarial

Deed by Sutjipto, S.H., No. 23 dated September 8, 1999, i.e. Into PT Bank Syariah Mandiri

BSM conducts its business based on an authorization from Bank Indonesia under the the Decree of Bank Indonesia's Governor No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on sharia principles and commenced operations as of November 1, 1999. The Company's shareholding composition consisted of PT Bank Mandiri (Persero) Tbk. at 99.99% (397,804,386 shares) and Mandiri Sekuritas at 0.01% (1 share).

To this date, BSM offers a range of innovative sharia-based products for their customers which are classified into 4 (four) groups e.g. funding, financing, merit and service products.

Based on Deed of GMS Resolutions Number 01 dated May 2, 2017, the composition of BSM's Board of

Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner/ Independent Commissioner	: Mulya E. Siregar
Independent Commissioner	: Bambang Widiyanto
Independent Commissioner	: Dimas Oky Nugroho

Directors

President Director	: Toni Eko Boy Subari
Director	: Ade Cahyo Nugroho
Director	: Achmad Syafii
Director	: Putu Rahwidhiyasa
Director	: Kusman Yandi
Director	: Edwin Dwidjajanto
Director	: Choirul Anwar

Sharia Board of Supervisory

Head of the Sharia Supervisory Board	: Ma'ruf Amin
Sharia Supervisory Board	: Mohamad Hidayat
Sharia Supervisory Board	: Muhammad Syafii Antonio



Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") is a British-corporate subsidiary with its shares entirely held by Bank Mandiri. BMEL was established on August 2, 1999 under registration number 3793679. BMEL is a commercial bank operating under the supervision of The Prudential Regulation Authority ("PRA") and The Financial Conduct Authority ("FCA") of England. BMEL was also set up to carry on the business activities of the overseas branch office of Bank Exim previously operating since 1992 and turned into Bank Mandiri (Europe) Limited in 1999.

As a commercial bank operating in England, BMEL provides banking products such as trade financing, encompassing export and import products, and receivable/invoice financing, as well as remittance service as a corporate payment solution, in addition to corporate financing products, both working capital loan and investment loan. Furthermore, BMEL takes part in becoming the marketing channel of capital market for Bank Mandiri Group. Then, BMEL collaborated with

the stakeholders into business gateway in England and Europe to attract investors as foreign direct investment to Indonesia or Indonesian Entrepreneur/Indonesian Corporation intending to penetrate England and Europe markets.

The composition of management structure of Bank Mandiri (Europe) Limited is as follows:

Non Executive Director (Ned)

Independent	: Mahendra Siregar
NED and Chairman	
Independent	: John Kenrick Williams
Non Executive Director	
Non Executive Director	: Ita Tetralaswati

Director

Chief Executive	: I Nyoman G. Suarja
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PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Sekuritas"), formerly known as PT Merincorp Securities Indonesia ("MSI") was established under the Deed No. 1 dated December 2, 1991 made before a Notary, Sutjipto, S.H., MSI obtained the business license as security portfolio trading intermediary and security portfolio underwriter for the Chairman of the Capital Market Supervisory Agency ("Bapepam") under the Decree No. KEP-12/PM/1992 and No. KEP-13/PM/ 1992 and commenced its operations on January 23, 1992.

Mandiri Sekuritas is one of Bank Mandiri's subsidiaries, a surviving security company from the merger of several security companies in Bank Mandiri's vicinity, i.e. Bumi Daya Sekuritas, Exim Securities, and Merincorp Securities Indonesia. The merger is based on the Notarial Deed No. 116 dated July 31, 2000 made before a Notary, Mrs. Vita Buena, S.H., approved by the Minister of Law and Legislation of the Republic of Indonesia on 25 August 2000 based on the Decree No. C-18762. HT.01.01-TH.2000 and business permit previously obtained by MSI which remains applicable by PT Mandiri Sekuritas. The shareholding composition of the Company comprise 99.99% by PT Bank Mandiri (Persero) Tbk and 0.01% by Koperasi Mandiri.

Currently, Mandiri Sekuritas is one of the security companies with the largest security capitalization value

in Indonesia's capital market. In addition, Mandiri Sekuritas is also an investment banking service provider and the most active local security intermediary in Indonesia.

Based on resolutions of GMS Number 08 dated 9 March 2017, the composition of Mandiri Taspen's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner and Independent Commissioner	: Darwin Cyril Noerhadi
Commissioner	: Riduan
Commissioner	: Wien Irwanto

Directors

President Director	: Silvano Winston Rumantir
Director	: Lisana Irianiwati
Director	: Heru Hendayanto
Director	: Andy Saleh Bratamihardja



PT Bank Mandiri Taspen

PT Bank Mandiri Taspen (hereinafter referred to as Bank Mantap or the Bank) was established in Denpasar on November 3, 1992, under the Deed of Establishment No. 4, made before Ida Bagus Alit Sudiarmika, S.H., a Notary in Denpasar, bearing the name of PT Bank Sinar Harapan Bali. The establishment was an upgrade of legal entity status, from previously an Indonesian Joint-Stock Company (Maskapai Andil Indonesia or MAI) into a Limited Liability Company (Perseroan Terbatas or PT). The deed of establishment was ratified by the Minister of Justice of the Republic of Indonesia under Decree No. C2-4581 HT.01.01 Th.93 dated June 12, 1993.

Over time, on May 3, 2008, Bank Sinar was officially acquired by PT Bank Mandiri (Persero) Tbk in order to comply with the provisions of capital regulation as a commercial bank. The acquisition marked the beginning of Bank Mandiri's ownership of Bank Sinar and then the management of Bank Sinar is done separately as a stand-alone bank with the status of Subsidiary focusing mainly on micro business and small business development.

On July 24, 2015, the FSA approved the name was change of PT Bank Sinar Harapan Bali into PT Bank Mandiri Taspen Pos and granted permission to conduct business activities under the name of Bank Mantap. The name change was accompanied by a license for logo change from FSA on July 31, 2015. The name and logo changes was announced to the public on August 7, 2015.

On October 9, 2017, Bank Mandiri Taspen Pos held Extraordinary General Meeting of Shareholders (EGMS) that approved the change of shareholders composition into Bank Mandiri (59.44%), PT Taspen (40%), and individuals (0.56%). The EGMS also approved the change of company name from PT Bank Mandiri Taspen Pos to PT Bank Mandiri Taspen.

The composition of the Board of Commissioner and Directors of Bank Mantap is as follows:

Board of Commissioners

President Commissioner	: Abdul Rachman
Commissioner	: Agus Haryanto
Independent Commissioner	: Sukoriyanto Saputro
Independent Commissioner	: Edhi Chrystanto
Independent Commissioner	: Zudan Arief Fakrulloh

Directors

President Director	: Josephus K. T
Director	: Nurkholis Wahyudi
Director	: Fajar Ari Setiawan
Director	: Paulus Endra Suyatna
Director	: Iwan Suroto



PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF") is one of Bank Mandiri's subsidiaries established in 1989. MTF was established under the name of PT Tunas Financindo Corporation (later renamed into PT Tunas Financindo Sarana ("TFS")) based on the notarial deed made by Misahardi Wilamarta, S.H., No. 262 dated May 17, 1989 and ratified by the Minister of Justice within the Decision Letter No. C2-4868.HT.01.01.TH.89 dated June 1, 1989 and was published in the State Gazette No. 57, Supplement No. 1369 dated July 18, 1989.

Later, in February 2009, Bank Mandiri acquired the company into PT Mandiri Tunas Finance ("MTF") with 51% of shareholding by Bank Mandiri and 49% by PT Tunas Ridean Tbk. The transfer of 51.00% of

shareholding towards Bank Mandiri has been ratified in the EGMS MTF as set forth in Minutes of EGMS No. 8 dated February 6, 2009 and was registered in the Department of Law and Human Rights' Legal Entity Administration System as affirmed via Ministry of Law and Human Rights' Letter No. AHU-AH.01.10-01575 dated March 11, 2009.

The name change of TFS into MTF was conducted on June 26, 2009, in accordance to PT Tunas Financindo Sarana's Deed of Meeting Resolution No. 181 dated June 26, 2009 signed by Notary Dr. Irawan Soerodjo, S.H., Msi. The articles of association was approved by the Minister of Law and Human Rights of the Republic of Indonesia within the Decision Letter No. AHU-4056.AH.01.02.TH.09 on August 26, 2009.

MTF is a financing institution whose business activities focused on Investment Financing, Motor Vehicle Financing, Multipurpose Financing, and other financing based on approval from the Financial Services Authority (OJK). Bank Mandiri's shareholding until 2017 amounts to 51.00% and 49.00% for Tunas Ridean.

Based on resolutions of GMS Number 23 dated April 26, 2017 the composition of Mandiri Sekuritas' Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner : Rico Adisurja Setiawan
 Commissioner : Harry Gale
 Independent Commissioner : Ravik Karsidi

Directors

President Director : Arya Suprihadi
 Marketing Director : Harjanto Tjitohardjoyo
 Financial Director : Armendra



Mandiri International Remittance Sdn. Bhd.

Mandiri International Remittance Sdn. Bhd. ("MIR") is a subsidiary whose shares are held entirely by Bank Mandiri and became a Malaysian legal entity since March 17, 2009 under the registration number 850077-P. MIR is a remittance service provider under the provision of Bank Negara Malaysia ("BNM"). The establishment of MIR received an approval from Bank Indonesia ("BI") via letter No. 10/548/DPB1 dated November 14, 2008 and

an approval from BNM to conduct operational activities via letter No. KL.EC.150/1/8562 dated November 18, 2009. The new licensing has been approved under the Money Services Business Deed 2011 on August 7, 2012 letter No. JPPPW/LIC/2200/B/0106.

The grand opening of the first MIR office that was located in Kuala Lumpur, Malaysia was conducted on November 29, 2009 and to this day, the main products provided by MIR are remittances to Bank accounts within Banks all across Indonesia or through cash withdrawals at all Bank Mandiri Branches and Pawnshop Outlets in Indonesia for the currency of Indonesian Rupiah. In addition, MIR also provides forwarding services for opening a Mandiri Tabungan TKI account and acts as a contact center for Bank Mandiri's customers in Malaysia.

Under Section 58 of the Companies Act 2016, dated 31 March 2017 the composition of Mandiri International Remittance Sdn. Bhd.'s Board of Commissioners and the Board of Directors are as follows:

NON EXECUTIVE DIRECTOR

Non Executive Director : Diah Natalin Saragih
 Non Executive Director : Siti Kamaliyah

Directors

President Director : Wahyu Surahmat
 Director : M. Fodli



PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a Subsidiary of Bank Mandiri established under the name of PT Asuransi Jiwa Staco Raharja on 30 September 1991 under the Notarial Deed made by Muhani Salim, S.H., No. 179. The company obtained the decision letter from the Directorate General of Financial Institutions No. KEP.605/KM.13/1991 regarding the granting of a National Life Insurance Business License and commenced their operations on December 4, 1991. The name of the company then was changed into PT Asuransi Jiwa Mandiri and subsequently changed into PT AXA Mandiri Financial Services. This amendment was approved by the Minister of Law and Human Rights in the letter No. C-28747.HT.01.04.TH.2003 dated December 10, 2003 and was published in the State Gazette No. 64, Supplement No. 7728 dated August

10, 2004 with the composition of NMI shareholders respectively at 51.00% and 49.00% for Bank Mandiri.

On August 20, 2010, Bank Mandiri signed a trading agreement over the purchase of 2,027,844 shares or 2.00% of the issued and paid-up shares of NMI made before the notary Dr. A. Partomuan Pohan, S.H., LL.M. The ownership addition in AXA Mandiri has been approved by Bank Indonesia via its letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. Following this purchase, Bank Mandiri's shareholding percentage in AXA Mandiri was increased to 51.00%.

AXA Mandiri offers financial planning services through various insurance products that provide added value to the customers and subsidiaries of Bank Mandiri. Especially for individual businesses (retail), AXA Mandiri offers combined products of insurance and investment (unit link) with flexible feature selections with optimal coverage to meet various needs such as life protection, health insurance, critical illness insurance, old-age savings, education funds, or other financial planning purposes for the future. In addition to those unit link, AXA Mandiri also introduces conventional insurance products, namely Mandiri Solusi Kesehatan (Mandiri Health Solution), Asuransi Mandiri Perlindungan Penyakit Tropis (Mandiri Tropical Diseases Coverage Insurance), Asuransi Mandiri Hospitalife (Mandiri Hospitalife Insurance), Asuransi Mandiri Proteksi Kanker (Cancer Protection Mandiri Insurance), Asuransi Mandiri Heart Protection (Mandiri Heart Protection Insurance), and Mandiri Kesehatan Prima (Prime Health Mandiri) that provide for life and health insurance coverages, along with several additional coverage insurance (riders).

Furthermore, AXA Mandiri also provides insurance coverage for credit card-holding customers, saving account customers, consumer loan customers, and credit customers of Bank Mandiri and Bank Mandiri's subsidiaries. AXA Mandiri offers as well coverage for companies in managing their employee warfare through the distribution channel of Corporate Solution, a health and life coverage with comprehensive benefits, for the company employees.

Based on resolutions of GMS Number 22 dated November 7, 2017 the composition of AXA Mandiri Tunas Financial Services' Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner	: Agus Haryoto Widodo
Commissioner	: Paul-Henri Nicolas Pierre Marie Rastoul

Independent Commissioner	: Wihana Kirana Jaya
Independent Commissioner	: Akhmad Syakhroza

Directors

President Director	: Handojo Gunawan Kusuma
Director	: Henky Oktavianus
Director	: Cecil Mundisugih



PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance (MAGI) is a joint venture company between Bank Mandiri and AXA Société Anonyme, engaging in loss insurance. MAGI was previously named PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) established under the Notarial Deed by Sie Khwan Djioe No. 109 dated July 28, 1961 in Jakarta. The company name was changed into PT Asuransi Dharma Bangsa under the Notarial Deed by Imas Fatimah, S.H. No. 54 dated December 17, 1997 and has obtained approval from the Minister of Justice via the Decision Letter of the Minister of Justice No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

Furthermore, the company name of PT Asuransi Dharma Bangsa was changed into PT Mandiri AXA General Insurance in accordance with Notarial Deed by Yualita Widyadhari, S.H. No. 90 dated October 18, 2011 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and was received by its letter No. AHU-51976.AH.01.02 dated October 25, 2011 regarding the Acceptance for the Notification of Amendment to Articles of Association of PT Mandiri AXA General Insurance.

In conducting its business, MAGI has obtained a business license from Bapepam's Bureau of Insurance and the Ministry of Finance of the Republic of Indonesia's LK via letter No. S-12583/BL/2011 dated November 22, 2011. The line of business that became MAGI's focus until this date is motor vehicle insurance, but in line with the company's business development, the products marketed today are more diverse, such as accident, property, transportation insurance, travel insurance and various other products.

Based on the letter of approval from the Financial Services Authority (OJK) No. S-72/PB.31/2016 dated August 3, 2016 concerning the Approval Application for the Capital Participation Addition of PT Mandiri AXA General Insurance, therefore on August 9, 2016 the transaction for capital participation addition towards MAGI has been executed that amounted to IDR 30,000. The addition of such capital participation did not change the shareholding percentage for MAGI whose total shares were held by Bank Mandiri that at 60% and 40% for AXA S.A.

Based on resolutions of GMS Number 12 dated 22 February 2017 the composition of Mandiri AXA General insurance's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner	: Kepas Antoni Adrianus Manurung
Commissioner	: Ramanathan Kumar Guru
Independent Commissioner	: Frans Wiyono
Independent Commissioner	: Indra Noor

Directors

President Director	: Paul Henri Rastoul
Director	: Sylvain Ducros
Director	: Eddy Alfian



PT Asuransi Jiwa Inhealth Indonesia

PT Asuransi Jiwa Inhealth Indonesia, hereinafter referred to Mandiri Inhealth, was founded on October 6, 2008 under the Deed of Establishment of PT Asuransi Jiwa Inhealth Indonesia No. 2 Dated October 6, 2008; No. AHU-90399.AH.01.01; Dated November 26, 2008. Mandiri Inhealth is owned by three state-owned enterprises with the following composition: PT Bank Mandiri (Persero) Tbk at 80%, PT Kimia Farma (Persero) Tbk at 10%, PT Asuransi Jasa Indonesia (Persero) at 10%.

The products and services offered by Mandiri Inhealth were classified into Health Insurance products and Life Insurance products, which currently focuses on Health Insurance products business that dominates 97% of the company's premium income.

Based on resolutions of GMS Number 23 dated 11 April 2017, the composition of Bank Mandiri Inhealth's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner	: Sentot A Sentausa
Independent Commissioner	: Ali Gufron Mukti
Independent Commissioner	: Bambang Wibowo

Directors

President Director	: Iwan Pasila
Director	: Wahyu Handoko
Director	: Bugi Riagandy



PT Mandiri Utama Finance

PT Mandiri Utama Finance ("MUF") is a subsidiary of Bank Mandiri, operating since August 24, 2015, based on the notarial deed made by Ashoya Ratam, S.H., M.Kn. No. 19 dated January 21, 2015, approved by the Ministry of Law and Human Rights of the Republic of Indonesia within the Decision Letter No. AHU-0003452.AH.01.01. tahun 2015 dated May 26, 2015. Bank Mandiri alongside PT Tunas Ridean Tbk and PT Asco Investindo established MUF with Bank Mandiri's ownership amounts to 51.00%, PT Tunas Ridean Tbk at 12.00% and PT Asco Investindo at 37.00%.

On 24 August 2015, MUF conducted their initial operational activities through collaborations with major dealers and loan disbursements towards limited customers to meet FSA IKNB requirements. To this date MUF is a financing institution focused on customer financing, especially the financing for both new and used motor vehicle. In the course of their business, MUF provides financing services covering investment financing, working capital financing, and multipurpose financing which the main focus is currently the financing of motor vehicles for retail customer and companies in the form of financing consumers as well as leasing.

Based on resolutions of GMS Number 59 dated November 7, 2017 the composition of Bank Mandiri Utama Finance's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner	: Riyani T Bondan
Commissioner	: Erida
Independent Commissioner	: Mansyur Syamsuri Nasution

Directors

President Director	: Stanley Setia Atmadja
Director	: Judy Lesmana
Director	: Wiweko Probojakti (effective since stated passed the fit and proper test Ministry of SOE and OJK)



PT Mandiri Capital Indonesia

PT Mandiri Capital Indonesia ("MCI") is a subsidiary of Bank Mandiri which was established on June 23, 2015, and is engaged in venture capital. On June 26, 2015, the establishment of MCI has been approved by the Minister of Law and Human Rights No. AHU-2445684.AH.01.01 year 2015. MCI has obtained a license to conduct business activities in venture capital on November 10, 2015 via Financial Services Authority's letter No. SR-6035/NB.111/2015 so that MCI can perform full operational activities.

To this date, the majority of MCI's shareholder is PT Bank Mandiri (Persero) Tbk at 99.98% and PT Mandiri Sekuritas at 0.02%. To conduct their business, MCI used various investment plans towards potential FinTech startup companies through equity participation, participation via convertible notes, and other forms according to POJK of the venture capital.

Based on resolutions of GMS Number 1 dated Tuesday, 11 April 2017 the composition of Bank Mandiri Inhealth's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner	: Joseph Georgino Godong
Commissioner	: Rahmat Broto Triaji
Independent Commissioner	: Alexander Rusli

Directors

President Director	: Mardianto Eddiwan Danusaputro
Financial Director	: Hira Laksamana

Second-Tier Subsidiary Entities

Bank Mandiri has 2 (two) Second-tier Subsidiaries Entities through the ownership by the Subsidiary Entity

Name	Line of Business	Shareholding	Date and Year of Establishment	Operation Status	Total Assets (in million Rupiah)	Domicile
PT Mandiri Manajemen Investasi	Investment Manager Services	Ownership through PT Mandiri Sekuritas to 99.93%	2004	In Operation	443	Jakarta
PT Mandiri Securities Pte.Ltd	Investment Service Banking	Ownership through PT Mandiri Sekuritas to 100.00%	2015	In Operation	185	Singapore
PT Mitra Transaksi Indonesia	Business Support Services Related to Financial Services	Ownership through PT Mandiri Capital Indonesia to 51.00%	2016	In Operation	368	Jakarta

Associates Entity

Name	Line of Business	Shareholding	Date and Year of Establishment	Operation Status	Total Assets (IDR billion)	Domicile
PT Kustodian Sentral Efek Indonesia	Depository and Settlement Institution (LPP) in Indonesia Capital Market	10.00%	1997	In Operation	1,837	Jakarta
PT PANN (Pengembangan Armada Niaga Nasional) (Persero)	Financing Service that participated in Financing Commercial Ships Procurement in Indonesia	7.00%	1974	In Operation	914	Jakarta

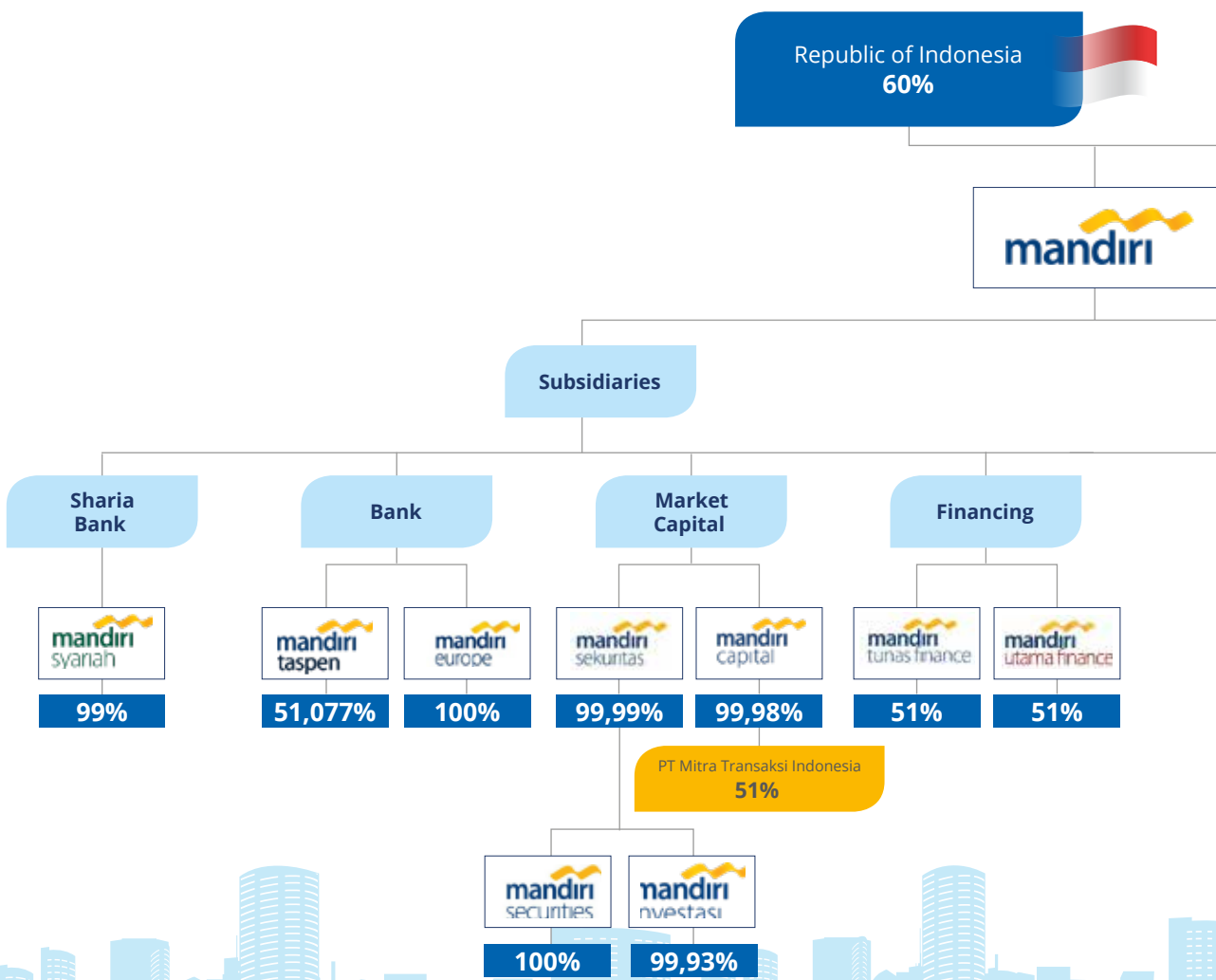
A brief description about each Associates is elaborated as follows:

PT Kustodian Sentral Efek

PT Kustodian Sentral Efek Indonesia (“KSEI”) is a Depository and Settlement Institution (LPP) in Indonesia capital market, established on December 23, 1997 in Jakarta, and obtained an operating license on November 11, 1998. Based on the provisions of 1995 Law Number 8 regarding Capital Market, KSEI performs its function as LPP in Indonesia capital market by providing centralized custodian services and well-regulated, proper and efficient Security settlement services. Currently, KSEI’s shareholders consist of 26 Security Companies, 9 Custodian Banks, 3 Securities Administration Agencies and 2 SROs (Self Regulatory Organizations) whereby Bank Mandiri became one of the custodian banks as well as KSEI’s shareholder at 10%.

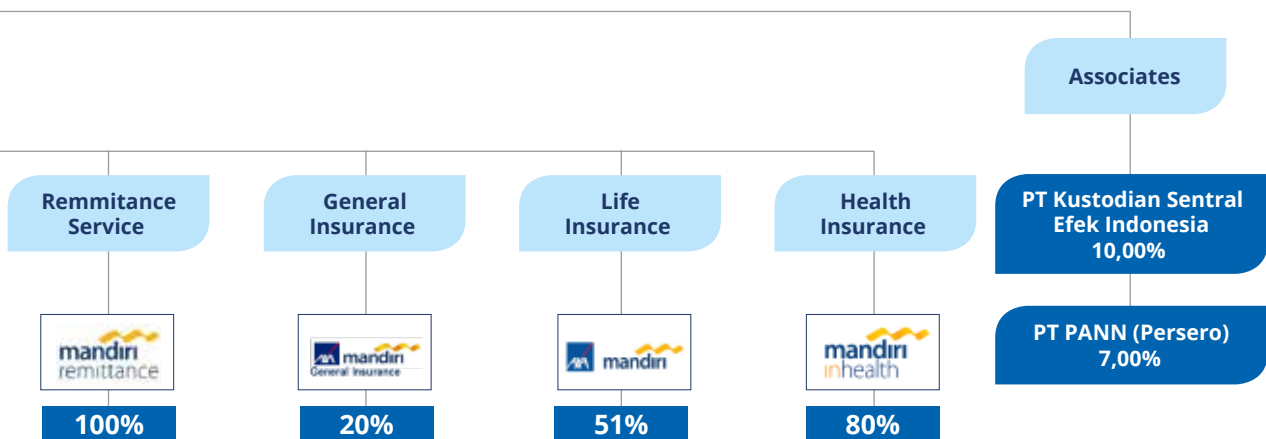
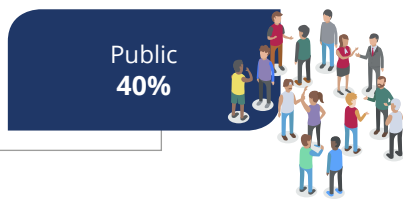
Company Group Structure

As of 2018 Bank Mandiri does not have a Parent Entity, joint venture company, and Special Purpose Vehicle (SPV).



PT PANN (Persero)

PT PANN is ex-legacy Bapindo's pure participation and is a financing company that participated in financing the Commercial Ships procurement in Indonesia. Prior to the Spin Off this company engaged in the financing of national commercial ships focusing on financing lower middle class shipping companies via financing mechanisms of Financial Lease, Purchase on Installment, Sale and Lease Back and Factoring. Until 2017 Bank Mandiri's ownership in PANN is at 7%.



Share Issuance Chronology

Bank Mandiri only issues one Series A Dwiwarna Share owned by the Republic of Indonesia and is not transferable. The shares issued by Bank Mandiri consist of Series A Dwiwarna Shares and Common Shares on Series B. Name of Common Stock on behalf of Series B offered entirely consisting of divested shares of the Republic of Indonesia which give the holders equal and equal rights in all matters with Common Stock On behalf of other B Series, Bank Mandiri has been placed and fully paid.

Initial Public Offering

On July 14, 2003, Bank Mandiri conducted an Initial Public Offering (IPO) of 4,000,000,000 Ordinary Shares B Series with a par value of Rp. 500 (full amount) per share sold at IDR 675 (full amount) per share. The public offering to the public was a divestment of 20.00% of Bank Mandiri's shares owned by the Government.

On July 14, 2003, 19,800,000,000 of Bank Mandiri's Ordinary Shares B Series have been listed on Jakarta and Surabaya Stock Exchanges based on the letter of approval from Jakarta Stock Exchange No. S-1187/ BEJ. PSJ/ 07-2003 dated July 8, 2003 and Surabaya Stock Exchange No. JKT-028/LIST/BES/VII/2003 dated July 10, 2003.

Divestment of shareholding by the Government

On March 11, 2004, the Government divested an additional 10.00% ownership in Bank Mandiri or amounted to 2,000,000,000 Ordinary Shares B Series via private placements.

Limited Public Offering

In order to strengthen the capital structure, Bank Mandiri increased their issued and paid capital via Limited Public Offering ("LPO") with Rights Issue and regarding that particular LPO, Bank Mandiri has submitted the first and second registration statements

Bank Mandiri Stock Split Table

Description	Shareholders (Number of Outstanding Shares)					Number of Outstanding Shares
	Government		Public		Nominal	
	Number	%	Total	%	IDR	
Before the Stock Split	14,000,000,000	60	9,333,333,333	40	500	23,333,333,333
After the Stock Split	28,000,000,000	60	18,666,666,666	40	250	46,666,666,666

Name of Stock Exchange Where the Shares are Listed

All of Bank Mandiri's shares has been listed at Indonesia Stock Exchange.

Table of Bank Mandiri's Share Issuance Chronology

No.	Period	Description	Share	Par Value (IDR)	
1.	Before IPO	-	-	-	
2.	Monday, July 14, 2003	Initial Public Offering	Ordinary Share B Series	500	
3.	March 11, 2004	Divestment of Governmental Shares	Ordinary Share B Series	500	
4.	2004	MSOP I Conversion ^{*)}	Ordinary Share B Series	500	
5.	2005	MSOP I Conversion ^{*)}	Ordinary Share B Series	500	

towards Bapepam-LK on December 26, 2010 and January 18, 2011. Bapepam-LK under the Chief Executive Officer of Bapepam and LK's Letter No S-807/BL/2011 dated January 27, 2011 stated that the LPO registration with Bank Mandiri's Rights Issue has been effective and also obtained approval from the shareholders in accordance with the decision result of the Extraordinary GMS on January 28, 2011.

The number of HMETD issued by Bank Mandiri is 2,336,838,591 shares with a nominal price of IDR500 (full amount) per share determined on January 25, 2011 and the exercise of the Rights trading period starting February 14, 2011 up to February 21, 2011 with an offering price of IDR 5,000 (full amount) per share.

The Government of the Republic of Indonesia as Bank Mandiri's majority shareholder did not exercise their right to acquire the Rights Issue, but instead they transferred it to other public shareholders, so that the Government's shareholding percentage composition

was reduced or diluted from 66.68% before the Rights Issue exercise period to become 60.00% after the implementation of the Rights Issue.

Implementation of the Stock Split

Based on the resolutions of the Extraordinary GMS dated August 21, 2017 as set forth within the Deed No. 36 dated August 24, 2017, made before Ashoya Ratam SH, Mkn, the shareholders of Bank Mandiri, among others, approved the stock split of the Company from IDR 500 (full amount) per share into IDR250 (full amount) per share so that the issued capital became 46,666,666,666 shares consisting of 1 Bicolor Share A Series and 46,666,666,665 shares B Series. The implementation of the stock split was effective on September 13, 2017.

	Offer Price (IDR)	Number of Issued Shares	Issued and Paid-up Capital		
			Amount of Share	Total Nominal Value (IDR)	Total Offer Price (IDR)
	-	-	20,000,000,000	10,000,000,000,000	-
	675	4,000,000,000	20,000,000,000	10,000,000,000,000	13,500,000,000,000
	1,450	2,000,000,000	20,000,000,000	10,000,000,000,000	29,000,000,000,000
	742.50	132,854,872	20,132,854,872	10,066,427,436,000	-
	742.50	122,862,492	20,255,717,364	10,127,858,682,000	-

No.	Period	Description	Share	Par Value (IDR)
6.	2006	MSOP I Conversion ^{*)}	Ordinary Share B Series	500
7.	2006	MSOP II Conversion ^{*)}	Ordinary Share B Series	500
8.	2007	MSOP I Conversion ^{*)}	Ordinary Share B Series	500
9.	2007	MSOP II Conversion ^{*)}	Ordinary Share B Series	500
10.	2007	MSOP III Conversion ^{*)}	Ordinary Share B Series	500
11.	2008	MSOP I Conversion ^{*)}	Ordinary Share B Series	500
12.	2008	MSOP II Conversion ^{*)}	Ordinary Share B Series	500
13.	2008	MSOP III Conversion ^{*)}	Ordinary Share B Series	500
14.	2009	MSOP II Conversion ^{*)}	Ordinary Share B Series	500
15.	2009	MSOP III Conversion ^{*)}	Ordinary Share B Series	500
16.	2010	MSOP II Conversion ^{*)}	Ordinary Share B Series	500
17.	2010	MSOP III Conversion ^{*)}	Ordinary Share B Series	500
18.	February 14 – February 21, 2011	Limited Public Offering via Rights Issue	Ordinary Share B Series	500
19.	September 13, 2017	Stock Split (1: 2 Financial Ratio)	-	250

^{*)} Information regarding the date of implementation of the MSOP conversion can be seen in the description of the Employee and/or Management Share Ownership Program in this Annual Report.

Initial public offering towards the community amounted to 4,000,000,000 shares was a divestment of Bank Mandiri's 20.00% shares owned by the Government, thus not increasing the number of outstanding shares. The Government also further divested 10.00% of its shareholding in Bank Mandiri or amounted to 2,000,000,000 Common Shares B Series via private placements, this action did not increase the number of outstanding shares within the community. After the stock split, the share price of Bank Mandiri share was recorded at IDR6,700 from the previous IDR13,400, with a stock split ratio of 1: 2.

	Offer Price (IDR)	Number of Issued Shares	Issued and Paid-up Capital		
			Amount of Share	Total Nominal Value (IDR)	Total Offer Price (IDR)
	742.50	71,300,339	20,327,017,703	10,163,508,851,500	-
	1,190.50	304,199,764	20,631,217,467	10,315,608,733,500	-
	742.50	40,240,621	20,671,458,088	10,335,729,044,000	-
	1,190.50	343,135	20,671,801,223	10,335,900,611,500	-
	1,495.08	77,750,519	20,749,551,742	10,374,775,871,000	-
	742.50	8,107,633	20,757,659,375	10,378,829,687,500	-
	1,190.50	399,153	20,758,058,528	10,379,029,264,000	-
	1,495.08	147,589,260	20,905,647,788	10,452,823,894,000	-
	1,190.50	86,800	20,905,734,588	10,452,867,294,000	-
	1,495.08	64,382,217	20,970,116,805	10,485,058,402,500	-
	1,190.50	6,684,845	20,976,801,650	10,488,400,825,000	-
	1,495.08	19,693,092	20,996,494,742	10,498,247,371,000	-
	5,000	2,336,838,591	23,333,333,333	11,666,666,666,500	116,666,666,666,666
	-	-	46,666,666,666	-	-

Bonds Issuance and/or Registration Chronology

Bank Mandiri has issued several bonds in Rupiah to support business growth with adequate funding sources and good tenor distribution. The Rupiah Bonds were the Bank Mandiri I Subordinated Bonds in 2009, followed by the issuance of Bank Mandiri Sustainable Bonds I with funds raised in the amount of IDR 14 trillion with tenors of 3 (three) to 10 (ten) years issued in stages from 2016 to by 2018.

Bank Mandiri's Rupiah Subordinated Bonds I Year 2009

To strengthen the capital structure and support credit expansion in terms of business development, on December 14, 2009, Bank Mandiri issued Bank Mandiri I Rupiah subordinated bonds in 2009 (subordinated bonds) in the amount of IDR3,500,000,000,000, as complementary capital (lower tier 2) in accordance with Bank Indonesia regulations.

This subordinated bond received an approval from Bank Indonesia via letter No. 11/III/DPB1/TPB1-1 dated December 14, 2009 and the effective statement of the Financial Services Authority (formerly the Capital Market & Financial Institution Supervisory Agency (Bapepam and LK)) based on a letter from the Chairman of Bapepam and LK No. S-10414/BL/2009 dated December 3, 2009.

Bank Mandiri has listed Subordinated Bonds in Indonesia Stock Exchange (IDX) on December 14, 2009 in accordance with the announcement of Bank Mandiri's subordinated bonds registration by IDX dated December 11, 2009. The Subordinated Bonds possess a maturity of 7 (seven) years and have matured on December 11, 2016, issued without any draft with a fixed interest rate of 11.85% per annum. The trustee of these subordinated bonds is PT Bank Permata Tbk.



Bank Mandiri's Sustainable Bond I Phase I Year 2016

On September 30, 2016, Bank Mandiri issued their first Bank Mandiri's Sustainable Bond I Phase I Year 2016 ("Sustainable Bonds I Phase I") with the par value of IDR5,000,000,000,000 consisting of 3 (three) series.

The interest of Sustainable Bonds I Phase I was paid quarterly, with the first interest payment made on December 30, 2016 while the payment of the last bond interest as well as the maturity of the bonds will be made on September 30, 2021 for A Series, 30 September 2023 for B Series, and September 30, 2026 for C Series which is also the principal repayment date for each bond series. The trustee for the issuance of the Sustainable Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

Bank Mandiri's Sustainable Bond I Phase II Year 2017

On September 30, 2017, Bank Mandiri issued their first Bank Mandiri's Sustainable Bond I Phase I Year 2016 ("Sustainable Bonds I Phase I") with the par value of IDR5,000,000,000,000 consisting of 4 (three) series.

Series A, Series B, and C Series I Sustainable Bonds I are offered with a value of 100% (one hundred percent) of the principal amount. The interest of the Bonds was paid quarterly, with the first interest payment made on September 15, 2017, while the payment of the last bond interest as well as the maturity of the bonds will be made on June 15, 2022 for A Series, June 15, 2024 for B Series, and June 15, 2027 for C Series which is also the principal repayment date for each bond series.

D Series bonds were offered without any interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the principal amount of the bonds, with the maturity date of June 15, 2020. The payment of the principal bonds is fully made on the maturity date. The trustee for the issuance of the Sustainable Bonds I Phase II is PT Bank Tabungan Negara (Persero) Tbk.

Bank Mandiri's Sustainable Bond I Phase II Year 2018

On September 30, 2018, Bank Mandiri issued their first Bank Mandiri's Sustainable Bond I Phase I Year 2016 ("Sustainable Bonds I Phase I") with the par value of IDR5,000,000,000,000 consisting of 1 (three) series.

The interest of the Bonds was paid quarterly, with the first interest payment made on September 15, 2017, while the payment of the last bond interest, as well as the maturity of the bonds, will be made on June 15, 2022 for A Series, June 15, 2024, for B Series, and June 15, 2027 for C Series which is also the principal repayment date for each bond series. The trustee for the issuance of the Sustainable Bonds I Phase II is PT Bank Tabungan Negara (Persero) Tbk.

Name of Stock Exchange Where the Shares are Listed

All of Bank Mandiri's shares has been listed at Indonesia Stock Exchange

Table of Bank Mandiri's Bond Issuance Chronology

No.	Description	Date of Electronic Bond Distribution	Tenor	Currency	Amount of Bond (billion)	Offer Price (IDR)	Maturity Date	Interest Rate	Payment Status	Ranking			Trustee
										2018	2017	2016	
1.	Bank Mandiri's Rupiah Subordinated Bonds I Year 2009	December 14, 2009	7 years	IDR	3,500	100% (one hundred percent) of principal amount bond	December 11, 2016	11.85 %	Settled	-	-	idAA+ by Pefindo	Bank Permata
2.	Bank Mandiri's Sustainable Bond I Phase I Year 2016	September 30, 2016	A Series: 5 years B Series: 7 years C Series: 10 years	IDR	5,000	100% (one hundred percent) of principal amount bond	A Series: September 30, 2021 B Series: September 30, 2023 C Series: Wednesday, September 30, 2026	A Series: 7.95% B Series: 8.50% C Series: 8.65%	Unsettled	idAAA by Pefindo	idAAA by Pefindo	idAAA by Pefindo	Bank Tabungan Negara
3.	Bank Mandiri's Sustainable Bond I Phase II Year 2017	June 15, 2017	A Series: 5 years B Series: 7 years C Series: 10 years D Series: 13 years	IDR	6,000	Series A, B, and C 100% (one hundred percent) of principal amount bond D Series: 79.3146% (seven twenty-nine point three one four six percent) of principal amount bond	A Series: June 15, 2022 B Series: Saturday, June 15, 2024 C Series: Tuesday, June 15, 2027 D Series: June 15, 2020	A Series: 8.00% B Series: 8.50% C Series: 8.65% D Series: 7.80%	Unsettled	idAAA by Pefindo	idAAA by Pefindo	-	Bank Tabungan Negara
4.	Bank Mandiri's Sustainable Bond I Phase II Year 2018	September 21, 2018	5 years	IDR	3,000	100% (one hundred percent) of principal amount bond	Thursday, September 21, 2023	8.50%	Unsettled	idAAA by Pefindo	-	-	Bank Permata

*Bank Mandiri Phase II the Year 2017 Series D I Bonds are bonded with no coupons (zero coupon bonds) with a value issued of Rp1 trillion.

Table of Bank Mandiri's Sustainable Bonds I Interest Payment Chronology

Interest Number-	Date of Interest Payment					
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase III Year 2018	Status Interest Payment
	A Series		A Series		A Series	
1.	December 30, 2016	Settled	September 15, 2017	Settled	December 21, 2018	Settled
2.	March 30, 2017	Settled	December 15, 2017	Settled	March 21, 2019	Not yet due
3.	June 30, 2017	Settled	March 15, 2018	Settled	June 21, 2019	Not yet due
4.	September 30, 2017	Settled	June 15, 2018	Settled	September 21, 2019	Not yet due
5.	December 30, 2017	Settled	September 15, 2018	Settled	December 21, 2019	Not yet due
6.	March 30, 2018	Settled	December 15, 2018	Settled	March 21, 2020	Not yet due
7.	June 30, 2018	Settled	March 15, 2019	Not yet due	June 21, 2020	Not yet due

Interest Number-	Date of Interest Payment					
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase III Year 2018	Status Interest Payment
8.	September 30, 2018	Settled	June 15, 2019	Not yet due	September 21, 2020	Not yet due
9.	December 30, 2018	Settled	September 15, 2019	Not yet due	December 21, 2020	Not yet due
10.	March 30, 2019	Not yet due	December 15, 2019	Not yet due	Sunday, March 21, 2021	Not yet due
11.	June 30, 2019	Not yet due	March 15, 2020	Not yet due	June 21, 2021	Not yet due
12.	September 30, 2019	Not yet due	June 15, 2020	Not yet due	September 21, 2021	Not yet due
13.	December 30, 2019	Not yet due	September 15, 2020	Not yet due	December 21, 2021	Not yet due
14.	March 30, 2020	Not yet due	December 15, 2020	Not yet due	March 21, 2022	Not yet due
15.	June 30, 2020	Not yet due	March 15, 2021	Not yet due	June 21, 2022	Not yet due
16.	September 30, 2020	Not yet due	June 15, 2021	Not yet due	September 21, 2022	Not yet due
17.	December 30, 2020	Not yet due	September 15, 2021	Not yet due	December 21, 2022	Not yet due
18.	March 30, 2021	Not yet due	December 15, 2021	Not yet due	March 21, 2023	Not yet due
19.	June 30, 2021	Not yet due	March 15, 2022	Not yet due	June 21, 2023	Not yet due
20.	September 30, 2021	Not yet due	June 15, 2022	Not yet due	September 21, 2023	Not yet due
	B Series		B Series			
1.	December 30, 2016	Settled	September 15, 2017	Settled		
2.	March 30, 2017	Settled	December 15, 2017	Settled		
3.	Friday, June 30, 2017	Settled	March 15, 2018	Settled		
4.	September 30, 2017	Settled	June 15, 2018	Settled		
5.	December 30, 2017	Settled	September 15, 2018	Settled		
6.	March 30, 2018	Settled	December 15, 2018	Settled		
7.	June 30, 2018	Settled	March 15, 2019	Not yet due		
8.	September 30, 2018	Settled	June 15, 2019	Not yet due		
9.	December 30, 2018	Settled	September 15, 2019	Not yet due		
10.	March 30, 2019	Not yet due	December 15, 2019	Not yet due		
11.	June 30, 2019	Not yet due	March 15, 2020	Not yet due		
12.	September 30, 2019	Not yet due	June 15, 2020	Not yet due		
13.	December 30, 2019	Not yet due	September 15, 2020	Not yet due		
14.	March 30, 2020	Not yet due	December 15, 2020	Not yet due		
15.	June 30, 2020	Not yet due	March 15, 2021	Not yet due		
16.	September 30, 2020	Not yet due	June 15, 2021	Not yet due		
17.	December 30, 2020	Not yet due	September 15, 2021	Not yet due		
18.	March 30, 2021	Not yet due	December 15, 2021	Not yet due		
19.	June 30, 2021	Not yet due	March 15, 2022	Not yet due		
20.	September 30, 2021	Not yet due	June 15, 2022	Not yet due		

Interest Number-	Date of Interest Payment					
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase III Year 2018	Status Interest Payment
21.	December 30, 2021	Not yet due	September 15, 2022	Not yet due		
22.	March 30, 2022	Not yet due	December 15, 2022	Not yet due		
23.	June 30, 2022	Not yet due	March 15, 2023	Not yet due		
24.	September 30, 2022	Not yet due	June 15, 2023	Not yet due		
25.	December 30, 2022	Not yet due	September 15, 2023	Not yet due		
26.	March 30, 2023	Not yet due	December 15, 2023	Not yet due		
27.	June 30, 2023	Not yet due	March 15, 2024	Not yet due		
28.	September 30, 2023	Not yet due	June 15, 2024	Not yet due		
	C Series		C Series			
1.	December 30, 2016	Settled	September 15, 2017	Settled		
2.	March 30, 2017	Settled	December 15, 2017	Settled		
3.	June 30, 2017	Settled	15 March 2018	Settled		
4.	September 30, 2017	Settled	15 June 2018	Settled		
5.	December 30, 2017	Settled	15 September 2018	Settled		
6.	March 30, 2018	Settled	December 15, 2018	Not yet due		
7.	June 30, 2018	Settled	March 15, 2019	Not yet due		
8.	September 30, 2018	Settled	June 15, 2019	Not yet due		
9.	December 30, 2018	Not yet due	September 15, 2019	Not yet due		
10.	March 30, 2019	Not yet due	December 15, 2019	Not yet due		
11.	June 30, 2019	Not yet due	March 15, 2020	Not yet due		
12.	September 30, 2019	Not yet due	June 15, 2020	Not yet due		
13.	December 30, 2019	Not yet due	September 15, 2020	Not yet due		
14.	March 30, 2020	Not yet due	December 15, 2020	Not yet due		
15.	June 30, 2020	Not yet due	March 15, 2021	Not yet due		
16.	September 30, 2020	Not yet due	June 15, 2021	Not yet due		
17.	December 30, 2020	Not yet due	September 15, 2021	Not yet due		
18.	March 30, 2021	Not yet due	December 15, 2021	Not yet due		
19.	June 30, 2021	Not yet due	March 15, 2022	Not yet due		
20.	September 30, 2021	Not yet due	June 15, 2022	Not yet due		
21.	December 30, 2021	Not yet due	September 15, 2022	Not yet due		
22.	March 30, 2022	Not yet due	December 15, 2022	Not yet due		
23.	June 30, 2022	Not yet due	March 15, 2023	Not yet due		
24.	September 30, 2022	Not yet due	June 15, 2023	Not yet due		
25.	December 30, 2022	Not yet due	September 15, 2023	Not yet due		
26.	March 30, 2023	Not yet due	December 15, 2023	Not yet due		

Interest Number-	Date of Interest Payment					
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase III Year 2018	Status Interest Payment
27.	June 30, 2023	Not yet due	March 15, 2024	Not yet due		
28.	September 30, 2023	Not yet due	June 15, 2024	Not yet due		
29.	December 30, 2023	Not yet due	September 15, 2024	Not yet due		
30.	March 30, 2024	Not yet due	December 15, 2024	Not yet due		
31.	June 30, 2024	Not yet due	March 15, 2025	Not yet due		
32.	September 30, 2024	Not yet due	June 15, 2025	Not yet due		
33.	December 30, 2024	Not yet due	September 15, 2025	Not yet due		
34.	March 30, 2025	Not yet due	December 15, 2025	Not yet due		
35.	June 30, 2025	Not yet due	March 15, 2026	Not yet due		
36.	September 30, 2025	Not yet due	June 15, 2026	Not yet due		
37.	December 30, 2025	Not yet due	September 15, 2026	Not yet due		
38.	March 30, 2026	Not yet due	December 15, 2026	Not yet due		
39.	June 30, 2026	Not yet due	March 15, 2027	Not yet due		
40.	September 30, 2026	Not yet due	June 15, 2027	Not yet due		

Other Securities Issuance and/or Registration Chronology

Negotiable Certificates of Deposit (NCD)

On May 25, 2015, Bank Mandiri issued PT Bank Mandiri (Persero) Tbk Phase I of 2015 Series A, B, C, D and E Negotiable Certificates of Deposit (NCD) with a total of IDR2.6 trillion.

On December 16, 2016, Bank Mandiri issued the Negotiable Certificate of Deposit (NCD) II of PT Bank Mandiri (Persero) Tbk Phase II of 2016 Series A, B, C and D with a total of IDR2.662 trillion.

Name of Stock Exchange Where the Shares are Listed

All of Bank Mandiri's shares has been listed at Indonesia Stock Exchange.

Table of Bank Mandiri's Negotiable Certificates of Deposit Issuance Chronology

Description	Date of Issue	Tenor	Currency	Offer Price (billion)	Maturity Date	Interest Rate	Payment Status
NCD Phase I							
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 A Series	May 25, 2015	184 Calendar Date	IDR	848	November 25, 2015	8.00%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 B Series	May 25, 2015	276 Calendar Date	IDR	440	February 25, 2016	8.10%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 C Series	May 25, 2015	367 Calendar Date	IDR	987	May 26, 2016	8.50%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 D Series	May 25, 2015	458 Calendar Date	IDR	175	August 25, 2016	8.65%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 E Series	May 25, 2015	550 Calendar Date	IDR	150	November 25, 2016	8.75%	Settled
NCD Phase II							
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 A Series	December 16, 2016	370 Calendar Date	IDR	927	December 21, 2017	7.55 %	Settled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 B Series	December 16, 2016	18 months	IDR	500	June 15, 2018	8.00 %	Settled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 C Series	December 16, 2016	24 months	IDR	350	December 14, 2018	8.20 %	Settled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 D Series	December 16, 2016	36 months	IDR	885	December 13, 2019	8.40 %	Unsettled

Asset-backed Security in the Form of Participation Letter BMRI 01 A Class

On 26 August 2016, Asset-backed Security in the Form of Participation Letter BMRI 01 Class A has been registered on the Indonesia Stock Exchange with the total principal amount of IDR456,500,000,000,- (four hundred fifty six billion five hundred million rupiah) with PT Sarana Multigriya Finansial (Persero) as the issuer, and the details are as follows:

Name of Stock Exchange Where the Shares are Listed

All of Bank Mandiri's shares has been listed at Indonesia Stock Exchange.

Table of Bank Mandiri's Other Securities Issuance Chronology

No.	Description	Date of Issue	Effective Date	Weighted Average Live	Currency	Emission Value (billion)	Maturity Date	Interest Rate	Payment Status	Ranking		Truee
										2018	2017	
1.	EBA SP SMF-BMRI 01 A Class A1 Series. EBA Code : SPSSMFM-RI01A1 ISIN Code : ID-U0000011A5	26 August 2016	19 August 2016	3 years	IDR	103.5	October 27, 2029	Fixed, 8.6% per year	Current	AAA	AAA	BRI
2.	EBA SP SMF-BMRI 01 A Class A2 Series. EBA Code : SPSSMFM-RI01A2	26 August 2016	19 August 2016	5 years	IDR	353	October 27, 2029	Fixed, 9.1% per year	Current	AAA	AAA	BRI

The first interest payment has been made on November 27, 2016. Interest is paid together with principal payments every three months on the 27th of November, February, May and August each year through KSEI. The first interest payment has been made on 27 November 2016. EBA SP SMF-BMRI 01 Class A Series A1 is expected to be paid off early (before October 27, 2029) because the collection of bills has a weighted average live for 3 years. Likewise, the SMF-BMRI EBA SP 01 Class A A2 Series is expected to be paid off early because the collection of bills has a weighted average live for 5 years.

Medium Term Not Subordination of Mandiri Banks In 2018

On July 27, 2018, the issuance of Bank Mandiri Subordinated Medium Term Notes (MTN) was issued in 2018 ("Mandiri Subordinated MTN") valued at IDR500,000,000,000 (five hundred billion Rupiah) based on the Issuance and Appointment Agreement of MTN Monitoring Agents Independent Subordination, No. 65 dated July 27, 2018, made before Nanette Cahyanie Handari Adi Warsito, SH, Notary in Jakarta, by the Company (as the Publisher), PT Bahana Securities, PT BCA Securities, PT BNI Securities, PT Danareksa Securities, PT Mandiri Sekuritas, and PT Trimegah Securities Indonesia Tbk, (jointly acting as Arranger and Placement Agent), and PT Bank Permata Tbk (as Monitoring Agent). Mandiri Subordinated MTN is carried out in a private placement.

Issuance of Mandiri Subordinated MTN is carried out in order to fulfill the provisions of the Financial Services Authority (POJK) Regulation No. 14/POJK.03/2017 concerning Systemic Bank Recovery Plans. The issuance of MTN has been approved by the Annual General Meeting of Shareholders dated March 21, 2018.

Name of Stock Exchange Where the Shares are Listed

Bank Mandiri Subordinated I (MTN) Medium Term Notes (MTN) in 2018 ("Independent Subordinated MTN") have been listed on the Indonesia Stock Exchange.

Chronological Table for the Issuance of Bank Mandiri Subordinate Medium Term Notes (MTN) Year 2018

Description	Electronic Date of Bond Distribution	Tenor	Currency	Total (billion)	Maturity Date	Interest Rate	Payment Status	Ranking		Monitoring Agent
								2018	2017	
Bank Mandiri Subordinated I (MTN) Medium Term Notes (MTN) in 2018 have been listed on the Indonesia Stock Exchange.	July 31, 2018	5 Years	IDR	500	July 31, 2023	8,50% per tahun (tetap)	Belum Lunas	idAA (Double A)	-	Bank Permata

Chronological Table for the Issuance of Bank Mandiri Subordinate I MTN Year 2018

Interest Number-	Date of Interest Payment	Date of Interest Payment
1.	April 21, 2019	Not yet due
2.	July 31, 2019	Not yet due
3.	October 31, 2019	Not yet due
4.	January 31, 2020	Not yet due
5.	April 30, 2020	Not yet due
6.	July 31, 2020	Not yet due
7.	October 31, 2020	Not yet due
8.	January 31, 2021	Not yet due
9.	April 30, 2021	Not yet due
10.	July 31, 2021	Not yet due
11.	October 31, 2021	Not yet due
12.	January 31, 2022	Not yet due
13.	April 30, 2022	Not yet due
14.	July 31, 2022	Not yet due
15.	October 31, 2022	Not yet due
16.	January 31, 2023	Not yet due
17.	April 30, 2023	Not yet due
18.	July 31, 2023	Not yet due



Names and Addresses of Supporting Institutions and/or Professional

Indonesia Stock Exchange

Indonesia Stock Exchange Building Tower 1 Jend. Sudirman Street Kav. 52-53

Jakarta 12190, Indonesia
Tel: (62-21) 5150515
Fax: (62-21 5) 154153
Website: www.idx.co.id
Email: listing@idx.co.id

Service provided : Annual Stock Listing
Service

Assignment Period : January - December 2018

Fee Amount : IDR275,000,000.00

Public Accounting Firm

Purwanto, Sungkoro & Surja

Indonesia Stock Exchange
Building Tower 2, 7th Floor
Jend. Sudirman Street Kav. 52-53
Jakarta Pusat, DKI Jakarta, 12190
Tel : (62-21) 5289 5000
Fax : (62-21) 5289 4100
Website : www.ey.com/id

Email : https://webforms.ey.com/id/en/email_alerts

Service provided : Financial Statement and
Partnership and
Environmental
Development Program
Report Audit

Assignment Period : January - December 2018

Fee Amount : IDR11,571,818,182
(incl. OPE and VAT)

Securities Administration Bureau

PT Datindo Entrycom

Hayam Wuruk Street No. 28, Jakarta 10120
Tel : (62-21) 3508077
Fax : (62-21) 350 8078
Website : www.datindo.com
Email : corporatesecretary@datindo.com

Service provided : Secondary Market Stock
Administration Service

Assignment Period : January - December 2018

Fee Amount : IDR46,420,000,00

Credit Rating Agency

PT Pemeringkat Efek Indonesia (Pefindo)

Panin Tower - Senayan City,
17th Floor
Asia Afrika Street Lot.19
Jakarta 10270, Indonesia
Tel : (62-21) 7278 2380
Fax : (62-21) 7278 2370
Website : www.pefindo.com
Email : -

Service provided :

Corporates Ratings, Bank Mandiri's
Continuous Bonds I Ratings.

Assignment Period :

January - December 2018

Standard & Poor's Ratings Services

Suite 3003, 30/F, Edinburgh Tower,
The Landmark, 15 Queen's Road
Central Hong Kong
Tel : 852 2533 3590
Fax : 852 2533 3599
Website : www.standardandpoors.com
Email : ratings.request@spglobal.com

Service provided:

Corporates Ratings

Assignment Period:

January - December 2018

Fitch Ratings Indonesia

Prudential Tower 20th Floor
Jend. Sudirman Street Kav 79
Jakarta 12910, Indonesia
Tel : (62-21) 5795 7755
Fax : (62-21) 5795 7750
Website : www.fitchratings.co.id
Email : eva.muis@fitchratings.com

Service provided:

Corporates Ratings

Assignment Period:

January - December 2018

Moody's Investors Service

50 Raffles Place #23-06
Singapore Land Tower
Singapore 048623
Tel : 65 6398 8339
Fax : 65 6398 8301
Website : www.moody.com/indonesia
Email : clientservices@moody.com

Service provided:

Corporates Ratings

Assignment Period:

January - December 2018

Custodian

PT Kustodian Sentral Efek Indonesia

Indonesia Stock Exchange Building 5th Floor, Tower 1
Jend. Sudirman Street Kav. 52-53
Jakarta 12190, Indonesia
Tel : (62-21) 5152855
Fax : (62-21) 52991199
Website : www.ksei.co.id
Email : helpdesk@ksei.co.id

Service provided : Securities administration management
(stocks and bonds)

Assignment Period : January - December 2018

Fee Amount : IDR88,000,000,00

Notary

Kantor Notaris & P.P.A.T. Ashoya Ratam, SH., Mkn.

Suryo Street No. 54 Kebayoran Baru
Jakarta Selatan, 12180
Tel : (62-21) 29236060
Fax : (62-21) 29236070
Email : notaris@ashoyaratam.com

Service provided :

Preparation of the Deeds of GMS for the Fiscal Year of 2018

Assignment Period : January - December 2018

Awards and Certifications



Award

Business Field

Award Name:
Home Loan Bank

Event:
Property Product Satisfaction Award 2018

Organizer:
Majalah Property In

Date:
February 19, 2018

Award Name:
Prepaid Card: E Money

Event:
Top Brand Award 2018

Organizer:
Majalah Marketing

Date:
February 21, 2018

Award Name:
The Best Bank in Indonesia
in Cash Management

Event:
The Corporate Treasurer Awards 2018

Organizer:
The Corporate Treasurer

Date:
March 7, 2018

Award Name:
Bank Mandiri as Bronze Champion
Category Savings Account

Event:
Indonesia WOW Brand 2018

Organizer:
MarkPlus, Inc

Date:
March 8, 2018

Award Name:
Bank Mandiri as Silver Champion
Category Mortgage

Event:
Indonesia WOW Brand 2018

Organizer:
MarkPlus, Inc

Date:
March 8, 2018

Award Name:
Bank Mandiri as Silver Champion
Category Credit Card

Event:
Indonesia WOW Brand 2018

Organizer:
MarkPlus, Inc

Date:
March 8, 2018

Award Name:
The Most Preferred
Bank for Mortgage Product

Event:
Real Estate Award 2018

Organizer:
Rumah123.com

Date:
April 18, 2018

Award Name:
Kartu Kredit
Bank Umum Konvensional

Event:
7th Digital Brand of the Year

Organizer:
Infobank

Date:
April 25, 2018

Award Name:
Champion Security Award – South East
Asia (for excellence in payment system risk
management and supporting Visa's efforts to
maintain trust and security in the payment
industry in Asia Pacific).

Event:
2018 Visa Security Summit - Asia Pacific

Organizer:
Visa International

Date:
May 17, 2018

Award Name:
Kartu Debit Bank Umum Konvensional

Event:
7th Digital Brand of the Year

Organizer:
Infobank

Date:
April 25, 2018

Award Name:
Wealth Management
Bank Umum Konvensional

Event:
7th Digital Brand of the Year

Organizer:
Infobank

Date:
April 25, 2018

Award Name:
Best Transaction
Bank in Indonesia 2018

Event:
The Asian Banker Transaction Awards

Organizer:
The Asian Banker

Date:
May 24, 2018

Award Name:
Best Payment Bank
in Indonesia 2018

Event:
The Asian Banker Transaction Awards

Organizer:
The Asian Banker

Date:
May 24, 2018

Award Name:
Best Cash Management Bank
in Indonesia 2018

Event:
The Asian Banker Transaction Awards

Organizer:
The Asian Banker

Date:
May 24, 2018

Award Name:
Home Loan Conventional Bank

Event:
Top Property Award 2018

Organizer:
Majalah Property In

Date:
May 30, 2018

Award Name:
Best Private Bank in Indonesia

Event:
Global Wealth and Society Award 2018

Organizer:
The Asian Banker

Date:
July 1, 2018

Award Name:
Best Public Companies by WAI

Event:
Best 100 Public Companies by Wealth Added Index

Organizer:
Majalah Swa/ Swa Magazine

Date:
July 26, 2018

Award Name:
The Best Business Contributions

Event:
The Best Contact Center Indonesia 2018

Organizer:
Indonesia Contact Center Association

Date:
August 3, 2018

Award Name:
Platinum Trophy untuk bank yang berhasil meraih predikat "Sangat Bagus" selama 10 tahun berturut-turut

Event:
Infobank Awards 2018

Organizer:
Infobank

Organizer:
Infobank

Date:
August 14, 2018

Award Name:
Best Private Wealth Management in Indonesia

Event:
12th Annual Best Financial Institution Award

Organizer:
Alpha Southeast Asia

Date:
September 18, 2018

Award Name:
Best Cash Management Bank In Indonesia

Event:
12th Annual Best Financial Institution Award

Organizer:
Alpha Southeast Asia

Date:
September 18, 2018

Award Name:
Most Efficient Bank untuk Bank BUKU IV

Event:
Bisnis Indonesia Financial Awards 2018

Organizer:
Bisnis Indonesia

Date:
August 27, 2018

Award Name:
Best CEO for Banking Industry

Event:
Bisnis Indonesia Financial Awards 2018

Organizer:
Bisnis Indonesia

Date:
August 27, 2018

Award Name:
Bank Pendukung Pendalaman Pasar Terbaik

Event:
Bank Indonesia Award 2018

Organizer:
Bank Indonesia

Date:
November 27, 2018

Tresury Field

Award Names:
The Best Bank in Indonesia in Trade Finance

Event:
The Corporate Treasurer Awards 2018

Organizer:
The Corporate Treasurer

Date:
March 7, 2018

Award Names:
The Best Bank in Indonesia in Treasury

Event:
The Corporate Treasurer Awards 2018

Organizer:
The Corporate Treasurer

Date:
March 7, 2018

Award Names:
Best In Treasury and Working Capital – SME's 2018

Event:
The Asset Triple A Country Awards 2018

Organizer:
The Asset

Date:
April 30, 2018

Award Names:
Dealer Utama Terbaik Tahun 2017/

Event:
Ministry of Finance

Organizer:
SHIFT Indonesia

Date:
November 13, 2018

Award Names:
Best FX Bank for Corporate and FI 2018

Event:
12th Annual Best Financial Institution Award

Organizer:
Alpha Southeast Asia

Date:
September 18, 2018

Award Names:
BUMN Berkinerja Sangat Bagus berdasarkan rating Biro Riset Infobank/

Event:
9th Infobank BUMN Awards 2018

Organizer:
Infobank

Date:
September 26, 2018

Award Names:
Bank Pendukung Pengendalian Moneter Rupiah dan Valas Terbaik/

Event:
Bank Indonesia Award 2018

Organizer:
Bank Indonesia

Date:
November 27, 2018

Governance Field

Award Names:

Peringkat 2 kategori Appreciation for Diversity of The Board Kategori Bank Konvensional

Event:

Indonesia Banking Award 2018

Organizer:

Tempo

Date:

September 27, 2018

Award Names:

PUJK Ter – Responsif Dalam Melakukan Perlindungan Konsumen Kategori Sektor Perbankan

Event:

Perlindungan Konsumen di Sektor Jasa Keuangan Award 2018/

Organizer:

Otoritas Jasa Keuangan (OJK)/

Date:

October 27, 2018

Award Names:

50 Perusahaan Terbuka Terbaik ASEAN (Top 50 ASEAN PLCs)

Event:

2nd ASEAN Corporate Governance

Organizer:

ASEAN Capital Market Forum (ACMF)

Date:

November 21, 2018

Award Names:

3 Perusahaan Terbuka Terbaik Indonesia (Top 3 Indonesian PLCs)

Event:

2nd ASEAN Corporate Governance

Organizer:

ASEAN Capital Market Forum (ACMF)

Date:

November 21, 2018

Award Names:

BUMN dengan Sistem Pengendalian Gratifikasi Terbaik Tahun 2018

Event:

Penghargaan Gratifikasi KPK

Organizer:

Komisi Pemberantasan Korupsi (KPK)

Date:

December 5, 2018

Award Names:

The Most Trusted Company 2018

Event:

Indonesia Most Trusted Company Award 2018

Organizer:

Majalah SWA & Indonesia Institute for Corporate Governance (IICG)

Date:

December 19, 2018

Service Field

Award Names:

Service Person of The Year Denpasar 2018

Event:

Service Person Of The Year

Organizer:

Markplus Inc

Date:

April 26, 2018

Award Names:

Best Indonesian Bank for Asian Clients

Event:

Asiamoney Cash Management Customer Satisfaction Awards

Organizer:

Asiamoney

Date:

March 26, 2018

Award Names:

The Best Operations

Event:

The Best Contact Center Indonesia 2018

Organizer:

Indonesia Contact Center Association

Date:

August 3, 2018

Award Names:

Runner Up #1 The Best Contact Center Indonesia

Event:

The Best Contact Center Indonesia 2018

Organizer:

Indonesia Contact Center Association

Date:

August 3, 2018

Award Names:

Service Quality Diamond Award Kategori Priority Banking

Event:

Service Quality Award 2017

Organizer:

Majalah Service Excellence & CCSL

Date:

August 3, 2018

Award Names:

Peringkat 3 kategori The Best Bank in Retail Banking Services untuk Bank Konvensional Kategori Aset ≥Rp 100 triliun/

Event:

Indonesia Banking Award 2018

Organizer:

Tempo

Date:

September 27, 2018

Award Names:

Gold Achievement - Inovasi Terbaik Untuk Kategori Service

Event:

Indonesia Operational Excellence Conference and Award (OpexCon) 2018

Organizer:

SHIFT Indonesia

Date:

November 7, 2018

Information Technology, e-Banking, Social Media Field

Award Names:
Top Brand Kategori Internet Banking/

Event:
Top Brand Award 2018

Organizer:
Majalah Marketing

Date:
February 21, 2018

Award Names:
Perusahaan BUMN Tbk. Terpopuler di media pada 2017

Event:
PR Indonesia Awards 2018

Organizer:
Majalah PR Indonesia

Date:
March 29, 2018

Award Names:
The Best Chatbot Performance

Event:
Infobank 15th Banking Service Excellence Awards 2018

Organizer:
Majalah Infobank

Date:
June 5, 2018

Award Names:
Visa Champion Security

Event:
14th Visa Asia Pacific Security Summit

Organizer:
Visa Worldwide

Date:
June 16-17, 2018

Award Names:
Kategori Teknologi dan Pelayanan untuk Produk Mandiri Intelligent Assistant (MITA)/

Event:
Sindo Inovasi Awards 2018

Organizer:
Koran Sindo

Date:
July 31, 2018

Award Names:
The Best Technology Innovation

Event:
The Best Contact Center Indonesia 2018

Organizer:
Indonesia Contact Center Association

Date:
August 3, 2018

Award Names:
The Best Social Media

Event:
The Best Contact Center Indonesia 2018

Organizer:
Indonesia Contact Center Association

Date:
August 3, 2018

Award Names:
IT Governance Award – sektor informasi dan komunikasi/

Event:
IT Governance Award 2018

Organizer:
Kongres FORTI BUMN 2018/

Date:
December 19, 2018

Award Names:
IT Governance Outstanding Award – sektor informasi dan komunikasi/

Event:
IT Governance Award 2018

Organizer:
Kongres FORTI BUMN 2018/
FORTI BUMN Congress 2018

Date:
December 19, 2018

Human Capital Field

Award Names:
Rank 11 - World's Best Employers

Event:
World's Best Employers 2018

Organizer:
Majalah Forbes

Date:
October 2018

Award Names:
The Best People Development

Event:
The Best Contact Center Indonesia 2018

Organizer:
Indonesia Contact Center Association

Date:
August 3, 2018

Award Names:
The Best Employee Engagement

Event:
The Best Contact Center Indonesia 2018

Organizer:
Indonesia Contact Center Association

Date:
August 3, 2018

CERTIFICATION

Types of Certification:

ISO 9001: 2015 Internal Audit Services

Validation:

October 9, 2018 - June 13, 2021

Recipient of Certification:

Direktorat Internal Audit

Issued By:

SGS Indonesia

Types of Certification:

ISO 9001:2015 Quality Management System Certification

Validation:

February 2020

Recipient of Certification:

Mandiri Contact Center Jogjakarta

Issued By:

SGS Indonesia

Types of Certification:

ISO 9001:2015 Operation Improvement Services, Treasury & Cash Operations Services, Trade Operation Export Services, Trade Operation Import Services, Trade Operations Surabaya Services, International Payment Services; Bank Guarantee Operations Services, Payment Reconciliation Services; Bulk Payment & Account Opening Services, Domestic Payment Services; Performance, Parameter & BRC Management Services.

Validation:

August 6, 2017 - July 30, 2019

Recipient of Certification:

Cash & Trade Operations Group

Issued By:

SGS Indonesia

Types of Certification:

BS EN ISO 9001 : 2015 General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation

Validation:

August 8, 2018 - August 8, 2019

Recipient of Certification:

PT Gedung Bank Exim

Issued By:

NQA

Types of Certification:

BS OHSAS 18001 - 2007 General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation

Validation:

August 7, 2018 - July 23, 2019

Recipient of Certification:

PT Gedung Bank Exim

Issued By:

NQA

Names and Addresses of Subsidiaries, Associates, Overseas Branch Offices, and Regional Offices

Subsidiaries

Subsidiary Office	Address	Phone/Fax/Website
PT Bank Syariah Mandiri	Wisma Mandiri Building 1 MH. Thamrin Street No. 5 Jakarta, 10340	Telp : (62-21) 2300 509, 3983 9000 (Hunting) Fax : (62-21) 3983 2989 Call Center : 14040 Website : www.syariahmandiri.co.id
PT Mandiri Sekuritas	Plaza Mandiri, 28-29th Floors Jend. Gatot Subroto Street, Kav. 36-38 Jakarta, 12190	Telp : (62-21) 526 3445 Fax : (62-21) 526 3521 Website : www.mandirisekuritas.co.id
PT Mandiri Tunas Finance	Graha Mandiri, 3Ath Floor Imam Bonjol Street No. 61 Jakarta, 10310	Telp : (62-21) 230 5608 Fax : (62-21) 230 5618 Care Center : 1500059 Email : corporate.secretary@mtf.co.id Website : www.mtf.co.id
PT Mandiri AXA General Insurance	AXA Tower, 16th Floor Prof. Dr. Satrio Street, Kav. 18 Kuningan City Jakarta, 12940	Telp : (62-21) 3005 7777 Fax : (62-21) 3005 7600 Call Center : 1500733 Website : www.axa-insurance.co.id
PT AXA Mandiri Financial Services	AXA Tower, 8th Floor Prof. Dr. Satrio Street, Kav. 18 Kuningan City Jakarta, 12940	Telp : (62-21) 3005 8888 Fax : (62-21) 3005 8500 Customer Care Center : (62-21) 3005 8788 Website : www.axa-mandiri.co.id

Subsidiary Office	Address	Phone/Fax/Website
PT Bank Mandiri Taspen	Melati Street No. 65 Dangin Puri Kangin Denpasar, 80233	Telp : (62-361) 227076 Call Center : (62-361) 227 887 (62-361) 247 555 Website : www.bankmantap.co.id
Mandiri International Remittance Sdn. Bhd.	Wisma Mepro Ground & Mezzanine Floor 29 and 31, Ipoh Street 52100 Kuala Lumpur, Malaysia	Telp : +603-4045 4988 +603-4045 5988 Website : www.mandiriremittance.com
Bank Mandiri (Europe) Limited	2nd Floor 4 Thomas More Square Thomas More Street London E1W 1YW	Telp : +44-207-553-8688 Fax : +44-207-553-8699 Website : www.bkmandiri.co.uk
PT Asuransi Jiwa Inhealth Indonesia	Palma Tower 20th Floor, HR. Rasuna Said Street Block X2 Kav. 6, Kuningan Jakarta 12950	Telp : (62-21) 5250900 Fax : (62-21) 5250708 Website : www.mandiriinhealth.co.id
PT Mandiri Utama Finance	Plaza Bapindo Menara Mandiri, 26-27th Floors Jend. Sudirman Street Kav. 54 - 55 Jakarta, 12950	Telp : (62-21) 5278034 Website : www.mandiriutamafinance.co.id
PT Mandiri Capital Indonesia	Plaza Bapindo Menara Mandiri, 20th Floor Jend. Sudirman Street Kav. 54 - 55 Jakarta, 12950	Telp : (62-21) 5266661 Website : www.mandiri-capital.co.id

Sub-Subsidiaries

Sub-Subsidiary Office	Address	Phone/Fax/Website
PT Mandiri Manajemen Investasi	Plaza Mandiri Floor 29th Jend. Gatot Subroto Street Kav. 36 38	Telp : (021) 526 3505 Website : https://mandiri-investasi.co.id/en/
Mandiri Securities Pte Ltd	Mandiri Securities Pte Ltd 12, Marina View #19-06, Singapore 018961	Tel +65 6589 3881 (DD) Fax +65 68449236

Associates

Associate Office	Address	Ph./Fax/Website
PT Kustodian Sentral Efek Indonesia	Indonesia Stock Exchange Building Tower 1, 5th floor Jend. Sudirman Street Kav. 52-53, Jakarta, 12190	Telp : (62-21) 515 2855 Fax : (62-21) 5299 1199 Call Center: (62-21) 0800 186 5734 Website : www.ksei.co.id
PT PANN (Persero)	Cikini IV Street No. 11 Jakarta, 10330	Telp : (62-21) 31922003 Fax : (62-21) 31922980 Website : pannmf.co.id/

Overseas Branch Office

Overseas Branch Office	Address	Ph./Fax/Website
Bank Mandiri Singapore Branch	12 Marina View, #19-01 Asia Square Tower 2, Singapore 018961	Telp: 65-6213-5688/65-6213-5680 Fax: 65-6844-9833/65-6844-9808 Website: www.ptbankmandiri.com.sg SWIFT Code : BMRISGSG
Bank Mandiri Hong Kong Branch	7th Floor, Far East Finance Centre 16 Harcourt Road, Hong Kong	Telp: +852-2881-3632 Fax: 852-2529-8131/852-2811-0735 Website: www.bankmandirihk.com SWIFT Code : BMRHKHH

Overseas Branch Office	Address	Ph./Fax/Website
Remittance Office Hongkong	Shop 3. G/F. Keswick Court 3 Keswick Street Causeway Bay, Hongkong	Telp:+852-2881-6650 Fax:+852-2881-5386
Bank Mandiri Cayman Islands Branch	Cardinal Plaza 3 rd Floor, #30 Cardinal avenue, PO BOX 10198, Grand Cayman KY 1 – 1002, Cayman Islands	Telp: +1-345-945-8891 Fax:+1-345-945-8892 SWIFT Code : BMRIKYKY
Bank Mandiri Dili-Timor Leste Branch	25 Rua de Abril No.10 Colmera Dili-Timor Leste	Telp:+670-331-7777/+6221-526-3769/ +6221-527-1222 Fax:+670-331-7190/+670-331-7444/ +6221-252-1652/+6221-526-3572
Bank Mandiri Dili-Timor Plaza-Timor Leste Branch	Timor Plaza Unit #/Unidade No. #203; 233; 204; 230; 231; 232 Nicolau Street Lobato, Comoro Dili - Timor Leste	Telp:+670-7307-7777
Bank Mandiri Shanghai Branch	Room 4101, Shanghai Tower No. 501, Yin Cheng Zhong Road, Pudong New District, Shanghai 200120, People's Republic of China	Telp: +86-21-2033-2625/+86-21-2028-2806 /+86-21-5037-2509 Fax: +86-21-5037-2707/ +86-21-5037-2547 SWIFT Code : BMRICNSH
Bank Mandiri (Europe) Limited, London	2 nd Floor, 4 Thomas More Square, Thomas More Street London, E1W 1 YW United Kingdom	Telp:+44-207-553-8688 Fax: +44-207-553-8599 Website : www.bkmandiri.co.uk SWIFT Code : BMRIGB2L
Mandiri International Remittance Sdn. Bhd.	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Ipoh Street 52100 Kuala Lumpur	Telp:+603-4045 4988/+603-4043 5988 Website: www.mandiriremittance.com

Regional Offices

Regional Office	Address	Ph./Fax/ Website
REGION I/ SUMATERA 1	Uniland Building 6th Floor, MT Haryono Street A-1 Medan, 20231	Telp: (061) 4153396, 4555434 Fax: (061) 4153273
REGION II/ SUMATERA 2	Kapten A. Rivai Street No. 100 B Palembang, 30135	Telp: (0711) 364008 - 012, 364013 Fax: (0711) 310992, 3120417, 374279
REGION III/ JAKARTA 1	Lapangan Stasiun Street No. 2 Jakarta Barat, 11110	Telp: (021) 6922004, 6922005 Fax: (021) 6922006
REGION IV/ JAKARTA 2	Kebon Sirih Street No. 83 Jakarta Pusat, 10340	Telp: (021) 23565700, 39832922, 39832921, Fax: (021) 39832917, 39832918, 39832923
REGION V/ JAKARTA 3	Jend. Sudirman Street Kav. 54-55 Jakarta Selatan, 12190	Telp: (021) 5267368, 5267337 Fax: (021) 5267371, 5267365
REGION VI/ JAWA 1	Soekarno Hatta Street No. 486 Bandung, 40266	Telp: (022) 7506242, 7511878 Fax: (022) 7505810, 7506632
REGION VII/ JAWA 2	Pemuda Street No. 73 Semarang, 50139	Telp: (024) 3517349, 3520484, 3520487 Fax: (024) 3520485
REGION VIII/ JAWA 3	Basuki Rahmat Street No. 2-4 Surabaya, 60271	Telp: (031) 5316764 – 66 Fax: (031) 5316776, 5320641, 5316597
REGION IX/ KALIMANTAN	Lambung Mangkurat Street No. 3 Banjarmasin, 70111	Telp: (0511) 3365767 Fax: (0511) 3352249, 4366719
REGION X/ SULAWESI DAN MALUKU	R.A. Kartini Street No. 12-14 Makassar, 90111	Telp: (0411) 3629096, 3629097, 3634811 Fax: (0411) 3629095, 3650367
REGION XI/ BALI DAN NUSA TENGGARA	Veteran Street No. 1 Denpasar, 80111	Telp: (0361) 226761 – 3 Fax: (0361) 224077, 261453, 235924
REGION XII/ PAPUA	Dr. Sutomo Street No. 1 Jayapura, 99111	Telp: (0967) 537081, 537183-4, 537189 Fax: (0967) 537181



Information on the Bank Mandiri Website

After the implementation of POJK No.8/POJK.04/2015 on issuer's or public company's website, Bank Mandiri's official website <http://www.bankmandiri.co.id> has been updated with various latest information related to the company. In addition to disclosing general information, company's website also discloses more specific information as follows:

1. Group Structure of Bank Mandiri
2. Bank Mandiri stock ownership information
3. Board of Directors and Board of Commissioners Profile
4. Financial performance analysis
5. Annual and quarterly financial statement within past 5 years or more.
6. Annual report within past 5 years or more (downloadable).
7. Annual GMS and/or EGMS Invitations.
8. Annual GMS and/or EGMS Resolutions.
9. Charter of the Board of Commissioners, Directors, Committee committees and Internal Audit Unit.
10. Code of Conduct

In 2018, Bank Mandiri's website was updated with a new look to help people navigate with ease. Website menu is grouped as follows:

Home

Bank Mandiri's website homepage displays several menus including Mandiri Highlight, Economic Review, News and Release, Foreign Currency Information, calculator, and Mandiri Chat.

Individual

This menu provides information related to Bank Mandiri's banking service for individual customers including: Deposits, Loan, Credit Card, e-Banking, and Investment & Insurance.

Business

This menu provides information related to Bank Mandiri's banking service for businesspeople including: Deposits, Loan, Corporate Card, Cash Management, Trade Finance, and Treasury.

Priority

This menu provides information on Bank Mandiri's banking service for Priority customers.

About Mandiri

This menu provides information about: Corporate, Mandiri Group, Investor Relation, Good Corporate Governance, Mandiri CSR and Career. Good Corporate Governance sub-menu discloses information about Governance Structure, Governance Process, and Governance Outcome as well as other Corporate Governance information such as ASEAN Corporate Governance Scorecard, GMS, and GCG Implementation. The Investor Relation sub-menu effectively, efficiently, and transparently provides investors with information that includes Annual Report, Sustainability Report, and Bank Mandiri's current financial condition and stock.

Help

This menu provides Frequently Asked Question (FAQ) related to all products and services provided by the company, as well as online applications that help customers report card lost.

Mandiri Chat-MITA

In early 2018, to improve its customer service quality, Bank Mandiri added Mandiri Intelligence Assistant (MITA) feature, a chatting application-based information service, the corporate website to provide customers with live, easy, and quick access of information.

Education and/or Training For Board of Commissioners, Directors, Committees, Corporate Secretary, and Internal Audit Units

Competence Development for The Board of Commissioners

Throughout 2018, the Board of Commissioners of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table.

Table of Competence Development for the Board of Commissioners

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	Annual Meeting World Economic Forum	January 20-28 2018, Davos.	World Economic Forum
		Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Executive Risk Management Refreshment Program	July 02-09, 2018, Dusseldorf - Frankfurt - Bern.	Lembaga Pengembangan Perbankan Indonesia (LPPI)
		Staff and Leaders School Program (SESPIBANK)	October 06-14, 2018, Norwegia.	Lembaga Pengembangan Perbankan Indonesia (LPPI)
		Seminar "Implementation of Prudential Banking in Facing Global Economic Challenges"	November 29, 2018	Forum Komunikasi Direktur Kepatuhan Perbankan
Imam Apriyanto Putro	Deputy President Commissioner	Annual Meeting World Economic Forum	January 20-28 2018, Davos.	World Economic Forum
		Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Investor Meeting	July 23-28, 2018, New York.	Center for Strategic and International Studies, Southeast Asia Program
		Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15, 2018, Jakarta	Perhimpunan Bank Nasional (Perbanas)
Goei Siau Hong	Independent Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Transforming ASEAN Organizations: The Leadership Imperative	October 15-19, 2018, Cambridge, UK	Asean Global Leadership Program di University of Cambridge Judge Business School, Cambridge, UK
		Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15, 2018, Jakarta	Perhimpunan Bank Nasional (Perbanas)

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Bangun Sarwito Kusmulyono	Independent Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Transforming ASEAN Organizations: The Leadership Imperative	April 16-20, 2018, New York - USA	Asean Global Leadership Program di NYU Stern Executive Education
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15, 2018, Jakarta	Perhimpunan Bank Nasional (Perbanas)
Makmur Keliat	Independent Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		International Risk Management Refreshment Program for Executive; Geopolitic Risk Related to Asia.	February 25 - March 3, 2018, Taiwan, Hong Kong and Macau	IBI dan MMUGM
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15, 2018, Jakarta	Perhimpunan Bank Nasional (Perbanas)
		Workshop "Corruption Corporations of Corporations and SOE: Ins and Outs and Prevention Efforts"	December 13, 2018, Jakarta.	BUMN Executive Club
Askolani	Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		IMF Annual Meeting	October 09 - 12, 2018, Bali.	Bara Risk Forum
		Risk Management Refreshment - BARA; Main Challenges of Risk Management in 2019: Credit Quality, Active Credit Portfolio Management & Stress Testing and Credit Scoring	December 06-07, 2018, Batam.	Bara Risk Forum
Ardan Adiperdana	Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Executive Risk Management Refreshment Program : "Risk Management as Performance".	July 02-09, 2018, Dusseldorf - Frankfurt - Bern.	Lembaga Pengembangan Perbankan Indonesia (LPPI)
		IMF Annual Meeting	October 09 - 12, 2018, Bali.	Bara Risk Forum
R. Widyo Pramono	Commissioner	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Executive Risk Management Refreshment Program : "Risk Management as Performance".	July 02-09, 2018, Dusseldorf - Frankfurt - Bern.	Lembaga Pengembangan Perbankan Indonesia (LPPI)
		Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15, 2018, Jakarta	Perhimpunan Bank Nasional (Perbanas)
		Workshop "Corruption Corporations of Corporations and SOE: Ins and Outs and Prevention Efforts"	December 13, 2018, Jakarta.	BUMN Executive Club

Competence Development for The Board of Directors

Throughout 2018, the Board of Directors of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for the Board of Directors

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Kartika Wirjoatmodjo	President Director	Annual Meeting World Economic Forum	January 20-28 2018, Davos.	World Economic Forum
		1st Meeting APEC Business Advisory Council (ABAC) 2018	February 01 - 04, 2018, Auckland	APEC Business Advisory Council
		Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Visa Asia Pacific Senior Client Council Meeting di Korea Selatan	February 21 - 25, 2018, South Korea.	Visa Worldwide Pte. Limited
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Non Deal Roadshow (NDR) Bank Mandiri	July 9, 2018, Singapore.	Bank Mandiri
		Non Deal Roadshow (NDR) Bank Mandiri	September 04-11, 2018, New York, Boston and Chicago.	Bank Mandiri
		IMF Annual Meeting	October 07 - 12, 2018, Bali.	Bara Risk Forum
Sulaiman A. Arianto	Deputy President Director	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Executive Training IMD	February 10 - 18, 2018, Laussane - Switzerland.	International Institute for Management Development
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
Royke Tumilaar	Director of Corporate Banking	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Non Deal Roadshow (NDR) Bank Mandiri	June 02-10, 2018, London and Stockholm.	Bank Mandiri
		Refreshment Manajemen Risiko - BARA; Cyber Risk Management and Financial Crimes in Banking Industry	July 12-13, 2018, Bali.	Bara Risk Forum
		Benchmarking Digital Banking Initiatives Roadmap for Wholesale	August 23-25, 2018, Australia.	Bank Mandiri
		IMF Annual Meeting	October 07 - 12, 2018, Bali.	Bara Risk Forum
		Digital Marketing for Executives	October 20 - 29, 2018, Chicago.	The University of Chicago Booth School of Business
		Non Deal Roadshow (NDR) Bank Mandiri	November 25-30, 2018, USA.	Bank Mandiri
Hery Gunardi	Director of Small & Network Business	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Asia Pacific Visa Client Council	April 23-26, 2018, Shanghai.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Non Deal Roadshow (NDR) Bank Mandiri	September 04-11, 2018, New York, Boston and Chicago.	Bank Mandiri
		Performance Meeting PT AXA Mandiri Financial Services	October 24, 2018, Paris.	AXA Shareholders Meetings

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Ahmad Siddik Badruddin	Director of Risk Management	Investor conference dan Non Deal Roadshow (NDR)	January 08 - 11, 2018, Shanghai - China.	Bank Mandiri
		Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Benchmarking Senior Risk Forum	February 22-25, 2018, Hong Kong.	Bank Mandiri
		FICO world 2018	April 13-22, 2018, Florida.	Fair, Isaac and Company (FICO)
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Non Deal Roadshow (NDR) Bank Mandiri	May 26 - June 3, 2018, USA and Canada	Bank Mandiri
		Benchmarking inisiatif Digital Banking Roadmap for Wholesale	August 23-25, 2018, Australia.	Bank Mandiri
		Executive Training: Making Smarter Decisions with imperfect information	September 11 - 14, 2018, Columbia University - USA.	Columbia University
Rico Usthavia Frans	Director of Information & Operations Technology	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Refreshment Manajemen Risiko - BARA; Tapping Potential Opportunities in Indonesian Sustainable palm oil Industry	March 19, 2018, Jakarta.	Bara Risk Forum
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Workshop Senior Operational Risk (SOR) Technology and Operations	August 10 - 12, 2018, Jakarta.	Bank Mandiri
Darmawan Junaidi	Director of Treasury & International Banking	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		IIF 2018	March 14-17, 2018, London.	Institute of International Finance
		Central Bankers Seminar ke 37 (Nomura)	March 26 - 29, 2018, Kyoto.	Ministry Of Finance Japan
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Sertifikasi Dealer Advance	July 28, 2018, Grand Hyatt - Jakarta	Lembaga Sertifikasi Profesi Perbankan (LSPP)
		Benchmarking Digital Banking Initiatives Roadmap for Wholesale	August 23-25, 2018, Australia.	Bank Mandiri
		Non Deal Roadshow (NDR) dan ASEAN Conference	August 26-28, 2018, Singapore.	Bank Mandiri
		Executive Training: Developing Strategy for Value Creation	October 14-19, 2018, London.	London Business School Executive Education
		Non Deal Roadshow (NDR) Bank Mandiri	October 27 - November 3, 2018, Paris, Edinburgh and London.	Bank Mandiri
Alexandra Askandar	Director of Institutional Relations	Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Level 5 Risk Management Certification	May 21, 2018, Jakarta.	Lembaga Sertifikasi Profesi Perbankan (LSPP)
		Benchmarking Digital Banking Initiatives Roadmap for Wholesale	August 23-25, 2018, Australia.	Bank Mandiri
		IMF Annual Meeting	October 07 - 12, 2018, Bali.	Bara Risk Forum
		Strategic Investment Management	October 15-19, 2018, London.	London Business School Executive Education

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Agus Dwi Handaya	Director of Compliance	Certified Behaviour Analyst; HRD Spot	January 08-09, 2018, Jakarta.	HRD SPOT
		Mandiri Investment Forum	February 7, 2018, Jakarta.	Bank Mandiri
		Pelatihan tentang Perlindungan Hukum Terhadap Nasabah Bank dan Tanggung Jawab Perbankan	April 18, 2018, Jakarta.	Lembaga Sertifikasi Profesi Perbankan (LSPP)
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Experian Vision Conference	May 21-26, 2018, USA.	Experian
		National Coordination Meeting on Staffing in 2018 - National Civil Service Agency "Implementation of HC Management in Era 4.0 at PT Bank Mandiri: Policy, Strategy, Best Practice and Failure Practice"	July 11, 2018, Jakarta.	Badan Kepegawaian Negara
		Talent Leaders Forum	July 17-18, 2018, Singapore.	Mckinsey Academy
		The 10 th Indonesia HR Summit 2018 - Navigating Disruption Cultural and Digital Approach	September 17, 2018, Jakarta.	SKK Migas
		SESPIBANK - Human Capital Development Strategy	September 27, 2018, Jakarta.	LPPI
		Strategis Discussion Forum Corporate Culture and Leadership Journey - Building High Performance Culture	October 22, 2018, Jakarta.	Pertamina Training & Consulting
		21 st Century Education Forum - Surviving and Thriving in the Fourth Industrial Era of Financial Industry	November 15, 2018, Harvard.	21 CAF at Harvard
		National Seminar : Banking Employee Engagement in Industrial Revolution 4.0	December 10, 2018, Jakarta.	LPPI
		CGPI Awarding and Conference: "Toward Sustainable Growth Through Transformation Based on Good Corporate Governance"	December 19, 2018, Jakarta.	The Indonesian Institute for Corporate Governance
Panji Irawan	Director of Finance	Non Deal Roadshow (NDR) bersama Mandiri Sekuritas.	April 25-27, 2018, Singapore.	Bank Mandiri
		Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Investor conference dengan CLSA	September 13-14, 2018, Hong Kong	CLSA Investor Forum
		Training Digital Mindset: How to Innovate and Lead Your Business Into The Future	November 05-12, 2018, New York.	IESE Business School University of Navarra
Donsuwan Simatupang	Director of Retail Banking	Leadership Forum	May 04 - 06, 2018, Labuan Bajo	Bank Mandiri
		Experian Vision Conference di USA	May 21-26, 2018, USA	Experian
Riduan*	Director of Commercial Banking	-	-	-

*Appointed as Director of Commercial Banking since January 2019 and therefore no training record was available in 2018.

Competence Development for Audit Committee

Throughout 2018, the Audit Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Audit Committee

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Bangun Sarwito Kusmulyono	Chairman and concurrent member	Information is available on the Table of Competence Development for Board of Commissioners		
Hartadi Agus Sarwono	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Goei Siau Hong	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Makmur Keliat	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Budi Sulistio	Committee Non Board of Commissioners	Executive Risk Management Refreshment Program dengan tema "Risk Management as Performance".	July 02-09, 2018, Dusseldorf, Frankfurt, Bern - Germany.	Indonesian Banking Development Institute (IBDI/ LPPI)
Bambang Ratmanto	Committee Non Board of Commissioners	POJK Seminar No.32 / POJK.04 / 2014 on Plans and Implementation of Public Company GMS and POJK No.13 / POJK.03 / 2017 on Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities	March 13, 2018, Jakarta.	PT Bursa Efek Indonesia with Financial Services Authority (Otoritas Jasa Keuangan/OJK) and Indonesian Corporate Secretary Association (ICSA)
		Risk Management Refreshment – BARA: Cyber Risk Management and Financial Crime in Banking Industry	July 12-13, 2018, Bali.	Bara Risk Forum

Competency Development of Remuneration and Nomination Committee

Throughout 2018, the Remuneration and Nomination Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Tabel Pengembangan Kompetensi Komite Remunerasi dan Nominasi

Name	Position	Types of Trainings and Development Materials Competence /Training	Time and Venue of the Implementation	Organizer
Hartadi Agus Sarwono	Chairman and concurrent member	Information is available on the Table of Competence Development for Board of Commissioners		
Imam Apriyanto Putro	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Askolani	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Bangun Sarwito Kusmulyono	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Goei Siau Hong	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Ardan Adiperdana	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Makmur Keliat	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
R. Widyo Pramono	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Group Head Human Capital Services	(Secretary, concurrently serving as an Ex-Officio Member (non-voting member))	ESQ Leadership & Culture Transformation	August 15, 2018	Bank Mandiri
		Driving Performance Through Leadership & Culture Transformation	August 24, 2018	Bank Mandiri
		Global Executive Mindset	December 6, 2018	Bank Mandiri
		Strategic Leadership Competencies	December 6, 2018	Bank Mandiri

Competence Development for Risk Monitoring Committee

Throughout 2018, the Risk Monitoring Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Risk Monitoring Committee

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Goei Siau Hong	Chairman and concurrent member	Information is available on the Table of Competence Development for Board of Commissioners		
Bangun Sarwito Kusmulyono	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Ardan Adiperdana	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
R. Widyo Pramono	Member Committee	Information is available on the Table of Competence Development for Board of Commissioners		
Ridwan D. Ayub	Committee Non Board of Commissioners	Key Risk Management Challenges in 2019 Credit Quality, Active Credit Portfolio Management & Stress Testing and also Credit Scoring	December 06-07, 2018, Batam.	Bara Risk Forum
Lista Irna	Committee Non Board of Commissioners	Focus Group Discussion: The Next Generation of Banking in the Fourth Industrial Transformation.	November 15 2018, Jakarta.	Perhimpunan Bank Nasional (Perbanas)

Competence Development For Integrated Governance Committee

Throughout 2018, the Integrated Governance Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Integrated Governance Committee

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Goei Siau Hong	Chairman and concurrent member (Independent Commissioner)	Information is available on the Table of Competence Development for Board of Commissioners		
Imam Apriyanto Putro	Member Committee (Deputy President Commissioner)	Information is available on the Table of Competence Development for Board of Commissioners		
Askolani	Member Committee (Commissioner)	Information is available on the Table of Competence Development for Board of Commissioners		
Bangun Sarwito Kusmulyono	Member Committee (Independent Commissioner)	Information is available on the Table of Competence Development for Board of Commissioners		
Makmur Keliat	Member Committee (Independent Commissioner)	Information is available on the Table of Competence Development for Board of Commissioners		
Ridwan D. Ayub	Member Committee (Independent Party)	Information is available on the Table of Competence Development for Risk Monitoring Committee		

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross Reference POJK	Cross Reference ACGS	Financial Statement
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Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Budi Sulistio	Member Committee (Independent Party)	Information is available on the Table of Competence Development for Audit Committee		
Edhi Chrystanto	Member Committee (Independent Commissioner Representative of PT Bank Mandiri Taspen)	Annual Integrated Risk & Governance Conference	January 25-27, 2018, Banyuwangi	Bank Mandiri
Frans A. Wiyono	Member Committee (Independent Commissioner Representative of PT Mandiri AXA General Insurance)	Asia Regional Index Insurance Training	September 2018, Colombo, Sri Lanka.	Global Index Insurance Facility
D. Cyril Noerhadi	Member Committee (Independent Commissioner Representative of PT Mandiri Sekuritas)	Developing Strategy for Value Creation	30 June - 6 July 2018, London	London Business School
		Program Pelatihan Berkelanjutan APEI	July 26, 2018, Jakarta	Asosiasi Perusahaan Efek Indonesia (APEI)
Wihana Kirana Jaya	Member Committee (Independent Commissioner Representative of PT AXA Mandiri Financial Services)	Situational Leadership II – Ken Blanchard Companies	April 23-24, 2018, Singapore	Ken Blanchard Companies
		Qualified Risk Certification Officer - CRMS Indonesia	23-25 July 2018, Singapore	CRMS Indonesia
Ravik Karsidi	Member Committee (Independent Commissioner Representative of PT Mandiri Tunas Finance)	Financing Company for Commissioners	April 24, 2018 at Jakarta	SPPI
Ali Ghufon Mukti	Member Committee (Independent Commissioner Representative of PT Asuransi Jiwa Inhealth Indonesia)	Digital and Risk Management in Insurance	February 21-23, 2018, Nusa Dua, Bali	Asosiasi Asuransi Jiwa Indonesia (AAJI)
M. Syafii Antonio	Member Committee (Sharia Supervisory Board of PT Bank Syariah Mandiri)	Sharia Supervisor Certification	October 22, 2018, Jakarta	Lembaga Sertifikasi Profesi Dewan Syariah Nasional Majelis Ulama Indonesia (LSP DSN-MUI)
Mulya E. Siregar	Member Committee (Independent Commissioner Representative of PT Bank Syariah Mandiri)	Sharing Session Program with OJK: "Implementation of POJK 51 concerning Sustainability Finance in the Banking Industry"	July 11, 2018, Jakarta	Bank Syariah Mandiri
		4th Cambridge Islamic Finance Leadership Programme (Cambridge IFLP) 2018	July 29 - August 3 2018 Clare College, Cambridge, United Kingdom	Cambridge International Financial Advisory (IFA)
		BSM Leadership Forum 2018 "The New Path of Agile Organization"	August 10-11, 2018, West Sumatra	Bank Syariah Mandiri
		BSM Knowledge Sharing Forum "How to Overcome Fraud in Islamic Banking"	September 17 2018, Jakarta	Bank Syariah Mandiri
		Panel Dialogue in Global Islamic Finance Forum (GIFF) 2018 Programme "Integrating Sustainability and Responsible Financing into the Financial Sector"	October 3, 2018, Kuala Lumpur, Malaysia	The Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

Competence Development for The Corporate Secretary

Throughout 2018, the Corporate Secretary of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for the Company Secretary

Name	Position	Development Material Competence / Training	Time and place Implementation	Organizer
Rohan Hafas	Corporate Secretary	Leadership Forum	May 04-06, 2018, Labuan Bajo	Bank Mandiri
		Indonesia Investment Forum 2018	October 9, 2018, Bali	Kementerian BUMN, BI, OJK
		Media Training	November 29-30, 2018, Semarang	Bank Mandiri

In addition, the employees under the functions of the Corporate Secretary have participated in various training, such as in the fields of law, accounting, secretariat and reporting and actively participated in seminars related to the latest regulations issued by regulators.

Competence Development for Internal Audit Unit

Throughout 2018, the Internal Audit Unit of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Internal Audit Unit

Training and/or Development	Name of Organizer	Date of the Event	Number of Participants
Workshop With Mark Coopersmith	Bank Mandiri	January 22, 2018	3
State Register for Accountants	Bank Mandiri	February 3, 2018	1
Workshop Common Reporting	Bank Mandiri	February 7, 2018	2
Refreshment of Level 3 Risk Management Certification	Bank Mandiri	February 12, 2018, March 05 2018, April 13, 2018, October 13 2018	6
Anti Money Laundering & Governance for Bankers	Bank Mandiri	February 19-20, 2018	1
Basic Transaction Banking	Bank Mandiri	February 21-23, 2018	1
Training Basic Trade Finance	Bank Mandiri	March 08-09, 2018	1
Foundation of Risk Management	Bank Mandiri	March 12-15, 2018	1
Workshop on Implementation of Memorandum of Understanding & PDM Work with Polri	Bank Mandiri	March 15, 2018	1
Creative Problem Solving & Decision Making	Bank Mandiri	March 15-16, 2018	1
Training Operational Risk Awareness for Bankers	Bank Mandiri	March 19-20 2018, 3 - 4 May 2018	2
Training Anti Money Laundering & Governance for Bankers	Bank Mandiri	March 19-20, 2018	1
E-Filing State Official Assets Report	Bank Mandiri	March 19-20, 2018	3
ISO 9001:2015 Internal Quality Auditor Training	Premysis	March 19-20, 2018	1
Workshop Otomotif Direktorat Middle Corporate	Bank Mandiri	March 20, 2018	1
Administering SQL Server 2014	Enterprise Data Management Group	March 20-22, 2018	5
Black Hat Asia 2018	UBM Tech	March 20-23, 2018	2
Officer Development Program (ODP) Risk	Bank Mandiri	March 21, 2018 - August 16 2018, April 9 - May 02 2018, 30 April 2018 - 12 July 2018, 27 August 2018 - 29 October 2018	12

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross Reference POJK	Cross Reference ACGS	Financial Statement
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Training and/or Development	Name of Organizer	Date of the Event	Number of Participants
Certified Information Systems Auditor (CISA)	BINUS University	March 24 - May 26 2018, 01 August 2018, August 07 2018, August 14, 2018	4
Terrorism Financing and Money Laundering	Mandiri University Group	March 27, 2018	1
Cyber Security Auditing In an Unsecure World	The Institute of Internal Auditors (IIA) Indonesia	March 28-29 2018	8
Workshop on Implementation of Governance, Risk Management & Compliance (GRC) Framework	Otoritas Jasa Keuangan (OJK)	April 03-04, 2018	1
Refreshment of Level 1 Risk Management Certification	Bank Mandiri	April 13, 2018	1
Corruption Understanding in Relation to Legal Responsibility	Bank Mandiri	April 17, 2018	1
2018 Internal Audit National Seminar	Yayasan Pendidikan Internal Audit	April 17-19, 2018	2
Briefing & Level 1 Risk Management Certification Exam	Bank Mandiri	April 19-21, 2018, May 3 - 5, 2018, May 7 - 9, 2018, May 25-30, 2018, August 15-18, 2018, September 21-25, 2018	25
Data Analytics & Continuous Audit	Ikatan Auditor Intern Bank (IAIB)	April 26-27 2018	1
Office Management and Administration in Digital Era	PT Rena Focus	May 02 - 04, 2018	1
Refreshment SAP eHCMIS & DTOBM	Bank Mandiri	May 02 - 04, 2018	1
IIA International Conference & On Site Learning	Lembaga Profesi Auditor Internal Indonesia	May 05-12, 2018	1
COSO Enterprise Risk Management 2016	The Institute of Internal Auditors (IIA) Indonesia	May 07 - 08, 2018	1
Implementing Cyber Security to Securing Your Organization	Cybersecurity Bootcamp	May 07 - 09, 2018	1
Briefing & Level 2 Risk Management Certification Exam	Bank Mandiri	May 7 - 9, 2018, July 19-21, 2018, September 13-15, 2018	4
Certified Internal Auditor (CIA) Review	The Institute of Internal Auditors (IIA) Indonesia	May 14 - 23, 2018, September 17-26, 2018	4
SOPAC 2018 Conference and Financial Institutions Benchmarking Program	Ikatan Auditor Intern Bank (IAIB)	May 19 - 26, 2018	1
Cisco Certified Network Associate Fast Track (CCNA)	PT Andalan Nusantara Teknologi, Jakarta	June 04-08, 2018	1
Auditing the Risk Management Process	Yayasan Pendidikan Internal Audit	June 06 - 07, 2018	2
Developing Creativity, Agility & Resilience at Work	PT Rena Focus	June 27 - 29, 2018	1
General Management Development Program Cohort 2 Modul 1	Bank Mandiri	July 02-06, 2018	1
Certified Data Centre Professional Review Course and Exam	PT Inixindo Persada ReKayasa Komputer	July 09 - 10, 2018	1
Leadership, Communication and Interpersonal Skill	PT Rena Focus	July 09 - 11, 2018	1
Cyber Risk Management and Financial Crime in Banking Industry	Banker Association for Risk Management (BARA)	July 12 - 13, 2018	3
Management Information System Training	Thomson Reuters	July 13 - 20, 2018	8
Refreshment of Level 2 Risk Management Certification	Bank Mandiri	July 14, 2018	1
Workshop Global Executive Mindset	Bank Mandiri	July 18-19 2018	1
Training Beginning Auditor Tools and Techniques	The Institute of Internal Auditors (IIA) Indonesia	July 18-20, 2018	3
National Anti Fraud Conference 2018	Association of Certified Fraud Examiners (ACFE)	July 19-20, 2018	2
Swift Alliance Access (SAA) 7.2	Bank Mandiri	July 19-20, 2018	1
SharePoint 2013 End User Level I	ExecuTrain	July 23-25, 2018	2
Information Technology Infrastructure Library (ITIL) Foundation	PT Lifelong Learning	July 23-25, 2018	1
Business IT Architecture Fundamental	PT ATD Solution Indonesia	July 23-25, 2018	1

Training and/or Development	Name of Organizer	Date of the Event	Number of Participants
Cobit 5 Foundation & Certified	PT ATD Solution Indonesia	July 25-27, 2018	1
Togaf 9.2 Level 1 & 2 Review Course & Exam	ATD Solution Indonesia	August 06 - 09, 2018	1
National Conference III FKSPI 2018 Forum for Communication Unit Supervisors	Forum Komunikasi Satuan Pengawas Intern (FKSPI)	August 08-11, 2018	3
Driving Performance Through Leadership & Culture Transformation	Bank Mandiri	August 23-24, 2018	2
Personality Development For Secretary	Sekretaris Pro	August 23-24, 2018	1
Workshop Internal Audit Tahun 2018	Internal Audit	August 24-25, 2018	99
Texas MCOMBBS MBA - Info Session	Bank Mandiri	August 27, 2018	6
IT Service Management ISO/IEC 20000-1 Internal Audit Exam	PT Inovator Asesmen Sinergis (IAS)	August 27-30, 2018	2
2018 IIA Indonesia National Conference	The Institute of Internal Auditors (IIA) Indonesia	August 28-29, 2018	3
Training Innovation & Agility Batch 1	Bank Mandiri	September 20-21, 2018	1
Seminar BARA Risk Forum	Banker Association for Risk Management (BARA)	September 27-28, 2018	2
Advance Personality Development for Secretary	Sekretaris Pro	October 04 - 05, 2018	1
AAJI Briefing and Exam	Bank Mandiri	October 15 - 17, 2018	2
Data Analysis for Internal Audit	The Institute of Internal Auditors (IIA) Indonesia	October 21-23, 2018	1
General Management Development Program Cohort 2 Modul 2	Bank Mandiri	October 22-27, 2018	1
Investigation Workshop in 2018	Investigasi	October 25 - 28, 2018	12

	Information Technology	Corporate Governance	Corporate Social Responsibility	Cross Reference POJK	Cross Reference ACGS	Financial Statement
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Management Discussion and Analysis on Company Performance

Alignment of the 2016-2020 Corporate Plan Restart strategy successfully improved the performance and profitability of Bank Mandiri.

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Growing Healthy



Economic Review



Global Economic Review

The global economic condition in 2018 underwent remarkable challenges. The unfair recovery trend was judged to become the reason, as for instance, the United States of America (USA) could maintain its growth, while other countries such as China, Japan, and the European Union tended to slow down. The USA could even secure a 3.0% growth (YoY) in its GNP in the Q3 of 2018, which was mentioned as its highest growth record since 2014. In contrast, China declined to be 6.5% at the same period, which was recorded as its lowest GNP growth within the last decade. Meanwhile Japan's GNP stuck in place, Germany and France could only reach 1.1% and 1.4% respectively.

The USA-China's Trade War, in fact, has degraded the global economy. The worsening bilateral relationship between those superpower countries triggered the uncertainty of global economic prospects. A number of Asian countries experienced a lower economic deceleration in the Q3 of 2018 compared in the Q2, including Thailand that decreased from 6.6% to be 5.5%, Singapore from 4.1% to be 2.3%, and Malaysia from 4.5% to 4.4%.

At the other side, the recovering economy led to the continuation of the USA's monetary policy. The Central Bank of USA (The Fed) even jacked up its Fed Funds Rate (FFR) for four times reaching 100 bps or equals to 1% from 1.5% being 2.5% throughout 2018. Both condition of the recovering economy and increasing interest in the USA caused the soaring USD exchange value among other currencies, which include those in the developed and developing countries. The Euro and Pound sterling exchange rate weakened to 4.5% and 5.6% respectively throughout 2018. Moreover, a number of developing countries underwent more dominant pressure, such as Turkey's Lira, Russia's Ruble, China's Yuan, and India's Rupee that respectively declined to 39.3%, 17.1%, 21%, 5.7%, and 9.2% during 2018. Furthermore, Argentina's Peso also depreciated more than 100%.

The pressure eventually forced a number of central banks in the developing countries aggressively increase their policy on the interest rate. The Central Bank of Argentina and the Central Bank of Turkey separately increased their interests up to 60% and 24%. The Central Bank of China, India, Malaysia, Philippines, and Indonesia also increased their interests as an attempt to deplete their currency depreciation in 2018. The economic deceleration was the impact of the trade war and currency depreciation due to the increasing interest rate in the USA, as it will risk the global economy in 2019.

Source: Bloomberg, CEIC, December 2018

National Economic Analysis

Amid the suppressing global challenges, the Indonesian economy could carry out a good performance as it showed a significant increase in economy and stable inflation in 2018. Indonesia's economic growth increased from 5.07% (YoY) in 2017 to 5.17% (YoY) in 2018 and was the highest achievement in the last five years. The increasing performance of the national economic growth was sustained by the betterment of household consumption rate and government's expenditure. The inflation rate was also stable as 3.13% lower than the previous year's that reached 3.61%. The core inflation rate describing the domestic demand strength and economic activity tended to increase from 2.95% being 3.07% in 2017. (Source: Official News of Statistics, Central Bureau of Statistics, January 2019).

However, the recovery of economic growth was followed by a significant import rate, which include capital goods, raw materials, and consumer goods. Besides, the lame economic growth of the developing countries, especially China, caused the sluggish exports. From January to December 2018, Indonesia recorded USD 188.6 billion in its import value that grew up to 20.2% compared to

the previous year. Meanwhile, the country could only secure 7% of its export rate worth USD 180.1 billion, which was lower than the previous year's reaching 16.3%. The condition brought Indonesia's balance of trade experienced a deficit during 2018 reaching USD 8.6 billion.

The balance of trade deficit led to the worsening current account balance deficit (Current Account Deficit - Cad). CAD increased being USD 9.15 billion (3.57% to GNP) in the Q4 of 2018, which was higher than the previous quarter reaching USD 8.6 billion (3.28% to GNP). Annually, CAD soared from USD 16.2 billion (1.60% to GNP) to USD 31.1 billion (2.98% to GNP). The circumstance was also followed by the increasing interest rate policy in the USA that affected the increasing pressure to the Rupiah exchange value. Throughout 2018, Rupiah exchange rate to the USD fluctuated from IDR13,265 to IDR15,285. As the impact, Bank of Indonesia applied a strict monetary policy by increasing its interest rate of BI-7 days reverse repo up to 175 bps from 4.25% to 6%

Source: Statistics Official News, Central Bureau of Statistics (BPS) January 2019; Quarterly Monetary Policy Report IV 2018, Bank Indonesia (BI)

Banking Industry Analysis

In spite of the remarkable economic challenges both globally and domestically, the performance of the domestic banking industry keep showing improved conditions. Financial system stability was maintained with improved intermediation function and controlled credit risk. Banking Capital Adequacy Ratio (CAR) remained high at 22.9% and the Liquidity Ratio (AL/DPK) was still safe at 19.3% in December 2018. Moreover, the Non-Performing Loan (NPL) ratio remained low at the range of 2.4% (gross) or 1.0% (net). From the banking intermediation function, credit growth was recorded at 11.75% in 2018 that was higher than 2017 credit growth of 8.2%. In 2018, the growth of Third Party Funds (TPF) was 6.5%, a decrease compared to the TPF growth in previous year that was 9.4%. Meanwhile, economic financing through the capital market, issuance of shares (IPO and rights issue), corporate bonds, Medium Term Notes (MTN), and Negotiable Certificates of Deposit (NCD) during 2018 were recorded at IDR207,8 trillion (gross), a decrease compared to the achievement in 2017 of IDR299,4 trillion (gross).

The Indonesia's banking industry is predicted to perform better, as the banking assets will be sustained amid the currency exchange and interest rate fluctuation that keep increasing. Moreover, the banking credits also showed a higher performance as the betterment of the national economic growth.

In responding the future challenges, the banking industry should take a number of measures, which include: (1) selectively encouraging credit growth of the promising sectors in a few years forward, (2) boosting sales through the improvement of the digital transaction to reach the income diversification, (3) distributing more syndication credits to improve credit capacity in addition to sharing risks, (4) effectively managing the liability assets to minimize the interest risks through a number of efforts, which include shortening the asset terms, extending the liability term, and (5) improving interest hedging activities and encouraging the customers to hold the same effort.

Source: Quarterly Monetary Policy Report IV 2018, Bank Indonesia, Indonesian Banking Statistics, December 2018

Analysis of Bank Mandiri's Position in the Banking Industry

The comparison of Bank Mandiri's performance over the national banking industry is summed up in the below details.

Bank Mandiri's Performance Over The National Banking Industry As Per December 2018

(Consolidation, in %)

Performance	2018	
	Bank Mandiri	Banking Industry
Assets	6.90%	9.21%
Loan	12.41%	11.75%
Third Party Fund	3.08%	6.45%
Cheap Fund	(0.22%)	7.01%
Interest Income	4.80%	3.42%
Interest Expense	4.25%	1.51%
Nett Interest Income	5.28%	5.34%
<i>Fee-Based Income</i>	20.10%	7.00%
Total of Operational Income	9.77%	8.28%
Operational Expense Besides Intrest	7.62%	5.94%
Operational Profit	24.79%	12.12%
Net Profit	21.20%	14.38%

Source: Financial Report and Indonesia Banking Statistic (SPI) as per December 2018

Table of Comparison of Bank Mandiri Ratios compared to Industry Position December 2018

(Bank Only, in %)

Ratio	2018	
	Bank Mandiri	Banking Industry
NIM	5.52%	5.14%
NPL	2.79%	2.37%
ROA	3.17%	2.55%
ROE	16.23%	13.48%
CAR	20.96%	22.97%
LFR/RIM ^{*)}	96.95%	94.78%
Operational Expense to Operational Income	66.48%	77.86%

Source: Financial Report and Indonesia Banking Statistic (SPI) as per December 2018

According to the PBI No. 2014/PBI/2018 on March 29, 2018, the Loan to Funding Ratio (LFR) is changed as the Macroprudential Intermediation Ratio (MIR).

^{*)}Bank Mandiri used RIM, Banking Industry used LDR data

Bank Mandiri reflected a better performance on its credit growth compared to the banking industry in total throughout 2018. Bank Mandiri secured 12.41% in its credit growth (YoY) by the Q4 of 2018, which was higher than the total credits of banking industry reaching 12.29% (YoY), higher than total bank loans in the same period of 11.75% (YoY). Bank Mandiri distributed IDR820,08 trillion or equals with 15.49% of the total banking credits by the period.

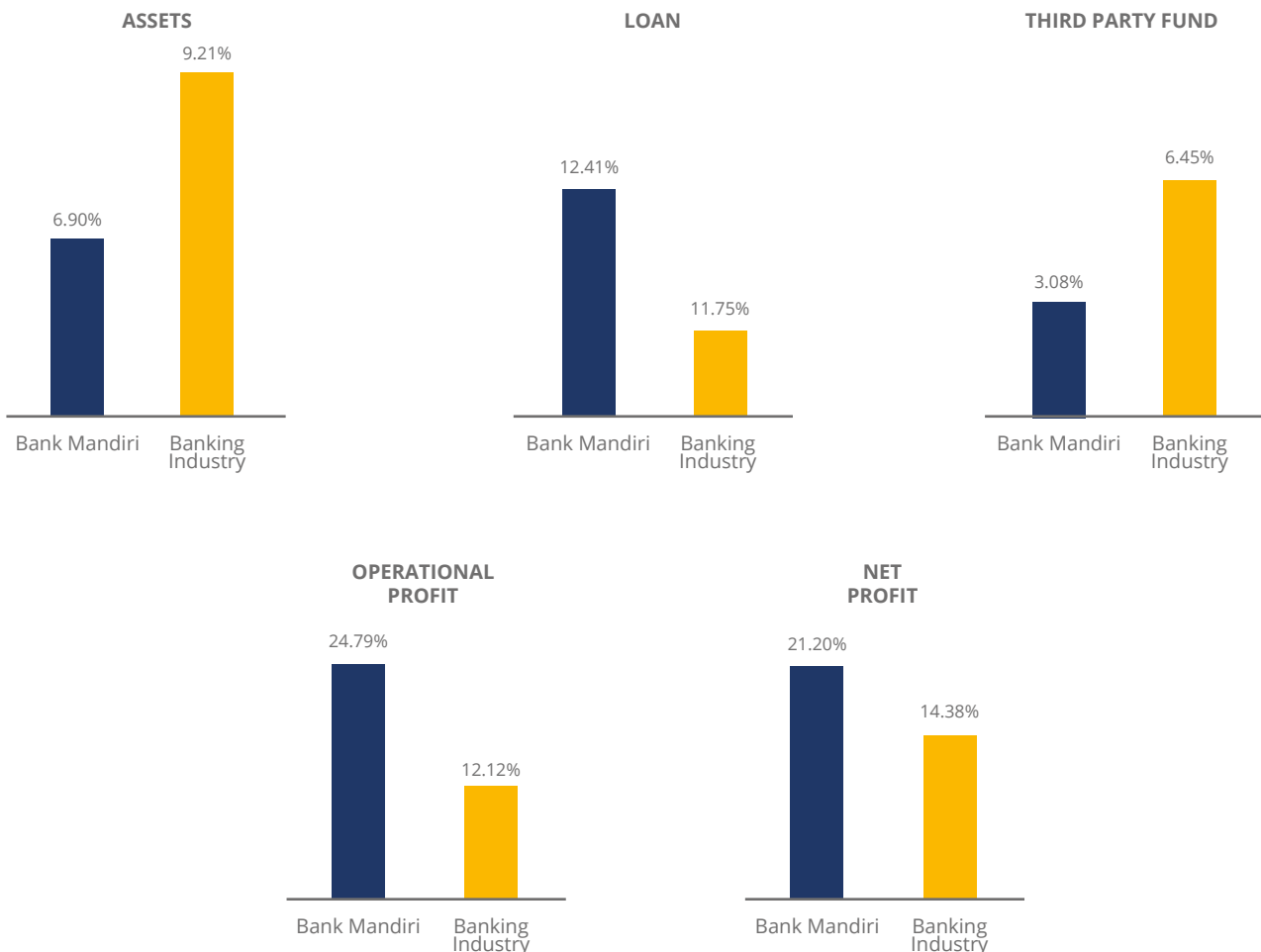
Seen from the third party funds (DPK) side, up to quarter IV of 2018, Bank Mandiri's DPK in consolidation grew 3.08%, while the DPK growth in banking industry reached a total of 6.45%. The growth of Bank Mandiri's net profit reached 21.20% in 2018, much higher than the growth of the banking industry's net profit that only reached IDR14,38%.

Bank Mandiri experienced a tightening liquidity consolidation as the whole banking industry. This can be seen from the fourth quarter increase from Macroprudential Intermediation Ratio (Bank Only) to 96.95% from 87.16% in December 2017. Meanwhile, the

banking industry's LDR also showed an increase from 90.04% to 94.78%.

In terms of credit quality, Bank Mandiri's NPL has begun to show a decline throughout 2018. Bank Mandiri's NPL in the fourth quarter of 2018 was recorded at 2.79%, a decrease compared to the NPL at the end of 2017 of 3.45%. However, Bank Mandiri's NPL was still higher compared to the whole banking industry's reaching 2.37%. Bank Mandiri is optimistic that its credit quality and overall national banking industry would perform well as the betterment of economic growth.

Graph of Bank Mandiri's Performance Growth Compared to The National Banking industry As per 2018



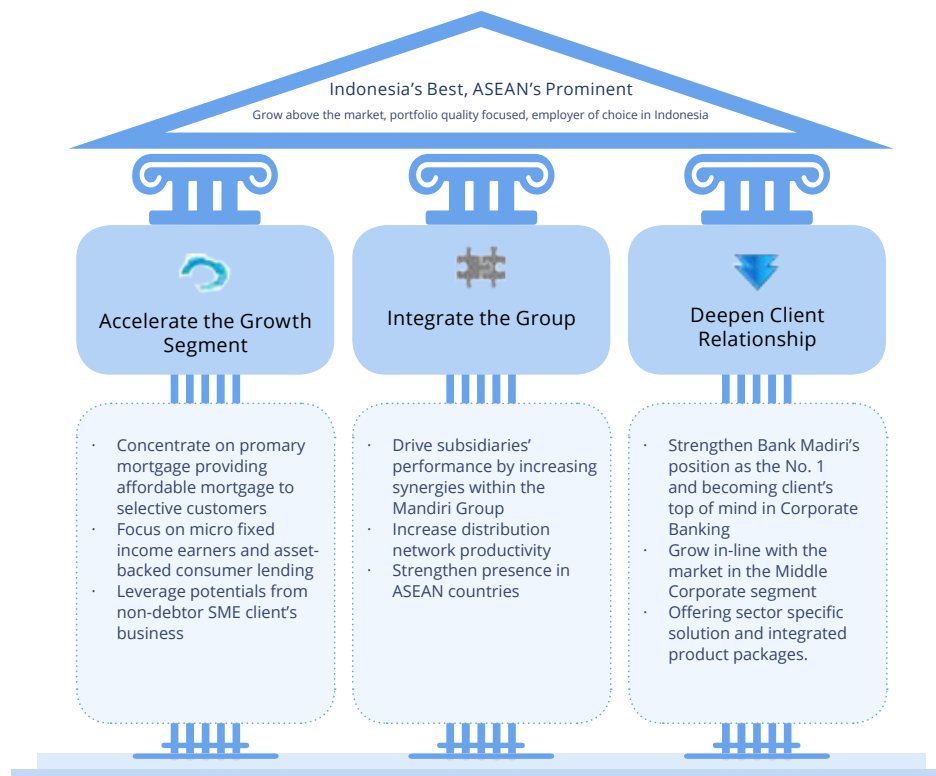
Operational Review

In general, Bank Mandiri's business activities focused on the public fund collection and redistribution in the form of credit and financing in addition to other banking service procurement. Bank Mandiri had determined the appropriate strategies marked by the significant increase of its performance.

Synchronization of Long-Term Strategies

The undeniable global economic dynamics in 2018 become the challenge for the Indonesia's economy and banking industry. In 2016, Bank Mandiri even experienced a significant pressure for its credit quality due to the Macroeconomic factors and less optimum credit portfolio management. Therefore, Bank Mandiri reviewed its business strategies through the Corporate Plan Restart for the 2016-2020 period and revised various initiatives to improve its fundamentals through the business focus adjustment based on its core competence, process and business system organization synchronization, as well as risk management and control enforcement.

Bank Mandiri synchronized its Corporate Plan Restart strategies for the 2016-2020 period to deal with the external and internal challenges by focusing its business at the main area in line with its core competence as an attempt to grow in fair and sustainable manner through the aspiration of being Indonesia's best, ASEAN's prominent.



The Company's management success was part of the appropriate strategy application. Continuing its Corporate plan, Bank Mandiri had conducted the Company's strategies to reach its operational performance target and finance based on the Bank Business Plan and earn the available business opportunities and potentials. Bank Mandiri focused on its three prominent strategies for its working performance up to 2020. The strategies included:

1. Accelerate The Growth Segment Strategy

- a. Focusing to grow the Primary House Ownership Credit (KPR) business through the affordable offers and selective customer targets.
- b. Focusing to boost the New Payroll-Based Micro Multipurpose Credit (KSM) and Collateral-Based Loan.
- c. Encourage value chain banking at work through customers which is part of the Wholesale / Corporate customer business process to expand retail distribution.

2. Integrate The Group Strategy

- a. Encouraging the performance of the subsidiary entity through the synergy of Mandiri Group.
- b. Improving the productivity of Bank Mandiri's networks through the business process reengineering and data analytics.
- c. Strengthening Bank Mandiri's presence in ASEAN communities.

3. Deepen Client Relationship Strategy

- a. Encouraging the corporate business as the main aggressively-growing competencies and appearing as the most potential market figure in terms of quality improvement as well as transactional product and treasury reliability.
- b. Improving the fee-based income contribution portion in the corporate and commercial segments.
- c. Developing the sector solution through the product offers and specific financial solution.
- d. Encouraging the consolidation and enforcing the commercial segments to grow in line with the market.

Enabler Strategy

In addition to the above strategies, Bank Mandiri also prepares enablers or other bankwide strategic support to achieve business targets.

- a. Transformation of service model through digitization to improve efficiency, as indicated by the decreasing efficiency ratio.
- b. Organizational rearrangement to better reflect the business focus and to be responsive to market conditions safely, quickly, and productively.
- c. Alignment of risk management to balance growth and quality.

- d. Development of human resources to cultivate the leader and entrepreneurship characteristics.
- e. Encouraging work culture synergy (values, work ethics, mindset) in Mandiri Group.

Restart Corporate Plan Implementation

In order to support the achievement of the Corporate Plan Restart target 2016-2020, Bank Mandiri has had 21 Board of Director (BOD) program levels as the main strategic initiative. The programs that have been developed must meet the objectives of the Corporate Plan, which are focusing on the development of the existing and new cores. In addition, the scope of the program should also include the implementation phase and, finally, should be able to have significant business impact and measurable metrics. In order to ensure that all strategies and initiatives are implemented and working as expected, each initiative has a Sponsor Director who becomes a sponsor to encourage the implementation of the initiative assisted by a Project Management Officer (PMO) who has dedication to carry out the initiative.

One of strategy implementations of the Corporate Plan is (i) the alignment of distribution network organization that is an advanced process of Distributions Network Transformation (DNT). This organization alignment initiative aimed at 2 (two) main things, namely organizations that encourage strengthening risk management and control as well as organizations that focus on 2016-2020 Corporate Plan Restart strategy. (ii) The establishment of growth targets in several segments that become a backbone of Bank Mandiri's business growth. (iii) Striving to overcome NPL problems, including:

1. Accelerating the restructuring for debtors who still have good business prospects and intention. This includes the efforts to find investors who can continue the debtors' businesses.
2. A more intensive billing to litigation actions against uncooperative debtors, and or misuse of loans.
3. Establishing and monitoring credit growth based on the predetermined portfolio mix target (sectoral, industry, product, debtor segment).
4. Establishing credit monitoring functions throughout the region to ensure the crediting processes are in accordance with the established regulations and policies.
5. Controlling the potential of credit quality reduction, both current debtors (watchlist) and ex-restructuring (post-restructuring supervision) to conduct restructuring actions in a timely manner.

In accordance with Bank Mandiri's direction and policy in achieving the vision of being Indonesia's best, ASEAN's prominent in 2020, the implementation of the Corporate Plan can be seen in 3 (three) periods:

2016 – 2018 Period

In this period, there were 2 (two) main strategies carried out by Bank Mandiri, namely:

1. Revising credit composition to encourage a more qualified growth

The stagnant economic growth affected the business and credit quality growth, thus encouraged Bank Mandiri to expand its credit prudently. Within the challenging working climate, Bank Mandiri is fully committed in reaching its long-term visions. By considering the volume gap of its business and credit quality in the respective segments to the targets, Bank Mandiri rationalized its portfolios by reallocating its business volume target at the relatively-well-growing segments through the quality maintenance. The credit volume growth was directed at the corporate segment of the existing core competence in addition to the retail segment as the new core of credit growth booster. Meanwhile, the credit quality improvement at the Middle Corporate segment and SME was gradually pursued by boosting selective and sustainable growth.

- a. As an attempt to enforce the existing core competence, the corporate segment's credit strategies in 2018 included:
 - Focusing on the anchor clients through a whole solution by offering integrated solutions for the specific sectors through the Value Chain Solution, syndication development, and Structured Finance.
 - Enforcing its Fundamental Aspects by synchronizing its business process (funds, credits, and transactions), which include the development of the Wholesale Digital Banking concept.
 - Enforcing its execution disciplines through pipeline management and credit monitoring discipline.
- b. To strengthen its new core, the Company encouraged the retail segments to aggressively improve in 2018, especially for consumer and micro-credits.
 - The consumer credit growth was attained through a number of strategies, which include business process reengineering, market target expansion, optimization of new card acquisition strategies through acquisition

channel enhancement, revision of sales incentive scheme, and focus on "Product Champion Bank". The consumer credit also focused on the partnership program at the Top 5 of Merchant Category Group and improved brand awareness through the thematic marketing campaign, development of product strategies and customer-experience-based marketing communication, and relationship improvement with the developers/partners.

- Micro-credit growth achieved through 2018 strategy includes the combination of Non-Collateral Loan (KTA) and Micro Multipurpose Loan (KSM) products into multipurpose loans (New KSM), improving Customized Direct Message for New KSM Top Up product offers, increasing penetration through telemarketing, development of the distribution pattern of Micro Business Loans (KUM), Regular Top Up optimization for Micro Business Loans (KUM) product, system improvement to accommodate People's Business Loan (KUR) Top-Up potential.
- The SME credit growth was attained through the applications of the following strategies: focusing on the growth of non-revolving credit products, distributing the credits for the Prime Customers that belonged to the existing active customers in the transaction at Bank Mandiri, partnering with the Financial Technology companies, simplifying the end-to-end credit process.
- Training for employees on an ongoing basis according to business development.

2. Improving credit quality to suppress NPL and cost of credit

The improving credit quality in 2018 was marked by the decreasing Non-Performing Loan (NPL) and cost of credit implemented through the following strategies:

- a. Conducting the restructurization acceleration for the debtors that owned business prospects.
- b. Pursuing a post-restructurization review for the debtors' accounts, including their business value by putting the details of the market conditions and their business economic sectors.
- c. Marketing collateral for non-performing loans, to be able to accelerate collateral sales to maximize collection and recovery of non-performing loans.
- d. Holding the execution for the debtors' collateral
- e. Holding a legal action for the non-potential and uncooperative debtors.

- f. Improving coordination and cooperation with the third parties, which include Attorneys and External Lawyers to handle the problematic credits.
- g. Strengthening the asset tracing, and
- h. Establishing the partnership with the strategic investor.

2018-2019 Period

Apart from continuing to carry out 2 (two) main strategies in the previous period, during this period Bank Mandiri strengthen its focus on increasing third party funds and credit growth especially in the SME and Middle Corporate segments.

1. Maintaining CASA sustainability rate

In 2018, cheap funds fund-raising strategies (CASA - current accounts and savings accounts) were carried out with the aim to gain cheap funds growth, more stable and sustainable deposition of funds. Several strategies used in collecting current accounts and savings are as follow:

- a. Improving and maximizing the utilization of Mandiri Cash Management (MCM) by customers.
- b. MCM user customers Acquisition, especially for those who are from potential industrial sectors.
- c. Adding product holding and e-channel transaction volume.
- d. Program collaboration between segments as an effort of integrated business penetration, and
- e. Loyalty (fiestapoin) program development.

2. Improving Fee Based Income

The achievement of Bank Mandiri's fee based income in 2018 is carried out by:

- a. The improvement of its e-channel productivity intensification, covering ATM, EDC, as well as Mobile and Internet Banking.
- b. Increasing trade product transactions for the customers of Large Corporate and Middle Corporate (Commercial) segments.
- c. Providing more structured solutions to fulfill customers trade needs.
- d. The improvement of cash management income by adding the real-time flagging feature for the reception of other banks in addition to the implementation of the virtual balance for the e-commerce segments.
- e. The initiation of cross-selling and bundling product with the subsidiaries' products.
- f. The enforcement of digital-based IT-supporting infrastructures.

2019-2020 Period

In this period, Bank Mandiri continued the strategy that had been implemented in 2016-2018 period and 2018-2019 period as well as made efforts to improve cost efficiency and increased productivity.

1. Operational Cost Control

By orienting at its long-term business development, the operational cost control became one of the main priorities of Corporate Plan. The costs use will be more focused on service network development that supports transactions growth and digital infrastructure development that is more efficient by:

- a. Prioritization
Prioritizing the costs use for strategic initiatives that is in line with long-term strategies.
- b. Optimization
Optimization through increased asset utilization and productivity including e-channel networks, office networks, and property assets.
- c. Rationalization
Tightening capital expenditure (Capex) and operational expenditure (Opex), so that the costs use is in accordance with the planning and needs.

In addition, Bank Mandiri also conducted a long term partnership with selected partners in the provision of e-channel transaction infrastructure including EDC and ATM.

2. Network Optimization Strategy

Bank Mandiri regularly reviewed the productivity and profitability of networks (branches and e-channels) as well as changed in status, location transfer, and opening/closing if necessary so that the network is more optimal in serving customers and/or in adding business opportunities.

Marketing Aspect

Marketing aspect is an important factor that can be Bank Mandiri's key of success in mapping market share. In addition, by recognizing the aspect bank Mandiri can also analyze market needs so that the marketing strategy runs successfully. The marketing strategy and market share carried out by Bank Mandiri are described as follows.

Marketing Strategy

Product and Service

In 2018, Bank Mandiri targeted to add customers for fund products and e-channel products by:

1. Communication propositions for products and services are changed from “Mandiri Saja” to “Saatnya Mandiri” which is more communicative so that every advertising material delivered to all society layers is not just an advertisement, but also an invitation for customers to grow and be advance with Bank Mandiri.
2. Marketing is conducted through above the line and below the line media such as promotions and sponsorship.
3. Marketing is conducted through other ways such as providing loyalty programs/fiestapoin, discounts and customer gatherings (Customer Appreciation Program).
4. Weekend Banking services, several branch offices open services on Saturday to serve customer transaction needs.

Loyalty Program and Discounts

Mandiri Property Expo 2018

Bank Mandiri was an Official Bank Sponsor at 2018 Mandiri Property Expo held at the Jakarta Convention Center on May 5-13, 2018. This event was an event for the KPR Mandiri Partner Property Developer offering, especially in the Jabodetabek area.



Big Bad Wolf Book Sale

Big Bad Wolf Book Sale was held in 3 (three) major cities in Indonesia, namely Jakarta, Surabaya and Medan. The event also supports Government programs to increase reading interest of Indonesian society. Book enthusiasts can get international and national books, both fiction and non-fiction books, from children's books to adults, at much cheaper prices. Providing additional **discounts** for Bank Mandiri customers using the fiestapoin.



Mandiri Coffiesta (Mandiri Coffee Party 2018)

Continuing the success of the previous year, in 2018 Bank Mandiri again presented 2018 Mandiri Coffee Party in several major cities in Indonesia, namely Jakarta, Pontianak, Medan and Surabaya. Only by exchanging **fiestapoin** owned or transacting with Mandiri debit or Mandiri e-money, customers could enjoy various archipelago coffees. Not only provided benefits for customers, Mandiri Coffee Party also provided benefits for all elements in this industry such as coffee farmers, coffee equipment or machinery sellers, coffee traders, and archipelago coffee enthusiasts. With this event, Bank Mandiri also supported Small and Medium Enterprises (SMEs) to grow, be advanced and be independent with Bank Mandiri.



Garuda Indonesia Travel Fair (GATF)

To answer customer needs for traveling needs, Bank Mandiri in collaboration with Garuda Indonesia held Garuda Indonesia Travel Fair (GATF) on April and October 2018. At this event, customers got special **cashback** offers and special ticket prices to various domestic and international destinations. In addition, Bank Mandiri also provided ease of travel outside the city and abroad through cooperation with accommodation booking services such as Traveloka, Agoda and Airy Rooms, in the form of **discounts**, **cashback**, or special prices. In this GATF activity, total income for fee based income was IDR2.23 billion and transaction volume was IDR153.7 billion.



Festive Celebration

Bank Mandiri is always present at every togetherness moment that is celebrated by customers on national holidays. To celebrate Lunar New Year 2569, Bank Mandiri again held a customer gathering event as a form of **appreciation** to the customers through a joint dinner event attended by customers and the Board of Directors and Board of Commissioners of Bank Mandiri. The 2018 Chinese New Year celebration was held in 3 (three) major cities in Indonesia, namely Surabaya, Jakarta and Medan during February and March 2018. Additionally, Bank Mandiri also provided a variety of attractive offers at food and beverage category merchants such as Fish & Co, Song Fa and others, and made an ease for people to travel by collaborating with Garuda Indonesia and Agoda.com.

To welcome Eid al-Fitr, Bank Mandiri collaborated with partners such as hotels and restaurants for breaking the fast package during Ramadan, so breaking the fast together could be enjoyed with family and friends. Moreover, to ensure the needs fulfillment during the month of Ramadhan and ahead of Eid al-Fitr could be fulfilled, Bank Mandiri together with Galeries Lafayette and Sogo, collaborated for **discount** programs and shopping voucher offers. Additionally, Bank Mandiri also collaborated with Hypermart to provide special price **discounts** of up to 15% with Mandiri Hypermart Credit Cards.



Loyalty Program

Fiestapoin

Fiestapoin is a special program for Bank Mandiri customers to get points when making transactions or direct gift exchanges.



While for loans, Bank Mandiri is still the market leader for Corporate Segment loan, Institutional Relationship, Treasury and International Banking so that its marketing strategy is to maintain existing customers by offering integrated financial solutions between customers and customers client. For the Retail Banking segment credit product, which is the new core Bank Mandiri, still requires a more intensive marketing strategy to increase market share in the Retail Banking segment.

Customers

Based on demographic data in Indonesia, one third of Indonesian society is dominated by millennial generations. Therefore, the marketing strategy is carried out through media/facilities that are in accordance with the lifestyle of millennial customers, such as YouTube, Instagram and Facebook. Product features aimed for the millennial use the iconic millennial public figures such as Christian Hadinata and millennial favorite characters such as the Avengers and Star Wars Han Solo.

Millennial Customer

KPR Milenial

In the 3 (third) quarter of 2018 Bank Mandiri launched a new product, namely KPR Milenial. KPR Milenial has the main features that are larger credit limits, lighter installments in stages for the first 5 (five) years, and competitive interest rates. This product is one of the answers for the millennial generation in preparing the future. On the launch of the Millennial KPR, it was also accompanied by the a property expo by presenting Bank Mandiri partner developers and a special session to educated the millennial on the importance of investing since young.



Other Millennial Product

Besides KPR products, Bank Mandiri also collaborated with Japan Credit Bureau (JCB) to launch Mandiri JCB Precious Credit Card to target the millennial generation. The credit cards provide more benefits in traveling and online transactions. Bank Mandiri realizes that one of the most potential tourist destinations and the most visited by Mandiri Credit Card holders is Japan. So that the collaboration between Bank Mandiri and JCB is expected to increase transactions volume with Bank Mandiri credit cards.

e-Commerce

Bank Mandiri collaborates with several shopping portals, namely Bukalapak, Blibli, JD.ID, Lazada, Zalora, Tokopedia and other favorite shopping portals, by offering various benefits such as discounts, cashback and special shopping coupons. Bank Mandiri also participated in the 12.12 Harbolnas event, that is one of the largest annual online shopping festivals held since 2012. In collaboration with e-commerce and well-known marketplace such as Shopee, Lazada, Shopback, Berrybenka, Zalora and others, Bank Mandiri offers additional discounts of up to 93% for Mandiri Debit or Mandiri Credit Card customers and cashback bonuses up to Rp1.212 Million for Mandiri Credit card users.

e-Money

Bank Mandiri catches product marketing opportunities through national and international events. In 2018, there was a monumental event namely the Asian Games as a means of marketing for Bank Mandiri products including e-Money products. Bank Mandiri issued e-Money Legend (limited edition) featuring Yayuk Basuki, Christian Hadinata and Rudy Hartono and the Asian Games mascot. Additionally, Bank Mandiri also utilized this event as a company branding media. Bank Mandiri also directly presented Indonesian legendary badminton athlete, Christian Hadinata, through the Meet and Greet event at Bank Mandiri main booth.



Responding to the public enthusiasm for the Avengers and Star Wars box office films, this year Bank Mandiri continued its strategic partnership with Walt Disney Indonesia to issue premium e-money editions of various favorite characters of Avengers and Star Wars Han Solo.



Non-Milenial Customer

For non-millennial customers, Bank Mandiri also conducts marketing strategies for community groups and religious holidays. As explained in the Sponsorship and Discount program.

Digital Command Center

The center of Bank Mandiri's digital marketing intelligence that can provide information such as trends or campaigns that are on the market and carried out by competitors.



Market Share

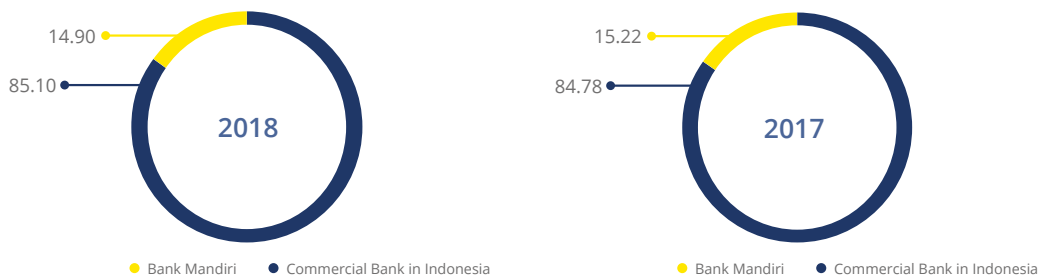
Compared to other conventional banks, Bank Mandiri position can be seen based on the number of assets, the amount of third party funds (currents, savings, deposits), and the amount of loans distributed (home ownership loans, micro multi-purpose loans and credit cards) as follows.

Market Share Based on Asset

Bank Mandiri faced fairly competitive competition, especially with the development of non-banking digital-based financial transactions (fintech) and competition with competing Banks for the Retail Banking segment, so that the scale of Bank Mandiri's business viewed from the asset side faced challenges compared to the previous year.

Diagram and Table of Market Share Based on Asset

(in %)



(Consolidation in billion IDR)

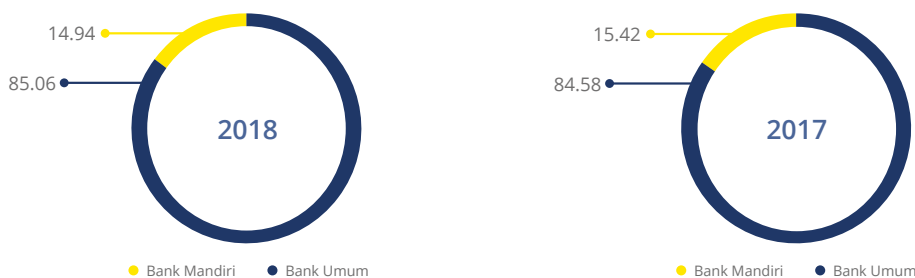
Description		2018	2017
TOTAL ASSET	Commercial Bank in Indonesia (billion IDR)	8,068,346	7,387,634
	Bank Mandiri (billion IDR)	1,202,252	1,124,701
	Market Share (%)	14.90%	15.22%

Source: Indonesian Banking Statistics Financial Service Authority December 2018, Indonesian Economic and Financial Statistics Bank Indonesia and Consolidated Financial Statements

Market Share Based on Third Party Funds

Diagram and Table of Market Share Based on Third Party Funds

(in %)



(Consolidation in billion IDR)

Description		2018	2017
Total Third Party Funds	Commercial Bank in Indonesia (billion IDR)	5,630,448	5,289,377
	Bank Mandiri (billion IDR)	840,914	815,807
	Market Share (%)	14.94%	15.42%

Description		2018	2017
Total Current Accounts	Commercial Bank in Indonesia (billion IDR)	1,315,034	1,233,480
	Bank Mandiri (billion IDR)	200,506	203,390
	Market Share (%)	15.25%	16.49%
Total Savings	Commercial Bank in Indonesia (billion IDR)	1,825,259	1,701,224
	Bank Mandiri (billion IDR)	338,601	336,913
	Market Share (%)	18.55%	19.80%
Total Deposits	Commercial Bank in Indonesia (billion IDR)	2,490,155	2,354,673
	Bank Mandiri (billion IDR)	301,807	275,504
	Market Share (%)	12.12%	11.70%

Source: Indonesian Banking Statistics Financial Service Authority December 2018, Indonesian Economic and Financial Statistics Bank Indonesia and Consolidated Financial Statements

Market Share Based on Loans

Diagram and Table of Market Share Based on Distributed Loans

(in %)



(Consolidation in billion IDR)

Description		2018	2017
Total Distributed Loans	Commercial Bank in Indonesia (billion IDR)	5,294,882	4,737,944
	Bank Mandiri (billion IDR)	820,084	729,548
	Market Share (%)	15.49%	15.40%

Description		2018	2017
Jumlah Kredit Pemilikan Rumah (KPR) yang disalurkan	Commercial Bank in Indonesia (billion IDR)	490,639	435,452
	Bank Mandiri (billion IDR)	43,053	39,705
	Market Share (%)	8.77%	9.12%
Jumlah New Kredit Serbaguna Mikro (KSM) yang disalurkan	Commercial Bank in Indonesia (billion IDR)	812,566	742,414
	Bank Mandiri (IDR billion)	66,068	50,881
	Market Share (%)	8.13%	6.85%
Jumlah Kredit Yang Disalurkan - Kartu Kredit	Commercial Bank in Indonesia (billion IDR)	80,628	79,526
	Bank Mandiri (billion IDR)	11,534	10,312
	Market Share (%)	14.31%	12.97%

Source: Indonesian Banking Statistics Financial Service Authority December 2018, Indonesian Economic and Financial Statistics Bank Indonesia and Consolidated Financial Statements

The three tables above show that customers and public still trust in Bank Mandiri so that Bank Mandiri still has a fairly good market share compared to other competing banks in terms of assets and distributed loans. The decline of Third Party Funds (DPK) occurred as a result of Bank Mandiri changing its strategy to raise funds prioritizing in the stability of deposits and maintaining interest costs. Nevertheless, this strategy proved to keep Bank Mandiri's Net Interest Margin (NIM) at 5.52%, declined only 11 bps from 2017. This decline was better than the total banking industry that decline from 18bps from 5.32% in 2017 to 5.14% in 2018. Of course, Bank Mandiri will continue to increase DPK portion to be collected, with various strategies to be implemented, to strengthen the funding base and reduce the cost of funds.

Operational Review Per Business Segment

Operating Segment

In conducting its activities, Bank Mandiri divides the work unit into 2 (two) main quantity units, namely:

1. Business Unit/Operation Units that is divided into several segments (business segments), namely the Corporate Banking segment consisting of Large Corporate and Middle Corporate, Institutional Relations, Retail Banking consisting of Credit Cards, Small and Medium Enterprise, Micro, Consumer Loans and Branchless Banking, Treasury and International Banking. All of them are business units that are the main motors of business development for banks or units that become operational segments (Operating Segments).

The establishment of operational units based on PSAK No. 5 regarding on Operating Segments, An operating segment is a component of an entity:

- a. Those involved in business activities that earn income and incur expenses (including income and expenses related to transactions with other components of the same entity);

- b. Which operating results are regularly reviewed by the chief operating decision maker to make decisions about resources allocated to the segment and assess their performance; and
 - c. Those whose financial information is available and can be separated.
2. Support Functions, functions as a supporting unit that supports the Bank's operations as a whole consisting of Special Asset Management, Wholesale Risk, Retail Risk, Information Technology and Operations, Compliance, Finance, Internal Audit and Corporate Transformation.

Geographical Segment

In addition to the operating segment, in carrying out its activities Bank Mandiri could be viewed from a geographical segment that can be divided as follows:

1. Indonesia.
2. Asia (Singapore, Malaysia, Hong Kong, Timor Leste and Shanghai).
3. Western Europe (England).
4. Cayman Islands.



Operational Review Per Business Segment - Corporate Banking

Highlights of the Corporate Banking Segment Performance



Corporate Banking Description

Corporate Banking segment consists of Large Corporate and Middle Corporate To serve the financing needs of Corporate Banking customers with large-scale and long-term projects, Bank Mandiri has formed a syndication unit that serves as an Arranger to obtain funding not only from Bank Mandiri, but also from banks or other financial service institutions syndically.

The explanation of the Large Corporate and Middle Corporate segments based on the parameters of the Corporate and customer size is described as follows.

Table of Corporate Banking Descriptions

Parameter	Large Corporate	Middle Corporate
Corporate Size	Company with Gross Annual Sales (GAS)>IDR2 trillion and its business groups.	Company with Gross Annual Sales (GAS) above IDR50 billion up to IDR2 trillion or credit limits> IDR10 billion and its business groups.
Customers	Domestic: Private company, listed SOEs and its business groups, business Groups/sponsor of business groups including the best companies in Indonesia or Asia. Overseas: Fund customers registered at Hong Kong, Shanghai, Singapore and Cayman Island branches Overseas companies affiliated with customers of Bank Mandiri in Indonesia or overseas companies that meet the criteria to obtain financing in accordance with the provisions in Indonesia and abroad.	Private company, BUMD including Regional Public Hospital and Local Water supply Utility, multi-finance companies, Local Governments, Private College, Rural Banks, non-individual fund Customers who are included in the normative transaction banking list.

Large Corporate Segment Description

Large Corporate segment as the Wholesale Banking segment is a part of existing core competence that became one of Bank Mandiri's growth motor in 2018. Large Corporate segment still show good performance amid various challenges occurred throughout 2018. In 2018, Bank Mandiri grew by conducting business expansion in priority sectors such as the Toll Road, Construction, Electricity, Plantation and Infrastructure sectors.

Bank Mandiri's commitment to be a development agent is reflected in the increase on Large Corporate infrastructure sector that has managed to grow by 48.4% on an annual basis. The infrastructure development projects that received Large Corporate financing facilities in 2018 such as Toll Road projects financing including Medan - Kualanamu toll road, Cikampek Elevated Toll Road, Cinere - Serpong Toll Road and construction of 6 (six) Inner City Toll Roads. For electricity financing that is part of the 35,000 megawatt power project, Large Corporate also gave financing to PLN Capex and the construction of Independent Power Plant (IPP) in Minahasa, North Sulawesi.

Middle Corporate Segment Description

Middle Corporate segment focused on medium-scale industries. For Middle Corporate segment customers, Bank Mandiri also provided products and services as the customers that are in the Large Corporate segment, including providing transaction solutions that can facilitate customers' business activities.

Competitive Advantage and Innovation of Corporate Banking

Financing to Large Corporate segment customers is still an advantage of Bank Mandiri as the market leader, especially in financing national infrastructure projects such as toll roads, ports, construction, and transportation in Indonesia.

Bank Mandiri also ranks first in League Table Bloomberg in Indonesia, both as a Mandated Lead Arranger and as a Bookrunner and the only Indonesian bank in the Top 10 Bloomberg for the syndicated market on an ASEAN scale.

Corporate Banking Macro Analysis

The sluggish global economy has an impact on Corporate Banking customers, but with Indonesia's economic condition that tends to be stable, the

customers business prospects still have the opportunity to grow. The Corporate Banking Business Segment, especially Large Corporate still have good prospects and market share because there is still a need for infrastructure financing in the Indonesian region in line with the development plan.

Corporate Banking Strategies in 2018

Moving on to the previous year's performance, the Middle Corporate segment in 2018 focused on efforts to improve performance and improve asset quality. So the strategy for Corporate Banking is divided into each segment.

Large Corporate Segment Strategies in 2018

The Large Corporate segment strategy is to establish its position as a market leader in large-scale financing and transactions as well as financing that supports government programs. Additionally, it also developed services that can provide transaction solutions based on customer needs. In 2018, Large corporate had implemented 3 (three) strategic initiatives, including:

1. **Anchor Client Focus**, is a strategy that focused on existing customers and new customers who are prominent in the industry, by providing services as a whole.
2. **Solution and Collaboration**, is a strategy to provide value chain solutions for customers based on the industry and business ecosystem through collaboration with Subsidiaries.
3. **Strong Enablers**, is a strategy to strengthen fundamental aspects, including the development of Human Capital, alignment of Business Process Reengineering (BPR), and the improvement of a reliable transaction banking system.

Middle Corporate Segment Strategies in 2018

Strategic initiatives in Middle Corporate segment is directed at a healthy and sustainable growth strategy. The strategy for achieving Middle Corporate targets in 2018 is elaborated through the following initiatives:

- Focusing on providing credit to potential customers who have transacted at Bank Mandiri to support healthy business growth.
- Financing does not focus on certain industries, but it is based on a mix portfolio based on the guidelines set by Bank Mandiri.
- Organization alignment in Middle Corporate work units in accordance with their needs.
- Repairing and improving business processes.
- Improving Relationship Managers (RM) competence.

Productivity and Income of Corporate Banking

Table of Large Corporate Performance

(in million IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Loan	302,625,449	248,745,671	21.66%
NPL Ratio (%)	0.38%	0.20%	(47.37%)
Third Party Fund	127,649,737	127,011,830	0.50%
Fee Based Income	2,517,335	2,277,649	10.52%
Net Interest Income	8,054,667	7,867,936	2.37%

Total loan of Large Corporate segment grew 21.66% on an annual basis with the largest contribution from Rupiah financing. The Large Corporate segment loan in 2018 reached IDR302,63 trillion, an increase compared to 2017 which reached IDR248,75 trillion. In line with loan growth, fee based income of the Large Corporate segment also grew by 10.52% from IDR2,28 trillion in 2017 to IDR2,52 trillion. Meanwhile, in terms of liabilities, the total third party funds of Large Corporate segment reached IDR127,65 trillion or grew 0.50% on an annual basis with the largest contribution from deposit products growing by 12.38% on an annual basis.

Table of Large Corporate Segment Loan by Product

(in billion IDR)

Product		December 31, 2018			December 31, 2017			Growth		
		Bade IDR	Bade Va	Total Bade	Bade IDR	Bade Va	Total Bade	Bade IDR	Bade Va	Total Bade
Investment Loan (KI)	<i>Non Revolving</i>	93,924	46,281	140,205	83,559	47,782	131,341	12.40%	(3.14%)	6.75%
KI Total		93,924	46,281	140,205	83,559	47,782	131,341	12.40%	(3.14%)	6.75%
Work Capital Loan (KMK)	<i>Non Revolving</i>	85,893	43,956	129,848	67,258	23,888	91,146	27.71%	84.01%	42.46%
	<i>Revolving</i>	23,728	8,845	32,573	22,110	4,149	26,259	7.32%	113.20%	24.04%
KMK Total		109,620	52,801	162,421	89,368	28,037	117,405	22.66%	88.33%	38.34%
Grand Total		203,544	99,081	302,625	172,927	775,819	248,746	17.71%	30.68%	21.66%

The loan portfolio in the Large Corporate Segment in 2018 was dominated by the type of Working Capital Credit (WCL), which amounted to 53.7% of total loans, especially in Non Revolving WCL. Compared to 2017, the type of Working Capital Credit increased by a total of 38.34% from IDR117,405 billion in 2017 to IDR162,421 billion. The increase is part of the solution and collaboration strategy to increase customer transactions and business extensification to new customers.

From the various industrial sectors financed, 10 (ten) industrial sectors with the highest productivity and the highest financing productivity were identified in financing the Oil and Gas industry sectors both individually and in groups. Below is a table of loan distribution of the 10 (ten) largest industrial sectors for individual loan customers and group loan customers at the end of 2018.

Table of Individual Debtor Business Sectors

(in trillion IDR)

No	Individual Debtor Business Sectors	Outstanding
1	Oil & Gas	24.2
2	Food and Beverages	20.5
3	Plantation	12.6
4	Food and Beverages	10.3
5	Manufacture	7.8
6	Food and Beverages	6.5
7	the Financial Services Authority	6.2
8	Mining	5.7
9	Food and Beverages	5.5
10	Fertilizer	5.4
Total		104.8

Table of Corporate Group Debtor Business Sectors

(in trillion IDR)

No	Group Debtor Business Sectors	Outstanding
1	Oil & Gas	26.3
2	Food and Beverages	21.5
3	Electricity	20.5
4	Plantation	17.9
5	Automotive	16.1
6	Fertilizer	15.5
7	Plantation	13.5
8	Plantation	12.9
9	Oil & Gas	12.7
10	Toll Road	12.5
Total		169.5

Loan distribution composition in the Large Corporate segment is supported by the Oil and Gas sector both individually and in groups, with a total of the top 10 Debtor Groups at Large Corporate accounting for almost 56% of the Large Corporate loans in 2018.

Productivity and Income of Middle Corporate Segment

Table of Middle Corporate Performance

(in million IDR)

Description	2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Third Party Fund	59,775	68,146	(8,371)	(12.28%)
Loan	142,582	155,820	(13,238)	(8.50%)
NPL (%)	10.54%	10.01%	0,01	5.25%
Fee Based Income	1,021	1,129	(108)	(9.57%)
Net Interest Income	5,830	6,548	(718)	(10.96%)

Total Third Party Fund (DPK) of Middle Corporate segment in 2018 reached IDR59,78 trillion, down 12.28% compared to 2017 reaching IDR68,15 trillion. While the total loans in 2018 reached IDR142,58 trillion, down 8.50% compared to 2017 reaching IDR155,82 trillion. Overall performance of both credit, funds and fee-based income in 2018 decreased, which resulted in a decrease in contribution margin. The decline was due to the Middle Corporate segment was still in a consolidation period and focused on improving asset quality.

Table of Middle Corporate Segment Loan by Product

(in billion IDR)

Product		December 31, 2018			December 31, 2017			Growth		
		Bade IDR	Bade Va	Total Bade	Bade IDR	Bade Va	Total Bade	Bade IDR	Bade Va	Total Bade
Investment Loan (KI)	Non Revolving	47,244	7,644	54,889	48,628	7,807	56,438	(2.85%)	(2.09%)	(2.74%)
	Revolving	4	-	4	83	-	83	(95.18%)	-	(95.18%)
KI Total		47,248	7,644	54,892	48,711	7,807	56,518	(3.00%)	(2.09%)	(2.88%)
Work Capital Loan (KMK)	Non Revolving	34,707	8,623	43,330	40,063	5,368	45,430	(13.37%)	60.64%	(4.62%)
	Revolving	41,153	3,206	44,359	49,737	4,134	53,871	(17.26%)	(22.45%)	(17.66%)
KMK Total		75,860	11,829	87,689	89,800	9,502	99,301	(15.52%)	24.49%	(11.69%)
Grand Total		123,108	19,473	142,582	138,511	17,309	155,820	(11.12%)	12.50%	(8.50%)

Total loan by product of Middle Corporate segment in 2018 reached IDR142,58 trillion, down 8.50% compared to 2017 reaching IDR155,82 trillion. The loan portfolio in the Middle Corporate Segment in 2018 was still dominated by the type of Working Capital Credit (WCL), which amounted to 61.5% of total loans, especially in Revolving WCL. Compared to 2017 the type of Working Capital Loans decreased by IDR11,62 billion. This decrease is part of a strategy to shift from the portfolio of Working Capital Loans to the portfolio of Investment Loans and fixed asset loans.

From the various industrial sectors financed, several industrial sectors with the highest productivity and the largest financing productivity were identified in the financing of the agricultural industry sector as well as the plantation industry sector that was the agricultural industry sub-sector. Below is the table of the largest industrial sector loan distribution for individual loan customers and group loan customers at the end of 2018.

Table of Individual Debtor Business Sectors

(in trillion IDR)

No	Business Sector Individual Corporate Debtors	Outstanding
1	Agriculture	34,193
2	Industry	19,228
3	Financial Services	16,144
4	Contractor and Property	15,652
5	Transportation	9,932
6	Coal	9,434
7	Telecommunications	9,184
8	<i>Fast Moving Consumer Goods (FMCG)</i>	8,441
9	Oil & Gas	7,323
10	Textile	5,121
11	Health	3,759
12	Trading	2,959
Total		141,370

Table of Corporate Group Debtor Business Sectors

(in trillion IDR)

No	Corporate Group Debtor Business Sector	Outstanding
1	Plantation/Agro-Business	4,046
2	Mining and Energy	3,957
3	Telecommunications	3,269
4	Textile	2,424
5	Financial Service and Automotive	2,408
6	<i>Fast Moving Consumer Goods (FMCG), Food and Tobacco</i>	1,685
7	Transportation and Port	1,604
8	Oil & Gas	1,565
9	Industry	1,147
10	Health	898
Total		23,003

Corporate Banking Business Prospect

Business Outlook of Large Corporate Segment

The potential for Large Corporate segment business development in 2019 is very large in line with Indonesia's economic conditions which are expected to improve. Inflation rates and the relatively stable USD exchange rate so that the Large Corporate can grow along with the number of customers who will expand and expand their business. Growth in the Large Corporate segment will also be contributed by the increasing number of infrastructure projects both by the government and the private sector that will run in 2019.

Business Outlook of Middle Corporate Segment

Loan of Middle Corporate segment growth in 2019 is expected to be better than in previous years and still focus on financing in the Agriculture industry sector of the Plantation sub-sector. Loans are targeted to grow by an average of 5.00% with the NPL ratio projected to decline 69 bps or to IDR14,7 trillion. Third Party Fund (DPK) targeted to grow 16.76%. The Middle Corporate 2019 credit growth is estimated to be dominated by growth in the Plantation and Non Palm Oil Plantation Industry, the Agricultural and Forestry Large Trade Sector, and automotive trade sector.

Corporate Banking Strategies In 2019

The Corporate Banking work plan in 2019 continues the 2016-2020 Corporate Plan Restart which is prepared based on the focus of each segment.

Large Corporate Segment Strategies in 2019

1. Increasing loan growth with deepening client relationship strategies, optimizing customer transactions, and providing comprehensive financial solutions.
2. Distributing existing/new loans with a focus on potential sectors and being able to generate value chain businesses while paying attention to the

industrial sector based on the guidelines set by Bank Mandiri, such as the Construction sector, Food and Beverages, and Toll Roads.

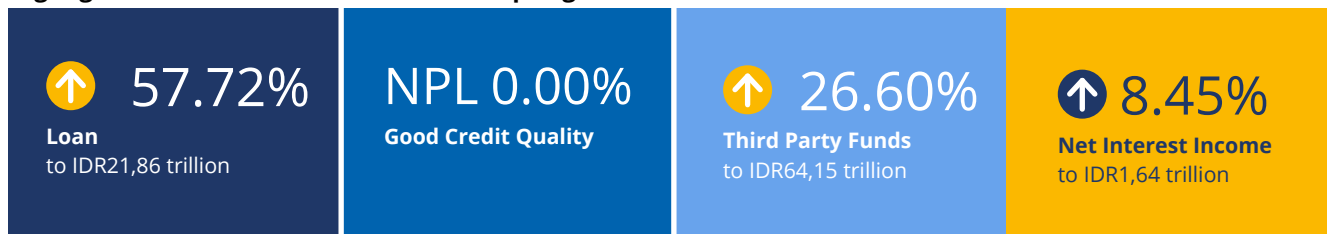
3. Increasing the growth of third party funds and fee-based income including developing syndicated loans and structured financing solutions and collaborating with Subsidiaries such as Mandiri Sekuritas and Mandiri Manajemen Investasi in providing funding solutions through capital market transactions.
4. Increasing competence and capabilities of Human Capital.
5. Improving risk management management to maintain the quality of credit assets.
6. Conducting administrative improvements, comprehensive credit monitoring and sharpening end-to-end credit process information systems.

Middle Corporate Segment Strategies in 2019

1. Increasing loan growth with deepening client relationship strategies, optimizing customer transactions as well as providing comprehensive financial solutions.
2. Distributing existing/new loans with a focus on potential sectors and being able to generate value chain businesses while paying attention to the industrial sector based on the guidelines set by Bank Mandiri, such as the Construction sector, Food and Beverages, and Toll Roads.
3. Increasing the growth of third party funds and fee-based income including developing syndicated loans and structured financing solutions and collaborating with Subsidiaries such as Mandiri Sekuritas and Mandiri Manajemen Investasi in providing funding solutions through capital market transactions.
4. Increasing competence and capabilities of Human Capital.
5. Improving risk management management to maintain the quality of credit assets.
6. Conducting administrative improvements, comprehensive credit monitoring and sharpening end-to-end credit process information systems

Operational Review Per Business Segment - Institutional Relationship

Highlights of the Institutional Relationship Segment Performance



Institutional Relationship Segments Description

Bank Mandiri has an Institutional Relationship work unit that acts as a Collaboration Leader in managing Ministries/Institutions, Agencies, and Non-listed State-Owned Enterprises Customers. The banking products and services provided are basically the same as the products and services provided to customers in the Wholesale/Corporate segment, including placement of funds, financing facilities, and system solutions to support Government transaction activities related to the distribution and receipt of State Budget (APBN) and Non-State Budget.

Competitive Advantage And Innovation Of Institutional Relationship Segments

During 2018, the Institutional Relationship segment actively collaborated with other business segments, especially in supporting national government and SOEs programs, including:

1. ID Billings is implemented massively which is based on the file in Core Billing of Directorate General of Taxation, namely e-Tax Bulk Uploader. Bank Mandiri is the only bank that implements the Billing ID mechanism.
2. The Mandiri Hospital Application System is a cash management and payroll system-based to support financial management in public service agencies such as Vertical Hospitals.
3. Supporting the government in State Revenue transactions (Taxes, Non-Tax State Revenues and Customs) through the State Revenue Module system (MPN).
4. Development of a payment monitoring system Membina Ekonomi Keluarga Sejahtera (Mekaar) based on application in real time which is a strategic program to empower pre-prosperous family mothers in collaboration with PT Permodalan Nasional Madani (Persero).

Institutional Relationship Strategies Segment In 2018

To achieve the business targets that previously set. In 2018, the Institutional Relationship segment developed the main strategy of placing representatives (Government Business Head) in each of the Bank Mandiri regional offices to focus on managing Institutional Relationship customers in the region.

While the business strategy includes:

- Becoming a partner in national-scale activities and/or mobilizing crowds, for example as the Main Bank Partner (Official Prestige Partner) in organizing the Asian Games and Asian Paragames 2018.
- Establishing cooperation that can provide considerable and long-term business retention.
- Identifying and providing financial solutions through products and services that can increase transaction volume and/or financing facilities by optimizing other Bank Mandiri business products and services such as Payroll, Micro Multipurpose Credit (KSM) and Credit Cards), Petty Cash Card and Corporate Card for institution
- Developing Customer financial management solutions through the implementation of system solutions such as Mandiri Cash Management (MCM), Mandiri Virtual Account (MVA), Mandiri Hospital Application System (MHAS), Mandiri Edu Portal and Government Solution System, including the Ministry of Health Dashboard and Invoice Financing.
- Supporting the strengthening of the National Non-Cash Movement (cashless society) in all regions of Indonesia through cooperation through electronic media at ports, ASDP, DAMRI and On line Samsat services.
- Becoming a collaboration leader for other Bank Mandiri business segments in managing customers of Institutional Relationship segment.

Productivity and Income of Institutional Relation Segment

Table of Institutional Relation Performance

(in million IDR)

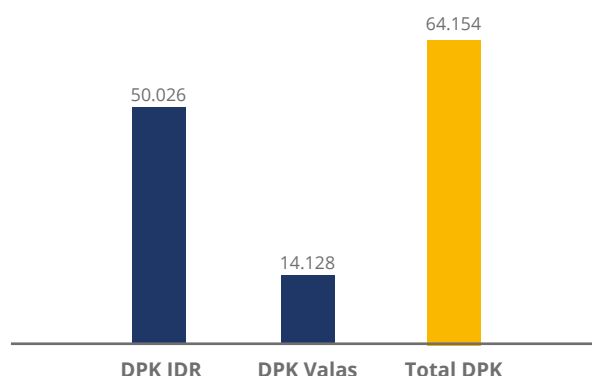
Description	2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Loan	21,864,053	13,862,546	8,001,625	57.72%
Third Party Fund	64,155,368	50,676,336	13,477,737	26.60%
Net Interest Income	1,636,329	1,508,876	127,453	8.45%

The total institutional loan segment in 2018 reached IDR21,86 trillion or grew 57.72% on an annual basis with the largest contribution from Rupiah financing. The composition of Rupiah financing experienced a significant increase of 29.8% in 2017, to 55.3% or IDR12,1 trillion at the end of 2018. Meanwhile, in terms of liabilities, the total third party funds in the Institutional Relations segment reached IDR 64,15 trillion or grew 26.60% on an annual basis.

The largest contribution to the Institutional Relationship segment came from Third Party Funds that reached IDR64,15 trillion, with the largest composition coming from Rupiah Third Party Funds with a portion of IDR50 trillion or 78% of the total DPK in the Institutional Relationship segment and the remainder representing Third Party Funds with foreign exchange.

Charts of Third Party Funds of Institutional Relations Details in 2018

(in billion IDR)



Throughout 2018, the Institutional Relationship segment could also maintain credit quality with a smooth collectibility composition of 100.00% of the portfolio about IDR21,86 trillion.

Table of Credit Collectibility of Institutional Relation

(in million IDR)

Description	2018 (IDR)	Composition (%)	2017 (IDR)	Composition (%)	Growth (%)
1. Current	21,864,053	100.00%	13,862,546	100.00%	57.72%
2. Substandard	-	-	-	-	-
3. Doubtful	-	-	-	-	-
4. Loss	-	-	-	-	-
Total Loan	21,864,053	100.00%	13,862,546	100.00%	57.72%
NPL	-	0.00%	-	0.00%	0.00%

Maintaining credit quality in Institutional Relationship segment was driven by the provision of highly selective financing by focusing on government projects/programs related to the State Budget (APBN). In addition to maintaining credit quality, was also carried out:

- Collectibility review and periodic and orderly watchlist analysis
- Monitoring the fulfillment of credit obligations before maturity so that no customer enters into collectibility 2 (two).
- Fulfilling and maintaining the terms and conditions stipulated in the credit agreement.
- Improving business processes through increasing the effectiveness of credit extension process simultaneously for customers in a group of debtors.

Business Prospect of Institutional Relationship Segments

The potential for business development in the Institutional Relations segment in 2019 is still very large in line with the increase in government spending in Ministry/Institution in accordance with the 2019 State Expenditure Budget (APBN). In accordance with the 2019 State Expenditure Budget, government spending increased by 3.29% (YoY) to IDR840,2 trillion. Other potential derivative businesses are reflected in the large number of employees of Ministries/Institution, Public Service Agencies, and SOEs that are spread throughout Indonesia.

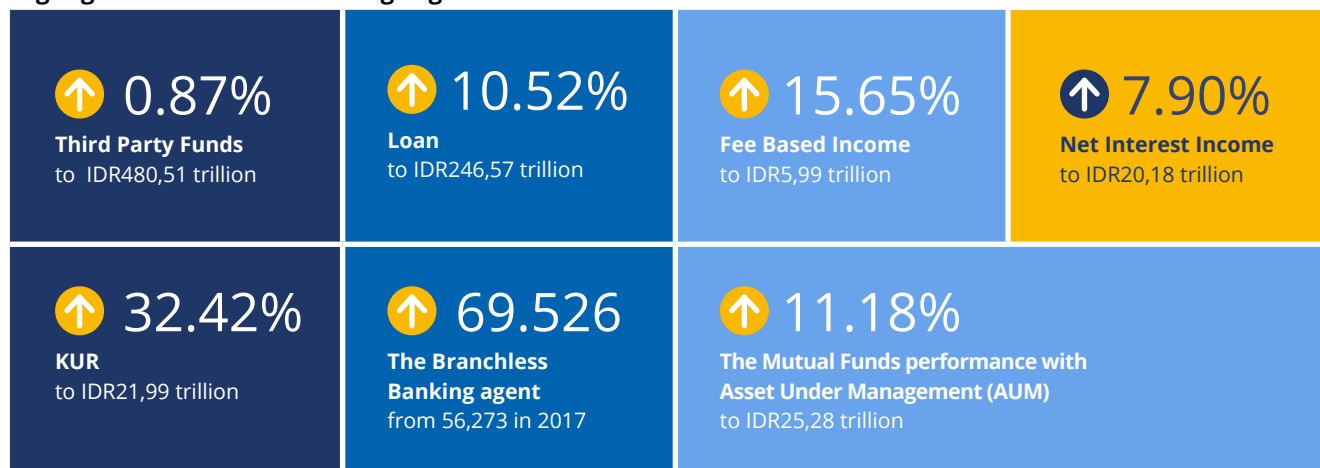
Institutional Relationship Strategies Segment In 2019

The Institutional Relationship work plan in 2019 continues the 2016-2020 Corporate Plan Restart which is prepared based on the focus of each segment, namely:

1. Increasing loan growth with deepening client relationship strategies, optimizing customer transactions, payroll package as well as providing comprehensive financial solutions.
2. Distributing existing/new loans with a focus on potential sectors and being able to generate value chain businesses while paying attention to the industrial sector based on the guidelines set by Bank Mandiri, such as Financial Service, Health care and Alutsista.
3. Increasing third party funds and fee based income growths by increasing cooperation in financial transactions such as trade, custodian, remittance, and optimization of e-channels for the process of receipt, payment and liquidity management.
4. Increasing competence and capabilities of Human Capital
5. Improving risk management management to maintain the quality of credit assets.
6. Conducting administrative improvements, comprehensive credit monitoring and sharpening end-to-end credit process information systems.
7. As a collaboration leader for other business segments and Subsidiaries of Bank Mandiri through collaborative bundling products and payroll package solutions.

Operational Review Per Business Segment - Retail Banking

Highlights of the Retail Banking Segment Performance



Retail Banking Segment Description

The Retail Banking segment is Bank Mandiri's new core competence as intended in the 2016-2020 Corporate Plan Restart.

Retail Banking segment management includes:

1. Micro Banking: a work unit that is responsible to manage individual customers, cooperatives, other business entities that meet the criteria to obtain a maximum loan limit of IDR1 billion as well as managing Branchless Banking Agents.
2. Small Medium Enterprises: a work unit that is responsible to manage individual customers, cooperatives, business entities, legal entities that meet the criteria to obtain a maximum loan limit of IDR25 billion
3. Consumer Loan: a work unit that is responsible to manage individual customers, cooperatives, business entities that meet the criteria to obtain consumptive loan limits for purchasing house and vehicles.
4. Credit Cards: a work unit that is responsible to manage individual and legal entities that meet the requirements to obtain a credit card.
5. Retail Deposit: a work unit that is responsible to manage savings and deposits
6. Wealth Management: a work unit that is responsible to manage finances and wealth in the form of various financial products or financial instruments, including mutual funds, securities and retail treasury.

While the products offered for the Retail Banking segment are:

1. Loans include consumer financing loans including Housing Loans (KPR), Multipurpose Loans (KSM),

Vehicle Loans (KKB), credit cards.

2. Third Party Funds include Business Partner Savings (TabunganMU) and Business Savings.
3. Transaction services include Mandiri Internet, Mandiri Internet Business and Mandiri Cash Management to fulfill the transactional needs retail banking depositors customers.

Competitive Advantage and Innovation of Retail Banking Segments

By the existence of the Retail Banking segment, Bank Mandiri can provide an integrated and end to end services using the value chain manner. Bank Mandiri can fulfill the financial transaction needs of customers and customer partners in one stop financial services solution. This becomes a competitive advantage for Bank Mandiri for sustainable business growth.

Retail Banking Segment Strategies in 2018

To achieve the Retail Banking segment growth target in 2018, Bank Mandiri has implemented the following strategies:

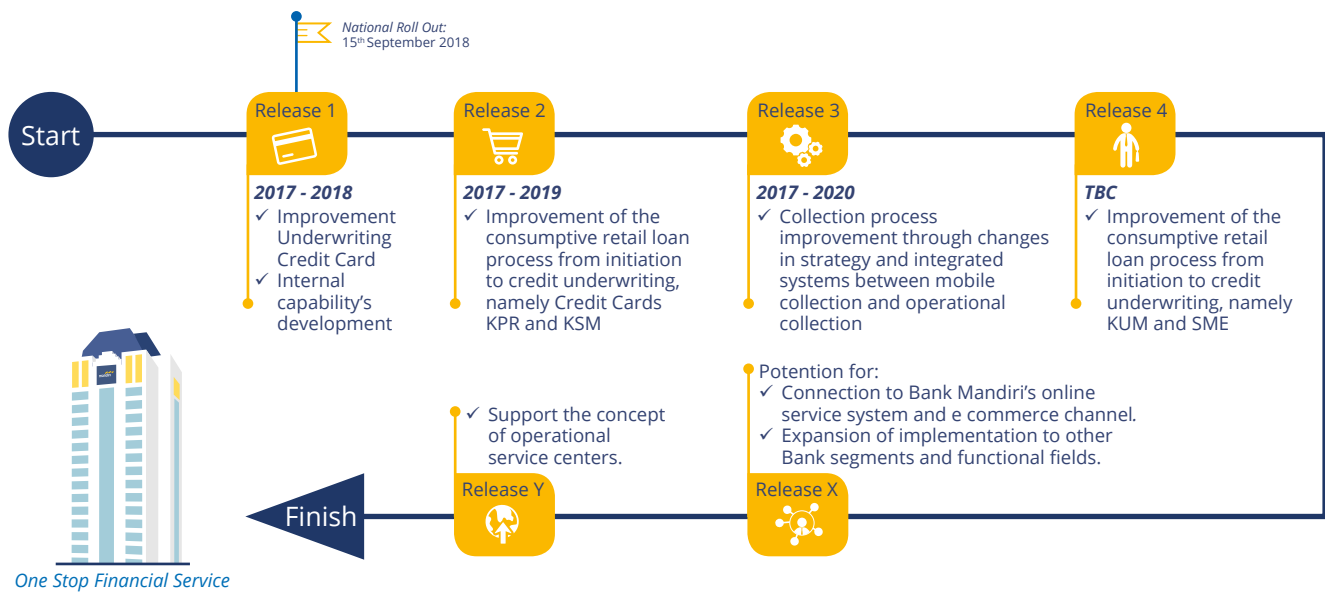
1. Developing and improving financing with payroll based loan financing pattern.
2. Looking for potential SME target market customers that is based on the potential in each region.
3. Increasing the growth of productive business loan through collaboration between subsidiaries and fintech e-commerce and peer to peer lending.
4. Establishing customized programs that can be tailored to the customers business characteristics.
5. Improving or changing business processes to improve customer centricity, improving efficiency and strengthening internal control through Business Process Re-engineering (BPR).

Business Process Re-engineering (BPR)

In the early stages of the BPR Project, a more effective and efficient current process design and future process assessment has been carried out. In the implementation phase, Bank Mandiri focuses on building end-to-end applications from the retail loan business consisting of: RM Tools for application initiation, Loan Operating System (LOS) for underwriting process and Collection System.

The BPR project is the foundation of the retail banking business by implementing the Business Process Management Platform and Decision Engine so that the process can be standardized and improvements can be implemented in a short time.

In the future, BPR is expected to be able to strengthen the role of Bank Mandiri to become a “One Stop Financial Service”



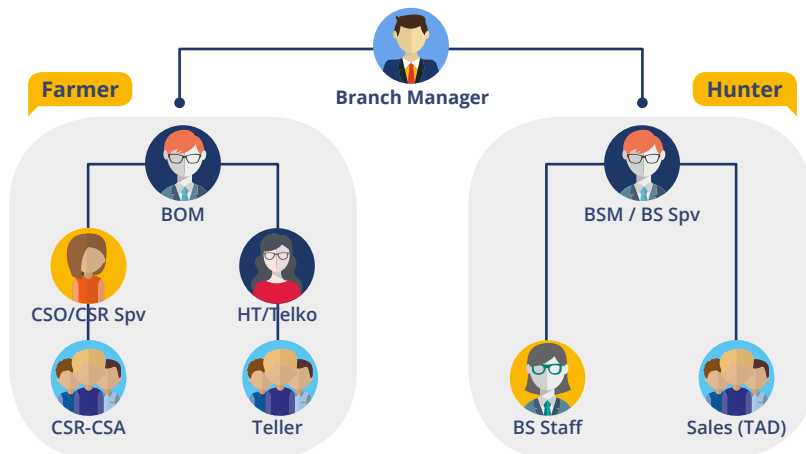
Retail Ready Branch (RRB)

To support the Business Model Transformation, Bank Mandiri implemented the Retail Ready Branch (RRB), which is by optimizing the sales role of the farmer and hunter team for maximum branch business performance improvement.

ACTIVITY SALES TRANSFORMATION IN BRANCH BUSINESS



SALES DOUBLE ENGINE in BRANCH



Task focus of Farmer Team

- In-branch selling staff
- Optimizing Existing Customer business growth to get the highest yield

Task focus of Hunter Team

- Out-branch selling
- New To Bank (NTB) dan Existing To Bank (ETB) Customer

Lead Management System

Implementation of Lead Management System (LMS) done to simplify the work Hunter and Farmer

What's in LMS ?

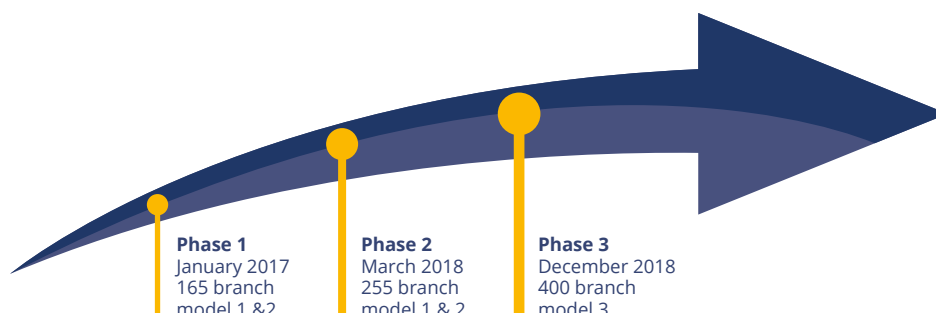


Lead Management System Advantages

- Hunter Job Automation and Farmer
- Standardization of Sales Activity in Branches
- Integrated Record Activity

The advantage of implementing this RRB concept when compared to the previous branch is that there are Double Engine Business drives in the branch, namely Hunter and Farmer. With these two teams, the branch will be more aggressive in intensifying existing customers and extending new customers.

Until the end of 2018, the implementation of RRB has entered phase 3 (three) and has been applied to 400 branches of class 3 (three).



Productivity and Income of Retail Banking Segment

Table of Retail Banking Performance

(in million IDR)

Description	2018	2017 ^{*)}	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Third Party Fund	480,511,134	476,371,887	4,139,247	0.87%
Loan	246,570,935	223,098,142	23,472,793	10.52%
Fee Based Income	5,990,212	5,179,444	810,768	15.65%
Net Interest Income	20,180,406	18,702,110	1,478,296	7.90%

*The position of December 31, 2017 is restated as a comparison in 2018 where the individual funds business in 2018 is not in the Retail Banking segment

Retail lending in 2018 reached IDR246,57 trillion, an increase of IDR23,47 trillion or an annual growth of 10.52%. The highest growth was recorded by micro credit which successfully grew 22.53% to reach IDR102,8 trillion, followed by consumer loans, and credit cards which each successfully grew 11.55% and 9,9%. Retail loans successfully grew with the NPL still under control in the range of 1.77%, better than 0.76% from the previous period.

In terms of (DPK) Third Party Fund of Retail Banking during 2018 also successfully recorded growth of 0.87%. This growth is driven by the fulfillment of transactional needs and trade transactions from SME and Micro customers obtained from Mandiri Savings (Tabungan Mandiri), Business Partner Savings (Tabungan Mitra Usaha) (TabunganMU), Business Savings and Current Accounts.

Micro Banking

In supporting the Government program, Bank Mandiri also channeled 32.42% of the People's Business Loan (KUR) which generally has a high growth rate that is a proof of Bank Mandiri's commitment to actively participating in Government programs to advance the MSME sector in Indonesia. Whereas Micro Business Loan (KUM) growth is low because Bank Mandiri is still striving to consolidate KUM's products business processes. Total distribution in 2018 reached IDR102,38 trillion, an increase of 22.53% compared to 2017.

Table of Micro Credit by Credit Type

(in billion IDR)

Loan	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
KUM	15,502	15.14%	17,261	20.66%	(10.19%)
KUR	21,997	21.49%	16,612	19.88%	32.42%
KSM ^{*)}	64,885	63.37%	49,683	59.46%	31.48%
Total Kredit	102,384	100.00%	83,556	100.00%	22.53%

*starting from January 1, 2018 the portfolio of Non-Collateral Loan (KTA) is combined with Micro Multipurpose Loans (KSM)

Table of Micro Fund based on Third Party Fund

(in billion IDR)

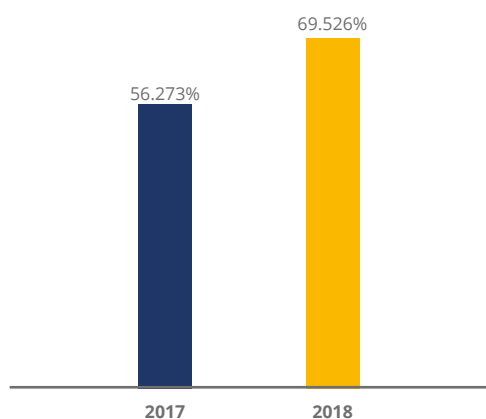
Fund	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
Current Account and Savings	18,074	94.47%	16,131	95.17%	12.04%
Deposit	1,056	5.53%	819	4.83%	28.94%
Total of DPK	19,130	100.00%	16,950	100,00%	12.86%

The collection of third-party funds in the Micro segment successfully grew by 12.86% from IDR16,95 trillion in 2017 to IDR19,13 in 2018, with the largest portion by current accounts and savings that reached 94.47% of total third party funds.

Branchless Banking

Until the end of 2018, Bank Mandiri had 69,526 branchless banking agents consisting of 46,195 individual agents and 23,331 Legal Entity agents. The number of branchless banking agents grew 23.6% compared to the number of branchless banking agents in 2017, which was as many as 56,273 agents. These agents have contributed positively in terms of acquiring accounts which amounted to 3.87 million savings accounts with a volume of funds reaching IDR129,69 billion as of December 2018.

Chart of Branchless Banking Agents



In an effort to strengthen the branchless banking network, starting in August 2018, Bank Mandiri gradually implemented the Mini ATM on EDC in branchless banking agents. In the period of August to December 2018, as many as 13,071 agents had obtained a mini ATM on EDC. This had a positive impact on agents and Bank Mandiri because it succeeded in pushing transaction volumes of IDR882,02 billion with transaction frequency of 1.12 million transactions. Bank Mandiri also worked with the Ministry of BUMN (State-Owned Enterprises) and the Social Service to make branchless banking agents as distributing agents for social assistance, Farmer Card programs, Family Hope Program (PKH) and Non-Cash Food Aid (BPNT), and Village-Owned Enterprises (BUMDes).

Small Medium Enterprise (SME)

Table of SME Loans by Type of Loan

(in billion IDR)

Loan	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
Work Capital Loan (KMK)	46,372	81.63%	51,667	83.91%	(10.25%)
Investment Loan (KI)	10,436	18.37%	9,908	16.09%	5.33%
Total of SME Banking Loan	56,809	100.00%	61,576	100.00%	(7.74%)

The growth of 2018 SME Loan decreased by 7.74% from IDR61,58 trillion in 2017 to IDR56,81 trillion in 2018. This decrease was generally due to the fact that until 2018, the SME segment was still focused on improving loan quality and business processes so that customer acquisitions were carried out selectively by referring to the predetermined target market. When viewed from the distribution business sector, in 2018, SME loan was still dominated by the trade, restaurant and hotel. While the mining industry sector grew significantly in 2018, with growth reached 104.84% from IDR475 billion in 2017 to IDR973 billion in 2018.

Table of SME Loans by Type of Economic Sector

(in billion IDR)

Economic Sector	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
Agriculture, Hunting and Agricultural Facilities	7,468	13.15%	7,032	11.42%	6.20%
Mining	973	1.71%	475	0.77%	104.84%
Industry	4,826	8.50%	4,223	6.86%	14.28%
Electricity, Gas and Water	182	0.32%	200	0.32%	(9.00%)
Construction	3,039	5.35%	3,196	5.19%	(4.91%)
Trade, Restaurants and Hotels	21,854	38.47%	28,228	45.84%	(22.58%)
Transportation, Warehousing and Communication	2,434	4.28%	1,291	2.10%	88.54%
Business services	5,732	10.09%	5,240	8.51%	9.39%
Social/community services	2,612	4.60%	2,046	3.32%	27.66%
Others	7,689	13.53%	9,645	15.66%	(20.28%)
Total of SME Banking Loan	56,809	100.00%	61,576	100.00%	(7.74%)

Based on the data above, it can be seen that the sector experiencing the most significant growth in 2018 was the mining sector, with growth reaching 104.84% from IDR475 billion in 2017 to IDR973 billion in 2018.

Table of SME Funds

(in billion IDR)

Loan	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
Current Account and Savings	144,197	85.37%	138,823	84.80%	3.87%
Deposit	24,710	14.63%	24,887	15.20%	(0.71%)
Total of SME Fund	168,908	100.00%	163,711	100.00%	3.17%

While in terms of third party funds, in general the SME segment increased by 3.17% from IDR163,71 trillion in 2017 to IDR168,91 trillion in 2018. This growth was primarily driven by current accounts and savings growth of 3.87%. The main factor that supported the growth of SME CASA was the existence of a marketing campaign program on transactions that correlated with an increase in current accounts and savings accounts, such as the exemption of transfer fees for customers who were actively transacting in Mandiri Tabungan Bisnis.

Consumer Loan

Table of Consumer Loan

(in million IDR)

Loan	2018		2017		Growth (%)
	(IDR)	Composition (%)	(IDR)	Composition (%)	
Mortgage	43,053	56.76%	40,039	44.44%	7.53%
Auto Loan	31,609	41.68%	26,752	29.94%	18.16%
KKP-TA ^{*)}	1,182	1.56%	1,198	1.34%	(1.30%)
Total of Consumer Loan	75,844	100.00%	67,989	100.00%	11.55%

^{*)}KKP-TA is a loan product for employees in the Bank Mandiri environment

The total consumer loan in 2018 reached IDR75,84 trillion, up 11.55% compared to 2017 which reached IDR67,99 trillion. Auto loan experienced the highest growth reaching 18.16% from IDR26,75 trillion in 2017 to IDR31,61 trillion in 2018.

Mandiri CLIC Application (Consumer Loans Information Center)



In order to answer the digital challenges and facilitate information access and employee understanding on Consumer Loans products, on January 12, 2018, Bank Mandiri launched the Mandiri CLIC (Customer Loans Information Center) Application. This application can be accessed via smartphones, laptops, and personal computers (PCs) which serve as guidelines for Consumer Loans product information.

The goal of the Mandiri CLIC Application development is as salesperson's marketing tools so that frontliners can more easily and quickly sell Consumer Loan products, namely Home Ownership Loan (KPR) and Motor Vehicle Loan (KKB). Mandiri CLIC Application Users are salesperson, frontliners and employees who have other Employee Identification Numbers (NIPs) that have been registered with the Mandiri CLIC whitelist list/system. Only Users registered with the Mandiri CLIC whitelist can register to log into the Mandiri CLIC application.

The users can access to Mandiri CLIC Application information, including related products and KPR and KKB marketing programs, the latest interest rate promos, information about Bank Mandiri partner developers, and loan installment simulations using the installment calculator feature found in this application anytime and anywhere.

Credit Card

Mandiri Credit Card as one of the payment transaction products. Bank Mandiri provides a variety various credit cards according to the customer's needs and lifestyle, especially for the convenience of transactions, can be used and accepted throughout the world through VISA, Mastercard and JCB networks.

Table of Credit Card Volume Growth

Credit Card	2018	2017	Growth (%)
Outstanding (million IDR)	11,534	10,312	11.9%
Sales Volume (trillion IDR)	36,5	33,2	9.9%
NPL (%)	1.9%	2.9%	-1.0%

Outstanding credit cards in 2018 reached IDR11,5 trillion, an increase of 11.9% compared to 2017 reaching IDR10,3 trillion. Credit card sales volume growth in general was quite high during 2018 which succeeded in driving the growth of Mandiri credit card outstanding outstanding loans. This growth was accompanied by a significant improvement in credit quality where Mandiri's credit card NPL fell by 1% from the previous year.



Retail Deposit

In 2018, the growth of funds remained the main focus, especially Savings and Deposits, which experienced growth amid conditions of tight liquidity and increased interest rates, with an average balance of savings funds of IDR122,6 trillion increased by 10.5% (YoY) compared to the average balance of savings in 2017 of IDR111,0 trillion.

Table of Retail Deposit Funds by Product Type

(in million IDR)

Funds	2018		2017		Growth (%)
	(IDR)	(%)	(IDR)	(%)	
Savings	133,548	74.90%	126,175	74.85%	5.84%
Deposit	44,762	25.10%	42,406	25.15%	5.56%
Total	178,310	100.00%	168,581	100.00%	5.77%

In total, Retail deposit funds in 2018 reached IDR178,31 billion, it experienced an increase of 5.77% compared to the previous year which reached IDR168,58 billion. The increase came from the growth of savings and time deposits which grew by 5.84% and 5.56% respectively.



Wealth Management

Mutual Funds (RD) Products of Wealth Management

The performance of Mutual Funds with Asset Under Management (AUM) in 2018 reached IDR25,28 trillion, a growth of 11.18% or IDR2,54 trillion compared to the previous year which reached IDR22,74 trillion. The largest growth of AUM was supported by the increase of AUM Money Market Mutual Funds amounting to IDR2,30 trillion followed by AUM Shares Mutual Funds amounting to IDR551 billion, although from the term of the growth of AUM, the fixed income Mutual Funds had the significant growth.

Table of Asset Under Management (AUM) of Mutual Funds

(in million IDR)

Asset Under Management (AUM)	Mutual Funds with AUM				Mutual Fund Product Revenues			
	2018	2017	Growth		2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)	(IDR)	(IDR)	(IDR)	(%)
Stock RD	2,562	2,011	551	27.40%	44,41	36,97	7,44	20.12%
Mixed RD	310	553	(243)	(43.94%)	5,75	8,00	(2,25)	(28.13%)
Fixed Income RD	861	565	296	52.39%	14,74	6,96	7,78	111.78%
Money Market RD	9,162	6,860	2,302	33.56%	84,12	49,88	34,24	68.64%
Index RD	8	0	8	100.00%	0,09	0	0,09	100.00%
Sub Total	12,902	9,988	2,914	29.18%	149,11	101,82	47,29	46.44%
Protected RD	12,258	12,644	(386)	(3.05%)	50,49	71,16	(20,67)	(29.05%)
Limited Participation RD	121	107	14	13.08%	0,45	0,32	0,13	40.63%
Total	25,281	22,738	2,543	11.18%	200,05	173,30	26,75	15.44%

Revenues from the mutual fund business also grew significantly by 15.44% from IDR173.30 billion in 2017 to IDR200,05 billion in 2018. This growth mainly originated from an increase in money market mutual fund revenues by 68.64% to IDR84,12 billion in 2018.

Securities and Treasury Retail Products

Securities transaction service is transacted through Priority Branch and Regular Branch with the competitive price and the affordable transaction nominal minimum. The revenue obtained in providing the transaction service can be seen from the transaction volume and the sales acquisition of securities and treasury retail products.

Table of Productivity and Securities Revenues and Treasury Retail

(in million IDR)

Product	Transaction Volume			Revenue		
	2018 (IDR)	2017 (IDR)	Growth (%)	2018 (IDR)	2017 (IDR)	Growth (%)
Primary Market Retail Government Securities	8,316	2,760	201.30%	28,03	8,78	219.25%
Referral Retail Brokerage	324	2,156	(84.97%)	1,84	13,93	(86.79%)
Secondary Market Government Securities	6,231	7,163	(13.01%)	47,05	46,82	0.49%

(in Million USD)

Foreign Exchange and Structured Product Transactions	39,931	40,000	(0.17%)	35,95	35,27	1.93%
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Primary Market Retail Government Securities

The volume of primary market retail government securities in 2018 experienced very significant growth which reached 201.30% from IDR2,76 trillion in 2017 to IDR8,32 trillion. The increase in volume was in line with the increase in revenue

of primary retail market securities in 2018 which reached 219.25%. The increase was due to the presence of 5 (five) Retail SBN publishing series, which in the previous year, there were only 2 (two) SBN Retail publications. In addition, the initiative to develop Retail SBN booking channels through online channels has also contributed to an increase in new investors which contributed to the sales volume.

Referral Retail Brokerage

The volume of referral retail brokerage in 2018 reached IDR324 billion, it experienced a decrease of 84.97% compared to 2017 which reached IDR2,16 trillion. In terms of revenue, referral retail brokerage in 2018 reached IDR1,84 billion, it experienced a decrease of 86.79% compared to 2017 which reached IDR13,93 billion. The decline in sales and revenue volume for referral retail brokerage services was caused by the decrease in fee-based acquisition from the sale of Medium Term Notes, most of which were the main contributors to this service fee reception. The process of evaluating the sales business of Medium Term Notes is currently undergoing basic procedural improvements, especially in terms of risk and end-to-end sales processes.

Secondary Market Government Securities

The volume of secondary market securities in 2018 reached IDR6,23 trillion, slightly decreased by 13.01% compared to the previous year which reached IDR7,16 trillion. In terms of income, secondary market securities in 2018 reached IDR47,05 billion, it experienced an increase of 0.49% compared to 2017 which reached IDR46,82 billion. The decrease in the sales volume of secondary market state securities was due to a correction in the market so that the resulting transactions were mostly only from purchases because the customers were unable to take profit. However, securities of the secondary market countries can be maintained because of improvements in spreads.

Foreign Exchange and Structured Products Transactions

The volume of foreign exchange and structured products sales decreased slightly by 0.17% from USD40.00 billion in 2017 to USD39.93 billion in 2018. Nonetheless, revenues from foreign exchange and structured products transactions in 2018 were able to increase by 1.93% from IDR35,27 billion in 2017 to IDR35,95 billion in 2018. This was because there was an improvement in the revaluation spread so that there was an increase in fee-based income transactions.

Retail Banking Segment Macro Analysis in 2019

2019 is a political year where people are more cautious in carrying out consumption and investment. This certainly has an impact on the property sector, individual investors will be careful in buying property, especially the upper middle market. In addition, the potential increase in interest rates will also be a factor that can slow down the consumption of the Indonesian people. Such behavior will be a challenge for the retail banking consumption loan business in 2019.

Retail Banking Segment Business Prospect

Based on the macro analysis above, Bank Mandiri is still optimistic that with the implementation of the appropriate strategy, the Retail Banking segment in the future will continue to have prospects, especially micro productive credit.

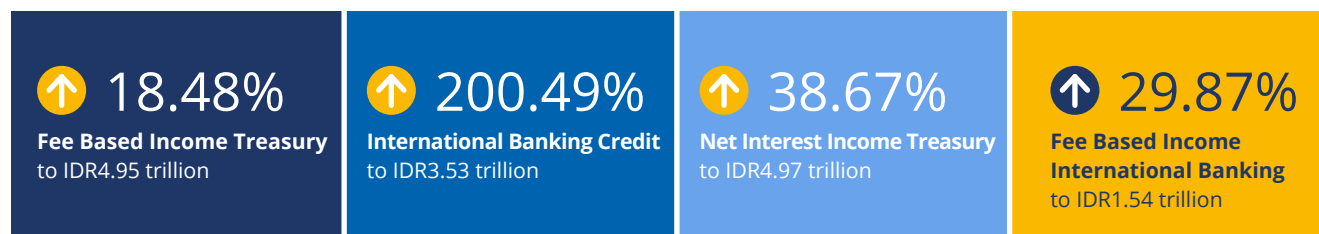
2019 Work Plan of Retail Banking Segment

Work plan of Retail Banking segment in 2019 continues the 2016-2020 Corporate Plan Restart compiled based on the focus of each segment, such as:

1. Increasing the Credit growth (KUR, KPR, KKB) with strategies through Bank Mandiri and Subsidiary office network and Cooperating with e-commerce to penetrate productive and consumptive credit.
2. Distributing credit to the customers focusing on the potential sectors that support the growth of the customers' value chain business related to the Wholesale/Corporate segment customers like payroll-based loan Retail Banking to the Wholesale/Corporate segment customers.
3. Increasing the growth of third party's fund.
4. Improving the competency and capability of Human Capital.
5. Improving the risk management to maintain the quality of credit assets.
6. Carrying out the administrative improvement, the comprehensive credit monitoring and sharpening the information system of end-to-end credit process.
7. Increasing the number and distribution of branchless banking agents and strengthening networks and branchless banking supporting systems.
8. Optimizing the micro networks in the areas in providing the products and retail services.

Operation Review Per Business Segment - Treasury and International Banking

Performance Highlight of Treasury and International Banking Segment



Description On Treasury and International Banking

To maintain the liquidity of Bank Mandiri and in order to fulfill the needs of the foreign currencies and transactions outside the Indonesian territory, Bank Mandiri already has Treasury work unit and International Banking and Financial Institutions work unit to manage the financial transactions.

Treasury

To maintain the liquidity of Bank Mandiri and in order to fulfill the needs of the foreign currencies, Treasury work unit has 11 (eleven) Regional Treasury Marketing networks spread in all regions of Indonesia. Treasury products are in the forms of foreign exchange transactions, money markets, securities and derivative transactions that can be carried out with the interbank or the customers of Wholesale and Retail segment.

International Banking

International Banking is a work unit that has scope of work:

1. Managing inter-country banking transactions, such as trade finance, remittance, loans with the customers that are the focus of their management are the Banks, including the domestic banks beyond the Rural Banks and the international banks as well as the Non-Bank Financial Institutions (IKNB). IKNB includes private insurance company and any similar financial institution (including insurance and reinsurance broker), as well as Financial Institution Pension Funds (DPLK).
2. Providing custodian, trustee, escrow agent, paying agent, security agent, and receiving bank services for the issuers that will carry out Initial Public Offering (IPO).
3. Supervising overseas branch offices (KLN) in Singapore branches, Hong kong branches, Shanghai branches, Cayman Islands branches and supervising Subsidiaries located in London (Bank Mandiri (Europe) Limited).

- Bank Mandiri Singapore as Financial Hub.
- Bank Mandiri Hong Kong as International Trade Hub.
- Bank Mandiri Shanghai as Renminbi Center for the transactions from Indonesia.
- Bank Mandiri Cayman Island as an extension of liquidity management of Bank Mandiri.
- Bank Mandiri (Europe) Limited as a gateway for Bank Mandiri's business Group in the European, Middle Eastern and African market.

Competitive Advantage and Innovation of The Treasury and International Banking Segment

Competitive Advantage and Treasury Innovation

Bank Mandiri is the main player in treasury transactions in Indonesia with a market share of foreign exchange transactions estimated at more than 30% as proven by the recovery of an award from Bank Indonesia as "The Best Supporting Bank of Foreign Currency Financial Market Deepening and The Best Supporting Bank of Rupiah and Foreign Currency Monetary Control".

Another competitive advantage possessed by the Treasury segment is the certification of all Bank Mandiri chief dealers with intermediate level certificates, above Bank Indonesia regulations in accordance with Bank Indonesia Regulation No.19/5/PBI/2017 concerning Treasury Certificates and the Implementation of the Market's Code of Ethics which only require dealer treasury to have basic level certificates

The following is a description of the level of the competence certificate of Bank Mandiri's treasury profession consisting of basic, intermediate, and advance.

Table of Treasury Certification in 2018

No.	Level	Number of Employees		Percentage suitability
		Having Certification	Not Having Certification	
1.	Basic	139	8	94.56%
2.	Intermediate	18	0	100.00%
3.	Advance	3	0	100.00%

In addition to that, in 2018 Bank Mandiri was able to manage its liquidity in an efficient way by continue to comply with Bank of Indonesia regulations on Minimum Statutory Reserves (GWM) and Net Open Position (PDN). The realization of Rupiah Minimum Statutory Reserves and Foreign Exchange Minimum Statutory Reserves was at 6.58% and 8.21% accordingly, both of which are above Bank Indonesia requirement. In 2018, in average the realization of Net Open Position was at 1.48% of the bank capital, while the maximum Net Open Position required by Bank Indonesia is 20% of the bank capital.

Competitive Advantage and Innovation Of International Banking

In 2018, Bank Mandiri maximized the reciprocal based cooperation network with 1,112 correspondent banks in 85 (eighty-five) countries resulting in an increase in business cooperation utilization that included cooperation in treasury, trade finance, remittance, risk sharing and bilateral financing.

Meanwhile, in the custodian and trustee services, based on the survey results of the customer satisfaction, Bank Mandiri managed to obtain the predicate of "Very Good". The obvious result of the commitment is expected to further increase the loyalty of Bank Mandiri's custodian customers.

Macro Analysis of The Treasury and International Banking Segment

In 2018, Bank Indonesia changed its monetary policy from neutral to tight monetary policy. Bank Indonesia has increased its 7-days reverse repo rate by 175 basis point from 4.25% to 6%. This was done in response to the weakening of Rupiah exchange rate and the widening of the current account deficit. The Rupiah towards the USD fluctuated in the range of IDR13,265 to IDR15,285. The condition of the banking liquidity tended to be tightened, as shown by the banking industry's Loan to Deposit Ratio (LDR) which increased to 92.6% until November. However, with the careful attention to periodic economic conditions, Bank Mandiri can avoid the risks that can influence

the liquidity and fulfill the customers' needs for the foreign currencies.

The Treasury and International Banking Segment Strategies in 2018

Despite of the economic challenges faced in 2018, with a number of its strategic initiatives Bank Mandiri managed to improve its performance significantly in 2018. The following are some of the aforementioned strategic initiatives :

1. To conduct Domestic Non Deliverable Forward transactions to the customers,
2. To provide an integrated payment and receipt solution for some e-commerce in Indonesia.
3. Bank Mandiri Shanghai provides foreign exchange (Yuan / Renminbi) transaction services to Indonesian banks and supports Indonesian banking as the Renminbi Center.

Bank Mandiri remains consistent in maintaining its position as one of the major player in providing foreign exchange transactions, both for interbank and its customers. Bank Mandiri increases its foreign exchange transactions with its customers through a more offensive market penetration and adding of new dealers. In an effort to provide an alternative fund products to its customers, Bank Mandiri has started a new chapter in developing its treasury product by providing yield enhancement structured products to its customers. This move received a positive response, particularly from retail sector that is sector with business prospect potential. This is shown by a huge demand received despite of a relatively short period of product offering. The aforementioned products are Mandiri Call Spread, Interest Rate Swap, Cross Currency Swap and some other derivative products.

Regarding the Foreign Office (KLN), during 2018, KLN has implemented several strategies of the Bank Mandiri's market development in the international market, which are:

1. Alliance improvement between business unit in the Mandiri Group especially between Bank Mandiri Singapore, Mandiri Securities and Mandiri

- Investment Management to fulfill investment customers' product needs, namely bonds, funds, and treasury products.
- Renminbi services development, namely credit facilities distributions and trade financing as well as remittance in Renminbi currency through Bank Mandiri Hong Kong and Bank Mandiri Shanghai.
 - Financing solution services improvement through syndication credit, bridging financing (acquisition financing) and bank loan.
 - KLN network optimization in trade services, namely process acceleration through single checking document, LC advice and overseas offices negotiation, and also allocating customers' global line

in the head office for trade services in KLN. Thus, KLN can provide flexibility to the customers' cross border trade needs.

- Bank warranty services' development and improvement through KLN, especially bank warranty related to project infrastructure in Indonesia.
- Derivative treasury products' development and offer through call spread and non derivable forward, among others.
- Wealth management services improvement in Bank Mandiri Singapore through investment product and insurance referral.
- Liquidity management optimization through various financial instruments.

Productivity and Income of Treasury and International Banking Segments

Productivity and Income of Treasury

Table of Treasury Productivity

(in million USD)

Description	2018	2017	Growth	
	(USD)	(USD)	(USD)	(%)
Interbank Fx Transaction Volume	204,431	218,565	(14,134)	(6.47%)
Customer Fx Transaction Volume	67,106	69,436	(2,330)	(3.36%)
Money Market Transaction Volume	279,607	280,821	(1,214)	(0.43%)

Table of Treasury Income

(in million IDR)

Description	2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Total of Fee Based Income	4,951,216	4,178,790	772,426	18.48%
Forex Transaction	3,295,321	2,864,060	431,261	15.06%
Securities Transactions	993,423	853,081	140,342	16.45%
Others	662,472	461,649	200,823	43.50%
Total Net Interest Income	4,965,520	3,580,707	1,384,813	38.67%
TOTAL	9,916,736	7,759,497	2,157,239	27.80%

During 2018, the Treasury segment posted total revenues of IDR9.91 trillion, a growth of 27.80% from 2017. These revenues came from fee-based income of IDR4.95 trillion and net interest income of IDR4.97 trillion. The acquisition of the Treasury segment fee based income in 2018 is very good, this can be seen from the fairly high growth, which is 18.48%. Foreign exchange transaction income which was the main contributor to fee-based income grew by 15.06%. The sharpening of the strategy for anchor clients led Bank Mandiri to become the bank with the highest foreign exchange transaction revenues in 2018. Apart from foreign exchange transactions, fee-based income growth was also driven by letter income valuable which grows quite high at 16.45%. A fairly good trading strategy and management of disciplined securities portfolios are the main key amid the bullish securities market due to a decline in benchmark interest rates and an increase in Indonesia's rating by the Fitch Rating rating agency at the end of 2018. In 2018, Bank Mandiri was also banks with the largest securities transaction revenues.

Other revenues derived from Mutual fund revenues and provisions and commissions also showed excellent performance. It is recorded that throughout 2018, treasury posted other income of IDR662,5 billion, grew 43.50% from a year earlier. In addition, the treasury group was also able to optimize the use of liquidity either through interbank or securities placement instruments. Net Interest Income revenue grew 38.67% from 2017.

International Banking Productivity and Revenue

Table of International Banking Performance

(in million IDR)

Description	2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Third-Party Fund	7,058,288	7,162,775	(104,487)	(1.46%)
Total Loan	3,526,565	1,173,623	2,352,942	200.49%
Total Fee Based Income	1,541,640	1,187,072	354,568	29.87%
Total Net Interest Income	507,211	520,651	(13,440)	(2.58%)

Total third-party fund from the Financial Institutions segment customers in 2018 was IDR7,06 trillion slightly decrease by 1.46% from IDR7,16 trillion of the previous year. The decrease was due to a tight of liquidity at the end of 2018. On the other side, the total loans disbursed was significantly increased by 200.49% from IDR1,17 trillion in 2017 to IDR3,53 trillion. This increase was due to the bank loans distribution. Despite a slight decrease in the total net interest income contribution due to the thin margin, the total fee based income was increased significantly by 29.87%. This significant increase came from treasury transactions income executed by International Banking segment customers. Capital market business also showed a good development, where the total portfolio administered by the custodian service has reached IDR507 Trillion or 8.16% increase compared to 2017

Table of Performance of Mandiri Overseas Offices

(in million IDR)

Description	2018	2017	Growth	
	(IDR)	(IDR)	(IDR)	(%)
Total Third-Party Fund	2,844,831	6,291,765	(3,446,934)	(54.78%)
Total Loan	25,167,475	26,635,607	(1,468,132)	(5.51%)
Total Fee Based Income	429,833	495,518	(65,685)	(13.26%)
Total Net Interest Income	978,642	950,945	27,697	(2.91%)

The total of Mandiri Overseas Offices Third Party Fund (DPK) in 2018 reached IDR2,84 trillion, a 54.78% decrease compared to the IDR6,29 trillion reached in 2017. Credit in 2018 also had similar decrease of 5.51% from IDR26,64 billion in 2017 to IDR25,17 trillion. Total of collected DPK and total credit channeled by Overseas Offices at the end of 2018 had decreased as a result of liquidity strictness at the end of 2018 and substantial loan repayment from the Corporate's customers.

Total Revenue contributed by Mandiri Overseas Offices in 2018 also decreased by 2.63% from IDR1,45 trillion in 2017 to IDR1,41 trillion in 2018, as a result of a decrease in fee based income. It was caused by several significant non-recurring fee based income in 2017, especially from commission fees.

In accordance with the business license of the wholesale segment owned by Mandiri Overseas Offices, Mandiri Overseas Offices has not been able to service savings products, so Mandiri Overseas Offices Third Party Funds only consist of demand deposits and time deposits.

Business Prospect of The Treasury and International Banking

Although the global economy is predicted to slow down, Indonesia as an emerging market country is still in demand by foreign investors to invest in the capital market side, some analysis states that 2019 is the right time for the investor to enter the market (time to buy), and will experience its rise in 2020-2021, so that Bank Mandiri is expected to take advantage of this opportunity to capture capital inflow from foreign investors as well as from capital market activities.

The General Insurance Association of Indonesia (AAUI) itself has projected that the general insurance industry will have a minimum of 10% premium growth in 2019. This is an opportunity for Bank Mandiri to collaborate with insurance companies to expand market share.

The potential for Overseas Office (KLN) business development in 2019 is still very great as the Overseas Office location is in the world's financial centers. In the term of financing, there is a potential for the great financing from the international syndication markets, with KLN which are located in Singapore, Hong Kong and China which have the syndication markets of 52.29% (USD114 billion) from the total syndication markets in Asia-Pacific (USD218 billion). Then, with an estimation of USD200 billion in the total Indonesian Private Client Assets in Singapore, there are Bank Mandiri Singapore's opportunities to improve business in the Wealth segment in Singapore. In the term of inbound business, Indonesia's credit rating in investment grade can be utilized by KLN to market and draw investment to Indonesia.

2019 Work Plan of The Treasury and International Banking Segment

Work plan of the Treasury and International Banking segment in 2019 continues the 2016-2020 Corporate Plan Restart compiled based on the focus of each segment, such as:

2019 Work Plan of Treasury

- In order to support the liquidity needs for Bank Mandiri, Bank Mandiri needs to increase the funds volume from:
 - Placement of the customers' funds
 - Foreign Currency Transactions
 - Looking for funding in the form of loans from the financial institutions
 - Issuing debt securities.

- Improving the competency and capability of Human Capital.
- Improving risk management.
- Carrying out the administrative improvement, monitoring and sharpening the end-to-end information system.

2019 Work Plan of International Banking

International Banking continues the strategies that has been carried out in 2018 by referring to Bank Mandiri's 2016-2020 Corporate Plan Restart, such as:

- Supporting the strengthening of credit assets through credit distributions to banks and IKNB.
- Increasing the growth of fee based income obtained from the interbank transactions, especially from treasury transactions, trade (counter guarantee and trade finance) and commercial line transactions provided to IKNB, especially insurance companies.
- Improving the competency and capability of Human Capital
- Improving risk management.
- Carrying out the administrative improvement of Asset Under Custody through improvement of mutual funds administration services and storage as well as completion of securities transactions.
- Improving Bank Mandiri's role in international syndications, cross border supply chain development, wealth management services, trade transaction distributions and domestic bank remittance.
- Strengthening the function as the inbound and outbound gateway in Mandiri Group's business relationship with its counterpart both inside and outside the country.

2019 Work Plan of International Banking for Foreign Office

- Increasing the KLN's growth by focusing on providing comprehensive cross border product and service solutions for the limited corporate customers and individual customers that develops business and invests in international market.
- Improving its role in bridging inbound transaction from foreign investor who wants to come to Indonesia by optimizing the existence and services from the entities under Mandiri Group.

Operation Review Per Business Segment - Head Office

Description of Head Office Segment

Basically, the head office segment manages assets and liability including the assets and liability of the segments of Large Corporate, Middle Corporate, Institutional Relations, Retail Banking, Treasury and International Banking. However, the productivity and income for the segments that have been discussed in this Annual Report are recorded separately from the assets and liability managed by the Head Office.

Productivity and Income of The Head Office Segment

Information on the productivity and income of the Head Office is presented in the Operating Segment Profitability section in this Annual Report.

Operation Review Per Business Segment - Subsidiary - Sharia

Description on The Subsidiary-Sharia Segment

The subsidiary-sharia segment includes all transactions conducted by the Subsidiary which operates in Sharia banking.

Productivity and Income of The Subsidiary-Sharia Segment

Information on the Productivity and Income of the Subsidiary-Sharia is presented in the Subsidiary Performance in this Annual Report.

Operation Review Per Business Segment - Subsidiary - Insurance

Description on The Subsidiary-Insurance Segment

The subsidiary-insurance segment includes all transactions conducted by the Subsidiary which operates in life insurances, health insurance, and general insurance.

Productivity and Income of The Subsidiary-Insurance Segment

Information on the Productivity and Income of the Subsidiary-Insurance is presented in the Subsidiary Performance in this Annual Report.

Operation Review Per Business Segment - Subsidiary - Except Sharia and Insurance

Description on The Subsidiary-Other Than Sharia and Insurance

The subsidiary other than Sharia and Insurance segment includes all subsidiary transactions in consumer finance, remittance, securities and banking services.

Productivity and Income of The Subsidiary-Other Than Sharia and Insurance

Information on the Productivity and Income of the Subsidiary-other than Sharia and insurance is presented in the Subsidiary Performance in this Annual Report.

Operating Segments Profitability

Operating segment profitability for the year ended in December 31, 2018, is as follows:

Table of Operating Segment Profitability of 2018

Description	2018*)				
	Corporate Banking		Institutional Relationship	Retail Banking	Treasury and Internasional Banking
	Large Corporate	Middle Corporate			
Consolidated Statement of Income and Other Comprehensive Income					
Interest and Sharia Income **)	26,862,763	16,533,360	4,566,025	62,185,942	7,500,469
Interest and Sharia Expenses **)	(18,808,096)	(10,703,047)	(2,929,697)	(27,912,560)	(2,027,738)
Interest and Sharia Income - Net	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731
Premium Income - Net	-	-	-	-	-
Interest, Sharia, and Premium Income - Net	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731
Other Operational Income:					
Provision and Commission Revenue	1,997,226	884,780	250,044	5,714,177	396,190
Others	520,110	136,217	11,874	3,446,308	3,879,281
Total	2,517,336	1,020,997	261,918	9,160,485	4,275,471
Reversal/(Establishment) of Allowance for Impairment Losses on Financial Assets and Others	1,079,449	(6,863,828)	(6,977)	(6,718,458)	(304)
Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Government Bonds and Policyholders' Investment in Unit-Linked Contract	-	-	-	-	-
Profit from the Sale of Securities and Government Bonds	-	-	-	-	-
Other Operating Expenses:					
Salary and Allowance Expenses	(166,345)	(287,663)	(89,051)	(2,298,746)	(137,841)
General and Other Administrative Expenses	(115,844)	(103,426)	(169,598)	(2,660,865)	(126,972)
Others	(250,861)	(117,771)	(116,408)	(1,273,128)	(285,557)
Total	(533,050)	(508,860)	(375,057)	(6,232,739)	(550,370)
Revenue/(Expense) Non-Operational - Net	-	-	-	-	-
Tax Expenses	-	-	-	-	-
Net profit	11,118,402	(521,378)	1,516,212	30,482,670	9,197,528
Net Earnings Attributable To:					
Non-Controlling Interests					
Owner of the Parent Company					
Consolidated Statement of Financial Position					
Loans Awarded - (Gross)	302,625,449	142,581,578	21,864,053	246,570,935	3,998,638
Total Assets	329,959,329	134,408,647	22,025,637	245,746,843	135,834,856
Giro and Giro Wadiah	(79,923,964)	(33,262,301)	(20,358,667)	(55,389,473)	(2,477,319)
Savings and Wadiah Savings	(6,533,237)	(9,324,378)	(965,360)	(283,926,092)	(39,079)
Term Deposit	(41,192,536)	(17,188,326)	(42,831,341)	(141,195,569)	(4,878,892)
Total Customers' Savings	(127,649,737)	(59,775,005)	(64,155,368)	(480,511,134)	(7,395,290)
Total Liabilities	(136,545,244)	(64,018,485)	(64,008,099)	(482,438,146)	(32,166,632)

*) According to operating segments of Bank Mandiri.

**) Includes internal components of transfer pricing between operating segment.

***) Includes internal elimination of transfer pricing or reclassification between operating segment and elimination of Subsidiary.

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross reference POJK	Cross reference ACGS	Financial Report
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(in million IDR)

2018*)						
	Head Office	Subsidiary Entity - Sharia	Subsidiary Entity - Insurance	Subsidiary Entity - other than Insurance and Sharia	Adjustments and Eliminations***)	Total
	995,335	7,688,793	319,644	5,599,161	(51,258,922)	80,992,570
	(2,796,865)	(2,659,310)	-	(2,620,048)	44,087,423	(26,369,938)
	(1,801,530)	5,029,483	319,644	2,979,113	(7,171,499)	54,622,632
			3,002,535	-	295,402)	2,707,133
	(1,801,530)	5,029,483	3,322,179	2,979,113	(7,466,901)	57,329,765
	2,532,931	1,068,768	-	824,525	(654,855)	13,013,786
	4,606,577	672,979	666,376	1,308,902	(590,345)	14,658,279
	7,139,508	1,741,747	666,376	2,133,427	(1,245,200)	27,672,065
	1,174,311	(2,300,574)	-	(650,977)	101,860	(14,185,498)
	31,187	-	(87,363)	595	37,098	(18,483)
	962,444	-	(7,004)	16,002	(297,355)	674,087
	(9,411,630)	(1,805,975)	(522,730)	(1,898,190)	295,402	(16,322,769)
	(9,888,450)	(1,541,306)	(875,050)	(1,105,494)	-	(16,587,005)
	(1,550,601)	(304,302)	(1,056,527)	(367,905)	666,695	(4,656,365)
	(20,850,681)	(3,651,583)	(2,454,307)	(3,371,589)	962,097	(37,566,139)
	43,205	(3,341)	(10,779)	8,487	-	37,572
	(7,241,244)	(210,520)	(327,951)	(311,717)	-	(8,091,432)
	(20,542,800)	605,212	1,101,151	803,341	(7,908,401)	25,851,937
						836,916
						25,015,021
	1,326,193	67,144,434		15,903,575	(2,457,667)	799,557,188
	169,102,494	98,341,119	33,178,563	47,799,504	(14,144,898)	1,202,252,094
	-	(8,704,173)	-	(115,135)	407,276	(199,823,756)
	-	(3,751,592)	-	(2,742,615)	-	(307,282,353)
	-	-	-	(12,320,962)	704,842	(258,902,784)
	-	(12,455,765)	-	(15,178,712)	1,112,118	(766,008,893)
	(84,790,075)	(14,852,265)	-	(40,665,368)	6,656,937	(941,953,100)

Operating Segment Profitability for the year that ended in December 31, 2017 is as follows:

Table of Operating Segment Profitability of 2017

Description	2017					
	Wholesale		Government and Institutional	Retail	Treasury	
	Corporation	Commercial				
Consolidated Statement of Income and Other Comprehensive Income						
Interest and Sharia Income ^{**)}	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678	
Interest and Sharia Expenses ^{**)}	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)	
Interest and Sharia Income - Net	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	
Premium Income - Net	-	-	-	-	-	
Interest, Sharia, and Premium Income - Net	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	
Other Operational Income:						
Provision and Commission Revenue	1,890,196	1,005,460	257,721	5,579,995	279,082	
Others	387,453	123,825	11,460	2,731,572	3,449,100	
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	
Reversal/(Establishment) of Allowance for Impairment Losses on Financial Assets and Others	(650,578)	(6,243,098)	902	(7,593,814)	(94,361)	
Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Government Bonds and Policyholders' Investment in Unit-Linked Contract	-	-	-	-	-	
Profit from the Sale of Securities and Government Bonds	-	-	-	-	-	
Other Operating Expenses:						
Salary and Allowance Expenses	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	
General and Other Administrative Expenses	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)	
Others	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)	
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	
Revenue/(Expense) Non-Operational - Net	-	-	-	-	411	
Tax Expenses	-	-	-	-	-	
Net profit	8,992,347	913,066	1,528,165	26,543,468	7,033,612	
Net Earnings Attributable To:						
Non-Controlling Interests	-	-	-	-	-	
Owner of the Parent Company	-	-	-	-	-	
Consolidated Statement of Financial Position ^{*****)}						
Loans Awarded - (Gross)	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623	
Total Assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331	
Giro and Giro Wadiah	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)	
Savings and Wadiah Savings	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)	
Term Deposit	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)	
Total Customers' Savings	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)	
Total Liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)	

^{*)} According to operating segments of Bank Mandiri.

^{**)} Includes internal components of transfer pricing between operating segment.

^{***)} Includes internal elimination of transfer pricing or reclassification between operating segment and elimination of Subsidiary.

^{****)} Impact of exchange rate difference unallocated to each operating segment.

^{*****)} For the year that ended on December 31st, 2017.

(in million IDR)

	2017					
	Head Office	Subsidiary Entity - Sharia	Subsidiary Entity - Insurance	Subsidiary Entity - other than Insurance and Sharia	Adjustments and Eliminations***)	Total
	1,169,202	7,286,674	538,264	4,115,124	(48,250,819)	79,501,530
	(956,168)	(2,541,130)	-	(1,963,422)	41,107,739	-27,174,371
	213,034	4,745,544	538,264	2,151,702	(7,143,080)	52,327,159
	-	-	2,737,653	-	(272,578)	2,465,075
	213,034	4,745,544	3,275,917	2,151,702	(7,415,658)	54,792,234
	2,412,928	907,763	-	719,676	(569,687)	12,483,134
	1,623,389	714,521	525,588	1,200,376	(968,777)	9,798,507
	4,036,317	1,622,284	525,588	1,920,052	(1,538,464)	22,281,641
	1,768,041****)	(2,516,484)	-	(646,282)	23,837	(15,951,837)
	2,489	-	164,568	835	-	167,892
	850,383	-	12,544	30,643	-	893,570
	(8,628,264)	(1,599,262)	(485,449)	(1,411,375)	272,579	(14,858,642)
	(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
	(2,118,947)	(305,420)	(1,039,960)	(212,450)	710,126	(4,749,528)
	(19,641,604)	(3,393,626)	(2,472,971)	(2,541,890)	982,705	(35,013,749)
	1,825	29,343	(14,583)	(29,884)	-	(12,888)
	(5,087,348)	(121,893)	(261,976)	(242,604)	-	(5,713,821)
	(17,856,863)	365,168	1,229,087	642,572	(7,947,580)	21,443,042
	-	-	-	-	-	803,359
	-	-	-	-	-	20,639,683
	1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
	218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
	-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
	-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
	-	-	-	(7,845,403)	698,920	(238,007,214)
	-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
	(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

The profitability growth of the operating segment is presented as follows.

Table of Revenue and Profitability Operating Segment Growth

Description	Growth 2017-2018				
	Corporate Banking		Institutional Relationship	Retail Banking	Treasury and Internasional Banking
	Large Corporate	Middle Corporate			
Consolidated Statement of Income and Other Comprehensive Income					
Interest and Sharia Income	6.35%	(11.18%)	12.02%	7.40%	(14.68%)
Interest and Sharia Expenses	8.14%	(11.31%)	14.12%	7.16%	(57.28%)
Interest and Sharia Income - Net	2.37%	(10.96%)	8.45%	7.60%	35.34%
Premium Income - Net	-	-	-	-	-
Interest, Sharia, and Premium Income - Net	2.37%	(10.96%)	8.45%	7.60%	35.34%
Other Operational Income:					
Provision and Commission Revenue	5.66%	(12.00%)	(2.98%)	2.40%	41.96%
Others	34.24%	10.01%	3.61%	26.17%	12.47%
Total	10.52%	(9.59%)	(2.70%)	10.21%	14.68%
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(265.92%)	9.94%	(873.50%)	(11.53%)	(99.68%)
Unrealized gains / (losses) from increase / (decrease) in fair value of government bonds and policyholders' investment in unit-linked contracts	-	-	-	-	-
Profits from the sale of securities and government bonds	-	-	-	-	-
Other Operating Expenses:					
Salary and Allowance Expenses	5.33%	(2.04%)	44.09%	3.49%	(49.39%)
General and Other Administrative Expenses	3.29%	(5.12%)	114.97%	0.62%	(40.11%)
Others	7.86%	(0.62%)	5.73%	9.60%	78.39%
Total	6.05%	(2.36%)	49.55%	3.41%	(14.59%)
Non-operational income/(expense)- net	-	-	-	-	(100.00%)
Tax Expenses	-	-	-	-	-
Net profit	23.64%	(157.10%)	(0.78%)	14.84%	30.77%
Net profit which can be attributed to:					
Non-controlling interests	-	-	-	-	-
Owner of the Parent Company	-	-	-	-	-
Consolidated Statement of Financial Position					
Loans Awarded - (Gross)	21.66%	(8.50%)	57.72%	10.52%	240.71%
Total Assets	27.88%	(6.67%)	58.62%	11.34%	9.82%
Giro and Giro Wadiah	(4.12%)	(10.52%)	(2.89%)	8.59%	(9.85%)
Savings and Wadiah Savings	(6.71%)	(20.52%)	(17.82%)	0.07%	75.05%
Term Deposit	12.38%	(10.66%)	50.09%	(0.31%)	1.61%
Total Customers' Savings	0.50%	(12.28%)	26.60%	0.87%	(2.33%)
Total Liabilities	0.66%	(11.12%)	26.49%	0.94%	130.85%

The total net profit of the operating segment in 2018 reached IDR25,85 trillion, growing by 20.56% compared to the previous year reaching IDR21,44 trillion. The operating segment that achieved the most significant growth came from the Subsidiary - Sharia segment which grew by 65.74% from IDR365,17 billion in 2017 to IDR605,21 billion. While the operating segment that contributed the most in 2018 to net income was the Retail Banking segment which reached IDR30,48 trillion.

(in %)

Growth 2017-2018						
	Head Office	Subsidiary Entity - Sharia	Subsidiary Entity - Insurance	Subsidiary Entity - other than Insurance and Sharia	Adjustment and Elimination ^{***}	Total
	(14.87%)	5.52%	(40.62%)	36.06%	6.23%	1.88%
	192.51%	4.65%	-	33.44%	7.25%	(2.96%)
	(945.65%)	5.98%	(40.62%)	38.45%	0.40%	4.39%
	-	-	9.68%	-	-	9.82%
	(945.65%)	5.98%	1.41%	38.45%	0.69%	4.63%
	4.97%	17.74%		14.57%	14.95%	4.25%
	183.76%	(5.81%)	26.79%	9.04%	(39.06%)	49.60%
	76.88%	7.36%	26.79%	11.11%	(19.06%)	24.19%
	(33.58%)	(8.58%)	-	0.73%	327.32%	(11.07%)
	1152.99%	-	(153.09%)	(28.74%)	-	(111.01%)
	13.18%	-	(155.84%)	(47.78%)	-	(24.56%)
	9.08%	12.93%	7.68%	34.49%	8.37%	9.85%
	11.18%	3.52%	(7.65%)	20.42%		7.67%
	(26.82%)	(0.37%)	1.59%	73.17%	(6.12%)	(1.96%)
	6.16%	7.60%	(0.75%)	32.64%	(2.10%)	7.29%
	2267.40%	(111.39%)	(26.09%)	(128.40%)	-	(391.53%)
	42.34%	72.71%	25.18%	28.49%	-	41.61%
	15.04%	65.74%	(10.41%)	25.02%	(0.49%)	20.56%
	-	-	-	-	-	4.18%
	-	-	-	-	-	21.20%
	(14.85%)	12.11%		45.33%	(19.59%)	12.29%
	(22.45%)	11.83%	(2.61%)	24.02%	(0.56%)	6.90%
		3.18%		82.38%	(53.82%)	(1.50%)
	-	17.47%	-	48.29%		(0.46%)
	-		-	57.05%	0.85%	8.78%
	-	7.11%	-	55.55%	(29.65%)	2.19%
	23.62%	6.80%	(100.00%)	25.53%	(5.71%)	6.07%

Performance of Subsidiary Entity

Up to 2018, Bank Mandiri already has 11 (eleven) subsidiaries. A description of the subsidiary entity is presented in the Profile section of this Annual Report. The following are the performance of the productivity, income, and profitability of Bank Mandiri subsidiaries.

Table of Productivity and Income of Subsidiaries in 2018

in billion IDR)

No.	Subsidiaries	Business Volume			
		Actual	Plan	Achievment	(YoY) Growth
Banking					
1	Bank Syariah Mandiri (BSM)				
	Total Funding	87,472	80,978	108.02%	12.28%
	Total Lending	67,753	67,854	99.85%	11.63%
2	Bank Mandiri Taspen (MANTAP)				
	Total Funding	15,260	15,390	99.16%	56.79%
	Total Lending	15,526	15,477	100.32%	47.78%
3	Bank Mandiri (Europe) Limited (BMEL)				
	Earning Asset	2,267	2,490	91.07%	19.16%
Subtotal					
Insurance					
4	AXA Mandiri Financial Service (AMFS)				
	APE	3,188	3,552	89.75%	(4.43%)
5	Mandiri InHealth (MI)				
	GWP	2,005	2,526	79.36%	7.90%
6	Mandiri AXA General Insurance (MAGI)				
	GWP	348,8	571	61.09%	(25.74%)
Subtotal					
Multifinance					
7	Mandiri Tunas Finance (MTF)				
	Baki Debet	43,494	41,407	105.04%	18.03%
8	Mandiri Utama Finance (MUF)				
	Baki Debet	10,129	13,003	77.90%	32.28%
9	Mandiri International Remittance (MIR)				
	Remittance Transaction's Frequency ('000)	154	161	95.60%	14.59%
Subtotal					
Capital Market					
10	Mandiri Sekuritas - Only				
	Trading Volume	307,404	269,253	114.17%	14.40%
	Underwriting Volume	50,048	50,164	99.77%	10.24%
11	Mandiri Capital Indonesia (MCI) - Consolidation				
	Start Up Due Dill	14	14	100.00%	(6.67%)
Subtotal					
Total					

The productivity of Bank Mandiri Subsidiaries is reflected in the business volume generated. In 2018 the Subsidiary which gave the highest contribution came from the trading volume of Mandiri Sekuritas (Mansek) which reached IDR307,40 trillion with growth (YoY) reaching 14.40%. Meanwhile, from the standpoint of the most significant growth (YoY) coming from Bank Mandiri, Taspen (Mantap), which recorded total funding reaching 56.79% or IDR 15.26 trillion and total lending reached 47.78% or IDR 15.53 trillion.

Net Income				
	Actual	Plan	Achievment	(YoY) Growth
	605	500	120.95%	65.74%
	333	302	110.44%	108.36%
	6	12	50.46%	(26.29%)
	945	815	115.99%	77.10%
	947	1,151	82.23%	(5.93%)
	136	214	63.52%	(29.81%)
	24	20	117.10%	(19.50%)
	1,106	1,385	79.85%	(10.01%)
	404	370	108.99%	15.28%
	8	60	13.71%	(82.54%)
	1,8	1,8	104.48%	38.24%
	414	432	95.72%	3.78%
	95	80	119.86%	25.79%
	(95)	(136)	172.27%	209.74%
	1	56	(1.13%)	(38.03%)
	2,465	2,567	95.72%	12.36%

In terms of Revenue, AXA Mandiri Financial Service (AMFS) is the largest contributor to generating revenue from all of Bank Mandiri Subsidiaries, reaching IDR947 billion. However, if viewed from the side of growth (YoY) the most significant originating from Bank Mandiri Taspen (Mantap) reached 108.36% or IDR 333 billion, then followed by Bank Syariah Mandiri (BSM) which reached 65.74% or IDR 605 billion.

PT BANK SYARIAH MANDIRI (BSM)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Assets	98,341	87,915	11.86%
Liabilities	90,302	80,600	12.04%
Equity	8,039	7,314	9.91%

BSM assets in 2018 reached IDR 98.34 trillion, an increase of 11.86% or IDR 10.43 trillion compared to 2017 which reached IDR 87.92 trillion. The increase was due to the increase in investment in securities - net which reached 70.73% or IDR7,24 trillion.

Furthermore, BSM liabilities in 2018 also increased, reaching IDR90,30 trillion, an increase of 12.04% compared to 2017. The increase in liabilities was driven by growth in DPK, which rose 12.28%. Growth occurred in demand deposits, savings and time deposits which grew by 4.75%, 11.71%, and 14.56% respectively.

BSM's equity in 2018 reached IDR8,04 trillion, an increase of 9.91% compared to 2017 of IDR7,31 trillion. The increase in equity was the result of the current year's profit reaching IDR605 billion.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Operating Income *)	6,156	5,689	8.21%
Expense	5,316	5,216	1.87%
Net Profit/ (Loss)	605	365	65.74%

*) Total revenue after profit sharing and other business income

BSM's operating income in 2018 reached IDR 6.16 trillion, an increase of 8.21% compared to 2017 which reached IDR 5.69 trillion. Operating income increased due to the increase in net profit sharing income of banks which increased 5.98% and was also driven by an increase in other business revenues which increased quite well, namely by 19.42%.

Operating Expenses in 2018 reached IDR5,32 trillion, an increase of 1.87% compared to 2017. Operating expenses can be sufficiently controlled because BSM managed to control the financing reserve burden as well as other productive assets and non-productive reserves.

BSM Net Profit in 2018 reached IDR605,21 billion, an increase of 65.74% or IDR240,05 billion compared to 2017. The increase in profit was in line with the increase in BSM revenue which contributed to profit growth.

PT MANDIRI TASPEN (MANTAP)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Assets	20,943	13,688	53.01%
Liabilities	18,623	12,180	52.90%
Equity	2,321	1,508	53.92%

Bank Mantap assets increased to IDR20,94 trillion from IDR13,68 trillion in 2017. The increase in total assets of IDR7,26 trillion came mainly from an increase in lending.

Bank Mantap liabilities increased by IDR6.44 trillion or 52.90% from IDR12.18 trillion in 2017 to IDR18.62 trillion in 2018. The increase in total liabilities, in particular, comes from the growth of deposits from customers.

Furthermore, Bank Mantap's equity increased by IDR 812.85 billion or 53.92% from IDR 1.51 trillion in 2017 to IDR 2.32 trillion in 2018. The increase in total equity came mainly from capital deposit funds from Bank Mandiri and PT Taspen (Persero).

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	2,268	1,454	56.03%
Expense	1,815	1,234	47.08%
Net Profit/ (Loss)	334	160	108.36%

Bank Mantap income consists of interest income and other operating income, which in 2018 increased by 56.03%. The increase was due to an increase in business volume, especially credit distribution, account enhancements and services such as transfers or remittances.

Bank Mantap Expenses consist of interest expense and operating expenses other than interest (BUA and BTK), which in 2018 amounted to IDR1,82 trillion, an increase of IDR580,8 billion or 47.08%. The increase was due to the increase in interest expenses paid to customers, especially time deposits and securities issued as well as initiatives to open office networks outside Bali Island in 2018 so that there was an increase in operating expenses other than interest (BUA and BTK).

The net profit of Bank Mantap in 2018 reached IDR 334 billion, an increase of 108.36% compared to 2017 which reached IDR 160 billion. The increase in net income was in line with the increase in Bank Mantap's revenue by 56.03%.

BANK MANDIRI (EUROPE) LIMITED (BMEL)

Statement of Financial Position

(in thousand USD)

Description	2018 (USD)	2017 (USD)	Growth (%)
Asset	174,011	156,737	11.02%
Liability	124,897	106,267	17.53%
Equity	49,144	50,470	(2.63%)

Assets of BMEL in 2018 reached USD174.01 million, increased by 11.02% from USD156.74 million in 2017. This increase was supported by the increase in earning assets (loans, securities and trade finance).

Liabilities of BMEL in 2018 reached USD124.90 million, increased by 17.53% from USD106.27 million in 2017. This was supported by the increased interbank funding from the increase in the number of correspondent banks.

Equity of BMEL in 2018 decreased slightly by 2.63% from USD50.74 million in 2017. The decline mainly came from market to market of securities.

Income Statement

(in thousand USD)

Description	2018 (USD)	2017 (USD)	Growth (%)
Income	6,090	5,041	20.81%
Expense	2,820	2,816	0.14%
Net Profit / (Loss)	413	787	(47.52%)

Income of BMEL in 2018 reached USD6.09 million, increased by 20.81% from USD5.05 million in the previous year. The increase in income mainly came from interest income generated from earning assets.

Expenses of BMEL also experienced a slight increase of 0.14% from USD2.81 million in 2017 to USD2.82 million in 2018. The increase in expenses of BMEL was not significant due to the cost efficiency carried out by BMEL.

Net profit of BMEL in 2018 reached USD0.41 million, also decreased by 47.52% from USD0.79 million in the previous year. The decline in profit was mainly due to the application of IFRS 9 in the UK which caused the provision costs to increase.

PT AXA MANDIRI FINANCIAL SERVICES (AMFS)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	29,576	30,228	(0.02%)
Liability	27,298	28,058	(0.03%)
Equity	2,278	2,170	0.05%

Assets of AMFS in 2018 reached IDR29,57 trillion, decreased by 0.02% from IDR30,23 trillion in 2017. The decline was due to a decrease in market prices of investment assets.

On the other hand, liabilities of AMFS also declined by 0.03% from IDR28,06 trillion in 2017 to IDR27.29 trillion in 2018. This was supported by a decrease in liabilities to unit link holders.

Similarly, equity of AMFS in 2018 reached IDR2,28 trillion, increased by 0.05% from IDR2,17 trillion in 2017.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	7,434	12,761	(0.42)
Expense	6,487	11,755	(0.45)
Net profit	947	1,006	(0.06)

Income of AMFS in 2018 reached IDR7,43 trillion, decreased by 0.42% from IDR12,76 trillion in the previous year. The decline in income was partly due to a decrease in new premium income and a decrease in investment returns that were influenced by the decline in market prices of investment assets.

Expenses of AMFS decreased by 0.45% from IDR11,76 trillion in 2017 to IDR6,49 billion in 2018. The decline in expenses was due to a decrease in liabilities of unit link holders.

In line with the decline in income, net profit of MAGI in 2018 which reached IDR0,95 trillion also decreased by 0.06% from IDR1,01 trillion in 2017 even though the decrease was not significant.

PT ASURANSI JIWA INHEALTH INDONESIA

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Total Asset	2,146	2,225	(3.53%)
Total Liability	801	781	2.56%
Total Equity	1,346	1,444	(6.82%)

Assets of Mandiri Inhealth in 2018 reached IDR2,15 trillion, decreased by IDR78,61 billion or 3.53% from IDR2,22 trillion in 2017. The decline in investment assets by 5.19% from IDR1,84 trillion in 2017 to IDR1,74 billion in 2018 was one of the factors in the decline in assets of Mandiri Inhealth.

Liabilities of Mandiri Inhealth in 2018 reached IDR800,54 billion, increased by IDR19,95 billion or 2.56% compared to 2017. The increase in liabilities was due to an increase in liabilities to policyholders.

Equity of Mandiri Inhealth in 2018 reached IDR1,35 trillion, decreased by IDR98,56 billion or 6.82% from IDR1,44 trillion in 2017. The decrease was in line with the decline in profit achievement after the tax of Mandiri Inhealth due to the taking of dividends by shareholders, cash dividends for retained earnings in 2017 of IDR237,81 billion and interim dividends of IDR3,4 billion.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	1,847	1,838	0.51%
Expense	1,686	1,623	3.91%
Net Profit / (Loss)	136	193	(29.74%)

Mandiri Inhealth managed to obtain income of IDR1,85 trillion in 2018, increased by IDR9,45 billion or 0.51% from IDR1,84 billion in 2017. This was influenced by the increase in net premium income of 3.14% or IDR52,71 billion.

Similarly, the expenses obtained by Mandiri Inhealth increased by 3.91% from IDR1,62 trillion in 2017 to IDR1,69 trillion in 2018. The increase was supported by an increase in insurance expenses and operating expenses.

Furthermore, the net profit generated by Mandiri Inhealth amounting to IDR136 billion in 2018 decreased by IDR57 billion or 29.74% from IDR193 billion in 2017. The decrease in profit was in line with the decline in investment income and the increase in insurance expenses.

PT MANDIRI AXA GENERAL INSURANCE (MAGI)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	1,478	1,616	(8.54%)
Liability	1,034	1,192	(13.26%)
Equity	434	424	2.36%

Assets of MAGI in 2018 reached IDR1,48 trillion, decreased by 8.54% from IDR1,62 trillion in 2017. The decrease in assets of MAGI was influenced by a significant decline in GWP acquisition from IDR470 billion last year to IDR349 billion in 2018.

Liabilities of MAGI also decreased by 13.26% from IDR1,19 trillion in 2017 to IDR1,03 trillion in 2018.

The increase of equity of MAGI was in line with an increase in assets, equity of MAGI reached IDR434 billion in 2018, increased by 2.36% from IDR424 billion in 2017.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	482	548	(12.04%)
Expense	456	504	(9.52%)
Net Profit / (Loss)	24	29	(17.24%)

Income of MAGI in 2018 reached IDR482 billion, decreased by 12.04% from IDR548 billion in the previous year. The decline was influenced by the decrease in business volume in the past few years and the decrease in investment returns.

MAGI in 2018 managed to decrease expenses by 9.52% from IDR504 billion in 2017 to IDR456 billion in 2018. This was caused by strategy steps of MAGI to increase the efficiency of operating expenses due to a decrease in business volume.

Similarly, net profit of MAGI decreased by 17.24% from IDR29 billion in 2017 to IDR24 billion. The decrease in net profit was in line with the decline in income of MAGI in 2018.

PT MANDIRI TUNAS FINANCE (MTF)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	17,482	14,739	18.61%
Liability	15,361	12,971	18.43%
Equity	2,121	1,768	19.97%

Assets of MTF in 2018 reached IDR17,48 trillion, increased by 18.61% from IDR14,7 trillion in 2017. This was supported by the increase in the consumer financing receivables portfolio along with the increase in the consumer financing volume.

Liabilities of MTF also increased by 18.43% from IDR12,97 trillion in 2017 to IDR15,36 trillion in 2018. This increase was largely due to the increase in the Bank Loan portfolio, amounting to 36.3% or IDR3,0 trillion.

The increase of equity of MTF also occurred in 2018 which reached 19.97% or increased by IDR352,9 billion. This increase was due to an increase in unappropriated retained earnings of 24.5% or IDR368,3 billion.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	3,120	2,738	13.94%
Expense	2,580	2,270	13.67%
Net Profit / (Loss)	404	350	15.25%

In 2018, the income of MTF reached IDR3,12 trillion, increased by 13.94% or IDR381,8 billion from IDR2,7 trillion in 2017. This increase was due to an increase in realization of new financing of 21.6%.

Expenses of MTF in 2018 reached IDR2,58 trillion, increased by 13.67% or IDR310,40 billion from IDR2,27 billion in 2017. This increase was largely due to an increase in financial expenses of 21.7% or IDR224,6 billion and the issuances of bonds public offering, bank loans and syndicated loans in 2018.

Current Year Earnings of MTF in 2018 reached IDR404 billion or increased by 15.25% from IDR350,2 billion in 2017. The increase in current year earnings was due to several factors, including an increase in interest income of 15.9% and an increase in fee based income which reached 12.0% coming from insurance commission income, penalties, collection income, claims acceptance income. The increase in profit was in line with business growth and product diversification carried out by MTF.

PT MANDIRI UTAMA FINANCE (MUF)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	4,584	4,198	9.20%
Liability	4,079	3,703	10.16%
Equity	505	495	2.00%

Assets of MUF in 2018 reached IDR4,58 trillion, increased by 9.20% from IDR4,20 trillion in 2017. The growth of assets of MUF was obtained from an increase in account receivable financing recorded in 2018.

Similarly, liabilities of MTF increased by 10.16% from IDR3,70 trillion in 2017 to IDR4,08 trillion in 2018. This was because MUF increased exposure of Bank loans to support an increase in the value of the channeled financing.

Equity of MUF reached IDR504,69 billion in 2018 from IDR494,77 billion in 2017 or increased by 2.01%. The increase in equity was in line with an increase in the recorded profit.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	1,022	764	33.81%
Expense	1,009	700	44.16%
Net Profit / (Loss)	9	47	(81.42%)

Income of MUF in 2018 reached IDR1,02 trillion, increased by 33.81% from IDR764 billion in 2017. This income was obtained from two main posts of income, namely interest income of 49.6% and fee based income of 208.0%.

Meanwhile, components of expenses of MTF also increased by 44.16% from IDR700 billion in 2017 to IDR1,00 trillion in 2018. The increase in the number of network operations was the main factor that influenced it. The number of network operations increased from 93 operating points (45 Branches and 48 Non-Branches) in 2017 to 111 operating points (63 Branches and 48 Non-Branches) in 2018. Furthermore, cost of credit slightly increased from IDR239,4 billion in 2017 to IDR285,0 billion in 2018.

Net profit of MUF in 2018 reached IDR9 billion, decreased by 81.42% from IDR47 billion in the previous year. This was because MUF focused on the efforts to increase credit quality. As a result of this policy, the value of the channeled financing decreased when compared to 2017.

MANDIRI INTERNATIONAL REMITTANCE SENDIRIAN BERHAD (MIR)

Statement of Financial Position

(in thousand MYR)

Description	2018 (MYR)	2017 (MYR)	Growth (%)
Asset	4,818	4,462	7.97%
Liability	415	581	(28.44%)
Equity	4,403	3,882	13.41%

Assets of MIR in 2018 reached MYR4.82 million, increased by 7.97% from MYR4.46 million in 2017. The increase was due to the purchase of 2 (two) new car units for company use and cash.

Liabilities of MIR decreased by 28.44% from MYR581 thousand in 2017 to MYR415 thousand in 2018. This decrease was due to the readjustment of payment commitments (OP) brought in from previous years and salary updates.

Equity of MIR reached MYR4.40 million in 2018, decreased by 13.41% from MYR3.88 million in 2017. The significant increase in the generated profit was in line with the income and expenses during the year.

Income Statement

(in thousand MYR)

Description	2018 (MYR)	2017 (MYR)	Growth (%)
Income	6,355	5,328	19.29%
Expense	5,830	4,934	18.16%
Net Profit / (Loss)	525	393	33.44%

Income of MIR in 2018 reached MYR6.36 million, increased by 19.29% from MYR5.32 million in the previous year. The increase in income was due to a significant increase in the foreign exchange and the promotion of card savings in addition to the profit from the sale of assets (car sales).

Meanwhile, expenses of MIR increased by 18.20% from MYR4.93 million in 2017 to MYR5.83 million in 2018. This was due to an increase in the payment of RM37,000.00 per month for the maintenance of the Iremit system server, an increase in telephone use due to the increased operations from time to time including the increased rent of premises, office equipments and security control services in accordance with the signed agreement. This was also influenced by the full expenses of prepaid expenses declared valid from the fraud cases in the previous year.

Current Year Earnings of MIR in 2018 reached MYR525 thousand or increased by 32.85% from MYR393 thousand in 2017. The increase was in line with the growth of income in 2018.

PT MANDIRI SEKURITAS (MANSEK)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	1,669	3,107	(46.29%)
Liability	654	1,972	(66.83%)
Equity	1,015	1,136	(10.65%)

Assets of Mansek in 2018 reached IDR1,67 trillion, decreased by 46.29% from IDR3,11 trillion in 2017. A significant decline occurred in the value of total assets in 2018, which was largely based on a decrease in current assets, especially in the post of accounts receivable of customers and restructuring receivables which were in line with the implementation of the settlement of trade in T+3 to T+2.

Liabilities of Mansek also decreased by 66.83% from IDR1,98 trillion in 2017 to IDR654 billion. The decrease was due to the amount of bank debt decreased by IDR121,5 billion or 90%. Compositions of liabilities of Mansek in 2018 consisted of 2% of bank debt, 66% of customers debt, and 29% of other liabilities.

In line with the decline in assets and liabilities, the value of equity of Mansek decreased by 10.65% from IDR1,14 trillion in 2017 to IDR1,02 trillion in 2018. This was due to by a decrease in profit of the last year which was used for the payment of special dividend of fiscal year of IDR162,0 billion to shareholders in 2018.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	540	464	16.19%
Expense	504	400	25.78%
Net Profit / (Loss)	95	76	25.79%

Business income of Mansek in 2018 reached IDR540 billion, increased by 16.19% from IDR464 billion in the previous year. This income mainly came from the income of securities trading brokerage activities from financial advisory services and an increase in the volume of equity and fixed income securities transactions.

Business expenses of Mansek in 2018 reached IDR504 billion, increased by 25.78% from IDR400 billion in 2017. This increase was mainly influenced by total staffing expenses, transportation and accommodation expenses, and rental expenses.

Net profit of Mansek in 2018 reached IDR95 billion, increased by 25.79% from IDR76 billion in 2017. This increase was due to an increase in the other income of 98% and the recovery of restructuring receivables of IDR78,2 billion in 2018.

PT MANDIRI CAPITAL INDONESIA (MCI)

Statement of Financial Position

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Asset	460	490	(6.12%)
Liability	6	1	330.77%
Equity	454	489	(7.02%)

Assets of MCI in 2018 reached IDR460,0 billion, decreased by 6.12% from IDR490 billion in 2017. The decline in assets was due to the absence of injections of funds in 2018 and one of the main causes came from a decrease in the value of investment in associate (in this case MTI) because the increased loss from MTI decreased the investment value of MCI towards MTI resulting in a decrease in overall assets value.

Liabilities of MCI increased by 330.77% from IDR1 billion in 2017 to IDR6 billion in 2018. The increase in the value of liabilities was partly due to an increase in reserves for accruals.

Equity of MCI decreased by 7.0% from IDR488,7 billion in 2017 to IDR454 billion in 2018. The decrease in the value of equity was due to the absence of capital increase in 2018, one of the main causes was an increase in the loss value held from the previous year due to an increase in the loss value of MTI which must be absorbed by MCI.

Income Statement

(in billion IDR)

Description	2018 (IDR)	2017 (IDR)	Growth (%)
Income	13	10	28.40%
Expense	28	17	101.90%
Net Profit / (Loss)	(95)	(52)	(81.80%)

However, MCI managed to obtain income of IDR13 billion in 2018, increased by 28.40% from IDR10 billion in the previous year. The increase in income was due to an increase in the income of MCI obtained from deposit interest.

Expenses of MCI increased by 101.90% from IDR17 billion in 2017 to IDR27 billion in 2018. The increase in expenses was due to an increase in the number of employees resulting in an increase in the labor costs, such as, bonus, salary, THR, and insurance. Furthermore, an increase in the reserve value of MCI resulted in an increase in the expenses of MCI from the previous year.

In 2018, MCI suffered a loss by 81.80% from (IDR52) billion in 2017 to (IDR95) billion in 2018. This was due to an increase in the expenses of MCI which was much higher than an increase in the income of MCI and a decrease in the value of Net Profit After Tax (NPAT) of MTI from the previous year which caused MCI to absorb more losses from MTI resulting in a decrease in the value of overall NPAT of MCI from the previous year

Geographical Segment

Geographical segment of Bank Mandiri includes Mandiri Indonesia and Mandiri Overseas Offices. The Group's main operations are managed in the regions of Indonesia, Asia (Singapore, Hong Kong, East Timor, Shanghai, Malaysia), Western Europe (UK) and Cayman Islands.

Mandiri Indonesia

Description of Geographical Segments - Mandiri Indonesia

Mandiri Indonesia's Geographical Segment includes the Corporate Banking segment consisting of Large Corporate and Middle Corporate, Institutional Relations, Retail Banking consists of Credit Cards, Small and Medium Enterprise, Micro, Consumer Loans and Branchless Banking, Treasury and International Banking, Headquarters, Subsidiaries - Sharia, Subsidiary - Insurance, Subsidiary - Other than Sharia and Insurance presented in the Segment discussion Operations in this Annual Report.

Productivity and Geographical Segment Income - Mandiri Indonesia

Information about Productivity and Income of the Mandiri Indonesia segment is presented in the discussion of the Operating Segments in this Annual Report.

Overseas Office

Description of Overseas Offices

Explanation of the Overseas segment has been presented in the segments of International Banking and Subsidiaries - Sharia, Subsidiaries - Insurance, Subsidiaries - In addition to Sharia and Insurance outside Indonesia as described in the Operation Segments section of this Annual Report.

Produktivitas dan Pendapatan Kantor Luar Negeri (KLN)

Information on the Overseas Office segment Productivity and Income has been presented in the International Banking and Subsidiary - Sharia, Subsidiary - Insurance, Subsidiary - Other than Sharia and Insurance segments outside Indonesia as described in the Operations Segment section of this Annual Report.

Geographic Segments Profitability

Profitability of the geographical segment for the year ended on December 31, 2018, as follows

Table of Profitability for Geographical Segments in 2018

(in millions IDR)

Description	2018				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidated
Consolidated Statement of Income and Other Comprehensive Income					
Interest and Sharia Income	79,214,322	1,241,290	83,478	453,480	80,992,570
Interest and Sharia Expenses	(25,785,645)	(468,004)	(38,625)	(77,664)	(26,369,938)
Interest and Sharia Income - Net	53,428,677	773,286	44,853	375,816	54,622,632
Premium Income - Net	2,707,133	-	-	-	2,707,133
Interest, Sharia, and Premium Income - Net	56,135,810	773,286	44,853	375,816	57,329,765
Other Operational Income:					
Provision and Commission Revenue	12,729,924	268,379	-	15,483	13,013,786
Others	14,511,948	91,014	3,212	52,105	14,658,279
Total	27,241,872	359,393	3,212	67,588	27,672,065
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(14,360,828)	73,068	-	102,262	(14,185,498)
Unrealized Gain/(Loss) From Increase/ (Decrease) in Fair Value of Government Bond, Securities, and Policyholder Investments in Unit-Link Contracts	(38,084)	16,634	-	2,967	(18,483)
Profits from Sales of Securities and Government Bonds	652,465	21,622	-	-	674,087
Other Operating Expenses:					
Salary and Allowance Expenses	(16,123,887)	(162,803)	(23,563)	(12,516)	(16,322,769)
General and Other Administrative Expenses	(21,076,461)	(125,510)	(16,532)	(24,867)	(21,243,370)
Total	(37,200,348)	(288,313)	(40,095)	(37,383)	(37,566,139)
Non-operational income/(expense)- net	137,547	(74,294)	-	(25,681)	37,572
Tax Expenses	(7,990,983)	(100,449)	-	-	(8,091,432)
Net profit	24,577,451	780,947	7,970	485,569	25,851,937
Net Earnings Attributable To:					
Non-controlling interests	-	-	-	-	836,916
Owner of the Parent Company	-	-	-	-	25,015,021
Consolidated statements of financial position					
Distributed Loans	773,786,108	18,214,990	377,607	7,178,483	799,557,188
Total Assets	1,146,220,500	38,255,104	2,504,393	15,272,097	1,202,252,094
Current account and Wadiah current account	(195,023,476)	(4,732,582)	(67,698)	-	(199,823,756)
Wadiah Savings and Savings	(305,138,353)	(2,144,000)	-	-	(307,282,353)
Term Deposit	(257,673,582)	(1,229,202)	-	-	(258,902,784)
Total Customers' Savings	(757,835,411)	(8,105,784)	(67,698)	-	(766,008,893)
Total Liabilities	(887,836,702)	(37,474,157)	(1,796,022)	(14,846,219)	(941,953,100)

Profitability of the geographical segment for the year ended on December 31, 2017, as follows.

Table of Profitability for Geographical Segments in 2017

(in millions IDR)

Description	2017				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidated
Profit Loss Report and Other Consolidated Comprehensive Income					
Interest and Sharia Income	75,911,639	915,243	64,473	393,293	77,284,648
Interest and Sharia Expenses	(25,082,825)	(171,728)	(19,206)	(22,528)	(25,296,287)
Interest and Sharia Income - Net	50,828,814	743,515	45,267	370,765	51,988,361
Premium Income - Net	2,465,075	-	-	-	2,465,075
Interest, Sharia, and Premium Income - Net	53,293,889	743,515	45,267	370,765	54,453,436
Other Operational Income:					
Provision and Commission Revenue	12,023,544	373,393	-	51,378	12,448,315
Others	10,301,925	57,022	3,317	19,828	10,382,092
Total	22,325,469	430,415	3,317	71,206	22,830,407
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Unrealized Gain/(Loss) From Increase/ (Decrease) in Fair Value of Government Bond, Securities, and Policyholder Investments in Unit-Link Contracts	47,057	(217)	-	9	46,849
Profits from Sales of Securities and Government Bonds	731,586	23,953	-	24,454	779,993
Other Operating Expenses:					
Salary and Allowance Expenses	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General and Other Administrative Expenses	(19,975,024)	(113,494)	(19,152)	(22,785)	(20,130,455)
Total	(34,646,586)	(271,143)	(37,737)	(33,631)	(34,989,097)
Non-Operational Income/Expenses - Net	102,555	(86,166)	-	(29,277)	(12,888)
Tax Expenses	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net profit	20,296,681	644,249	8,061	494,051	21,443,042
Net Earnings Attributable To:					
Non-controlling interests	-	-	-	-	803,359
Owner of the Parent Company	-	-	-	-	20,639,683
Consolidated Statement of Financial Position					
Distributed Loans	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total Assets	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Current account and Wadiah current account	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Wadiah Savings and Savings	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Term Deposit	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total Customers' Savings	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total Liabilities	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

The growth of the Profitability of Geographical Segments is presented as follows.

Geographical Segment Growth Table

Description	
Profit Loss Report and Other Consolidated Comprehensive Income	
Interest and Sharia Income	
Interest and Sharia Expenses	
Interest and Sharia Income - Net	
Premium Income - Net	
Interest, Sharia, and Premium Income - Net	
Other Operational Income:	
Provision and Commission Revenue	
Others	
Total	
Reversal/(Establishment) of Allowance for impairment losses on financial assets and Others	
Unrealized Gain/(Loss) From Increase/(Decrease) in Fair Value of Government Bond, Securities, and Policyholder Investments in Unit-Link Contracts	
Profits from Sales of Securities and Government Bonds	
Other Operating Expenses:	
Salary and Allowance Expenses	
General and Other Administrative Expenses	
Total	
Non-Operational Income/Expenses - Net	
Tax Expenses	
Net profit	
Net Earnings Attributable To:	
Non-controlling interests	
Owner of the Parent Company	
Consolidated Statement of Financial Position	
Distributed Loan	
Total Assets	
Current account and Wadiah current account	
Wadiah Savings and Savings	
Term Deposit	
Total Customers' Savings	
Total Liabilities	

The consolidated geographical segment's net income grew 20.56% from IDR21,443,042 million in 2017 to IDR25,851,937 million in 2018. The Geographical Segment which gave the highest growth was Asia reaching 21.22% from IDR644,249 million in 2017 to IDR780,947 in 2018. While the geographical segment that contributed the most in 2018 to net income was Indonesia's Geographical Segment reaching IDR24,577,451 million, a growth of 21.09% compared to the previous year reaching IDR20,296,681 million.

(in %)

	2017-2018 growth				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidated
	4.35%	35.62%	29.48%	15.30%	4.80%
	2.80%	172.53%	101.11%	244.74%	4.24%
	5.11%	4.00%	(0.91%)	1.36%	5.07%
	9.82%	-	-	-	9.82%
	5.33%	4.00%	(0.91%)	1.36%	5.28%
	5.87%	(28.12%)		(69.86%)	4.54%
	40.87%	59.61%	(3.17%)	162.78%	41.19%
	22.02%	(16.50%)	(3.17%)	(5.08%)	21.21%
	(9.88%)	(168.27%)	-	12.97%	(11.07%)
	(180.93%)	(7.765.44%)	-	32.866.67%	(139.45%)
	(10.81%)	(9.73%)	-	-	(13.58%)
	9.90%	3.27%	26.79%	15.40%	9.85%
	5.51%	10.59%	(13.68%)	9.14%	5.53%
	7.37%	6.33%	6.25%	11.16%	7.37%
	34.12%	(13.78%)	-	(12.28%)	(391.53%)
	42.14%	12.76%	-	-	41.61%
	21.09%	21.22%	(1.13%)	(1.72%)	20.56%
	-	-	-	-	4.18%
	-	-	-	-	21.20%
	13.01%	(8.87%)	(13.58%)	4.20%	12.29%
	6.55%	7.82%	17.77%	34.13%	6.90%
	(0.76%)	(25.17%)	163.58%	-	(1.50%)
	(0.52%)	8.00%	-	-	(0.46%)
	9.64%	(58.76%)	-	-	8.78%
	2.65%	(28.20%)	163.58%	-	2.19%
	5.73%	5.63%	24.55%	30.45%	6.07%

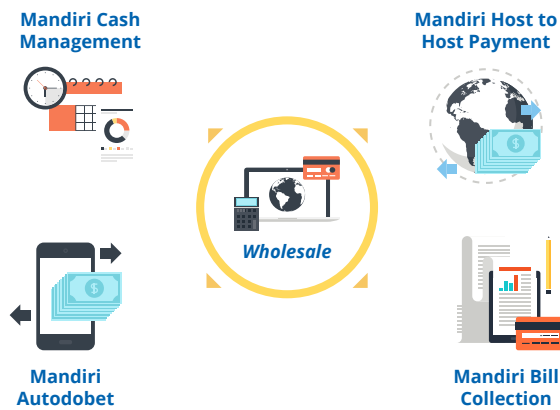
Supporting Unit of Operation Segment

In supporting the operational activities of the operation segment, Bank Mandiri has a digital banking unit which manages products and the development of the e-channel products which are not only marketable, but also provide the added value for Bank Mandiri's business in the terms of cost and revenue efficiency.

Digital Banking

To fulfill the needs of Bank Mandiri's customers, Bank Mandiri's digital banking products and services are currently segmented for the customers' needs of the Wholesale segment and the customers' needs of the Retail segment.

Wholesale Segment Products and Digital Services



Retail Segment Products and Digital Services



Digital Banking Products and Services

Wholesale Segment Digital Banking Products and Services

Digital banking products and services for the customers of the Wholesale segment are the existing e-channel products accompanied by several innovations/developments in accordance with the customers' needs of the Wholesale segment.

MANDIRI CASH MANAGEMENT (MCM)

Internet-based electronic banking services provided by the Bank for the Customers to carry out financial transactions. MCM is added with an online RTGS transaction process feature to facilitate securities transaction settlement activities by exchange member company customers to the account of the Indonesia Central Securities Depository (KSEI) at Bank Indonesia so that the customers have the option to carry out settlement transactions through branches or through MCM. The addition of the feature is due to an increase in settlement activities in line with the implementation of the National Payment Gateway (GPN).

MANDIRI HOST TO HOST PAYMENT

Payment service using account debiting through integration between Bank and Customer system that can accommodate Format-based Transaction of Online Messaging and Message of File. Mandiri Host to Host Payment is added with an online tax payment service feature to support the acceleration of tax payment to the Government.

MANDIRI BILL COLLECTION

Services for the customers to carry out receipt and payment transactions in their business activities with

the mass number from the customers, and provide alternative payment channel to the customers. Mandiri Bill Collection is added with real time flagging and closed payment feature for funds receipt transactions from other Bank ATM Networks (online transfer), National Clearing System (SKN) and RTGS from other banks to facilitate the reconciliation process for the customers (billers) that manage bills from their customers

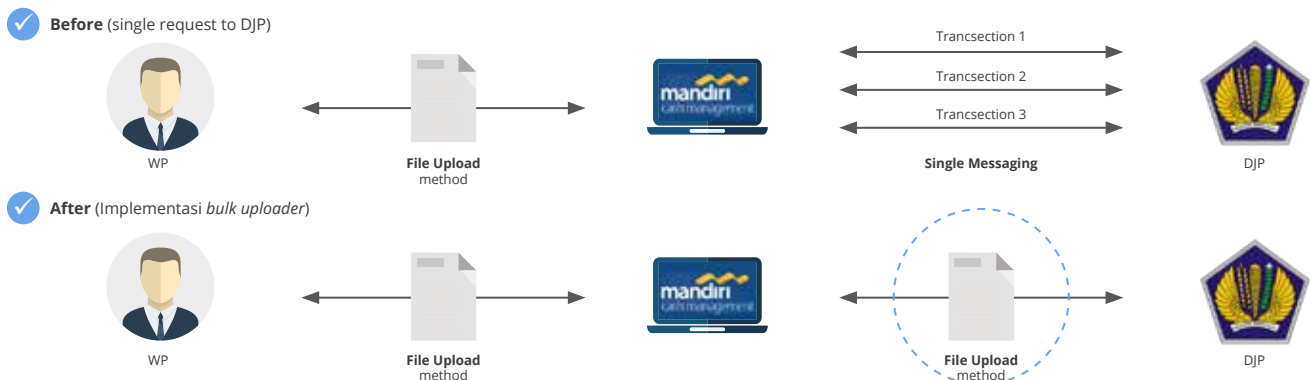
MANDIRI AUTO DEBIT

Automatic debit processing service for obligations/ transactions payment in the period/time agreed between the customer of the account holder at Bank Mandiri or agreed between the account holder and Bank Mandiri. Mandiri Auto Debit is added with Mandiri File Transfer (MFT) feature, so that sending Auto Debit registration documents which was previously carried out via email can be carried out through MFT to accelerate payment transactions.

Other innovations carried out by Digital Banking for the Wholesale segment are follows:

1. Tax Bulk ID Billing

This is a service innovation form of ID billing request delivery mechanism from the Company to Directorate General of Taxation. The instruction transmission is done through a file mechanism to increase the clients' capacity and speed of the Tax ID billing withdrawal process significantly from 5,400 record/30 minutes to up to 200,000 record/30 minutes.



2. Real Time Online Notification (RETINA)

Is a form of service innovation in the form of notification for transactions carried out by the customers in the form of electronic message transmissions through communication channels or networks agreed between the customers and Bank Mandiri.

3. Auto Collection by Splitting Fund

Is a service solution aimed to facilitate the banking transactions using number of Virtual Account (VA).

4. Delivery of State Revenue Transaction Number (NTPN) Payment of Ditjen AHU - Ministry of Law and Human Rights

Is a service to facilitate the payment of using services in the Directorate General of Public Administration (Ditjen AHU) the Ministry of Law and Human Rights (Kemenkumham).

5. Mandiri Hospital Application Solution (MHAS)

This digital based service is developed for the needs of the payment transactions in the service process at the hospital.



Retail Segment Digital Banking Products and Services

Retail segment digital banking products and services are the existing e-channel products accompanied by several innovations/developments in accordance with the customers' needs of the Retail segment both in the form of Business Entity and Individual.

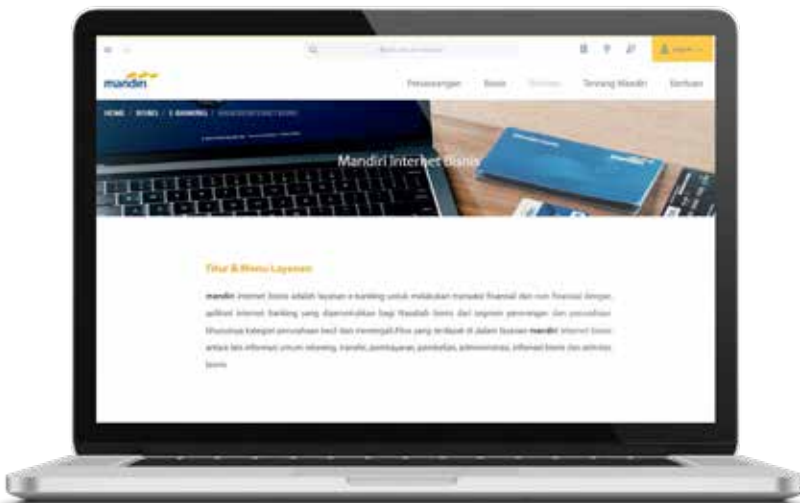
**MANDIRI ONLINE**

The banking services for the Individual Retail segment customers which can be accessed through mobile phone and Personal Computer (PC). Mandiri Online is the development and integration of Mandiri Internet Banking and Mandiri Mobile Banking services with additional features in carrying out the online banking transaction activities, such as:

- a. Feature of top up e-Money
- b. Feature of information on credit card payment
- c. Feature of information on customer's account portfolio
- d. Feature of information on Fiesta Points

MANDIRI SMS

Electronic banking service to access banking accounts by using mobile phones. The transactions that can be made through Mandiri SMS are non financial transaction (balance check) and financial transactions (transfer, payment, purchase, e-money top up, etc.). Mandiri SMS consists of 3 (three) channels, which are SMS Ketik, USSD (*141*6#) and Sim Tool Kit (STK). Mandiri SMS is applicable for providers Telkomsel, Indosat, and XL.



MANDIRI INTERNET/MANDIRI INTERNET BISNIS

E-banking service to make financial and non financial transactions through Internet banking application is dedicated for business Customers of personal and corporate segments especially for small medium enterprises. Features contained in the Mandiri Internet Business service are among others general account information, transfer, payment, purchase, administration, business information, and business activities.

MANDIRI E-MONEY

Mandiri e-Money is a chip based electronic money issued by Bank Mandiri instead of paying in cash for payment transactions. Mandiri e-Money still dominates the chip based electronic Money transaction market share by 70%. Mandiri e-Money can be used in transaction payments, such as through e-commerce and transportation services.



MANDIRI E-CASH

Mandiri E-Cash is a server based electronic money that utilizes the application technology in mobile phone and USSD (Unstructured Supplementary Service Data is one of the short message technologies owned by the GSM network) and enables to carry out the banking transactions without having an account in Bank Mandiri. In 2019, Mandiri E-Cash will be synergized with the electronic payment system of other State-Owned Banks, so that it can be one integrated electronic money product.



MANDIRI EDC

Machine of Electronic Data Capture (EDC) is a means provided by Bank Mandiri to receive Mandiri Card transactions electronically through Visa International Network and Bank Mandiri. In 2018, features have been developed, such as:

1. National Standard Indonesian Chip Card Specification (NSICCS) feature so that the chip debit card acceptance becomes usable for all transactions in EDC.
2. Bill Payment feature in regular EDC and branchless banking to ease up the customers to make payments such as telecommunication, ticket, drinking water company (PAM) and electricity company (PLN).



MANDIRI ATM




A banking service via Mandiri ATM machines, using Mandiri Debit Cards to access Mandiri Saving or Mandiri Giro accounts. At this time, to expand its services, Bank Mandiri has ATM machines which serve to make deposits and withdrawals of cash (Cash Recycle Machine).

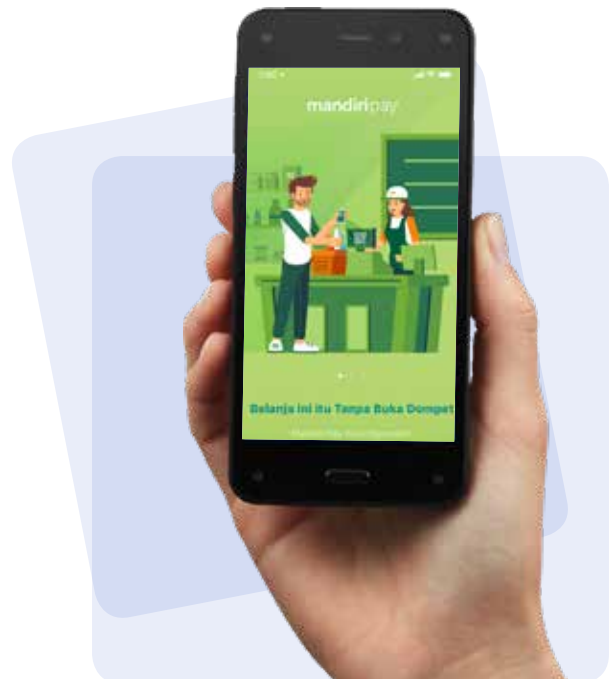
State-Owned Banks joined in State-Owned Bank Association (Himbara), such as Bank Mandiri, BRI, BNI, and BTN endeavor to improve competitiveness and infrastructure efficiency by synergizing ATM Link (Merah Putih) management. One of the benefits of using ATM Link (Merah Putih) is the cheaper transfer transaction cost between Himbara accounts from the beginning of IDR6,500/transaction to IDR4,000/transaction and the cash withdrawal at no charge.

E-PAYMENT

Is a non-cash online financial service using Virtual Account through various channels owned by Bank Mandiri to pay court fees at the Supreme Court (MA).

MANDIRI PAY

Mandiri Pay is a digital banking product for the retail segment which was launched in 2018. In the context of synergy, BUMN Pay will be integrated with similar products from other BUMN Banks to become  which will be launched in 2019.



Digital Banking Performance in 2018

Digital Banking Performance Wholesale Segment

Digital banking performances in the Wholesale segment per product during 2018, measured from transaction volume, number of transaction, and number of customers/users are as follows.

Table of Digital Banking Performance of Wholesale Segment

Product	Transaction Volume		
	2018 (In trillion IDR)	2017 (In trillion IDR)	Growth (In %)
Mandiri Cash Management	6,160,42	5,423,16	13.59%
Mandiri Host To Host Payment	137,82	46,24	198.05%
Mandiri Bill Collection	454,39	344,48	31.91%
Mandiri Auto Debit	95,77	71,13	34.64%

Based on the above data, it is indicated that the wholesale segment product which experienced the most significant transaction volume growth is Mandiri Host to Host Payment that reached 198.05% compared to the previous year. Meanwhile, the highest transaction value still came from Mandiri Cash Management with an increase of IDR737,26 trillion.

Furthermore, the performance of Mandiri Bill Collection and Mandiri Auto Debit product transaction can be seen from the numbers recorded that was stable as the previous year by recording the transaction volume increase respectively by 31.91% and 34.64%. In order to maintain the transaction volume to continue to grow, Bank Mandiri carried out marketing programs regularly in all regions.

Digital Banking Performance of Retail Segment

The Digital Banking performance in retail segment during 2018, reviewed from the number of transaction volume per product as follows.

Table of Digital Banking Performance of Retail Segment

Product	Transaction Volume		
	2018 (in million IDR)	2017 (in million IDR)	Growth (In %)
Mandiri Mobile /Mandiri Online/ Mandiri Internet Banking	704,60	524,77	34.27%
Mandiri Internet Bisnis	765,91	598,72	27.92%
Mandiri e-Money	13,54	6,58	105.78%
Mandiri e-Cash	1,10	0,76	44.74%
Mandiri EDC	112,54	104,74	7.45%
Mandiri ATM	1,226,28	1,161,81	5.55%

Based on the above data, it appears that the retail segment product that has experienced the most significant transaction volume growth is Mandiri E-Money by 105.78%. This is among others due to the Company's commitment in supporting the implementation of National Payment Gateway (GPN) launched by Bank Indonesia. Moreover, the Company actively conducted channel transaction expansion and E-Money to up with strategic partners to support the Customers' convenience in E-Money transaction. By the end of 2018, Mandiri E-Money still dominated the chip based electronic money transaction market share in Indonesia by 70% with an increase in the number of cards in circulation as much.

Number of Transaction		
2018 (In million transactions)	2017 (In million transactions)	Growth (In %)
51,00	41,00	24.39%
9,42	2,10	348.57%
98,55	65,68	50.05%
6,85	5,86	16.89%

Same as the increase from the transaction volume side, the Mandiri Host to Host Payment product experienced quite high growth, by 348.57% due to the increase of transaction number by corporate customers engaged in e-commerce and payment gateway business such as Grab and Tokopedia.

In general, all wholesale segment products experienced an increase in the number of users with the highest growth occurring in Mandiri Host To Host Payment products as much as 42.86%. This growth was driven by the rapid growth of e-commerce customers and the trend of simplification and business integration of the company's transaction process so that customers moved from Mandiri Cash Management to the Host to Host Payment scheme. The number of other wholesale segment product users, namely Mandiri Cash Management, Mandiri Bill Collection, and Mandiri Auto Debit also experienced a fairly good increase compared to the previous year with growth of 19.45%, 38.07% and 17.95% respectively.

Number of Transaction		
2018 (In million transactions)	2017 (In million transactions)	Growth (In %)
1,602,38	1,694,96	(5.46%)
18,48	14,03	31.72%
1,167,55	623,97	87.12%
5,99	4,80	24.79%
168,66	156,81	7.56%
1,477,12	1,375,81	7.36%

26.23% from the previous year. In addition to Mandiri e-Money products, other Retail products, namely Mandiri Mobile / Mandiri Online / Mandiri Internet Banking, Mandiri Internet Business, and Mandiri e-Cash also experienced an increase in the number of users in 2018 with growth of 18.65%, 19.98%, and 7.61%. In terms of the number of transactions per product, the products that experienced the most significant growth still came from Mandiri e-Money by 87.12% with a total transaction of IDR1,17 billion in 2018. Then followed by Mandiri Internet Bisnis and Mandiri e-Cash products each grew to 31.72% and 24.79%

Digital Banking's Strategy in 2019

In facing challenges in the digital era, Bank Mandiri has to carry out innovations to provide solutions of the banking transactions in line with the technology development.

Wholesale Segment

1. Improving the capabilities of e-channel products and services (Mandiri Cash Management, Mandiri Host to Host Payment, Mandiri Bill Collection, Mandiri Auto Debit) by adding new features and improving features as well as product infrastructure
2. Launching new product as new revenue generator.
3. Partnership program with the third parties (such as fintech and payment gateway) in order to increase the transaction volume and customer loyalty from the leading industry sector.
4. Reviewing pricing periodically with the market conditions.

Retail Segment

1. Improving the capabilities of e-channel products and services (Mandiri Online, Mandiri Internet Bisnis, Mandiri e-Money, Mandiri E-Cash, Mandiri EDC, Mandiri ATM) by adding new features and improving features as well as product infrastructure.
2. Launching new product as new revenue generator.
3. Partnership program with the third parties (such as Top Fintech Players Retail Sector Solutions) in order to increase the transaction volume and customer loyalty.
4. Reviewing pricing periodically with the market conditions.
5. Building cashless society for the Retail segment.

Business Outlook

The economic challenge, both global and domestic is estimated to remain high in 2019. In addition, the continuation of US-China trade adds the uncertainty of the global economic outlook in 2019. However, Bank Mandiri is still optimistic that the banking industry sector can still grow in 2019 based on the data of Bank Indonesia which estimates that the 2019 economic growth will remain solid in the range of 5.0-5.4%. The economic growth is especially in government expenditure, private sector investment and household consumption expenditure. In 2019, Bank Indonesia estimates that the credit growth is in the range of 10-12% (YoY), while the DPK growth is estimated around 8-10% (YoY).

Seeing the condition of the economy and banking industry, Bank Mandiri can still take advantage of opportunities to grow with the strength possessed by Bank Mandiri at this time, such as:

- Strong capital in accordance with Basel III implementation
- The number of networks distributed equally in all regions of Indonesia
- Having diverse customers in each segment that can sustain the business growth.
- Having e-channel products that are more competitive than the competitor banks.
- Having one stop financial service through Mandiri group, with 11 (eleven) Subsidiaries that are the leading companies and pioneers in each industry, so that the products and non-bank financial services penetration can be conducted to all Bank Mandiri networks.
- Having options to obtain non-DPK funding through capital market, issuance of shares (IPO and rights issue), corporate bonds, Medium Term Notes (MTN), and Negotiable Certificate of Deposit (NCD).

Source: Monetary, Economic, Monetary and Financial Policy Report for Quarter IV 2018, Bank Indonesia

Future Strategy

Bank Mandiri has the 2016-2020 Corporate Plan Restart that becomes the basis in compiling strategies in 2019 in order to continue to grow sustainably beyond the industrial and economic growth, increase productivity and be oriented to the profit achievement. The 2019 performance is the step that determines the achievement of Bank Mandiri's vision for 2020 to become Indonesia's best, ASEAN's prominent.

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)

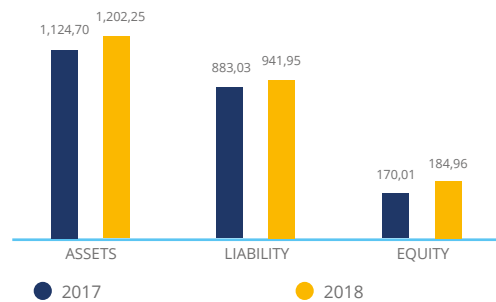
Description	2018	2017 ⁽¹⁾	Growth	
			(IDR)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
ASSETS				
Cash	27,348,914	24,268,563	3,080,351	12.69%
Current Account in Bank Indonesia	59,852,761	50,188,118	9,664,643	19.26%
Current Accounts in Other Banks – Net	14,830,772	12,329,947	2,500,825	20.28%
Placements in BI and 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 (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 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 (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 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 (1)	2018 (2)	2017 (3)	Growth	
			(IDR) 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.

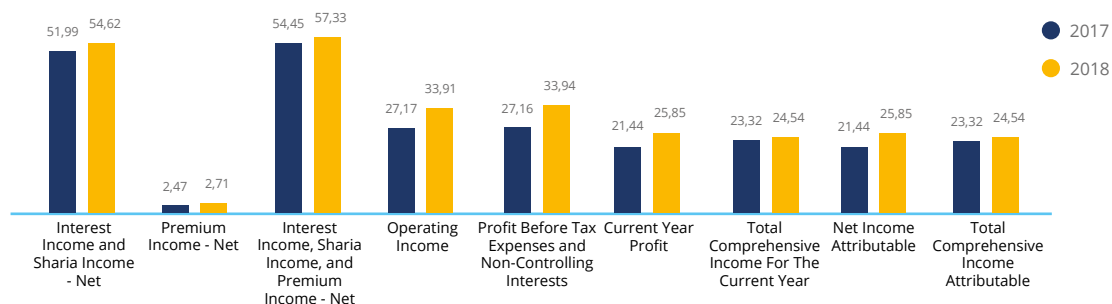
Table of the Consolidated Summary of Profit and Loss and Other Comprehensive Income

(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:

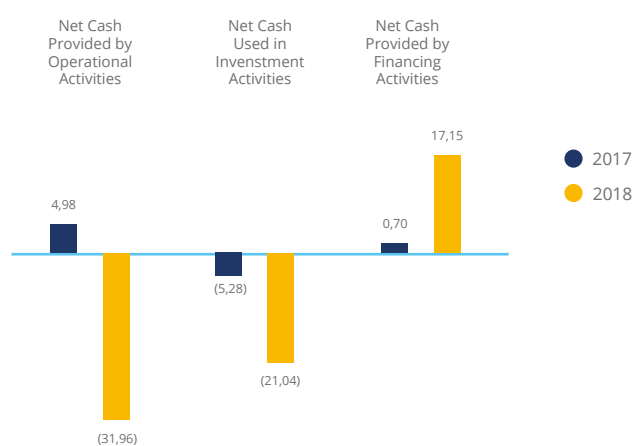
Table of Cash Flows

(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.

4. Credit to debtors who default and/or are in arrears with their loan payment in another bank or another creditor, and credit guaranteed by guarantors / individual guarantors already included in the list of non-performing loans in another Bank or are the black list of Bank Indonesia or the bank negative list, except if the concerned party is deemed cooperative and having good characters, and the non-performing loan results from factors deemed not violating the Bank's provisions and deemed not violating the Bank's regulations and regulations of the Regulator, including due to adverse economic conditions or natural disasters.
5. Credit for companies whose management / owners are blacklisted, included into the list of non-performing loan in BI's debtor information system and the 'cekal' (to be blocked and averted) list, or commit disgraceful acts in the banking sector.
6. Credit for political parties, political organizations, and political activities.
7. Credit to individuals with diplomatic immunity, or whose management have diplomatic immunity.
8. Credit for production, trade, shipping, and import of weapons of business entities/institutions other than those obtaining a special permit/special legality from the government.
9. Credit for projects or businesses that are actually harmful to the environment.
10. Credit which does not comply with the applicable laws

Capital Structure and Risk Management Practices

Capital Structure

Management Policy on Capital Structure and The Basis of The Selection

Bank Mandiri's policy related to the capital is compiled to ensure the fulfillment of the Bank liquidity requirements determined by amendments in laws and regulations and to ensure Bank Mandiri's ability in developing the sustainable business based on analysis review of economic aspects globally and nationally. The capital policy is part of the Bank's Business Plan which is compiled by the Board of Directors and approved by the Board of Commissioners.

Details Of Capital Structure

In accordance with the Regulation of the Financial Services Authority (OJK), Bank Mandiri's capital structure consists of Core Capital (Tier 1) and Supplementary Capital (Tier 2).

CORE CAPITAL

Core Capital (Tier 1) originates especially from:

1. Paid-up capital	2. Other comprehensive incomes that consist of: <ol style="list-style-type: none"> a. Financial statement translation differential b. Changes in the fair value of financial assets belonging to the available-for-sale category c. Fixed asset revaluation surplus 	3. Other additional capital reserves that consist of: <ol style="list-style-type: none"> a. Agio b. General Reserves c. Prior-years profit d. Profit for the current year 	4. Non-controlling interests that can be considered (for capital on a consolidated basis)	5. Deductions to the main core capital that consist of: <ol style="list-style-type: none"> a. Deferred tax calculation b. Goodwill c. Intangible Assets d. Participation that can be taken into account e. Exposure to securitization
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SUPPLEMENTARY CAPITAL

Supplementary Capital (Tier 2) originates especially from the general reserves of allowance for loan losses which have to be established and subordinated loans.

Table of Bank Mandiri's Capital Structure Years 2016-2018

(in million IDR)

Component of Capital	2018	2017	2016
Capital:			
Core Capital	158,442,446	145,616,420	130,356,495
Supplementary Capital	9,115,536	7,561,895	7,075,719
Total capital for credit risk, operational risk, and market risks	167,557,982	153,178,315	137,432,214
Risk-Weighted Assets for Credit Risk	677,717,804	589,631,509	549,646,704
Risk-Weighted Assets for Operational Risk	115,067,839	104,792,639	91,932,008
Risk-Weighted Assets for Market Risk	6,449,454	13,367,349	1,800,778
Total Risk-Weighted for credit risk, operational risk, and market risks	799,235,097	707,791,497	643,379,490

Table of the Capital Adequacy Ratio

(in %)

Description	2018	2017	2016
CAR for Core Capital	19.82	20.57	20.26
CAR for Credit Risk	24.72	25.98	25.00
CAR for Credit and Operational Risks	21.14	22.06	21.42
CAR for Credit and Market Risks	24.49	25.40	24.92
CAR for Credit, Operational, and Market Risks	20.96	21.64	21.36
Minimum CAR for Core Capital	6.00	6.00	6.00
Minimum CAR Based on the Risk Profile	9.56	9.5	9.52

Capital Adequacy and Implementation of Basel II and Basel III

Bank Mandiri's capital has referred to the regulations of Bank Indonesia and Financial Services Authority (Basel II and Basel III), such as:

- Pillar 1 (one), in calculating capital adequacy for credit risk, market risk and operational risk.
- Pillar 2 (two) Basel II or known as the approach of Internal Capital Adequacy Assessment Process (ICAAP). ICAAP includes the determinations of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

The method used to calculate the capital adequacy, Bank Mandiri uses the Standardized Approach of Basel II¹ for credit risk and includes the External Rating Component, as well as carries out the simulation of the Internal

Ratings-Based Approach. Meanwhile, for the market risk, the Bank uses the Standardized Measurement Method of Basel II², dan also uses the Measurement Method of Value at Risk internally. For the operational risk, the Bank employs to the Basic Indicator Approach of Basel II³.

As the implementation of Basel III in Indonesia, Bank Mandiri has also reported the fulfillment of Liquidity Coverage Ratio (LCR)⁴ on a monthly basis, and conducted the trial calculation of Net Stable Funding Ratio (NSFR)⁵ and Leverage Ratio (LR)⁶ quarterly in accordance with OJK regulations. In the position of December 2018, the Bank could maintain the liquidity coverage ration (LCR) of 179.72% (consolidation) and the net stable funding ratio (NSFR) of 116.87%. Bank Mandiri has implemented the implementation of Basel III referring to Basel documentation, regulation, and initiative issued by OJK⁷.

- Referring to SE OJK No.42/SEOJK.03/2016 concerning Guidelines for the Calculation of ATMR for Credit Risk Using a Standardized Approach.
- Referring to SE OJK No.38/SEOJK.03/2016 concerning Guidelines for the Use of a Standardized Method in the Calculation of the Minimum Capital Requirement for Commercial Banks by Considering Market Risk.
- Referring to SE OJK No.24/SEOJK.03/2016 concerning the Calculation of ATMR for Operational Risk Using a Basic Indicator Approach.
- Referring to OJK Regulation No.42/POJK.03/2015 concerning the Obligation of Fulfillment of Liquidity Coverage Ratio for Commercial Banks.
- Referring to OJK Regulation No.50/POJK.03/2017 concerning the Obligation of Fulfillment of Net Stable Funding Ratio for Commercial Banks.
- Referring to Consultative Paper of OJK of 2014 concerning the Basel III Framework of Leverage Ratio.
- Such as OJK Regulation No.11/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks.

Table 1.a Quantitative Disclosure of Bank Mandiri's Capital Structure

(in million IDR)

	December 31, 2018		December 31, 2017	
	Bank	Consolidated	Bank	Consolidated
I Core Capital (Tier 1)				
1 Core Capital/Common Equity Tier 1 (CET 1)	158,442,446	171,457,236	145,616,420	157,195,865
1.1 Paid Up Capital (After deduction with Treasury Stock)	11,666,667	11,666,667	11,666,667	11,666,667
1.2 Additional Capital Reserves	160,898,881	169,146,591	148,241,937	155,504,648
1.2.1 Supplementary factors	162,899,659	171,061,615	148,481,857	155,746,400
1.2.1.1 Other Comprehensive Income	26,054,833	26,660,737	26,428,012	27,072,686
1.2.1.1.1 The excess of financial statement translation	15,212	225,430	3,939	170,560
1.2.1.1.2 Potential benefits from the increase on fair value Saldo surplus revaluasi aset tetap	0	0	1,101,445	1,235,495
1.2.1.1.3 The balance of revaluation surplus	26,039,621	26,435,307	25,322,628	25,666,631
1.2.1.2 Other disclosed capital reserves	136,844,826	144,400,878	122,053,845	128,673,714
1.2.1.2.1 Agio	17,476,308	17,316,192	17,476,308	17,316,192
1.2.1.2.2 General reserves	2,333,333	2,333,333	2,333,333	2,333,333
1.2.1.2.3 Prior years profit	92,956,347	99,736,332	82,233,488	88,384,506
1.2.1.2.4 Profit for the year	24,078,838	25,015,021	20,010,716	20,639,683
1.2.1.2.5 Capital paid in advance	0	0	0	0
1.2.1.2.6 Others	0	0	0	0
1.2.2 Reduction factors	(2,000,778)	(1,915,024)	(239,920)	(241,752)
1.2.2.1 Other Comprehensive Income	(1,731,158)	(1,644,232)	(12,186)	(12,186)
1.2.2.1.1 Less difference of financial statement translation	(113,258)	(113,258)	(2,148)	(2,148)
1.2.2.1.2 Potential loss from the increase on fair value of financial assets in available for sale category	(1,617,900)	(1,530,974)	(10,038)	(10,038)
1.2.2.2 Other disclosed capital reserves	(269,620)	(270,792)	(227,734)	(229,566)
1.2.2.2.1 Disagio	0	0	0	0
1.2.2.2.2 Prior years loss	0	0	0	0
1.2.2.2.3 Loss for the year	0	0	0	0
1.2.2.2.4 Less difference between PPA and CKPN on productive assets	0	0	0	0
1.2.2.2.5 Less difference of amount of fair value adjustment from the financial instruments in Trading Book	0	0	0	0
1.2.2.2.6 PPA non-productive assets that should be provided	(269,620)	(270,792)	(227,734)	(229,566)
1.2.2.2.7 Others	0	0	0	0
1.3 Non-controlling interests that can be taken into account	0	1,089,346	0	617,375
1.4 Reduction factors of core capital	(14,123,102)	(10,445,368)	(14,292,184)	(10,592,825)
1.4.1 Deferred taxes calculation	(4,576,026)	(4,968,840)	(4,969,726)	(5,353,791)
1.4.2 Goodwill	-	(117,741)	-	(117,741)
1.4.3 The whole other intangible assets	(2,177,988)	(2,333,692)	(1,866,459)	(1,967,293)
1.4.4 Investments that taken into account as a reduction	(7,344,088)	(3,000,095)	(7,430,999)	(3,129,000)
1.4.5 Lack of capital in insurance subsidiaries	0	0	0	0
1.4.6 Securitization exposures	(25,000)	(25,000)	(25,000)	(25,000)
1.4.7 Other reduction factors of core capital	0	0	0	0
1.4.7.1 Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	0	0	0	0
1.4.7.2 Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	0	0	0	0
2 Additional Core Capital/Additional Tier 1 (AT 1)	0	0	0	0
2.1 Instruments that meet the requirements of AT 1	0	0	0	0
2.2 Agio/Disagio	0	0	0	0
2.3 Reduction factors of Additional Core Capital	0	0	0	0
2.3.1 Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	0	0	0	0
2.3.2 Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	0	0	0	0
II Supplementary Factors (Tier 2)	9,115,536	10,350,983	7,561,895	8,347,389
1 Capital instruments in the form of shares or others that meet the requirements of Tier 2	644,063	1,012,812	191,501	191,501
2 Agio/Disagio	0	0	0	0
3 PPA general reserves on productive assets that shall be constituted (at most 1.25% of RWA for Credit Risk)	8,471,473	9,338,171	7,370,394	8,155,888
4 Reduction factors of supplementary capital	0	0	0	0
4.1 Sinking Fund	0	0	0	0
4.2 Investment on the instrument of Tier 2 in other banks	0	0	0	0
4.3 Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	0	0	0	0
III Total Capital (I+II)	167,557,982	181,808,219	153,178,315	165,543,254

Table 1.a Quantitative Disclosure of Bank Mandiri's Capital Structure

	December 31, 2018		December 31, 2017			December 31, 2018		December 31, 2017	
	Bank	Consolidated	Bank	Consolidated		Bank	Consolidated	Bank	Consolidated
Risk Weighted Assets (Rwa) Based On Risks					Current Assets Ratio				
Risk Weighted Assets (RWA) For Credit risks	677,717,804	747,053,655	589,631,509	652,471,017	CET 1 Ratio (%)	19.82%	19.29%	20.57%	19.97%
Risk Weighted Assets (RWA) For Market risks	6,449,454	6,810,839	13,367,349	13,244,875	Tier 1 Ratio (%)	19.82%	19.29%	20.57%	19.97%
Risk Weighted Assets (RWA) For Operational risks	115,067,839	134,848,982	104,792,639	121,563,432	Tier 2 Ratio (%)	1.14%	1.17%	1.07%	1.06%
Total ATMR	799,235,097	888,713,476	707,791,497	787,279,324	CAR (%)	20.96%	20.46%	21.64%	21.03%
CAR ratio in accordance with profile risks	9.56%	9.57%	9.50%	9.49%	Cet 1 for Buffer	11.40%	10.89%	12.14%	11.54%
Fulfillment Allocation of CAR					Percentage of Buffer Which Mandatory Filled By The Bank				
From CET1	8.42%	8.40%	8.43%	8.43%	Capital conservation buffer (2,5% of ATMR) (%)	1.875%	1.875%	1.250%	1.250%
From AT1	0.00%	0.00%	0.00%	0.00%	Countercyclical buffer (0% - 2,5% of ATMR) (%)	0.00%	0.00%	0.00%	0.00%
From Tier 2	1.14%	1.17%	1.07%	1.06%	Capital surcharge (1% - 2,5% of ATMR) (%)	1.875%	1.875%	1.250%	1.250%

Risk Management Practices

There are 8 (eight) risk profiles managed by Bank Mandiri as the Bank and 10 (ten) risk profiles managed by the Bank as financial conglomeration, such as credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, compliance risk, inter-group transaction risk and insurance risk. However, this part only explains about risk management practice for credit risk, market risk, liquidity risk and operational risk. Meanwhile, the explanations related to types of other risk, such as legal risk, reputation risk, strategic risk, compliance risk, inter-group transaction risk and insurance risk are presented in the part of Risk Profile and its Management on Corporate Governance in this Annual Report.

Table 2.1.a Disclosure of Net Claims by Region – the Bank Separately

No	Portfolio Category	December 31, 2018								
		Net claims by region								
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government	19,039	0	0	0	0	0	0	0	151,498,805
2	Claims against Public Sector Entities	16,444,401	65,279,069	14,319,433	2,950,818	120,223	713,140	0	0	59,753,574
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0
4	Claims against Banks	11,925	2,053,186	65,105	0	0	20,328	1,096	0	41,440,131
5	Collateralized Housing Loans	2,723,540	9,484,344	8,091,883	1,128,960	1,428,432	1,190,158	237,199	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	27,272,437	60,379,021	35,529,312	8,302,165	11,918,655	7,440,662	3,187,802	0	11,515,840
9	Claims against Corporations	60,638,427	175,821,657	73,649,367	18,799,430	8,498,142	9,290,301	1,648,724	0	82,696,913
10	Mature Claims	621,216	1,574,503	1,746,908	262,619	369,215	56,750	23,882	0	109,464
11	Other Assets	0	0	0	0	0	0	0	0	74,284,573
	Total	107,730,986	314,591,780	133,402,007	31,443,993	22,334,667	18,711,339	5,098,704	0	421,299,299

Table 2.1.b Disclosure of Net Receivables by Region - Banks Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2018								
		Net claims by region								
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali dan Nusa Tenggara	Papua	Kantor Pusat	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government	19,039	0	0	0	0	0	0	0	156,086,497
2	Claims against Public Sector Entities	16,444,401	65,279,069	14,319,433	2,950,818	120,223	713,140	0	0	59,872,731
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0
4	Claims against Banks	11,925	2,053,186	65,105	0	0	20,328	1,096	0	42,691,357
5	Collateralized Housing Loans	2,723,540	9,484,344	8,091,883	1,128,960	1,428,432	1,190,158	237,199	0	59,738
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	5,584
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	13,809,572
8	Claims against MSMEs and Retail Portfolio	27,272,437	60,379,021	35,529,312	8,302,165	11,918,655	7,440,662	3,187,802	0	30,648,798
9	Claims against Corporations	60,638,427	175,821,657	73,649,367	18,799,430	8,498,142	9,290,301	1,648,724	0	83,697,243
10	Mature Claims	621,216	1,574,503	1,746,908	262,619	369,215	56,750	23,882	0	315,019
11	Other Assets	0	0	0	0	0	0	0	0	77,045,359
12	Exposure at Sharia Unit (If any)	0	0	0	0	0	0	0	0	99,306,244
	Total	107,730,986	314,591,780	133,402,007	31,443,993	22,334,667	18,711,339	5,098,704	0	563,538,141

Disclosure of Risk Exposure

Credit Risk

Disclosure of Credit Risk Exposures by Region, Term and Economic Sector

Based on the Standardized Approach, Bank Mandiri's exposure by region, term, and economic sector is described below.

(in million IDR)

		December 31, 2017										
		Net claims by region										
	Overseas	Total	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali dan Nusa Tenggara	Papua	Kantor Pusat	Overseas	Total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	21,638,599	173,156,442	0	842,372	0	0	0	0	0	184,873,937	18,827,311	204,543,620
	1,405,059	160,985,717	15,113,055	49,072,216	14,655,908	5,151,053	831,470	630,965	0	34,611,835	489,513	120,556,014
	0	0	0	0	0	0	0	0	0	0	0	0
	8,258,827	51,850,598	18,643	36,892	70,761	0	0	54,562	2,290	42,123,428	10,104,822	52,411,398
	0	24,284,516	2,364,078	8,239,939	7,218,230	1,143,498	1,613,778	1,091,789	201,458	0	0	21,872,771
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	101,235	165,647,129	23,022,133	51,718,244	30,662,362	7,366,924	9,803,904	5,886,565	2,704,054	10,208,816	24,126	141,397,128
	18,024,993	449,067,955	67,963,749	153,035,444	67,732,945	21,533,072	11,527,429	9,875,567	2,522,120	73,510,707	19,327,381	427,028,413
	1,453	4,766,009	712,180	2,616,694	2,088,486	382,600	567,479	134,850	136,713	170,278	1,538	6,810,817
	0	74,284,573	0	0	0	0	0	0	0	66,924,439	0	66,924,439
	49,430,165	1,104,042,939	109,193,838	265,561,801	122,428,692	35,577,147	24,344,059	17,674,297	5,566,636	412,423,441	48,774,690	1,041,544,601

(in million IDR)

		December 31, 2017										
		Net claims by region										
	Overseas	Total	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali dan Nusa Tenggara	Papua	Kantor Pusat	Overseas	Total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	21,638,599	177,744,135	0	842,372	0	0	0	0	0	187,375,075	18,827,311	207,044,758
	1,405,059	161,104,874	15,113,055	49,072,216	14,655,908	5,151,053	831,470	630,965	0	34,840,513	489,513	120,784,692
	0	0	0	0	0	0	0	0	0	0	0	0
	8,258,827	53,101,823	18,643	36,892	70,761	0	0	54,562	2,290	42,494,629	10,104,822	52,782,599
	0	24,344,254	2,364,078	8,239,939	7,218,230	1,143,498	1,613,778	1,091,789	201,458	0	0	21,872,771
	0	5,584	0	0	0	0	0	0	0	0	0	0
	0	13,809,572	0	0	0	0	0	0	0	8,174,670	0	8,174,670
	101,235	184,780,087	23,022,133	51,718,244	30,662,362	7,366,924	9,803,904	5,886,565	2,704,054	26,494,476	24,126	157,682,788
	18,024,993	450,068,285	67,963,749	153,035,444	67,732,945	21,533,072	11,527,429	9,875,567	2,522,120	74,495,386	19,327,381	428,013,092
	1,453	4,971,565	712,180	2,616,694	2,088,486	382,600	567,479	134,850	136,713	338,792	1,538	6,979,332
	0	77,045,359	0	0	0	0	0	0	0	70,604,340	0	70,604,340
	0	99,306,244	0	0	0	0	0	0	0	88,350,774	0	88,350,774
	49,430,165	1,246,281,781	109,193,838	265,561,801	122,428,692	35,577,147	24,344,059	17,674,297	5,566,636	533,168,656	48,774,690	1,162,289,816

Table 2.2.a Disclosure of Net Claims by the Remaining Term of the Contract – the Bank Separately

No	Portfolio Category	December 31, 2018					
		Net Claims by Remaining Contract Time					
		≤ 1 year	> 1 year - 3 year	> 3 year - 5 year	> 5 year	Non-Contractual	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Claims against Government	35,845,246	30,378,924	26,234,379	22,565,653	58,132,240	
2	Claims against Public Sector Entities	99,600,581	20,342,432	13,724,315	27,318,390	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	
4	Claims against Banks	40,738,119	4,290,303	2,468,220	64,037	4,289,919	
5	Collateralized Housing Loans	8,867,585	909,935	2,717,832	11,789,163	0	
6	Collateralized Commercial Property Loans	0	0	0		0	
7	Loans to Employees/Pensioners	0	0	0		0	
8	Claims against MSMEs and Retail Portfolio	32,409,754	53,400,819	35,095,364	44,741,192	0	
9	Claims against Corporations	233,500,719	55,924,562	71,926,845	87,715,829	0	
10	Mature Claims	2,292,750	693,842	885,155	894,263	0	
11	Other Assets	0	0	0	0	74,284,573	
	Total	453,254,752	165,940,817	153,052,110	195,088,527	136,706,732	

Table 2.2.b Disclosure of Net Claims by the Remaining Term of the Contract – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2018					
		Net Claims by Remaining Contract Time					
		≤ 1 year	> 1 year - 3 year	> 3 year - 5 year	> 5 year	Non-Contractual	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Claims against Government	56,721,282	43,646,670	14,726,321	24,704,213	37,945,649	
2	Claims against Public Sector Entities	81,940,259	19,664,196	18,412,183	41,088,235	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	
4	Claims against Banks	36,540,595	3,738,685	2,581,631	54,648	10,186,264	
5	Collateralized Housing Loans	8,760,311	973,755	2,850,788	11,759,399	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	
7	Loans to Employees/Pensioners	2,353,272	4,842,480	2,722,701	3,891,119	0	
8	Claims against MSMEs and Retail Portfolio	31,489,761	64,793,150	36,432,392	52,064,783	0	
9	Claims against Corporations	243,465,125	63,249,209	68,618,202	74,735,749	0	
10	Mature Claims	2,865,535	604,561	511,265	990,204	0	
11	Other Assets	0	0	0	0	77,045,359	
12	Exposure at Sharia Unit (If any)	40,939,702	17,163,592	12,349,617	17,340,191	11,513,141	
	Total	505,075,843	218,676,297	159,205,101	226,628,542	136,690,413	

(in million IDR)

		December 31, 2017					
		Net Claims by Remaining Contract Time					
	Total	≤ 1 year	> 1 year - 3 year	> 3 year - 5 year	> 5 year	Non-Contractual	Total
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	173,156,442	65,340,674	50,253,228	16,880,598	28,394,584	43,674,536	204,543,620
	160,985,717	61,316,525	14,714,869	13,777,978	30,746,642	0	120,556,014
	0	0	0	0	0	0	0
	51,850,598	35,832,362	3,751,971	2,620,368	53,446	10,153,251	52,411,398
	24,284,516	7,870,944	874,899	2,561,371	10,565,557		21,872,771
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	165,647,129	24,096,794	49,580,598	27,878,903	39,840,832	0	141,397,128
	449,067,955	231,001,739	60,011,333	65,105,480	70,909,861	0	427,028,413
	4,766,009	3,925,099	828,438	700,659	1,356,621	0	6,810,817
	74,284,573	0	0	0	0	66,924,439	66,924,439
	1,104,042,939	429,384,138	180,015,336	129,525,357	181,867,543	120,752,226	1,041,544,601

(in million IDR)

		December 31, 2017					
		Net Claims by Remaining Contract Time					
	Total	≤ 1 year	> 1 year - 3 year	> 3 year - 5 year	> 5 year	Non-Contractual	Total
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	177,744,135	66,139,653	50,867,719	17,087,012	28,741,790	44,208,584	207,044,758
	161,104,874	61,432,834	14,742,781	13,804,113	30,804,964	0	120,784,692
	0	0	0	0	0	0	0
	53,101,823	36,086,143	3,778,544	2,638,927	53,825	10,225,161	52,782,599
	24,344,254	7,870,944	874,899	2,561,371	10,565,557	0	21,872,771
	5,584	0	0	0	0	0	0
	13,809,572	1,393,121	2,866,431	1,611,778	2,303,340	0	8,174,670
	184,780,087	26,872,184	55,291,129	31,089,904	44,429,569	0	157,682,788
	450,068,285	231,534,403	60,149,712	65,255,606	71,073,371	0	428,013,092
	4,971,565	4,022,214	848,935	717,995	1,390,187	0	6,979,331
	77,045,359	0	0	0	0	70,604,340	70,604,340
	99,306,244	36,423,232	15,270,104	10,987,206	15,427,221	10,243,011	88,350,774
	1,246,281,781	471,774,729	204,690,255	145,753,912	204,789,823	135,281,095	1,162,289,816

Table 2.3.a Disclosure of Net Claims by Economic Sector – the Bank Separately

(in million IDR)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/Pensioners	Claims against MSMEs and retail Portfolio	Claims against Corporations	Mature Claims	Other assets	Exposure at Sharia unit (if any)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
December 31, 2018													
1	Agriculture, menial labor and forestry	0	10,761,919	0	0	0	0	0	5,304,345	60,988,086	22,842	0	0
2	Fisheries	0	0	0	0	0	0	0	129,144	76,331	2,563	0	0
3	Mining and extractive industries	0	7,096,213	0	0	0	0	0	28,032	29,242,875	37,538	0	0
4	Processing industry	0	43,118,455	0	0	0	0	0	1,776,270	95,404,111	1,586,204	0	0
5	Power, gas and water	0	20,784,172	0	0	0	0	0	17,710	10,065,173	104,873	0	0
6	Construction	0	19,595,744	0	0	0	0	0	205,467	18,939,726	74,757	0	0
7	Wholesale and retail trade	0	572,997	0	0	0	0	0	25,988,105	60,065,529	1,197,240	0	0
8	Hospitality	0	461,342	0	0	0	0	0	4,109,896	2,608,418	34,409	0	0
9	Transportation, warehousing and communications	0	2,551,730	0	0	0	0	0	844,958	24,508,268	238,400	0	0
10	Financial intermediaries	0	8,615,937	0	51,850,598	0	0	0	24,942	15,820,228	56,764	0	0
11	Real estate, leasing and corporate services	0	2,952,257	0	0	0	0	0	2,592,937	30,954,023	122,562	0	0
12	Government administration, defense and mandatory social security	1,801,215	628,607	0	0	0	0	0	10,665	43,747	493	0	0
13	Education	0	0	0	0	0	0	0	37,373	119,543	769	0	0
14	Health and social activities	0	0	0	0	0	0	0	81,200	1,196,557	32,110	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	4,341	421,750	0	0	0
16	Personal household services	0	0	0	0	0	0	0	9,137	11,850	546	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	165,912	0	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	6,255	154,390	1	0	0
19	Household	0	13,436	0	0	24,284,516	0	0	95,430,106	10,904,618	1,148,410	0	0
20	Non-Business Field	0	0	0	0	0	0	0	11,020,764	382,628	102,453	0	0
21	Miscellaneous (additional including for SBI, SUN)	171,355,228	43,832,908	0	0	0	0	0	18,025,482	86,994,194	3,073	74,284,573	0
Total		173,156,442	160,985,717	0	51,850,598	24,284,516	0	0	165,647,129	449,067,955	4,766,009	74,284,573	0
December 31, 2017													
1	Agriculture, menial labor and forestry	0	9,993,829	0	0	0	0	0	3,797,505	56,838,512	115,129	0	0
2	Fisheries	0	0	0	0	0	0	0	176,396	192,942	1,609	0	0
3	Mining and extractive industries	0	6,442,420	0	0	0	0	0	31,467	30,620,914	185,299	0	0
4	Processing industry	0	23,819,698	0	0	0	0	0	1,921,577	108,762,525	2,443,385	0	0
5	Power, gas and water	0	21,878,156	0	0	0	0	0	20,847	6,662,062	8,917	0	0
6	Construction	0	14,249,475	0	0	0	0	0	240,869	13,172,715	125,777	0	0
7	Wholesale and retail trade	0	605,455	0	0	0	0	0	24,187,761	59,228,225	2,182,459	0	0
8	Hospitality	0	361,477	0	0	0	0	0	3,629,882	2,856,241	63,816	0	0
9	Transportation, warehousing and communications	0	1,527,612	0	0	0	0	0	648,696	19,394,062	166,175	0	0
10	Financial intermediaries	0	6,617,564	0	52,411,398	0	0	0	165,436	16,206,093	928	0	0
11	Real estate, leasing and corporate services	78,869	2,660,727	0	0	0	0	0	2,786,701	25,508,743	193,291	0	0
12	Government administration, defense and mandatory social security	3,005,209	0	0	0	0	0	0	12,104	45,273	-	0	0
13	Education	0	11,028	0	0	0	0	0	33,852	107,174	656	0	0
14	Health and social activities	0	0	0	0	0	0	0	74,815	1,389,519	73,289	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	5,588	207,971	1,765	0	0
16	Personal household services	0	0	0	0	0	0	0	5,558	28,392	457	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	76,788	-	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	2,593	56,533	-	0	0
19	Household	0	0	0	0	21,872,771	0	0	88,582,155	8,623,538	1,093,829	0	0
20	Non-Business Field	0	18,948	0	0	0	0	0	14,274,460	316,123	133,524	0	0
21	Miscellaneous (additional including for SBI, SUN)	201,459,542	32,369,625	0	0	0	0	0	798,866	76,734,068	20,512	66,924,439	0
Total		204,543,620	120,556,014	0	52,411,398	21,872,771	0	0	141,397,128	427,028,413	6,810,817	66,924,439	0

Note: Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C. *) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders.

Table 2.3.b Disclosure of Net Claims by Economic Sector – the Bank Consolidated with Subsidiaries

(in million IDR)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and International institutions	Claims against Banks	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/Pensioners	Claims against MSMEs and retail Portfolio	Claims against Corporations	Mature Claims	Other assets	Exposure at Sharia unit (if any)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
December 31, 2018													
1	Agriculture, menial labor and forestry	0	10,761,919	0	0	0	0	0	5,304,345	60,988,086	22,842	0	0
2	Fisheries	0	0	0	0	0	0	0	129,144	76,331	2,563	0	0
3	Mining and extractive industries	0	7,096,213	0	0	0	0	0	28,032	29,242,875	37,538	0	0
4	Processing industry	0	43,118,455	0	0	0	0	0	1,776,270	95,412,046	1,586,204	0	0
5	Power, gas and water	0	20,784,172	0	0	0	0	0	17,710	10,065,173	104,873	0	0
6	Construction	0	19,595,744	0	0	0	0	0	205,467	18,939,726	74,757	0	0
7	Wholesale and retail trade	0	572,997	0	0	0	0	0	25,988,105	60,057,621	1,197,240	0	0
8	Hospitality	0	461,342	0	0	0	0	0	4,109,896	2,608,442	34,409	0	0
9	Transportation, warehousing and communications	0	2,551,730	0	0	0	0	0	844,958	24,508,268	238,400	0	0
10	Financial Intermediaries	0	8,615,937	0	51,850,598	0	0	0	24,942	15,820,228	56,764	0	0
11	Real estate, leasing and corporate services	0	2,952,257	0	0	0	0	0	2,592,937	30,954,023	122,562	0	0
12	Government administration, defense and mandatory social security	1,801,215	628,607	0	0	0	0	0	10,665	43,747	493	0	0
13	Education	0	0	0	0	0	0	0	37,373	119,543	769	0	0
14	Health and social activities	0	0	0	0	0	0	0	81,200	1,196,557	32,110	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	4,341	421,750	-	0	0
16	Personal household services	0	0	0	0	0	0	0	9,137	11,850	546	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	-	165,912	-	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	6,255	154,390	1	0	0
19	Household	0	13,436	0	0	24,284,516	0	0	95,430,106	10,904,618	1,148,410	0	0
20	Non-Business Field	0	0	0	0	0	0	0	11,020,764	382,628	102,453	0	0
21	Miscellaneous (additional including for SBI, SUN)	175,942,920	43,952,064	0	1,251,225	59,738	5,584	13,809,572	37,158,440	87,994,473	208,629	77,045,359	99,306,244
Total		177,744,135	161,104,874	0	53,101,823	24,344,254	5,584	13,809,572	184,780,087	450,068,285	4,971,565	77,045,359	99,306,244
December 31, 2017													
1	Agriculture, menial labor and forestry	0	9,993,829	0	0	0	0	0	3,797,505	56,838,512	115,129	0	0
2	Fisheries	0	-	0	0	0	0	0	176,396	192,942	1,609	0	0
3	Mining and extractive industries	0	6,442,420	0	0	0	0	0	31,467	30,620,914	185,299	0	0
4	Processing industry	0	23,819,698	0	0	0	0	0	1,921,577	108,762,525	2,443,385	0	0
5	Power, gas and water	0	21,878,156	0	0	0	0	0	20,847	6,662,062	8,917	0	0
6	Construction	0	14,249,475	0	0	0	0	0	240,869	13,172,715	125,777	0	0
7	Wholesale and retail trade	0	605,455	0	0	0	0	0	24,187,761	59,228,225	2,182,459	0	0
8	Hospitality	0	361,477	0	0	0	0	0	3,629,882	2,856,241	63,816	0	0
9	Transportation, warehousing and communications	0	1,527,612	0	0	0	0	0	648,696	19,394,062	166,175	0	0
10	Financial Intermediaries	0	6,617,564	0	52,411,398	0	0	0	165,436	16,206,093	928	0	0
11	Real estate, leasing and corporate services	78,869	2,660,727	0	0	0	0	0	2,786,701	25,508,743	193,291	0	0
12	Government administration, defense and mandatory social security	3,005,209	0	0	0	0	0	0	12,104	45,273	-	0	0
13	Education	0	11,028	0	0	0	0	0	33,852	107,174	656	0	0
14	Health and social activities	0	0	0	0	0	0	0	74,815	1,389,519	73,289	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	5,588	207,971	1,765	0	0
16	Personal household services	0	0	0	0	0	0	0	5,558	28,392	457	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	-	76,788	-	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	2,593	56,533	-	0	0
19	Household	0	0	0	0	21,872,771	0	0	88,582,155	8,623,538	1,093,829	0	0
20	Non-Business Field	0	18,948	0	0	0	0	0	14,274,460	316,123	133,524	0	0
21	Miscellaneous (additional including for SBI, SUN)	203,960,680	32,598,303	0	371,200	0	0	8,174,670	17,084,526	77,718,747	189,026	70,604,340	88,350,774
Total		207,044,758	120,784,692	0	52,782,599	21,872,771	0	8,174,670	157,682,788	428,013,092	6,979,331	70,604,340	88,350,774

Note: Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C. *) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders.

Table 2.4.a Disclosure of Claims and Allowance by Region – the Bank Separately

No	Description	December 31, 2018									
		Claims by Region									
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	Overseas	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	Claims	108,060,476	322,139,910	135,987,507	31,872,686	23,864,916	18,997,796	5,044,518	475,042,714	44,532,110	
2	Impaired Claims										
	a. Outstanding	5,540,060	11,404,032	7,290,994	1,007,819	2,124,705	1,084,684	111,961	1,324,668	40,141	
	b. Mature	2,005,456	8,718,371	6,270,650	929,894	1,446,301	252,719	56,036	1,501,645	61,323	
3	Reserves for Impairmentsi (CKPN) - Bank Individually	2,552,160	11,620,142	5,172,871	543,475	1,455,606	220,148	9,508	2,121,013	59,912	
4	Reserves for Impairmentsi (CKPN) - Collective	1,256,162	2,240,912	1,877,149	610,568	621,206	333,130	112,774	533,396	48,674	
5	Written-off claims	1,460,767	3,749,201	4,609,082	848,099	1,158,169	233,415	285,446	647,434	239,359	

Table 2.4.b Disclosure of Claims and Allowance by Region – the Bank Consolidated with Subsidiaries

No	Description	December 31, 2018									
		Claims by Region									
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
1	Claims	108,060,476	322,139,910	135,987,507	31,872,686	23,864,916	18,997,796	5,044,518	651,379,363		
2	Impaired Claims										
	a. Outstanding	5,540,060	11,404,032	7,290,994	1,007,819	2,124,705	1,084,684	111,961	1,324,668		
	b. Mature	2,005,456	8,718,371	6,270,650	929,894	1,446,301	252,719	56,036	1,874,769		
3	Reserves for Impairmentsi (CKPN) - Bank Individually	2,560,067	11,620,916	5,164,947	543,475	1,455,606	220,148	9,508	430,756		
4	Reserves for Impairmentsi (CKPN) - Collective	1,256,162	2,240,127	1,877,149	610,544	621,206	333,130	112,774	2,630,993		
5	Written-off claims	1,460,767	3,749,201	4,609,082	848,099	1,158,169	233,415	285,446	2,598,547		

Catatan:

Reserves for Impairmentsi in accordance with the definition in OJK SE number 42 / SEOJK.03 / 2016 concerning calculation of RWA for Credit Risk (without collectibility 1)

The value of write off bills is only for individual banks

The net invoices of Subsidiaries are monitored and recorded in Headquarter area

(in million IDR)

		December 31, 2017									
		Claims by Region									
	Total	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	Overseas	Total
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	1,165,542,632	108,684,361	272,464,732	126,648,234	36,812,820	24,974,838	17,978,027	5,620,692	359,139,942	42,998,450	995,322,097
	29,929,065	3,288,025	7,662,529	7,367,351	1,649,162	1,485,438	436,190	151,704	962,408	110,148	23,112,957
	21,242,395	1,521,601	9,345,749	7,751,392	1,181,551	1,206,650	293,597	237,418	1,548,393	292,645	23,378,996
	23,754,833	1,696,349	12,323,365	6,574,279	1,138,542	305,781	219,640	2,555	743,057	217,822	23,221,389
	7,633,971	1,443,011	2,097,266	1,967,103	730,473	1,147,279	311,880	210,396	284,669	36,284	8,228,360
	13,230,972	1,907,185	3,512,559	2,914,272	605,188	973,155	270,584	138,420	1,264,860	-	11,586,223

(in million IDR)

		December 31, 2017										
		Claims by Region										
	Overseas	Total	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	Overseas	Total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	44,532,110	1,341,879,281	108,684,361	272,464,732	126,648,234	36,812,820	24,974,838	17,978,027	5,620,692	480,927,680	42,998,450	1,117,109,835
	40,141	29,929,065	3,288,025	7,662,529	7,367,351	1,649,162	1,485,438	436,190	151,704	962,408	110,148	23,112,957
	61,323	21,615,519	1,521,601	9,345,749	7,751,392	1,181,551	1,206,650	293,597	237,418	3,414,497	292,645	25,245,099
	59,912	22,065,334	1,696,349	12,323,365	6,574,279	1,138,542	305,781	219,640	2,555	1,225,538	217,822	23,703,870
	48,674	9,730,759	1,443,011	2,097,266	1,967,103	730,473	1,147,279	311,880	210,396	1,475,078	36,284	9,418,770
	239,359	15,182,085	1,907,185	3,512,559	2,914,272	605,188	973,155	270,584	138,420	4,375,880	-	14,697,243

Table 2.5.a Disclosure of Claims and Allowance by Economic Sector – the Bank Separately

(in million IDR)

No.	Economic Sector	Claims	Impairment Claims		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Deleted Claims
			Not Yet Due	Due Date			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2018							
1	Agriculture, menial labor and forestry	77,587,051	896,264	209,523	828,690	603,398	522,728
2	Fisheries	198,493	11,809	5,097		8,775	5,654
3	Mining and extractive industries	36,511,186	360,430	1,094,630	1,238,792	107,988	420,567
4	Processing industry	147,450,654	9,600,483	7,117,174	10,313,028	636,055	1,613,702
5	Power, gas and water	31,100,302	548,593	176,880	69,404	121,266	120,565
6	Construction	39,864,454	1,160,856	1,037,521	1,608,063	174,497	233,075
7	Wholesale and retail trade	90,066,601	3,808,132	5,017,258	4,050,398	2,052,605	6,625,911
8	Hospitality	7,328,093	543,876	72,051	64,248	235,994	206,132
9	Transportation, warehousing and communications	29,194,347	3,624,887	645,923	1,125,080	193,374	597,714
10	Financial intermediaries	26,076,964	115,610	1,536,308	1,490,163	130,633	2,472
11	Real estate, leasing and corporate services	36,411,831	968,543	418,718	346,141	405,640	222,662
12	Government administration, defense and mandatory social security	2,405,335	3,202	1,028	0	4,555	1,291
13	Education	165,964	6,648	1,286	0	4,552	375
14	Health and social activities	1,434,339	28,907	163,155	133,137	23,397	1,978
15	Social, cultural, entertainment and other personal services	522,820	25,918	92,897	92,897	5,159	134,186
16	Personal household services	22,007	2,894	996	0	1,233	161
17	International organizations and other extra international organizations	1,460,240	0	0	0	1,642	0
18	Indeterminate activities	159,732	1,711	3	0	3,023	249
19	Household	150,550,319	7,063,694	2,163,707	235,110	2,407,740	2,521,551
20	Non-Business Field	11,727,461	583,637	226,013		273,182	0
21	Miscellaneous (additional including for SBI, SUN)	475,304,440	572,973	1,262,228	2,159,705	239,240	0
	Total	1,165,542,632	29,929,065	21,242,395	23,754,857	7,633,947	13,230,972
December 31, 2017							
1	Agriculture, menial labor and forestry	72,274,641	1,167,642	578,349	2,086,506	506,908	267,585
2	Fisheries	363,065	5,176	3,230	0	9,886	13,712
3	Mining and extractive industries	35,510,524	310,986	1,593,493	1,397,517	91,923	306,449
4	Processing industry	143,475,767	8,228,373	7,653,920	11,106,693	729,977	2,538,914
5	Power, gas and water	28,724,982	8,435	117,645	157,933	54,013	16,509
6	Construction	27,384,539	441,903	377,406	331,203	536,047	340,282
7	Wholesale and retail trade	90,791,040	3,690,107	7,777,633	4,580,557	2,710,963	4,781,976
8	Hospitality	7,199,919	290,658	149,029	175,952	250,367	170,364
9	Transportation, warehousing and communications	22,748,430	552,357	816,353	986,886	188,492	314,071
10	Financial intermediaries	24,291,498	1,383	1,930	929,991	120,756	1,447
11	Real estate, leasing and corporate services	31,315,673	1,331,138	595,475	325,988	435,590	401,891
12	Government administration, defense and mandatory social security	3,060,706	9,240	0	438,679	5,104	11,523
13	Education	153,284	11,085	1,110	0	3,496	9,629
14	Health and social activities	1,606,751	9,696	146,708	72,583	18,775	5,584
15	Social, cultural, entertainment and other personal services	306,469	99,609	92,884	89,838	4,156	119,898
16	Personal household services	34,827	7,553	780	0	1,468	1,115
17	International organizations and other extra international organizations	76,788	0	0	0	0	0
18	Indeterminate activities	59,065	0	0	0	0	0
19	Household	107,427,321	0	1,506,239	8,112	1,125,147	2,285,274
20	Non-Business Field	8,746,537	6,554,526	1,228,427		3,307	0
21	Miscellaneous (additional including for SBI, SUN)	389,770,270	393,091	738,383	532,952	1,431,985	0
	Total	995,322,097	23,112,957	23,378,996	23,221,389	8,228,360	11,586,223

Note:

The sectors that are disclosed are sectors that have a material nominal value / balance. For sectors that are not material, they are combined into one with the names of other sectors and explained to stakeholders.

The bill is a gross value (before deducting Impairment).

Impairment in accordance with the definition in OJK SE number 42 / SEJK.03 / 2016 concerning calculation of RWA for Credit Risk (without collectibility 1)

The value of write off bills is only for individual banks.

The net bills of Subsidiaries are recorded in the Other Economic Sectors

Table 2.5.b Disclosure of Claims and Allowance by Economic Sector – the Bank Consolidated with Subsidiaries

(in million IDR)

No.	Economic Sector	Claims	Impairment Claims		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Deleted Claims
			Not Yet Due	Due Date			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2018							
1	Agriculture, menial labor and forestry	77,587,051	896,264	209,523	828,690	603,398	522,728
2	Fisheries	198,493	11,809	5,097	0	8,775	5,654
3	Mining and extractive industries	36,511,186	360,430	1,094,630	1,238,792	107,988	420,567
4	Processing industry	147,450,654	9,600,483	7,117,174	10,305,093	636,055	1,613,702
5	Power, gas and water	31,100,302	548,593	176,880	69,404	121,266	120,565
6	Construction	39,864,454	1,160,856	1,037,521	1,608,063	174,497	233,075
7	Wholesale and retail trade	90,066,601	3,808,132	5,017,258	4,058,306	2,052,605	6,625,911
8	Hospitality	7,328,093	543,876	72,051	64,224	235,994	206,132
9	Transportation, warehousing and communications	29,194,347	3,624,887	645,923	1,125,080	193,374	597,714
10	Financial intermediaries	26,076,964	115,610	1,536,308	1,490,163	130,633	2,472
11	Real estate, leasing and corporate services	36,411,831	968,543	418,718	346,141	405,640	222,662
12	Government administration, defense and mandatory social security	2,405,335	3,202	1,028	0	4,555	1,291
13	Education	165,964	6,648	1,286	0	4,552	375
14	Health and social activities	1,434,339	28,907	163,155	133,137	23,397	1,978
15	Social, cultural, entertainment and other personal services	522,820	25,918	92,897	92,897	5,159	134,186
16	Personal household services	22,007	2,894	996	0	1,233	161
17	International organizations and other extra international organizations	1,460,240	0	0	0	1,642	0
18	Indeterminate activities	159,732	1,711	3	0	3,023	249
19	Household	150,550,319	7,063,694	2,163,707	235,896	2,406,955	2,521,551
20	Non-Business Field	11,727,461	583,637	226,013		273,182	0
21	Miscellaneous (additional including for SBI, SUN)	651,641,089	572,973	1,635,352	469,449	2,336,837	1,951,113
	Total	1,341,879,281	29,929,065	21,615,519	22,065,334	9,730,759	15,182,085
December 31, 2017							
1	Agriculture, menial labor and forestry	72,274,641	1,167,642	578,349	2,086,506	506,908	267,585
2	Fisheries	363,065	5,176	3,230	0	9,886	13,712
3	Mining and extractive industries	35,510,524	310,986	1,593,493	1,397,517	91,923	306,449
4	Processing industry	143,475,767	8,228,373	7,653,920	11,106,693	729,977	2,538,914
5	Power, gas and water	28,724,982	8,435	117,645	157,933	54,013	16,509
6	Construction	27,384,539	441,903	377,406	331,203	536,047	340,282
7	Wholesale and retail trade	90,791,040	3,690,107	7,777,633	4,580,557	2,710,963	4,781,976
8	Hospitality	7,199,919	290,658	149,029	175,952	250,367	170,364
9	Transportation, warehousing and communications	22,748,430	552,357	816,353	986,886	188,492	314,071
10	Financial intermediaries	24,291,498	1,383	1,930	929,991	120,756	1,447
11	Real estate, leasing and corporate services	31,315,673	1,331,138	595,475	325,988	435,590	401,891
12	Government administration, defense and mandatory social security	3,060,706	9,240	0	438,679	5,104	11,523
13	Education	153,284	11,085	1,110	0	3,496	9,629
14	Health and social activities	1,606,751	9,696	146,708	72,583	18,775	5,584
15	Social, cultural, entertainment and other personal services	306,469	99,609	92,884	89,838	4,156	119,898
16	Personal household services	34,827	7,553	780	0	1,468	1,115
17	International organizations and other extra international organizations	76,788	0	0	0	0	0
18	Indeterminate activities	59,065	0	0	0	0	0
19	Household	107,427,321	0	1,506,239	8,112	1,125,147	2,285,274
20	Non-Business Field	8,746,537	6,554,526	1,228,427	0	3,307	0
21	Miscellaneous (additional including for SBI, SUN)	511,558,008	393,091	2,604,487	1,015,433	2,622,395	3,111,020
	Total	1,117,109,835	23,112,957	25,245,099	23,703,870	9,418,770	14,697,243

Note:

The sectors that are disclosed are sectors that have a material nominal value / balance. For sectors that are not material, they are combined into one with the names of other sectors and explained to stakeholders.

The bill is a gross value (before deducting Impairment).

Impairment in accordance with the definition in OJK SE number 42 / SEOJK.03 / 2016 concerning calculation of RWA for Credit Risk (without collectibility 1)

The value of write off bills is only for individual banks.

The net bills of Subsidiaries are recorded in the Other Economic Sectors

Details of the Movement of Allowance – the Bank Separately and Consolidated with Subsidiaries

Table 2.6.a Disclosure of Details of the Movement of Allowance for Impairment Losses – the Bank Separately

(in million IDR)

No.	Description	December 31, 2018		December 31, 2017	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	25,041,957	8,453,756	24,539,646	8,372,847
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	4,781,812	6,722,684	5,102,460	7,476,444
	2.a Allocation of Impairment Reserves in current period	4,784,178	6,858,363	5,615,537	7,526,534
	2.b Recovery of Impairment Reserves in current period	(2,366)	(135,679)	(513,077)	(50,090)
3	Impairment Reserves used to cover write-offs in current period	(6,217,025)	(7,016,226)	(4,478,412)	(7,107,811)
4	Other Allocation recovery in current period	326,907	(527,052)	(121,737)	(287,724)
	Closing Impairment Reserve Balance	23,933,651	7,633,162	25,041,957	8,453,756

Table 2.6.b Disclosure of Details of the Movement of Allowance for Impairment Losses – the Bank Consolidated with Subsidiaries

(in million IDR)

No.	Description	December 31, 2018		December 31, 2017	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	25,582,587	10,284,780	25,197,697	10,080,441
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	4,129,401	10,365,433	5,144,500	10,501,885
	2.a Allocation of Impairment Reserves in current period	4,158,670	10,351,774	5,644,438	10,555,175
	2.b Recovery of Impairment Reserves in current period	(29,269)	13,659	(499,938)	(53,290)
3	Impairment Reserves used to cover write-offs in current period	(6,548,619)	(9,420,905)	(4,615,412)	(10,081,830)
4	Other Allocation recovery in current period	341,206	(526,925)	(144,198)	(215,716)
	Closing Impairment Reserve Balance	23,504,575	10,702,383	25,582,587	10,284,780

Note:
Including foreign exchange differences due to foreign currency translation and recognition of interest income on parts that do not experience impairment in value of loans decreased in value.
Excludes Impairment Reserve from administrative account transactions.

Credit Risk Based on the Standardized Approach

In the calculation of ATMR for Credit Risk, Bank Mandiri refers to the regulatory provisions as follows:

- Circular Letter of OJK No. 42/SEOJK.03/2016 concerning Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach,
- Circular Letter of OJK No. 48/SEOJK.03/2017 concerning Guidelines on Calculation of Net Claims for Derivative Transactions with Risk Weighted Assets Calculation for Credit Risk by Using Standard Approach, and
- Circular Letter of OJK No. 11/SEOJK.03/2018 on Amendment to Circular Letter of OJK No. 42/SEOJK.03/2016 concerning Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach,

One of the ATMR components for Credit Risk related to counterparty credit risk had been reported starting position in January 2018 and the calculation results of Credit Valuation Adjustment risk weighted assets had been submitted starting position in January 2017 to OJK.

Disclosure of Credit Risk Exposures Based on Portfolio Category and Rating Scale

In the ATMR calculation for Credit Risk, Bank Mandiri uses the rating issued by the rating agency recognized by the Regulator in accordance with the Circular Letter of OJK No.37/SEOJK.03/2016 concerning Rating Agencies and Ratings Recognized by the Financial Services Authority. The exposure calculation results are based on the external rating in accordance with the standard approach as shown in the following table.

Net Claims by Rating Scale – the Bank Separately and Consolidated with Subsidiaries

Table 3.1.a. Disclosure of Net Claims by Portfolio and Rating Scale Categories – the Bank Separately

December 31, 2018						
No	Portfolio Category	Rating Agency	Net claims			
			Long term rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Peringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government	0	968,425	351,450	0	17,239,151
2	Claims against Public Sector Entities	0	38,019,247	11,003,092	22,395,459	6,061,755
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	0	1,386,697	1,235,482	0	0
5	Collateralized Housing Loans	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0	0
9	Claims against Corporations	0	8,307,758	7,096,171	26,083,046	335,984
10	Mature Claims	0	0	0	0	0
11	Other Assets	0	0	0	0	0
	Total	0	48,682,127	19,686,195	48,478,505	23,636,890

December 31, 2017						
No	Portfolio Category	Rating Agency	Net claims			
			Long term rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Peringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government	0	896,082	35,110,346	6,124,145	0
2	Claims against Public Sector Entities	0	40,518,294	15,786,949	22,249,915	9,091,095
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	0	1,361,378	607,376	0	0
5	Collateralized Housing Loans	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0	0
9	Claims against Corporations	0	11,073,274	27,038,701	36,178,036	1,025,032
10	Mature Claims	0	0	0	0	0
11	Other Assets	0	0	0	0	0
	Total	0	53,849,028	78,543,372	64,552,096	10,116,127

(in million IDR)

December 31, 2018									
Net claims									
Long term rating			Short term rating					Unrated	Total
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3			
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3			
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3			
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)			
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4			
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
0	0	0	0	1,850,021	0	0	152,747,395	173,156,442	
0	0	0	0	0	0	0	83,506,164	160,985,717	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	49,228,419	51,850,598	
0	0	0	0	0	0	0	24,284,516	24,284,516	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	165,647,129	165,647,129	
98,242	0	0	0	0	0	0	407,146,755	449,067,955	
0	0	0	0	0	0	0	4,766,009	4,766,009	
0	0	0	0	0	0	0	74,284,573	74,284,573	
98,242	0	0	0	1,850,021	0	0	961,610,959	1,104,042,939	

December 31, 2017									
Net claims									
Long term rating			Short term rating					Unrated	Total
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3			
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3			
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3			
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)			
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4			
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
10,958,699	0	0	0	0	0	0	151,454,348	204,543,620	
436,726	0	0	0	0	0	0	32,473,035	120,556,014	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	50,442,645	52,411,398	
0	0	0	0	0	0	0	21,872,771	21,872,771	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	141,397,128	141,397,128	
121,814	0	0	0	0	0	0	351,591,556	427,028,413	
0	0	0	0	0	0	0	6,810,817	6,810,817	
0	0	0	0	0	0	0	66,924,439	66,924,439	
11,517,239	0	0	0	0	0	0	822,966,740	1,041,544,601	

Table 3.1.b. Disclosure of Net Claims by Portfolio and Rating Scale Categories – the Bank Consolidated with Subsidiaries

December 31, 2018							
No	Portfolio Category	Net claims					
		Rating Agency	Long term rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Claims against Government	0	1,109,391	351,450		20,813,768	
2	Claims against Public Sector Entities	0	38,019,247	11,003,092	22,395,459	6,096,774	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	
4	Claims against Banks	0	1,386,697	1,235,482	0	15,970	
5	Collateralized Housing Loans	0	0	0	0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	
9	Claims against Corporations	0	8,359,530	7,096,171	26,088,000	462,848	
10	Mature Claims	0	0	0	0	0	
11	Other Assets	0	0	0	0	0	
12	Exposure at Sharia Unit (If any)	0	0	0	0	0	
	Total	0	48,874,865	19,686,195	48,483,459	27,389,360	

December 31, 2017							
No	Portfolio Category	Net claims					
		Rating Agency	Long term rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Claims against Government	0	1,030,634	35,110,346	6,124,145	0	
2	Claims against Public Sector Entities	0	40,518,294	15,913,410	22,352,132	9,091,095	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	
4	Claims against Banks	0	1,408,975	607,376	323,603	0	
5	Collateralized Housing Loans	0	0	0	0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	
9	Claims against Corporations	0	11,073,274	27,038,701	36,200,020	1,025,032	
10	Mature Claims	0	0	0	0	0	
11	Other Assets	0	0	0	0	0	
12	Exposure at Sharia Unit (If any)	0	4,116,292	0	3,486,339	273,312	
	Total	0	58,147,469	78,669,833	68,486,239	10,389,439	

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross reference POJK	Cross reference ACGS	Financial Report
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(in Million IDR)

December 31, 2018									
Net claims									
Long term rating			Short term rating					Unrated	Total
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3			
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3			
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3			
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)			
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4	(15)	(16)	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
0	0	0	0	1,850,021	0	0	153,619,505	177,744,135	
0	0	0	0	0	0	0	83,590,301	161,104,874	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	50,463,674	53,101,823	
0	0	0	0	0	0	0	24,344,254	24,344,254	
0	0	0	0	0	0	0	5,584	5,584	
0	0	0	0	0	0	0	13,809,572	13,809,572	
0	0	0	0	0	0	0	184,780,087	184,780,087	
170,142	0	0	0	0	0	0	407,891,595	450,068,285	
0	0	0	0	0	0	0	4,971,565	4,971,565	
0	0	0	0	0	0	0	77,045,359	77,045,359	
0	0	0	0	0	0	0	0	99,306,244	
170,142	0	0	0	1,850,021	0	0	1,000,521,496	1,246,281,781	

December 31, 2017									
Net claims									
Long term rating			Short term rating					Unrated	Total
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3			
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3			
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3			
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)			
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4	(15)	(16)	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
10,958,699	0	0	0	0	0	0	153,820,935	207,044,758	
436,726	0	0	0	0	0	0	32,473,035	120,784,692	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	50,442,645	52,782,599	
0	0	0	0	0	0	0	21,872,771	21,872,771	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	8,174,670	8,174,670	
0	0	0	0	0	0	0	157,682,788	157,682,788	
0	203,513	0	0	0	0	0	352,350,738	428,013,092	
0	0	0	0	0	0	0	6,979,331	6,979,331	
0	0	0	0	0	0	0	70,604,340	70,604,340	
0	0	0	0	0	0	0	80,474,831	88,350,774	
11,517,239	203,513	0	0	0	0	0	934,876,084	1,162,289,816	

Disclosure of the Exposure to Counterparty Credit Risk

Counterparty credit risk can occur due to derivative, repo, and reverse repo transactions. In accordance with the conditions of the Indonesian financial market that do not have many derivative instruments, Bank Mandiri has insignificant derivative exposures. The position of reverse repo transactions is with other banks and corporations, while repo transactions are with other banks with underlying Government Bonds. Based on the report of the Standard Approach, the Bank's exposures in derivative, repo, and reverse repo transactions are as follows.

Derivative Transactions – the Bank Separately and Consolidated with Subsidiaries

Table 3.2.a. Disclosure of Counterparty Credit Risk: Derivative Transactions

No	Underlying Variable	December 31, 2018						
		Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK
		≤ 1 year	> 1 year - ≤ 5 year	> 5 year				
BANK INDIVIDUALLY								
1	Interest Rate	33,588,620	21,187,554	0	167,355	144,450	888,432	0
2	Exchange Rate	112,285,578	10,252,334	0	1,464,809	435,106	4,159,100	1,429,971
3	Others	0	140,000	0	64,768	448,298	122,815	0
	TOTAL	145,874,198	31,579,888	0	1,696,932	1,027,854	5,170,347	1,429,971
BANK CONSOLIDATED								
1	Interest Rate	33,588,620	59,959,637	0	304,722	144,450	1,778,843	0
2	Exchange Rate	112,311,462	10,252,334	0	1,464,889	435,106	4,159,473	1,429,971
3	Shares	0	0	0	64,768	0	122,815	0
4	Gold	0	0	0	0	0	0	0
5	Other metals besides gold	0	0	0	0	0	0	0
6	Others	0	140,000	0	0	516,964	0	0
	TOTAL	145,900,082	70,351,971	0	1,834,380	1,096,520	6,061,131	1,429,971

(in million IDR)

		December 31, 2017							
	Net Claims after MRK	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK
		≤ 1 year	> 1 year - ≤ 5 year	> 5 year					
	888,432	28,000,850	3,267,563	0	37,154	13,726	53,492	0	53,492
	4,126,982	140,649,131	16,749,962	0	387,812	217,948	2,631,801	0	2,631,801
	122,815	0	0	0	0	0	0	0	0
	5,138,229	168,649,980	20,017,524	0	424,966	231,673	2,685,293	0	2,685,293
	1,778,843	28,000,850	5,875,593	0	60,356	33,266	89,734	0	89,734
	4,127,355	140,649,131	16,749,962	0	387,812	217,948	2,631,801	0	2,631,801
	122,815	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	6,029,013	168,649,980	22,625,555	0	448,168	251,214	2,721,536	0	2,721,536

Repo Transactions - the Bank Separately and Consolidated with Subsidiaries

Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions – the Bank Separately

No	Portfolio Category	December 31, 2018	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	17,012,421	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	0	16,120,197
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
TOTAL		17,012,421	16,120,197

Table 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2018	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	17,012,421	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	0	16,611,528
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
TOTAL		17,012,421	16,611,528

(in million IDR)

December 31, 2018		December 31, 2017			
Net Claims	ATMR	Fair repo SSB value	Repo Obligations	Net Claims	ATMR
(5)	(6)	(7)	(8)	(9)	(10)
562,132	0	4,187,398	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
335,476	68,070	0	3,592,883	594,516	291,443
0	0	0	0	0	0
0	0	0	0	0	0
897,609	68,070	4,187,398	3,592,883	594,516	291,443

(in million IDR)

December 31, 2018		December 31, 2017			
Net Claims	ATMR	Fair repo SSB value	Repo Obligations	Net Claims	ATMR
(5)	(6)	(7)	(8)	(9)	(10)
562,132	0	4,187,398	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
335,476	67,095	0	3,592,883	594,516	291,443
0	0	0	0	0	0
0	0	0	0	0	0
897,609	67,095	4,187,398	3,592,883	594,516	291,443

Reverse Repo - Transactions - the Bank Separately and Consolidated with Subsidiaries

Table 3.2.c.1. Disclosure of Counterparty Credit Risk: Reverse Repo Transactions – the Bank Separately

No	Portfolio Category	December 31, 2018	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	87,467	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	1,551,982	1,241,585
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
	TOTAL	1,639,448	1,241,585

Table 3.2.c.2. Disclosure of Counterparty Credit Risk: Reverse Repo Transactions – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2018	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	470,659	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	1,551,982	0
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	74,183	0
	TOTAL	2,096,824	0

(in million IDR)

December 31, 2018		December 31, 2017			
Net Claims	ATMR	Fair repo SSB value	Repo Obligations	Net Claims	ATMR
(5)	(6)	(7)	(8)	(9)	(10)
87,467	0	826,341	0	826,341	0
0	0	0	0	0	0
0	0	0	0	0	0
1,551,982	310,396	1,502,775	0	1,502,775	300,555
0	0	0	0	0	0
0	0	0	0	0	0
1,639,448	310,396	2,329,116	0	2,329,116	300,555

(in million IDR)

December 31, 2018		December 31, 2017			
Net Claims	ATMR	Fair repo SSB value	Repo Obligations	Net Claims	ATMR
(5)	(6)	(7)	(8)	(9)	(10)
470,659	0	963,646	0	963,646	0
00	0	0	0	0	0
	0	0	0	0	0
1,551,982	310,396	1,502,775	0	1,502,775	383,086
0	0	0	0	0	0
74,183	74,183	162,894	0	162,894	0
2,096,824	384,580	2,629,315	0	2,629,315	383,086

Credit Risk Mitigation Using a Standardized Approach

To proceed credit application, the collateral received may constitute objects bought on credit (movable or immovable assets) and those not bought on credit (personal guarantee and corporate guarantee). The object put up as collateral for particular credit shall meet a number of criteria, for example, having an economic value, marketable transferable, and has a juridical value.

The guidelines for determining the collateral structure in the context of credit risk mitigation policies have been specified in detail in the Standard Procedures for Credit

for each segment. The type of collateral accepted by the Bank include movable assets (for example, cash, trade receivables, inventories, machinery, and securities), immovable assets (for example, land, buildings, and machinery), and guarantee (personal/corporate guarantee). In the event that guarantee is accepted by the Bank, the Bank shall evaluate feasibility and genuineness of the guarantor.

To guarantee the credit facility, the Bank shall give priority to collateral in the form of fixed assets such as land or land and buildings. The value of the collateral the Bank uses as collateral for credit shall be the value of collateral assessed

Net Transaction per Weight of Risk After Mitigation of Credit Risk – Bank as Individual and Consolidation with Subsidiaries

Table 4.1.a. Disclosure of Net Claims by Risk Weighting After Calculating the Impact of Credit Risk Mitigation – the Bank Separately

No	Portfolio Category	Desembe 31, 2018										
		Net Claims after Calculating Effect of Credit Risk Mitigation										
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
A BALANCE SHEET EXPOSURE												
1	Claims against Government	165,655,102	0	0	0	0	0	0	0	894,191	0	0
2	Claims against Public Sector Entities	660,420	43,984,680	0	0	0	94,281,327	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	46,357	24,393,231	0	0	0	13,182,039	0	0	0	0	0
5	Collateralized Housing Loans	0	6,718,982	17,565,534	0	0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	948,799	2,908,710	0	0	0	0	160,323,328	0	0	0	0
9	Claims against Corporations	14,607,652	14,418,388	0	0	0	25,787,346	0	355,346,389	0	0	0
10	Mature Claims	1,710	13,092	0	0	0	0	0	664,337	4,078,098	0	0
11	Other Assets	24,444,552	0	0	0	0	0	0	49,565,020	275,000	0	0
	Total Balance Sheet Exposure	206,364,594	92,437,083	17,565,534	0	0	133,250,711	160,323,328	406,469,937	4,353,098	0	0
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS												
1	Claims against Government	5,865,201	0	0	0	0	0	0	0	0	0	0
2	Claims against Public Sector Entities	120,807	4,671,951	0	0	0	17,266,532	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	0	498	0	0	0	8,931,228	0	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	402,491	492	0	0	0	0	1,057,971	0	0	0	0
9	Claims against Corporations	2,623,509	961,513	0	0	0	276,531	0	33,415,870	0	0	0
10	Mature Claims	0	0	0	0	0	0	0	0	8,772	0	0
	Total TRA Exposure	9,012,009	5,634,454	0	0	0	26,474,291	1,057,971	33,415,870	8,772	0	0
C COUNTERPARTY CREDIT RISK EXPOSURE												
1	Claims against Government	741,948	0	0	0	0	0	0	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,682,309	0	0	0	1,614,935	0	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	5,337	0	0	0	0
6	Claims against Corporations	0	22,667	0	0	0	10,313	0	1,597,777	0	0	0
	Total Counterparty Credit Risk Exposure	741,948	3,704,976	0	0	0	1,625,248	5,337	1,597,777	0	0	0

by the internal (credit operation unit) and external assessors that are the Bank's partners or external assessors that are not the Bank's partners appointed by the competent authority in the business unit / credit recovery unit.

In the calculation of credit risk mitigation using the standard approach pursuant to the Circular Letter of the Financial Services Authority No. 42/SEOJK.03/2016 concerning Guidelines for the Calculation of Risk-Weighted Assets for Credit Risk, the Bank may recognize the use of collateral, warranty, guarantee, or credit insurance as credit risk mitigation techniques, given that it meets several requirements. The following are the types of eligible

financial collateral in credit risk mitigation techniques: cash, current accounts / savings / deposits, gold, Surat Utang Negara / SUN (Government Bonds), Certificate Bank Indonesia / SBI (Bank Indonesia Certificates), and so on as specified in the Circular of the Financial Services Authority (SE OJK) mentioned above. As for collateral in the forms of fixed assets inventories, and land / buildings owned by the Bank, it is not recognized in the standard approach

Disclosure of the Exposure to Credit Risk and Credit Risk Mitigation

Based on the standard approach-based reporting, Bank's exposure and credit risk mitigation used are as follows.

(in million IDR)

	ATMR (13)	Capital Charge *) (ATMR x 9.50%) (14)	December 31, 2017										ATMR (26)	Capital Charge **) (ATMR x 9.52%) (28)
			Net Claims after Calculating Effect of Credit Risk Mitigation											
			0%	20%	35%	40%	45%	50%	75%	100%	150%	Others		
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)		(27)		
	894,191	85,485	198,824,204	0	0	0	0	0	0	412,335	0	0	412,335	39,172
	55,937,599	5,347,634	878,102	48,968,063	0	0	0	49,282,225	0	436,726	0	0	34,871,451	3,312,788
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	11,469,666	1,096,500	50,756	29,289,356	0	0	0	9,090,798	0	0	0	0	10,403,270	988,311
	7,719,544	737,988	0	0	21,872,771	0	0	0	0	0	0	0	7,655,470	727,270
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	120,824,238	11,550,797	799,338	2,532,547	0	0	0	0	137,063,935	0	0	0	103,304,461	9,813,924
	371,123,739	35,479,429	12,948,293	36,093,068	0	0	0	36,029,338	0	305,247,925	0	0	330,481,208	31,395,715
	6,784,102	648,560	6,106	21,464	0	0	0	0	0	587,075	6,187,808	0	9,873,080	937,943
	49,977,520	4,777,851	22,006,167	0	00	0	0	0	0	44,601,127	317,145	0	45,076,844	4,282,300
	624,730,601	59,724,245	235,512,966	116,904,497	21,872,771	0	0	94,402,362	137,063,935	351,285,190	6,504,953	0	542,078,120	51,497,421
	0	0	4,480,739	0	0	0	0	0	0	0	0	0	0	0
	9,567,656	914,668	142,812	6,672,274	0	0	0	14,175,812	0	0	0	0	8,422,361	800,124
	0	00	00	00	0	0	0	0	0	0	0	0	0	0
	4,465,714	426,922	610	183	0	0	0	10,257,586	0	0	0	0	5,128,830	487,239
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	793,577	75,866	356,617	863	0	0	0	0	578,702	0	0	0	434,199	41,249
	33,746,438	3,226,160	3,451,317	1,928,463	0	0	0	122,746	0	30,211,914	0	0	30,658,979	2,912,603
	13,159	1,258	0	123	0	0	0	0	0	0	8,241	0	12,386	1,177
	48,586,544	4,644,874	8,432,096	8,601,905	0	0	0	24,556,144	578,702	30,211,914	8,241	0	44,656,755	4,242,392
	0	0	0	0	0	0	0	0	0	0	0	0	0	00
	0	0	826,341	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,543,929	147,600	0	2,256,723	0	0	0	1,465,387	0	0	0	0	1,184,038	112,484
	4,003	383	0	0	0	0	0	0	65,125	0	0	0	48,844	4,640
	1,607,467	153,674	0	87,617	0	0	0	20,541	0	887,191	0	0	914,985	86,924
	3,155,399	301,656	826,341	2,344,339	0	0	0	1,485,928	65,125	887,191	0	0	2,147,867	204,047

Net Transaction per Weight of Risk After Mitigation of Credit Risk – Bank as Individual and Consolidation with Subsidiaries

Table 4.1.b. Disclosure of Net Claims by Risk Weighting After Calculating the Impact of Credit Risk Mitigation – the Bank Consolidated with Subsidiaries

No	Portfolio Category	Desember 31, 2018									
		Net Claims after Calculating Effect of Credit Risk Mitigation									
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A BALANCE SHEET EXPOSURE											
1	Claims against Government	169,858,797	0	0	0	0	0	0	894,191	0	0
2	Claims against Public Sector Entities	660,420	43,984,680	0	0	0	94,374,424	0	26,059	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	46,357	25,780,473	0	0	0	12,778,639	0	0	0	0
5	Claims against Banks	0	6,768,897	17,575,356	0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	5,584	0	0
7	Loans to Employees/Pensioners	49	0	0	0	0	13,809,523	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	954,982	2,908,710	0	0	0	0	179,450,012	0	0	0
9	Claims against Corporations	14,610,340	14,470,160	0	0	0	25,792,300	0	356,052,146	160,977	0
10	Mature Claims	1,710	13,092	0	0	0	0	0	665,148	4,282,843	0
11	Other Assets	24,623,937	0	0	0	0	0	0	52,179,841	241,581	0
12	Exposure at Sharia Unit (If any)	27,775,544	14,414,476	3,500,262	0	0	18,508,875	8,911,251	20,265,225	0	0
	TOTAL BALANCE SHEET EXPOSURE	238,532,137	108,340,488	21,075,618	0	0	165,263,760	188,361,263	430,088,194	4,685,401	0
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS											
1	Claims against Government	5,865,201	0	0	0	0	0	0	0	0	0
2	Claims against Public Sector Entities	120,807	4,671,951	0	0	0	17,266,532	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	0	498	0	0	0	8,931,228	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	402,491	492	0	0	0	0	1,058,062	0	0	0
9	Claims against Corporations	2,623,509	961,513	0	0	0	276,531	0	33,415,870	0	0
10	Mature Claims	0	0	0	0	0	0	0	0	8,772	0
11	Exposure at Sharia Unit (If any)	1,260	0	0	0	0	73,482	233,585	540,563	0	0
	TOTAL TRA EXPOSURE	9,013,268	5,634,454	0	0	0	26,547,773	1,291,647	33,956,434	8,772	0
C COUNTERPARTY CREDIT RISK EXPOSURE											
1	Claims against Government	1,125,140	0	0	0	0	0	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,710,951	0	0	0	1,853,677	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	5,337	0	0	0
6	Claims against Corporations	0	22,667	0	0	0	10,313	0	1,671,960	0	0
7	Exposure at Sharia Unit (If any)	1,241,693	0	0	0	0	0	0	0	0	0
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	2,366,833	3,733,617	0	0	0	1,863,990	5,337	1,671,960	0	0

Catatan:

¹Capital Expenses are calculated based on CAR according to the Risk Profile for the period September 2018²Capital Expenses are calculated based on CAR according to the Risk Profile for the period September 2018

(in million IDR)

	ATMR (13)	Capital Charge *) (ATMR x 9.49%) (14)	December 31, 2017										ATMR (26)	Capital Charge **) (ATMR x 9.53%) (28)	
			Net Claims after Calculating Effect of Credit Risk Mitigation												
			0%	20%	35%	40%	45%	50%	75%	100%	150%	Others			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)					
	894,191	85,574	201,188,037	0	0	0	0	0	0	0	412,335	0	0	412,335	39,131
	56,010,207	5,360,177	878,102	49,094,524	0	0	0	49,384,442	0	436,726	0	0	34,947,852	3,316,551	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	11,545,414	1,104,896	50,756	30,371,116	0	0	0	8,343,996	0	0	0	0	10,246,221	972,366	
	7,733,168	740,064	0	0	21,872,771	0	0	0	0	0	0	0	7,655,470	726,504	
	5,584	534	0	0	0	0	0	0	0	0	0	0	0	0	
	6,904,761	660,786	0	0	0	0	0	8,174,670	0	0	0	0	4,087,335	387,888	
	135,169,251	12,935,697	812,849	2,532,547	0	0	0	0	153,333,408	0	0	0	115,506,565	10,961,573	
	372,083,793	35,608,419	12,948,293	36,093,068	0	0	0	36,030,782	0	305,864,754	203,513	0	331,404,027	31,450,242	
	7,092,030	678,707	6,106	21,464	0	0	0	0	0	587,075	6,356,322	0	10,125,852	960,943	
	52,560,302	5,030,021	22,141,500	0	0	0	0	0	0	48,145,035	317,805	0	48,621,742	4,614,203	
	40,461,696	3,872,184	30,571,340	5,679,962	7,637,706	0	0	13,610,982	7,621,710	24,931,310	0	0	41,262,273	3,915,790	
	690,460,399	66,077,060	268,596,983	123,792,681	29,510,477	0	0	115,544,872	160,955,118	380,377,236	6,877,640	0	604,269,673	57,345,192	
	0	0	4,480,739	0	0	0	0	0	0	0	0	0	0	0	
	9,567,656	915,625	142,812	6,672,274	0	0	0	14,175,812	0	0	0	0	8,422,361	799,282	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	4,465,714	427,369	610	183	0	0	0	10,257,586	0	0	0	0	5,128,830	486,726	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	793,645	75,952	356,617	863	0	0	0	0	581,378	0	0	0	436,206	41,396	
	33,746,438	3,229,534	3,451,317	1,928,463	0	0	0	122,746	0	30,211,914	0	0	30,658,979	2,909,537	
	13,159	1,259	0	123	0	0	0	0	0	0	8,241	0	12,386	1,175	
	752,493	72,014	0	0	0	0	0	369,593	30,621	214,438	0	0	422,199	40,067	
	49,339,105	4,721,752	8,432,096	8,601,905				24,925,737	611,999	30,426,352	8,241	0	45,080,962	4,278,183	
	0	0	963,646	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	1,669,029	159,726	0	2,256,723	0	0	0	1,501,630	0	0	0	0	1,202,160	114,085	
	4,003	383	0	0	0	0	0	0	65,125	0	0	0	48,844	4,635	
	1,681,650	160,934	0	87,617	0	0	0	20,541	0	1,050,086	0	0	1,077,879	102,291	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	3,354,681	321,043	963,646	2,344,339	0	0	0	1,522,171	65,125	1,050,086	0	0	2,328,882	221,011	

Net Transactions and Credit Risk Mitigation Technique – the Bank Separately and Consolidated with Subsidiaries

Table 4.2.a. Disclosure of Net Claims and Credit Risk Mitigation Technique – the Bank Separately

No	Portfolio Category	December 31, 2018				
		Net Claims	Portion secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	BALANCE SHEET EXPOSURE					
1	Claims against Public Sector Entities	166,549,294	0	0	0	0
2	Claims against Public Sector Entities	138,926,427	293,257	367,164	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	37,621,627	46,357	0	0	0
5	Collateralized Housing Loans	24,284,516	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	164,180,837	948,799	0	2,908,710	0
9	Claims against Corporations	410,159,775	14,607,652	0	0	0
10	Mature Claims	4,757,237	1,710	0	13,092	0
11	Other Assets	74,284,573	0	0	0	0
	TOTAL BALANCE SHEET EXPOSURE	1,020,764,285	15,897,775	367,164	2,921,802	0
B	EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS					
1	Claims against Government	5,865,201	2,398	0	0	0
2	Claims against Public Sector Entities	22,059,290	120,807	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	8,931,726	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	1,460,955	402,491	0	492	0
9	Claims against Corporations	37,277,423	2,623,509	0	0	0
10	Mature Claims	8,772	0	0	0	0
	TOTAL TRA EXPOSURE	75,603,368	3,149,206	0	492	0
C	COUNTERPARTY CREDIT RISK EXPOSURE					
1	Claims against Government	741,948	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	5,297,244	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	5,337	0	0	0	0
6	Claims against Corporations	1,630,757	0	0	0	0
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	7,675,285	0	0	0	0
	Total (A+B+C)	1,104,042,939	19,046,981	367,164	2,922,295	0

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

(in million IDR)

		December 31, 2017					
	Portion unsecured	Net Claims	Portion secured by			Portion unsecured	
	(8)	(9)	Collateral (10)	Guarantee (11)	Credit Insurance (12)	Others (13)	(14)
	166,549,294	199,236,540	0	0	0	0	199,236,540
	138,266,007	99,565,116	212,651	665,451	0	0	98,687,014
	0	0	0	0	0	0	0
	37,575,270	38,430,909	50,756	0	0	0	38,380,154
	24,284,516	21,872,771	0	0	0	0	21,872,771
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	160,323,328	140,395,820	799,338	0	2,532,547	0	137,063,935
	395,552,123	390,318,625	12,948,293	0	0	0	377,370,332
	4,742,435	6,802,453	6,106	0	21,464	0	6,774,883
	74,284,573	66,924,439	0	0	0	0	66,924,439
	1,001,577,544	963,546,673	14,017,143	665,451	2,554,011	0	946,310,068
	5,862,803	4,480,739	1,077	0	0	0	4,479,662
	21,938,483	20,990,898	142,812	0	0	0	20,848,086
	0	0	0	0	0	0	0
	8,931,726	10,258,379	610	0	0	0	10,257,769
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,057,971	936,183	356,617	0	863	0	578,702
	34,653,914	35,714,440	3,451,317	0	0	0	32,263,122
	8,772	8,364	0	0	123	0	8,241
	72,453,669	72,389,003	3,952,435	0	986	0	68,435,582
	741,948	826,341	0	0	0	0	826,341
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,297,244	3,722,110	0	0	0	0	3,722,110
	5,337	65,125	0	0	0	0	65,125
	1,630,757	995,349	0	0	0	0	995,349
	7,675,285	5,608,924	0	0	0	0	5,608,924
	1,081,706,499	1,041,544,601	17,969,578	665,451	2,554,997	0	1,020,354,575

Table 4.2.b. Disclosure of Net Claims and Credit Risk Mitigation Technique – the Bank Consolidated with Subsidiaries

No	Kategori Portofolio	31 December 2018				
		Tagihan Bersih	Bagian Yang Dijamin Dengan			
			Agunan	Garansi	Asuransi Kredit	Lainnya
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A BALANCE SHEET EXPOSURE						
1	Claims against Government	170,752,989	0	0	0	0
2	Claims against Public Sector Entities	139,045,583	293,257	367,164	0	0
3	Claims against Multilateral Development Banks and International Institutions					
4	Claims against Banks	38,605,469	46,357	0	0	0
5	Collateralized Housing Loans	24,344,254	0	0	0	0
6	Collateralized Commercial Property Loans	5,584	0	0	0	0
7	Loans to Employees/Pensioners	13,809,572	0	49	0	0
8	Claims against MSMEs and Retail Portfolio	183,313,704	954,982		2,908,710	0
9	Claims against Corporations	411,085,922	14,610,340	0	0	0
10	Mature Claims	4,962,793	1,710	0	13,092	0
11	Other Assets	77,045,359		0	0	0
12	Exposure at Sharia Unit (If any)	97,215,662	4,368,642	0	0	0
	Total balance sheet exposure	1,160,186,890	20,275,288	367,213	2,921,802	0
B Exposure in administrative account transactions						
1	Claims against Government	5,865,201	2,398	0	0	0
2	Claims against Public Sector Entities	22,059,290	120,807	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	8,931,726	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	1,461,046	402,491	0	492	0
9	Claims against Corporations	37,277,423	2,623,509	0	0	0
10	Mature Claims	8,772	0	0	0	0
11	Exposure at Sharia Unit (If any)	848,889	1,260	0	0	0
	TOTAL TRA EXPOSURE	76,452,348	3,150,466	0	492	0
C COUNTERPARTY CREDIT RISK EXPOSURE						
1	Claims against Government	1,125,945	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	5,564,628	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	5,337	0	0	0	0
6	Claims against Corporations	1,704,940	0	0	0	0
7	Exposure at Sharia Unit (If any)	1,241,693	0	0	0	0
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	9,642,543	0	0	0	0
	Total (A+B+C)	1,246,281,781	23,425,753	367,213	2,922,295	0

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

(in million IDR)

		31 December 2017					
	Bagian Yang Tidak Dijamin	Tagihan Bersih	Bagian Yang Dijamin Dengan				Bagian Yang Tidak Dijamin
	(8)	(9)	Agunan	Garansi	Asuransi Kredit	Lainnya	(14)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	170,752,989	201,600,373	0	0	0	0	201,600,373
	138,385,163	99,793,794	212,651	665,451	0	0	98,915,692
	38,559,112	38,765,867	50,756	0	0	0	38,715,112
	24,344,254	21,872,771	0	0	0	0	21,872,771
	5,584	0	0	0	0	0	0
	13,809,523	8,174,670	0	0	0	0	8,174,670
	179,450,012	156,678,803	812,849	0	2,532,547	0	153,333,408
	396,475,583	391,140,410	12,948,293	0	0	0	378,192,116
	4,947,991	6,970,968	6,106	0	21,464	0	6,943,398
	77,045,359	70,604,340	0	0	0	0	70,604,340
	92,847,019	87,736,123	4,463,222	0	0	0	83,272,901
	1,136,622,587	1,083,338,119	18,493,877	665,451	2,554,011	0	1,061,624,780
	5,862,803	4,480,739	1,077	0	0	0	4,479,662
	21,938,483	20,990,898	142,812	0	0	0	20,848,086
	0	0	0	0	0	0	0
	8,931,726	10,258,379	610	0	0	0	10,257,769
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	1,058,062	938,859	356,617	0	863	0	581,378
	34,653,914	35,714,440	3,451,317	0	0	0	32,263,122
	8,772	8,364	0	0	123	0	8,241
	847,630	614,651	0	0	0	0	614,651
	73,301,390	73,006,330	3,952,435	0	986	0	69,052,909
	1,125,945	963,646	0	0	0	0	963,646
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	5,564,628	3,758,353	0	0	0	0	3,758,353
	5,337	65,125	0	0	0	0	65,125
	1,704,940	1,158,243	0	0	0	0	1,158,243
	1,241,693	0	0	0	0	0	0
	9,642,543	5,945,367	0	0	0	0	5,945,367
	1,219,566,520	1,162,289,816	22,446,312	665,451	2,554,997	0	1,136,623,056

Asset Securitization

Table 5.1.a. Disclosure of Securitization Transactions – the Bank Separately

No	Securitization Exposure	December 31, 2018			Profit/ Loss from Securitization
		Value of securitized assets	Value of securitized assets that impaired		
			Mature	Outstanding	
(1)	(2)	(3)	(4)	(5)	(6)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIL	0	0	0
2	Bank acts as Provider of Credit Enhancements				
a.	First loss facility - Example of exposure type: Claim secured by residential property)	NIL	0	0	0
b.	Second loss facility - Example of exposure type: Claim secured by residential property	NIL	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIL	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIL	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIL	0	0	0
6	Bank acts as Investor				
a.	Senior tranche - Example of exposure type: Claim secured by residential property	314,303	0	0	0
b.	Junior tranche - Example of exposure type: Claim secured by residential property	25,000	0	0	0
Total		339,303	0	0	0

Table 5.1.b. Disclosure of Securitization Transactions – the Bank Consolidated with Subsidiaries

No	Securitization Exposure	December 31, 2018			Profit/ Loss from Securitization
		Value of securitized assets	Value of securitized assets that impaired		
			Mature	Outstanding	
(1)	(2)	(3)	(4)	(5)	(6)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIL	0	0	0
2	Bank acts as Provider of Credit Enhancements				
a.	First loss facility - Example of exposure type: Claim secured by residential property)	NIL	0	0	0
b.	Second loss facility - Example of exposure type: Claim secured by residential property	NIL	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIL	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIL	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIL	0	0	0
6	Bank acts as Investor				
a.	Senior tranche - Example of exposure type: Claim secured by residential property	330,985	0	0	0
b.	Junior tranche - Example of exposure type: Claim secured by residential property	25,000	0	0	0
Total		355,985	0	0	0

(in million IDR)

December 31, 2018		December 31, 2017					
ATMR	Capital reduction	Value of securitized assets	Value of securitized assets that impaired		Profit/ Loss from Securitization	ATMR	Capital reduction
			Mature	Outstanding			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
314,303	0	384,410	0	0	0	384,410	0
0	25,000	25,000	0	0	0	0	25,000
314,303	25,000	409,410	0	0	0	384,410	25,000

(in million IDR)

December 31, 2018		December 31, 2017					
ATMR	Capital reduction	Value of securitized assets	Value of securitized assets that impaired		Profit/ Loss from Securitization	ATMR	Capital reduction
			Mature	Outstanding			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
0	0	NIL	0	0	0	0	0
330,985	0	404,611	0	0	0	404,611	0
0	25,000	25,000	0	0	0	0	25,000
330,985	25,000	429,611	0	0	0	404,611	25,000

Table 5.2.a. Disclosure of the Summary of Securitization Transaction Activities with the Bank Acting as Creditor – the Bank separately

(in million IDR)

No	Underlying Asset	December 31, 2018		December 31, 2017	
		Value of Securitized Asset	Profit (Loss)	Value Asset Yang Disekuritisasi	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against MSMEs and Retail Portfolio	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
	Total	NIL	NIL	NIL	NIL

Table 5.2.b. Disclosure of the Summary of Securitization Transaction Activities with the Bank as Originator – the Bank Consolidated with the Subsidiary

(in million IDR)

No	Underlying Asset	December 31, 2018		December 31, 2017	
		Value of Securitized Asset	Profit (Loss)	Value Asset Yang Disekuritisasi	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against MSMEs and Retail Portfolio	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
	Total	NIL	NIL	NIL	NIL

Disclosure of RWA Calculations for Credit Risk using a Standard Approach

Based on the exposure category according to the standardized approach, Bank Mandiri has the following exposure, namely:

Asset Exposures in the Balance – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.1. Disclosure of Asset Exposures in the Balance

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	166,549,294	894,191	894,191	199,236,540	412,335	412,335
2	Claims against Public Sector Entities	138,926,427	56,158,097	55,937,599	99,565,116	35,111,058	34,871,451
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	37,621,627	11,492,844	11,469,666	38,430,909	10,428,648	10,403,270
5	Collateralized Housing Loans	24,284,516	7,719,544	7,719,544	21,872,771	7,655,470	7,655,470
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	164,180,837	123,135,628	120,824,238	140,395,820	105,296,865	103,304,461
9	Claims against MSMEs and Retail Portfolio	410,159,775	385,728,891	371,123,739	390,318,625	343,427,001	330,481,208
10	Mature Claims	4,757,237	6,803,687	6,784,102	6,802,453	9,910,142	9,873,080
11	Exposure at Sharia Unit (If any)	74,284,573	49,977,520	49,977,520	66,924,439	45,076,844	45,076,844
	Total	1,020,764,285	641,910,404	624,730,601	963,546,673	557,318,364	542,078,120

Table 6.2.1 Disclosure of Asset Exposures in the Balance - Consolidation with Subsidiaries

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	170,752,989	894,191	894,191	201,600,373	412,335	412,335
2	Claims against Public Sector Entities	139,045,583	56,230,705	56,010,207	99,793,794	35,187,459	34,947,852
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	38,605,469	11,568,593	11,545,414	38,765,867	10,271,599	10,246,221
5	Collateralized Housing Loans	24,344,254	7,733,168	7,733,168	21,872,771	7,655,470	7,655,470
6	Collateralized Commercial Property Loans	5,584	5,584	5,584			
7	Loans to Employees/Pensioners	13,809,572	6,904,786	6,904,761	8,174,670	4,087,335	4,087,335
8	Claims against MSMEs and Retail Portfolio	183,313,704	137,485,278	135,169,251	156,678,803	117,509,103	115,506,565
9	Claims against MSMEs and Retail Portfolio	411,085,922	386,691,633	372,083,793	391,140,410	344,349,821	331,404,027
10	Mature Claims	4,962,793	7,111,615	7,092,030	6,970,968	10,162,914	10,125,852
11	Exposure at Sharia Unit (If any)	77,045,359	52,560,302	52,560,302	70,604,340	48,621,742	48,621,742
	Total	1,062,971,228	667,185,854	649,998,702	995,601,995	578,257,777	563,007,399

Commitment / Contingency Exposures - Bank Individually and Consolidated with Subsidiaries

Table 6.1.2 Disclosures of Contingencies/Commitment Liability Exposures on Administrative Account Transactions – the Bank separately Administratif

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	5,865,201			4,480,739	0	0
2	Claims against Public Sector Entities	22,059,290	9,628,060	9,567,656	20,990,898	8,493,739	8,422,361
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	
4	Claims against Banks	8,931,726	4,465,714	4,465,714	10,258,379	5,129,135	5,128,830
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	1,460,955	1,095,716	793,577	936,183	702,137	434,199
9	Claims against Corporations	37,277,423	36,366,931	33,746,438	35,714,440	34,107,828	30,658,979
10	Mature Claims	8,772	13,159	13,159	8,364	12,545	12,386
	Total	75,603,368	51,569,579	48,586,544	72,389,003	48,445,385	44,656,755

Table 6.2.2 Disclosures of Commitment/ Contingencies Liability Exposures on Administrative Account Transactions - Consolidation with Subsidiaries

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	5,865,201			4,480,739		
2	Claims against Public Sector Entities	22,059,290	9,628,060	9,567,656	20,990,898	8,493,739	8,422,361
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	8,931,726	4,465,714	4,465,714	10,258,379	5,129,135	5,128,830
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	1,461,046	1,095,784	793,645	938,859	704,144	436,206
9	Claims against Corporations	37,277,423	36,366,931	33,746,438	35,714,440	34,107,828	30,658,979
10	Mature Claims	8,772	13,159	13,159	8,364	12,545	12,386
	Total	75,603,459	51,569,647	48,586,612	72,391,679	48,447,392	44,658,762

Exposures to Counterparty Credit Risk – the Bank Individually and Consolidated with Subsidiaries

Table 6.1.3 Disclosures of Exposure Triggering Counterparty Credit Risk – the Bank separately

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	741,948	0	0	826,341	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	5,297,244	1,543,929	1,543,929	3,722,110	1,184,038	1,184,038
5	Claims against MSMEs and Retail Portfolio	5,337	4,003	4,003	65,125	48,844	48,844
6	Claims against Corporations	1,630,757	1,607,467	1,607,467	995,349	914,985	914,985
7	Eksposur tertimbang dari Credit Valuation Adjustment (CVA risk weighted assets)	0	0	930,957	0	0	364,356
	Total	7,675,285	3,155,399	4,086,356	5,608,924	2,147,867	2,512,223

Table 6.2.3 Disclosures of Exposures Triggering Counterparty Credit Risk – the Bank Consolidated with Subsidiaries

(in million IDR)

No	Portfolio Category	December 31, 2018			December 31, 2017		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	1,125,945	0	0	963,646	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	5,564,628	1,669,029	1,669,029	3,758,353	1,202,160	1,202,160
5	Claims against MSMEs and Retail Portfolio	5,337	4,003	4,003	65,125	48,844	48,844
6	Claims against Corporations	1,704,940	1,681,650	1,681,650	1,158,243	1,077,879	1,077,879
7	Eksposur tertimbang dari Credit Valuation Adjustment (CVA risk weighted assets)	0	0	1,052,537	0	0	386,889
	Total	8,400,850	3,354,681	4,407,219	5,945,367	2,328,882	2,715,771

Risk Settlement Exposures – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.4 Disclosures of Credit Risk Exposures Due to Settlement Failures (Settlement Risk) – the Bank separately

(in million IDR)

No	Transaction Type	December 31, 2018			December 31, 2017		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Table 6.2.4 Disclosure of Credit Risk Exposures Due to Settlement Failures (Settlement Risk) – the Bank Consolidated with Subsidiaries

(in million IDR)

No	Transaction Type	December 31, 2018			December 31, 2017		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Beban Modal 8% (5-15 hari)	0	0	0	0	0	0
	b. Beban Modal 50% (16-30 hari)	0	0	0	0	0	0
	c. Beban Modal 75% (31-45 hari)	0	0	0	0	0	0
	d. Beban Modal 100% (lebih dari 45 hari)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Exposures to Securitization – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.5 Disclosure of Exposure to Securitization - the Bank Separately

(in million IDR)

No	Transaction Type	December 31, 2018		December 31, 2017	
		Reduction factors	ATMR	Reduction factors	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	314,303	25,000	384,410
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	314,303	25,000	384,410

Table 6.2.5 Disclosures of Exposure to Securitization – the Bank Consolidated with Subsidiaries

(in million IDR)

No	Transaction Type	December 31, 2018		December 31, 2017	
		Reduction factors	ATMR	Reduction factors	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	330,985	25,000	404,611
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	330,985	25,000	404,611

Exposures in Sharia Business Units – the Banks separately and Consolidated with Subsidiaries

Table 6.1.6 Disclosure of Exposures in Sharia-Based Business Units - The Bank Separately

(in million IDR)

	December 31, 2018	December 31, 2017
TOTAL RWA OF CREDIT RISKS	667,221,328	589,631,509
TOTAL CAPITAL REDUCTION FACTORS	25,000	25,000

Table 6.2.6 Disclosure of Exposures in Sharia-Based Business Units and / or Subsidiaries Undertaking Their Business Operations in Compliance with Sharia-Based Principles (if any) - Consolidated with Subsidiaries

(in million IDR)

No	Types Transaksi	December 31, 2018		December 31, 2017	
		Capital Reducing Factor	ATMR	Capital Reducing Factor	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Eksposur		43,730,137		41,684,473

Table 6.2.7 Disclosure of Total Credit Risk Measurement - Consolidated with Subsidiaries

(in million IDR)

	December 31, 2018	December 31, 2017
TOTAL RWA OF CREDIT RISKS	736.418.456	652.471.017
TOTAL CAPITAL REDUCTION FACTORS	25.000	25.000

Market Risk

Disclosure of Market Risk using a Standard Method

In order to increase the quality and quantity of the Bank capital to anticipate potential losses due to the financial and economic crisis, the Minimum Capital Requirement is calculated periodically using a Standard Method reported monthly to Bank Indonesia for bank only positions, while the consolidated positions with Subsidiaries is reported quarterly.

Table 7.1. Disclosure of Market Risk Using a Standard Method

(in million IDR)

No.	Types Risk	December 31, 2018				December 31, 2017			
		Bank		Consolidated		Bank		Consolidated	
		Expense Modal	ATMR	Capital Charge	ATMR	Expense Modal	ATMR	Expense Modal	ATMR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risks	132,613	1,657,657	144,278	1,803,481	197,460	2,468,255	199,324	2,491,551
	a. Specific Risks	2,745,61	34,320	10,171	127,132	1,653	20,657	7,060	88,255
	b. General Risks	129,866,97	1,623,337	134,108	1,676,349	195,808	2,447,598	192,264	2,403,295
2	Exchange Rate Risks	139,433,90	1,742,924	139,842	1,748,019	102,477	1,280,957	90,734	1,134,170
3	Equity Risks	-	-	74	925	-	-	81	1,017
4	Commodity Risks	-	-	-	-	-	-	-	-
5	Option Risks	243,910	3,048,873	243,910	3,048,873	769,451	9,618,137	769,451	9,618,137
	Total	515,956	6,449,454	528,104	6,601,298	1,069,388	13,367,349	1,059,590	13,244,875

For internal goals, Bank Mandiri has also performed calculations using the Internal Method. The calculation of Capital Minimum Requirement using internal methods is performed by calculating Value at Risk (VaR), which is a value that describes the maximum potential for losses experienced by the Bank as a result of market movements that affect the Bank's risk exposure under normal market conditions. The Historical Simulation method was used to obtain the VaR value.

The Realization of Value Risk of Bank Mandiri in 2018 is as follows:

Table 7.2 Disclosure of Market Risk by Using Internal Models (Value at Risk / VaR) - Bank only

(in million IDR)

No	Risk Type	December 31, 2018				December 31, 2017			
		"VaR Average"	"VaR Maximum"	"VaR Minimum"	"VaR End Period"	"VaR Average"	"VaR Maximum"	"VaR Minimum"	"VaR End Period"
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Risiko Suku Bunga	21,426	35,131	7,100	14,256	14,857	25,479	1,398	13,546
2	Risiko Nilai Tukar	10,846	35,831	1,845	23,528	6,031	26,006	823	4,740
3	Risiko Option	2,990	5,666	603,47	2,452	340	928	0	805
	Total	36,457	66,154	12,480	12,480	18,651	33,481	4,117	27,004

Disclosure of Exposure of Interest Rate Risk in Banking Book (IRRBB)

Interest Rate Risk in a Banking Book is a risk due to the movement of interest rates in the market that is contrary to the Banking Book position, which has the potential to impact the Bank's capital and income both for now and in the future.

In measuring IRRBB Risk, the Bank uses 2 (two) methods as follows:

- Measurement based on changes in the economic value of equity, hereinafter abbreviated as EVE, is a method that measures the impact of changes in interest rates on the economic value of the Bank's equity; and
- Measurement based on changes in net interest income, hereinafter abbreviated as NII, is a method that measures the impact of changes in interest rates on the Bank's income.

Based on the sensitivity analysis simulation results in the end of 2018, the impact of changes in interest rates on the economic value of equity and net interest income is as follows:

Table 7.3 Disclosure of Exposure to Interest Rate Risk in Banking Book (IRBB)

(in million IDR)

Description	2018	2017
NII Sensitivity, NII 12 mo (100bps : % against NII target)"	(4.37%)	(2.73%)
"EVE Sensitivity (100 bps: % against Equity)"	(3.30%)	(5.07%)
"Earning at Risk (% against Equity)"	0.54%	(0.46%)
"Capital at Risk (% Equity)"	11.21%	(13.83%)

On August 21, 2018, Financial Service Authority issued SEOJK number 12 / SEOJK.03 / 2018 concerning "Implementation of Risk Management and Risk Measurement in the Standard Approach for Interest Rate Risk in the Banking Book for Commercial Banks". Mandiri carried out the IRRBB implementation process to implement the SEOJK IRRBB. The implementation process covers enhancing the system, adjusting internal policies, reviewing methodologies and limits, reviewing assumptions and models, and making consolidated tools for PA. Report of Risk Management Implementation for the first IRRBB conducted to determine report position in the end of June 2019.

Besides disclosure of IRRBB exposure, exchange rate risk is also disclosed. Exchange rate risk arises due to market exchange rate movements that are in contrast to Bank Mandiri's foreign exchange position. Exchange rate risk comes from Bank balance sheet assets and liabilities in foreign currencies, foreign exchange transactions with customers and counterDRarties which cause open positions in foreign currencies, as well as structural positions in foreign exchange due to equity participation. Bank Mandiri manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and regulations. In the end of December 2018, the overall PDN was absolute at 1.11% of capital.

Liquidity Risk

Liquidity risk is a risk arising from the inability of banks to provide liquidity at fair prices which will have an impact on the profitability and capital of the Bank. Bank Mandiri manages liquidity risk by measuring the amount of liquidity risk faced by the Bank using several indicators, including the primary reserve ratio (GWM and Cash ratio), secondary reserve (liquidity reserve), Macroprudential Intermediation Ratio (RIM), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). To support the determination of the strategy in anticipating future liquidity conditions, the Bank uses a maturity profile made on a contractual basis on a monthly basis. The disclosure of liquidity risk exposure is presented in the following tables.

In accordance with Bank Indonesia Regulation No. 20/4/ PBI/2018 dated April 3, 2018, in order to encourage the banking intermediation function to the real sector in accordance with the capacity and economic growth targets while maintaining the prudential principle, Bank Indonesia issued a macroprudential policy instrument, namely the Ratio

Table 8.1.a. Disclosure of IDR Maturity Profile – the Bank Separately

No.	Pos-pos	December 31, 2018				
		Balance	Maturity			
			≤ 1 Month	> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I	BALANCE SHEET					
A.	Assets					
1.	Cash	21,578,738	21,578,738	0	0	0
2.	Placement with Bank Indonesia	37,399,252	37,399,252	0	0	0
3.	Placement with other banks	4,108,098	4,088,098	20,000	0	0
4.	Securities	78,114,842	541,617	2,129,028	4,648,486	15,472,671
5.	Loans	587,383,045	91,189,826	25,676,074	37,129,721	52,056,151
6.	Other receivables	2,159,852	2,159,852	0	0	0
7.	Other assets	729,797	606,751	0	0	123,046
	Total Assets	731,473,624	157,564,134	27,825,102	41,778,207	67,651,868
B.	Liabilities					
1.	Third party funds	624,901,234	523,922,640	94,394,908	3,340,424	2,477,317
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other bank	7,251,997	7,251,997	0	0	0
4.	Securities issued	13,871,711	0	0	0	0
5.	Loans received	712,494	0	0	0	0
6.	Other liabilities	51,285,300	37,499,453	7,218	13,778,629	0
7.	Miscellaneous	11,842,004	9,598,398	1,573,799	669,807	0
	Total Liabilities	709,864,740	578,272,488	95,975,925	17,788,860	2,477,317
	Difference between Assets and Liabilities in the Balance Sheet	21,608,884	(420,708,354)	(68,150,823)	23,989,347	65,174,551
II	ADMINISTRATIVE ACCOUNT					
A.	Administrative Account Claims					
1.	Commitments	98,811,756	98,811,756	0	0	0
2.	Contingencies	31,945,499	0	4,844,874	27,100,625	0
	Total Administrative Account Claims	130,757,255	98,811,756	4,844,874	27,100,625	0
B.	Administrative Account Liabilities					
1.	Commitments	189,416,599	52,050,570	127,347,346	10,018,683	0
2.	Contingencies	51,685,379	0	0	51,685,379	0
	Total Administrative Account Liabilities	241,101,978	52,050,570	127,347,346	61,704,062	0
	Difference between Assets and Liabilities in the Balance Sheet	(110,344,723)	46,761,186	(122,502,472)	(34,603,437)	0
	Difference [(IA-IB)+(IIA-IIB)]	(88,735,839)	(373,947,168)	(190,653,295)	(10,614,090)	65,174,551
	Cumulative Difference	(88,735,839)	(373,947,168)	(564,600,463)	(575,214,553)	(510,040,002)

Macroprudential Intermediation (RIM d/h. GWM LFR) and Macroprudential Liquidity Buffer (PLM d/h Secondary GWM) that apply from 16 July 2018. RIM is a ratio of the ratio of loans given to third parties (excluding credit to other banks) and corporate securities owned by banks against deposits (excluding interbank funds) and securities issued by banks. In December 2018, Bank Mandiri's RIM was 96.95%. Although Bank Mandiri's RIM is quite high, Bank Mandiri's liquidity is still well maintained. As per regulation, the RIM target set is the total RIM ranging from 80% - 92%. If RIM > 92% but KPMM > 14% then the Bank is not subject to penalty (as of December 2018, the realization of the Bank's KPMM is 20.98%).

While PLM is a minimum liquidity reserve in IDR that must be maintained by the Bank by calculating the percentage of ownership of securities in IDR held against Bank DPK in IDR. In December 2018, Bank Mandiri was able to maintain PLM according to 10.14% above the regulatory provisions of 4%.

(in million IDR)

		December 31, 2017					
		Balance	Maturity				> 12 Month
> 12 Month	≤ 1 Month		> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months	> 12 Month	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
0	19,427,811	19,427,811	0	0	0	0	
0	49,442,069	49,442,069	0	0	0	0	
0	5,141,687	4,991,686	150,001	0	0	0	
55,323,040	79,704,653	3,086,012	2,011,815	1,080,737	6,418,313	67,107,776	
381,331,273	538,465,619	65,309,654	39,723,933	45,738,653	56,738,018	330,955,361	
0	3,214,311	3,214,311	0	0	0	0	
0	2,816,866	2,695,700	0	0	121,166	0	
436,654,313	698,213,016	148,167,243	41,885,749	46,819,390	63,277,497	398,063,137	
765,945	620,364,002	514,291,966	94,498,879	6,550,626	2,604,100	2,418,431	
0	0	0	0	0	0	0	
0	5,482,264	5,482,264	0	0	0	0	
13,871,711	10,803,875	0	0	0	0	10,803,875	
712,494	629,703	0	0	0	0	629,703	
0	30,753,587	27,754,557	17	2,999,013	0	0	
0	14,268,880	10,502,218	3,032,523	734,139	0	0	
15,350,150	682,302,311	558,031,005	97,531,419	10,283,778	2,604,100	13,852,009	
421,304,163	15,910,705	(409,863,762)	(55,645,670)	36,535,612	60,673,397	384,211,128	
0	2,482,498	2,482,498	0	0	0	0	
0	28,006,552	0	4,944,248	23,062,304	0	0	
0	30,489,050	2,482,498	4,944,248	23,062,304	0	0	
0	119,983,349	231,666	113,665,448	6,086,235	0	0	
0	49,705,728	0	0	49,705,728	0	0	
0	169,689,077	231,666	113,665,448	55,791,963	0	0	
0	(139,200,027)	2,250,832	(108,721,200)	(32,729,659)	0	0	
421,304,163	(123,289,322)	(407,612,930)	(164,366,870)	3,805,953	60,673,397	384,211,128	
(88,735,839)	(123,289,322)	(407,612,930)	(571,979,800)	(568,173,847)	(507,500,450)	(123,289,322)	

Table 8.1.b. Disclosure of IDR Maturity Profile – the Bank Consolidated with Subsidiaries

No.	Pos-pos	December 31, 2018				
		Balance	Maturity			
			≤ 1 Month	> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	22,886,103	22,826,296	46,865	12,942	0
2.	Placement with Bank Indonesia	49,204,902	48,966,902	238,000	0	0
3.	Placement with other banks	5,349,874	5,273,874	44,000	32,000	0
4.	Securities	96,818,638	6,171,193	3,366,046	5,202,046	18,470,809
5.	Loans	687,095,661	94,228,002	32,517,308	42,824,199	58,332,442
6.	Other receivables	3,099,553	3,099,553	0	0	0
7.	Other assets	2,842,533	1,396,015	213,120	12,608	128,902
Total Assets		867,297,264	181,961,835	36,425,338	48,083,796	76,932,153
B. Liabilities						
1.	Third party funds	720,344,720	606,460,616	102,236,887	6,272,950	4,566,211
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other ban	22,715,734	9,444,476	1,261,215	1,647,166	3,612,325
4.	Securities issued	19,086,805	0	0	0	719,470
5.	Loans received	712,494	0	0	0	0
6.	Other liabilities	53,534,322	39,657,261	18,408	13,778,629	0
7.	Miscellaneous	13,020,125	10,377,446	1,892,846	699,833	50,000
Total Liabilities		829,414,201	665,939,799	105,409,357	22,398,578	8,948,005
Difference between Assets and Liabilities in the Balance Sheet		37,883,064	(483,977,964)	(68,984,019)	25,685,218	67,984,148
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	98,839,590	98,814,035	4,559	4,791	16,204
2.	Contingencies	31,945,499	0	4,844,874	27,100,625	0
Total Administrative Account Claims		130,785,089	98,814,035	4,849,433	27,105,416	16,204
B. Administrative Account Liabilities						
1.	Commitments	189,423,568	52,056,917	127,347,968	10,018,683	0
2.	Contingencies	52,383,722	63,298	100,769	51,750,619	154,965
Total Administrative Account Liabilities		241,807,290	52,120,215	127,448,737	61,769,302	154,965
Difference between Assets and Liabilities in the Balance Sheet		(111,022,202)	46,693,820	(122,599,304)	(34,663,885)	(138,761)
Difference [(IA-IB)+(IIA-IIB)]		(73,139,138)	(437,284,144)	(191,583,322)	(8,978,667)	67,845,387
Cumulative Difference		(73,139,138)	(437,284,144)	(628,867,466)	(637,846,133)	(570,000,746)

(in million IDR)

		December 31, 2017					
		Balance (9)	Maturity				> 12 Month (14)
> 12 Month (8)	≤ 1 Month (10)		> 01 - 03 Months (11)	> 03 - 06 Months (12)	> 06 - 12 Months (13)		
	0	20,626,216	20,580,547	45,669	0	0	0
	0	65,678,946	62,649,804	482,108	1,698,774	848,261	0
	0	6,584,913	6,207,012	150,001	227,900	0	0
	63,608,543	90,386,702	6,548,880	3,048,937	2,163,455	6,665,827	71,959,603
	459,193,710	624,877,583	67,834,860	44,092,457	51,658,709	63,485,863	397,805,694
	0	5,170,147	5,127,232	42,915	0	0	0
	1,091,888	4,915,048	2,951,928	621,468	49,412	126,365	1,165,874
	523,894,141	818,239,555	171,900,263	48,483,554	55,798,251	71,126,316	470,931,171
	808,056	700,769,986	583,429,601	100,025,286	9,856,072	5,005,205	2,453,823
	0	0	0	0	0	0	0
	6,750,552	18,180,469	6,941,774	1,099,865	1,352,410	3,007,915	5,778,505
	18,367,336	16,837,200	0	0	324,830	498,543	16,013,826
	712,494	629,703	0	0	0	0	629,703
	80,024	33,527,993	30,405,389	49,745	2,999,013	0	73,845
	0	14,574,363	10,502,218	3,302,265	769,879	0	0
	26,718,461	784,519,714	631,278,982	104,477,161	15,302,205	8,511,663	24,949,702
	497,175,680	33,719,841	(459,378,720)	(55,993,607)	40,496,046	62,614,653	445,981,470
	0	2,516,907	2,482,530	7,435	8,332	12,371	6,239
	0	28,006,552	0	4,944,248	23,062,304	0	0
	0	30,523,459	2,482,530	4,951,683	23,070,636	12,371	6,239
	0	120,061,730	291,312	113,684,183	6,086,235	0	0
	314,072	49,784,109	59,646	18,735	49,705,728	0	0
	314,072	169,845,839	350,958	113,702,918	55,791,963	0	0
	(314,072)	(139,322,380)	2,131,572	(108,751,235)	(32,721,327)	12,371	6,239
	496,861,608	(105,602,539)	(457,247,148)	(164,744,842)	7,774,719	62,627,024	445,987,709
	(73,139,138)	(105,602,539)	(457,247,148)	(621,991,991)	(614,217,272)	(551,590,248)	(105,602,539)

Table 8.2.a. Disclosure of Foreign Currency Maturity – the Bank Separately

No.	Pos-pos	December 31, 2018				
		Balance	Maturity			
			≤ 1 Month	> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	2,865,129	2,865,129	0	0	0
2.	Placement with Bank Indonesia	20,732,983	18,575,983	2,157,000	0	0
3.	Placement with other banks	19,032,836	18,202,837	422,211	203,189	129,420
4.	Securities	36,279,273	1,792,467	4,511,624	1,798,348	1,066,910
5.	Loans	131,583,802	11,559,262	15,558,815	16,738,938	7,011,170
6.	Other receivables	615,148	615,148	0	0	0
7.	Other assets	653,542	292,662	283,919	0	76,962
Total Assets		211,762,713	53,903,488	22,933,569	18,740,476	8,284,462
B. Liabilities						
1.	Third party funds	114,585,304	100,080,083	9,087,369	3,982,253	1,081,031
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other ban	8,116,705	7,332,535	404,553	145,137	234,480
4.	Securities issued	0	0	0	0	0
5.	Loans received	38,563,047	3,623,774	6,509,280	3,865,790	3,120,460
6.	Other liabilities	37,937,546	33,064,869	2,075,681	2,796,996	0
7.	Miscellaneous	6,593,000	771,962	5,458,159	362,879	0
Total Liabilities		205,795,602	144,873,223	23,535,041	11,153,056	4,435,971
Difference between Assets and Liabilities in the Balance Sheet		5,967,110	(90,969,735)	(601,472)	7,587,420	3,848,491
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	160,470,263	160,470,263	0	0	0
2.	Contingencies	25,641,136	0	15,429,812	10,211,324	0
Total Administrative Account Claims		186,111,400	160,470,263	15,429,812	10,211,324	0
B. Administrative Account Liabilities						
1.	Commitments	69,206,935	14,784,416	32,069,255	22,353,264	0
2.	Contingencies	30,512,217	0	0	30,512,217	0
Total Administrative Account Liabilities		99,719,153	14,784,416	32,069,255	52,865,482	0
Difference between Assets and Liabilities in the Balance Sheet		86,392,247	145,685,847	(16,639,443)	(42,654,157)	0
Difference [(IA-IB)+(IIA-IIB)]		92,359,357	54,716,112	(17,240,915)	(35,066,737)	3,848,491
Cumulative Difference		92,359,357	54,716,112	37,475,197	2,408,460	6,256,950

(in million IDR)

		December 31, 2017					
		Balance (9)	Maturity				> 12 Month (14)
> 12 Month (8)	≤ 1 Month (10)		> 01 - 03 Months (11)	> 03 - 06 Months (12)	> 06 - 12 Months (13)		
	0	2,577,676	2,577,676	0	0	0	0
	0	41,657,055	35,551,680	6,105,375	0	0	0
	75,179	23,334,662	22,358,073	198,180	778,408	0	0
	27,109,924	37,482,457	2,197,894	2,374,136	2,119,854	377,855	30,412,718
	80,715,616	105,791,794	10,276,364	6,512,495	4,186,754	7,577,584	77,238,597
	0	2,365,507	2,365,507	0	0	0	0
	0	433,400	279,640	80,320	0	73,441	0
	107,900,718	213,642,552	75,606,834	15,270,506	7,085,016	8,028,880	107,651,315
	354,568	109,413,530	102,763,148	4,624,225	1,494,311	514,629	17,217
	0	0	0	0	0	0	0
	0	2,492,513	1,683,035	140,763	261,690	407,025	0
	0	0	0	0	0	0	0
	21,443,744	26,707,312	735,114	2,067,117	3,900,656	995,176	19,009,248
	0	35,678,631	33,942,290	672,555	1,063,787	0	0
	0	6,855,115	975,815	5,422,197	457,103	0	0
	21,798,311	181,147,100	140,099,402	12,926,856	7,177,547	1,916,830	19,026,465
	86,102,407	32,495,451	(64,492,569)	2,343,650	(92,530)	6,112,050	88,624,850
	0	3,080,799	3,080,799	0	0	0	0
	0	25,589,933	0	16,027,708	9,562,225	0	0
	0	28,670,732	3,080,799	16,027,708	9,562,225	0	0
	0	55,401,245	4,444,211	29,499,150	21,457,883	0	0
	0	30,218,974	0	0	30,218,974	0	0
	0	85,620,219	4,444,211	29,499,150	51,676,857	0	0
	0	(56,949,486)	(1,363,412)	(13,471,442)	(42,114,633)	0	0
	86,102,407	(24,454,035)	(65,855,980)	(11,127,792)	(42,207,163)	6,112,050	88,624,850
	92,359,357	(24,454,035)	(65,855,980)	(76,983,772)	(119,190,935)	(113,078,885)	(24,454,035)

Table 8.2.b. Disclosure of Foreign Currency Maturity Profile – the Bank Consolidated with Subsidiaries

No.	Pos-pos	December 31, 2018				
		Balance	Maturity			
			≤ 1 Month	> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	3,273,053	3,273,053	0	0	0
2.	Placement with Bank Indonesia	21,990,937	19,833,937	2,157,000	0	0
3.	Placement with other banks	20,911,919	20,081,920	422,211	203,189	129,420
4.	Securities	37,053,032	1,792,467	4,656,239	1,814,715	1,066,910
5.	Loans	135,847,140	11,568,006	15,559,594	17,745,738	7,493,919
6.	Other receivables	615,148	615,148	0	0	0
7.	Other assets	785,678	296,751	283,919	19,655	110,833
Total Assets		220,476,905	57,461,281	23,078,963	19,783,298	8,801,081
B. Liabilities						
1.	Third party funds	120,350,880	105,644,555	9,180,911	4,021,371	1,149,475
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other ban	9,860,438	7,525,234	404,553	145,137	1,785,514
4.	Securities issued	0	0	0	0	0
5.	Loans received	38,563,047	3,623,774	6,509,280	3,865,790	3,120,460
6.	Other liabilities	37,937,546	33,064,869	2,075,681	2,796,996	0
7.	Miscellaneous	6,614,346	773,427	5,458,159	362,879	19,881
Total Liabilities		213,326,257	150,631,858	23,628,584	11,192,174	6,075,330
Difference between Assets and Liabilities in the Balance Sheet		7,150,648	(93,170,577)	(549,621)	8,591,124	2,725,751
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	160,470,263	160,470,263	0	0	0
2.	Contingencies	25,641,136	0	15,429,812	10,211,324	0
Total Administrative Account Claims		186,111,400	160,470,263	15,429,812	10,211,324	0
B. Administrative Account Liabilities						
1.	Commitments	69,364,586	14,834,173	32,171,684	22,358,729	0
2.	Contingencies	30,977,372	3,981	0	30,610,917	359,368
Total Administrative Account Liabilities		100,341,958	14,838,155	32,171,684	52,969,645	359,368
Difference between Assets and Liabilities in the Balance Sheet		85,769,442	145,632,109	(16,741,872)	(42,758,321)	(359,368)
Difference [(IA-IB)+(IIA-IIB)]		92,920,090	52,461,532	(17,291,493)	(34,167,197)	2,366,383
Cumulative Difference		92,920,090	52,461,532	35,170,039	1,002,842	3,369,225

(in million IDR)

		December 31, 2017					
		Balance	Maturity				
> 12 Month			≤ 1 Month	> 01 - 03 Months	> 03 - 06 Months	> 06 - 12 Months	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
0	2,650,215	2,650,215	0	0	0	0	
0	42,527,864	36,422,489	6,105,375	0	0	0	
75,179	24,220,786	23,244,197	198,180	778,408	0	0	
27,722,701	38,168,929	2,224,914	2,375,477	2,119,854	607,379	30,841,305	
83,479,882	109,865,050	10,552,794	6,512,495	4,190,621	8,115,679	80,493,461	
0	3,123,593	2,511,787	408,977	202,829	0	0	
74,520	614,272	292,726	80,320	0	73,441	167,786	
111,352,282	221,170,708	77,899,122	15,680,824	7,291,712	8,796,499	111,502,552	
354,568	114,812,215	107,693,724	4,956,851	1,529,549	614,873	17,217	
0	0	0	0	0	0	0	
0	3,936,539	1,933,185	208,600	1,319,890	474,863	0	
0	0	0	0	0	0	0	
21,443,744	26,707,312	735,114	2,067,117	3,900,656	995,176	19,009,248	
0	35,694,420	33,958,079	672,555	1,063,787	0	0	
0	7,029,203	977,624	5,590,926	460,653	0	0	
21,798,311	188,179,688	145,297,726	13,496,049	8,274,536	2,084,912	19,026,465	
89,553,971	32,991,020	(67,398,605)	2,184,775	(982,825)	6,711,587	92,476,087	
0	3,080,799	3,080,799	0	0	0	0	
0	25,589,933	0	16,027,708	9,562,225	0	0	
0	28,670,732	3,080,799	16,027,708	9,562,225	0	0	
0	55,465,968	4,444,211	29,512,159	21,509,598	0	0	
3,106	30,897,125	237,598	8,520	30,230,899	414,252	5,856	
3,106	86,363,093	4,681,809	29,520,679	51,740,497	414,252	5,856	
(3,106)	(57,692,361)	(1,601,010)	(13,492,971)	(42,178,272)	(414,252)	(5,856)	
89,550,865	(24,701,341)	(68,999,615)	(11,308,196)	(43,161,097)	6,297,335	92,470,231	
92,920,090	(24,701,341)	(68,999,615)	(80,307,810)	(123,468,907)	(117,171,572)	(24,701,341)	

Liquidity Coverage Ratio (LCR), a comparison between High Quality Liquid Assets (HQLA) and the estimated net cash outflow for the next 30 (thirty) days in a crisis scenario, is one indicator used in managing risk bank short-term liquidity in a crisis scenario.

Table 8.3 Disclosure of the Value of the Liquidity Coverage Ratio

(in %)

2018	Value LCR (%)			
	Q1	Q3	Q3	Q4
	(1)	(2)	(3)	(4)
Bank Individually	203.73%	177.27%	177.32%	170.60%
Bank Consolidated	203.35%	177.72%	173.46%	167.37%

Table 8.4 Disclosure of the Value of Net Stable Funding Ratio

(in %)

Value LCR (%)			
Q1	Q3	Q3	Q4
(1)	(2)	(3)	(4)
118.74%	115.83%	116.17%	116.87%
118.55%	115.74%	115.95%	117.11%

Operational Risk

Calculation of Risk Weighted Assets (RWA) for Operational Risk

In order to calculate the capital expense and RWA for operational risk, the Bank currently uses the Basic Indicator Approach (BIA) method in accordance with the Financial Services Authority Circular No. 24/SEOJK.03/2016 concerning RWA Calculation for operational risk using the Basic Indicator Approach.

Risk-weighted assets for operational risk of December 31, 2018 as Bank as Individual Position reached IDR 115,067,839 million. While RWA for consolidated operational risk with Subsidiaries is IDR 134,858,983 million.

The following is a table of capital expenses and RWA for operational risk using the Basic Indicator Approach (BIA) method in accordance with the regulations of Bank Indonesia above.

Table 9.1 Disclosures of Quantitative Operational Risks - The Bank Separately and Consolidated

(in million IDR)

No	Approach	Report Position on December 31, 2018			December 31, 2017		
		Gross Income (last average) ¹⁾	Capital Expense	RWA	Gross Income (last average) ¹⁾	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Base Indicator Approach - The Bank Individually	61,369,514	9,205,427	115,067,839	55,889,407	8,383,411	104,792,639
2	Base Indicator Approach - Bank Consolidated with Subsidiaries	71,919,457	10,787,919	134,848,983	115,301,566	9,725,075	121,563,432

¹⁾ for Bank using the basic indicator approach in calculating Operational risk

Simulation Of Worst Cases And Stress Testing

To measure the level of resilience of Bank Mandiri in dealing with a plausible scenario of exceptional extreme cases, Bank Mandiri conducts stress testing as a basis for decision making (contingency plan) and as a fulfillment of regulatory requirements applied in Indonesia. For Bank Mandiri, stress testing aims to estimate the amount of loss, estimate the resilience of Bank capital in absorbing losses, adequacy of liquidity to meet the contractual and behavioral obligations of the Bank, and identify steps that must be taken to mitigate risks and maintain capital resilience.

There are 2 (two) types of stress testing conducted by Bank Mandiri, namely sensitivity / shock analysis and scenario analysis (historical and hypothesis). The implementation of stress testing covers the main types of risks, including credit risk, market risk and liquidity risk. However, the calculation simulation used statistical models and financial models developed by the Bank with reference to industry best practices. Specifically for credit risk, Bank Mandiri's stress testing model was developed to cover the wholesale, consumer and retail segments (modules have been developed per product for more granular and accurate results) by referring to best practices, including through econometric modeling that links credit risk factors with macroeconomic factors.

Implementation of stress testing in 2018 based on a scenario prepared by Bank Mandiri Office of Chief Economist which broadly uses the assumption of the impact of trade war between the US and China, continued to increase in the US Funds Rate, volatility in world oil prices and a slowdown of China's economic growth towards the Indonesian economy. The global pressures have an effect on exchange rate volatility, the high flow of foreign capital in and out of the domestic market, the widening current account deficit, rising domestic interest rates, and slowing national economic growth. In general, the results of stress testing show that Bank Mandiri is still able to maintain capital resilience and adequate liquidity in conditions of economic weakness, despite pressure on profits.

Recovery Plan

Based on the size of assets, liabilities and capital, and the level of product complexity as well as linkages with the banking system, Financial Services Authority has determined Bank Mandiri as a Systemic Bank (Domestic Systematically Important Bank).

As a Domestic Systemically Bank, Bank Mandiri prepares Recovery Plans and Recovery Options to prevent, restore and improve the financial condition and business continuity of the Bank in the event of financial stress, as stipulated in Financial Services Authority Regulation No. 14/POJK.03/2017 concerning Recovery Plans for Systemic Banks.

The prepared Recovery Plan includes an analysis of the condition of all the Bank's business lines and Subsidiaries, including an analysis scenario of stress testing that occurs on the Bank in an idiosyncratic or market-wide shock that can endanger the Bank's business continuity (point of non viability). The recovery plan has been approved by shareholders of Bank Mandiri as of March 21, 2018 and Bank Mandiri has issued a Medium Term Notes of IDR500 billion in order to fulfill Financial Services Authority Regulation No. 14/POJK.03/2017 concerning Recovery Plans for Banks Systemic implementation of the recovery plan.

The Bank organizes Recovery Options to overcome the conditions of capital, liquidity, profitability, and asset quality in accordance with the trigger level set for the purpose of prevention, recovery and improvement of the financial condition of the Bank. Bank Mandiri has also conducted an analysis of the feasibility and effectiveness to ensure that each prepared Recovery Options can be run properly.

Material Commitment Related to Investment of Capital Goods →

Material commitment related to capital goods investment in 2018 are presented as follows.

Table of Material Bonds Regarding Capital Goods Investment

(in million IDR)

No	Vendor	Type of Commitment	Realization
1.	PT Experian Decision Analytics Indonesia	Integrated Business Process Re-engineering	254.790.817.670

Purpose of Commitment

Project Integrated Retail Loan Business Process Engineering (BPR) is one of the strategic initiatives to support the CoDRorate Plan through improvement or changes in business processes by integrating various business segments starting from the retail segment with the aim of increasing customer centricity, increasing efficiency and strengthening internal controls. The implementation of the Integrated Retail Loan Business Process Engineering (BPR) project as a stepping stone to self service feature is expected to increase bank capability in conducting straight through processing through automated decisioning and constant decisions for retail segments, transparency in terminating retail loans and being able to become the basis for quick corrective action to improve end to end retail credit processes.

Funding Source

The source of funds used in purchasing capital goods comes from the capital of Bank Mandiri which has been budgeted for the current year.

Currencies Becoming Denomination

The transactions carried out in order to bind material for capital expenditure are in Rupiah.

Planned Measures By Bank Mandiri To Protect Risk From Foreign Currency Position

All binding transactions and capital expenditures are carried out in Rupiah, so that Bank Mandiri does not need to protect the risk of the currency protection.

Investment of Capital Expenditure

One of the important roles in the development of Bank Mandiri is by investing. Investment in the form of Capital Expenditure is an activity of spending funds to buy various fixed assets or to increase the value of fixed assets that are expected to provide benefits in the future.

Types and Value of Capital Goods Investment

Bank Mandiri invests in capital goods in the forms of lands, buildings, equipments, office supplies and computers, motor vehicles, and assets in completion. Bank Mandiri's capital goods investment during 2018 was realized by IDR3,20 trillion. Types and value of capital goods investment are presented in the following table.

Table of Types and Values of Investment of Capital Expenditure - Fixed Assets

(in million IDR)

Types	Value in 2018	Value in 2017
Land	831,546	566,305
Building	134,224	217,433
Equipments, office inventory, and computer	287,844	220,980
Vehicles	15,816	7,320
Assets in progress ^{*)}	1,932,212	1,339,064
Total	3,201,642	2,351,102

^{*)}assets in progress include buildings, computers and other un-installed hardware, equipment and inventory of offices, land, motor vehicles, etc.

The investment in capital expenditure in the form of intangible assets is presented as follows.

Table of Types and Values of Investment of Capital Expenditure - Intangible Assets

(in million IDR)

Types	Value in 2018	Value in 2017
Software	2,341,611 ^{*)}	1,978,352 ^{*)}
Goodwill	423,115	423,115
Total	2,764,726	2,401,467

^{*)}After deducting the amortization amounting to IDR 3,189,980 and IDR 2,700,780 from December 31, 2018 and 2017, respectively.

Goals of Capital Expenditure Investment

The purchase of capital expenditure aims to support the operational activities of the bank activities as a whole.

Material Information About Investment, Expansion, Divestment, Acquisition, or Restructuring of Debt and Capital

Investment

Bank Mandiri invests in a number of securities and government bonds with the aim of increasing the Bank's profitability and performance. The details of Bank Mandiri's investment started from December 31, 2018 and 2017 are presented as follows.

Table of Investment Details

(in million IDR)

Description	2018	2017
Securities		
Related parties		
Measured at fair value through profit or loss	119,807	1,834,067
Available for sale	8,422,061	8,221,431
Owned until due date	3,802,269	2,116,345
Measured at cost ^{*)}	1,104,833	632,808
	13,448,970	12,804,651
Third party		
Measured at fair value through profit or loss	3,627,578	1,674,105
Available for sale	21,616,313	17,335,737
Owned until due date	4,152,400	6,146,605
Measured at cost ^{*)}	1,552,166	518,153
	30,948,457	25,674,600
Unit-link investment ^{**)}		
Related parties	8,113,830	7,970,812
Measured at fair value through profit or loss		
Third party		
Measured at fair value through profit or loss	11,621,419	13,081,638
Total	64,132,676	59,531,701
Subtracted:		
Unamortized discount	(3,653)	(9,305)
Unrealized gains/ (losses) from increase/(decrease) in fair value of stick securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	(296,776)	78,271
Net	63,835,900	59,609,972

^{*)} Securities owned by Subsidiaries.

^{**)} Unit-links Investments are investments owned by policyholders in Subsidiary's unit-link contracts which are presented at fair value.

Table of Investment Details

(in million IDR)

Description	2018	2017
Government Bond		
Related Party		
Measured at fair value through profit or loss	3,372,637	2,183,356
Available for sale ^{*)}	78,265,244	89,073,724
Owned until due date	17,977,222	2,585,950
Measured at cost ^{**)}	13,468,806	8,262,937
	1,200,609	102,105,967
Unit-link investment ^{***)}		
Related Party		
Measured at fair value through profit or loss	1,200,609	1,305,221
Total	114,284,518	103,411,188

^{*)} 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 Investments are investments held by policyholders on Subsidiary unit-link contracts which are presented at fair value.

Expansion

During 2018 Bank Mandiri and Subsidiaries expanded by adding the following branch offices and branch offices.

Expansion Table

Description	December 31, 2018	December 31, 2017	Expansion
Area Offices	84	83	1
Branch Offices	1,310	1,293	17

Divestment

In 2018 Bank Mandiri divested its subsidiaries, namely PT Bank Mandiri Taspen and PT Mandiri AXA General Insurance. Information about the divestment performed by Bank Mandiri is presented as follows.

PT Bank Mandiri Taspen

On November 30, 2018, PT Bank Mandiri Taspen held an Extraordinary General Meeting of Shareholders as set forth in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 12 dated November 30, 2018, as confirmed in the Deed of Meeting Decree No. 34 dated December 14 2018 which approved the transfer of part of PT Bank Mandiri Taspen shares owned by PT Bank Mandiri (Persero) Tbk to PT Taspen (Persero), so the ownership of PT Bank Mandiri (Persero) Tbk at PT Bank Mandiri Taspen, initially 59.44% becoming 51.05%, thus the final ownership of Bank Mandiri was 51.05%, PT Taspen was 48.39% and individual shareholders were 0.56%. This change of ownership has been approved by the Financial Services Authority on January 11, 2019.

Based on the Extraordinary General Meeting of Shareholders as set forth in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 112 dated November 30, 2018, confirmed in the Deed of Statement of Meeting Decree No.42 dated December 19, 2018, it was also agreed to issue 140,492 new shares. 748 (full amount) purchased by Bank Mandiri and PT Taspen, with the taking of the shares, the composition of the share ownership to Bank Mandiri 51.08%, PT Taspen 48.42% and individual shareholders to 0.50%.

On December 8, 2018, the Bank received approval from the Financial Services Authority in Jakarta regarding the divestment plan and the addition of capital participation to PT Bank Mandiri Taspen by letter No. S-35/PB.3/2018 concerning Divestment Initiative and Addition of Bank's Equity Participation to PT Bank Mandiri Taspen. The

bank has been approved by the Ministry of State Owned Enterprises through letter No. S-772/MBU/11/2018 dated November 16, 2018.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounting to IDR 19,219 million was amortized using the straight-line method over 5 (five) years with consideration of the estimated economic benefits of the goodwill. Effective January 1, 2011, according to PSAK No. 22 (Revised 2009), "Business Combinations", goodwill was not amortized but was tested for impairment annually. The Bank periodically evaluated the impairment of the goodwill in accordance with PSAK No. 48 "Impairment of Assets Value". The goodwill balance as of December 31, 2018 and 2017 was IDR 21,043 million.

PT Mandiri AXA General Insurance

On October 31, 2018, the Bank received approval from Financial Service Authority in Jakarta regarding the planned divestment of PT Mandiri AXA General Insurance through letter No. S-122/PB.31/2018 concerning Initiative Divestment of Bank's Equity Participation at PT Mandiri AXA General Insurance. The bank has been approved by the Ministry of BUMN through letter No. S-635/MBU/09/2018 dated September 26, 2018.

On November 21, 2018, AXA ASIA purchased 276,000 (two hundred seventy six thousand) shares of PT Bank Mandiri (Persero) Tbk issued by PT Mandiri AXA General Insurance and registered in the Deed of Transfer of Notary Shares of Mala Mukti SH L.LM . No. 52 dated 21 November 2018. After the purchase of shares, Bank Mandiri became a shareholder of PT Mandiri AXA General Insurance with a ownership percentage of 20.00% which was ratified in the General Meeting of Shareholders of PT Mandiri AXA General Insurance pursuant to Notarial Deed Mala Mukti SH L. LM No. 54 dated 21 November 2018 and has been submitted to the Ministry of Law and Human Rights of the Republic of

Indonesia and has been received by letter No. AHU-AH.01.03-10-0268916 dated November 28 2018. PT Mandiri AXA General Insurance has submitted a report of changes in composition of share ownership to Financial Service Authority and approved on 12 December 2018. Since Bank Mandiri's ownership percentage in PT Mandiri AXA General Insurance is 20%, PT Mandiri AXA General Insurance's financial statements no longer consolidated.

Acquisition

During 2018, Bank Mandiri did not conduct acquisition activities

Debt and Capital Restructuring

During 2018, Bank Mandiri did not conduct debt restructuring transactions and/or capital restructuring.

Use of Third Party Services

The use of third party services to assess the fairness of investment transactions, acquisitions, divestments and restructuring performed by following the applicable regulations in the capital market sector.

Commitment and Contingency

Information on Bank Mandiri's commitment and contingency is presented as follows.

Table of Commitments and Contingencies

(in million IDR)

Description	2018	2017
COMMITMENT		
Commitment Liabilities		
Credit facilities given but untapped ^{*)}		
Related party	(55,668,817)	(50,456,815)
Third party	(103,488,612)	(92,747,364)
Total	(159,157,429)	(143,204,179)
<i>Letters of credit which is inalienable and still in progress</i>		
Related party	(11,195,881)	(5,904,249)
Third party	(8,550,047)	(9,918,273)
Total	(19,745,928)	(15,822,522)
Commitment Liabilities - Net	(178,903,357)	(159,026,701)
CONTINGENCY		
Contingency bill:		
Guarantee received from other bank	15,016,138	16,223,496
Interest income in progress	8,811,005	8,088,139
Others	32,729	32,729
Total	23,859,872	24,344,364

(in million IDR)

Description	2018	2017
Contingency Liabilities :		
Guarantee given in the form:		
Guarantee Bank		
Related party	(26,849,223)	(25,912,130)
Third party	(55,264,862)	(53,775,848)
Total	(82,114,085)	(79,687,978)
Standby letters of credit		
Related party	(7,673,903)	(6,171,176)
Third party	(5,457,786)	(6,107,442)
Total	(13,131,689)	(12,278,618)
Others	(816,766)	(603,302)
Total	(96,062,540)	(92,569,898)
Contingency Liabilities - Net	(72,202,668)	(68,225,534)
TOTAL COMMITMENT AND CONTINGENCY - NET	(251,106,025)	(227,252,235)

*) Includes committed and uncommitted credit facilities that have not been used.

Target Achievement and Future Target

Target Achievement

Target achievement can be seen from the exceeding target of the net profit in 2018 of IDR24,08 trillion (bank only). The factors that encouraged the target achievement of the net profit were the Fee Based Income which reached IDR25,62 trillion and the efficiency program which could control Bank Mandiri's operational costs so as not to exceed the budget set. Relating to NPL, Bank Mandiri had been able to decrease the NPL Gross to 2.79% compared to the same period in the previous year which reached 3.45% (bank only) and control the CKPN costs to decrease by 12.6% to IDR11,59 trillion.

Tables of Realization and Targets for 2018

(bank only, in trillion IDR)

Description	2018 Realization	2018 Target
Loan	718,97	717
Average balance	699,16	696
Net Income	24,08	22
Operating Expense	29,05	29
CKPN cost	11,59	14
Gross NPLs (%)	2.79%	2.89%
Efficiency Ratio (%)	40.96%	41.67%

Future Target

Bank Mandiri has set the 2019 financial projections. Consolidated financial projections and Bank Only are presented as follows.

2019 Projection Table

Description	2019 Projection
Projection (Consolidation)	
Loan Growth (YoY)	10% - 12%
Net Interest Margins	5.6% - 5.8%
Fee Based Income	20% - 22%
Efficiency Ratio	<45.0%
Gross NPLs	2.5% - 2.7%
Cost of Credit	1.6% - 1.8%
Projection (Bank Only)	
Low Cost Average Growth (YoY) *)	11% - 13%
# Adding EDC*)	10,000
# Adding Micro Network*)	57
# Adding Branch Offices*)	4

Assumptions Used In Developing 2019 Projections

In preparing the Company's Budget Work Plan in 2019, the Company uses several macroeconomic assumptions as follows:

Table of the Use of Macroeconomic Assumption

Assumption	2019 Projection
MACRO ASSUMPTION	
Growth of Gross Domestic Product (%)	5.20%
Inflation (%)	4.00%
USD/IDR Exchange	IDR14,800 - IDR15,200
7 Days Reverse Repo Rate (%)	6.50%
Credit Growth (%)	10% - 12%
Growth of Thrid Party Fund (%)	8% - 10%

Source: Office of Chief Economist Research at Bank Mandiri and Bank Indonesia.

Material Information and Facts After The Date of Accountant Atatement

Events After The Date of The Financial Statement and Its Impact

Events after the date of statement in accordance with what were presented in the financial statements are as follows.

- **Members of the Bank's Board of Directors Alteration**

In accordance with the decision of the Extraordinary General Meeting of Shareholders of Bank Mandiri in 2019 on January 7, 2019, stated that Riduan, a Director of Commercial Banking, whose appointment will be effective after obtaining approval from the Financial Services Authority for the Capability and Compliance Test and fulfilling the applicable Laws and Regulations.

There was no significant impact on the Company's performance on events that occurred after the financial statement.

Event After The Date of Accountant Statement

The Company does not have material information and facts after the date of the accountant statement that significantly affects Bank Mandiri's performance and business risks in the future.

Policies, Announcements And Dividend Payments

Dividend Policy

The distribution of dividends by Bank Mandiri is conducted once a year through the process of determining and approving Shareholders at the Annual General Meeting of Shareholders. Bank Mandiri has a policy to distribute dividends to shareholders while maintaining a ratio of dividend payments of around 50% of annual net income, unless the General Meeting of Shareholders (GMS) states that others depend on various considerations related to the performance of the year. Some of the considerations include the level of Bank Mandiri's financial health, the level of capital adequacy, Bank Mandiri's funding needs for further business expansion, without reducing the rights of the Bank Mandiri GMS to determine in accordance with the regulations of the Company's Articles of Association. Bank Mandiri will only pay dividends from net income based on the law in Indonesia and will pay dividends (if any) in cash in IDR and always comply with the applicable provisions in the stock exchange by making payments in a timely manner. Bank Mandiri does not have negative covenants in connection with the limitation of third parties in the context of dividend distribution which can harm the rights of the public shareholders.

Announcement and Dividend Payout

Dividend distribution is carried out based on the GMS Decision as described below

Table of Announcement and Dividend Payout Year Book of 2013-2017

Description	Year book of 2017	Year book of 2016	Year book of 2015	Year book of 2014	Year book of 2013
Net Profit (million IDR)	20,639,68	13,806,57	20,334,97	19,871,87	18,203,75
Dividend (million IDR)	9,287,86	6,212,95	6,100,49	4,967,97	5,461,13
Dividend Per Share (IDR)	199,02552	266,26947	261,44958	212,91292	234,04825
Number of shares	46,666,666,666	23,333,333,333	23,333,333,333	23,333,333,333	23,333,333,333
Dividend Pay Out Ratio (%)	45%	45%	30%	25%	30%
Date of Announcement	March 23, 2018	Maret 14, 2017	Maret 21, 2016	Maret 18, 2015	Februari 29, 2014
Date of payment	April 20, 2018	April 13, 2017	April 22, 2016	April 17 2015	April 15, 2014

Announcement and 2017 Dividend Payout

Based on the Annual General Meeting of Bank Mandiri on March 23, 2018 it was decided to approve and determine the use of the Company's Net Profit of year book ended December 31, 2017 as much as IDR20,639,683,141,139.50 with the following allocations:

- 30% of the Company's Net Profit for the period of January 1 to December 31, 2017 or in the amount of IDR.6,191,904,942,341.85 distributed as cash dividends to shareholders and specifically for the dividends of the Republic of Indonesia would be deposited in accordance with the provisions of laws and regulations.
- 15% of the Company's Net Profit for the period of January 1 to December 31, 2017 or in the amount of IDR3,095,952,471,170.92 are designated as special additional dividends which are all distributed as concurrent

- cash dividends to the shareholders recorded during the recording date dividend. Thus, the total amount of paid-up dividends to shareholders was 45% of the Company's net profit.
- 55% of the Company's Net Profit or equal to IDR 11,351,825,727,626.73 was appointed as Retained Earnings to support future capital gains.

Announcement And Dividend Payment Of Year Book 2016

Based on the Annual GMS of Bank Mandiri on March 14, 2017 it was decided to approve and determine the use of the Company's Net Profit for the year ended December 31, 2016 as much as IDR.13,806,565,442,570.80 with the following allocations:

- 30% of the Company's Net Profit for the period of January 1 to December 31, 2016 or in the amount of IDR 4,141,969,632,771.2 distributed as cash dividends to shareholders and specifically for the dividends of the Republic of Indonesia would be deposited in accordance with the provisions of laws and regulations.
- 15% of the Company's Net Profit for the period of January 1 to December 31, 2016 or as much as IDR2,070,984,816,385.62 were designated as special additional dividends which were all distributed as concurrent cash dividends to the shareholders recorded at the time of recording the dividend date. Thus, the total amount of dividends paid to shareholders was 45% of the Company's net profit.
- 55% of the Company's Net Profit or as much as IDR7,593,610,993,413.94 was determined as Retained Earnings to support the strengthening of capital in the future

Employee Stock Option Program (ESOP) / Management Stock Option Program (MSOP)

Based on the Resolution of the GMSE dated 29 May 2003 as stated in the Notarial deed of Sutjipto, S.H., No. 142 dated May 29, 2003, the shareholders of Bank Mandiri also approved plans for share ownership by employees and Directors through the Employee Stock Allocation ("ESA") Program and Provision of Management Stock Option Plan ("MSOP"). The ESA Program consisted of a Share Plan Bonus and a Share Purchase at Discount program. Meanwhile, the MSOP program was aimed at Directors and employees at

grade level or certain criteria. The fees and discounts on the ESA program became the responsibility of Bank Mandiri, whose expenses are sourced from reserves that have been formed. The management and implementation of the ESA and MSOP programs would be handled by the Board of Directors, while the supervision was carried out by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia released 4,000,000,000 shares, representing 20% of its ownership in Bank Mandiri, through an Initial Public Offering (IPO). As a follow up to the Government Regulation of the Republic of Indonesia No. 27/2003 dated June 2, 2003 which approved a divestment of up to 30.00% of Government ownership in Bank Mandiri and based on the decision of the State Owned Enterprise Privatization Team No. Kep-05 / TKP / 01/2004 dated January 19, 2004, the Government of the Republic of Indonesia carried out a further divestment of 10.00% ownership in Bank Mandiri or as many as 2,000,000,000 Common Series B shares on March 11, 2004 through a private placement.

During the IPO on July 14, 2003, Bank Mandiri gave the option to purchase shares to management through the MSOP Stage 1 (one) program of 378,583,785 options with an execution price of IDR742.50 (full amount) per share and nominal value of IDR500 (value full) per share. The issuance of this stock option was accounted for at the Equity - Stock Option at a fair value of IDR.69.71 (full amount) per share. The option executed from MSOP Stage 1 (one) is 375,365,957 shares, resulting in an increase in the Issued and Paid Up Capital of IDR.187,683, the addition of the Shareholder Agio of IDR.117,193. MSOP Stage 1 (one) could be executed until July 13, 2008 as announced at the Announcement of the Indonesia Stock Exchange (formerly the Jakarta Stock Exchange) No. Peng-262 / BEJ.PJS / P / 07-2004 dated July 14, 2004.

Furthermore, at the Annual General Meeting of Shareholders dated May 16, 2005, MSOP Phase 2 (two) was approved for 312,000,000 options stock. The execution price per share is IDR1,190.50 (full amount) as the implementation in the first year and IDR2,493 (full amount) as the implementation in the second year and in the following year. The nominal value per share was IDR500 (full amount). The issuance of this stock option was recorded in equity - stock options with fair value of stock options amounting to IDR642.28 (full amount) per share. The options executed from MSOP Stage 2 (two) are 311,713,697 shares resulting in the addition of issued and paid-up capital of IDR.155,857 and additional

share premiums of IDR.425,233. The 5 (last period) period of implementation of MSOP Stage 2 (two) option conversion rights is May 4, 2010 for 30 exchange days as announced in the Announcement of the Indonesia Stock Exchange (formerly the Jakarta Stock Exchange) No. Peng-97 / BEJ-PSJ / P / 02-2007 dated February 2, 2007. MSOP Stage 2 (two) stock options which were not executed were 286,303 shares or IDR.184 which passed the implementation period which was recorded as an additional share premium.

The Annual General Meeting of Shareholders dated May 22, 2006 approved the granting of MSOP Stage 3 (three) of 309,416,215 stock options. The GMS also authorized the Board of Commissioners to establish MSOP Stage 3 (three) implementation and supervision policies and report them at the upcoming GMS. The MSOP Stage 3 (three) option price per share of MSOP Stage 3 was IDR1,495.08 (full amount) with a nominal value of IDR500 (full amount) per share. This stock option was recorded at the Equity - Stock Option post with a fair value of stock options of IDR.593.89 (full amount) per share. Options executed from MSOP Stage 3 (three) amounted to 309,415,088 shares resulting in the addition of issued and paid-up capital of IDR154,707 and additional share premiums of IDR491,651. The MSOP Stage 3 (three) option execution period ended in February 2011, before the commencement of the trading period of Bank Mandiri Preemptive Rights dated February 14, 2011 to February 21, 2011. MSOP Stage 3 (three) stock options which were not executed were 1,127 shares respectively or as much as IDR. 4, which passes through the implementation period which is recorded as an additional share premium.

On December 27, 2010, the Bank made the first registration to the Financial Services Authority (formerly the Capital Market and Financial Institution Supervisory Agency in the context of Limited Public Offering (PUT) to Bank shareholders in the context of Rights Issuance Pre-emptive Securities ("HMETD") totaling 2,336,838,591 series of PUT B. Shares had been approved by the Board of Commissioners through a letter dated April 29, 2010. The Bank submitted a notification regarding LPO to Bank Indonesia through a letter dated September 17, 2010. PUT had also been promulgated through Government Regulation of the Republic of Indonesia No. 75 of 2010 dated November 20, 2010. PUT received effective approval from Bapepam and LK through letter No. S-807 / BL / 2011 dated January 27, 2011, in which PUT became effective after obtaining approval from shareholders at the Extraordinary General Meeting of Shareholders held on January 28, 2011.

Pre-emptive as many as 2,336,838,591 Rights shares were traded during the period February 14, 2011 - February 21, 2011 with an exercise price of IDR.5,000 (full amount) per share which resulted in an additional issued and paid-up capital of IDR1,168,420. Based on the resolutions of the Extraordinary General Meeting of Shareholders dated August 21, 2017, the shareholders of Bank Mandiri approved Bank Mandiri's stock split from IDR500 (full amount) per share to IDR250 (full amount) per share, so the capital was placed into 46,666,666,666 shares consisting of 1 (one) Series A Dwiwarna share and 46,666,666,665 Series B shares. For the stock split, there were no changes to the authorized, issued and paid-up capital. The breakdown of the share nominal value would be effective on September 13, 2017.

In 2018, Bank Mandiri did not have an Employee Stock Ownership Program (ESOP) and Management Stock Ownership Program (MSOP) program, the program ended in 2010.

Realization of Use of Profits from Public Offering

On September 21, 2018, Bank Mandiri issued Bank Mandiri Sustainable Bonds I Phase III of 2018 with a nominal value of IDR3,000,000,000 consisting of 1 (one) series with a tenor of 5 (five) year. Bond interest was paid quarterly, with the first interest payment being made on December 21, 2018 while the final interest payment as well as the maturity of the bonds was on September 21, 2023 which was also the principal repayment date of each series of bonds. The trustee of the issuance of Sustainable Bonds I Phase III was PT Bank Permata Tbk.

In accordance with POJK No. 30/POJK.04/2015 concerning the Realization Report on the Use of Profits from Public Offering, Bank Mandiri reported the Realization of the Use of Funds for the Phase 3 Year 2018 Bonds I Bank Mandiri as follows.

Table of Realization of the Use of Profits from Public Offering of Bonds I Bank Mandiri Phase III of 2018

(in million IDR)

Types of General Offering	Effective Date	Actual Value of Public Offering			Fund Use Plan	Fund Use Realization	Remaining Funds after Public Offering
		Sum of Public Offering	Cost of Public Offering	Net Income	Credit Expansion	Credit Expansion	
Obligasi Berkelanjutan I Bank Mandiri Tahap III Tahun 2018	21 September 2018	IDR3,000	IDR5	IDR2.995	IDR2.995	IDR2,995	-

Table of Details of Realization Value of Public Offering Costs

(in million IDR)

Cost Item	Amount of Use
Securities Guarantor Services Fee	957,00
Allotment Auditor Services Fee	75,00
Legal Consultant Services Fee	680,00
Notary Services Fee	53,90
Trustee Fee	77,00
Rating Costs	1.650,00
Securities Listing Fees	165,00
Miscellaneous expense	1.342,10
Total	5.000,00

All funds resulting from the public offering, after deducting the issuance costs, have been used for credit expansion in the context of business development in accordance with the plan for the use of funds disclosed in the Phase III Year 2018 Bank Mandiri I Prospectus and have been reported to Financial Services Authority through Letter No. TIB / 1337/2018 dated November 19, 2018 concerning Submission of Realization of the Use of Funds Results of the Public Offering of Bank Mandiri Phase I Bonds Phase III of 2018 PT Bank Mandiri (Persero) Tbk.

Information on Material Transactions Containing Conflict of Interest and / or Transactions With Affiliated Parties

Affiliate Transactions

Affiliates, are:

1. Family relationships due to marriage and descent to the second degree, both horizontally and vertically;
2. Relations between Parties with employees, directors or commissioners of the Party;
3. Relations between 2 (two) companies in which there are one or more members of the same Board of Directors or Board of Commissioners;
4. Relations between the company and the Party, both directly and indirectly, controlling and controlled by the company;
5. Relationship between 2 (two) companies controlled, directly or indirectly, by the same Party; or
6. Relations between the company and major shareholders.

Transactions with Affiliated Parties

Affiliated Transactions are all types of transactions both for goods and services carried out by and between:

- Bank with a Bank Affiliated Party, or
- Bank Controlled Company with Bank Affiliated Parties.

Transactions with affiliated parties have the potential risk of abuse by related parties that can harm minority shareholders and have an impact on market integrity. Bank Affiliated Parties are prohibited from utilizing the Bank for personal, family and / or other party's interests which can harm or reduce the Bank's profits; and is prohibited from taking and / or receiving personal benefits from the Bank, other than remuneration and other facilities determined based on the decision of the General Meeting of Shareholders. Affiliated Transactions are carried out by methods, processes and / or methods in such a way that the Bank or Controlled Company does not give / receive different or special treatment to / from the Bank's Affiliated Party. Affiliate transactions are carried out based on normal and reasonable commercial terms.

The following Affiliate Transactions are excluded:

1. Rewards, including salaries, pension contributions, and / or special benefits given to members of the Board of Commissioners of the Board of Directors and employees, as a whole have been disclosed in the Bank's periodic financial statements;
2. Transactions which are the main business activities of the Bank or Bank Controlled Company as stipulated in the Bank's Articles of Association or Bank Controlled Companies; and
3. Transactions that are supporting the main business activities of the Bank or the Bank's Controlled Company.

Based on SPO Corporate Secretary Chapter III.A concerning Bank Activities as a Public Company, it is conveyed that as a form of information disclosure to stakeholders, reports related to Affiliated Transactions which according to the laws and regulations must be informed to the public, the Exchange and / or Financial Services Authority within the time limit legislation stipulated.

Information Disclosure of Affiliation Transactions

In order to fulfill the provisions of Bapepam LK No.IX.E.1 concerning Affiliation Transactions and Conflict of Interest of Certain Transactions, Bank Mandiri has reported the transactions with the related parties that fulfill the affiliation transaction categories as follows:

1. Affiliation Transaction with PT Taspen Persero
 - a. Characteristic of Affiliation Relation: The similarity of the relationship control directly to the Government of the Republic of Indonesia
 - b. Form of Transaction: The shares sale transaction of Bank Mandiri in PT Bank Mandiri Taspen amounted to 114,292,502 shares with price of IDR3,539 per share to the Company (Persero) PT Dana Tabungan dan Asuransi Pegawai Negeri (Taspen Persero)
 - c. Transaction and Fairness Value: The transaction value was IDR404,481,164,578 which had been evaluated by the Public Appraiser Services Office of Ruky, Safrudin & Colleagues and obtained the fairness opinion.
 - d. Transaction Date: December 14, 2018
 - e. Review Mechanism: Used the assessment method as stated in the report of the Public Appraiser Services Office of Ruky, Safrudin & Colleagues and obtained the fairness opinion.
2. Affiliation Transaction with PT Wijaya Karya Bangunan Gedung
 - a. Characteristic of Affiliation Relation: The similarity of the relationship control directly and indirectly to the Government of the Republic of Indonesia
 - b. Form of Transaction: Transaction of the Cooperation Agreement for the Construction, Operation and Building, Operate and Transfer (BOT) of land and buildings located on Jl. Proklamasi No. 31 Jakarta
 - c. Transaction and Fairness Value: The transaction value was IDR53,900,000,000 which had been evaluated by the Public Appraiser Services Office of Amin, Nirwan, Alfiantori and Colleagues and obtained the fairness opinion.
 - d. Transaction Date: December 28, 2018
 - e. Reviu Mechanism: Used the assessment method as stated in the report of the Public Appraiser Services Office of Amin, Nirwan, Alfiantori and Colleagues and obtained the fairness opinion.

Conflict of Interest Transactions

Conflict of interest is a condition in which the Bank's employees in carrying out their duties and obligations to have interests outside of the interests of the service, concerning personal interests, family interests and other parties, so the Bank may lose objectivity in making decisions and policies in accordance with the given authority.

Therefore:

1. All Bank Officers are required to avoid activities that can cause conflicts of interest. If one thing or another cannot be avoided, then the person concerned must report it to the immediate supervisor.
2. All Bank Officers are prohibited from giving approval and or requesting approval for credit facilities, as well as special interest rates and other specificities for:
 - Herself/Himself
 - His family/Her Family
 - A company where he and or his family has an interest
3. All Bank Officers are prohibited from working for other companies either as directors, employees, consultants or commissioners, except when they have received assignments or written permission from the Bank. Especially for members of the Board of Commissioners and Directors, concurrent positions follow the regulatory provisions regarding Good CoDRorate Governance.
4. All Bank Officers are prohibited from being partners directly or indirectly, both partners for goods or services for the Bank.
5. All Bank Officers are prohibited from taking goods belonging to the Bank for their own, family or other outside parties' interests.
6. All Bank employees are only permitted to conduct securities transactions, foreign exchange trading, precious metals, tran derivative witnesses and other goods for their own benefit if there is no conflict of interest, violation of insider trading rules from the Capital Market Authority, and other regulations.

The ranks of Bank Mandiri are required to make annual disclosures related to conflicts of interest each year, and each work unit is required to submit a transaction / decision report containing a conflict of interest every quarter.

During 2018, there was no transaction that fulfilled the conflict of interest category.

Related Transaction

Bank Mandiri and its Subsidiaries carried out transactions with the related parties as defined in PSAK No. 7 concerning the Related Parties Disclosures and Bapepam and LK Regulations No. KEP-347/BL/2012 dated June 25, 2012 concerning "Presentation and Disclosure of Financial Statements of Issuers or Public Companies".

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

- 1) A person who:
 - a. has control or joint control over the reporting entity;
 - b. has significant influence over the reporting entity; or
 - c. the key management personnel of the reporting entity or the parent of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following:
 - a. The entity and the reporting 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 from the same third party;
 - d. An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e. The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
 - f. The entity is controlled or jointly controlled by a person identified as referred to in point 1); or
 - g. A person identified as referred to in point 1) letter a) has significant influence over the entity or the entity's key management personnel;
 - h. The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the Local Governments which are the shareholders of the entity.
- 3) Parties which are not related parties are as follows:
 - a. Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
 - b. Two joint venturers simply because they share joint control of a joint venture;

- c. Fund provider, trade unions, public service entity and departments and agencies of government that do not control, jointly control or significantly influence the reporting entity, solely in the implementation of normal business with the entity;
- d. Customers, suppliers, franchisers, distributors or general agents with whom an entity holds business transaction with significant volumes, solely because of economic dependence due to the circumstances.

parties. Related parties and the nature of their relationship with the Bank are described as follows

Relationship of Related Parties as Main Shareholders

Government of the Republic of Indonesia through the Ministry of Finance.

Relationship of Related Parties Due to Ownership and / or Defense

The relationship of related parties due to ownership and / or management is presented in the following table.

Name and Nature of Related Relations

In order to conduct its normal business, Bank Mandiri has significant business transactions with related

Table of Relations of Related Parties Transaction due to Ownership and / or Management

No	Related Parties Due to Ownership and/or Management	Nature of Relationship
1	PT Kustodian Sentral Efek Indonesia	Associate Company
2	Pension Fund of Bank Mandiri	Bank Mandiri as the Founder
3	Pension Fund of Bank Mandiri 1	Bank Mandiri as the Founder
4	Pension Fund of Bank Mandiri 2	Bank Mandiri as the Founder
5	Pension Fund of Bank Mandiri 3	Bank Mandiri as the Founder
6	Pension Fund of Bank Mandiri 4	Bank Mandiri as the Founder
7	PT Bumi Daya Plaza	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
8	PT Pengelola Investama Mandiri	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
9	PT Usaha Gedung Mandiri	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
10	PT Estika Daya Mandiri	Controlled by Pension Fund of Bank Mandiri 1
11	PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Pension Fund of Bank Mandiri 2
12	PT Mulia Sasmita Bhakti	Controlled by Pension Fund of Bank Mandiri 3
13	PT Krida Upaya Tunggal	Controlled by Pension Fund of Bank Mandiri 4
14	PT Wahana Optima Permai	Controlled by Pension Fund of Bank Mandiri 5
15	Pension Fund of Financial Institution of Bank Mandiri	Significantly influenced by Bank Mandiri
16	<i>Employee and Pensioners Health Cooperation of Bank Mandiri (Mandiri Healthcare)</i>	Significantly influenced by Bank Mandiri
17	PT Mitra Transaksi Indonesia	Significantly influenced by Bank Mandiri
18	PT Mandiri AXA General Insurance	Significantly influenced by Bank Mandiri

The nature of transactions with related parties is, among others, equity participation, issued securities, loans and subordinated securities, loans, customer deposits and Bank guarantee.

Relationship of Related Parties with Government Entities

Subsidiary of State Owned Enterprises

1	PT Abuki Jaya Stainless	42	PT Balai Lelang Artha Gasia	84	PT Cibaliung Sumber Daya
2	PT Adhi Persada Beton	43	PT Balebat Dedikasi Prima	85	PT Cinere Serpong Jaya
3	PT Adhi Persada Gedung	44	PT Bali Griya Shanti	86	PT Citilink Indonesia
4	PT Adhi Persada Properti	45	PT Bank BNI Syariah	87	PT Citra Bhakti Margatama Persada
5	PT Administrasi Medika	46	PT Bank BRI Syariah Tbk	88	PT Citra Lautan Teduh
6	PT Aero Globe Indonesia	47	PT Baturaja Multi Usaha	89	PT Citra Lintas Angkasa
7	PT Aero Systems Indonesia	48	PT Belitung Intipermai	90	PT Citra Sari Makmur
8	PT Aerofood Indonesia	49	PT Berdikari Logistik Indonesia	91	PT Citra Tobindo Sukses Perkasa
9	PT Aerojasa Cargo	50	PT Berdikari United Livestock	92	PT Clariant Kujang Catalysts
10	PT Aerojasa Perkasa	51	PT Berkah Kawasan Manyar Sejahtera	93	PT Cogindo Dayabersama
11	PT Aerotrans Service Indonesia	52	PT Berlian Jasa Terminal Indonesia	94	PT Crompton Prima Switchgear Indonesia
12	PT Aero Wisata	53	PT Berlian Manyar Sejahtera	95	PT Cut Meutia Medika Nusantara
13	PT Agro Sinergi Nusantara	54	PT Bhakti Wasantara Net	96	PT Dalle Energy Batam (DEB)
14	PT Akses Pelabuhan Indonesia	55	PT BhinekaWana	97	PT Danareksa Capital
15	PT Alam Lestari Nusantara	56	PT Bhumi Visatanda Tour & Travel	98	PT Danareksa Finance
16	PT Alur Pelayaran Barat Surabaya	57	PT Bima Sepaja Abadi	99	PT Danareksa Investment Management
17	PT Aneka Jasa Grhadika	58	PT BNI Asset Management	100	PT Danareksa Sekuritas
18	PT Angkasa Pura Hotel	59	PT BNI Life Insurance	101	PT Dasaplast Nusantara
19	PT Angkasa Pura Kargo	60	PT BNI Sekurites	102	PT Daya Laut Utama
20	PT Angkasa Pura Logistik	61	PT Borneo Alumina Indonesia	103	PT Dayamitra Telekomunikasi
21	PT Angkasa Pura Property	62	PT Borneo Edo International	104	PT Dharma Lautan Nusantara
22	PT Angkasa Pura Retail	63	PT BPR Rizky Barokah	105	PT Dok & PerkapalanWaiame
23	PT Angkasa Pura Solusi	64	PT Brantas Adya Surya Energi	106	PT Dok dan Perkapalan Air Kantung
24	PT Angkasa Pura Supports	65	PT Brantas Cakrawala Energi	107	PT Donggi Senoro LNG
25	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	66	PT Brantas Energi	108	PT Dwimitra Enggang Khatulistiwa
26	PT Antam Energi Indonesia	67	PT Brantas Energi Mandiri	109	PT Electronic Data Interchange Indonesia
27	PT Antam Niterra Haltim	68	PT Brantas Hidro Energi	110	PT Elnusa Tbk
28	PT Antam Resourcindo	69	PT Brantas Mahalona Energi	111	PT Eltran Indonesia
29	PT Artha Daya Coalindo	70	PT Brantas Nipajaya Energi	112	PT Energi Agro Nusantara
30	PT Arthaloka Indonesia	71	PT Brantas Prospek Energi	113	PT Energi Pelabuhan Indonesia
31	PT Arthindokarya Sejahtera	72	PT Brantas Prospek Engineering	114	PT Equiport Inti Indonesia
32	PT Askrindo Mitra Utama (dahulu PT Usayasa Utama)	73	PT Brantas Prospek Mandiri	115	PT Farmalab Indoutama
33	PT Asuransi Berdikari	74	PT Asuransi BRI Life	116	PT Feni Haltim
34	PT Asuransi Jiwa Taspen	75	PT BRI Multifinance Indonesia	117	PT Finnet Indonesia
35	PT Asuransi Jiwa Tugu Mandiri (AJTM)	76	PT Bromo Steel Indonesia	118	PT Gadang Hidro Energi
36	PT Asuransi Samsung Tugu	77	PT Bukit Asam Banko	119	PT GAG Nikel
37	PT Asuransi Tokio Marine Indonesia	78	PT Bukit Asam Medika	120	PT Gagas Energi Indonesia
38	PT Badak Arun Solusi (dahulu PT Patra Teknik)	79	PT Bukit Asam Prima	121	PT Gapura Angkasa
39	PT Bahana Artha Ventura	80	PT Bukit Energi Investama	122	PT Garuda Maintenance Facility Aero Asia
40	PT Bahana Securities	81	PT Bukit Energi Service Terpadu	123	PT Gema Hutani Lestari
41	PT Bakti Timah Solusi Medika	82	PT Bukit Multi Investama		
		83	PT Bumi Sawindo Permai		

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross reference POJK	Cross reference ACGS	Financial Report
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124	PT Geo Dipa Energi	165	PT Inhutani V	205	PT Kaltim Jordan Abadi
125	PT GIEB Indonesia	166	PT INKA Multi Solusi	206	PT Kaltim Kariangau Terminal
126	PT GIH Indonesia	167	PT Integrasi Logistik Cipta Solusi	207	PT Karya Citra Nusantara
127	PT Gitanusa Sarana Niaga	168	PT International Mineral Capital	208	PT Kawasan Industri Gresik
128	PT Graha Investama Bersama	169	PT Inti Bagas Perkasa	209	PT Kawasan Industri Kujang Cikampek
129	PT Graha Niaga Tata Utama	170	PT Inti Global Optical Comm	210	PT Kereta Api Logistik
130	PT Graha Sarana Duta	171	PT IPC Terminal Petikemas	211	PT Kereta Api Pariwisata
131	PT Graha Yasa Selaras	172	PT ITCI Kayan Hutani	212	PT Kerimas Witikco Makmur (PT Kerimas)
132	PT Gresik Cipta Sejahtera	173	PT Jababeka PP Properti	213	PT Kertas Padalarang
133	PT Griyaton Indonesia	174	PT Jakarta Industrial Estate Pulogadung	214	PT Kharisma Pemasaran Bersama Logistik
134	PT Gunung Gajah Abadi	175	PT Jakarta International Container Terminal	215	PT Kharisma Pemasaran Bersama Nusantara
135	PT Gunung Kendaik	176	PT Jakarta Trans Metropolitan	216	PT KHI Pipe Industries
136	PT Hakaaston	177	PT Jalantol Lingkarluar Jakarta	217	PT Kimia Farma Apotek
137	PT Haleyora Power	178	PT Jalin Pembayaran Nusantara	218	PT Kimia Farma Diagnostika
138	PT Haleyora Powerindo	179	PT Jasa Armada Indonesia	219	PT Kimia Farma Sungwun Pharmacopia
139	PT Hasta Kreasi Mandiri	180	PT Jasa Layanan Pemeliharaan	220	PT Kimia Farma Trading & Distribution
140	PT HK Infrastruktur	181	PT Jasa Marga Bali Tol	221	PT Kliring Perdagangan Berjangka Indonesia
141	PT HK Realtindo	182	PT Jasa Marga Balikpapan Samarinda	222	PT Koba Tin
142	PT Utama Prima	183	PT Jasa Marga Jalanlayang Cikampek	223	PT Kodja Terramarin
143	PT Hutansanggaran Labanan Lestari	184	PT Jasa Marga Japek Selatan (JJS)	224	PT Komipo Pembangkitan Jawa Bali
144	PT Igarar	185	PT Jasa Marga Kualanamu Tol	225	PT Krakatau Argo Logistics
145	PT Indo Japan Steel Center	186	PT Jasa Marga Manado Bitung	226	PT Krakatau Bandar Samudra
146	PT Indo Ridlatama Power	187	PT Jasa Marga Pandaan Malang	227	PT Krakatau Blue Water
147	PT Indofarma Global Medika	188	PT Jasa Marga Pandaan Tol	228	PT Krakatau Daedong Machinery
148	PT Indonesia Chemical Alumina	189	PT Jasa Marga Probolinggo Banyuwangi	229	PT Krakatau Daya Listrik
149	PT Indonesia Coal Resources	190	PT Jasa Marga Properti	230	PT Krakatau Engineering
150	PT Indonesia Comnets Plus	191	PT Jasa Marga Tollroad Operator (JMT)	231	PT Krakatau Golden Lime
151	PT Indonesia Kendaraan Terminal	192	PT Jasa Marga Transjawa Tol (JTT)	232	PT Krakatau Industrial Estate Cilegon
152	PT Indonesia Power	193	PT Jasamarga Semarang Batang	233	PT Krakatau Information Technology
153	PT Indonusa Telemedia	194	PT Jasamarga Surabaya Mojokerto	234	PT Krakatau Medika
154	PT Indopelita Aircraft Service	195	PT Jasa Peralatan Pelabuhan Indonesia	235	PT Krakatau Nasional Resources
155	PT Industri Karet Nusantara	196	PT Jasa Prima Logistik Bulog	236	PT Krakatau Nippon Steel Sumikin
156	PT Industri Kemasan Semen Gresik	197	PT Jasarharja Putera	237	PT Krakatau Osaka Steel
157	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	198	PT KAI Commuter Jabodetabek	238	PT Krakatau Posco
158	PT Infomedia Nusantara	199	PT Kalimantan Agro Nusantara	239	PT Krakatau Posco Chemtech Calcination
159	PT Infomedia Solusi Humanika	200	PT Kalimantan Jawa Gas	240	PT Krakatau Prima Dharma Sentana
160	PT Infrastruktur Telekomunikasi Indonesia	201	PT Kalimantan Medika Nusantara	241	PT Krakatau Samator
161	PT Inhutani I	202	PT Kaltim Daya Mandiri	242	PT Krakatau Semen Indonesia
162	PT Inhutani II	203	PT Kaltim Industrial Estate		
163	PT Inhutani III	204	PT Kaltim Jasa Sekuriti		
164	PT Inhutani IV				

243	PT Krakatau Tirta Industri	288	PT Ngawi Kertosono Jaya	332	PT Perkebunan Nusantara II (Persero)
244	PT Krakatau Wajatama	289	PT Nikel Halmahera Timur (NHT)	333	PT Perkebunan Nusantara IV (Persero)
245	PT Krakatau Wajatama Osaka Steel Marketing	290	PT Nindya Beton	334	PT Perkebunan Nusantara V (Persero)
246	PT Kresna Kusuma Dyandra Marga	291	PT Nindya Karya	335	PT Perkebunan Nusantara VI (Persero)
247	PT Kujang Tatar Persada	292	PT Nusa Karya Arindo	336	PT Perkebunan Nusantara VII (Persero)
248	PT Kujang Tirta Sarana	293	PT Nusantara Batulicin	337	PT Perkebunan Nusantara VIII (Persero)
249	PT Kukuh Tangguh Sandang Mills	294	PT Nusantara Medika Utama	338	PT Perkebunan Nusantara IX (Persero)
250	PT Lamong Energi Indonesia	295	PT Nusantara Regas	339	PT Perkebunan Nusantara X (Persero)
251	PT Laras Astra Kartika	296	PT Nusantara Sukses Investasi	340	PT Perkebunan Nusantara XI (Persero)
252	PT LEN Railway Systems	297	PT Nusantara Terminal Services	341	PT Perkebunan Nusantara XII (Persero)
253	PT LEN Telekomunikasi Indonesia	298	PT Nusantara Turbin dan Propulsi	342	PT Perkebunan Nusantara XIII (Persero)
254	PT Limbong Hidro Energi	299	PT Optima Nusa Tujuh	343	PT Perkebunan Nusantara XIV (Persero)
255	PT Madu Baru	300	PT Pal Marine Service	344	PT Permata Graha Nusantara
256	PT Mardec Nusa Riau	301	PT Palawi Risorsis	345	PT Permata Karya Jasa
257	PT Marga Kunci Cengkareng	302	PT Pann Pembiayaan Maritim	346	PT Permodalan Nasional Madani Venture Capital
258	PT Marga Lingkar Jakarta	303	PT Patra Jasa	347	PT Peroksida Indonesia Pratama
259	PT Marga Sarana Jabar	304	PT Patra Logistik	348	PT Perta Arun Gas
260	PT Marga Trans Nusantara	305	PT Patra Telekomunikasi Indonesia	349	PT Perta Daya Gas
261	PT Mega Citra Utama	306	PT Patra Trading	350	PT Pertamina Bina Medika
262	PT Mega Eltra	307	PT PBM Adhiguna Putera	351	PT Pertamina Dana Ventura
263	PT Melon Indonesia	308	PT Pefindo Biro Kredit	352	PT Pertamina Drilling Services Indonesia
264	PT Menara Antam Sejahtera (MAS)	309	PT Pejagan Pemalang Tol Road	353	PT Pertamina East Natuna
265	PT Meratus Jaya Iron & Steel	310	PT Pekanbaru Permai Propertindo	354	PT Pertamina EP
266	PT Merpati Training Center	311	PT Pelabuhan Bukit Prima	355	PT Pertamina EP Cepu
267	PT Metra Digital Media	312	PT Pelabuhan Tanjung Priok	356	PT Pertamina EP Cepu Alas Dara dan Kemuning
268	PT MetraNet	313	PT Pelat Timah Nusantara Tbk (PT Latinusa)	357	PT Pertamina Gas
269	PT Minahasa Brantas Energi	314	PT Pelayanan Energi Batam	358	PT Pertamina Geothermal Energy
270	PT Mirtasari Hotel Development	315	PT Pelayanan Bahtera Adiguna	359	PT Pertamina Hulu Energi
271	PT Mitra Cipta Polasarana	316	PT Pelindo Energi Logistik	360	PT Pertamina Internasional Eksplorasi dan Produksi
272	PT Mitra Dagang Madani	317	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	361	PT Pertamina International Timor SA
273	PT Mitra Energi Batam (MEB)	318	PT Pelindo Marine Service	362	PT Pertamina Lubricants
274	PT Mitra Hasrat Bersama (MHB)	319	PT Pelindo Properti Indonesia	363	PT Pertamina Patra Niaga
275	PT Mitra Karya Prima	320	PT Pelita Air Service	364	PT Pertamina Power Indonesia
276	PT Mitra Kerinci	321	PT Pelita Indonesia Djaya Corporation	365	PT Pertamina Retail
277	PT Mitra Proteksi Madani	322	PT Pembangkitan Jawa Bali (PJB)	366	PT Pertamina Training & Consulting
278	PT Mitra Rajawali Banjaran	323	PT Pembangunan Perumahan Properti Tbk	367	PT Pertamina Trans Kontinental
279	PT Mitra Tekno Madani	324	PT Pendidikan Maritim dan Logistik Indonesia	368	PT Peruri Digital Security
280	PT Mitra Tour & Travel	325	PT Pengembang Pelabuhan Indonesia	369	PT Peruri Properti
281	PT Mitrasraya Adhijasa	326	PT Pengerukan Indonesia (Rukindo)	370	PT Pesonna Indonesia Jaya
282	PT Mitratani Dua Tujuh	327	PT Perhutani Anugerah Kimia		
283	PT Muba Daya Pratama	328	PT Perjaya Bravo Energi		
284	PT Multi Nitrotama Kimia (MNK)	329	PT Perkebunan Agrintara (PA)		
285	PT Multi Terminal Indonesia	330	PT Perkebunan Mitra Ogan		
286	PT Multimedia Nusantara	331	PT Perkebunan Nusantara I (Persero)		
287	PT New Priok Container Terminal One				

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371	PT Pesonna Optima Jasa	417	PT Prima Indonesia Logistik	462	PT Saka Energi Bangkanai Barat
372	PT Peteka Karya Gapura	418	PT Prima Medica Nusantara	463	PT Saka Energi Indonesia
373	PT Peteka Karya Jala	419	PT Prima Multi Terminal	464	PT Saka Energi Sepinggan
374	PT Peteka Karya Samudera	420	PT Prima Pengembangan Kawasan	465	PT Sampico Adhi Abbatoir
375	PT Peteka Karya Tirta	421	PT Prima Power Nusantara	466	PT Sarana Aceh Ventura
376	PT Petro Jordan Abadi	422	PT Prima Terminal Peti Kemas	467	PT Sarana Agro Nusantara
377	PT Petrokimia Gresik	423	PT Propernas Griya Utama	468	PT Sarana Bandar Logistik
378	PT Petrokimia Kayaku	424	PT Pupuk Agro Nusantara	469	PT Sarana Bandar Nasional
379	PT Petrokopindo Cipta Selaras	425	PT Pupuk Indonesia Energi	470	PT Sarana Bengkulu Ventura
380	PT Petronika	426	PT Pupuk Indonesia Logistik	471	PT Sarana Jabar Ventura
381	PT Petrosida Gresik	427	PT Pupuk Indonesia Pangan	472	PT Sarana Jakarta Ventura
382	PT PG Rajawali I	428	PT Pupuk Iskandar Muda	473	PT Sarana Jambi Ventura
383	PT PG Rajawali II	429	PT Pupuk Kalimantan Timur	474	PT Sarana Jateng Ventura
384	PT PGAS Solution	430	PT Pupuk Kujang	475	PT Sarana Jatim Ventura
385	PT PGAS Telekomunikasi Nusantara	431	PT Pupuk Sriwidjaja Palembang	476	PT Sarana Kalbar Ventura
386	PT PGN LNG Indonesia	432	PT Purantara Mitra Angkasa Dua	477	PT Sarana Kalsel Ventura
387	PT Phapros Tbk	433	PT Puspetindo	478	PT Sarana Kaltim Ventura
388	PT PHE Abar	434	PT Pusri Agro Lestari	479	PT Sarana Multigriya Finansial
389	PT PHE Metana Kalimantan B	435	PT Railink	480	PT Sarana NTT Ventura
390	PT PHE Metana Sumatera 5	436	PT Rajawali Citramass	481	PT Sarana Papua Ventura
391	PT PHE ONWJ	437	PT Rajawali Nusindo	482	PT Sarana Riau Ventura
392	PT PHE OSES Ltd	438	PT Rajawali Tanjungsari Enjiniring	483	PT Sarana Sulsel Ventura
393	PT PHE Semai II	439	PT Rantepao Hidro Energi	484	PT Sarana Sulut Ventura
394	PT PHE West Madura Offshore	440	PT Ratah Timber	485	PT Sarana Surakarta Ventura
395	PT PINS Indonesia	441	PT Reasuransi Nasional Indonesia	486	PT Sarana Usaha Sejahtera Insanpalapa
396	PT PJB Investasi	442	PT Recon Sarana Utama	487	PT Sari Arthamas (Sari Pan Pacific Hotel)
397	PT PLN Batam	443	PT Rekadaya ElektriKA	488	PT Sari Valuta Asing
398	PT PLN Batubara	444	PT Rekadaya ElektriKA Consult	489	PT Satria Bahana Sarana
399	PT PLN Enjinering	445	PT Rekaindo Global Jasa	490	PT Segara Indochin
400	PT PLN Tarakan	446	PT Rekayasa Cakrawala Resources	491	PT Semen Gresik
401	PT PNM Investment Management	447	PT Rekayasa Engineering	492	PT Semen Indonesia Aceh
402	PT Portek Indonesia	448	PT Rekayasa Industri (PT Rekind)	493	PT Semen Indonesia Beton (dahulu PT SGG Prima Beton)
403	PT Pos Logistik Indonesia	449	PT Rekind Daya Mamuju	494	PT Semen Indonesia International
404	PT Pos Properti Indonesia	450	PT Reska Multi Usaha	495	PT Semen Indonesia Logistik (dahulu PT Varia Usaha)
405	PT PP Energi	451	PT Riset Perkebunan Nusantara	496	PT Semen Kupang Indonesia
406	PT PP Infrastruktur	452	PT Rolas Nusantara Mandiri	497	PT Semen Padang
407	PT PP Presisi (dahulu PT PP Peralatan)	453	PT Rolas Nusantara Medika	498	PT Semen Tonasa
408	PT PP Properti	454	PT Rolas Nusantara Tambang	499	PT Semesta Marga Raya
409	PT PP Properti Jababeka Residen	455	PT Rumah Sakit Pelabuhan	500	PT Senggigi Pratama Internasional
410	PT PP Urban (dahulu PT PP Pracetak)	456	PT Rumah Sakit Pelni	501	PT Sentul PP Properti
411	PT PPA Finance	457	PT Sabre Travel Network Indonesia (dahulu ADSI)	502	PT Sepatim Batamtama
412	PT PPA Kapital	458	PT Sahung Brantas Energi	503	PT Sepoetih Daya Prima
413	PT Pratama Mitra Sejati	459	PT Saka Eksplorasi Baru	504	PT SGG Energi Prima
414	PT Pratama Persada Airbone	460	PT Saka Eksplorasi Timur	505	PT Sigma Cipta Caraka
415	PT Prima Citra Nutrindo	461	PT Saka Eksplorasi Ventura		
416	PT Prima Husada Cipta Medan				

506	PT Sigma Utama	532	PT Terminal Teluk Lamong	559	PT Waskita Karya Energi
507	PT Sinergi Informatika Semen Indonesia	533	PT Tiga Mutiara Nusantara (TMN)	560	PT Waskita Karya Realty
508	PT Sinergi Investasi Properti	534	PT Timah Agro Manunggal	561	PT Waskita Sangir Energi
509	PT Sinergi Perkebunan Nusantara (SPN)	535	PT Timah Industri	562	PT Waskita Toll Road
510	PT Sinkona Indonesia Lestari	536	PT Timah Investasi Mineral	563	PT Widar Mandripa Nusantara
511	PT Solo Ngawi Jaya	537	PT Timah Karya Persada Properti (dahulu PT Timah AdhiWijaya)	564	PT Wijaya Karya Beton
512	PT Solusi Energy Nusantara	538	PT Tiphone Mobile Indonesia Tbk	565	PT Wijaya Karya Bitumen
513	PT Sri Melamin Rejeki	539	PT Tracon Industri	566	PT Wijaya Karya Gedung
514	PT Sri Pamela Medika Nusantara	540	PT Trans Jabar Tol	567	PT Wijaya Karya Industri dan Konstruksi
515	PT Sriwijaya Markmore Persada	541	PT Trans Marga Jateng	568	PT Wijaya Karya Intrade Energy
516	PT Sucofindo Advisory Utama	542	PT Trans Mayapada	569	PT Wijaya Karya Realty
517	PT Sucofindo Episi	543	PT Transmarga Jatim Pasuruan	570	PT Wijaya Karya Rekayasa Konstruksi
518	PT Sumber Segara Primadaya (S2P)	544	PT Transportasi Gas Indonesia	571	PT WIKA Komponen Beton
519	PT Sumberdaya Arindo	545	PT Tri Sari Veem	572	PT WIKA Krakatau Beton
520	PT Surabaya Industrial Estate Rungkut (SIER)	546	PT Truba Bara Banyu Enim	573	PT Wisma Seratus Sejahtera
521	PT Surveyor Carbon Consulting Indonesia	547	PT Tugu Insurance Company Ltd Hongkong	574	PT Yasa Industri Nusantara
522	PT Surya Energi Indotama	548	PT Tugu Pratama Indonesia	575	Saka Energi Muriah Limited
523	PT Swadaya Graha	549	PT Tugu Pratama Interindo	576	Saka Indonesia Pangkah BV
524	PT Tanjung Alam Jaya	550	PT Tugu Reasuransi Indonesia	577	Saka Indonesia Pangkah Limited
525	PT Telekomunikasi Indonesia International	551	PT United Tractors Semen Gresik	578	Saka Pangkah LLC
526	PT Telekomunikasi Selular	552	PT Varia Usaha Bahari	579	Timah International Investment Pte Ltd
527	PT Telemedia Dinamika Sarana	553	PT Varia Usaha Beton	580	PT Asuransi Jasindo Syariah
528	PT Telkom Akses	554	PT Varia Usaha Dharma Segara	581	PT Bahana TCW Investment Management
529	PT Telkom Landmark Tower	555	PT Varia Usaha Lintas Segara	582	PT Jaminan Pembiayaan Askrindo Syariah
530	PT Terminal Peti Kemas Surabaya	556	PT Waru Abadi	583	PT Kaltim Kariangau Terminal
531	PT Terminal Petikemas Indonesia	557	PT Waskita Beton Precast Tbk		
		558	PT Waskita Bumi Wira		

State-owned Enterprises

584	Perum BULOG	594	Perum Perhutani	607	PT Asuransi Jasa Raharja
585	Perum DAMRI	595	Perum Perikanan Indonesia (Perum PERINDO)	608	PT Asuransi Jiwasraya
586	Perum Jaminan Kredit Indonesia (Jamkrindo)	596	Perum Perumnas	609	PT Asuransi Kredit Indonesia (PT Askrindo)
587	Perum Jasa Tirta I	597	Perum Pengangkutan Djakarta (PPD)	610	PT Bahana Pembinaan Usaha Indonesia
588	Perum Jasa Tirta II	598	Perum Produksi Film Negara	611	PT Balai Pustaka
589	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (Perum LPPNPI)	599	PT Adhi Karya (Persero) Tbk	612	PT Bank Negara Indonesia (Persero) Tbk.
590	Perum LKBN Antara	600	PT Amarta Karya	613	PT Bank Rakyat Indonesia (Persero) Tbk.
591	Perum Pegadaian	601	PT Aneka Tambang	614	PT Bank Tabungan Negara (Persero) Tbk.
592	Perum Percetakan Negara Republik Indonesia	602	PT Angkasa Pura I (Persero)	615	PT Barata Indonesia
593	Perum Percetakan Uang Republik Indonesia (Perum PERURI)	603	PT Angkasa Pura II (Persero)	616	PT Berdikari
		604	PT ASABRI	617	PT Bhandha Ghara Reksa
		605	PT ASDP Indonesia Ferry		
		606	PT Asuransi Jasa Indonesia		

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618	PT Bina Karya	647	PT Kawasan Berikat Nusantara	675	PT Perusahaan Listrik Negara
619	PT Bio Farma	648	PT Kawasan Industri Makasar	676	PT Perusahaan Pengelola Aset
620	PT Biro Klasifikasi Indonesia	649	PT Kawasan Industri Medan	677	PT Perusahaan Perdagangan Indonesia
621	PT Boma Bisma Indra	650	PT Kawasan Industri Wijayakusuma	678	PT Pindad
622	PT Brantas Abipraya	651	PT Kereta Api Indonesia	679	PT Pos Indonesia
623	PT Primissima	652	PT Kertas Kraft Aceh	680	PT Pupuk Indonesia Holding Company
624	PT Dahana	653	PT Kertas Leces	681	PT Rajawali Nusantara Indonesia
625	625. PT Danareksa	654	PT Kimia Farma Tbk	682	PT Reasuransi Indonesia Utama
626	PT Dirgantara Indonesia	655	PT Kliring Berjangka Indonesia	683	PT Sang Hyang Seri
627	PT Djakarta Llyod	656	PT Krakatau Steel Tbk	684	PT Sarana Multi Infrastruktur
628	PT Dok & Perkapalan Kodja Bahari	657	PT Len Industri	685	PT Sarinah
629	PT Dok & Perkapalan Surabaya	658	PT Merpati Nusantara Airlines	686	PT Semen Baturaja
630	PT Energy Management Indonesia	659	PT PAL Indonesia	687	PT Semen Indonesia
631	PT Garam	660	PT Pann Multi Finance	688	PT Semen Kupang
632	PT Garuda Indonesia	661	PT Pelabuhan Indonesia I	689	PT Sucofindo
633	PT Hotel Indonesia Natour	662	PT Pelabuhan Indonesia II	690	PT Survei Udara Penas
634	PT Hutama Karya	663	PT Pelabuhan Indonesia III	691	PT Surveyor Indonesia
635	PT Iglas	664	PT Pelabuhan Indonesia IV	692	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko
636	PT Indah Karya	665	PT Pelayaran Nasional Indonesia (PT PELNI)	693	PT Tambang Batubara Bukit Asam
637	PT Indofarma	666	PT Pembangunan Perumahan	694	PT Taspem
638	PT Indonesia Asahan Aluminium (INALUM)	667	PT Pengembangan Pariwisata Indonesia	695	PT Telekomunikasi Indonesia (PT Telkom)
639	PT Indra Karya	668	PT Pengusahaan Daerah Industri Pulau Batam	696	PT Timah
640	PT Industri Kapal Indonesia	669	PT Perikanan Nusantara	697	PT Varuna Tirta Prakasya
641	PT Industri Kereta Api (INKA)	670	PT Perkebunan Nusantara III	698	PT Virama Karya
642	PT Industri Nuklir Indonesia	671	PT Permodalan Nasional Madani	699	PT Waskita Karya
643	PT Industri Sandang Nusantara	672	PT Pertamina	700	PT Wijaya Karya
644	PT Industri Telekomunikasi Indonesia (INTI)	673	PT Pertani	701	PT Yodya Karya
645	PT Istaka Karya	674	PT Perusahaan Gas Negara	702	PT Djakarta Lloyd (Persero)
646	PT Jasa Marga Tbk				

Social Security Institution

703	BPJS Kesehatan Lembaga Jaminan Sosial
704	BPJS Ketenagakerjaan Lembaga Jaminan Sosial

Financial Institutions

705	Lembaga Pembiayaan Ekspor Indonesia Lembaga Keuangan
706	PT Indonesia Infrastruktur Finance Lembaga Keuangan
707	PT Penjaminan Infrastruktur Indonesia Lembaga Keuangan
708	Pusat Investasi Pemerintah Lembaga Keuangan

The nature of transactions of related parties with government entities consisted of demand deposits in other banks, placements in other banks, securities, government bonds, other receivables - trade transactions, derivative receivables, loans, consumer financing receivables, acceptances receivables, derivative liabilities, customer deposits, deposits from other banks, acceptances liabilities, liabilities on securities sold with repurchase agreements, issued securities, received loans and subordinated securities, credit facilities that have not been used, bank guarantee, irrevocable letters of credit that are still running and standby letters of credit. In conducting its business activities, the Group also conducts purchase or use transactions of services such as telecommunications costs, electricity costs and other costs with related parties of government entities.

Relationship of Management or Key Employee to Bank Mandiri

Salaries and allowances, bonuses and tantiems, long-term benefits for the Board of Commissioners, Board of Directors, Audit Committee and Risk Monitoring Committee, Sharia Supervisory Board and Senior

Executive Vice President and Senior Vice President (Note 49) for the year ended December 31, 2018 and 2017 reached IDR 1,295,170 million and IDR 1,153,809 million or 3.44% and 3.30% of the total consolidated operating expenses, respectively.

Rights and Reasons

All transactions conducted in 2018 were performed fairly and were in accordance with normal commercial requirements. Fairness of transactions with related parties or containing conflicts of interest has been carried out fairly according to the laws and regulations. Transactions were conducted on the behalf of the Company's needs and were free from conflicts of interest. During 2018 there were no related party transactions requiring GMS approval.

Realization of Related Parties

The following table is the details of the balance of transactions with related parties as of December 31, 2018 and 2017.

Table of Transaction Value of Related Parties

Description	(in millions of IDR)	
	2018	2017
ASSET		
Current account with other banks	8,476	27,533
Placements in Bank Indonesia and Other Banks	1,162,378	3,152,167
Securities *)	21,562,800	20,775,463
Government bonds	114,284,518	103,411,188
Other receivables - trade transactions	10,724,084	10,517,587
Derivative receivables	149,832	23,824
Loans	160,729,702	113,611,412
Consumer financing receivables	8,278	7,957
Acceptance claims	2,183,157	1,049,343
Equity Investment	322,617	89,110
Total assets to related parties	311,135,842	252,665,584
Total Consolidated Assets	1,202,252,094	1,124,700,847
Percentage of Total Assets to Parties Related against Total of Consolidated Assets	25.88%	22.47%
LIABILITIES		
Customer's Savings		
- Current account / wadiah current account	51,161,488	46,108,385

(in millions of IDR)

Description	2018	2017
- Wadiah savings / savings	3,537,033	3,548,205
- Time deposit	40,762,862	35,491,966
Deposits from other banks		
- Current accounts and savings	787,013	252,785
- Time deposit	116,958	108,473
Liabilities for securities sold under agreements to repurchase	102,234	-
Derivative liabilities	19,126	16,582
Acceptance liabilities	4,688,800	602,894
Issued securities	10,071,700	8,546,200
Loans received	423,686	-
Loans and subordinated securities	136,750	-
Total liabilities to related parties	111,807,650	94,675,490
Total consolidated liabilities	941,953,100	888,026,817
Percentage of total liabilities to related parties against total consolidated liabilities	11,87%	10,66%
TEMPORARY SYIRKAH FUNDS	2,277,156	974,099
Percentage against total temporary syirkah funds	3,02%	1,46%
PROFIT AND LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME		
Interest income from government bonds and treasury paper	5,109,695	5,300,754
Percentage against interest income and sharia income	6,29%	6,64%
COMMITMENT AND CONTINGENCIES		
Unused Loan Facilities Granted	55,668,817	50,456,815
<i>Outstanding Irrevocable letter of credit</i>	11,195,881	5,904,249
Granted guarantees in the form of a bank guarantee	26,849,223	25,912,130
<i>Granted Guarantees are in the form of standby letters of credit</i>	7,673,903	6,171,176
Total of commitments and contingencies to related parties	101,387,824	88,444,370
Total Consolidated commitments and contingencies	251,106,025	227,252,235
Percentage of total commitments and contingencies to related parties against Total of consolidated assets	40.38%	38.92%

^{*)} Gross before amortized discount and unrealized (losses) / profit from (decrease) / increase in value of securities.

Review Mechanism Policy of Transactions and Fulfillment of Related Terms and Conditions

Bank Mandiri has internal policies related to transactions that contain conflicts of interest and / or transactions with affiliated parties. The policy of providing funds to related parties must not contain conflict with the general procedures for the regulations of applicable funds and must continue to provide reasonable benefits for the Company, and the regulations must obtain the approval of the Board of Commissioners.

The policy of providing funds to the related parties may not conflict with the general procedures of providing funds that are valid and must continue to provide the reasonable profits for Bank Mandiri and the provision must obtain the approval of the Board of Commissioners.

Loan Policy for Board of Commissioners and Board of Directors

Bank Mandiri has a credit granting policy for the Board of Commissioners and Directors who take into account to the principle of fairness through a generally valid credit granting process such as the loan process to regular customers.

Funding to related parties and to debtors with large amounts of funds is always carried out with due regard to the precautionary principle, as well as fulfilling the provisions of the OJK as well as other applicable laws and regulations, including the aspects of the Legal Lending Limit (BMPK).

Remarks	Loans	Excess of BMPK	Violation of BMPK
Board of Commissioners	Nil	Nil	Nil
Board of Directors	Nil	Nil	Nil

During 2018 there was no violation and/or exceeding the BMPK for the provision of funds to the Related Party of Bank Mandiri. BMPK is calculated in accordance with Bank Indonesia Regulation - PBI No. 7/3/PBI/2005 dated January 20, 2005 concerning the Legal Lending Limit for Commercial Banks as amended by PBI No. 8/13/PBI/2006 dated October 5, 2006.

Changes to Legal Regulations and The Impact to Bank Mandiri

Changes to laws and regulations that affect the Bank and the impact and response of the Bank to these changes during 2018 are as follows.

Table of New Regulations and the Impacts on the Performance of Bank Mandiri and Subsidiaries

No	Regulations of Law	Core Provision of the New Regulation or Regulation Amendment Significantly Different from the Previous Regulation	Background to the Issuance of Regulations or Regulation Amendments	Effect on Bank Mandiri
1	Financial Services Authority Regulation No. 12/POJK.03/2018 on Digital Banking Service Delivery by Conventional Banks	Banks are obliged to: <ol style="list-style-type: none"> 1. Have a strategic plan; 2. Establish policies, procedures, and standards; 3. Employ HR with expertise in technology, information, and finance; 4. Submit an application for registration to the Financial Services Authority (OJK) for any change in its business model, business progress, institution, and operations of innovations in digital finance. 	Among the innovations in public service is the adoption of the strategy by providing customer-centric service through the development of digital service. In connection with such needs, OJK issues this Financial Services Authority Regulation (POJK) as guidelines for banks in providing Digital Banking Service by upholding risk management.	Bank Mandiri has implemented and complied with the regulation, among others by: <ol style="list-style-type: none"> a. Establishing policies and procedures for selecting its partners in Digital Banking Service provision; and b. Obtaining approval from OJK for any transactional Electronic Banking service product it releases.
2	Financial Services Authority Regulation No. 13/POJK.02/2018 on Digital Finance Innovations in the Financial Service Sector	Banks are obliged to: <ol style="list-style-type: none"> 1. Submit an electronic application for registration to OJK via OJK's registration system; and 2. Implement the principles of independent supervision of governance, customer protection, education, and data confidentiality; anti-money laundering and counter-terrorism financing (APU PPT); and information transparency. 	To minimize the negative effect of innovations resulting from attempts to promote innovations in digital finance, OJK applies the principles of customer protection and prudence related to innovations and competition to govern and monitor them.	Bank Mandiri has implemented and complied with the regulation, and established policies and procedures for selecting its partners in Digital Banking Service provision.

No	Regulations of Law	Core Provision of the New Regulation or Regulation Amendment Significantly Different from the Previous Regulation	Background to the Issuance of Regulations or Regulation Amendments	Effect on Bank Mandiri
3	Presidential Regulation No. 13 of 2018 on Implementation of the Principle of Recognizing Beneficial Owners of Companies in an Attempt to Prevent and Combat Money Laundering and Terrorism Financing.	Companies are obliged to: <ol style="list-style-type: none"> 1. Ensure that each of their respective beneficial owners meet the criteria for their respective company types; 2. Establish categories for their Company's Beneficial Owners based on information they have reported to Competent Authorities; 3. Appoint officials or employees for Company's Beneficial Owners identification and verification, and provide information about their Company and their Company's Beneficial Owners at the request of Competent Authorities and Law Enforcement Agencies; 4. Update information about their Company's Beneficial Owners annually. 	Companies are prone to the risk of money laundering (directly or indirectly) committed by beneficial owners using proceeds these beneficial owners earn from money laundering and terrorism financing. The issuance of this Presidential Regulation aims to stipulate and establish accurate, up-to-date, and transparent mechanisms for recognizing beneficial owners.	Bank Mandiri has implemented and complied with the regulation, among others by: <ol style="list-style-type: none"> 1. Making adjustments to all its internal policies subject to this Presidential Regulation; and 2. Standardizing customer's affidavit
4	Financial Services Authority Regulation No. 2/POJK.03/2018 on Determination of Systemic Banks and Capital Surcharges	The POJK mainly stipulates: <ol style="list-style-type: none"> 1. Indicators for the scoring system of systemic banks and the threshold, and 2. Scoring categories for systemic banks and the amount of the capital surcharge. 	In order to mitigate the risks of Systemic Banks, OJK through this regulation: <ol style="list-style-type: none"> 1. Imposes capital surcharges; and 2. Establishes a methodology to assess the domestic systemic level of a bank, which reflects potential adverse effect in the event that the systemic bank ends in failure. 	Bank Mandiri has implemented and complied with the regulation, especially by implementing: <ol style="list-style-type: none"> 1. The capital surcharge calculation method as prescribed in this POJK; 2. Maintaining the amount of the capital surcharge based on this POJK; 3. Adjusting the Standard Procedures for Capital Adequacy Calculation.
5	Regulation of Bank Indonesia No. 20/3/PBI/2018 on Minimum Compulsory Giro (GWM) Denominated in Rupiah and Foreign Currencies for Conventional Banks, Sharia Banks, and Sharia Business Units	<ol style="list-style-type: none"> 1. Increasing the average GWM denominated in rupiah for conventional banks from 1.5% to 2% from Third-Party Funds in rupiah for conventional banks. 2. Implementing the average GWM in the GWM fulfillment obligation denominated in foreign currencies for conventional banks. Making partial changes to the GWM fulfillment obligation in foreign currencies for conventional banks, i.e. from a daily basis to an average basis thus GWM fulfillment for conventional banks is denominated in foreign currencies. 	To deal with a dynamic economy and financial market developments, BI takes measures to accelerate the strengthening of the monetary policy operational framework by strengthening GWM's role and credibility as Bi's monetary instrument.	Bank Mandiri has implemented and complied with the regulation by: <ol style="list-style-type: none"> 1. Adjusting its internal policies; and 2. Adopting an enhancement system to facilitate its fulfillment obligation of GWM in foreign currencies.
6	Regulation of Bank Indonesia No. 20/4/PBI/2018 on the Macroprudential Intermediation Ratio (MIR) and Macroprudential Liquidity Buffer (MLB) for Conventional Banks, Sharia Banks, and Sharia Business Units	<ol style="list-style-type: none"> 1. Banks are obliged to meet Giro for MIR in accordance with the predetermined amount and parameters. 2. The predetermined criteria for corporate bonds serve as the basis for MIR calculation. 3. The maximum limit for corporate bonds used in MIR calculation. 	Bank Indonesia encourages the banking sector to disburse loans to the real sector by switching from the loans-to-funding ratio to MIR by adding bond ownership to loans in an attempt to strengthen domestic economic recovery.	Bank Mandiri has implemented and complied with the regulation by: <ol style="list-style-type: none"> 1. Adjusting its internal policies and calculation of Giro for MIR and MLB; and 2. Submitting consolidated statements of corporate bonds in rupiah and foreign currencies to Bank Indonesia at the beginning of each month.
7	Regulation of Bank Indonesia No. 20/6/PBI/2018 on Electronic Money	<ol style="list-style-type: none"> 1. The principle and scope of Electronic Money (E-Money) service; 2. Permits and approval for E-Money service; and 3. terms for placement of float funds. 	E-Money service needs to be supported by strengthening regulations in the following aspects: <ol style="list-style-type: none"> 1. The service provider's institution by imposing minimum capital for issuers and more comprehensive business plans; 2. Infrastructure procurement; 3. Float fund management; and 4. Closed-loop electronic money service. 	Bank Mandiri has implemented and complied with the regulation by: <ol style="list-style-type: none"> 1. Adjustments to its internal policies; 2. Placement of float funds as set out in Bi's regulation; and 3. Implementation of closed-loop electronic money service.

No	Regulations of Law	Core Provision of the New Regulation or Regulation Amendment Significantly Different from the Previous Regulation	Background to the Issuance of Regulations or Regulation Amendments	Effect on Bank Mandiri
8	Financial Services Authority Regulation No. 18/POJK.07/2018 on Customer Complaint Handling Service in the Financial Service Sector	<ol style="list-style-type: none"> Stages for Complaint Handling: <ol style="list-style-type: none"> Publishing procedures for making a complaint and its handling mechanisms Giving the proof of complaint receipt Verifying the complaint filed by a customer Announcing the status of complaint handling Notifying the customer/the customer's representative of the response to his/her/its complaint Dealing with the customer's objection against the Bank's response Complaint-Handling Service Period <ol style="list-style-type: none"> Any verbal complaint shall be responded no later than 5 working days. Quarterly reports shall be submitted to OJK no later than the 10th day in the subsequent month after the quarterly period ends. 	The issuance of this POJK aims to stipulate the customer complaint-handling service stages and period specifically.	Bank Mandiri has implemented and complied with the regulation by adjusting its internal policies.
9	Regulation of Bank Indonesia No. 20/8/PBI/2018 on the Loan-to-Value Ratio for Property Ownership Loans, the Financing-to-Value Ratio for Property Financing, and Advances for Motor Vehicle Ownership Loans or Financing	<ol style="list-style-type: none"> Banks are obliged to comply with the principle of prudence in disbursing Property Ownership Loans (KP) or Property Financing (PP) Term adjustments for troubled banks: <ol style="list-style-type: none"> Specifying the percentages of the LTV ratio for KP and the FTV ratio for PP; Setting the maximum limit for KP or PP facilities for partially-prepaid property ownership Establishing stages and the KP or PP disbursement amount for partially-prepaid property ownership Term adjustments for banks that do not meet requirements to be classified as non-performing loans/non-performing financing ratio and non-performing KP or PP ratio: <ol style="list-style-type: none"> Specifying the percentages of the LTV ratio for KP and the FTV ratio; Issuing a ban for granting KP or PP for partially-prepaid property ownership; and Abolishing gradual disbursement mechanisms. Addition to prospective debtors' affidavit related to KP or PP for partially-prepaid property ownership. 		
10	Financial Services Authority Regulation No. 14/POJK.03/2018 on Assessment of Asset Quality of Conventional Banks to Encourage Growth in the Housing Sector and Foreign Exchange	<ol style="list-style-type: none"> Regulation on Productive Assets and Collateral. Loan quality assessment factors. Assessment of collateral in the form of residential property as the factor to reduce losses for asset delisting. Regulation on restructured loan quality 	This POJK is issued to promote the banking intermediation function through adjustments to the regulations on bank asset quality improvement in order to enhance national economic growth and competitiveness.	Bank Mandiri has implemented and complied with the regulation by adjusting its internal policies.
11	POJK No. 6/POJK.03/2018 on Amendment to POJK No. 7/POJK.03/2016 the Principle of Prudence in Undertaking Structured Product Activities for Conventional Banks	<ol style="list-style-type: none"> Exceptions for collateral in the form of cash of at least 10% by customers for Structured Product transactions in the form of a combination of derivative and derivative instruments. Criteria for customers excluded from collateral obligations. Regulations related to the criteria for Structured Product transactions, the requirements of hedging transactions, the obligation to set out further implementation of collateral in the form of cash with a minimum amount of 10% of the notional value of transactions under an agreement between the Bank and the Customer. 	This regulation is issued to further encourage Structured Product transactions in the domestic market and to make them in line with the dynamic development of the domestic foreign exchange market. Thus, OJK considers it necessary to improve regulations regarding the principle of prudence in undertaking Structured Product activities for Commercial Banks.	Bank Mandiri has implemented and complied with the regulation.
12	PER-04/PJ/2018 on Registration Procedures for Financial Institutions and Automatic Submission of Reports Containing Financial Information	<p>Regulations on:</p> <ol style="list-style-type: none"> Registration procedures for Reporting Financial Service Institutions; and Procedures for automatic submission of reports containing financial information. 	This regulation is issued as an implementing regulation for Article 6 paragraph (9), Article 8 paragraph (6) letter a, and Article 20 paragraph (2) of the Minister of Finance Regulation No. 70/PMK.03/2017 on Technical Guidelines for Access to Financial Information for Taxation-Related Interests.	As a guideline for Bank Mandiri and its Subsidiaries to submit reports that contain financial information automatically.

No	Regulations of Law	Core Provision of the New Regulation or Regulation Amendment Significantly Different from the Previous Regulation	Background to the Issuance of Regulations or Regulation Amendments	Effect on Bank Mandiri
13	Regulation of Bank Indonesia No. 20/10/PBI/2018 on Domestic Non-Deliverable Forward (DNDF) Transactions	<p>Regulations on:</p> <ol style="list-style-type: none"> All Domestic Non-Deliverable Forward (DNDF) Transactions must have Underlying Transactions covering Trade in Goods and Services as well as investments at home and abroad, excluding securities issued by BI, placement of funds, undisbursed loans, documents of foreign exchange sales against rupiah originating from the sales of foreign exchange from exports (DHE), inter-customer loans, money transfer activities of fund transfer companies, and Foreign Exchange Business Activities (KUPVA). DNDF transactions are carried out without full fund movement using a fixing mechanism and the JISDOR exchange rate as a reference. The currency used to complete transactions is rupiah. The duration of an DNDF transaction is indefinite, but its nominal and duration shall not exceed the nominal and the duration of the Underlying Transaction. Banks shall not disburse loans denominated in foreign currencies and/or rupiah to customers and/or foreign parties for the purpose of an DNDF transaction Banks may conduct DNDF transactions with overseas banks for Cover Hedging Banks Banks are required to ensure the veracity and fairness of the documents of the underlying transaction of the foreign exchange against rupiah. 	<p>The issuance of this POJK intends to improve hedging transactions for market players, where it is imperative to develop the domestic foreign exchange market through procurement of hedging instruments.</p> <p>The procurement of such instrument aims to improve alternative hedging in the domestic foreign exchange market, i.e. by allowing banks to conduct domestic non-deliverable forward transactions.</p>	Bank Mandiri has implemented and complied with the regulation.

Change of Accounting Policies

Reason of Changes in Accounting Policy

Changes in accounting policies and disclosures were made to comply with the applicable PSAK. The Company has implemented the following accounting standards on January 1, 2018 which are considered relevant.

Change of Accounting Policies

The main accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are as outlined below.

On January 1, 2018, the Bank and Subsidiaries implemented several standards and new interpretations or revisions that are relevant to the operations of the Bank and Subsidiaries that are effective from that date as follows:

- PSAK No. 2 (Amendment 2018) concerning "Cash Flow Statement"
- PSAK No. 13 (Amendment 2018) concerning "Investment Property"
- PSAK No. 15 (2018 Adjustment) concerning "Investment in Associated Entities and Joint Ventures"
- PSAK No. 46 (Amendment 2018) concerning "Income Tax"
- PSAK No. 53 (Amendment 2018) concerning "Share-Based Payments"
- PSAK No. 67 (2018 Adjustment) concerning "Disclosure of Interest in Other Entities"
- PSAK No. 111 concerning "Accounting Wa'd"

Impact of Changes in Accounting Policies on Financial Statements

There were no material impacts on the standards and interpretations that were effective on January 1, 2018 against the consolidated financial statements of the Bank and Subsidiaries.

Bank Soundness Level

Based on the Financial Services Authority Regulation No. 4/POJK.03/2016 dated January 26, 2016 concerning the Rating of Commercial Banks using a Risk-Based Bank Rating, the Bank's soundness is reflected in the results of an assessment of the Bank's condition on risk and Bank performance which can be seen from the final rating of the assessment results.

The Soundness Rating of Commercial Banks uses a risk-based bank rating that includes four factors, namely:

1. Risk Profile
2. Good Corporate Governance (GCG)
3. Rentability (Earnings)
4. Capital

Table of Bank Mandiri Soundness Levels Position 31 December 2018 Individually (Self Assessment)

Assessment Factor	Assessment on December 31, 2018	Assessment on December 31, 2017
	Rate	Rate
Risk Profile	1	1
Good Corporate Governance (GCG)	1	1
Rentability	1	1
Capital	1	1
Risk Based Bank Rating	1	1

In 2018, the soundness of the Bank is in the "1" Composite Rating which reflects the condition of the Bank which is generally very soundness, so it is able to deal with significant negative effects of changes in business conditions and other external factors reflected in ratings, among others risk profile, implementation of GCG, profitability, and capital which are generally very good. If there are weaknesses, in general these weaknesses are not significant.

Business Continuity Information

Potential of Significant Affection to Business Continuation

Bank Mandiri until the end of 2018 did not have the potential things that significantly influenced the business continuity. It can be seen from the financial conditions that grew from year to year and the excellent financial performance. This was reflected from the improvement of the sustainable business income. Based on these circumstances, Bank Mandiri did not face the problem related to the business continuity.

Management Assessment on Significant Influence on Business Continuity

Bank Mandiri always conducts the assessment on the Bank's ability to continue its business continuity and believes that Bank Mandiri has resources to continue its business in the future. Assessment is conducted based on various factors like analysis of the strength of financial and non-financial conditions. This analysis is reflected in the assessment of the Bank Soundness Level. Based on the assessment results, there were no things that significantly influenced the business continuity.

Assumptions Used by Management in Conducting Assessment

Several assumptions that become Bank Mandiri's consideration in conducting assessment on the business continuity are:

- Global, national and banking industry economic growth
- SWOT analysis in determining Bank Mandiri's position in the banking industry
- Risk Profile

- Good Corporate Governance (GCG) Implementation
- Bank Rentability
- Bank Capital Strength

Acceleration of Fee Based Income Growth

In 2018, Bank Mandiri could increase the fee based income encouraged by collection activities of write-off loans, treasury activity fees and ATM fees and others. The 2018 fee based income that was managed to be collected by Bank Mandiri, on an annual basis grew by 21.70% from IDR21,05 trillion in 2017 to IDR25,62 trillion in 2018. Collection activities of write-off loans reached IDR5,07 trillion or grew by 32.96%. Treasury activity fees reached IDR4,92 trillion or grew by 17.74% on an annual basis, and ATM fees and others reached IDR1,78 trillion or grew by 6.17%.

Other than foreign exchange transactions from customers, treasury also optimizes the management of the net open position to provide maximum results with the risks maintained. Significant increases also occur in securities transaction revenues. In conditions of low interest rates, the treasury is able to optimize the position of securities held. The combination of short-term trading strategies with more medium term portfolio management disciplines is able to provide good results throughout 2018. In addition, active treasury encourages customer securities transactions by utilizing a priority branch network to target priority customers and private banking requires alternative investments outside of the product fund and in the context of portfolio diversification. Treasury also continues to innovate to improve services to customers through the digital platform namely Mandiri e-FX for foreign exchange transactions and Mr Bonds for securities transactions. Strengthening the functions of Regional Treasury Marketing (RTM) in each Regional Office is also one of the things done in 2018 in order to increase the contribution of treasury transactions in the region.

2019 Fee Based Income Enhancement Strategy

Bank Mandiri continues to maintain an accelerated strategy for fee-based income growth in accordance with the 2016-2020 Corporate Plan Restart strategy. Bank Mandiri's move to encourage the growth of fee-based income that is expected to be achieved through:

- Encouraging the growth of fee-based income is recurring through:
 - Optimizing e-channels with a focus on channel intensification and extension through increased sales volume and transactions
 - Increasing partnership with the fintech and strategic industries solution
- Increase the intensification of existing customers and focus on top players in each industry group through:
 - Creating customer based products to produce tailored solutions for customers for hedging, structured funding, and other customer needs related to treasury transactions through Client Advisory Sales.
 - Encouraging derivative transactions both in the context of hedging and investment with Instrument Call Spread, IRS, CCS, and Deposit Swap.
 - Increasing the intensification of trade products for anchor Large CoDRorate and Middle CoDRorate customers and develop structured solutions to meet their trade needs.
- Increase productivity intensification of e-channels both ATM, EDC, and Mobile and Internet Banking (Mandiri Online) through enhancement of the ATM feature which includes the development of company needs to encourage increased fee-based income and customer satisfaction and operational excellence.

Aspect of Taxation

Tax Payment Publication

As one of the manifestations of Good Corporate Governance, Bank Mandiri manages tax rights and obligations transparently and accountably in accordance with applicable regulations.

Payment of Taxes

Total Tax Payments for the period January to December 2018, as follows.

Table of Tax Payments

(in full IDR)

Tax Description	Amount in 2018
Article 25 Income Tax	4,975,699,207,701
Article 21 Income Tax	1,431,071,632,685
Article 22 Income Tax	17,212,447,177
Article 23 Income Tax	165,492,737,681
Article 26 Income Tax	528,069,960,596
Income Tax Article 4 paragraph (2)	3,745,853,403,161
Value-added Tax	863,095,533,145
Regional Tax and Other Taxes	151,104,531,725
Total	11,877,599,453,871

No Compliance In Tax Payments

In the 2018 period, there was no Company non-compliance with the obligation to pay taxes (NIL).

Response To Change Of Monetary Policy Directions

Along with the high pressure on the IDR, Bank Indonesia in 2018 changed the direction of monetary policy from being neutral to strict. BI throughout 2018 raised the BI-7 days reverse repo policy rate by 175 basis points (bps) from 4.25% to 6%. This was done in response to the weakening of the IDR exchange rate and the widening current account deficit. Throughout 2018, the IDR against the USD fluctuated in the range of IDR 13,265 to IDR.15,285, while the current account deficit widened from 2.34% of GDP in the fourth quarter of 2017 to 3.37% in the third quarter of 2018.

However, despite tightening on the side of monetary policy, Bank Indonesia still continues to loose by intervening through term repo and FX swap instruments as well as easing the minimum reserve requirement from 2% to 3%. This is done to prevent tightening of liquidity in the banking system in the short term and a significant surge in interbank money market interest rates. The condition of banking liquidity throughout 2018 tended to experience tightening, as indicated by the banking industry's Loan to Deposit Ratio (LDR) which rose to 94.78% up to December 2018. The increase in the LDR was caused by an increase in credit growth which was not accompanied by an increase in deposits growth. As of November 2018, banking industry loans grew 11.75% (YoY). Meanwhile, deposits in the banking industry only grew 6.45% (YoY) in the same period.

In line with the increase in the BI policy rate of 7 days reverse repo rate and tending to tighten liquidity, banks have also raised deposit rates. Based on banking statistics, throughout May to December, banks have raised their 1-month deposit rates by 133 bps. The trend of rising interest rates in the country is likely to continue until 2019 in line with the continuing increase in policy rates in developed countries, especially the United States. The company estimates that this year BI will raise the BI 7 days reverse repo rate by 25 bps to 6.25%.

In response to the increase in BI's benchmark interest rate and also the increase in the Fed Fund Rate (FFR), Bank Mandiri also selectively made adjustments to deposit rates.

Furthermore, interest rate adjustments must be accompanied by efforts to ensure that the bank's profit target for 2018 can be achieved such as by increasing credit volume, increasing revenue from service transactions (fee based income), decreasing cost of funds, and decreasing Overhead Cost (OHC). The increase in fee-based income can be done by increasing the volume of transactions, increasing existing tariffs, applying new tariffs for several transactions that have not yet been charged.

To follow up on this, Bank Mandiri has implemented a structured program ranging from efforts to reduce the cost of funds which became the basic components of loan rates, increase the portion of fee-based income, and implement efficiency programs. During 2018 Bank Mandiri's cost of funds were reduced by 19 bps from 2.73% to 2.55%. Deposits growth in 2018 was 1.33% lower than the previous year, while the level of TPF sustainability improved along with the change in the Company's strategy to encourage the growth of deposits to be more sustainable, seeing growth using a daily average balance basis (daily average balance). Deposits grew by 7.18% in December 2018. Similarly, the successful fee-based income

grew by 20.41% to reach IDR 25.62 trillion, with the FBI ratio reaching 35.62%. In addition, throughout 2018, Bank Mandiri also actively carried out operational cost efficiency programs where cost growth will be more focused on supporting the development of service networks that support transaction growth and development of

digitalization-based supporting infrastructure that will more efficiently reduce cost growth. The initiative has succeeded in reducing the CER ratio from 42.38% in December 2017 to 40.96% in December 2018 and the BOPO ratio also dropped significantly from 71.78% in December 2017 to 66.48% in December 2018.

Prohibition, Limitation and/or Significant Obstacles to Transfer Funds Between Banks and Other Entities in a Business Group

By referring to Bank Mandiri's internal policies regarding loans, the provision of funds to related parties (individuals or groups, including executive officers, Directors and Commissioners of the Bank) has been performed fairly with reasonable terms with the approval of the Board of Commissioners.

Provision of Related Party Funds

In carrying out its business activities, Bank Mandiri has made a policy that includes restrictions on the provision of funds to related parties in accordance with Bank Indonesia Regulation (PBI) Number 8/13/PBI/2006 concerning the Legal Lending Limit for Commercial Banks, namely a maximum of 10% of Capital Bank.

Table of Total of Provision of Funds for Parties Regarding Position in December 2018

No	Provision of Funds	TOTAL	
		Debtors (people)	Nominal (billion IDR)
	To Related Parties	16 debtors consisting of Subsidiaries and Overseas Offices as well as 352 executive officers	10,159
2	To Core Debtors		
	Individual	-	-
	The group	25	247,939
	Total Core Debtor	25 debtor groups	247,939

Table of Total Provision of Bank Funds to Related Parties in Position of December 2018

(in million IDR)

	Nominal
Capital	175,053,704
BMPK (10% of Capital)	17,505,370
BMPK In House (90%)	15,754,833
Outstanding Related Parties	13,148,562
Looseness (Excess) of BMPK	4,356,808
Looseness (Excess) of BMPK In House	2,606,271

Table of List of Related Parties with Provision of Funds As of December 30, 2018

(in million IDR)

No	NAME OF DEBTORS	Agreement Limit	Effective limit	Outstanding	Limit/ Outstanding * (taken the bigger)
Related Parties of Subsidiaries - Domestic		11,215,000	10,186,786	8,706,697	11,615,000
1	AXA Mandiri Financial Services				
	- participation	1,198,269	1,198,269	1,198,269	1,198,269
	- Corporate Card Credit	1,000	1,000	90	1,000
2	Mandiri AXA General Insurance (MAGI)				
	- participation	107,442	77,442	77,442	107,442
	- Credit	200,000	200,000	94,668	200,000
	- Corporate Card Credit	5,110	5,110	5	5,110
3	Kustodian Sentral Efek Indonesia				
	- Participation	3,000	3,000	3,000	3,000
4	Mandiri Sekuritas				
	- Participation	1,213,538	1,213,538	1,213,538	1,213,538
	- Credit	262,740	252,740	-	252,740
	- Corporate Card Credit	5,000	5,000	549	5,000
5	Sarana Bersama Pengembangan Indonesia				
	- Participation	-	-	-	-
6	Mandiri Tunas Finance (MTF)				
	- Participation	1,201,616	1,201,616	1,201,616	1,201,616
	- Credit	2,200,000	1,590,976	1,379,633	2,200,000
	- Corporate Card Credit	2,000	2,000	97	2,000
7	Loan to Executive Committees and Officers				
	- Credit Card	88,469	88,469	23,464	88,469
	- Consumtive Loan	270,453	270,453	238,800	270,453
8	Bank Syariah Mandiri				
	- Placement	299,000	299,000	10,921	299,000
	- Corporate Card Credit	1,000	1,000	35	1,000
9	Bank Mandiri Taspen Pos				
	- Placement	200,000	200,000	90,000	200,000
	- Corporate Card Credit	1,500	1,500	86	1,500
10	Asuransi Jiwa Inhealth Indonesia				
	- Participation	1,036,373	1,436,373	1,436,373	1,436,373
	- Corporate Card Credit	5,110	5,110	121	5,110
11	Mandiri Utama Finance				
	- Participation	358,536	256,536	256,536	358,536
	- Credit	1,850,000	1,168,592	1,028,978	1,850,000
12	Mandiri Capital Indonesia				
	- Participation	393,631	393,631	393,631	393,631
13	Mulia Sasmita Bhakti				
	- Credit	49,713	49,713	49,713	49,713
14	Mandiri Manajemen Investasi				
	- Credit	200,000	200,000	-	200,000
	- Corporate Card Credit	1,500	1,500	67	1,500
15	Green Planet Indonesia				
	- Credit	70,000	70,000	40,194	70,000
Related Party Of Subsidiaries - Overseas		1,533,562	1,533,562	1,452,562	1,533,562

No	NAME OF DEBTORS	Agreement Limit	Effective limit	Outstanding	Limit/ Outstanding * (taken the bigger)
16	Mandiri Europe Ltd				
	- Participation	708,371	708,371	708,371	
	- Placement	800,000	719,000	800,000	
17	Mandiri International Remittance				
	- Participation	25,191	25,191	25,191	25,191
Total All Related Parties		12,748,562	11,720,348	10,159,259	13,148,562
Related Parties' Leniency To Bmpk		4,756,808	5,785,002	7,346,111	4,356,808
Related Parties' Leniency To Inhouse Limit		3,006,271	4,034,485	5,595,574	2,606,271

Remarks	Related Parties	Unrelated Parties (Individuals)	Unrelated Parties (Group of Debtors)
Pelanggaran BMPK	Nil	Nil	Nil
Pelampauan BMPK	Nil	Nil	Nil

During 2018, there was no violation and/or excess of BMPK for the provision of funds to the Related Parties of Bank Mandiri. 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 PBI No. 8/13/PBI/2006 dated October 5, 2006.

Derivative And Value Protection Facilities

Derivative receivables are classified as financial assets in groups measured at fair value through profit and loss, while derivative liabilities are classified as internal financial liabilities group is measured at fair value through profit or loss.

Derivative instruments (including foreign exchange transactions for funding and trading purposes) are presented based on their fair values determined based on market prices using the Reuters rate at the report date or the discounted cash flow method and recorded in the consolidated statement of financial position.

Derivative receivables are presented at the amount of unrealized gains from derivative contracts, net of allowance for impairment losses. Derivative liabilities are presented at the amount of unrealized losses from

derivative contracts. Gains or losses from derivative contracts are presented in the consolidated financial statements based on the Bank's objectives for transactions, namely (1) hedging fair value, (2) hedging cash flows, (3) hedging net investment in foreign operations and (4) trading instruments, as follows:

1. Gains or losses from derivative contracts that are intended and fulfill the requirements as instruments of hedging on fair value and gains or losses on changes in the fair value of protected assets and liabilities are recognized as profit or loss that can be offset from the same accounting period. Any difference that occurs indicates that the hedge is ineffective and is directly recognized as the current year's consolidated profit or loss.
2. The effective portion of a gain or loss on a derivative contract that is designated as a cash flow hedge is reported as other comprehensive income. The ineffective portion of hedging is reported as consolidated profit or loss for the year.
3. Gains or losses from derivative contracts intended as hedges for net investment in foreign operations are reported as other comprehensive income, insofar as they are considered effective as hedging transactions.
4. Gains or losses from derivative contracts not designated as hedging instruments (or derivative contracts that do not meet the requirements as hedging instruments) are recognized as consolidated profit or loss for the year.

Table of Derivative transactions Overview as of December 31, 2018

Description	Fair value		
	Contract Value absolutely (equivalent to IDR)	Derivative Claims	Derivative Liabilities
Transactions			
Related Parties			
Related exchange rate			
1. Forward Contract – buy			
US - Dollar	5,279,020	78,593	-
2. <i>Swap – buy</i>			
US - Dollar	307,460	-	19,126
3. <i>Swap –sell</i>			
US - Dollar	3,347,330	38,521	-
Related interest rate			
1. Swap – Interest Rate			
Others		32,718	-
Total Pihak Berelasi		149,832	19,126
Third Parties			
Related Exchange Rate			
1. Forward Contract - buy			
US - Dollar	8,629,804	224	110,197
Others	1,441,671	5,550	7,450
2. Forward Contract – sell			
US - Dollar	6,857,148	116,081	1,926
Others	36,885	527	25
3. <i>Swap – buy</i>			
US – Dollar	10,126,846	2,008	150,581
Others	413,134	1,487	151
4. <i>Swap – sell</i>			
US - Dollar	58,581,199	780,903	86,955
Others	5,256,413	2,133	6,696
5. <i>Option – buy</i>			
US – Dollar		61,176	
6. <i>Option – sell</i>			
US - Dollar		7,752	-
Others		64,768	-
Related to Interest Rate			
1. Swap - interest rate			
US - Dollar		421,324	181,154
Others		184,792	501,383
Total Third Parties		1,648,725	1,098,551
Total		1,798,557	1,117,677

Table of derivative transactions Overview as of 31 December 2017

Description	Fair value		
	Contract Value absolutely (equivalent to IDR)	Derivative Claims	Derivative Liabilities
Transaction			
Related Parties			
Related to exchange rate			
1. Forward Contract - buy			
US - Dollar	393,506	3,256	-
2. Forward Contract - sell			
US - Dollar	5,639,641	3,515	2,364
3. Swap - buy			
US - Dollar	747,940	526	688
4. Swap - sell			
US - Dollar	4,428,368	13,314	1,307
5. Option - buy			
US - Dollar	-	3,213	-
Others	-	-	6,216
Related to interest rate			
1. Swap - Interest rate			
Others		-	6,007
Total Related Parties		23,824	16,582
Third Party			
Related to exchange rate			
1. Forward Contract - buy			
US - Dollar	2,725,088	11,995	2,712
Others	6,307,773	59,527	26,133
2. Forward Contract - sell			
US - Dollar	6,857,671	8,550	27,817
Others	77,022	295	142
3. Swap - buy			
US - Dollar	10,858,769	8,720	13,648
Others	206,027	1,205	-
4. Swap - sell			
US - Dollar	67,896,411	189,057	31,576
Others	4,611,905	-	82,652
5. Option - buy			
US - Dollar		10,197	-
Others		26,710	18,205
6. Option - sell			
US - Dollar		-	1
Others		-	13
Related to interest rate			
1. Swap - interest rate			
Others		106,379	56,762
Total Third Party		422,635	259,661
Total		446,459	276,243

Human Capital

Bank Mandiri was scored 80.5% (8.2% above Global Benchmark of 72.3%) and was awarded Highly Engaged Organization under Banking category and Best Employee Engagement under company with more than 15,000 employees category

Human Capital Management Strategy	367	Culture Internalization	389
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Together Build the Nation



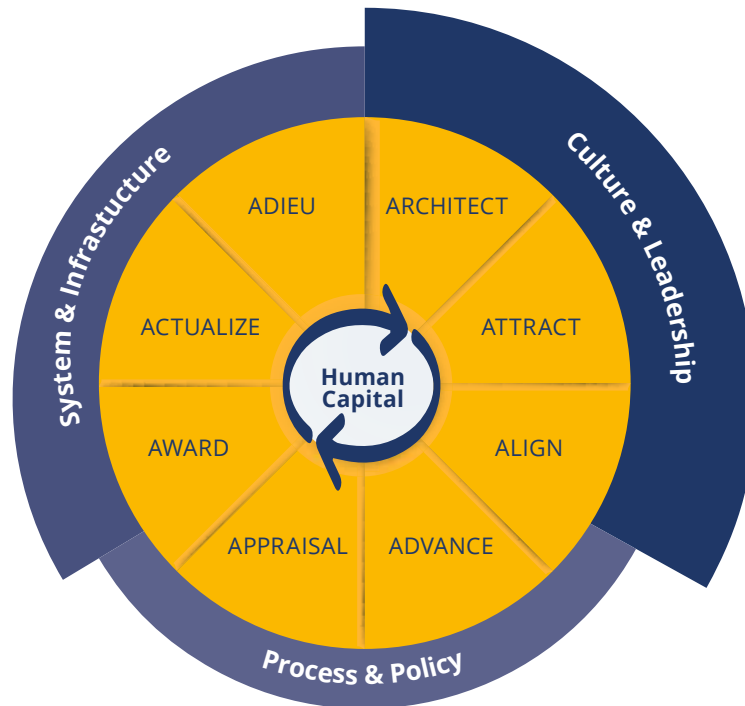


In facing digitalization era, Bank Mandiri has developed its human capital management strategy. One of the focuses in human capital management and development is to build tech-savvy human capital. It is due to the fact that Bank Mandiri has been implementing digital technology in every line of business. To fill the needs, Bank Mandiri has developed Information Technology (IT) and Risk Management Officer Development Program (ODP).

Besides addressing challenges in digitalization era, Bank Mandiri is also being challenged by millennial workforce domination. The presence of millennial generation at Bank Mandiri is pushing the company to keep making workplace culture relevant to both internal and external conditions of the company. With this Workplace Culture adjustment, Bank Mandiri has been able to increase its performance amid global economic turbulence.

Human Capital Management Strategy

The implementation of Human Capital management at Bank Mandiri is based on employee life cycle and guided by a framework that is aligned with Bank's strategies. Employee life cycle is illustrated below:



START

1. Architect - Organization Development

Organization Development includes organizational structure and job evaluation design, career development, and capacity planning.

2. Attract - Human Capital Fulfillment

Reliable system to fill the company with Human Capital from either internal or external sourcing as well as strategy for employee attraction.

3. Align - Employee on Boarding System and Employment Relations

Employee-friendly on boarding system and employment relations for both new hires and employees.

4. Advance - Training and Development

Human Capital training and capability development to support business needs.

8. Adieu - Employee Dismissal

Employee dismissal system.

7. Actualize - Talent and Succession Management

Qualified and timely talent and succession management system.

6. Award - Total Reward

Competitive and accurate employee reward system.

5. Appraise - Individual Performance Management

Accountable and transparent system for employee performance assessment and feedback.

FINISH

In order to manage employee life cycle well and continuously, each of the stages should be supported by strengthening the foundation that includes:

- a. More structured, accessible and understandable Human Capital process and policy;
- b. Integrated and user-friendly technology system and infrastructure; as well as
- c. Culture and leadership that support transformation, including shift in mindset, behavior, and working pattern, as well as improved roles of leaders as role model in Human Capital management process.

Each stage of employee life cycle is described as follows:

Architect

As mentioned earlier, Bank Mandiri has aligned its organizational structure to sharpen its organizational functions in supporting Bank's business strategies. To this end, the company has conducted several activities that include: organizational structure finalization, position mapping that fits with the new organizational structure, and employee placement via talent panel.

Throughout 2018, Bank Mandiri has conducted periodical reviews on organizational effectiveness regarding employee productivity in its working units in Head and Regional Offices. From the reviews, it can be implied that redistribution of capacity planning between working units has fitted the workload of each working unit. In addition, Bank Mandiri has also conducted continuous reviews on its Human Capital fulfillment strategy and policy in order to support Bank's business strategy and improve labor cost efficiency, particularly in facing digitalization era and millennial domination in human capital management.

Attract

Dynamic business and organization development requires swift and accurate recruitment of Human Capital. Strategies for Human Capital fulfillment are directed towards timely fulfillment of business needs with excellent Human Capital. As all networks of the Bank equally need Human Capital, Bank Mandiri makes local people priority in its recruitment and hiring. To recruit and find candidates, Bank Mandiri has partnered with the best universities in Indonesia by regularly participating in either job fair or campus hiring. In addition to the aforementioned strategies, recruitment for candidates also involves e-Recruitment via Bank Mandiri's website (www.bankmandiri.co.id).

Recruitment Methods

To fill the needs for Human Capital, Bank Mandiri conducts both internal and external recruitment using the following program or approach:

1. **Internal recruitment**, conducted through present employees development program including: Staff Development Program (SDP), Authorized Officers (P3K), and transfer of executives from Operations Services/Administration function to Sales/Credit/Collection function.
2. **External recruitment**, conducted through fresh graduate and experience hire approach for either management-level or executive-level employees. To fill the needs for Human Capital, Bank Mandiri conducts external recruitment by considering several things and special conditions including candidates scarcity in certain areas, job types, and certain expertises.

Officer Development Program

Officer Development Program (ODP) is one of the recruitment pathways for the fresh graduate candidates or the candidates that have less than 4 (four) years of work experience. The candidates who pass the selection phase will be established as the core candidates and are obliged to follow an intensive ODP education program that consists of in class and on the job training. In order to face the rapid business change and anticipating the increase of the VUCA (Volatility, Uncertainty, Complexity dan Ambiguity) influence, Bank Mandiri has transformed its business model to strengthen several aspects such as the Information Technology (IT) and Risk Management aspects. To support this transformation, in terms of human capital, an alignment strategy has been carried out towards the ODP recruitment which focused in the IT and Risk Management functions, which are IT ODP and Risk Management ODP. Moreover, the ODP recruitment to meet business needs continues as usual, among others in the wholesale banking function, retail banking, and supporting function.

IT and Risk Management ODP

In order to fill the needs for vacant managerial positions in Information Technology and Risk Management units, Bank Mandiri recruited fresh graduates through IT and Risk Management ODP as well as experience hire. Several strategies for IT and Risk Management ODP have been executed including:

- a. Establish specific qualifications especially related to the educational background: which are tailored to the characteristics of work in the IT and Risk Management fields.
- b. Candidates for IT and Risk Management ODP are sourced from:
 - **Job Fair**
Bank Mandiri has participated in a number of job fairs held by Career Development Center (CDC) of several reputable domestic and international universities. Throughout 2018, Bank Mandiri has participated in job fairs held by Universitas Gadjah Mada, Bandung Institute of Technology, Universitas Indonesia, Bogor Agricultural University, University of Brawijaya, Bina Nusantara University, and Pelita Harapan University. In addition, Bank Mandiri has also participated in a number of job fairs facilitated by Young Indonesian Professionals' Association (YIPA) in London to recruit diaspora or Indonesian students studying in best universities in London. From its participation in a number of events, on average, more than 800 candidates applied for a position in Bank Mandiri's ODP program, particularly IT and Risk Management ODP.
 - **Campus Visit/Campus Hiring**
Campus visit/campus hiring is held to provide students with knowledge and information related to professional world in banking industry. This event is Bank's proactive approach to reach out best candidates from reputable Universities in Indonesia.
 - **Online Searching**
In addition to the above method, applicants are also allowed to apply online via Bank Mandiri's website using the Applicant Tracking System (ATS) that helps to monitor the progress of each candidate's application.
- c. Recruitments for IT and Risk Management ODP generally involve the same process like administrative screening, psychometric test, panel interview, and medical test. In panel interview stage, Bank Mandiri involved subject matter experts in the field of Information Technology and Risk Management with competency-based interview certificate. The company expects that the involvement of subject matter experts can help discover candidates' profiles and potentials optimally according to its predetermined specifications.

The number of managerial-level employee in IT and Risk Management needed as well as its fulfillment method throughout 2018 are presented as follows:

Field	Fulfillment Method		Total *)
	ODP	Experience Hire	
Information Technology	91	123	214
Risk Management	134	68	202
Total	225	191	416

*) New Headcount (Capacity Planning) and Replacement

Testimony of IT and Risk Management ODP



Maulina Ngalimatul Ghoniya,
IT Infrastructure Group

ODP IT

"To become Best Graduates I of IT OPD is an achievement I have never expected before. All the hard work and opportunities to work with my passion in IT have been paid off. I was helped to begin studying at IT School then prepared for a career at IT Group. I love working at Bank Mandiri. To me, Bank Mandiri has been more like a home where I can always put my heart to work. It never stops providing me with opportunities to grow passionately."

ODP Risk Management

"It's a great journey and one of the best experiences I've ever got in my life. Dealing with pressure, learning how corporate banking works, meeting great and inspiring people, and always gaining positive energy and new knowledge from them. Thanks Mandiri."



Mutia Hadityaningrum,
DCOR Digital Banking

Special Region Managerial Candidate

Other than the ODP recruitment pathways, in 2018 Bank Mandiri also developed a special recruitment program that was dedicated for the fresh graduate candidate from local people that was called the Special Region Managerial Candidate Program (CPDK). The employees recruited from this CPDK Program will be coached and trained through the specific and intensive development program that consists of in-class and on the job training to understand the standard operation and business process in the work unit and ready to carry out the roles and duties of the leadership staff in the local region. This program was carried out to fill the leadership employees in the Papua, Kalimantan, Sulawesi, and Maluku areas.

Internship Program

As a part of the recruitment activity, Bank Mandiri also carried out the internship program with the purpose of providing experience and develops the competence of school or university graduates to make them ready to enter the working world. The intern who has good ability and competence during the internship will be regarded as pool candidate in the Bank Mandiri employee recruitment process. The internship program is divided into 2 (two) types namely the Kriya Mandiri and Certification Student Internship Program (Program Magang Mahasiswa Bersertifikat/PMMB).

Kriya Mandiri

Kriya Mandiri is an integrated work-study program for high school graduates, Diploma, and Graduates aiming to provide them with knowledge, skills, and experience necessary for working in banking industry. Learning modules are provided to prepare the interns for jobs including back office, call center, customer service, and

teller. Kriya Mandiri Program, since its first launched in 2012 to 2018, has recruited 11,859 interns. After successfully completing the program, most of them were hired as employees of Bank Mandiri while some others preferred to continue studying or to work in other companies.

In addition, Bank Mandiri also offers special internship program for high school graduates with disabilities for contact center position under "Kriya Mandiri Contact Center" internship program. While participating in this program, interns will go through 3 (three) comprehensive stages including basic, intermediate, and advance in a 3-year period according to the syllabus and curriculum.

Certified Internship Program

Certified Student Internship Program (PMMB) is an internship program for students from various backgrounds Public / Private Universities initiated by Ministry of State-Owned Enterprises (BUMN) and facilitated by the Indonesian Human Capital Forum (FHCI).

This program is a form of implementation of "BUMN Present for the Country" which aims to support Government programs in preparing superior human capital and ready to compete when entering the workforce. Students who take part in the activity this internship will be enriched with a variety of insights and work skills through a comprehensive and structured program. This program is expected in addition to producing superior human resources and Skill can also become a pool of SOE recruitment sources, improve student competency in facing global competition and become the initiator of the creation of links & match curricula and syllabus between Universities and industrial sectors.

In 2018, Bank Mandiri provided as many as 371 internship positions for fresh graduates or final-year Diploma and Undergraduate students, from 14 (fourteen) public and private universities. This 6-month internship program was started with a 3-day in-class training (induction program). Students are eligible for allowance, employment accident insurance, and life insurance during the internship program. After completing the internship, students were handed Certificate of Industrial Certified Internship issued by Bank Mandiri.

Align

Employee on Boarding System

On boarding system refers to the mechanism through which new hires acquire necessary knowledge, skills, and behavior to become Bank's employees. The General Principles in implementing employee on boarding include:



1. Compliance

Bank Mandiri helps the employees to understand the principles of regulations and policies of the Bank.



2. Culture

Bank Mandiri prepares the employees to take and uphold Bank's norms, including working culture and core values of the company.



3. Clarification

Bank Mandiri ensures that the employees understand not only their new jobs and responsibilities but also the expected results from their performance.



4. Connection

Bank Mandiri ensures that the employees are able to build good and positive relations with each other.

Employment Relations (Industrial Relations)

Bank Mandiri always strives to create open, positive, and progressive working environment in order to build harmonious, dynamic, and fair industrial relations. In regard to industrial relations management, Bank Mandiri is guided by the Law No. 13 Year 2003 regarding Employment (UU No. 13/2003). The general principles underlying the industrial relations at Bank Mandiri include:

1. Establishing and maintaining harmonious industrial relations, with active participation of employees, Bank's Labor Union, as well as other employee organizations acknowledged by the Bank.
2. Conducting activities that improve employees engagement level through programs that effectively bring desired impact on employees' working attitude and behavior as well as positive impacts on Bank's performance.

Industrial Relations was established upon understanding that the Company, Employees, and Labor Union carry rights, obligations and responsibilities with respect, trust and determination to cooperate with each other to support Bank's business and to uplift employees' welfare. Means are needed in industrial relation practices. They include:

1. Labor Union

By allowing its employees to join labor unions, Bank Mandiri shows its adherence to the Law of Manpower. Bank Mandiri's Labor Union (SPBM) is established to maintain good employee-management relations at Bank Mandiri that contributes to harmonious industrial relations. Established in 2000, SPBM has been registered in the Department of Manpower and Transmigration No.KEP.804/M/BW/2000, and listed under Depnakertrans RI No.45/V/P/V/2001.

2. Collective Labor Agreement

Mandiri has already had a Collective Labor Agreement (CLA/PKB) resulting from negotiations between the Bank and Bank Mandiri Employees Union (SPBM) regulating the terms at work, rights and obligations of both parties under the provisions of law. PKB was first kicked off in 2004-2006 period and the prevailing PKB today is the seventh that is valid for the 2017-2019 period. It has been registered and legalized by the Ministry of Manpower and numbered KEP.198/PHJSK. PK/PKB/XII/2017 dated 11 December 2017.

3. Internal and External Regulations

Bank Mandiri is always obedient and adherent to prevailing regulations and laws in Indonesia. In addition, Bank Mandiri also complies with the prevailing internal regulations within the company which include Operational Policy (Human Capital) updated and approved on December 12, 2017 as well as the Standard Guidelines for Human Capital updated on March 20, 2018.

4. Bipartite Cooperation Institutes (Bipartite LKS)

Bipartite Cooperation Institutes (LKS) at Bank Mandiri was first established in 2005 and was registered in Manpower and Transmigration Agency of Jakarta Selatan under registration number 4391/-1.837 dated December 13, 2015.

In accordance with the Law No. 13/2003 and as also stated in PKB 2015-2017, Bank Mandiri and the Labor Union routinely hold Bipartite LKS every 2 (two)

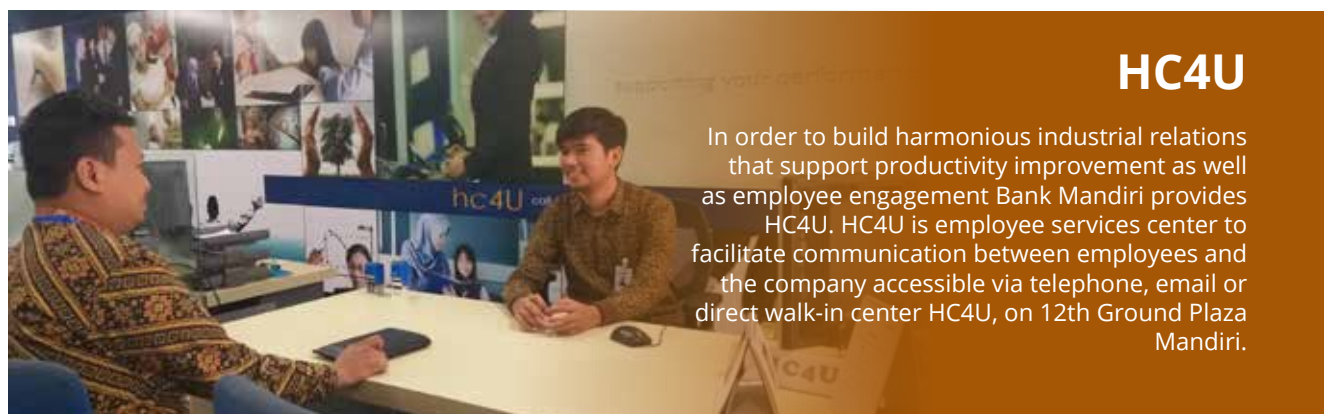
months as the forum to communicate and consult industrial relations issues. In the forum, the company communicates its Human Capital policies as well as several focuses on company's business development based on its vision and mission. Labor Union, on the other hand, not only provides the management with feedback and inputs for improvement but also expresses their aspirations.

5. Handling Complaints

Although complaints are simply a normal part of business, inability to handle complaints well can lead to undesired impacts such as decline in employee productivity that in turn will be disadvantageous for both the employees themselves and Bank Mandiri. Conducive work environment and open communication forum play key roles in establishing effective employment relations. Company and all employees always strive to handle complaints well and according to prevailing regulations.

6. Industrial Relations Conflict Resolution

In order to create a favorable working environment not only for employees but also for the Bank, all stakeholders must strive to build harmonious industrial relations. For example, when conflict arises, working units or the company should be able to handle it according to the Law No. 13/2003 and Law No. 2 Year 2004 on Industrial Relations Conflict Resolution.



HC4U

In order to build harmonious industrial relations that support productivity improvement as well as employee engagement Bank Mandiri provides HC4U. HC4U is employee services center to facilitate communication between employees and the company accessible via telephone, email or direct walk-in center HC4U, on 12th Ground Plaza Mandiri.

Remarks: HC4U is pronounced as "HC For You"

Employee Engagement

Employee engagement is a result of effective implementation of industrial relations that acts as parameters to measure employee emotional engagement with the company. To create synergies that lead to optimal productivity at work, Bank Mandiri always pays special attention to the welfare of its employees. The company provides either material or non-material employee welfare program. A material program is a welfare program that is directly linked to employee performance and its compensation can be given in the form of pension, holiday allowance, bonuses, paid leave, and death funds. Meanwhile, Bank Mandiri's non-material welfare program provide all employees with facilities and services without discrimination.



In order to boost employee engagement, Bank Mandiri has also provided lactation room for female nursing employees in either Head Office or regional/branches. Clean and convenient lactation room has been provided and equipped with various facilities and basic needs for nursing mothers. Besides lactation room, Bank Mandiri also provides day care service for employees with children namely "Mandiri Day Care". Providing these facilities to all employees, the company expects its employees to work professionally while still being able to play roles as mother/parents that in turn create convenient workplace and lead to increase in productivity for the company.

Employee engagement has become one of focuses in Bank Mandiri's Human Capital management for years. Bank Mandiri is determined to sharpen focus on employee engagement issue by conducting several surveys to measure level of employee engagement with the company. The surveys were conducted both online and offline via interview and Focus Group Discussion since 2010.

Employee Engagement Surveys

In 2018, PT Bisnis Indonesia Kreasitama in collaboration with Blessing White Indonesia (consultant agency) held Indonesia Employee Engagement Index 2017, a survey that measures employee engagement. As many as 13 banking and non-banking companies participated in this survey held from January to February 2018. From the survey, Bank Mandiri was scored 80.5% (8.2% above Global Benchmark of 72.3%) and was awarded **Highly Engaged Organization** under Banking category and **Best Employee Engagement** under company with more than 15,000 employees category. Some factors contributing to such high score include happiness index, work satisfaction, career development opportunity, and flexible working condition.

Employee Turnover Rate in 2018

Bank Mandiri fully aware that Human Capital is one of most vital assets in improving the quality of Bank's performance. Therefore, Bank Mandiri always provides convenience and maintains safety for its employees at work to boost their engagement with the company. In addition to employee engagement survey, Bank Mandiri annually monitors its Attrition Rate (employee turnover) by monitoring both resignation and unpaid leave (CLTB) in the company. Doing so helps the company to analyze and understand employee profiles, particularly reasons for quitting the jobs. The Tren Attrition Rate of Bank Mandiri from 2016 - 2018 is presented below:

Table of Trend Attrition Rate of Bank Mandiri from 2016 to 2018

Years	Total Attrition (people)	Total Employee (people)	Percentage
2018	1,662	39,809	4.18%
2017	1,446	38,307	3.77%
2016	1,183	38,940	3.04%

Employee turnover rate in the past 3 (three) years is presented in the following table.

Table of Employee Turnover of Bank Mandiri from 2016 to 2018

Years	Total Turnover (people)	Total Employee (people)	Percentage
2018	2,586	39,809	6.50%
2017	2,267	38,307	5.92%
2016	1,885	38,940	4.84%

During 2018, the recorded number of Bank Mandiri employee resigned was 2,586 employees. For this employee turnover, Bank Mandiri has developed employee fulfillment/recruitment strategies so that the number of human capital still meets the needs of the Company, among others through the Officer Development Program (ODP) and Staff Development Program (SDP). ODP is a training program for the fresh graduate who will be the leadership staff of Bank Mandiri, while SDP is the training program for the intern employees of Bank Mandiri who were promoted to be the leadership staff of Bank Mandiri. As for 2018, a total of 4,030 employees have been recruited by the Company to meet the needs of human capital in all working units, both business and support.



Advance

Bank Mandiri believes that the success key to win competition in the highly competitive financial industry lies on reliable and competent human capital. Therefore, Human Capital should be managed rightly to produce highly qualified resource. Best Human Capital shows not only technical competences and capabilities, but also good leadership. In shaping reliable and competent Human Capital, Bank Mandiri has created and implemented the following strategies:

- Speed up learning to sustain high performance culture
- Boost talent capability
- Leverage intangible assets to attract, restrain, and motivate the best talent.

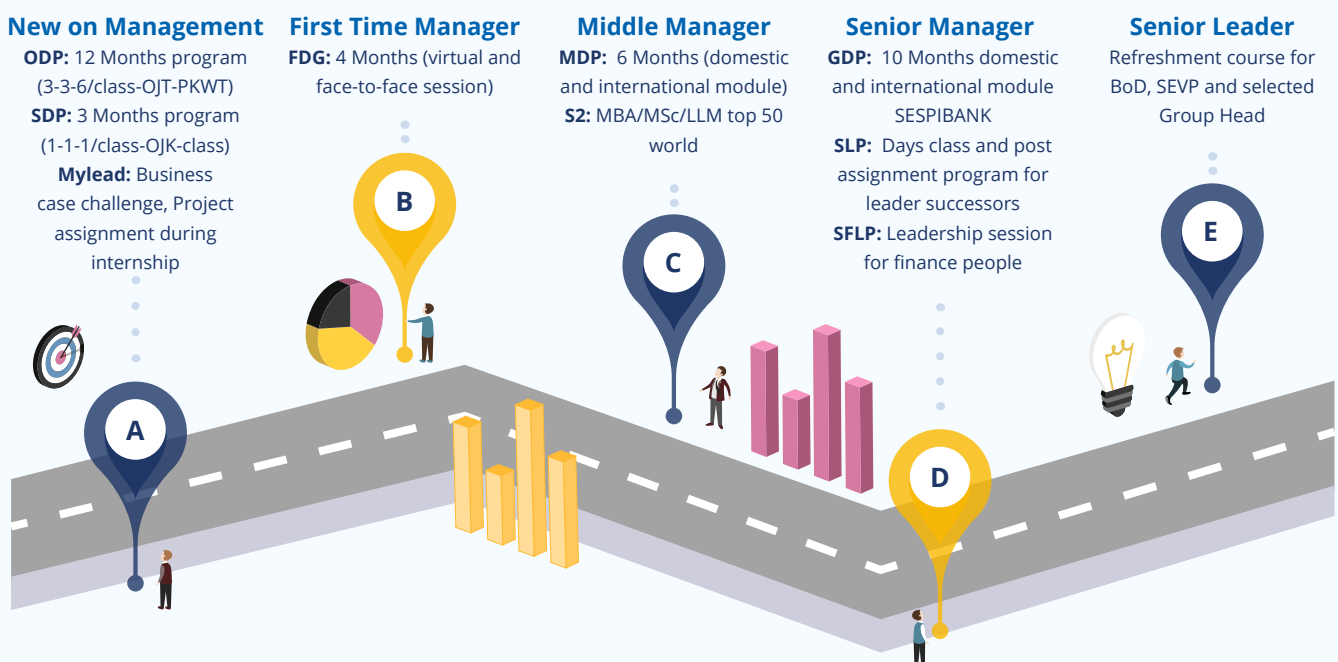
Bank Mandiri is committed to creating highly qualified leaders by conducting multi level leadership program including:

- **Officer Development Program (ODP)**
A training program for fresh graduates recruited for managerial positions at Bank Mandiri.
- **Staff Development Program (SDP)**
A training program for Bank Mandiri employees to be promoted for managerial positions at the Bank.

- **Post Graduate Program (S2)**
A formal training program for eligible employees of Bank Mandiri. This program is run in cooperation with 50 best universities in the world.
- **Middle Management Development Program (MDP)**
A training program for highly potential middle manager prepared as successors in the level of Department Head or Area Manager or equivalent level (Level 3).
- **General Management Development Program (GDP)**
A training program for talented and potential senior managers prepared for becoming successors above MDP-graduates' level including Group Head or Regional CEO or other equivalent positions (Level 2).
- **SESPIBANK Program**
A training program for candidates of Senior Executive or Top Management to be the top leaders of the bank.
- **Executive Development Program (EDP)**
A training program for Board of Directors, SEVP, Group Head, and Regional CEO.

Leadership By Program

Specific program to develop selected and talented managers in every job level



Testimonial of General Management Development Program



GDP Program helps to open my knowledge about international practice for the leadership implementation and shaping the paradigm regarding agility in facing various challenges, especially in the digital banking era.

Human Capital training and development are carried out based on prevailing internal policies. The training and development framework is prepared based on business needs and aligned with Human Capital strategies.

The framework for competence training and development includes:

1. Living Core Values

They are core values and corporate culture that should be held and implemented by each of the employees to support Bank's business strategy. Core values adopted from corporate culture include Trust, Integrity, Professionalism, Customer Focus, and Excellence (TIPCE) with 11 (eleven) Main Attitudes stemming from

Employee Value Proposition "Spirit Memakmurkan Negeri" (The Spirit to Prosper the Nation).

2. Technical Capability

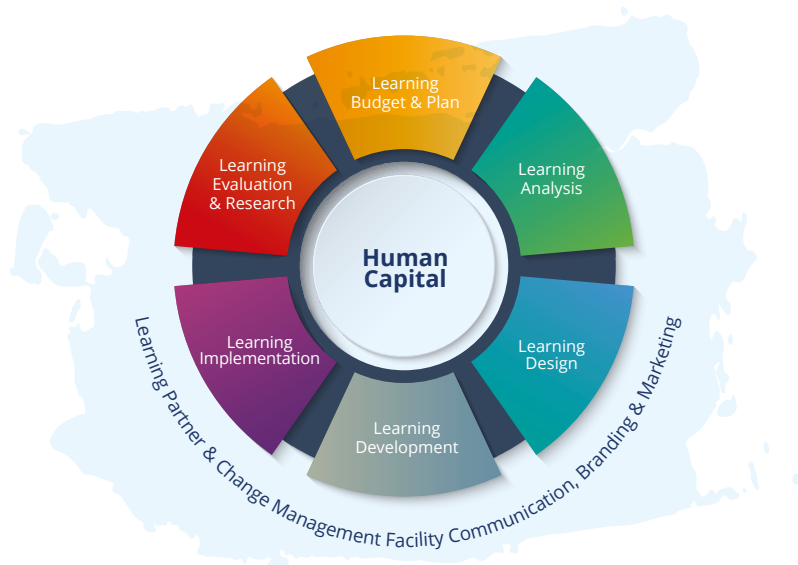
It is knowledge, skills, and attitude that should be owned by all employees according to their job functions. Technical capabilities are grouped into job functions in Corporate Banking, Retail Banking, and support function.

3. Leadership Capability

It is the skills needed by an employee to carry out leadership function. A good leadership is truly needed to make sure all employees of the company are able to become role models for other people.

Design for Human Capital Training and Development

Human Capital training and development are designed in line with corporate strategy to ensure all programs/activities are efficient, effective, and integrated to improve Bank Mandiri's performance.



Information Technology	Corporate Governance	Corporate Social Responsibility	Cross reference POJK	Cross reference ACGS	Financial Report
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Design components for training and development at Bank Mandiri are as follows:

1. Learning Budget and Plan

The process of making training, development, and budget allocation plans.

2. Learning Analysis

The process of analyzing learning needs based on business needs and organization development.

3. Learning Design

The process of designing education and training curricula based on the results of learning analysis.

4. Learning Development

The process of developing education and training curricula into materials, methodology, as well as evaluations.

5. Learning Implementation

The process of implementing the education and training curricula that have been set in the Learning Design and Learning Development stage.

6. Learning Evaluation and Research

The process of measuring and evaluating the impacts of education and training.

The foundations in designing such competence training and development are as follow:

1. Learning Partner

Internal and external experts taking parts in training and development program as module writer, trainer, coach, mentor, buddy, and so forth.

2. Change Management

The process of improving employees' knowledge, skills and attitudes.

3. Facility

Physical or technological facilities that support training and development program.

4. Communication, Branding dan Marketing

The process of making strategies for management, communication, and interaction with internal and external stakeholders in order to maintain public perceptions.

Furthermore, referring to the fact that Bank Mandiri consists of numerous units with various jobs and responsibilities, therefore company establishes Academy for each field that includes:

Academy	Segment
Wholesale Banking Academy	Focusing on development of Wholesale Banking, Trade Finance, Treasury, International Banking, and Overseas Branches segments.
Retail Banking Academy	Focusing on development of small medium enterprise, retail banking, consumer deposit, financial service, and investment management segments.
Banking Operations, Sales and Service Academy	Focusing on competence development in banking operations (branch and supporting), credit operation, e-channel operation, marketing and sales, services, customer experience and satisfaction fields.
Governance, Risk Management, Compliance Academy	Focusing on competence development in compliance, risk management, anti money laundering, governance, audit and legal as well as industrial relations fields.
Digital Banking, Information Technology and Support Academy	Focusing on competence development in digital banking, information technology, enterprise data management, and support fields.
Leadership Academy	Focusing on leadership development of at Bank Mandiri, including ODP/SDP, S2 and Managerial Capability, MDP, GDP, and Human Capital.

In order to support development of employee competence, Bank Mandiri has built campus facilities spread across Indonesia namely "Mandiri University". Bank Mandiri announced its plan to build Mandiri University across Indonesia, classified into 3 (three) types including A, B, and C. The type A campus houses the most complete facilities such as classroom, conference call, dormitory, e-learning facilities, simulation room, breakout room adapted to international standards, wi-fi, cafe, gym, theater room, and other supporting facilities. There have been 13 (thirteen) campuses located across Indonesia as mentioned below:

TYPE A

Training Center Jakarta



TYPE B

- Regional Campus Medan
- Regional Campus Palembang
- Regional Campus Bandung
- Regional Campus Semarang
- Regional Campus Surabaya
- Regional Campus Makassar



TYPE C

Training Center Jakarta

- Regional Campus Batam
- Regional Campus Pekanbaru
- Regional Campus Manado
- Regional Campus Palu
- Regional Campus Banjarmasin
- Regional Campus Pontianak



Knowledge Management

Bank Mandiri has developed Enterprise Knowledge Management System in order to support business process through the presentation of up-to-date and accurate information that provides solutions to business challenges. Bank Mandiri has perfected its curricula which refer to international best practices.

Appraise

To improve the implementation of performance management at Bank Mandiri today, several initiatives have been implemented since 2018 that cover the improvement of qualitative assessments based on aspects of behavior that focus on achieving sustainable, long-term Bank performance and in line with 5 (five) new Bank Mandiri Work Culture, namely Satu Hati Satu Mandiri (One Heart One Mandiri), Mandirian Tangguh (Strong Mandirian), Tumbuh Sehat (Growing Healthy), Memenuhi Kebutuhan Pelanggan (Fulfilling Customer Needs), Bersama Membangun Negeri (Together Build the Nation).

Performance Assessment System

Employee performance assessment is based on the achievement of employee performance in accordance with the agreed Key Performance Indicator (KPI), fulfillment or improvement of competence, and the application of Bank values according to the assessment system used. The performance-elements those are assessed consist of elements of result and process. Result shows the achievement of employees for the target (lag measure), while the process shows how to reach the target (lead measure).

The Performance Level at Bank Mandiri is categorized based on 5 (five) predicates, namely:

- 1. Superior Performance** shows outstanding/special performance.
- 2. Very Good Performance** shows satisfactory/very good performance.
- 3. Good Performance** shows good performance/meets expectations.
- 4. Requires some Improvement** shows the need for improvements to help improve performance.

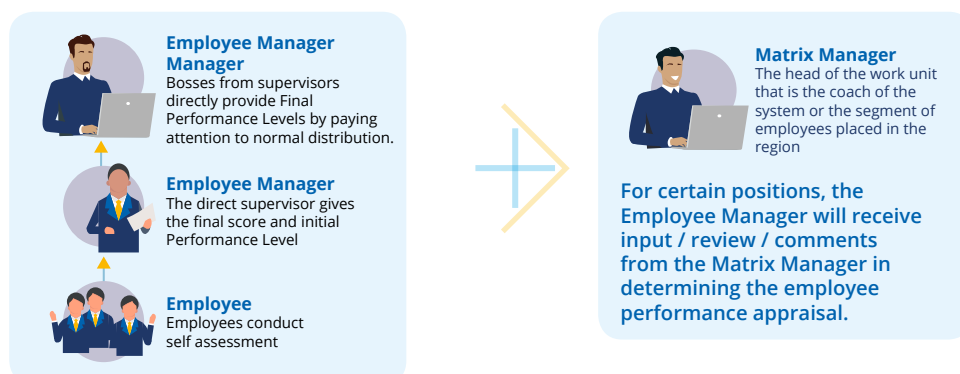
- 5. Under Performance** shows not showing the appropriate/expected performance.

Based on the Performance Level, the employee classification talent was also established as the basis for development and promotion. Talent classification is categorized based on the potential and level of performance of employees, namely High Potential, Critical Resources, Key Contributors, Under Achiever, and Limited Contributor.

With the performance appraisal system, it is expected to encourage employees to improve performance in the next period. The results of performance appraisal are used as one of the factors in determining benefits, determining the category of talent and promotion.

In assessing employee performance, employees are given the opportunity to carry out self-assessments of their achievements. Then the results of the self-assessment will be discussed, reviewed and approved by the direct supervisor. The parties who play a role in evaluating employee performance are explained in the following figure.

Who has a role in individual judgment?



Award

Remuneration policy is the bank's strategy in providing compensation to employees, which is adjusted to the Bank's ability to accommodate changes in employee demographics, management of labor costs, and in order to encourage the achievement of the Bank's business goals.

The remuneration of Bank Mandiri is prepared with the aim of being able to attract, maintain, motivate, and increase the commitment of employees to continuously provide optimal performance, supporting the Bank's vision, mission, and strategy.

In general, the remuneration strategy of Bank Mandiri is guided by the Labor Law and Financial Services Authority Regulations. The long-term total reward strategy is that the Bank has a strong-competitive value towards the market, namely:

1. Make a general effort to position the Bank on 75 percentiles.
2. Especially for top talent and critical jobs can be positioned up to 90 percentile.

To find out the remuneration position of the Bank on market conditions, every year Bank Mandiri participates in the Annual Salary Survey organized by independent and competent third parties. The results of the study of the survey are used as a basis for adjusting the remuneration strategy of the Company to be subsequently proposed at the Board of Directors Meeting to be approved.

The implementation of the remuneration strategy is also carried out by taking into account the performance of

each individual employee (based on performance), work unit performance and overall Bank performance, but still within the budget set. In general, in implementing the total rewards, Bank Mandiri provides salaries, annual salary adjustments, Holiday Allowances (THR), Annual Leave Implementation Money, and Large Leave Money given for each 3 (three) year period of work. Bank Mandiri also provides health facilities for employees and members of their families, including guarantees of inpatient care, outpatient care, childbirth, dental care, General Check Up, glasses and a retired Bank health program.

In addition, the Bank provides variable compensation including Location Allowances, Specific Position Allowances, Appearance Allowances for frontliner employees, Overtime Compensation, Performance achievement Bonuses, Sales incentives, retention programs, and Long Term Incentive programs in the form of shares.

To support the official service, Bank Mandiri provides official-facilities including official-housing, reimbursement of utilities, telephone expenses, and rental-official vehicles. While to support the needs of employees in home ownership, vehicles, and other needs, Bank Mandiri provides Employee Welfare Credit facilities.

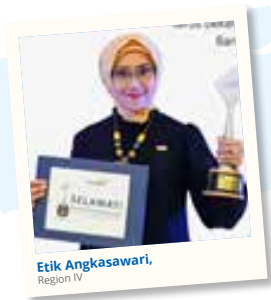
In addition to providing total rewards as explained, to encourage the spirit of innovation and employee productivity, Bank Mandiri routinely holds awards for employees, including the following:

Mandiri Best Employee

Mandiri Best Employee (MBE) is a form of highest appreciation to Bank Mandiri employees who are expected to represent employees who not only perform very well, but also are able to become role models that actively influence their surrounding partners to also be able to surpass targets by behaving according to their values - TIPCE main values. The MBE 2017 event was held on November 9, 2018.

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Mandiri Best Employee 2017 Winner Testimony*)



Etik Angkasawari,
Region IV

In addition to the performance must be consistent, there is also a screening test that must be followed, and the process is very strict. Thank God, I can go through that stage." Positive Aura and the benefits obtained also become a whip for the spirit of Ethics to continue to work wholeheartedly at Bank Mandiri.

*) Awarding Mandiri Best Employee 2017 held in 2018



Fitria Ulina Meliala,
Region V

I am very proud when I was chosen to represent Region V, this is something I will never forget throughout my career. This makes me want to continue to give the best contribution to Bank Mandiri."



Hendra Wahyudi,
Region XI

The key to success in career is recognizing the target to be achieved and then searching for new innovations to be able to achieve that target. Thank you Bank Mandiri for the appreciation given."

National Frontliner Championship

The National Frontliner Championship (NFC) is an award event held to appreciate the Bank Mandiri Frontliners for the services provided to customers. This event is part of a series of activities at the 2018 Mandiri Customer Care Summit, which takes place in Jakarta on September 17-20, 2018. Through this event, Bank Mandiri hopes that all Frontliners can be motivated to strive to be the best and consistently provide positive Customer Experience to customers.

National Frontliner Championship Winner Testimony



Martha P.S. Pangabean,
KC Medan Lapangan Merdeka Region I/
Sumatera 1

Thank God, this is beyond my expectations. I can meet directly with Mr. Tiko and be warmly welcomed by him.



Mega C. Kairupan,
KCP Denpasar Sesetan Raya Region XI/
Bali Nusa

Praise the Lord! Nearly 4 years working at Bank Mandiri, this is a remarkable achievement and achievement.

Actualize

In implementing a career development program, Bank Mandiri is always based on the principle of fair opportunity, namely the equal opportunity for each employee to grow and develop while taking into account the Company's needs, job family position, ability, performance level, value rating, talent group (talent classification), position availability, and other requirements.

Bank Mandiri applies a grading system that separates job grade and individual grade as a structure in career development. Job Grade is a value that describes the level of position based on the weight of the work and the factors determined by the Company. An Individual Grade is a value that describes the level of permanent employees determined on the basis of the performance, technical competence, leadership and working period of each employee, as well as periodic evaluations through the assessment process.

Promotion

There are a number of things that are considered when transferring employees, including the targeted positions having at least the same or higher job grade, performance and potential of employees, the employment period of employees in the last position and/or work location, and capabilities needed in positions addressed. The transfer of Bank Mandiri employees is carried out in 2 (two) time cycles, namely, the Main Promotion Cycle (MPC) and Secondary Promotion Cycle (SPC) carried out in the Talent Mobility system.

The number of employees who receive grade promotions in 2017 and 2018 can be seen in the following table:

Employees	2018		2017	
	MPC	SPC	MPC	SPC
Executive	2,176	2,194	2,218	2,218
Management	3,342	2,353	3,319	1,634
Total	5,518	4,547	5,537	3,852
Grand Total	10,065		9,389	

There was an increase in the number of employees who received promotion in 2018, by 7.2%. This indicates that the employees in the Bank Mandiri environment have a commitment to working and high motivation for achievement in doing their work. This Spirit has resulted in an increase in employee performance. Therefore, Bank Mandiri gave appreciation by giving promotion to those outstanding employees.

Talent and Success Management

The talent and succession management process is the process of preparing and developing talents so that they are ready to become successors who occupy critical positions at Bank Mandiri. With the existence of talent management and good succession, it is hoped that Bank Mandiri will have the best talents who are ready to fill the leadership pipeline on an ongoing basis.



Talent and succession management implements Mandiri 5 Cores Triangle which consists of Capability, Culture and Ethics, Leadership, Mindset, and Purpose. The framework is used as a basis for talent development which ensures that all five aspects are implemented in a balanced and comprehensive manner. The talent and succession management process is divided into 4 (four) main processes consisting of:

<p>Talent Classification and Nomination</p> <p>The process of mapping and determining talent is based on the consistency of performance and potential of each employee whose process begins with the determination of performance appraisal, assessment of potential, determination of Talent Classification, to be grouped into 2 (two) Talent Groups.</p>	<p>Talent Assessment</p> <p>The process of measuring capabilities and profiles of talent that aims to obtain information regarding the capability gap of talent that can be used as input in development. Talent Assessment measures 3 (three) aspects which include Leadership Assessment, Technical Assessment, and Behavior Assessment.</p>	<p>Talent Development</p> <p>The talent that has been designated as a successor, the development plan will be prepared in the form of an Individual Development Program (IDP). The arrangement is based on the capability gap of each successor. The outline development plan can be divided into 3 (three) parts, namely Job Exposure (can be in the form of Project Assignment, Promotion, Job Swap, and Job Attachment), Training, and Coaching and Mentoring.</p>	<p>Talent Review</p> <p>The stage for re-evaluating selected successors based on their performance, competency, and potential. The review of successors is held every 6 (six) months. The output of the review can be in the form of adjustments to development/resumption, excluded from the successor pool, or ready to be promoted.</p>



8

Superior Mandirians

Bank Mandiri defines the main behaviors that employees need to have based on the results of a study of several competency measurement tools used by several assessment center institutions. This main behavior is used as a tool to measure the potential of an employee called 8 Superior Mandirians. The so-called 8 Superior Mandirians is as follows:

Strategic Thinking

Someone who has a clear vision and direction for him to achieve something. This person also has a clear and good plan regarding how things will be delivered to achieve the best. So when he becomes a leader, this person will provide clear direction for himself and for his team

Achieving

Someone who has enormous energy and always takes the high initiative to achieve and grab more than expected. So this person will always try to be the best and exceed the target.

Decisive

When an uncertain situation occurs, one of the toughest tasks of a leader is to make a decision. Decisive is one of the critical attitudes that a leader is expected to be able to direct and make accountable decisions with measured risks in even the most difficult situations.

Etchics

Ethic is closely related to employee's integrity, both in decision making and when collaborating with related stakeholders. But keep in mind also that ethics is also closely related to actions and communication that can be accounted for and trusted.



Collaboration

For large organizations such as Bank Mandiri, cooperation and synergy between work units will be needed and holds the key to the success of achieving a goal. Someone who will become an independent future leader is also expected to have the ability to “people development.” What is meant by people development here is the spirit to provide development not only to oneself but also to colleagues and subordinates.

Manage Change

Adapting and accepting changes and responding positively and openly is the expected behavior of employees at Bank Mandiri, so superior employees will always be able to provide the best even in conditions of changing circumstances and policies.

Delivering Result

All previously mentioned elements are in vain when work stops at mere aspirations and promises without clear results. At the end of the day, the measure of the success of a job will be measured from the work completed with a complete quality of work and upholding ethics and cooperation with all stakeholders.

Tough Minded

To become a leader at Bank Mandiri, there will be many challenges, obstacles, and difficulties that must be faced throughout the process to achieve certain achievements. Therefore, a Superior Mandirian is expected to be able to show his resilience in facing all challenges and has the ability to bounce back when he has to fall during the journey.

Adieu

This stage is the last step in an employee lifecycle. Dismissal of employees or Termination of Employment is the termination of employment relations between the Employee and the Bank because of certain matters which result in the termination of the rights and obligations of the Employee and the Bank. The general principle of terminating employees is:

1. It is carried out based on an agreement between the Employee and the Bank unless the Employee violates employee discipline rules.
2. Performed at the initiative of the Bank and/or at the initiative of employees.
3. Done by considering the rights and obligations of employees and the Bank.

Pension Program

In implementing a pension program, Bank Mandiri establishes a Pension Fund for Employees. In general, the scope of the Pension Fund program consists of two programs, namely:

1. Defined Benefit Pension Program

Pension program for employees who are still actively working at the Bank from the Legacy Bank (4 Banks before the merger) and Bank Legacy's retirees.

2. Defined Contribution Pension Program

Pension program for Permanent Employees of the Bank and new Employees who have been appointed as permanent employees of the Bank.

In connection with the OJK Regulation No. 5/POJK.05/2017 concerning Contributions, Pension Benefits, and Other Benefits held by the Pension Fund, Bank Mandiri has made adjustments to the Pension Fund Regulations (PDP) in accordance with the decision of the OJK Board of Commissioners No. KEP-125 / NB.11 / 2018 dated March 12, 2018, including:

- Accumulation of Employer Contributions for participants with a membership period of less than 3 (three) years is used as the employer contribution to other participants.
- Payment voters Pension benefits at once.
- Asset grouping (life cycle fund) according to the age of the Participant group, which is divided into 2 (two) groups, namely Cluster General and Cluster Special.

- The Pension Fund is obliged to separate funds categorized as inactive funds, if after payment is separated, there will be no payment of Pension Benefits, then the Pension Fund must submit inactive funds to the BHP.
- Provisions for Additional Participant Contributions in the form of incidental and monthly contributions.

In addition to establishing a Pension Fund for Employees, Bank Mandiri also registers Employees as participants in the Pension Guarantee Program for the Social Security Organizing Agency (BPJS) in accordance with the applicable laws and regulations.

Pension Preparation Program

For employees who are about to retire and already retired, Bank Mandiri also provides special training related to employee retirement preparation programs namely Pra-Purna Bhakti, where the training aims to shape mentality and expertise as well as debriefing employees to remain productive even though they are no longer employees. In 2018, the training was opened in 24 batches with a total of 369 employees and costing Rp. 9.57 billion.

Post Pension Benefit

Bank Mandiri also appreciates Bank Mandiri Pensioners who aim to reward employees who enter normal retirement age for their contributions to Bank Mandiri and in increasing engagement with employees/retirees towards the company.

Bank Mandiri also pays attention to health facilities for retired employees by establishing Koperasi Mandiri Healthcare (MHC). The MHC Cooperative was established at the end of 2010 with membership fees of 5% originating from Employee contributions of 2% and subsidies from the Bank at 3%.

Process and Policy Human Capital

The management of each Human Capital function is regulated in the form of a process and set out in policies that are used as guidelines by taking into account operational risks. Internal policies related to the management of Human Capital at Bank Mandiri are regulated in:

1. Operational Policy (Human Resources Sub-Chapter) which has been updated and approved on December 12, 2017;
2. The Human Resource Standards that have been updated and approved on March 20, 2018;
3. Technical Guidelines for Human Resources (PTSDM) are updated using the concept of employee lifecycle (8A). Updates are carried out partially and gradually, while PTSDM which has been updated and approved is as follows:

Technical Guidelines for Human Resources (PTSDM)	Date Approved
PTSDM Architect – Design and Study of Organizational Structures	Wednesday, September 12, 2018
PTSDM Architect – Employee Need Planning and Manpower Cost Budgeting	Wednesday, September 12, 2018
PTSDM Attract - Outsourcing Partner Accreditation	Monday, May 02, 2016
PTSDM Attract - Application of Bank Mandiri Power Outsourcing Base Data (DTOBM)	Friday, October 17, 2014
PTSDM Align - Employee Relations	December 14, 2017
PTSDM Advance - Implementation of the Postgraduate Scholarship Program	Monday, August 01, 2016
PTSDM Advance - Training and Development Costs	Friday, April 01, 2016
PTSDM Advance - Implementation of Internship Program, Research, Research, and Field Work Practices in Work Units	Sunday, July 01, 2018
PTSDM Appraise - Individual Performance Management System	Tuesday, December 01, 2015
PTSDM Award - Transactional Reward – Compensation	1 August 2017
PTSDM Award - Transactional Reward – Official travel	Saturday, October 01, 2016
PTSDM Award – Relational Reward	November 01, 2018
PTSDM Actualized – Talent and Succession Management	Monday, December 10, 2018
PTSDM Actualized – Implementing Employee Development Program	Wednesday, December 14, 2016
PTSDM Adieu – Pension Program	Tuesday, September 13, 2016
PTSDM Corporate Culture - Culture Excellence Score Board (CES)	Friday, June 01, 2018
PTO Corporate Culture - Mandiri Craft Management & Mandiri Craft Database Application	Tuesday, July 10, 2018

All internal provisions related to Human Resources are constantly reviewed and updated regularly in accordance with the development of the organization.

System and Infrastructure Human Capital

Bank Mandiri always manages and updates the Human Capital Information Management System information system that is tailored to the needs of the Company with reference to applicable policies and procedures. The thing that must be considered in the Human Capital management information system is that the arrangement, development, and modification of the system must pay attention to aspects of consistency, system operational continuity, time efficiency, reduction in operational risk and customer satisfaction.

Mandiri Talent Management System

The Mandiri Talent Management System, known as TaMS, is a tool to help manage employees and Human Capital processes at Bank Mandiri. At present, TaMS is used by the Human Capital and Line Manager teams in conducting employee mobility, determining talent classification, succession management, and compensation management.



Mandiri CLICK

Since its launching in 2017, the employee self-service portal, Mandiri CLICK has many additional features to continue to be able to support employees in having an understanding of their rights and obligations in accordance with Bank Mandiri's internal policies. Now Mandiri CLICK also has a leave feature and benefit feature to find out what facilities and benefits each employee has. In addition, Mandiri CLICK is now enriched with information from relevant parties related to staffing such as BPJS up to Bank Mandiri Pension Fund.



Mandiri easy

Human Capital Bank Mandiri uses one of the e-Performance tools called Mandiri easy (Mandiri Employee Appreciation System), in order to align targets and ensure the achievement of all targets can be monitored properly. Mandiri easy is a cloud-based system so it is flexible to be accessed anywhere as far as connected to the internet. This system functions, as access to assessing the performance of Bank Mandiri employees.



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Mandiri Career Website

Mandiri Career is one of the menus on the Bank Mandiri website which contains information about job vacancies at Bank Mandiri (ODP, MY Lead, Mandiri Craft, Experienced Hire, Banking Staff, and CPDK) and Subsidiaries. The community is allowed to submit job applications online through Mandiri Career.



Mandiri Young Leaders

MYLD is a support tool for Mandiri Young Leaders participants to keep up to date with the Mandiri Young Leaders Program information.



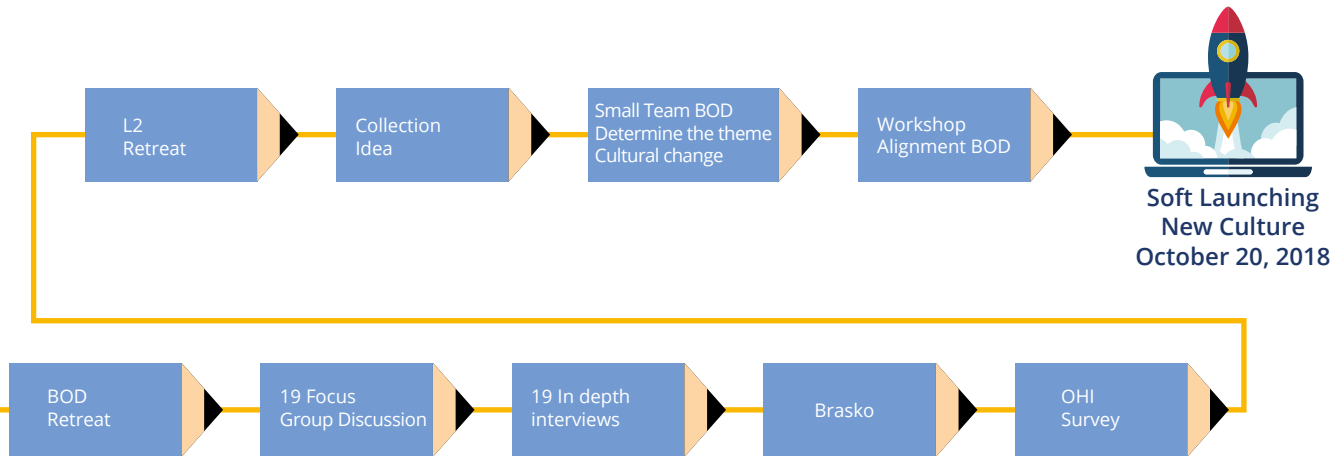
CULTURE INTERNALIZATION

The presence of the millennial generation at **Bank Mandiri** has encouraged the Company to continue adjusting its work culture to remain relevant to the Company's internal and external conditions. Through working culture adjustments, all **Bank Mandiri** employees will have a strong character in thinking and acting in accordance with **Bank Mandiri's 5 (five) behavioral cultures**. In addition to adjusting the work culture, **Bank Mandiri** also implemented a **smell of the place** approach in building the happiness and productivity of the Company's employees, most of whom were millennials. The **smell of the place** approach means managing various elements of work, both fiscal and emotional in order to create a work atmosphere that makes employees happy and productive.

Work Culture Transformation

In line with the vision of Bank Mandiri to become Indonesia's Best, ASEAN's Prominent, and against the challenges of being able to adjust business developments in an era of technological and digital disruption and the presence of generations of millennials, in 2018 Bank Mandiri has carried out a revamp culture process. Revamp Culture is carried out systematically to perfect the Work Culture with a foundation of core values (Trust, Integrity, Professionalism, Customer Focus, and Excellence), Code of Conduct, and Business Ethics to build a strong character of Independence. The results of revamp culture are 5 (five) new Bank Mandiri Work Culture, namely: **One Heart One Mandiri, Tough Mandiri, Growing Healthy, Meeting Customer Needs, and Together Building the Country** and 13 new key behaviors in accordance with 5 (five) Bank Mandiri Work Culture, which is a guide in thinking, acting, and behaving daily.

The revamp culture process is carried out systematically to perfect and rectify the appropriate Work Culture, while the steps taken in the revamp culture process can be seen in the following chart:



While the explanation of the 5 (five) new Bank Mandiri Work Culture is as follows:

Work Culture	13 Key Behavior
 One Heart One Mandiri	<p>1. Prioritizing Mandiri interests: I act and make decisions by prioritizing the interests of Mandiri above personal and other parties' interests.</p> <p>2. Collaboration: I collaborate and support each other selflessly to achieve the best results.</p> <p>3. Empathy and respect: I treat others as individuals who should be appreciated.</p>
 Strong Mandirian	<p>4. Code of Conduct dan Business ethics: I work with always adhering to the code of conduct and business ethics.</p> <p>5. Learner mindset: I continually add knowledge, capabilities, and insights from various sources, experiences, and feedback.</p> <p>6. Smart work, Agile, Adaptive and Solutive: I understand the context and essence of work to complete work in an effective and productive way and always focus on providing solutions.</p> <p>7. Intrapreneurship: I actively look for and take advantage of opportunities to maximize business potential.</p>
 Growing Healthy	<p>8. Think and act balanced: I act by balancing various factors (process, capability, risk, etc.) to achieve sustainable results.</p> <p>9. Continuous: I balance performance achievement for long-term sustainability.</p>
 Fulfilling Customer Needs	<p>10. Explore and meet customer needs: I actively explore customer needs including market conditions and competition to provide the right products, services, and solutions.</p> <p>11. Maintaining the relationships with the customer: Always maintain a mutually beneficial relationship between the bank and the customer.</p>
 Together Build the Nation	<p>12. Contributions for the country: I contribute to giving the best for the personal, family, environment and always giving the best performance.</p> <p>13. Balanced Role: I balance the role of being an employee who manages a company professionally, constantly enhancing the value of the company, and acting as an agent of development.</p>

As a form of internalization of the new work culture that has been prepared, Bank Mandiri has held the best employee appreciation night titled Mandiri Employee Award (MEA) 2018 which was held on November 9, 2018. Each award category reflects Bank Mandiri's new cultural theme, there are 2 (two) categories in the appreciation of MEA 2018 namely the Mandatory Award (Mandiri Best Employee, Mandiri Best Frontliner and Mandiri Best Innovation) and Thematic Award (Mandiri Best Risk Manager & Best Collection, and Mandiri Best Branch Business Control). The MEA 2018 winners are expected to be a role model in the implementation of Bank Mandiri's work culture. Through the new culture of Bank Mandiri, in the future, the Company hopes to become the best corporate institution in Indonesia and become a representative of Indonesia at the global level.

Human Capital Work Plan of 2019

In order to support the realization of Bank Mandiri's Vision, "Indonesia's Best, ASEAN's Prominent" in 2020, the Human Capital management in 2019 will be focused to:

1. In relation with the organization development and the employee competence according to the Bank business strategy, Bank Mandiri will be focusing on the competence development in the Information Technology, Digital Banking, Risk Management, Wholesale and Retail, as well as Supporting fields to support the business strategy in the regional area.
2. In relation with the improvement of the Human Capital guidelines, the Company will carry out periodical adjustment to the policy and process in every Employee Lifecycle elements starting from the organizational productivity optimization, selection process, capability development, and the Performance assessment.
3. In relation with the improvement of the personnel information system infrastructure, the Company will carry out renewal and development of the technology and the information system to support the implementation of the optimization of the Human Capital strategic initiative.
4. In relation to creating awareness and implementation of revamping culture (Culture Transformation 2018), Bank Mandiri will carry out the new culture socialization to the entire office network, both the Head Office and Regional Office. A culture alignment will also be carried out to all Subsidiaries Entities, including incorporating culture training modules in the culture special class or other classes to all employees.
5. In relation with the employee engagement Management, the Company will carry out the Employee Engagement Level/Organization Health Index Survey which result will be the basis for the welfare improvement/increase of all employees in order to create optimum work productivity.
6. In relation to the fulfillment of the human capital needs, Bank Mandiri will be focusing on the areas that support the business transformation, IT and also Risk Management. As for the Bank Mandiri 2019 Man Power Planning is as follows:

Unit	Needs		
	Leadership	Executive	Total
Business	456	663	1,119
IT	180	40	220
Direct Business Pairing			
Risk Management	85	43	128
Operations	90	100	190
Business Enabler	76	27	103
Total	887	873	1,760

In order to fulfill those needs, most of the leadership level will be filled through the ODP and Staff Development Program (SDP) pathways, and the rest will be filled through the experience hire. While for the executive level, the fulfillment was prioritized through the Internship Program (Kriya Mandiri and PMMB) and empowerment of Outsourcing Personnel who have good performance and potential.

Human Capital Profile

Information related to the Bank Mandiri employee profile can be found on the Company Profile section of this Annual Report.

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Information Technology

In 2018, Bank Mandiri IT focused on developing IT capabilities based on the Re-Aligned IT Strategy and Execution Plan (ISP) 2017 - 2020 so as to support Bank Mandiri business services.

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Fulfilling Customer Needs





To support business process and improve service management system to enhance Bank competitiveness in industry 4.0 era, Bank Mandiri has implemented an IT Transformation strategy that covers 3 (three) streams, namely Run the Bank, Change the Bank, and Transform IT. In Stream # 1 Run The Bank, security has been strengthened for critical applications and core banking capacity has been increased to accommodate transaction growth. In 2018, infrastructure has been modernized through device rejuvenation, technology implementation that supports Active-Active Data Center, and transformation from traditional Data Center to Virtual Private Cloud (VPC) to shorten provisioning server and storage processes.

In Stream # 2 Change The Bank, various IT strategic initiatives have been carried out which aim to strengthen competitive advantage and development of IT capabilities related to the business being developed. The IT strategic initiatives are harmonized with Re-Aligned IT Strategy & Execution Plan (ISP) of 2017-2020. Whereas Stream #3 Transform IT puts emphasis on improving IT Operating Model and increasing IT capabilities to support Stream #1 and Stream #2 initiatives. An important initiative in Stream #3 is the formation of Community of Practices as a form of IT Knowledge Management which is a community in Bank Mandiri for knowledge sharing and work collaboration. Communities that have been formed during the 2018 period are: Agile Community, DevOps Community and InfoSec Community.

The role of Information Technology (IT) in banking world to improve bank competitiveness is indicated by banks' increasing speed, accuracy, efficiency, productivity, validity and service. Rapid market changes, new product and service development and changes in expectations for time to market require that banks can adjust their operating models. Industrial revolution 4.0 has disrupted the banking sector characterized by the existence of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity). These changes encourage changes in consumer behavior and mindset that must be responded to by conducting a digital transformation to maintain and enhance customer loyalty.

The implementation of digital strategy at Bank Mandiri includes the development of Chatbot Mandiri

Intelligence Assistant (MITA) to facilitate customer service automation through social media at any time. Meeting customer needs by utilizing digital technology, both applications, devices as delivery channels that can be accessed anytime and anywhere. At present, most of customer financial transactions of Bank Mandiri are carried out through electronic networks.

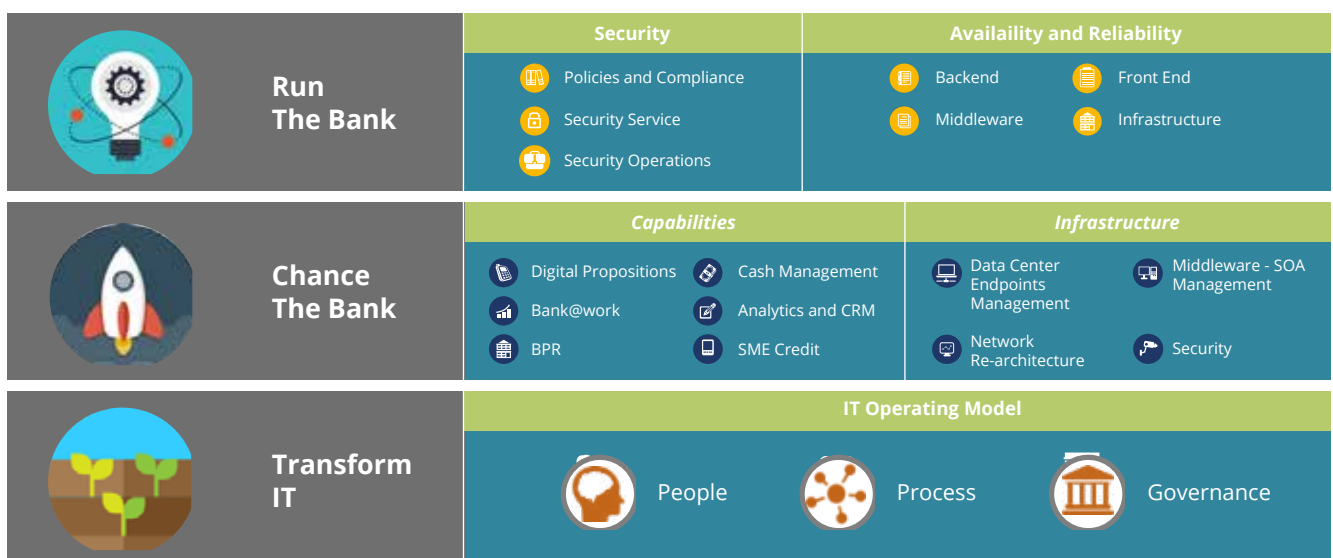
Digital transformation is not only done on e-channel products, but also in business process automation through the development of end-to-end system and application that can accelerate business processes. Moreover, Bank Mandiri can penetrate new markets by utilizing data analytics for "cross selling loan products".

Master Plan and Information Technology Strategy

The digital revolution that is happening at this time demands the Company to be able to adjust its operating model. Therefore, full support from IT aspect is needed to ensure smooth banking digital transaction services. To realize this matter and to support the Company's business strategy, it is necessary to implement an IT Transformation framework that supports strategic initiatives to build business capabilities and competitive advantages.

Information Technology Transformation

IT Transformation is a comprehensive framework related to Bank Mandiri's IT initiatives consisting of 3 (three) streams, namely Run the Bank, Change the Bank, and Transform IT.



Stream #1 - Run The Bank

Run the Bank accommodates tactical repair activities needed to improve operational effectiveness consisting of security improvement and availability and reliability enhancement for IT system. In 2018, security was strengthened for critical applications and core banking capacity was increased to accommodate transaction growth.

a. Security

Business and service transformation into digital platforms, making Information Security a challenge that must be faced. One of the IT strategies applied by Bank Mandiri in responding to this challenge was the establishment of work unit in Chief of Information and Security Operation (CISO) Office in 2018. In general, the CISO Office is responsible for Bank Mandiri's information security, both in terms of defining strategies, implementing initiatives, formulating and disseminating policies, standards, procedures, involvement in IT planning and development processes to handling information security-related incidents including prevention, detection, response, and recovery related to cyber security. Cyber security is information security applied to computer and network.

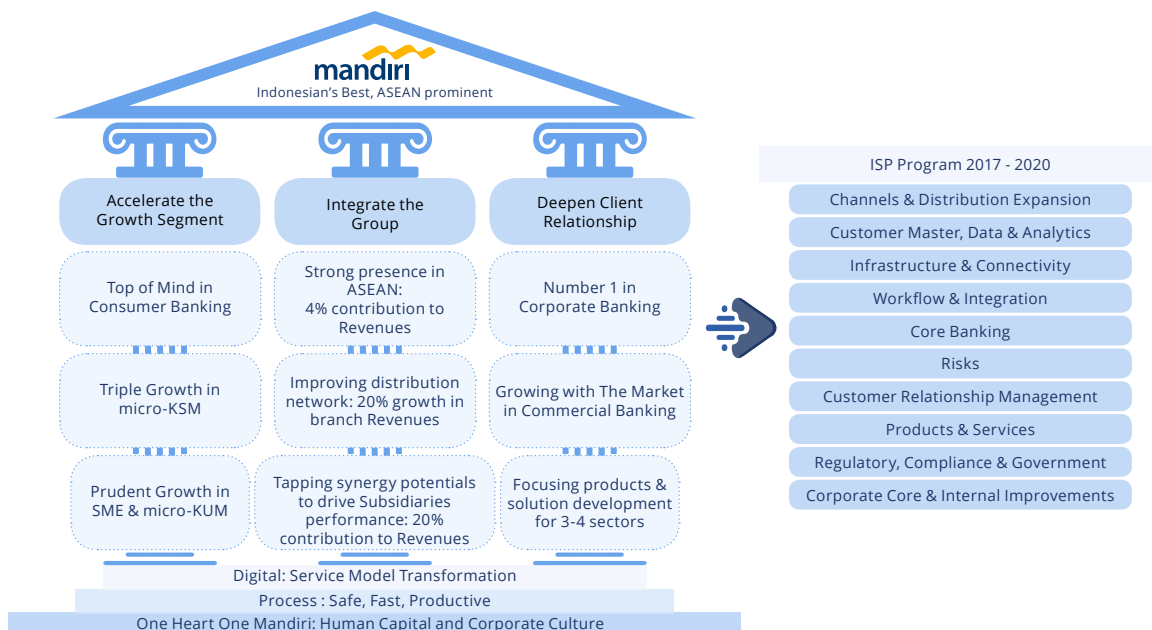
b. Availability and Reliability

To support Bank Mandiri's business and improve the Information Technology service management system, an improvement on the capability of Bank Mandiri's IT infrastructure is carried out to compete in industry 4.0 era. Infrastructure modernization is done through device rejuvenation, technology implementation that supports Active-Active Data Center, and transformation from traditional Data Center to Virtual Private Cloud (VPC) to shorten provisioning server and storage processes.

To maintain the availability of Bank Mandiri's Information Technology services, health check and stress test system processes are carried out periodically. In 2018, a system of improvement was carried out through improving the performance of the core banking system and critical application scalability so that it could serve peak transactions such as on holidays and turn of the year. In addition, the process of equalizing the capacity of Data Center Plaza Mandiri and Data Center Rempoa was carried out to support business continuity in the event of an emergency.

Stream #2 - Change The Bank

Change the Bank is IT strategic initiative that aims to strengthen the competitive advantage and development of IT capabilities related to the business being developed. The IT strategic initiative is harmonized with Re-Aligned IT Strategy and Execution Plan (ISP) of 2017-2020 that is in accordance with the following chart:



Bank @ Work, is one initiative that combines digital power, Mandiri brand and corporate relationship as a corporate benefit program to provide maximum benefits to companies and payroll employees at Bank Mandiri.

Business Process Re-engineering (BPR), is an initiative that integrates processes between products, system improvement, and simplification of business processes in the retail segment in an end-to-end manner to improve customer experience that is more streamlined.

Revamp on Corporate Website, as one of Bank Mandiri's contact point media with customers, which conditions the site of bankmandiri.co.id to be designed more informative and interactive to help customers find information about Bank Mandiri, especially regarding products and services.

The launch of the Mandiri Intelligent Assistant (MITA), is a virtual assistance through mobile, namely a 24-hour customer service that utilizes artificial intelligence and machine learning technology with natural language processing method to accelerate, facilitate customer interaction with banks and improve customer experience. This development is carried out together with mass adoption of digital technology in banking world by adding a portfolio of digital technologies in the form of chatbot so that MITA chatbot service can be accessed through the accounts of Facebook Messenger @bankmandiri, Line @bankmandiri, and Telegram @bankmandiri_officialbot, as well as Bank Mandiri sites.

Utilization of **Application Programming Interfaces (API)** technology enables developers to develop new banking applications and services optimally. Optimization of API utilization and the growth trend in the frequency of financial and non-financial transactions

including increasing prepaid usage underlies Bank Mandiri to innovate prepaid card top-up services. In 2018, Bank Mandiri collaborated with Tokopedia in developing prepaid card top-up services through Tokopedia application.

Stream #3 - Transform IT

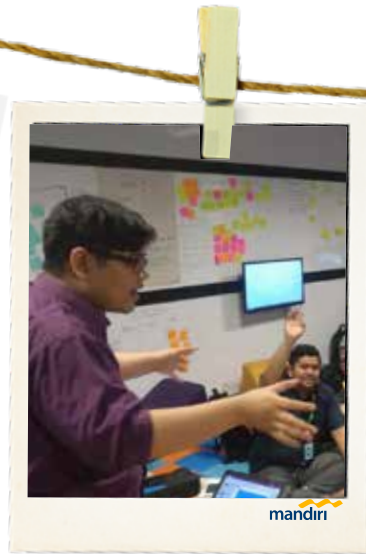
Transform IT, is an improvement in the IT Operating Model and enhances IT capabilities to support Stream # 1 and Stream # 2 initiatives.

Improvements to IT Operating Model include (1) ensuring the harmonization of IT strategic initiatives architecture with established technology standards, (2) improving IT processes in Project Management, Information Security and Quality Management and (3) improving IT Policy and Governance to ensure that the implementation of operational activities are more effective. Other IT Operating Model initiations are done through the use of Agile Approach in several strategic IT projects as pilot projects, following the latest technological trends and it is expected that project delivery will be faster.

The establishment of Community of Practices as a form of IT Knowledge Management is the establishment of a community in Bank Mandiri for knowledge sharing and work collaboration. Communities that have been formed during the 2018 period are: Agile Community, DevOps Community and InfoSec Community.

Success in the development and management of Bank Mandiri's IT is inseparable from the important role of Bank Mandiri Human Capital Development. Throughout 2018, the Company has implemented several employee capability development programs, as follows:







IT School

IT School is a debriefing program for ODP IT fresh graduates who aim to form agile and balanced IT innovation leaders who are able to compete in the digital world. An IT innovation leader is required to have a balance that is not only technology savvy but also human conscious and business sensitive. In addition, this role also has to be agile towards technology development so that this role can continue to adapt and be creative to produce the best Bank Mandiri's products.

The IT School curriculum is structured to have a balance between soft skills, such as design thinking, creative thinking, system/structured thinking, presentation/communication skill, business analysis, and system analysis and hard skills such as programming, testing, and agile project management.

The final result of IT School is pitching a mini project in the form of a web or mobile application mock up product from each group, which will be presented to the Director of Information Technology and Operation. Each group will be assessed from aspects of problem framing, innovative solutions, execution readiness, team attitude, and storytelling skills.

Testimonials of It School Participants



"Getting the opportunity to join IT Innovation School was a very memorable thing for me. I learned about the industrial revolution 4.0 era, IT technical knowledge, conceptual thinking, and storytelling skills for 17 days. In addition, I learned to collaborate between people, technology, and business. IT Innovation School is a comprehensive training, worth it, and as an initial stepping stone to become an IT Innovation Leader in the future."

"In my opinion, ODP IT and IT School are amazing! It's really fun! After finishing the LPPI to learn banking basics, I was immediately included in a cool program called IT School. I can hone, sharpen my mindset and storytelling skills, and mentally prepare to work at Bank Mandiri at IT School. Moreover, now I am taking part in Software AG training for SOA. I am so lucky to be able to join Bank Mandiri through ODP IT. I believe that I can be an agile leader with ODP IT."



IT Bootcamps Programming (JAVA)

Bootcamp Java Enterprise Edition Web Application with Spring is a step taken by Bank Mandiri to meet the needs of expert personnels in the software field. Unlike ordinary training, bootcamp is a training that is more intensive (longer training time than regular training that is conducted in one day), applicative (each participant hands-on directly doing programming), and also seclusive (done outside the office, even outside the city for several days).

The focus of the bootcamp material is related to Java programming using Spring framework. Spring is an open source framework that provides comprehensive infrastructure in developing Java Virtual Machine (JVM) based applications. Application creation is easier and faster because the making of program code using Spring is modular and independent. As a result, the program code that is created will be neater, easily tested, and well structured.

Participants are given a pre-test to assess how much their understanding in programming. While at the end of the bootcamp, there is a post-test to see the progress of participants' understanding of Java before and after the event is held. There are also various quizzes and challenges throughout the bootcamp, which aim to see whether the material provided by the teacher can be understood by the participants.

IT Certification

To answer the challenges of Volatility (high level of change), uncertainty (uncertainty about future developments), Complexity (complexity due to the large number of key decision factors), as well as Ambiguity (no red thread that can be taken from an event), Bank Mandiri needs to have systematic IT education program, which is a framework that can be used to develop the capabilities of IT employees.

Base reference used in material or training preparation that will be provided to IT employees is Functions Based Competency (FBC) which applies to all IT employees. In essence, FBC is work field competence that must be owned by IT employees in accordance with functions carried out by the employees. The competency area on FBC is IT and Business Relationship, IT Strategy, IT Development, IT Delivery and Operation, IT Process Management, and IT Enablement.

In addition to FBC, another reference used in determining the training to be provided to IT employees is Technical Capability Model (TCM). If there are several competency areas with each of their competency details in FBC, then there is Knowledge Topics for Basic, Intermediate and Advanced levels.

Certifications given to eligible employees are Prince 2 Foundation, TOGAF (The Open Group Architecture Framework), CBAP (Certified Business Analyst Professional), ISO 27001, CISM (Certified Information Security Manager), and ITIL (Information Technology Infrastructure Library), adjusted with the function of the employee work unit at Bank Mandiri.

Information Technology Innovation

Mandiri DIGICUB



Mandiri Digicub is a workspace with open space concept as a form of IT Transformation implementation. Digicub is specifically designed to support solution development with collaboration between business and IT with Agile Development method. This workspace is built with various facilities that can support productivity and teamwork so that it can be a place for developing products/services that have more value and become a mainstay for Bank Mandiri in the future.

Mandiri Cloud

In anticipation of the change in digitalization, especially in welcoming the industrial revolution 4.0 which is currently developing and the business growth of Bank Mandiri is increasing, it is necessary to support the provision of reliable and high-availability IT infrastructure. Based on this, at in 2018 Bank Mandiri built the Infrastructure as a Service called Mandiri Cloud which is a Virtual Private Cloud (VPC) located in both Bank Mandiri Data Centers. Mandiri Cloud is used for operational and development of Bank Mandiri applications.

Mandiri Cloud is a Virtual Private Cloud (On Premise) technology that accelerates infrastructure provision from a conventional model that takes 12 weeks to become a cloud computing model that takes only 15

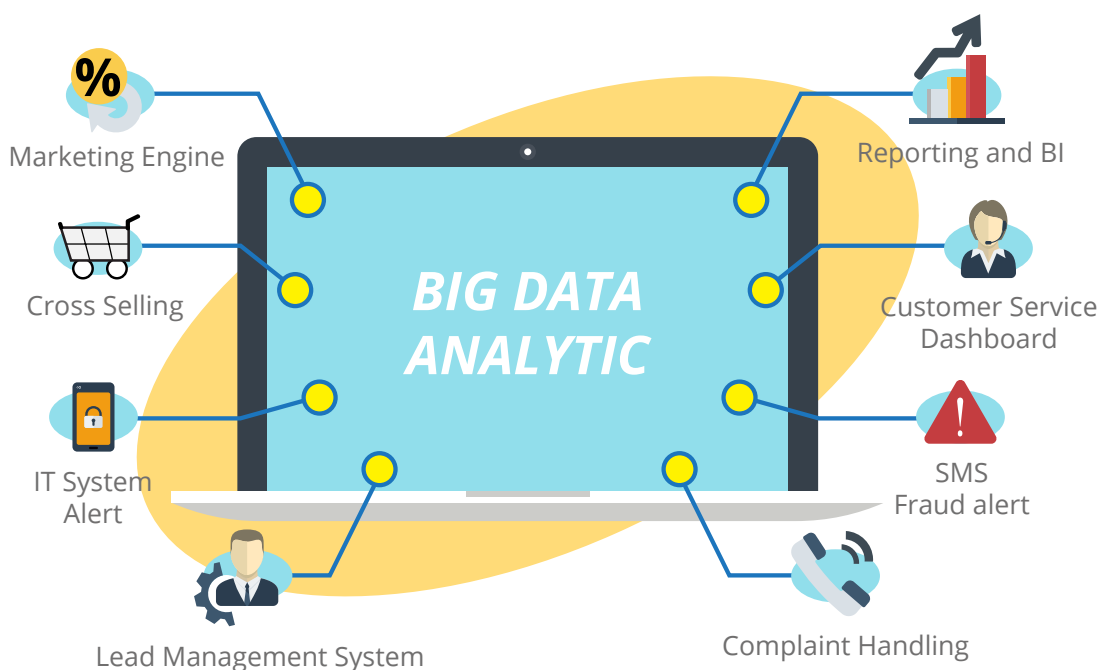
minutes. In addition, Mandiri Cloud is also built with a level of security and high reliability and flexibility to accommodate the surge in banking transactions that occurred at Bank Mandiri.

Big Data

Big Data is a data management technology that can store and process data in **HUGE** quantities, with **VARIOUS** types of data and **FAST** processing time. Big Data can store and process not only structured data such as data in the system, but also unstructured data such as audio, photos, social media, video, web logs, and others. Bank Mandiri has millions of active customers that generate tens of millions of transaction data every day from various systems at Bank Mandiri, therefore, a system that can manage data and produce output from data usage quickly is needed.

Roadmap Big Data

Not only as a very large data storage area, Big Data will function as a tool to produce several features such as Cross Selling, Marketing Engine, Regulatory Reporting, Customer Service Dashboard, Fraud Alert, Complaint handling, Leads Management System, IT System Alert in the future.



Implementation of Big Data Up to 2018

Implementation of 'Use Case Analytics'

'Use Case Analytics' is the spearhead of 'Big Data' which directly contributes to increasing revenue and reducing expenses of Bank Mandiri and its subsidiaries, both in retail and wholesale segments. In addition to facilitating Bank Mandiri in carrying out end to end analysis, 'Big Data' facilitates 'follow up' of the results of the analysis, such as in the form of marketing campaign.

Implementation of Big Data up to 2018 includes:



Deep analysis of bank data, predictive modeling using machine learning to make a prediction of eligible customers for a product.



Geolocation, which is the utilization of customers' location to promote products and services of Bank Mandiri.



Near Real Time Campaign, which is offering of products and services of Bank Mandiri as soon as customers make transaction in one of Bank Mandiri channels.



Personalized tracking, which is the process of knowing customers profile who are interested in Bank Mandiri products.



Automatic campaign execution, which is automatic execution of the campaign, starting from the selection of leads, targeted campaign execution up to tracking.

Use of Big Data to Generate CTD and TFD Dashboards

Big Data is also used as an engine to generate CTD (Customer Transaction Dashboard) and TFD (Transaction Flow Diagram) dashboards. The dashboard is used by the Relationship Manager of Commercial or Corporate sector in the process of obtaining loans or monitoring ongoing credit. This dashboard can display Wallet Size information of prospective debtors/ debtors in Bank Mandiri through Customer Transaction Dashboard (CTD) and transaction information of prospective debtors/ debtors in Mandiri through Transaction Flow Diagrams (TFD).

Prior to using Big Data, time required to generate this dashboard may take up to 2 (two) weeks. Meanwhile, it only takes 6 (six) hours after use. Thus it can cut the time in the process of applying for credit, terminating credit or monitoring ongoing credit .

Availability and Infrastructure of Information Technology

Bank Mandiri IT Infrastructure Support with Active-Active Data Centre concept consisting of Data Center (DC) at Plaza Mandiri and Data Center in Rempoa to support business continuity of Bank Mandiri during emergencies. DC Rempoa refers to the Data Center Uptime Institute standard, which officially operates since October 1, 2015.

The increasing business growth of Bank Mandiri is in need of support for the provision of reliable and high-availability IT infrastructure. In 2018, Bank Mandiri built an Infrastructure as a Service called Mandiri Cloud which is a Virtual Private Cloud (VPC) located in both Data Centers Bank Mandiri. Mandiri Cloud is used for operating activities and applications development of Bank Mandiri.

In order to carrying out proactive monitoring and operation control on the availability of all IT services, Bank Mandiri has 7x24 hours active Command Center, so it can quickly detect problems. Activities carried out in the Command Center include:

- Monitoring and maintaining the readiness of servers, applications, and Network Services,
- Active in supervising the operations of data centers and data recovery centers as well as escalating problems quickly for 7x24 hours,
- Improving early warning system function using active notification through messaging services application,
- Automating periodic reports to Management and automating monitoring using tools robotic,
- Developing monitoring dashboard function into Single View Dashboard to accelerate problem detection and decision making.



Policy and Governance of Information Technology

Bank Mandiri makes IT Governance a guideline in IT planning, development and operational processes. IT Governance is implemented by adopting the Regulations of Financial Services Authority and Bank of Indonesia while considering character and business strategy of Company. Bank Mandiri always guarantees that the IT governance continuously be improved in accordance to the developments through the implementation of periodic review.

IT Governance framework at Bank Mandiri is illustrated in the following chart:



The provisions related to IT Management at Bank Mandiri are set forth in the Standard Operating Procedures (SOP) and Technical Instructions (TI) which generally regulate the following:

1. IT Standard Operating Procedures (IT SOP)

IT SOP is Information Technology Governance Guidelines starting from the planning, development, operational management to end-to-end IT safeguards that apply at Bank Mandiri including at Foreign Office as to be in line with the applicable regulations and best practices and is aligned with the business process improvement while paying attention to the principle of confidentiality, integrity, availability, reliability, continuity, and compliancy having regard to the principles of effectiveness and efficiency.

IT SOP is a rule containing provisions and/ or procedures as a description of Bank Mandiri Operational Policy (KOBM). The IT SOP refers to Regulator provisions as well as Internal Bank provisions.

The founding of Regulatory Provision is:

- Law of the Republic of Indonesia No. 10 of 1998 on Banking.
- Law of the Republic of Indonesia Number 19 of 2016 on Amendment to Law Number 11 Year 2008 on Information and Electronic Transactions.
- Government Regulation (PP) No. 82 of 2012 on the Implementation of the Electronic Transaction System.
- 4.Regulation of the Financial Services Authority No. 38/POJK.03/2016 dated December 1, 2016 on Application of Risk Management in the Use of Information Technology by Commercial Banks.
- Circular Letter of the Financial Services Authority No. 21/SEOJK.03/2017 dated June 6, 2017 on Application of Risk Management in the Use of Information Technology by Commercial Banks.

Whereas in terms of Internal Bank, IT SOP is based on: Bank Mandiri Operational Policy (KOBM), Decree of Risk Capital Committee - Operational Risk Committee (RCC - ORC) dated 21 December 2012 and Decree of the Procedure and Policy Committee (PPC) dated 12 December 2018.

2. Technical Instructions (TI) related to IT

It is a provision regulating the stages of technical or process of implementation based on IT SOP. The TI related to Information Technology (IT) are as follows:

a. IT Planning

It is a work unit guideline in carrying out information technology planning that includes information technology strategic initiatives planning, annual information technology planning processes, information technology research processes and strategic studies, and information technology architecture planning processes.

b. IT Project Management

It is a guideline in the stage of developing the IT Strategic Initiative Project so each process of development phase execution is standardized while still prioritizing the quality of each project.

c. IT Operations Management

It is a guideline that regulates the management of IT Operations, including the management of system operations, management of backup and restore processes, management of infrastructure, and the process of monitoring and maintaining the system.

d. IT Security

It is a work unit guideline on aspects of IT security, including physical and environmental security, network security, application system security, and corporate security.

e. Use of IT Service Providers

It is a guideline that regulates the process for selecting Information Technology service providers and their evaluations.

f. Management of Source Code

It is a guideline that regulates the process of storing source code which includes the source code whether or not owned by the bank and is stored at the escrow agent.

In addition to periodic adjustments to policies and procedures, the implementation of good IT Governance requires a balance between aspects of People, Process and Technology. The performance frameworks adopted by Bank Mandiri are as follows following:

Control Objectives for Information and Related Technologies (COBIT)

Bank Mandiri IT adopted COBIT framework in order to provide a standard framework for IT Governance management practices and objective IT Related Enabler control instructions to connect business processes, controls and operational activities as a reference for business owners, auditors, and users. Bank Mandiri IT has exceeded the maturity level in accordance with the provisions of the Minister of BUMN No. PER-02/MBU/2013.

International Organization for Standardization 20000 (ISO 20000)

International Standard used in the management of IT Services that aims to improve the institution service quality by improving work process. Since 2014, Bank Mandiri has managed to get Certification for ISO 20000 and in 2017 Bank Mandiri managed to hold (recertification) ISO 20000 for the next three years within the scope of "The Service Management System of IT Applications Support Group and IT Infrastructure Group of PT Bank Mandiri (Persero), Tbk. That Supports Internal Customers at Jakarta Headquarter."

International Organization for Standardization 9001 (ISO 9001)

The implementation of a quality management system can help Bank Mandiri to improve its overall performance and provide a strong foundation for sustainable improvement initiatives. Bank Mandiri has held certification for ISO 9001 since 2003 within the scope of: "Operation and Development of Data Centers, DRC, IT Security and Infrastructure" that assists Bank Mandiri to deliver reliable and secure banking services.

In 2017, Bank Mandiri IT has successfully upgraded ISO 9001: 2008 into ISO 9001: 2015. In ISO 9001: 2015, there is an additional new clause to ensure that the implementation of Bank Mandiri IT quality management increase, which in turn can be a guarantee of quality banking services. In 2018, Bank Mandiri maintained to hold ISO 9001 certification.

Improvement of Information Security Capability

The Information Security strategy is carried out through the development of capabilities as a continuous improvement effort for increasingly challenging business needs while considering the security, reliability and internal capabilities of IT. The strategy is implemented by focusing on 3 (three) areas, namely Governance, Protection and Operation with the following explanation:

- **Governance**

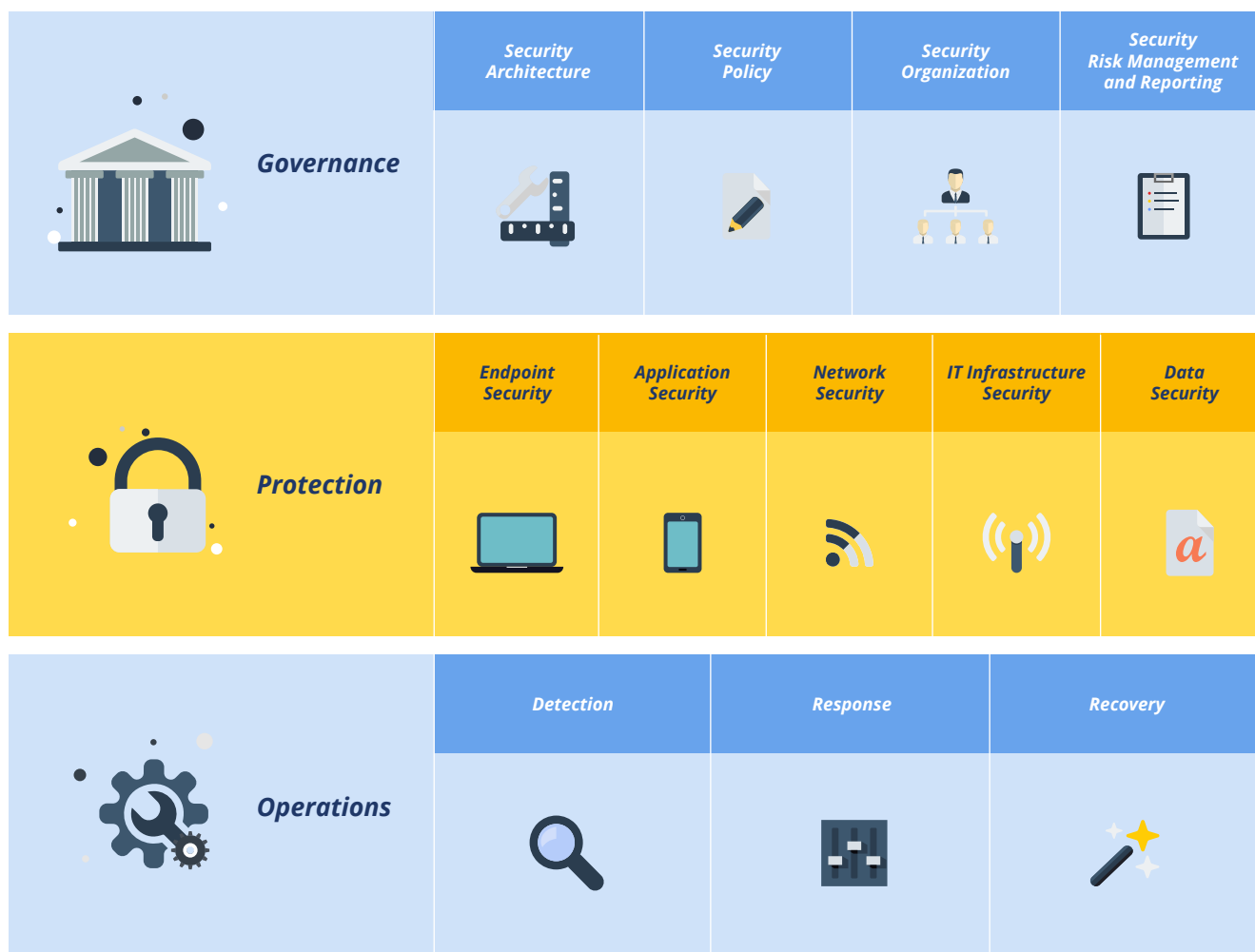
Ensuring that the implementation of Information Security runs well by paying attention to internal policies and applicable regulatory provisions on best practices. This area is developing in terms of security architecture, security policy, security organization and security risk management and reporting.

- **Protection**

Implement Information Security at Infrastructure, Applications and Data layers to ascertain the principle of confidentiality, integrity and availability run well. The implementation of Information Security is carried out in terms of endpoint security, application security, network security, IT Infrastructure security and data security.

- **Operations**

There are 2 (two) stages of operations, namely detection efforts through the implementation of security assessment and security operation center that runs 1x24 hours to monitor events and incidents at any time and increasing the ability to respond to cyber security threats through incident response and digital forensic.



Audit to Guarantee Security and Reliability of Information Technology

In the process of evaluating IT policies and governance at Bank Mandiri, IT Audit work unit, which is one of the work units under the Internal Audit Work Unit (IAWU), is involved. Evaluation is carried out to ascertain that the management of the Company's IT is carried out in accordance with internal policies, applicable regulatory provisions on best practices. In addition, Audit IT has a role in ensuring the effectiveness of controls in planning, developing and implementing IT. The scope of the audit carried out by Audit IT includes IT Strategy and Governance, IT Operational, IT Infrastructure and Network and IT Security and Forensic. In carrying out its functions, Audit IT is supported by resources that have international certification namely Certified Internal Audit (CIA), Certified Internal Information System Auditors (CISA), Certified Information Security Manager (CISM), Certified in Governance of Enterprise IT (CGEIT), Certified Information Systems Security Professional (CISSP), Certified Data Center Professional (CDCP), Certified Ethical Hacker (CEH), Cisco Certified Network Professional (CCNP), and Microsoft Certified System Engineer (MCSE).

In 2018, there were several improvements made by Bank Mandiri through the Audit IT recommendations as follows:

- Updating policies, procedures and operational management to ensure compliance with the applicable regulations.
- Improving management and quality of data to improve the efficiency of project management and accurate reporting.
- Improving quality of security of application systems and its infrastructure to prevent the risk of fraud, misuse of customers data and other incidents.
- Improving control on applications to prevent problems in banking transactions.

Development Strategy Information Technology in 2018

In 2018, Bank Mandiri IT focused on developing IT capabilities based on the Re-Aligned IT Strategy and Execution Plan (ISP) 2017 - 2020 so as to support Bank Mandiri business services. The focus of the development was through channel development that enabled the provision of omni-channel and seamless experience for customers, developing data warehouse capabilities and big data to analyze information effectively and efficiently, optimize core banking to improve system stabilization, and develop system capabilities to support sales, marketing, and campaign management in offering banking products and services according to customer needs.

The IT Transformation program that has been carried out during 2018 has been running well, covering 3 (three) stream is run the bank, change the bank, and transform IT. Each stream has resulted in an increase quality of IT management that is able to support Bank Mandiri's banking business processes significantly. Going forward, Bank Mandiri will continue to focus on continuing IT Transformation, specifically related to security, readiness, IT system reliability, IT strategic initiatives and improving IT capabilities to improve competitiveness Mandiri Bank.

Corporate Governance

Bank Mandiri has followed CGPI's assessment for 15 (fifteen) consecutive years since 2003. In the 2018 Indonesia Most Trusted Companies Award organized by the IICG, Bank Mandiri once again won the title "The Most Trusted Company" 12 (twelve) times in a row accordingly. In addition, Bank Mandiri is also included in the Top 50 PLCs in ASEAN and Top 3 PLCs in Indonesia at the 2nd ASEAN Corporate Governance Scorecard Awards.

Bank Mandiri Achievements in Implementing Corporate Governance	412	Internal Control System	619	Provision of Related Party Funds	665
Basis for Corporate Governance Implementation	414	Compliance Function	623	Bank Strategic Plan	665
Structure and Mechanism of Corporate Governance	415	Anti Money Laundering (AML) Programs and Combating the Financing of Terrorism (CFT)	629	Transactions Containing Conflict of Interest	665
Structure of Company Organs	415	Granting of Social and/or Political Activities Funds	631	Internal Dispute of Bank Mandiri	665
Governance Soft Structure	416	Important Cases	631	Prevention of Insider Trading	666
Mechanism of Corporate Governance	417	Company Information and Data Access	637	Transparency of Financial and Non Financial Conditions	666
Generalan Meeting of Shareholders	417	Code of Conduct	643	Application of Public Company Governance Guidelines	667
Board of Commissioners	437	Anti Corruption Program	647	Implementation of Corporate Governance Aspects And Principles Application Based On Guidelines of Corporate Governance Principles For Banks Published by Basel Committee In Banking Supervision	677
Board of Directors	474	Anti Gratification Policy	648	Assessment Good Corporate Governance	678
Organ and Committee Under The Board of Commissioners	509	Whistleblowing System	651	Bad Corporate Governance Practices	684
Organ and Committee Under The Board of Commissioners	553	Internal Fraud	655	Statement of Good Corporate Governance Implementation	684
Governance Implementation In Giving Remuneration	585	Management of Reports of State Officials Wealth (LKHPN)	655		
Public Accountant	589	Implementation of Integrated Governance	656		
Risk Management	592	Buyback Share and Buyback Bond	665		



Bank Mandiri Achievements in Implementing Corporate Governance

Top 50 PLCs ASEAN and Top 3 PLCs Indonesia in the event of 2nd ASEAN Corporate Governance Scorecard (CG) Awards



8 Subsidiaries of Bank Mandiri follow 2017/2018 CGPI assessment to improve Corporate Governance



Bank Mandiri won the title **“The Most Trusted Company”** in CGPI 12 (twelve) times consecutive.



In running its business operation, Bank Mandiri implements 5 (five) principles of Good Corporate Governance (GCG), namely Transparency, Accountability, Responsibility, Independency, and Fairness.

Governance Principles	Description
Transparency	<ol style="list-style-type: none"> 1. The Company discloses its information in a timely, adequate, clear, accurate, comparable manner, as well as accessible by relevant parties (stakeholders). 2. The Company discloses information that includes, but not limited to, vision, mission, business goals, the Company's strategies, financial and non-financial condition, structure of the Board of Directors and Board of Commissioners, controlling stakeholders, risk management, supervision and internal control system, compliance system implementation, good corporate governance system and implementation, and material information and facts that may affect investors' decisions. 3. The Company's policies should be in written form and should be communicated to the stakeholders who have the right to receive information on the policies. 4. The principle of transparency still takes into account the Company's confidentiality provision, position confidentiality, and personal rights in accordance with the applicable regulations.
Accountability	<ol style="list-style-type: none"> 1. The Company sets business goals and strategies in order for it to be accountable to the stakeholders. 2. The Company defines clear tasks and responsibilities for each member structure of the Board of Commissioners and the Board of Directors and all the sub-ordinate personnel in the sub-levels, which are aligned to the Company's vision, mission, values, business goals, and strategies. 3. The Company should believe that each member of the Board of Commissioners and the Board of Directors as well as all the sub-ordinate personnel possess competences in accordance with their respective responsibilities and that they understand their roles in the implementation of good corporate governance. 4. The Company defines check and balance system in managing the Company. 5. The Company has a performance measurement from all of the Company's Personnel based on the agreed measurement standard which is consistent with the Corporate Culture Values, Company's business goals and strategies, as well as rewards-and-punishment system applied by the Company.
Responsibility	<ol style="list-style-type: none"> 1. The Company adheres to the principle of prudential banking practices and guarantees compliance with the applicable regulations. 2. As a good corporate citizen, the Company cares about the environment and conducts its social responsibility reasonably.
Independency	<ol style="list-style-type: none"> 1. The Company avoids unreasonable domination by any stakeholders, is not intervened by one-sided interests, and is free from conflict of interest. 2. The Company makes decisions objectively and free from pressure from any parties.
Fairness	<ol style="list-style-type: none"> 1. The Company takes into account the interest of all stakeholders based on the principles of fairness and equality (equal treatment). 2. The Company provides opportunities for all stakeholders to give feedbacks and to express their opinions for the interest of the Company, as well as provides access to information as based on the principle of transparency.



The development of Good Corporate Governance implementation has been performed in a structured manner with the following phases:

Year	Corporate Governance Program
1998 Beginning of Merger	The awareness of GCG implementation emerged because there was a banking crisis caused by “bad governance” practices throughout banking industry. This led to many banks being bailed out and the Board of Directors and Board of Commissioners had to sign a Management Contract with the World Bank, in which it was stated that banks were obliged to implement GCG.
2000- 2001 Establishing the Fundamental of Governance Commitment, Structure, and Mechanisms	<ul style="list-style-type: none"> Bank Mandiri responded to the Management Contract made with the World Bank by issuing, among others, the following provisions: <ul style="list-style-type: none"> Joint Decree of Board of Directors and Board of Commissioners on GCG Principles. Joint Decree of Board of Directors and Board of Commissioners on Code of Conduct that served as the guideline on the conducts when interacting with customers, associates, and colleagues. Decree of Board of Directors on Compliance Policy that mandated all of Bank Mandiri’s personnel to be fully accountable individually in performing the Bank’s operational activities in their respective fields. Bank Mandiri has assigned independent consultant to perform diagnostic review of GCG implementation. Based on the implementation of GCG, the Independent Rating Agency gave a score of 6.2 for 2003, showing an increase when compared to 5.4 in the preceding year.
2003 Bank Mandiri’s Initial Public Offering (IPO)	<p>In order to conduct IPO, Bank Mandiri has enhanced GCG implementation by taking the following steps:</p> <ul style="list-style-type: none"> Formation of Committees at the Board of Commissioners level, i.e.: <ul style="list-style-type: none"> Audit Committee Risk Monitoring Committee Remuneration and Nomination Committee GCG Committee Formation of Corporate Secretary Implementation of General Meeting of Shareholders in accordance with the applicable legislative regulations for public companies. Implementation of timely information disclosure, e.g. In Financial Statement, and material information or events or facts. Development of timely, adequate, clear, and accurate Annual Report. Consideration of the interest of minority shareholders. Participation in GCG implementation assessment by Independent Institution, i.e. The Indonesian Institute for Corporate Governance.
2005 Cultural Transformation	<ul style="list-style-type: none"> Bank Mandiri’s transformation began by the determination of shared values and formulation of Bank Mandiri’s key corporate behaviors (TIPCE) that reflects the Company’s culture values. Development of GCG Charter specified in the Decision of Board of Commissioners, which rules the principal implementation of GCG at Bank Mandiri. “Most Trusted” GCG Rating for the first time in Corporate Governance Perception Index (CGPI).
2008- 2010 Continued Cultural Transformation	<ul style="list-style-type: none"> Continuously implementing enhancement of prudent banking, GCG, and internal control by developing GCG website, Compliance Risk Management System, procedure standards for Anti-Money Laundering and Combating the Financing of Terrorism, Risk-Based Audit Tools, and Audit Management Information System. Business decisions or other managerial decisions were made by taking into account GCG principles while also considering all applicable provisions. Implementation of continued culture internalization by, among others, organization of Culture Fair, Culture Seminar, and Recognition Program in the form of rewards to best work units and change agents in relation to the implementation of cultural programs.
2011- 2013 Application of Gratification Control Programs and Anti Corruption Culture	<ul style="list-style-type: none"> Bank Indonesia issued PBI No. 13/1/PBI/2011 on Assessment of the Soundness of Commercial Banks, which requires the Bank, either individually or in consolidation, to perform GCG evaluation using Risk-Based Bank Rating (RBBR) approach. Bank Mandiri’s consistent, ongoing implementation of GCG has received accolades from independent, professional institutions, both at national and international level, among others: <ul style="list-style-type: none"> Bank Mandiri was rated the “Best Financial” in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD), in which the rating included 100 public listed companies with the largest capitalization value as recorded at the Indonesian Stock Exchange. Since 2009, Bank Mandiri has always been rated the best company in terms of GCG implementation in GCG Rating by the Corporate Governance Asia (CGA) headquartered in Hong Kong. Implemented Gratification control by implementing Gift Disclosure reporting dated July 2, 2013 as a measure to prevent the receipt of gratification in accordance with the recommendation from the Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK). Actively participated in order to continuously realize anti-corruption culture, e.g. by attending the 2013 Anti-Corruption Week organized by KPK.
2014 Improvement of Internal Policies related to The Application of GCG	<ul style="list-style-type: none"> Bank Mandiri was rated “The Best Overall” in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the ASEAN SG Scorecard. Bank Mandiri was rated “The Best of Asia” as an Icon in Corporate Governance in GCG Rating by the Corporate Governance Asia (CGA) headquartered in Hong Kong. Good Corporate Citizen (GCC) is in line with Bank Mandiri’s 2015–2020 corporate plans, one of which is social economic impact with role model corporate citizen as one of its components. Bank Mandiri has completed diagnostic review of the implementation of GCG at Bank Mandiri. Revised the provisions on the banning of gratification as set forth in the Operating Technical Guideline (OTG) for Gift Disclosure Statement in accordance with KPK’s recommendation.

Year	Corporate Governance Program
2015 Application of Transformation Stage 3 (three)	<ul style="list-style-type: none"> • Executing Transformation Stage III • Bank Mandiri was rated in "The Best Financial Sector" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. • Bank Mandiri was rated "The Best of Asia" as an Icon in Corporate Governance in GCG Rating by the Corporate Governance Asia (CGA). • Implemented Integrated Corporate Governance <ul style="list-style-type: none"> - Implemented integrated governance and integrated units at Mandiri Group in accordance with the Financial Services Authority Regulation No. 18/POJK.03/2014 dated 18 November 2014 concerning Integrated Governance. - Established Compliance Unit, Integrated Risk Management Unit, Integrated Internal Audit Unit, and Integrated Governance Committee. - Developed Guideline on Integrated Governance. • Refined the Operating Technical Guideline (OTG) for Gift Disclosure Statement into the OTG for Gratification Control effective as of July 3, 2015, and launched the Gratification Control Unit (GCU) on July 9, 2015. Bank Mandiri's GCU received the 2015 SOE with the Best Gratification Control Unit from the Corruption Eradication Committee.
2016 Strengthen The Implementation of The Gratification Control System	<ul style="list-style-type: none"> • Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. • Attended the National Gratification Control Unit Forum held from October 31 - November 3, 2016 in Bogor, West Java. • Attended the 2016 International Anti-Corruption Day Festival held from December 8-10, 2016 in Pekanbaru, Riau, where Bank Mandiri was awarded the SOE with the Best Gratification Control System.
2017 Become One of the Legend of Corporate Governance at Indonesia	<ul style="list-style-type: none"> • Corporate Governance Perception Index (CGPI) is a GCG implementation research and rating program conducted by an independent institution known as The Indonesian Institute for Corporate Governance (IICG). Bank Mandiri has participated in CGPI assessment for 14 (fourteen) consecutive years since 2003. In 2017, Bank Mandiri was once again ranked "The Most Trusted Company", making it the 11th consecutive ranking. • Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. • Attended the 2017 International Anti-Corruption Day Festival held from December 11-12, 2017 at Bidakara Hotel, Jakarta. Bank Mandiri was awarded the SOE with the Best Gratification Control System.
2018 Revamp Culture	<ul style="list-style-type: none"> • In 2018 Bank Mandiri carried out Revamp Culture by perfecting a work culture, where the results of Revamp Culture were 5 (five) new Bank Mandiri work cultures, namely One Heart One Mandiri, Strong Mandirian, Growing Healthy, Meeting Customer Needs, and Together Building the Country. • The Corporate Governance Perception Index (CGPI) is a research program and ranking of GCG implementation carried out by independent institutions, namely the Indonesian Institute for Corporate Governance (IICG). Bank Mandiri has followed CGPI's assessment for 15 (fifteen) consecutive years since 2003. In 2018 in the 2018 Indonesia Most Trusted Companies Award organized by the IICG, Bank Mandiri again won the title "The Most Trusted Company" by 12 (twelve) consecutive times. • Bank Mandiri is included in the Top 50 PLCs in ASEAN and Top 3 PLCs in Indonesia at the 2nd ASEAN Corporate Governance Scorecard (CG) Awards. • Bank Mandiri was re-elected for the fourth time as a BUMN with a Gratification Control System Best by KPK.

Basis for Corporate Governance Implementation

Bank Mandiri is continuously committed to implement corporate governance, by referring to a number of relevant regulations and guidelines for GCG (best practices) implementation developed by both national and international institutions. The legislative regulations used as the basis for corporate governance implementation are:

1. Law of the Republic of Indonesia No. 10 of 1998 concerning the Amendment of Law No. 7 of 1992 concerning Banking.
2. Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Company.
3. Financial Services Authority Regulation No. 17/POJK.03/2014 concerning Implementation of Integrated Risk Management for Financial Conglomerates.
4. Financial Services Authority Regulation No.18/POJK.03/2014 concerning Implementation of Integrated Governance for Financial Conglomerates.
5. Financial Services Authority Regulation No. 8/POJK.04/2015 concerning the Website of Issuers or Public Listed Companies.
6. Financial Services Authority Regulation No. 21/POJK.04/2015 concerning Implementation of Public Company Governance Guidelines.
7. Financial Services Authority Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies.
8. Financial Services Authority Regulation No. 55/POJK.03/2016 concerning implementation of Governance for Commercial Banks.
9. Financial Services Authority Circulating Letter No. 32/SEOJK.04/2015 concerning Corporate Governance for Public Listed Companies.
10. Financial Services Authority Circulating Letter No. 13/SEOJK.03/2017 concerning Implementation of Governance for Commercial Banks.

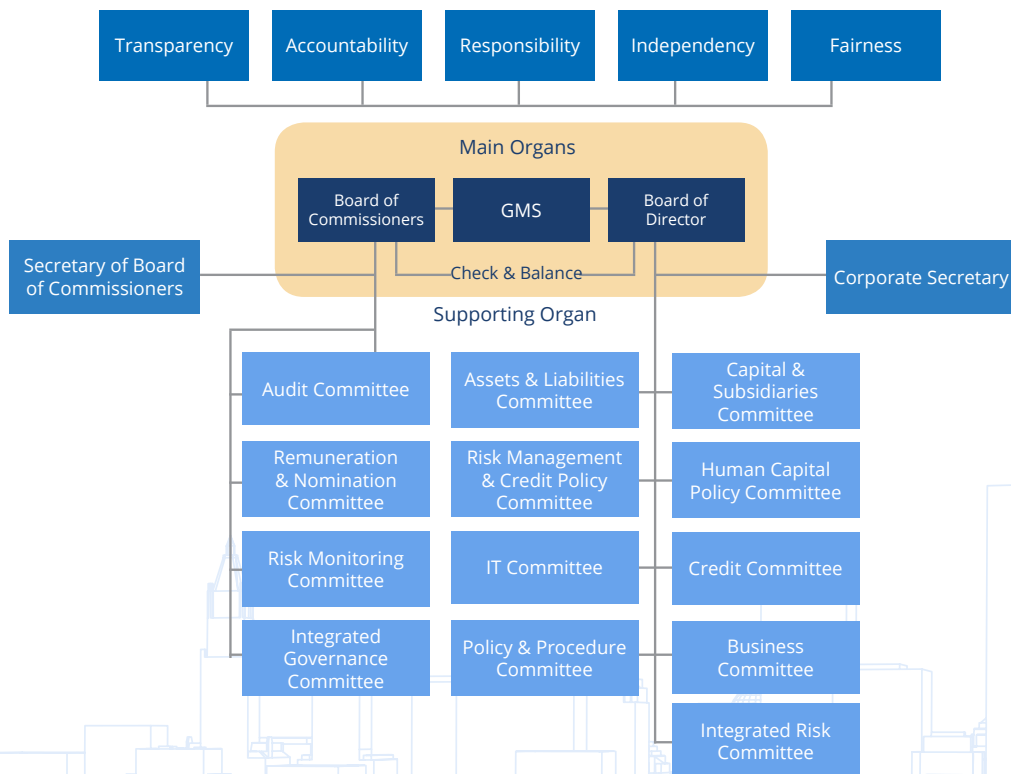
In addition to the provisions mandated by the abovementioned legislative regulations, Bank Mandiri also used GCG implementation guidelines as a basis, i.e.:

1. Corporate Governance principles developed by the Organization for Economic Cooperation and Development (OECD).
2. ASEAN Corporate Governance Scorecard;
3. Indonesian GCG Guideline developed by the National Committee on Governance Policies (Komite Nasional Kebijakan Governance/KNKG).
4. Principles for Enhancing Corporate Governance issued by Basel Committee on Banking Supervision.

Structure and Mechanism of Corporate Governance

Based on the Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, the Organs of the Company consists of General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors. Its administration adopts a two tier system, namely Board of Commissioners and Board of Directors, who have specific authority and responsibility based on their respective functions as specified in the Articles of Association and the laws and regulations.

Structure of Company Organs



Governance Soft Structure

In order to continuously improve the quality and scope of governance implementation, Bank Mandiri have formulated and implemented operational policies for all work units that are in line with principles of corporate governance, named Architecture of Bank Mandiri Policy. It is a hierarchy/arrangement of policies as the framework and governance in formulating policy as

well as the Company's activities implementation. Bank Mandiri has a Group Principles Guideline which guides all parts of the company in the Conglomeration of Bank Mandiri Finance.

The Order or Architecture of Bank Mandiri Policy is based on the following scheme:



GCG infrastructures already existing in Bank Mandiri are:

1. The Articles of Association of Bank Mandiri as notified to the Minister of Justice and Human Rights of the Republic of Indonesia and specified in Letter No. AHU-AH.01.03-0172245 on the Receipt of Information on the Amendment to the Articles of Association of the Company PT Bank Mandiri (Persero) Tbk., dated April 30, 2018.
2. Architecture of Bank Mandiri Policy as updated and approved on July 9, 2018.
3. Mandiri Subsidiary Management Principles Guideline (MSMPG) as updated and approved on June 29, 2018.
4. Mandiri Group Principles Guideline (MGPG) as validated on October 1, 2018.
5. Bank Mandiri Code of Conduct as updated and approved on July 9, 2018.
6. Bank Mandiri Business Ethics as updated and approved on July 9, 2018.
7. Board of Commissioners Manual of Work Rules and Regulations (Board Manual) as updated and approved by the Decision of Board of Commissioners No. KEP.KOM/005/2016 dated December 21, 2016.
8. Board of Directors Manual of Work Rules and Regulations as updated and approved by the Decision of Board of Directors No. KEP.DIR/211/2017 dated September 13, 2017.
9. Integrated Governance Guideline as approved by the Board of Commissioners on June 30, 2015.
10. Charter of Audit Committee as updated and approved by the Decision of Board of Commissioners No. KEP.KOM/003/2018 dated January 24, 2018.
11. Charter of Risk Monitoring Committee as approved on January 21, 2015.
12. Charter of Remuneration and Nomination Committee as approved on July 15, 2016.
13. Charter of Integrated Governance Committee as approved on July 27, 2016.
14. Human Resource Operational Policy as updated and approved on December 12, 2017.
15. Legal Policy, Compliance & Anti-money Laundering and Combating the Financing of Terrorism as updated and approved on September 21, 2018.
16. Standard of Risk Management Guideline as updated and approved on August 2, 2017.
17. Operational Policy as validated on December 12, 2017.
18. Corporate Secretary Standard Procedure as updated and approved on November 22, 2018.
19. Standard Operational Procedure of Procurement as updated and approved on March 1, 2017.
20. Standard Operational Procedure of Corporate Work Plan and Budget (Rencana Kerja dan Anggaran Perusahaan/RKAP) and Bank Business Plan (Rencana Bisnis Bank/RBB) as updated and approved on July 6, 2017.



21. Standard of Accounting Guideline as updated and approved on December 28, 2017.
22. Standard of Operational Guideline of Credit Collection and Recovery as updated and approved on October 10, 2018.
23. Standard of Operational Guideline of Information Technology as updated and approved on December 12, 2018.
24. Standard of Internal Audit Guideline as updated and approved on December 12, 2018.
25. Standard of Human Resource Guideline as updated and approved on March 20, 2018.
26. Technical and Operational Guideline of Information Technology Security as updated and approved on November 29, 2017.
27. Technical and Operational Guideline of Individual and Integrated Self-Assessment Good Corporate Governance as validated on February 1, 2018.
28. Technical and Operational Guideline of Credit Collection and Recovery Wholesale as updated and approved on December 28, 2017.
29. Technical and Operational Guideline of Credit Collection and Recovery Retail as updated and approved on June 2, 2017.

Mechanism of Corporate Governance

Mechanism of corporate governance is a process to implement corporate governance principles supported by the adequacy of bank governance structure and infrastructure, thus producing outcomes that are compatible with the expectation of the Company stakeholders. The process to implement corporate governance is inherent to the structure of corporate governance as follows.

General Meeting of Shareholders

Being a Company established as Limited Liability Company, General Meeting of Shareholders (GMS) is the highest organ of the Company with the rights and authorities that are absent in the Board of Commissioners and Board of Directors in the limit as specified in the provision of legislations and Articles of Association of the Company.

In addition, GMS can be a communication medium between Board of Directors and Board of Commissioners, as well as the Company's shareholders in the form of discussion for all present shareholders in every GMS subject. Implementation of GMS in Bank Mandiri refers to the following conditions:

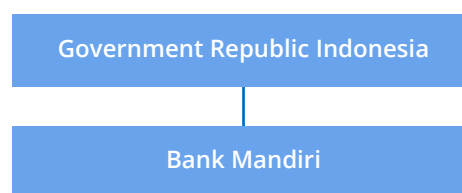
1. Law Number 40 of 2007 concerning Limited Liability Company.
2. Financial Services Authority Regulation No. 32/POJK.04/2014 dated December 8, 2014 concerning the Plan and Implementation of General Meeting of Shareholders of a Public Company, as amended by Financial Services Authority Regulation No. 10/POJK.04/2017 dated March 14, 2017.
3. Articles of Association of Bank Mandiri.

Rights of The Shareholders

Shareholder is an individual or a legal entity who lawfully owns one or more share in a Company. Shareholders are owners of the Company. Company's Share is a share on behalf of and is issued by the owners who are registered in the List of Shareholders and which consist of:

1. Series A Dwiwarna Share that may only be owned by the Republic of Indonesia.
2. Series B Share that may be owned by the Republic of Indonesia and/or the Citizens.

Information On Majority and Controlling Shareholders (Series A Dwiwarna)



As a State-Owned Enterprises (SOE), majority ownership of Bank Mandiri is owned by the Government of the Republic of Indonesia, which in this case is represented by the Ministry of SOE. So that Bank Mandiri does not have major shareholders and individual controllers.

At the time of establishment, state capital investment by the Republic of Indonesia to Bank Mandiri was performed pursuant to Government Regulation No. 75 of 1998 on State Capital Investment of the Republic of Indonesia for the Establishment of Limited Liability Company (Company) in Banking Field dated October 1, 1998.

The capital investment was performed by altering state-held shares to the ex-legacies of Bank Mandiri, namely Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia dan Bank Pembangunan Indonesia. As the majority shareholder, the Government of the Republic of Indonesia currently holds 60% (sixty percent) of the shares, or 28,000,000,000 (twenty-eight billion) shares, in which one Series A Dwiwarna share is among all the shares. Series A Dwiwarna shareholder is entitled the following privilege that does not experienced by other shareholders:

1. Right to approve the following matters in GMS:
 - a. Approving the Amendment to the Company's Articles of Association.
 - b. Approving capital change.
 - c. Approving the appointment and discharge of members of the Board of Directors and Board of Commissioners.
 - d. Approving merger, consolidation, acquisition, segregation, dissolution of the Company.
 - e. Approving the remuneration of the Board of Directors or Board of Commissioners.
 - f. Approving asset transfer and assurance which requires GMS approval as per the Articles of Association.
 - g. Approving the investment and reduction to the percentage of capital investment at other company which requires GMS approval as per the Articles of Association.
 - h. Approving the utilization of net profit.
 - i. Approving the non-operational investment and long-term funding which requires GMS approval as per the Articles of Association.
2. Right to propose GMS agenda.
3. Right to request and access company data and documents.
4. Right to propose binding nomination of candidates of Board of Directors members and candidates of Board of Commissioners members.

In addition to the above privileges, certain actions of the Board of Directors with certain criteria must obtain approval written from the Board of Commissioners and Series Shareholders A Dwiwarna as stipulated in Article 12 paragraph (7) Bank Mandiri's Articles of Association.

Rights of General Shareholders

Bank Mandiri Shareholders, both Holders of Series A Dwiwarna Share and Holders of Series B Share, have the same right in addition to the Special Right of Series A Dwiwarna Share above and as long as not regulated otherwise by the Company's Articles of Association, as follows:

1. The right to attend, express opinions, and vote in a GMS based on one share.
2. Each Shareholder has the right of 1 (one) vote/share (one share one vote)
3. Obtain an explanation of the voting procedure before the GMS begins.
4. The voting mechanism is done by the polling method
5. Opportunity to propose an agenda in GMS.
6. Opportunity to grant authority to another party if a shareholder is unable to attend the GMS.
7. Reveal practices to encourage involvement of Shareholders outside the GMS
8. To propose questions in every agenda discussion and every decision of GMS agenda.
9. Opportunity to vote as agree, disagree, or abstain in every proposal of decision of GMS agenda.
10. Right to obtain information regarding the company in manners that are on time, correct, and regular, except for matters that are confidential.
11. Right to obtain part of the Company's profit that is allocated for Shareholder in the form of dividend and another distribution of profit, which is proportional to the number of owned shares.
12. Right to obtain comprehensive description and accurate information regarding procedure that needs to be executed in relation to the implementation of GMS.

Responsibilities of Shareholders

In addition to the rights and authorities, Bank Mandiri Shareholders as the capital owners also have responsibilities that must be fulfilled to the Company.

Controlling Shareholders

Their responsibilities are as follows:

1. Controlling shareholders must be able to:
 - a. Consider the interests of minority shareholders and stakeholders pursuant to the applicable conditions and laws and regulations;
 - b. In the event of alleged violation to the laws and regulations or as requested by relevant authority, names of shareholders and ultimate shareholders shall be disclosed to law enforcement authorities regarding the ultimate controlling shareholders, or as requested by relevant authority.
2. As for controlling shareholders with shares in several public companies, they have to be open with regard to accountability and relationship between public companies.

All Shareholders

Their responsibilities are as follows:

1. Distinguishing the ownership of the property of public company and personal property.

2. Distinguishing their functions as shareholders and members of Board of Commissioners or Board of Directors in the event that shareholders serve in one of those organs.

Minority shareholders are responsible to exercise their rights effectively pursuant to the Articles of Association of the Company as well as the laws and regulations.

Policy of Relationship With Shareholders

As a Public Company, Bank Mandiri continuously attempts to provide accurate, periodic, and up-to-date information to Shareholders. Currently, communication activity to the Shareholders in Bank Mandiri is managed by the Corporate Secretary and Investor Relations Work Unit. Pursuant to Article 5 of Financial Services Authority Regulation No. 35/POJK.04/2014 concerning the Secretary of Issuer Company or Public Company, one of the functions of Corporate Secretary is a liaison between the Issuer and shareholders, OJK, and other stakeholders. Internal policy regulating the relationship between Bank Mandiri and Shareholders is Operational Policy and Standard Procedure of Corporate Secretary which, among other things, regulates Corporate Communication Activity.

Equal Treatment To Shareholders

By referring to the provision of legislations which are regulations in Capital Market, Bank Mandiri always puts forward equality principles for all shareholders (majority or minority). This commitment is reflected in internal regulations as stated in Corporate Secretary Policy Bank Mandiri and Corporate Secretary Standard Guideline Bank Mandiri that are periodically reviewed, that regulate that all shareholders have the same right for information transparency from Bank Mandiri, namely information about company performance, financial

Decision Making Mechanism

The decision making mechanism in the meeting is conducted by deliberation to reach consensus. But if deliberation for consensus was not reached, then the decision making in the Meeting was conducted in a way voting. Voting is carried out verbally with shareholders who vote disagree or abstain being asked to submit the sound card. Especially for meeting agenda concerning certain people, voting is carried out with a closed letter that is not signed and all holders the shares present present the voting card. Voting is done with a sound card the calculation is done electronically.

Throughout 2018, the Company implemented GMS for 1 (one) time, namely Annual GMS on March 21, 2018, at Auditorium Plaza Mandiri, Jakarta. The specified Annual GMS was implemented under the following phases:

information, and other information needed by all shareholders.

Equal treatment to shareholders is also reflected in the implementation of Company GMS. Each shareholder is entitled to propose GMS subject to the Company.

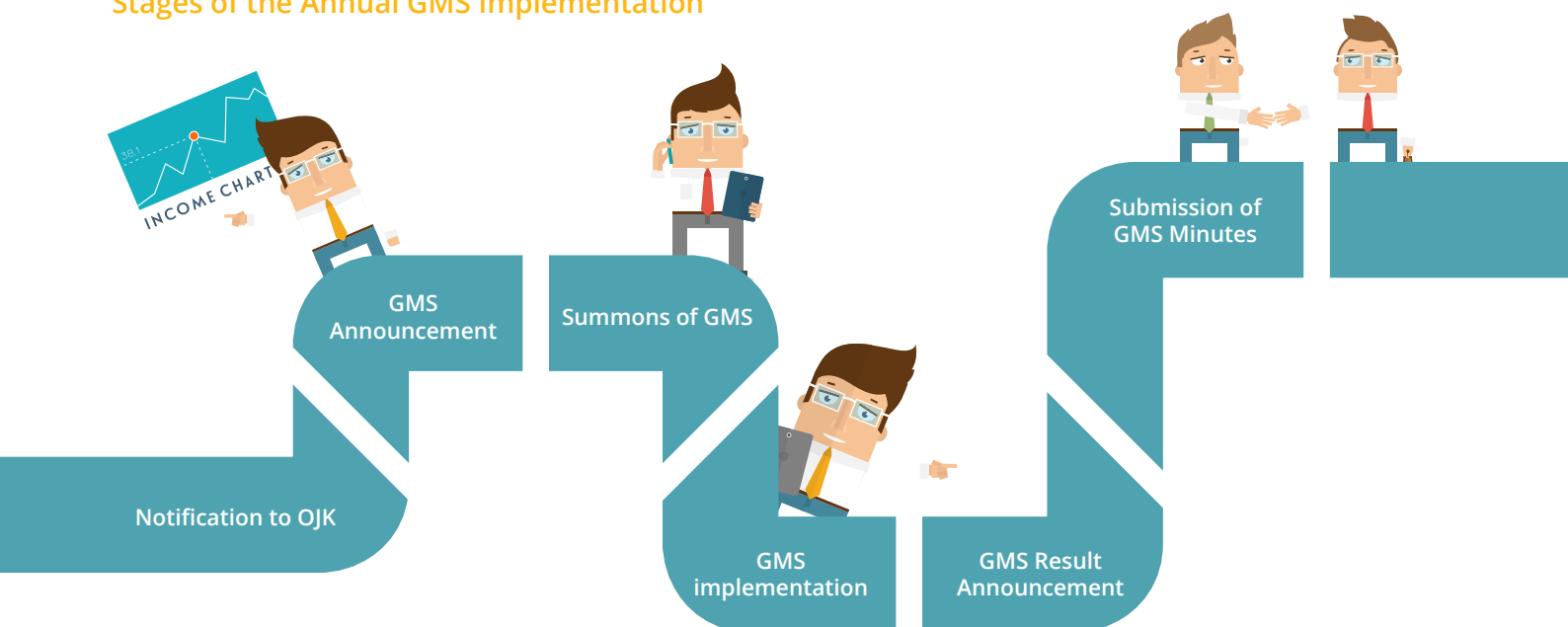
Process of GMS Implementation and Voting

Quorum Provision

The quorum provisions regarding the attendance and resolutions of GMS, in relation to matters that must be resolved, were executed as follows:

1. The meeting is attended by shareholders who represent more than 1/2 (one half) of the entire shares with valid voting rights, and resolutions are valid when agreed by more than 1/2 (one half) of the entire amount of shares with voting rights which were present in the Meeting, unless the Law and/or Articles of Association of the Company determines a higher quorum.
2. In the event that presence quorum as specified is not achieved, the second GMS is valid and is entitled to make binding resolutions when attended by shareholders who represent minimum 1/3 (one third) of the entire shares with valid voting rights, and resolutions are valid when agreed by more than 1/2 (one half) of the entire amount of shares with voting rights which were present in the Meeting, unless the Law and/or Articles of Association of the Company determines a higher quorum.
3. In the event that presence in the second GMS as specified is not achieved, the third GMS can be held under the condition that it is valid and is entitled to make decisions when attended by shareholders of shared with valid voting rights, within a presence quorum and requirement to make decision that are determined by Financial Services Authority at the Company's request.

Stages of the Annual GMS Implementation



Implementation of Annual GMS 2018 and Its Realization

The steps of conducting the Company's Annual General Meeting of Shareholders in 2018 are depicted in the following table.

Table of Annual GMS Implementation in 2018

No.	Activities	Date	Remarks
1.	GMS Notification to Financial Services Authority	February 1, 2018	It is delivered to Financial Services Authority via a letter as signed by the Board of Directors of the Company No. CEO/119/2018 dated February 1, 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2017.
2.	GMS Announcement to Shareholders	February 12, 2018	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post newspapers. 2. Bank Mandiri Website. 3. Indonesian Stock Exchange Website. <p>Proof of GMS announcement has been reported by the Company to Financial Services Authority and Indonesian Stock Exchange on the same day via Letter No. CEO.CSC/234/2018 and No. CEO.CSC/234/2018 which both are dated February 12, 2018 and was reported via Electronic Reporting System of Financial Services Authority and Indonesian Stock Exchange.</p>
3.	GMS Summons to Shareholders	February 27, 2018	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post newspapers. 2. Bank Mandiri Website. 3. Indonesian Stock Exchange Website. <p>Evidence of GMS summons has been reported by the Company to Financial Services Authority and Indonesian Stock Exchange on the same day via Letter No. CEO.CSC/437/2018 and No. CEO.CSC/438/2018 which both are dated February 27, 2018 and was reported via Electronic Reporting System of Financial Services Authority and Indonesian Stock Exchange.</p>



No.	Activities	Date	Remarks
4.	Holding of GMS	March 21, 2018	<p>GMS was directed by President Commissioner of Bank Mandiri as appointed in the Meeting of the Indonesian Stock Exchange on March 7, 2018.</p> <p>GMS was attended by all members of both the Board of Commissioners and Board of Directors.</p> <p>Shareholders and/or their proxies were present at the GMS who have 40,762,866,983 shares, including Series A Dwiwarna Share or 87.349% of all shares.</p> <p>The Company distributed GMS Rules and Regulations to all present shareholders in the form of pocket book. In addition, important points of the rules and regulations were read out prior to the start of GMS.</p> <p>Shareholders were allowed to ask questions pursuant to Meeting subjects in Annual GMS.</p> <p>Voting was performed verbally in which disagreeing or abstain shareholders were asked to relinquish their voting cards. Particularly for meeting subjects related to a specific person, voting was performed using unsigned enclosed letter and all present shareholders submitted their voting cards.</p> <p>The Company has appointed two independent parties, Notary Ashoya Ratam and PT Datindo Entrycom to count and/or validate the votes.</p>
5.	Announcement of GMS Result	March 22, 2018	The results of the GMS have been announced and uploaded on the Bank Mandiri Website in Indonesian and English.
		March 23, 2018	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post newspapers. 2. Bank Mandiri Website. 3. Indonesian Stock Exchange Website. <p>Proof of GMS result announcement has been reported by the Company to Financial Services Authority and Indonesian Stock Exchange via Letter No. CEO.CSC/723/2018 dated March 23, 2018 and was reported via Electronic Reporting System of Financial Services Authority and Indonesian Stock Exchange.</p>
6.	Submission of GMS Minutes	April 20, 2018	Submission of GMS Minutes to Financial Services Authority have complied to delivery deadline pursuant to Financial Services Authority Regulation No. 32/POJK.04/2014 and was delivered via Letter No. HBK.CSC/CMA.976/2018 dated April 20, 2018 and uploaded to Bank Mandiri website on the same day.

Independent Vote-Counting Agency

Bank Mandiri has appointed independent parties namely Notary Ashoya Ratam and PT Datindo Entrycom in calculating and/or validating votes.

Presence Recapitulation In Annual GMS 2018

The 2018 Annual GMS was attended by the entire Board Commissioner, Board of Directors and Audit Committee of Bank Mandiri is as follows:

Table of Presence Recapitulation in Annual GMS 2018

No.	Name	Position	Attendance
1.	Hartadi Agus Sarwono	President Commissioner/Independent Commissioner	Attending
2.	Imam Apriyanto Putro	Deputy President Commissioner	Attending
3.	Askolani	Commissioner	Attending
4.	Goei Siau Hong	Independent Commissioner	Attending
5.	Bangun Sarwito Kusmulyono	Independent Commissioner	Attending
6.	Ardan Adiperdana	Commissioner	Attending
7.	Makmur Keliat	Independent Commissioner	Attending
8.	R. Widyo Pramono	Commissioner	Attending
9.	Kartika Wirjoatmodjo	President Director	Attending
10.	Sulaiman Arif Arianto	Deputy Director	Attending
11.	Ogi Prastomiyono	Director of Operations	Attending
12.	Royke Tumilaar	Director of Wholesale Banking	Attending
13.	Hery Gunardi	Director of Distributions	Attending
14.	Tardi	Director of Retail Banking	Attending
15.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Attending
16.	Kartini Sally	Director of Kelembagaan	Attending
17.	Rico Usthavia Frans	Director of Digital Banking & Technology	Attending
18.	Darmawan Junaidi	Director of Treasury	Attending
19.	Budi Sulistio	Member of Audit Committee	Attending
20.	Bambang Ratmanto	Member of Audit Committee	Attending



Resolutions of Annual GMS 2018

First Meeting Agenda

Approval to Annual Report and Validation of Financial Statement of Company Consolidation, Approval to Supervisory Report of the Board of Commissioners, Validation of Annual Report on the Implementation of Partnership and Environmental Development Program for fiscal year which expires in December 31, 2017, including submission of Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase II in 2017, as well as amortization and release from full responsibility (*volledig acquit et de charge*) to the Board of Directors and Board of Commissioners of the Company for the actions of management and supervisor performed in a Fiscal Year which expires on December 31, 2017.

Minutes of Meeting state that number of Shareholders who submitted questions and/or provided opinions are 2 persons

Voting Result

Agree : 99.471% Including one Series A Dwiwarna share
 Abstain : 0.321%
 Disagree : 0.208%

**Resolutions**

Therefore:

Meeting with the most votes, namely 40,678,177,971 shares or constituting 99.792% of the number of all votes issued at the Meeting decides to approve:

1. Approving the Company's Annual Report, including Report of Supervisory Duty of the Board of Commissioners for a Fiscal Year which expired on December 31, 2017, and validating Financial Statement of the Consolidated Company for a Fiscal Year which expired on December 31, 2017, that has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification.
2. Validating Annual Report of the Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2017 and has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification.
3. Accepting Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase II in 2017 of IDR6,000,000,000,000 (six trillion rupiah).
4. On the approval of the Company's Annual Report, including Report of the Duties of the Board of Commissioners for the Fiscal Year which expired on December 31, 2017, the report on the expenditure realization of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase II in 2017 of IDR6,000,000,000,000 (six trillion rupiah), the validation of Financial Statement of Consolidated Company for a Fiscal Year which expired on December 31, 2017, as well as the Annual Report of Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2017, thus the Meeting provided amortization and release from full responsibility (volledig acquit et de charge) to the entire members of the Board of Directors and Board of Commissioners of the Company for the acts of management and supervision performed in the Fiscal Year which expired on December 31, 2017, provided that the act is not a criminal act and is reflected in the Annual Report, Financial Statement of Consolidated Company, as well as Annual Report of Partnership and Environmental Development Program for a Fiscal Year which expired on December 31, 2017.
5. The amortization and release from full responsibility were also granted to:
 - Ms. Aviliani who served as Company's Independent Commissioner of January 1, 2017 to March 14, 2017.
 - Mr. Abdul Aziz who served as Company's Independent Commissioner of January 1, 2017 to March 14, 2017.
 - Mr. Pahala N. Mansury who served as Company's Director as of January 1, 2017 to April 12, 2017.
 - Mr. Wimboh Santoso who served as Company's President Commissioner of January 1, 2017 to July 20, 2017.

Follow-up Actions

Financial Reports and Annual Reports have been submitted to Financial Service Authority and the Indonesia Stock Exchange with the following information:

- a. Financial Statement Submission
 - Submitted to Financial Service Authority by Letter No. HBK.CSC/CMA.207/2018 dated February 7, 2018.
 - Submitted to Indonesia Stock Exchange by Letter No. HBK.CSC/CMA.209/2018 dated February 7, 2018.
 - Submission of reports is also carried out through the Electronic Reporting System of Financial Service Authority and the Indonesia Stock Exchange.
- b. Annual Report Submission
 - Submitted to Financial Service Authority by Letter No. CEO.CSC/CMA.436/2018 dated February 27, 2018 and the report was sent to the Indonesia Stock Exchange.
 - Submission of reports is also carried out through the Electronic Reporting System of Financial Service Authority and the Indonesia Stock Exchange.

Status: Realized**Second Meeting Agenda**

Approval to of the expenditure of the Company's net profit for the fiscal year which expired on December 31, 2017.

Minutes of Meeting state that number of Shareholders who submitted questions and/or provided opinions are 1 person**Voting Result**

Agree : 98.877% Including one share of Dwiwarna A series
 Abstain : 0.436%
 Disagree : 0.687%

Resolutions

Therefore:

"Meeting with the most votes, namely 40,482,896,659 shares or constituting 99.313% of the total votes issued at the Meeting decided:

Approved and determined the use of the Company's Net Profit for the fiscal year expired on December 31, 2017 amounting to IDR20,649,683,141,139.50 (twenty trillion six hundreds and forty nine billion six hundreds and eighty-three million one hundred and forty one thousand one hundred and thirty nine rupiah and fifty cents) as follows:

1. 30% of the Company's net profit of fiscal year 2017, or IDR6.191.904.942.341,85 (six trillion one hundred and ninety one billion nine hundred and four million nine hundred and forty two thousand three hundred and forty one rupiah and twenty four cent), and is added by special addition dividend of 15% or IDR3.095.952.471.170,92 (three trillion seventy five billion nine hundred and fifty two million four hundred and seventy one thousand one hundred and seventy rupiah and ninety two cent), is distributed as cash dividend to the shareholders, and dividend particularly for the Government/Republic of Indonesia shall be paid pursuant to the laws and regulations, hence the percentage of distributed dividend is 45% of the Company's net profit.

To grant power and authority to the Board of Directors to regulate the procedure and implementation of cash dividend payment, and further to announce it pursuant to the applicable provision with the distribution allocation as follows:

- Government/Republic of Indonesia Shareholder: 60%
- Public Shareholders: 40%

2. 55% of the Company's net profit for the period of January 1 to December 31, 2017, or IDR11.351.825.727.626,73 (eleven trillion three hundred and fifty one billion eight hundred and twenty five million seven hundred and twenty seven thousand six hundred and twenty six rupiah and seventy three cent) set as Undistributed Profit.

Follow-up Actions

Bank Mandiri has announced the Schedule and Procedure of Cash Dividend Distribution for the Fiscal Year 2017 on March 23, 2018, and has paid cash dividend to the shareholders on April 20, 2018.

Status: Realized

Third Meeting Agenda

Appointment of a Public Accounting Firm to audit the Company's Financial Statement and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2018.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree	: 95.142% Including one share of Dwiwarna A series
Abstain	: 0.504%
Disagree	: 4.354%

Resolutions

Therefore:

"Meeting with the most votes, that is 38,988,003,445 shares or constituting 95.646% of the total votes issued at the Meeting decided to approve:

1. Appointment of Public Accounting Firm Purwanto, Sungkoro & Surja as the Firm to audit the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year expired on December 31, 2018.
2. Grant of authority to the Board of Commissioners to determine the honorarium and other requirements for the Public Accounting Firm, and to determine Substitute Public Accounting Firm in the event that Public Accounting Firm Purwanto, Sungkoro & Surja, by any means cannot complete the audit of the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year which expired on December 31, 2018.

Follow-up Actions

The appointment of Purwanto, Sungkoro & Surja Public Accountant Office was reported to the Financial Service Authority by letter No. CEO/326/2018 dated April 3, 2018.

Status: Realized

Fourth Meeting Agenda

Determination of salary of Board of Directors, honorarium of Board of Commissioners, tantiem, as well as determination of other allowance, facility, and benefit for all members of Board of Directors and members of Board of Commissioner of the Company.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree	: 96.089% Including one series A Dwiwarna share
Abstain	: 0.563%
Disagree	: 3.348%

Resolutions

Therefore:

"Meeting with the most votes, namely 39,398,144,827 shares or constituting 96.652% of the total votes issued at the Meeting decided to approve:

Granting authority and power to Board of Commissioner of the Company, by firstly obtaining approval from the Holders of Series A Dwiwarna Shareholders, determine the salary of members of Board of Directors and honorarium of members of Board of Commissioners, to provide other facility, benefit, and/or allowance for fiscal year 2018, as well as tantiem for the performance of members of Board of Directors and Board of Commissioners for fiscal year which expired on December 31, 2017.

Follow-up Actions

Determination of the remuneration of members of the Board of Directors and the honorarium of members of the Board of Commissioners, and the provision of benefits, facilities and/or other benefits for the 2018 financial year, as well as the determination of bonuses for the performance of members of the Board of Directors and Board of Commissioners expired on December 31, 2017 The Commissioner firstly obtained the approval of the Ministry of State-owned Enterprises.

Status: Realized

Fifth Meeting Agenda

Approval of the Company's Recovery Plan.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree	: 99.717 % Including one series A Dwiwarna share
Abstain	: 0.274%
Disagree	: 0.009%

Resolutions

Therefore:

"Meeting with the most votes, that is 40,759,041,371 shares or constituting 99.991% of the total votes issued at the Meeting decided to approve:

Approved the Company's Recovery Plan in order to comply with the provisions of Financial Services Authority Regulation No. 14/POJK.03/2017.

**Follow-up Actions**

Referring to the provisions of Financial Services Authority Regulation No. 14/POJK.03/2017 concerning the Recovery Plan for Systemic Banks, Bank Mandiri has conducted update of the Recovery Plan document and submitted to OJK through Letter No. CEO/1788/2018 November 29, 2018.

Status: Realized

Sixth Meeting Agenda

Determination of Enactment of SOE Minister Regulation No. PER-02/MBU/07/2017 concerning Amendment to the SOE Minister Regulation No. PER-09/MBU/07/2015 concerning the State-Owned Enterprises' Partnership and Community Development Program and the Approval for the Provision of Non-Interest Loans or Grants for SOE Partnership Programs in the Financial Services Sector Specifically Established for the Development and Empowerment of the People's Economy

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree : 99.720% Including one series A Dwiwarna A share
Abstain : 0.271%
Disagree : 0.009%

Resolutions

Therefore:

- "Meeting with the most votes, namely 40,759,041,171 shares or constituting 99.991% of the total votes issued at the Meeting decided to approve:
1. Established the enactment confirmation of the SOE Minister Regulation No. PER-02/MBU/7/2017 concerning Amendment to the SOE Minister Regulation PER-09/MBU/07/2015 concerning the State-Owned Enterprise Partnership and Community Development Program and its changes.
 2. Granting power of attorney to the Board of Commissioners by first obtaining written approval from the Series A Dwiwarna Shareholder regarding the authority of the GMS as stipulated in the SOE Minister Regulation: PER-02/MBU/07/2015 concerning Amendment to the SOE Minister Regulation. PER-02/MBU/7/2017, and its change.

Follow-up Actions

With the approval of the enactment confirmation of the SOE Minister Regulation: PER-02/MBU/7/2017 concerning Amendment to the SOE Minister Regulation. PER-09/MBU/07/2015 regarding the State-Owned Enterprises Partnership and Community Development Program, the implementation of Bank Mandiri Partnership and Community Development Program refers to the SOE Minister Regulation.

Status: Realized

Seventh Meeting Agenda

Approval to the Amendment to the Company's Articles of Association.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree : 71.166% Including one series A Dwiwarna share
Abstain : 1.603%
Disagree : 27.231%

Resolutions

Therefore:

- "Meeting with the most votes, namely 29,662,566,695 shares or constituting 72.769% of the total votes issued at the Meeting decided to approve:
1. Approved the Amendment to the Company's Articles of Association.
 2. Approving to reformulate all provisions in the Articles of Association regarding the amendment as specified in point 1 (one) of the resolution above.
 3. Granting power and authority to the Board of Directors, together with rights to substitute to perform any necessary actions related to the resolution of the seventh Meeting Agenda, including to formulate and restate the entire Articles of Association of the Company in a Notarial Deed, to inform the authorized institution to obtain approval and/or receipt of information on the Amendment to the Articles of Association of the Company, to perform any actions considered necessary and beneficial for such necessity by not excluding anything, as well as to perform addition and/or amendment to the Articles of Association as required by authorized institution."

Follow-up Actions

Bank Mandiri's Articles of Association have been amended as specified in the Deed No. 21 dated April 11, 2018 the notification of the amendment has been received and recorded by the Minister of Law and Human Rights of the Republic of Indonesia dated April 30, 2018 based on Letter Number AHU-AH.01.03-0172245.

Status: Realized

Eighth Meeting Agenda

Approval of Changes in the Management Composition of the Company.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree : 96.185% Including one series A Dwiwarna share
Abstain : 1.145%
Disagree : 2.670%

Resolutions

Therefore:

"Meeting with the most votes, namely 29,662,566,695 shares or constituting 72.769% of the total votes issued at the Meeting decided to approve:

1. Honorably dismissing the following names from the members of Board of Director of the Company:

- | | | |
|----|----------------------|-------------------------------|
| a. | Mr. Ogi Prastomiyono | as Director of Operations |
| b. | Mr. Hery Gunardi | as Director of Distributions |
| c. | Mr. Tardi | as Director of Retail Banking |
| d. | Ms. Kartini Sally | as Director of Kelembagaan |

The dismissal of members of the Board of Directors takes place as of the closing of meeting, together with an expression of gratitude for their physical and intellectual contribution during their tenure as members of the Board of Directors.

2. Agree to change the nomenclature of the composition of Board of Directors, as follows:

No.	From	To
1.	Director of Wholesale Banking	Director of Corporate Banking
2.	Director of Distributions	Director of Small Business & Network
3.	Director of Treasury	Director of Treasury & International Banking
4.	Director of Operations	Director of Finance
5.	Director of Digital Banking and Technology	Director of Information Technology & Operation
6.	Director of Kelembagaan	Director of Institutional Relations
7.	Director of Risk Management and Compliance	Director of Risk Management
8.	-	Director of Compliance

3. Honorably dismissing the following names from the members of Board of Director of the Company:

No.	Name	From	To
1.	Royke Tumilaar	Director of Wholesale Banking	Director of Corporate Banking
2.	Darmawan Junaidi	Director of Treasury	Director of Treasury & International Banking
3.	Rico Ushtavia Frans	Director of Digital Banking and Technology	Director of Information Technology & Operation
4.	Ahmad Siddik Badruddin	Director of Risk Management and Compliance	Director of Risk Management

4. Appointing the following names from the members of Board of Director of the Company:

- | | | |
|----|------------------------|---|
| a. | Mr. Donsuwan Simatupan | as Director of Retail Banking |
| b. | Mr. Hery Gunardi | as Director of Small Business & Network |
| c. | Mr. Panji Irawan | as Director of Finance |
| d. | Ms. Alexandra Askandar | as Director of Institutional Relationship |
| e. | Mr. Agus Dwi Handaya | as Director of Compliance |

Appointment of members of the Board of Directors is effective after obtaining approval from the Financial Services Authority on Fit & Proper Test and fulfilling the applicable laws and regulations.

Tenure expiration of the appointed members of Board of Directors happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, by observing the laws and regulations in the field of Capital Market and without prejudice to GMS rights to dismiss them at any time.

5. With the dismissal, amendment in job nomenclature, assignments and appointment of Members of the Company's Board of Directors as referred to in numbers 1, 2, 3 and 4, the composition of the Company's Board of Directors becomes as follows:

No.	Name	Position
1.	Bpk. Kartika Wirjoatmodjo	President Director
2.	Bpk. Sulaiman Arif Arianto	Deputy Director
3.	Bpk. Royke Tumilaar	Director of Corporate Banking
4.	Bpk. Donsuwan Simatupang	Director of Retail Banking
5.	Bpk. Hery Gunardi	Director of Small Business & Network
6.	Bpk. Darmawan Junaidi	Director of Treasury & International Banking
7.	Bpk. Panji Irawan	Director of Finance
8.	Bpk. Rico Ustha via Frans	Director of Information Technology & Operation
9.	Ibu Alexandra Askandar	Director of Institutional Relationship
10.	Bpk. Ahmad Siddik Badruddin	Director of Risk Management
11.	Bpk. Agus Dwi Handaya	Director of Compliance

6. Granting authority to the Board of Directors, together with rights to substitute to perform any necessary actions related to the resolution of the Eighth Meeting agenda pursuant to the applicable laws and regulations, including to state in a specific notarial deed and to inform the amendment to the composition of the composition Company's Board of Directors to the Ministry of Law and Human Rights, and to inquire Financial Services Authority to perform Fit and Proper Test to member candidates of Board of Commissioners of the Company pursuant to the applicable laws and regulations.

Follow-up Actions

All members of the Board of Directors appointed at the Annual GMS have effectively appointed each of the following dates:

1. Mr. Panji Irawan and Mr. Donsuwan Simatupang has obtained approval from Financial Service Authority regarding the result of Fit and Proper Test as specified in Letter of Financial Service Authority No. SR-180/PB.12/2018 dated September 3, 2018, and the appointment concerned as Director is declared effective since September 4, 2018 as stated in Bank Mandiri Letter No. KPH/1116/2018 dated September 4, 2018.
2. Ms. Alexandra Askandar and Mr. Agus Dwi Handaya has obtained approval from Financial Service Authority regarding the result of Fit and Proper Test as specified in Letter of Financial Service Authority No. SR-183/PB.12/2018 dated September 10, 2018, and the appointment concerned as Director is declared effective since September 12, 2018 as stated in Bank Mandiri Letter No. DCO/1131/2018 dated September 12, 2018.
3. Following up the effective position of Mr. Agus Dwi Handaya as Director of Compliance, then Bank Mandiri has submitted information on the Director of Compliance's changes to the Financial Service Authority through Letter No. HBK.CSC/CMA.1962/2018 dated September 12, 2018.

Status: Realized

Implementation of Annual GMS 2017 and Its Realization

The steps of conducting the Company's Annual General Meeting of Shareholders in 2017 are depicted in the following table.

Table of Implementation of the 2017 Annual GMS

No.	Activities	Date	Remarks
1.	GMS Notification to Financial services Authority	January 24, 2017	It was informed to Financial Service Authority by the means of Letter No. CEO/005/2017 dated January 24, 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2016 and was informed to the Ministry of State-Owned Enterprises by means of Letter No. CEO/004/2017 dated January 24, 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. in 2017.
2.	GMS Announcement to Shareholders	February 3, 2017	Conducted through information disclosure at: 1. Bisnis Indonesia and The Jakarta Post Newspapers 2. Bank Mandiri Website 3. Indonesian Stock Exchange Website. Evidence of GMS announcement has been reported by the Company to the Financial Service Authority and Indonesia Stock Exchange on the same day through Letter No. CEO.CSC/CMA.273/2017 and No.CEO.CSC/CMA.272/2017 both are dated 3 February 2017 and reported through the Electronic Reporting System of Financial Service Authority and the Indonesia Stock Exchange.
3.	GMS Summons to Shareholders	February 20, 2017	Conducted through information disclosure at: 1. Bisnis Indonesia and The Jakarta Post Newspapers 2. Bank Mandiri Website 3. Indonesian Stock Exchange Website. Evidence of GMS calling has been reported by the Company to the Financial Service Authority and Indonesia Stock Exchange on the same day through Letter No. CEO.CSC/CMA.392/2017 dated February 20, 2017 and No. CEO.CSC/CMA.393/2017 dated February 20, 2017, as well as reported through the Electronic Reporting System of Financial Service Authority and Indonesia Stock Exchange.
4.	Holding of GMS	March 14, 2017	The GMS is chaired by the President Commissioner of Bank Mandiri in accordance with the appointment at the Board of Commissioners' Meeting on February 22, 2017. Mr. Askolani and Mr. Ardan Adiperdana as the Commissioners of the Company were unable to attend and their absence was officially conveyed to the Company.

No.	Activities	Date	Remarks
			<p>Shareholders and/or power of attorney attended at the GMS, all of which have 20,093,735,413 shares including Series A Dwiwarna A shares or 86.116% of the total shares.</p> <p>The Company provides the GMS Rules of Conduct to all shareholders present in the form of pocket books as well as the points of order referred to before the GMS started.</p> <p>Shareholders are given the opportunity to raise questions in accordance with the agenda of the Meeting in each agenda item discussed at the Annual GMS;</p> <p>Voting is carried out verbally where shareholders who vote in disagreement or abstain are asked to submit their voting cards. Specifically for meeting agenda concerning certain people, voting is carried out with a closed letter that is not signed and all shareholders present present the voting card.</p> <p>The Company has appointed two independent parties namely Notary Ashoya Ratam and PT Datindo Entrycom in calculating and/or validating the vote.</p>
5.	Announcement of GMS Result	March 15, 2017	The results of the GMS have been announced and uploaded on the Site Bank Mandiri Website in Indonesian and Language English.
		March 16, 2017	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post Newspapers 2. Bank Mandiri Website 3. Indonesian Stock Exchange Website. <p>Evidence of GMS announcement has been reported by the Company to the Financial Service Authority and Indonesia Stock Exchange on the same day through Letter No. CEO.CSC/CMA.624/2017 and Letter No. CEO.CSC/CMA.625/2017 both are dated March 16, 2017 and reported through the Electronic Reporting System of Financial Service Authority and Indonesia Stock Exchange.</p>
6.	Submission of GMS Minutes	April 13, 2017	Submission of GMS Minute to Financial Services Authority has taken into account the deadline for submission in accordance with Financial Services Authority Regulation No. 32/POJK.04/2014 and submitted through Letter No. CEO.CSC/CMA.855/2017 dated April 13,2017, as well as uploaded to Bank Mandiri's Website at the same day.

Independent Vote-Counting Agency

Bank Mandiri has appointed independent parties namely Notary Ashoya Ratam and PT Datindo Entrycom in calculating and/or validating votes.

Presence Recapitulation In Annual GMS 2017

The 2017 Annual GMS was attended by the Board Commissioner, Board of Directors and Audit Committee of Bank Mandiri is as follows:

Table of Presence Recapitulation in Annual GMS 2017

No.	Name	Position	Attending	Not Attending	Remarks
1.	Wimboh Santoso	President Commissioner	√		
2.	Imam Apriyanto Putro	Deputy President Commissioner	√		
3.	Abdul Aziz	Independent Commissioner	√		
4.	Aviliani	Independent Commissioner	√		

No.	Name	Position	Attending	Not Attending	Remarks
5.	Askolani	Commissioner		√	Performing duties assigned by Minister of Finance of the Republic of Indonesia
6.	Goei Siau Hong	Independent Commissioner	√		
7.	Bangun Sarwito Kusmulyono	Independent Commissioner	√		
8.	Ardan Adiperdana	Commissioner		√	Attending Limited Meeting
9.	Kartika Wirjoatmodjo	President Director	√		
10.	Sulaiman A. Arianto	Deputy Director	√		
11.	Ogi Prastomiyono	Director of Operations	√		
12.	Pahala N. Mansury	Director of Finance & Treasury	√		
13.	Royke Tumilaar	Director of Corporate Banking	√		
14.	Hery Gunardi	Director of Distributions	√		
15.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	√		
16.	Tardi	Director of Retail Banking	√		
17.	Kartini Sally	Director of Kelembagaan	√		
18.	Rico Usthavia Frans	Director of Digital Banking & Technology	√		
19.	Budi Sulistio	Member of Audit Committee	√		
20.	Lista Irna	Member of Audit Committee	√		

Resolutions of Annual GMS 2017

First Meeting Agenda

Approval to Annual Report and Validation of Financial Statement of Company Consolidation, Approval to Supervisory Report of the Board of Commissioners, Validation of Annual Report on the Implementation of Partnership and Environmental Development Program for fiscal year which expires in December 31, 2016, including submission of Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016, as well as amortization and release from full responsibility (*volledig acquit et de charge*) to the Board of Directors and Board of Commissioners of the Company for the actions of management and supervisor performed in a Fiscal Year which expires on December 31, 2016.

Minutes of Meeting state that number of Shareholders who submitted Questions and/or provided opinions are 3 persons

Voting Result

Agree : 99.561% Including one share of Dwiwarna A series
 Disagree : 0.078%
 Abstain : 0.362%

Resolutions

- Approving the Company's Annual Report, including Report of Supervisory Duty of the Board of Commissioners for a Fiscal Year which expired on December 31, 2016, and validating Financial Statement of the Consolidated Company for a Fiscal Year which expired on December 31, 2016, that has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification. Validating Annual Report of the Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2016 and has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification.
- Accepting Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016 of IDR5,000,000,000,000 (five trillion rupiah).
- Upon the approval of the Company's Annual Report, including Report of the Duties of the Board of Commissioners for the Fiscal Year which expired on December 31, 2016, the report on the expenditure realization of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase II in 2016 of IDR5,000,000,000,000 (five trillion rupiah), the validation of Financial Statement of Consolidated Company for a Fiscal Year which expired on December 31, 2016, as well as the Annual Report of Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2016, thus the Meeting provided amortization and release from full responsibility (*volledig acquit et de charge*) to the entire members of the Board of Directors and Board of Commissioners of the Company for the acts of management and supervision performed in the Fiscal Year which expired on December 31, 2016, provided that the act is not a criminal act and is reflected in the Annual Report, Financial Statement of Consolidated Company, as well as Annual Report of Partnership and Environmental Development Program for a Fiscal Year which expired on December 31, 2016.
- The amortization and release from full responsibility were also granted to:
 - Mr. Suwono who served as Company's Commissioner as of January 1, 2016 to March 29, 2016.
 - Mr. Budi Gunadi Sadikin who served as Company's President Director as of January 1, 2016 to March 21, 2016.
 - Mr. Sentot Achmad Sentausa who served as Company's Director as of January 1, 2016 to March 21, 2016.

Follow-up Actions

Submitted to Financial Service Authority and Indonesia Stock exchange with the following information:

- Financial Statement Submission
 - Submitted to Financial Service Authority by Letter No. HBK.CSC/CMA.342/2017 dated February 16, 2017.
 - Submitted to Indonesia Stock Exchange by Letter No. HBK.CSC/CMA.341/2017 dated February 16, 2017.
 - Submission of reports is also carried out through the Electronic Reporting System of Financial Service Authority and the Indonesia Stock Exchange.

2. Annual Report Submission
 - Submitted to Financial Service Authority by Letter No. CEO.CSC/CMA.387/2017 dated February 20, 2017 and the report was sent to the Indonesia Stock Exchange.
 - Submission of reports is also carried out through the Electronic Reporting System of Financial Service Authority and the Indonesia Stock Exchange.
3. Accepting Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016
 - It was submitted to Financial service Authority by Letter No. CBG/1103/2016 dated December 22, 2016.

Status: Realized

Second Meeting Agenda

Approval to of the expenditure of the Company's net profit for the fiscal year which expired on December 31, 2016.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree	: 99.306% Including one series A Dwiwarna share
Disagree	: 0.359%
Abstain	: 0.335%

Resolutions

To approve and determine the expenditure of the Company's Net Profit for the Fiscal Year which expired on December 31, 2016 of Rp13,806,565,442,570.80 (thirteen trillion eight hundred and six billion five hundred and sixty five million four hundred and forty two thousand five hundred and seventy rupiah and eighty cent) as follows:

1. 30% of the Company's net profit, or IDR4,141,969,632,771.24 (four trillion one hundred and forty one billion nine hundred and sixty nine million six hundred and thirty-wo thousand seven hundred and seventy one rupiah and twenty four cent), and is added by special addition dividend of 15% or IDR2,070,984,816,385.62 (two trillion seventy billion nine hundred and eighty four million eight hundred and sixteen thousand three hundred and eighty five rupiah and sixty two cent), is distributed as cash dividend to the shareholders, and dividend particularly for the Government/Republic of Indonesia shall be paid pursuant to the laws and regulations, hence the percentage of distributed dividend is 45% of the Company's net profit.
2. To grant power and authority to the Board of Directors to regulate the procedure and implementation of cash dividend payment, and further to announce it pursuant to the applicable provision with the distribution allocation as follows:
 - Government/Republic of Indonesia Shareholder: 60%
 - Public Shareholders: 40%
3. 55% of the Company's net profit or IDR7,593,610,993,413.94 (seven trillion five hundred and ninety three billion six hundred and ten million nine hundred and ninety three thousand four hundred thirteen rupiah and ninety four cent) is determined as Undistributed Profit.

Follow-up Actions

Bank Mandiri has announced the Schedule and Procedure of Cash Dividend Distribution for the Fiscal Year 2016 on March 16, 2017, and has paid cash dividend to the shareholders on April 13, 2017.

Status: Realized

Third Meeting Agenda

Appointment of a Public Accounting Firm to audit the Company's Financial Statement and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2017.

Minutes of Meeting state that there are no Shareholders who submitted questions and/or provided opinions.

Voting Result

Agree	: 99.632% Including one series A Dwiwarna A share
Disagree	: 3.221%
Abstain	: 1.147%

Resolutions

1. Appointment of Public Accounting Firm Purwantono, Sungkoro & Surja as the Firm to audit the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on December 31, 2017.
2. Grant of authority to the Board of Commissioners to determine the honorarium and other requirements for the Public Accounting Firm, and to determine Substitute Public Accounting Firm in the event that Public Accounting Firm Purwantono, Sungkoro & Surja, by any means cannot complete the audit of the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year which expired on December 31, 2017.

Follow-up Actions

Public Accounting Firm Purwantono, Sungkoro & Surja (member of Ernst and Young) have completed auditing the Company on January 31, 2018 with an audit opinion as *without modification*.

Status: Realized

Fourth Meeting Agenda

Determination of salary of Board of Directors, honorarium of Board of Commissioners, tantiem, as well as determination of other allowance, facility, and benefit for all members of Board of Directors and members of Board of Commissioner of the Company.

Minutes of Meeting state that number of Shareholders who submitted questions and/or provided opinions are 2 persons

Voting Result

Agree	: 94.979% Including one series A Dwiwarna A share
Disagree	: 4.231%
Abstain	: 0.791%

**Resolutions**

To grant authority to Board of Commissioner of the Company, by firstly obtaining approval from the Holders of Series A Dwiwarna Shares, to determine the salary of members of Board of Directors and honorarium of members of Board of Commissioners, to provide other facility, benefit, and/or allowance for fiscal year 2017, including to determine the method, mechanism, and the extent of performance-based long term incentive program, as well as *tantiem* for the performance of members of Board of Directors and Board of Commissioners for fiscal year which expired on December 31, 2016, pursuant to the Regulation of Minister of State-owned Enterprise Number PER-04/MBU/2014, as last amended by Regulation of Minister of State-owned Enterprise Number PER-02/MBU/06/2016 dated June 20, 2016 on the Guideline for Determination of Income for Board of Directors, Board of Commissioners, and Board of Supervisor of State-owned Enterprise.

Follow-up Actions

Shareholders have provided authority to the Board of Commissioners by firstly obtaining approval from Holders of Series A Dwiwarna Share to determine the amount of *tantiem* for Fiscal Year 2016, to determine salary/honorarium, allowance, and facility to Board of Directors and members of Board of Commissioner for 2017. Provision of *tantiem* is pursuant to Regulation of Minister of State-owned Enterprises Number PER-01/MBU/06/2017 dated June 20, 2017, Letter of Ministry of State-owned Enterprises Number S-17/D5.MBU/06/2017 dated June 21, 2017, and Letter of Board of Commissioner Number KOM/070/2017 dated June 22, 2017.

Status: Realized

Fifth Meeting Agenda

Confirmation on the enforcement of Regulation of the Minister of State-owned Enterprises Number PER-03/MBU/12/2016 on the Amendment to the SOE Minister Regulation No. PER-09/MBU/07/2015 concerning the Partnership and Environmental Development Programs of State-owned Enterprise dated December 16, 2016.

Minutes of Meeting state that there are no Shareholders who submit Questions and/or provide opinions.

Voting Result

Agree : 99,349% Includes one share of A Dwiwarna series
Disagree : 0%
Abstain : 0.651%

Resolutions

Confirming the enforcement of SOE Minister Regulation No. PER-3/MBU/12/2016 on the Amendment to the Regulation of the Minister of BUMN Number Per-09/MBU/07/2015 on the Partnership and Environmental Development Programs of State-owned Enterprise on the activity of Partnership and Environmental Development Programs of a Company.

Follow-up Actions

SOE Minister Regulation No. PER-3/MBU/12/2016 regarding the Amendment to the SOE Minister Regulation No. Per-09/MBU/07/2015 on the Partnership and Environmental Development Programs of State-owned Enterprise has been applied on Bank Mandiri's Partnership and Environmental Development Programs as specified in Standard of Guideline for Partnership and Environmental Development Programs.

Status: Realized

Sixth Meeting Agenda

Approval to the Amendment to the Company's Articles of Association.

Minutes of Meeting state that there are no Shareholders who submit questions and/or provide opinions.

Voting Result

Agree : 75,908% Includes one series A Dwiwarna share
Disagree : 23.194%
Abstain : 0.898%

Resolutions

1. Approving the amendment to the Company's Articles of Association, under the program of Ministry of BUMN to perform standardization to open Articles of Association of State-owned Enterprise.
2. Approving to reformulate all provisions in the Articles of Association regarding the amendment as specified in point 1 (one) of the resolution above.
3. Granting power and authority to the Board of Directors, together with rights to substitute to perform any necessary actions related to the resolution of this Meeting Agenda, including to formulate and restate the entire Articles of Association in a Notarial Deed, to inform the authorized institution to obtain approval and/or receipt of information on the Amendment to the Articles of Association, to perform any actions considered necessary and beneficial for such necessity by not excluding anything, as well as to perform addition and/or amendment to the Articles of Association as required by authorized institution.

Follow-up Actions

Bank Mandiri's Articles of Association have been amended as specified in the Deed No. 15 dated 12 April 2017 that has been approved by the Minister of Law and Human Rights of the Republic of Indonesia dated 12 May 2017 Number AHU-0010609.AH.01.02.TAHUN 2017 and information on the amendment to the Articles of Association has been received the Minister of Law and Human Rights of the Republic of Indonesia pursuant to a letter dated 12 May 2017 Number AHU-AH.01.03-0135829.

Status: Realized

Seventh Meeting Agenda

Amendment to the Company's Management.

Minutes of Meeting stated that the number of Shareholders who submitted a question was 1 person and 1 person expressing opinion/input

Voting Result

Agree : 82,305% Includes one series A Dwiwarna share
Disagree : 15.500%
Abstain : 2.195%

Resolutions

1. Confirming the dismissal of Mr. Suwhono as member of Board of Commissioner of the company takes place as of his appointment as President Director of PT BERDIKARI (Persero) based on the Decree of Minister of State-owned Enterprises No.SK-69/MBU/03/2016 dated March 29, 2016, together with an expression of gratitude for his physical and intellectual contribution during his tenure as member of Board of Commissioners.
2. Honorably dismissing the following names from the members of Board of Commissioners of the Company:
 - a. Mrs. Aviliani from the position of Independent Commissioner
 - b. Mr. Abdul Aziz from the position of Independent Commissioner
 The dismissal of members of the Board of Commissioners takes place as of the closing of Meeting, together with an expression of gratitude for their physical and intellectual contribution during their tenure as members of the Board of Commissioners of the Company.
3. Appointing the names below as the members of Board of Commissioners of the Company:
 - a. Mrs. Destry Damayanti as Independent Commissioner
 - b. Mr. Makmur Keliat as Independent Commissioner

The appointment of the members of Board of Commissioner is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.

Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the Company 5th Annual GMS since the appointment of the relevant members, which is the Annual GMS that will be held in 2022, by observing the laws and regulations in the field of Capital Market and without prejudice to the rights of Company GMS to dismiss them at any time.

4. With the dismissal and appointment of the members of Board of Directors of the Company, the compositions of members of Board of Directors and Board of Commissioners of the Company are as follows:

BOARD OF DIRECTORS

President Director	: Mr. Kartika Wirjoatmodjo;
Deputy President Director	: Mr. Sulaiman A. Arianto;
Director	: Mr. Ogi Prastomiyono;
Director	: Mr. Pahala Nugraha Mansury;
Director	: Mr. Royke Tumilaar;
Director	: Mr. Hery Gunardi;
Director	: Mr. Ahmad Siddik Badruddin;
Director	: Mr. Tardi;
Director	: Mrs. Kartini Sally;
Director	: Mr. Rico Usthavia Frans;

BOARD OF COMMISSIONERS

President Commissioner	: Mr. Wimboh Santoso;
Deputy President Commissioner	: Mr. Imam Apriyanto Putro;
Independent Commissioner	: Mr. Goei Siau Hong
Independent Commissioner	: Mr. Bangun S. Kusmulyono;
Commissioner	: Mr. Askolani;
Commissioner	: Mr. Ardan Adiperdana;
Independent Commissioner	: Mrs. Destry Damayanti;
Independent Commissioner	: Mr. Makmur Keliat.

5. Granting authority to the Board of Directors, together with substitution rights to perform any necessary actions related to the resolution of this meeting agenda pursuant to the applicable laws and regulations, including to state in a specific Notarial Deed and to inform the amendment to the composition of members of Board of Commissioners to the Ministry of Law and Human Rights, and to inquire Financial Services Authority to perform Fit and Proper Test to member candidates of Board of Commissioners of the Company pursuant to the applicable laws and regulations.

Follow-up Actions

1. Expiration of Mr. Suwhono's tenure from members of Board of Commissioner of the Company has been confirmed in Annual GMS.
2. The tenures of Mrs. Aviliani and Mr. Abdul Aziz as Independent Commissioners have expired on March 14, 2017.
3. Nomination of Mrs. Destry Damayanti as members of Board of Commissioner of Bank Mandiri is not effective, because she stated to maintain her position as member of Board of Commissioner of Deposit Insurance Corporation.
4. Mr. Makmur Keliat has obtained approval from OJK regarding the result of Fit and Proper Test as specified in Letter of OJK No. SR-158/PB.12/2017 dated September 22, 2017, and the appointment concerned as an Independent Commissioner is declared effective starting from September 25, 2017 as stated in Bank Mandiri Letter No. OPS/1237/2017 dated September 25, 2017.

Status: Realized



Implementation and Realization of Extraordinary GMS Year 2017

The steps of implementing the Company's Annual General Meeting of Shareholders in 2017 are described in the following table.

Table of Extraordinary GMS Implementation Year 2017

No.	Activities	Date	Remarks
1	GMS Notification to Financial Services Authority	July 5, 2017	It was informed to Financial Services Authority by the means of Letter No. CEO/111/2017 dated July 5, 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2017 and was informed to the Ministry of State-owned Enterprises by means of Letter No. CEO/112/2017 dated July 5, 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. in 2017.
2	GMS Announcement to Shareholders	July 13, 2017	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post Newspapers. 2. Bank Mandiri Website 3. Indonesian Stock Exchange Website. <p>Evidence of the GMS announcement has reported by the Company to Financial Services Authority and Indonesia Stock Exchange through Letter No. No.CEO.CSC/CMA.1651/2017 and No. CEO.CSC/CMA.1652/2017, both of which were dated July 14, 2017 and reported through the Electronic Reporting System of Financial Services Authority and Indonesia Stock Exchange.</p>
3	GMS Summons to Shareholders	July 28, 2017	<p>Conducted through information disclosure at:</p> <ol style="list-style-type: none"> 1. Bisnis Indonesia and The Jakarta Post Newspapers. 2. Bank Mandiri Website. 3. Indonesian Stock Exchange Website. <p>Evidence of the GMS summons has reported by the Company to Financial Services Authority and Indonesia Stock Exchange through Letter No. CEO.CSC/CMA.1815/2017 and No. CEO.CSC/CMA.1816/2017, both of which were dated July 28, 2017 and reported through the Electronic Reporting System of Financial Services Authority and Indonesia Stock Exchange.</p>
4	Holding of GMS	August 21, 2017	<p>The GMS is chaired by the President Commissioner of Bank Mandiri in accordance with the appointment at the Board of Commissioners' Meeting on July 26, 2017.</p> <p>The GMS was attended by all members of the Board of Commissioners and members of the Board of Directors.</p> <p>Shareholders and/or power of attorney attended the GMS who have 20,333,348,446 shares including Series A Dwiwarna shares or 87.143% of the total shares.</p> <p>The Company provides the GMS Rules of Conduct to all shareholders who attended in the form of pocket books as well as the points of order referred to before the GMS started.</p> <p>Shareholders were given the opportunity to raise questions in accordance with the agenda of the Meeting in each agenda item discussed at the Annual GMS;</p> <p>Voting was carried out verbally where shareholders who vote in disagreement or abstain are asked to submit their voting cards. Specifically for meeting agenda concerning certain people, voting was carried out with a closed letter that is not signed and all shareholders who attended present the voting card.</p> <p>The Company has appointed two independent parties namely Notary Ashoya Ratam and PT Datindo Entrycom in calculating and/or validating the vote.</p>

No.	Activities	Date	Remarks
5	Announcement of GMS Result	August 22, 2017	The results of the GMS have been announced and uploaded on the Bank Mandiri Website in Indonesian and English.
		August 23, 2017	Conducted through information disclosure at: 1. Bisnis Indonesia and The Jakarta Post Newspapers. 2. Bank Mandiri Website. 3. Indonesian Stock Exchange Website. Evidence of the GMS announcement has reported by the Company to Financial Services Authority and Indonesia Stock Exchange through Letter No. CEO.CSC/CMA.2110/2017 and No. CEO.CSC/CMA.2111/2017, both of which were dated August 23, 2017 and reported through the Electronic Reporting System of Financial Services Authority and Indonesia Stock Exchange.
6	Submission of GMS Minutes	September 20, 2017	Submission of GMS Minutes to Financial Services Authority has taken into account the deadline for submission in accordance with Financial Services Authority Regulation No. 32/POJK.04/2014 and submitted through Letter No. CEO.CSC/CMA.2401/2017 dated September 20, 2017 as well as uploaded to Bank Mandiri's Website at the same day.

Independent Vote-Counting Agency

Bank Mandiri has appointed independent parties namely Notary Ashoya Ratam and PT Datindo Entrycom in calculating and/or validating votes.

Presence Recapitulation In Extraordinary GMS 2017

The 2017 Extraordinary GMS was attended by the entire Board Commissioner, Board of Directors and Audit Committee of Bank Mandiri is as follows:

Table of Presence Recapitulation in Extraordinary GMS Year 2017

No.	Name	Position	Attendance
1.	Imam Apriyanto Putro	Deputy President Commissioner	Attending
2.	Bangun Sarwito Kusmulyono	Independent Commissioner	Attending
3.	Goei Siauw Hong	Independent Commissioner	Attending
4.	Askolani	Commissioner	Attending
5.	Ardan Adiperdana	Commissioner	Attending
6.	Makmur Keliat ^{*)}	Independent Commissioner	Attending
7.	Kartika Wirjoatmodjo	President Director	Attending
8.	Sulaiman A. Arianto	Deputy Director	Attending
9.	Ogi Prastomiyono	Director of Operations	Attending
10.	Royke Tumulaar	Director of Wholesale Banking	Attending
11.	Hery Gunardi	Director of Distributions	Attending
12.	Tardi	Director of Retail Banking	Attending
13.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Attending
14.	Kartini Sally	Director of Government and Institutional	Attending
15.	Rico Usthavia Frans	Director of Digital Banking & Technology	Attending
16.	Budi Sulistio	Member of Audit Committee	Attending
17.	Lista Irna	Member of Audit Committee	Attending

^{*)} The appointment of the members of Board of Directors and Board of Commissioners is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.



Resolutions of Extraordinary GMS Year 2017

First Meeting Agenda

To approve Stock Split of the Company from IDR500,00 (five hundred rupiah) per share into IDR250,00 (two hundred and fifty rupiah) per share and Amendment to the Articles of Association related to the stock split.

Minutes of Meeting stated that the number of Shareholders who submitted a question and expressing opinion/input was 1 person

Voting Result

Agree : 99,989% Includes one series A Dwiwarna A share
Disagree : 0%
Abstain : 0.011%

Resolutions

1. Approving the implementation of Stock Split of the Company, namely:
 - a. Series A Dwiwarna Share into 2 (two) shares with new values as follows:
 - 1 (one) Series A Dwiwarna Share is maintained as Series A Dwiwarna Share owned by the Republic of Indonesia with the value of IDR250,00 (two hundred and fifty rupiah) per share; and
 - 1 (one) Series A Dwiwarna Share shall be 1 (one) Series B Share owned by The Republic of Indonesia with the the value of IDR250,00 (two hundred and fifty rupiah) per share.
 - b. Series B Share from Rp500,00 (five hundred rupiah) per share into IDR250,00 (two hundred and fifty rupiah) per share.
2. Approving the amendment to the Company's Articles of Association regarding Stock Split.
3. Approving to grant power and authority to the Board of Directors of the Company, together with the rights to substitution for:
 - a. Performing any necessary act in implementing Stock Split based on the applicable laws and regulation, including but not limited to, determining the procedure and schedule of Stock Split.
 - b. Restating the resolution regarding Stock Split, as well as reformulating all provisions of the Company's Articles of Association in a Notarial Deed, informing the authorized institution to obtain approval and/or receipt letter of information regarding the Amendment to the Company's Articles of Association, performing any actions considered necessary and beneficial for such necessity by not excluding anything, as well as performing addition and/or amendment related to the Articles of Association as required by authorized institution.

Follow-up Actions

Bank Mandiri has implemented a stock split with a ratio of 1:2, from IDR500.00 (five hundred rupiahs) per share to IDR250.00 (two hundred fifty rupiah) per share which is effective on September 13, 2017 . Moreover, the Amendment to the Articles of Association regarding the Stock Split has been stated in the Deed of Extraordinary GMS Resolutions No. 36 dated August 24, 2017 that was made in the presence of Ashoya Ratam SH, Mkn, a Notary in South Jakarta, in relation to the implementation of stock split. The Amendment was informed to the Minister of Justice and Human Rights of the Republic of Indonesia as specified in Letter No. AHU-AH.01.03-0166888 on the Receipt of Information on the Amendment to the Articles of Association of the Company PT Bank Mandiri (Persero) Tbk., dated August 29, 2017, and was also listed in Company Register No. AHU-0107350.AH.01.11.Year 2017, dated August 29, 2017.

Status: Realized

Second Meeting Agenda

Amendment to the Company's Management

Minutes of Meeting state that there are no Shareholders who submit questions and/or provide opinions.

Voting Result

Agree : 73,396% Includes one series A Dwiwarna share
Disagree : 21.420%
Abstain : 5.184%

Resolutions

1. Annuling the resolutions of Annual GMS of the Company that was held on March 14, 2017 regarding the appointment of Mrs. Destry Damayanti as Independent Commissioner.
2. Confirming the dismissal of Mr. Wimboh Santoso from the position of President Commissioner as of the appointment of the person concerned as Head of the Board of Commissioner of Financial Services Authority dated July 20, 2017, together with an expression of gratitude for his physical and intellectual contribution during his tenure as President Commissioner.
3. Appointment of the below names as members of Board of Commissioners:
 - Mr. Hartadi Agus Sarwono as President Commissioner/Independent Commissioner:
 - Mr. R. Widyo Pramono as Commissioner.

Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, which is the Annual RUPS that will be held in 2022, by observing the laws and regulations in the field of capital market and without prejudice to GMS rights to dismiss them at any time.

4. To confirm the dismissal of Mr. Pahala Nugraha Mansury from the position of Director as of his appointment as the President Director of PT Garuda Indonesia (Persero) Tbk, on April 12, 2017, together with an expression of gratitude for his physical and intellectual contribution during his tenure as member of Board of Directors.

5. The nomenclature amendment to the composition of members of Board of Directors are as follows:

Previous	Current
President Director	President Director
Deputy President Director	Deputy President Director
Director	Director of Wholesale Banking
Director	Director of Kelembagaan
Director	Director of Treasury
Director	Director of Retail Banking
Director	Director of Distributions
Director	Director of Operations
Director	Director of Digital Banking & Technology
Director	Director of Risk Management & Compliance

6. Altering the position of members of Board of Directors into the following:
- Mr. Royke Tumilaar from Director into Director of Wholesale Banking;
 - Mrs. Kartini Sally from Director into Director of Kelembagaan.
 - Mr. Tardi from Director into Director of Retail Banking;
 - Mr. Hery Gunardi from Director into Director of Distributions;
 - Mr. Ogi Prastomiyono from Director into Director of Operations;
 - Mr. Rico Usthavia Frans from Director into Director of Digital Banking & Technology;
 - Mr. Ahmad Siddik Badruddin from Director into Director of Risk Management & Compliance.
- by continuing the remaining tenure.

7. Appointing Mr. Darmawan Junaidi as Director of Treasury.
Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, which is the Annual RUPS that will be held in 2022, by observing the laws and regulations in the field of Capital Market and without prejudice to GMS rights to dismiss them at any time.

With such cancellation, dismissal, and appointment of members of Board of Directors and Board of Commissioners of the Company, the composition of members of Board of Directors and Board of Commissioners are as follows:

BOARD OF DIRECTORS

President Director	: Mr. Kartika Wirjoatmodjo;
Deputy President Director	: Mr. Sulaiman Arif Arianto;
Director of Operations	: Mr. Ogi Prastomiyono;
Director of Distributions	: Mr. Hery Gunardi;
Director of Retail Banking	: Mr. Tardi;
Director of Risk Management & Compliance	: Mr. Ahmad Siddik Badruddin;
Director of Kelembagaan	: Mrs. Kartini Sally;
Director of Commercial Banking	; Mr. Royke Tumilaar;
Director of Digital Banking & Technology	: Mr. Rico Usthavia Frans;
Director of Treasury	: Mr. Darmawan Junaidi*);

BOARD OF COMMISSIONERS

President Commissioner/holding concurrent position	: Hartadi Agus Sarwono ^{*)}
Independent Commissioner	
Deputy President Commissioner	: Mr. Imam Apriyanto Putro;
Independent Commissioner	: Mr. Goei Siauw Hong;
Independent Commissioner	: Mr. B.S. Kusmulyono;
Commissioner	: Mr. Askolani;
Commissioner	: Mr. Ardan Adiperdana;
Independent Commissioner	: Mr. Makmur Keliat*);
Commissioner	: Mr. R. Widyo Pramono*);

*) The appointment of the members of Board of Directors and Board of Commissioners is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.

With tenures:

Member of the Board of Directors:

- a. -Mr. Ogi Prastomiyono; and
-Mr. Hery Gunardi;
up to the closing of the Company's Annual GMS that shall be held in 2018.
- b. -Mr. Kartika Wirjoatmodjo;
-Mr. Sulaiman Arif Arianto;
-Mrs. Kartini Sally;
-Mr. Ahmad Siddik Badruddin; and
-Mr. Tardi;
up to the closing of the Company's Annual GMS that shall be held in 2020.
- c. -Mr. Royke Tumilaar;
-Mr. Rico Usthavia Frans;
up to the closing of the Company's Annual GMS that shall be held in 2021.
- d. Mr. Darmawan Junaidi;
up to the closing of the Company's Annual GMS that shall be held in 2022;

**Member of the Board of Commissioners:**

- a. Mr. Askolani;
up to the closing of the Company's Annual GMS that shall be held in 2019;
- b. -Mr. Imam Apriyanto Putro;
-Mr. Goei Siau Hong; and
-Mr. B.S. Kusmulyono;
up to the closing of the Company's Annual GMS that shall be held in 2020;
- c. Mr. Ardan Adiperdana
up to the closing of the Company's Annual GMS that shall be held in 2021;
- d. -Mr. Makmur Keliat.
-Mr. Hartadi Agus Sarwono; and
-Mr. R. Widyono Pramono;
up to the closing of the Company's Annual GMS that shall be held in 2022;

Granting authority to the Board of Directors of the Company, together with substitution rights to perform any necessary actions related to the resolution of this Meeting Agenda pursuant to the applicable laws and regulations, including to restate in a specific Notarial Deed and to inform the amendment to the composition of members of Board of Directors and Board of Commissioners of the Company to the Ministry of Law and Human Rights of the Republic of Indonesia, and to inquire Financial Services Authority to perform fit and proper test to member candidates of Board of Directors and Board of Commissioners of the Company pursuant to the applicable provisions.

Follow-up Actions

1. Nomination of Mrs. Destry Damayanti as members of Board of Commissioners of the Company has been annulled in Extraordinary GMS.
2. Dismissal of the tenure of Mr. Wimboh Santoso as President Commissioner has been confirmed in Extraordinary GMS.
3. Mr. Hartadi Agus Sarwono has obtained approval from Financial Services Authority regarding the result of Fit and Proper Test as specified in Letter of OJK No. SR-193/PB.12/2017 dated November 15, 2017, and the appointment concerned as an Independent Commissioner is declared effective starting from November 15, 2017 as stated in Bank Mandiri Letter No. RMC/1412/2017 dated November 15, 2017.
4. Mr. R. Widyono Pramono has obtained approval from OJK regarding the result of Fit and Proper Test as specified in Letter of OJK No. SR-8/PB.12/2018 dated January 12, 2018, and the appointment concerned as an Independent Commissioner is declared effective starting from January 15, 2018 as stated in Bank Mandiri Letter No. RMC/42/2018 dated November 15, 2017.
5. Dismissal of the tenure of Mr. Pahala N. Mansury as the Director has been confirmed in Extraordinary GMS.
6. The nomenclature amendment to the composition of members of Board of Directors have been implemented.
7. The composition of members of Board of Directors have applied the nomenclature.
8. Mr. Darmawan Junaidi has obtained approval from OJK regarding the result of Fit and Proper Test as specified in the Letter of OJK No. SR-7/PB.12/2018 dated January 10, 2018, and the appointment concerned as an Independent Commissioner is declared effective starting from January 12, 2018 as stated in Bank Mandiri Letter No. RMC/37/2017 dated January 12, 2018.
9. Board of Directors of the Company has performed any necessary actions related to the decree of this meeting agenda, pursuant to the applicable laws and regulations.

Status: Realized

Board of Commissioners

Board of Commissioners are the Organ of the Company which serves to conduct supervision generally and/or specifically pursuant to the Articles of Association, to provide advice to the Board of Directors, as well as to ensure that the Company conducts the principles of GCG. Board of Commissioners are responsible to Shareholders in supervising the policy of the Board of Directors on the general operations of the Company, which refer to business plans that are approved by the Board of Commissioners and shareholders, and in ensuring compliance to all applicable laws and regulations.

Every member of the Board of Commissioners must have high integrity, knowledge, capability, and commitment to spare his/her time in performing his/her duties. Thus, the composition of Board of Commissioners of the Company must allow effective, accurate, and quick decision-making. In other words, Board of Commissioners are also demanded to act independently, meaning that there should be no conflict of interest that can disrupt its ability to perform their duties independently and critically, both in their internal relationship and in their relationship with the Board of Directors.

Duties and Responsibilities of Board of Commissioners

Duties and responsibilities of the Board of Commissioners pursuant to the Charter of the Board of Commissioners are as follows:

1. Duties and responsibilities of the Board of Commissioners include:
 - a. To perform supervision to the management of the Company as performed by the Board of Directors, and to provide advice to the Board of Directors regarding work plan, Company development, implementation of the provisions of the Articles of Association, resolutions of GMS and/or Extraordinary GMS, and the applicable laws and regulations.

- b. To ensure the implementation of Good Corporate Governance in every business activity of the Company, and to perform integrated evaluation to the policy of corporate governance.
 - c. To protect the Company's interest by considering the interest of Shareholders and be responsible to GMS.
 - d. To research and review Annual Report prepared by the Board of Directors, as well as to execute the Annual Report.
 - e. To provide opinion and advice to Annual Work Plan and Budget proposed by the Board of Directors and to validate it pursuant to the provisions in the Articles of Association.
 - f. To monitor the development of the Company's activities.
 - g. To provide opinion and advice to shareholders regarding matters considered crucial for managing the Company.
 - h. To immediately report to GMS when there is an indication of performance decline in the Company, also to provide advice regarding corrective action that must be performed.
 - i. To inform the Financial Services Authority no later than 7 (seven) working days as of the findings of (a) violation to the laws and regulations in the field of finance and banking; and (b) condition or estimation of condition that may harm business continuity of the Company.
 - j. To propose to GMS regarding the appointment of Public Accountant that shall perform examination to the Company's accounting.
2. In performing its duties to supervise and to provide advice, the Board of Commissioners are responsible:
 - a. To provide opinion and advice to the management regarding the determination of vision, mission, culture, and values of the Company.
 - b. To conduct review and to provide opinion on business strategy applied by the Company.
 - c. To conduct review as well as to provide opinion and advice regarding the system of human resource management.
 - d. To perform assessment as well as to provide opinion and advice regarding the system of risk control.
 - e. To perform assessment as well as to provide opinion and advice regarding Business Plan and its description into Company Annual Work Plan and Budget.
 - f. To provide approval to draft of strategic business decisions or policies which comply to the laws and regulations, Articles of Association, GMS resolution, and prudential banking practices, as well as the commitment to avoid any form of conflict of interest.
 - g. To perform assessment on the reports from both internal and external auditor and to provide advice to the management regarding matters that need to be followed-up.
 - h. To perform periodical supervision and to give advice to the management regarding the implementation of good corporate governance.
 - i. To perform periodical supervision on the implementation of Company Work Plan and Budget and to provide input/approval to the amendment to Company Work Plan and Budget pursuant to the applicable provision.
 - j. To submit supervisory report of the shareholders during Annual GMS and/or Extraordinary GMS.
 - k. To perform supervision on the Company's service quality to the customers and to provide necessary advice to the management.
 - l. To perform assessment, to give opinion and advice regarding the implementation of risk management, which includes matters related to fraud control.
 - m. To formulate work program of the Board of Commissioners which includes program of the Committees to support the Board of Commissioners.
 3. Each Commissioner must pay attention to the duties, responsibilities, and limits, including the ones regulated in the laws and regulations.

Duties and Responsibilities of President Commissioner

Pursuant to the Charter of the Board of Commissioners of Bank Mandiri, the duties and responsibilities of President Commissioner of Bank Mandiri, among others, are as follows:

1. Conducting written summons of Board of Commissioners Meeting that are delivered to all members of Board of Commissioners by specifying the event, date, time, and venue of the meeting.
2. Acting as Head of Meeting in Board of Commissioners Meeting.
3. Ensuring the implementation of Board of Commissioners Meeting and Meeting of Committees of Board of Commissioners, including the orderliness of Meeting Minutes.



4. Accepting reports from Committees under the Board of Commissioners.
5. Coordinating all duties of the Board of Commissioners that should be distributed as equally as possible.

Obligations of Board of Commissioners

Board of Commissioners are obliged:

1. To validate and supervise the implementation of Company Work Plan and Budget.
2. To supervise the follow-up action from the findings against deviation based on the laws and regulations, articles of association, and prudential banking practices.
3. To follow the development of the Company's activities, and in the event the Company shows signs of setback, if necessary, the Board of Commissioners may hold GMS to report to shareholders and to provide suggestion regarding corrective actions that must be performed.
4. To provide opinion and advice to GMS regarding every matters considered crucial for managing the Company.
5. To perform other supervisory duties as determined by the GMS as well as by the laws and regulations.
6. To nurture anti-fraud culture and concerns on all personnels of the Company.
7. To establish Audit Committee, Nomination Committee, Remuneration Committee, and other committee as required by the laws and regulations.
5. Each Commissioner is entitled to inquire explanation regarding any matters from the Board of Directors and all staff under him/her, and the Board of Directors must provide it.
6. Each Commissioner is entitled to attend meetings held by the Board of Directors or units below it without making any decision.
7. With the highest vote, the Board of Commissioners at any time may temporarily dismiss one or more member of the Board of Directors, when they were proved to act against the Articles of Association or to ignore their obligations, or other urgent reasons for the Company.
8. Such temporary dismissal must be informed in written to the party concerned together with reasons behind the action.
9. Within 90 (ninety) days after the date of the temporary dismissal, the Board of Commissioners is obliged to hold GMS which will decide whether the relevant member of the Board of Directors will be permanently dismissed or be reappointed in its position, where he/she will be provided an opportunity to attend the meeting and defend him/herself.

Rights and Authorities of The Board of Commissioners

Rights and authorities of the Board of Commissioners are as follows:

1. To make decisions on the acts of the Board of Commissioners as regulated in the Articles of Association of the Company.
2. Each Commissioner, individually or jointly, at any time is entitled to enter the premises or other places that are used or controlled by the Company, and is entitled to examine books, letters of proof, and supplies, as well as to examine and match the position of cash for verification requirement and securities, and to know any actions performed by the Board of Directors.
3. The actions must be performed in their capacity as Board of Commissioners and must be reported in Board of Commissioners meeting regarding such actions.
4. When necessary, Board of Directors are entitled to request expert assistance in performing their duties in a limited time at the Company's expense.
1. Releasing/transferring and/or using the Company's assets with criteria and values exceeding certain amounts stipulated by the Board of Commissioners, taking into account legislation in the capital market and banking sector.
2. Collaborating with business entities or other parties, in the form of joint operations (KSO), business cooperation (KSU), cooperation licensing, Build, Operate and Transfer/BOT, Build, Operate and Own/BOO) and other agreements that have the same nature that are of the same duration or the value exceeds the value determined by the Board of Commissioners.
3. Conducting capital participation, release capital participation including changes in capital

Decisions That Need to Get Approval of The Board of Commissioners

Decisions that need to be approved by the Board of Commissioners of Bank Mandiri are stipulated in the Boundary Proposal/Criteria for the actions of the Board of Directors who must obtain the Approval of the Board of Commissioners and the Series A Dwiwarna Shareholders. The decisions that need to get approval from the Board of Commissioners include:

- structure with certain values set by the Board of Commissioners in other companies, subsidiaries and joint ventures that are not in order to save accounts receivable, with due regard to provisions in the Capital Market sector.
4. Establishing a subsidiary and/or joint venture company with a certain value determined by the Board of Commissioners by taking into account the legislation in the Capital Market sector.
 5. Proposing Company representatives to be candidates for members of the Board of Directors and Board of Commissioners in subsidiaries that make a significant contribution to the Company and/or strategic value according to the limits and/or criteria set by the Board of Commissioners.
 6. Conducting merger, consolidation, expropriation, separation and dissolution of subsidiaries and joint ventures with certain values determined by the Board of Commissioners by observing the laws and regulations in the field of Capital Market.

Tenure of Board of Commissioners

The Company's Articles of Association specifies that the members of the Board of Directors are appointed and dismissed by GMS. The GMS is attended by Holders of Series A Dwiwarna Share and the resolutions of the meeting must be approved by such Holders. Members of the Board of Commissioners are appointed by GMS from the candidates proposed by GMS, from the candidates proposed by Holders of series A Dwiwarna Share, and the candidacy is binding the GMS.

GMS resolutions on the appointment and dismissal of members of the Board of Commissioners also decide the time for the appointment and dismissal. In the event that GMS does not decide it, the appointment and dismissal of members of the Board of Commissioners are effective as of the closing of GMS by observing the laws and regulations.

Members of the Board of Commissioners were appointed for a period of time as of the date determined by GMS, who appointed them, and expired on the closing of the 5th (five) Annual GMS following the date of their appointment, provided that it may not exceed the 5 (five) years period of time, by observing the laws and regulations in the field of Capital Market, but without prejudice to the rights of GMS to dismiss members of the Board of Commissioners at any time before their tenures expires. After their tenure expires, members of the Board of Commissioners may be reappointed by GMS for one tenure.

Criteria For Members of The Board of Commissioners

Criteria for the Board of Commissioners of Bank Mandiri that have been regulated in the Articles of Association of the Liability Company are as follows:

1. Having good character, morals, and integrity;
2. Being competent in performing legal acts;
3. Within 5 (five) years prior to appointment or during the office, he/she:
 - a. is never declared bankrupt;
 - b. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who is declared as guilty and causes a company to be declared as bankrupt;
 - c. is never penalized for committing a criminal act which causes adverse impact to the country's finance and/or to anything related to financial sector; and
 - d. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who, during his/her tenure:
 - never holds Annual GMS;
 - its responsibility as a member of the Board of Directors and/or members of the Board of Commissioners is never; accepted by the GMS or never giving accountability as a member of the Board of Directors; and/or members of the Board of Commissioners to the GMS; and
 - once caused the companies which obtains permission, approval, and registration from Financial Services Authority to fail in fulfilling their obligation to submit annual report and/or Financial Services Authority.
4. has commitment to comply to the laws and regulations;
5. has knowledge and/or expertise in the fields required by the Company; and
6. fulfills other specified requirements.

Nomination and Selection Process of Board of Commissioners

The procedure for the appointment of Bank Mandiri Board of Commissioners refers to Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers or Public Companies as well as Minister of SOE Regulation No. PER-02/MBU/02/2015 concerning Requirements and Procedures for the Appointment and Dismissal of Members of Board of Commissioners and Supervisory Board of State-Owned Enterprises. The procedures for the appointment of Board of Commissioners include:



1. The source of candidates for the Board of Commissioners/Board of Commissioners of SOE comes from:
 - a. Former SOE Director.
 - b. SOE Board of Commissioners/Supervisory Board.
 - c. Structural Officials and Government Functional Officers.
 - d. Other sources.
2. Candidates who will be nominated as the candidates for Board of Commissioners are someone who has been declared to have fulfilled the Formal Requirements, Material Requirements and Other Requirements.
3. The assessment of Material Requirement fulfillment is carried out by: i. assessing curriculum vitae and supporting documents; and ii. a written statement required from the candidate concerned as listed in Attachment II to this Ministerial Regulation, specifically to assess integrity; and/or iii. Interview.
4. For certain SOEs determined by the Minister, the candidates for the President Commissioner/ Members of the Board of Commissioners must follow the fit and proper test conducted by Professional Institutions appointed by the Minister to conduct fit and proper tests on prospective Directors.
5. Especially for SOE Banks, prospective candidates who will be submitted at the GMS are assessed by a Team formed by the Minister by involving the Chair of Board of Commissioners who performs the Nomination function. If the Chairperson of Board of Commissioners as intended is absent, he can be replaced by a Committee member from the Independent Commissioner who performs the Nomination function.

The nomination and selection process of Board of Commissioners is carried out the GMS taking into account the recommendations of Board of Commissioners or the Nomination, Remuneration and Risk Committee. Before discussion of the appointment and dismissal of Board of Commissioners at the GMS, information has been provided about the profile of new and re-appointed candidates for Board of Commissioners.

Board Charter of The Board of Commissioners

In carrying out its duties, the Board of Commissioners of Bank Mandiri is guided by the Board of Commissioners' Regulations ratified based on the Decree of the Board of Commissioners Number: KEP.KOM/005/2016 dated December 21, 2016. The Board of Commissioners Code

of Conduct contains instructions on how the Board of Commissioners works, among others, contains instructions on work procedures and explains the stages of activities in a structured and systematic manner and is easy to understand and can be implemented consistently. The Board of Commissioners' Code of Conduct is a reference for the Board of Commissioners in carrying out their respective duties to achieve the Company's objectives.

Board of Commissioners' Regulations govern the following matters.

1. General Provision
2. Duties, Responsibilities, and Authorities
 - a. Duties and Responsibilities
 - b. Obligations of the Board of Commissioners
 - c. Rights and Authorities of the Board of Commissioners
 - d. Information Transparency and Conflict of Interest
 - e. Committees
3. Board of Commissioners Meeting
 - a. Types and Quorums of the Meeting
 - b. Guest Participants of Board of Commissioners Meeting
 - c. Meeting Head
 - d. Meeting Materials
 - e. Meeting Resolutions
 - f. Meeting Minutes
 - g. Summons and Implementation of the Meeting
 - h. Secretary to the Board of Commissioners
4. Task Distribution
 - a. Task Divisions
 - b. Commissioners' Working Period
 - c. Document Execution
 - d. Business Trip
 - e. Evaluation to the Performance of the Board of Commissioners
5. Miscellaneous
 - a. Corporate Ethics and Culture
 - b. Continuous Education
 - c. Amendment
6. Closing

Composition and Basis For Appointment of Board of Commissioners

The composition of the members of the Company's Board of Commissioners during 2018 has not changed. The number of the Board of Commissioners is 8 (eight) consisting of 1 (one) President Commissioner/ Independent Commissioner, 1 (one) Deputy President Commissioner, 3 (three) Independent Commissioners and 3 (three) Commissioners. All members of the Board

of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

All Board of Commissioners have passed fit and proper test without records and have received approval from Financial Services Authority, indicating that each member of the Board of Commissioners has adequate integrity, competence and financial reputation in accordance with Financial Services Authority Regulation No. 27/

POJK.03/2016 concerning Proficiency and Compliance Assessment of the Main Party of the Financial Services Institution stating that the candidates for the Board of Commissioners must obtain approval from Financial Services Authority before carrying out their actions, duties and functions as the Board of Commissioners.

The composition and basis for the appointment of the Board of Commissioners can be seen in the table below.

Table of Composition and Basis for Appointment of Board of Commissioners

Name	Position	Executive	Appointment Basis	Operational Effective Date
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	Financial Services Authority	Extraordinary GMS (EGMS) on August 21, 2017	November 15, 2017
Imam Apriyanto Putro	Deputy President Commissioner	Financial Services Authority	Annual GMS (AGMS) on March 16, 2015	June 11, 2015
Goei Siau Hong	Independent Commissioner	Financial Services Authority	Annual GMS (AGMS) on March 16, 2015	June 25, 2015
Bangun Sarwito Kusmulyono	Independent Commissioner	Financial Services Authority	Annual GMS (AGMS) on March 16, 2015	June 25, 2015
Makmur Keliat	Independent Commissioner	Financial Services Authority	Annual GMS (AGMS) on March 14, 2017	September 25, 2017
Askolani	Commissioner	Financial Services Authority	Extraordinary GMS (EGMS) on May 21, 2014	September 3, 2014
Ardan Adiperdana	Commissioner	Financial Services Authority	Extraordinary GMS (EGMS) on May 21, 2014	October 3, 2016
R. Widyo Pramono	Commissioner	Financial Services Authority	Extraordinary GMS (EGMS) on May 21, 2014	January 15, 2018

Orientation Program For New Commissioners

The orientation program for the Board of Commissioners is only carried out by presenting relevant material by the Directors related and coordinated by the Corporate Secretary. The implementation of the orientation program for the Commissioners was only carried out after the appointment of a new Commissioner at the GMS. The introductory program material includes Good Corporate Governance, Company Performance, Risk Management, and topics relevant to the new Commissioner task field.

During 2018, there were no new Commissioners so there was no orientation program for the new Commissioners.

Job Description of Supervisory Board of Commissioners

In order to optimize the implementation of the functions and duties of the Board of Commissioners, assignments have been established for each member of the Board of Commissioners. The appointment of supervisory duties of the Board of Commissioners does not reduce the rights, obligations, responsibilities and authorities of each member of the Board of Commissioners in carrying out their functions and duties. The division of functions, duties and responsibilities of the Board of Commissioners is as follows.

Table of Job Description of the Board of Commissioner

Name	Position	Job Description
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	- Chairman of Remuneration and Nomination Committee - Member of Audit Committee
Imam Apriyanto Putro	Deputy President Commissioner	- Member of Integrated Corporate Governance Committee - Member of Remuneration and Nomination Committee

Name	Position	Job Description
Goei Siauw Hong	Independent Commissioner	<ul style="list-style-type: none"> - Member of Audit Committee - Chairman of Risk Monitoring Committee - Member of Remuneration and Nomination Committee - Chairman of Integrated Corporate Governance Committee
Bangun Sarwito Kusmulyono	Independent Commissioner	<ul style="list-style-type: none"> - Head of Audit Committee - Member of Risk Monitoring Committee - Member of Integrated Corporate Governance Committee - Member of Remuneration and Nomination Committee
Makmur Keliat	Independent Commissioner	<ul style="list-style-type: none"> - Member of Audit Committee - Member of Integrated Corporate Governance Committee - Member of Remuneration and Nomination Committee
Askolani	Commissioner	<ul style="list-style-type: none"> - Member of Integrated Corporate Governance Committee - Member of Remuneration and Nomination Committee
Ardan Adiperdana	Commissioner	<ul style="list-style-type: none"> - Member of Risk Monitoring Committee - Member of Remuneration and Nomination Committee
R. Widyo Pramono	Commissioner	<ul style="list-style-type: none"> - Member of Risk Monitoring Committee - Member of Remuneration and Nomination Committee

Policies on Diversity of Board of Commissioners and Their Application

In the Articles of Association Bank Mandiri has regulated the diversity of the composition of the Board of Commissioners is appropriate with the Attachment of Financial Services Authority Circulating Letter No. 32/SEOJK.04/2015 concerning Governance Guidelines Public company. Appointment of the Board of Commissioners done by considering age, gender, integrity, dedication, understanding about related company management problems with one of the management functions, owning knowledge and/or expertise in the field needed by the Company and can provide time sufficient to carry out their duties and other requirements based on laws and regulations. Currently the Board of Commissioners has meet the criteria of all male sexes.

Although there is no gender diversity in current composition of the Board of Commissioners, but throughout Bank Mandiri's journey has shown diversity that is, Fransisca Oei as Commissioner at 2004 - 2005, Gunarni Soeworo as Commissioner Independent in 2005 - 2014, and Aviliani as Independent Commissioner in 2014 - 2017. In addition, gender diversity is also reflected in Committee membership under the Board of Commissioners with has 1 (one) woman as a member of the Risk Monitoring Committee from an independent party namely Ms. Lista Irna.

In 2018, some elements of diversity including education, work experience, age, and gender indicated composition diversity of the Board of Commissioner as illustrated in the following table:

Table of Diversity in Composition of Board of Commissioners

Name	Position	Age	Gender	Education	Work Experience	Skills
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	66 years old	Male	<ul style="list-style-type: none"> • Earned Bachelor's Degree in Civil Engineering. • Master of Arts in Macroeconomics. • Doctor of Philosophy in Monetary Theory and Policy. 	Have experience work, among others, in the field banking, finance, monetary, and supervision banking.	Banking, Economic
Imam Apriyanto Putro	Deputy President Commissioner	55 years old	Male	<ul style="list-style-type: none"> • Bachelor of Economics in Management. • Master of Management. 	Have experience work, among others, in the field finance, government, human resources, and company supervision.	Governance
Goei Siauw Hong	Independent Commissioner	54 years old	Male	<ul style="list-style-type: none"> • Bachelor's Degree in Agronomy. • Master of Business Administration (MBA) in Business, Finance, and Marketing 	Have experience work, among others, in the field finance, research, and banking supervision.	Finance, Banking

Name	Position	Age	Gender	Education	Work Experience	Skills
Bangun Sarwito Kusmulyono	Independent Commissioner	75 years old	Male	<ul style="list-style-type: none"> Bachelor's Degree in Chemical Engineering Master of Business Administration Doctor's degree in Environment Management. 	Have experience work, among others, in the field banking, capital, defense and banking supervision.	Banking
Makmur Keliat	Independent Commissioner	57 years old	Male	<ul style="list-style-type: none"> Bachelor Degree in Corporate Economics Bachelor of Art in Social and Political Sciences/ International Relations Department Drs. in Social and Political Sciences/ International Relations Department Ph.d in School of International Studies 	Have experience work, among others, in the field education, political science, International Relations, research and publication.	Macroeconomics
Askolani	Commissioner	52 years old	Male	<ul style="list-style-type: none"> Bachelor of Economics and Development Study Master of Business Administration (MBA) in Economics and Banking. 	Have experience work, among others, in the field finance, economics, supervision of the company industry.	Fiscal, Budget and Tax
Ardan Adiperdana	Commissioner	57 years old	Male	<ul style="list-style-type: none"> Bachelor of Economics. Master in Business Administration. Doctorate in Strategic Management. 	Have experience work, among others, in the field Finance and supervision Company.	Accounting, Audit
R. Widyo Pramono	Commissioner	61 years old	Male	<ul style="list-style-type: none"> Bachelor of Law Master of Management, Master of Law Doctorate in criminal law. Inaugurated as Professor of Criminal Law 	Having work experience, among others in the field of law and supervision.	Law

Affiliate Relationship of The Board of Commissioner

The criteria for the affiliate relationship among members of the Board of Directors, Board of Commissioners, and Controlling Shareholders cover:

1. Affiliations among Board of Directors members.
2. Affiliations among Board of Directors members and Board of Commissioners members.
3. Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.
4. Affiliations among Board of Commissioners members; and
5. Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.

The affiliate relationships among members of the Board of Directors, Board of Commissioners, and Controlling Shareholders are illustrated in the following table:



Table of Affiliate Relationship of The Board of Commissioners

Financial, Family, and Organizational Relationship															
Name of Commissioner	Position	Financial Affiliations with						Family Affiliations with						Organizational Relationship With	
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners.		Board of Directors		Controlling Shareholders		Yes	No
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner		√		√		√		√		√		√		√
Imam Apriyanto Putro	Deputy President Commissioner		√		√		√		√		√		√		√
Goei Siauw Hong	Independent Commissioner		√		√		√		√		√		√		√
Bangun Sarwito Kusmulyono	Independent Commissioner		√		√		√		√		√		√		√
Makmur Keliat	Independent Commissioner		√		√		√		√		√		√		√
Askolani	Commissioner		√		√		√		√		√		√		√
Ardan Adiperdana	Commissioner		√		√		√		√		√		√		√
R. Widyo Pramono	Commissioner		√		√		√		√		√		√		√

Concurrent Position of The Board of Commissioners

According to the Ministry of SOE Regulation No PER-03/MBU/02/2015 and the Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Implementation of Corporate Governance in Commercial Banks, concurrent positions of the Board of Commissioner are regulated as follows:

- Members of the Board of Commissioners shall be prohibited from having concurrent positions as:
 - Member of the Board of Commissioners of other State-Owned Enterprises (SOE).
 - Member of the Board of Directors of State-Owned Enterprises, Regionally-Owned Enterprises, and Private Enterprises.
 - Concurrent positions beyond which are admitted by the regulations.
 - Concurrent positions that may cause a conflict of interest with respective SOE.
- Members of the Board of Commissioners shall be prohibited from having concurrent positions as Directors, member of Board of Commissioners, or Executive Officers in:
 - financial institution or company, bank or non-bank.
 - more than 1 (one) non-financial institutions and companies domiciled in and outside of Indonesia.
- However, the provision allows a Board of Commissioners member to serve concurrent position as:
 - Director, Board of Commissioners, or Executive Officer with oversight function on 1 (one) non-bank Subsidiary controlled by Bank Mandiri.
 - A non-independent member of the Board of Commissioners runs functional tasks of the shareholders which are legal entities in Bank's business group.
 - Member of the BOC in non-profit organizations.

In addition, the Company's Articles of Association also regulate the dual position of the Board of Commissioners policy. Board of Commissioners shall be prohibited from having concurrent positions as:

- Member of the Board of Directors at State-Owned Enterprises, Regionally-Owned Enterprises, and private enterprises.
- Committee of political party and/or candidate/member of the House of Representative, House of Regional Representative, Regional People's House of Representative Level I and II, and/or candidate of regional head/vice head.
- Concurrent positions beyond which are admitted by the regulations.
- Concurrent positions that may cause a conflict of interest.

Bank Mandiri's Board of Commissioners has revealed concurrent position he has and does not have concurrent positions outside those permitted by applicable regulations and can cause conflict of interest which is prohibited by regulations legislation.

Concurrent position of Bank Mandiri BOC can be seen in the following table.

Table Concurrent Position of The Board of Commissioners

Name	Position	Position in Company/Other Institution	Name of Company/ Other Institution
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	President Director	Indonesian Banking Development Institute (IBDI/LPPI)
Imam Apriyanto Putro	Deputy President Commissioner	Secretary to Ministry	Ministry of State-Owned Enterprise
Goei Siau Hong	Independent Commissioner	President Director	Gagas Prima Solusi
Bangun Sarwito Kusmulyono	Independent Commissioner	-	-
Makmur Keliat	Independent Commissioner	A Lecturer at	International Relation Studies at Social and Political Science Faculty of Universitas Indonesia
		Commissioner	PT Kenta Indonesia Internasional
Askolani	Commissioner	Director General of Budget	Ministry of Finance
Ardan Adiperdana	Commissioner	Chief	Financial and Development Supervisory Agency
R. Widyo Pramono	Commissioner	-	-

Management of The Board of Commissioners Conflict of Interest

The Board of Commissioners conflict of interest shall be managed referring to the Board of Commissioners Code of Conduct which has been set as follows:

- Each Commissioner must maintain information based on statutory regulations that must be kept confidential including the provisions of insider trading and other information that the Company has not disclosed to the public.
- Each Commissioner must disclose:
 - Share ownership in the Company and other companies that are domiciled domestically or overseas.
 - Financial and family relationships with other members of the Board of Commissioners and members of the Board of Directors and their families.
 - Other information which according to legislation must be disclosed to the public.
- The Board of Commissioners is prohibited from being involved in making decisions related to banking operations and/or making decisions that can cause conflicts of interest.
- The Board of Commissioners in carrying out its duties, responsibilities and authorities is prohibited from utilizing the Company for personal, family, other company or certain parties' interests in a manner that is contrary to the Company's laws and code of conduct.

Stock Ownership of The Board of Commissioners

The Board of Commissioners has disclosed its share ownership in both Bank Mandiri and other banks and other companies domiciled at home and abroad. The Board of Commissioners of Bank Mandiri does not have shares with a total ownership of 5% (five per hundred) or more of the paid up capital of Bank Mandiri, the bank other, non-bank financial institutions, but there are members of the Board of Commissioners who own shares with a total ownership of more than 5% (five per hundred) in other companies. Share ownership of the Bank Mandiri Board of Commissioners can be seen in the table below.



Table of Stock Ownership of the Board of Commissioners

Name	Position	Stock Ownership			
		Bank Mandiri	Other Banks (>5%)	Non Bank Financial Institutions (>5%)	Other Companies (>5%)
Hartadi Agus Sarwono	President Commissioner/ Independent Commissioner	Nil	Nil	Nil	Nil
Imam Apriyanto Putro	Deputy President Commissioner	114,300 shares (0.0002449%)	Nil	Nil	Nil
Goei Siau Hong	Independent Commissioner	Nil	Nil	Nil	Gagas Prima Solusi (99.9%)
Bangun Sarwito Kusmulyono	Independent Commissioner	Nil	Nil	Nil	Nil
Makmur Keliat	Independent Commissioner	Nil	Nil	Nil	PT Kenta Indonesia Internasional (30%)
Askolani	Commissioner	109,000 shares (0.0002336%)	Nil	Nil	Nil
Ardan Adiperdana	Commissioner	109,000 shares (0.0002336%)	Nil	Nil	Nil
R. Widyo Pramono	Commissioner	39,400 shares (0.0000844%)	Nil	Nil	Nil

Independent Commissioner

The composition of the Board of Commissioners as per December 31, 2017 amounted to 8 (eight) members, 4 (four) of which is appointed as Independent Commissioners indicating 50% (fifty percent) of the existing commissioners. The composition of the members of the Board of Commissioners has fulfilled the provisions of Financial Services Authority Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks and Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 concerning Implementation of Governance for Commercial Banks which regulates that at least 50% (fifty percent) of the total members of the Board of Commissioners are Independent Commissioners.

Criteria for Independent Commissioner and Statement of Independent

The criteria of the Independent Commissioner refer to the provisions of the Financial Services Authority Regulation No. 33/POJK.04/2014 on December 8, 2014 concerning Directors and Board of Commissioners of Issuers or Public Companies. The Independent Commissioner of Bank Mandiri shall meet the following criteria:

Criteria for Independent Commissioner	Independent Commissioner			
	Hartadi Agus Sarwono	Goei Siau Hong	Bangun Sarwito Kusmulyono	Makmur Keliat
Shall not become the person who works, has the authority over, or has responsibility to plan, lead, control, or monitor the Bank's activities in the last 6 (six) months except for reappointment as an Independent Commissioner of Public Company for the next period.	✓	✓	✓	✓
Shall not have shares either directly or indirectly in the Issuer or the Public Company.	✓	✓	✓	✓
Shall not have affiliate relationship with the Issuer or the Public Company, BOC member, BOD member, or majority shareholders of the Issuer or the Public Company.	✓	✓	✓	✓
Shall not have any business relationship either directly or indirectly in the Issuer or the Public Company.	✓	✓	✓	✓

The Independent Commissioners of Bank Mandiri are: Mr. Hartadi Agus Sarwono, Mr. Goei Siau Hong, Mr. Bangun Sarwito Kusmulyono, and Mr. Makmur Keliat, have made a Statement of Independence and submitted it to the FSA.

**SURAT PERNYATAAN INDEPENDEN
PT BANK MANDIRI (PERSERO) Tbk.**

Saya yang bertanda tangan di bawah ini :

Nama : Harto Agas Sarwono
 Tempat/tanggal lahir : [redacted]
 Alamat Domisili : [redacted]
 (copy KTP/SDM serahgany)
 Telepon Rumah : [redacted]
 Jabatan : Komisaris Utama mewakili Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : [redacted]

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan keperguruan, hubungan kepernikaan, dan/atau hubungan keluarga dengan anggota Direksi, anggota Dewan Komisaris lain, dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari ditunjukkan bahwa saya memiliki hubungan sebagaimana dimaksud pada angka 1, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian pernyataan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengantahi,
 PT Bank Mandiri (Persero) Tbk.


 Kartika Wiriatmodjo
 Direktur Utama

Jakarta, 9 September 2017


 Harto Agas Sarwono

**SURAT PERNYATAAN INDEPENDEN
PT BANK MANDIRI (PERSERO) Tbk.**

Saya yang bertanda tangan di bawah ini :

Nama : Guel Nisw Hong
 Tempat/tanggal lahir : [redacted]
 Alamat Domisili : [redacted]
 (copy KTP/SDM serahgany)
 Nomor telepon rumah : [redacted]
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : [redacted]

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan keperguruan, kepernikaan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, Direksi dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari ditunjukkan bahwa saya memiliki hubungan sebagaimana dimaksud pada butir 1 di atas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian pernyataan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengantahi,
 PT Bank Mandiri (Persero) Tbk.


 Budi G. Saldin
 Direktur Utama

Jakarta, 20 April 2018


 Guel Nisw Hong

**SURAT PERNYATAAN INDEPENDEN
PT BANK MANDIRI (PERSERO) Tbk.**

Saya yang bertanda tangan di bawah ini :

Nama : DR. S. Bangun Sarwito Kusumayono MBA
 Tempat/tanggal lahir : [redacted]
 Alamat Domisili : [redacted]
 (copy KTP/SDM serahgany)
 Nomor telepon rumah : [redacted]
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : [redacted]

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan keperguruan, kepernikaan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, Direksi dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari ditunjukkan bahwa saya memiliki hubungan sebagaimana dimaksud pada butir 1 di atas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian pernyataan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengantahi,
 PT Bank Mandiri (Persero) Tbk.


 Budi G. Saldin
 Direktur Utama

Jakarta, 20 April 2018


 Bangun S. Kusumayono

**SURAT PERNYATAAN INDEPENDEN
PT BANK MANDIRI (PERSERO) Tbk.**

Saya yang bertanda tangan di bawah ini :

Nama : Makmur Kellat
 Tempat/tanggal lahir : [redacted]
 Alamat Domisili : [redacted]
 (copy KTP/SDM serahgany)
 Telepon Rumah : [redacted]
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : [redacted]

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan keperguruan, hubungan kepernikaan, dan/atau hubungan keluarga dengan anggota Direksi, anggota Dewan Komisaris lain, dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Peraturan Jasa Keuangan yang mengatur mengenai Penerapan Tata Kelola Bagi Bank Umum.
2. Apabila dikemudian hari ditunjukkan bahwa saya memiliki hubungan sebagaimana dimaksud pada angka 1, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian pernyataan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengantahi,
 PT Bank Mandiri (Persero) Tbk.


 Kartika Wiriatmodjo
 Direktur Utama

Jakarta, 14 Agustus 2017


 Makmur Kellat



Board of Commissioners Meeting

The types and quorums of the Board of Commissioners meetings regulated in the Board of Commissioners' Code of Conduct are as follows:

1. Every decision of the Board of Commissioners is taken at the Board of Commissioners meeting.
2. The Board of Commissioners must hold at least 1 (one) meeting in 2 (two) months or at any time if deemed necessary by one or more members of the Board of Commissioners or at the request of the Board of Directors.
3. The Board of Commissioners must hold regular meetings with the Board of Directors (Joint Meetings) at least 1 (one) time in 4 (four) months.
4. The meeting of the Board of Commissioners is legal and has the right to make binding decisions if 2/3 of

the total members of the Board of Commissioners are present or represented at the meeting.

5. A Commissioner can be represented at a meeting by another Commissioner based on a letter of authority.
6. A Commissioner can only represent another Commissioner.
7. The Board of Commissioners can schedule Board of Commissioners meetings for the following year before the fiscal year ends.

Materials for Board of Commissioners meetings are distributed to all meeting participants no later than 5 (five) working days before the meeting is held, unless the meeting is held out of schedule, the meeting materials can be delivered before the meeting is held.

Plan For Early Meeting of The Year of The Board of Commissioners

Quarter 1	Monthly review of the Company's performance. Review and approval of the Audited Financial Report for Fiscal Year 2017. Quarterly review of the performance of the Company and Subsidiaries. Preparation of the Annual General Meeting of Shareholders. Election of External Auditors for Fiscal Year 2018.
Quarter 2	Monthly review of the Company's performance. Monthly review of the Company's performance. Quarterly review of company risk, human resource and strategic plan for the 1st quarter of 2018. Quarterly review of the performance of the Company and Subsidiaries.
Quarter 3	Monthly review of the Company's performance. Quarterly review of the performance of the Company and Subsidiaries. Quarterly review of company risk, human resource and strategic plan for the 2nd quarter of 2018. Review of the implementation of Integrated Governance. Discussion on Financial and Business Plans for Fiscal Year 2019.
Quarter 4	Monthly review of the Company's performance. Quarterly review of the performance of the Company and Subsidiaries. Quarterly review of company risk, human resource and strategic plan for the 2nd quarter of 2018. Discussion on Financial and Business Plans for Fiscal Year 2019.

Realization of Board of Commissioners Meeting

Board of Commissioners Meeting

In 2018, the agenda, date, and participants of the BOC Meeting are presented as follows:

Table of Quorum and Attendance the Board of Commissioners Meeting

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
1.	Wednesday, January 17, 2018	Approval of Proposal for Cooperation and Selection of Build Operate Transfer (BOT) Partners.	Hartadi Agus Sarwono Imam Apriyanto Putro Goei Siau Hong Bangun Sarwito Kusmulyono Makmur Keliat Askolani Ardan Adiperdana	Attending Not Attending Attending Attending Attending Attending Attending	On Leave

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
			R. Widyo Pramono	Attending	
			Attendance 88%		
2.	Wednesday, January 31, 2018	<ol style="list-style-type: none"> Discussion on Schedule and Agenda of 2018 GMS Approval of the Appointment of Mandiri DPLK Public Accountant Firm (KAP) 2017. Support for the KAP PSS-E&Y Audit Results Report for Mandiri Bank Financial Statements 2017. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siauw Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
			Attendance 100%		
3.	Wednesday, February 14, 2018	<ol style="list-style-type: none"> Remuneration Approval of Bank Mandiri Directors and Board of Commissioners at the Annual GMS 2018. Bank Mandiri Board of Directors Candidates to the Minister of SOEs. Approval of Risk Taker Material. Approval of the Management of the Subsidiary. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siauw Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
				Attending	
			Attendance 100%		
4.	Wednesday, February 21, 2018	<ol style="list-style-type: none"> Approval of Working Capital Credit Facility Extension, Extension and Additional Bank Guarantee Facilities, and Changes to Effective Terms and Withdrawals to Related Parties. Others 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siauw Hong	Attending	
			Bangun Sarwito Kusmulyono	Not Attending	On Leave
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
			Attendance 75%		
5.	Wednesday, February 28, 2018	Approval of Credit Facilities.	Hartadi Agus Sarwono	Not Attending	On Leave
			Imam Apriyanto Putro	Attending	
			Goei Siauw Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Not Attending	On Leave
			Askolani	Attending	
			Ardan Adiperdana	Not Attending	On Leave
			R. Widyo Pramono	Attending	
			Attendance 63%		
6.	Wednesday, March 7, 2018	<ol style="list-style-type: none"> Proposed Deputy of Bank Mandiri as Management of Subsidiaries. Appointment of Members of Board of Commissioners who will become Board of Directors of Bank Mandiri AGM on March 21, 2018. Approval of Public Accounting Firm for Audit of Bank Mandiri Financial Statements in Fiscal Year 2018. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siauw Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
			Attendance 88%		



No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
7.	Wednesday, 14 March 2018	1. Approval of Deputy of Bank Mandiri as Management of Subsidiary Companies. 2. Approval of Credit Facility Extension.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
				Attending	
Attendance 100%					
8.	Friday, 16 March 2018	Proposed Deputy of Bank Mandiri as Management of Subsidiaries.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Not Attending	On Leave
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
9.	Tuesday, 27 March 2018	1. Approval of Credit Facilities. 2. Approval of Changes in the Provisions on Credit Facilities and Additional KMK Excuting to Related Parties on behalf of PT Mandiri Utama Finance.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Not Attending	On Leave
			R. Widyo Pramono	Not Attending	On Leave
Attendance 50%					
10.	Wednesday, March 28, 2018	1. SPO Approval for Fixed Asset Management and other Goods. 2. Approval of the Adjustment of Bank Mandiri Organizational Structure after Annual GMS 2018. 3. Approval of Granting of Pension Benefits and Additional Benefits for DPBM one to Four in 2018.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Not Attending	On Leave
			R. Widyo Pramono	Not Attending	On Leave
Attendance 75%					
11.	Wednesday, 11 April 2018	Request for Strategic Direction for Joint Ventures to the Minister of SOEs.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Not Attending	On Leave
			R. Widyo Pramono	Attending	
Attendance 75%					

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
12.	Wednesday, 2 May 2018	<ol style="list-style-type: none"> Approval of Liquidation (Dissolution) of PT Sarana Bersama Pembangunan Indonesia (SBPI). Approval of the Return of Credit Facility on behalf of PT Mandiri Sekuritas. 	Hartadi Agus Sarwono	Not Attending	On Leave
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 75%					
13.	Wednesday, May 16, 2018	Approval of Credit Facility Extension.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
14.	Wednesday, May 23, 2018	<ol style="list-style-type: none"> Approval on the proposal of the deputy of the Company as the Board of Directors and Board of Commissioners of the Subsidiary. Approval of the proposed Corporate Card Facility. Approval of the proposed Articles of Association Threshold. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Not Attending	On Leave
			R. Widyo Pramono	Attending	
Attendance 88%					
15.	Wednesday, May 30, 2018	Approval of Corporate Card Facility	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
16.	Wednesday, June 6, 2018	<ol style="list-style-type: none"> Approval of Changes in the Follow-Up of IT Audit Findings. Approval of Sales of Part of Bank Mantap Shares to PT Taspen. Approval of Capital Additions in Right Issue. Approval of Revision of RKAP 2018, RBB 2018-2020 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
				Not Attending	On Leave
Attendance 88%					



No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
17.	Thursday, June 28, 2018	Approval of Credit Facilities.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Not Attending	On Leave
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
18.	Wednesday, July 18, 2018	Approval of the proposed Extension of Credit Line Facility on behalf of Bank Mandiri (Europe) Limited.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Not Attending	On Leave
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
19.	Wednesday, July 25, 2018	Approval of the Revision of Subsidiary Management Policies (KPPA).	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Not Attending	On Leave
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 75%					
20.	Wednesday, 8 August 2018	Approval of Proposed Shares of Subsidiary of PT Mandiri AXA General Insurance.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Not Attending	On Leave
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
21.	Wednesday, August 29, 2018	Approval of the Commercial Line Extension and Granting of Corporate Card Facility to PT Mandiri Axa General Insurance.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Not Attending	On Leave

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
22.	Wednesday, September 5, 2018	1. Approval of Credit Facilities. 2. Approval of Term and Limit Extension for Intraday Facilities on behalf of Mandiri Sekuritas.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Not Attending	On Leave
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 63%					
23.	Wednesday, September 12, 2018	Approval of proposed Granting of the KL Facility, Extension of KMK Revolving Non Current Account Facility to Related Parties.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
24.	Wednesday, September 19, 2018	1. Approval of Bank Mandiri Articles of Association (Threshold) Performance Limitation. 2. Approval of the Granting of Limit of the PT Mandiri Sekuritas Loan Subordination Facility and Credit Line Extension and PT Bank Syariah Mandiri Corporate Card Facility.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
25.	Wednesday, September 26, 2018	Approval of the Preparation of Mandiri Group Principle Guideline (MGPG).	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
26.	Wednesday, October 3, 2018	1. Recommendations for Adjustment Provisions related to Facilities, Allowance and Benefits of Board of Directors and Board of Commissioners. 2. Update on PT Mitra Transactions Indonesia.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					



No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
27.	Wednesday, October 17, 2018	Approval of Proposal for Granting of Credit Facilities.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
28.	Wednesday, October 24, 2018	Approval for Proposals for Extension and Additional Credit Facilities to Related Parties on behalf of PT Mandiri Tunas Finance and PT Mandiri Utama Finance.	Hartadi Agus Sarwono	Not Attending	On Leave
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
29.	Monday, November 12, 2018	<ol style="list-style-type: none"> Discussion of Follow-Up Actions of the Minister of SOEs Letter No. SR-741/MBU/11/2018 on November 5, 2018. Request for Approval of Board of Commissioners for the Proposal of the Company's Deputy as Board of Directors and Board of Commissioners of the Subsidiary. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Not Attending	On Leave
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 75%					
30.	Wednesday, November 14, 2018	Discussion of PT Bank Syariah's Performance in 2018 and Work Plan for 2019.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 88%					
31.	Wednesday, November 21, 2018	<ol style="list-style-type: none"> Approval of Proposed RKAP and RBB 2019-2021 PT Bank Mandiri (Persero) Tbk. Facility Granting Agreement on behalf of PT Bank Mandiri Taspen and PT Mandiri Manajemen Investasi. Approval of Extension of Term and Additional Credit Facility. 	Hartadi Agus Sarwono	Not Attending	On Leave
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Absent
32.	Monday, November 26, 2018	Approval of RKAP 2019 and RBB 2019-2021 and RKAB 2019 of Bank Mandiri.	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					
33.	Wednesday, November 28, 2018	<ol style="list-style-type: none"> Approval of Proposal for Capital Injection of PT Mandiri Capital Indonesia. Approval of Proposed Revised Recovery Plan of Bank Mandiri. Approval of Proposal for Granting of Credit Facilities. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
				Attending	
Attendance 88%					
34.	Wednesday, December 5, 2018	Approval of Capital Additions to PT Mandiri Capital Indonesia	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Not Attending	On Leave
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 75%					
35.	Thursday, 20 December 2018	<ol style="list-style-type: none"> Approval of facility extension. Approval of granting of facility. Appointment of members of Board of Commissioners as Chair of EGMS 2019. 	Hartadi Agus Sarwono	Attending	
			Imam Apriyanto Putro	Attending	
			Goei Siau Hong	Attending	
			Bangun Sarwito Kusmulyono	Attending	
			Makmur Keliat	Attending	
			Askolani	Attending	
			Ardan Adiperdana	Attending	
			R. Widyo Pramono	Attending	
Attendance 100%					



Frequency and Attendance of Board of Commissioners Meeting

The frequency and attendance of the commissioners at Board of Commissioners meeting are outlined below.

Table of Frequency and Attendance of Board of Commissioners Meeting

Name	Position	Board of Commissioners Meeting		
		Number and Percentage of Attendance		
		Number of Meetings	Number of Attendance	Percentage
Hartadi Agus Sarwono	President Commissioner/Independent Commissioner	35	31	88%
Imam Apriyanto Putro	Deputy President Commissioner	35	29	83%
Goei Siauw Hong	Independent Commissioner	35	30	85%
Bangun Sarwito Kusmulyono	Independent Commissioner	35	33	94%
Makmur Keliat	Independent Commissioner	35	33	94%
Askolani	Commissioner	35	28	80%
Ardan Adiperdana	Commissioner	35	30	85%
R. Widyo Pramono	Commissioner	35	31	88%

Joint Meeting of The Board of Commissioners and The Board of Directors

Throughout 2018, the agenda, date, and participants of Joint Meeting of the Board of Directors and the Board of Commissioners are presented as follows:

Table of Joint Meeting of The Board of Commissioners and The Board of Directors

No.	Meeting Date	Meeting Agenda	Meeting Participants - The Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/Not Attending	Reason for Absent
1.	Wednesday, January 17, 2018	Financial and Performance Statement of December 2017.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave	Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Ogi Prastomiyono ^{*)}	Attending	
			Bangun Sarwito Kusmulyono	Attending		Royke Tumilaar	Attending	
			Makmur Keliat	Attending		Hery Gunardi	Attending	
			Askolani	Attending		Tardi ^{*)}	Attending	
			Ardan Adiperdana	Attending		Ahmad Siddik Badruddin	Attending	
			R. Widyo Pramono	Attending		Kartini Sally ^{*)}	Attending	
2.	Wednesday, March 28, 2018	Financial and Performance Statement of February 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/Not Attending	Reason for Absent
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Attending	
			Ardan Adiperdana	Not Attending	On Leave	Darmawan Junaidi	Not Attending	On Leave
			R. Widyo Pramono	Not Attending	On Leave			
3.	Wednesday, April 18, 2018	Financial and Performance Statement of March 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Not Attending	On Leave	Sulaiman Arif Arianto	Not Attending	On Leave
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Not Attending	On Leave	Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Not Attending	On Leave
			Askolani	Attending		Rico Usthavia Frans	Not Attending	On Leave
			Ardan Adiperdana	Not Attending	On Leave	Darmawan Junaidi	Not Attending	On Leave
			R. Widyo Pramono	Attending				
4.	Wednesday, May 23, 2018	Financial and Performance Statement of April 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Attending	
			Ardan Adiperdana	Attending		Darmawan Junaidi	Attending	
			R. Widyo Pramono	Attending				
5.	Wednesday, June 28, 2018	Financial and Performance Statement of May 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Not Attending	On Leave
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Not Attending	On Leave
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Not Attending	On Leave
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Not Attending	On Leave
			Askolani	Attending		Rico Usthavia Frans	Attending	
			Ardan Adiperdana	Attending		Darmawan Junaidi	Attending	
			R. Widyo Pramono	Attending				

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/ Not Attending	Reason for Absent
6.	Wednesday, August 29, 2018	1. Financial and Performance Statement of July 2018. 2. Market Update of Indonesia	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Not Attending	On Leave
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Not Attending	On Leave
			Ardan Adiperdana	Attending				
			R. Widyo Pramono	Not Attending	On Leave	Darmawan Junaidi	Attending	
7.	Wednesday, September 26, 2018	Financial and Performance Statement of August 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Not Attending	On Leave
			Askolani	Attending		Rico Usthavia Frans	Attending	
						Darmawan Junaidi	Attending	
			Ardan Adiperdana	Attending		Alexandra Askandar**)	Attending	
						Agus Dwi Handaya**)	Attending	
			R. Widyo Pramono	Attending		Panji Irawan***)	Attending	
			Donsuwan Simatupang****)	Attending				
8.	Wednesday, October 31, 2018	Financial and Performance Statement of September 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Not Attending	On Leave
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Attending	
						Darmawan Junaidi	Not Attending	On Leave
			Ardan Adiperdana	Attending		Alexandra Askandar	Attending	
						Agus Dwi Handaya	Attending	
			R. Widyo Pramono	Attending		Panji Irawan	Attending	
			Donsuwan Simatupang	Not Attending	On Leave			

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/Not Attending	Reason for Absent
9.	Thursday, December 20, 2018	Financial and Performance Statement of October 2018.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Not Attending	On Leave
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Not Attending	On Leave
						Darmawan Junaidi	Attending	
			Ardan Adiperdana	Attending		Alexandra Askandar	Attending	
						Agus Dwi Handaya	Not Attending	On Leave
R. Widyo Pramono	Attending		Panji Irawan	Attending				
			Donsuwan Simatupang	Attending				

*) The term of office ends on March 21, 2018.

**) The appointment concerned as Director is declared effective as of September 4, 2018.

***) The appointment concerned as Director is declared effective as of September 12, 2018.

Joint Meeting of Directors Invites Board of Commissioners

Throughout 2018, the agenda, date and participants of the Joint Meetings of the Board of Directors with the Board of Commissioners are as follows.

Table of Joint Meeting of the Board of Directors and the Board of Commissioners

No.	Meeting Date	Meeting Agenda	Meeting Participants - Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/Not Attending	Reason for Absent
1.	February 21, 2018	1. Financial Performance on June 2018. 2. Updates from the Corporate Secretary. RKA PKBL. 3. Updates from the Corporate Secretary. Preparation of the Annual GMS	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Not Attending	On Leave	Ogi Prastomiyono	Attending	
			Bangun Sarwito Kusmulyono	Attending		Royke Tumilaar	Not Attending	On Leave
			Makmur Keliat	Attending		Hery Gunardi	Not Attending	On Leave
			Askolani	Not Attending	On Leave	Tardi	Attending	
						Ahmad Siddik Badruddin	Attending	
			Ardan Adiperdana	Attending		Kartini Sally	Attending	
						Rico Usthavia Frans	Attending	
R. Widyo Pramono	Attending		Darmawan Junaidi	Attending				
2.	July 18, 2018	1. Financial Performance on June 2018. 2. Discussion of IT.	Hartadi Agus Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siauw Hong	Not Attending	On Leave	Royke Tumilaar	Attending	



No.	Meeting Date	Meeting Agenda	Meeting Participants - Board of Commissioners	Attending/Not Attending	Reason for Absent	Board of Directors Meeting Participants	Attending/Not Attending	Reason for Absent
3.	November, 21 2018	1. Financial Performance on October 2018. 2. Updating the Bank Mandiri Recovery Plan in 2018.	Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Attending	
						Darmawan Junaidi	Attending	
			Ardan Adiperdana	Attending		Alexandra Askandar	Attending	
						Agus Dwi Handaya	Not Attending	Business Trip
			R. Widyo Pramono	Attending		Panji Irawan	Attending	
						Donsuwan Simatupang	Attending	
			Hartadi Agus Sarwono	Not Attending	On Leave	Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Goei Siau Hong	Not Attending	On Leave	Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Not Attending	Business Trip
			Makmur Keliat	Attending		Ahmad Siddik Badruddin	Attending	
			Askolani	Attending		Rico Usthavia Frans	Attending	
Darmawan Junaidi	Attending							
Ardan Adiperdana	Attending		Alexandra Askandar	Attending				
			Agus Dwi Handaya	Not Attending	Business Trip			
R. Widyo Pramono	Attending		Panji Irawan	Attending				
			Donsuwan Simatupang	Attending				

Frequency and Attendance of Joint Meeting

During 2018, there have been 12 (twelve) Joint Meetings with the details of the Joint Meeting of the Board of Commissioners inviting the Board of Directors 9 (nine) times and the Joint Meeting of the Board of Directors inviting the Board of Commissioners 3 (three) times with the following attendance frequency.

Table of Joint Meetings Attendance Frequencies of the Board of Commissioners and Directors

Name	Position	Number of Meetings	Number of Attendance	Percentage
Hartadi Agus Sarwono	President Commissioner/Independent Commissioner	12	11	92%
Imam Apriyanto Putro	Deputy President Commissioner	12	10	83%
Goei Siau Hong	Independent Commissioner	12	9	75%
Bangun Sarwito Kusmulyono	Independent Commissioner	12	11	92%
Makmur Keliat	Independent Commissioner	12	12	100%
Askolani	Commissioner	12	11	92%
Ardan Adiperdana	Commissioner	12	10	83%
R. Widyo Pramono	Commissioner	12	10	83%

Name	Position	Number of Meetings	Number of Attendance	Percentage
Kartika Wirjoatmodjo	President Director	12	9	75%
Sulaiman Arif Arianto	Deputy President Director	12	9	75%
Royke Tumilaar	Director of Corporate Banking	12	8	75%
Hery Gunardi	Director of Small Business & Network	12	10	83%
Ahmad Siddik Badruddin	Director of Risk Management	12	9	75%
Rico Usthavia Frans	Director of Information Technology & Operation	12	9	75%
Darmawan Junaidi	Director of Treasury & International Banking	12	9	75%
Alexandra Askandar ^{*)}	Director of Institutional Relationship	4	4	100%
Agus Dwi Handaya ^{*)}	Director of Compliance	4	3	75%
Panji Irawan ^{**)}	Director of Finance	4	4	100%
Donsuwan Simatupang ^{**)}	Director of Retail Banking	4	3	75%
Ogi Prastomiyono ^{***)}	Director of Operations	2	2	100%
Tardi ^{***)}	Director of Retail Banking	2	2	100%
Kartini Sally ^{***)}	Director of Kelembagaan	2	2	100%

^{*)} The appointment concerned as Director is declared effective as of September 12, 2018.

^{**)} The appointment concerned as Director is declared effective as of September 4, 2018.

^{***)} The term of office ends on March 21, 2018.

Remuneration Policy For The Board of Commissioners

In providing remuneration for the Board of Commissioners, Bank Mandiri upholds the principle of prudential as well as commits to the prevailing regulations of law. Currently, the Company has implemented a good governance in terms of remuneration provision to the Board of Commissioners. This manner aims to promote prudent risk-taking to maintain the corporate sustainability.

The good governance implementation of remuneration provision is conducted by formulating policies that have been authorized under the Joint Decree of Board of Commissioners and Board of Directors on Remuneration Policy of PT Bank Mandiri (Persero) Tbk. dated March 20, 2008. The determination of remuneration for the Board of Commissioners refers to:

1. SOE Minister Regulation No. PER-06/MBU/06/2018 dated June 4, 2018 concerning Change Third, the Regulation of the Minister of State Owned Enterprises No. PER-04/MBU/2014 concerning Determination Guidelines Earnings of Directors, Board of Commissioners.
2. SOE Minister Regulation No. PER-01/MBU/2011 concerning Implementation of Governance Good Corporate Governance the SOE has been amended last by Regulation Minister of State Enterprises No. PER-09/MBU/2012 concerning Amendments to SOE Minister Regulation No. PER-01/MBU/2011 about Implementation of Good Corporate Governance (Good Corporate Governance) in SOE.

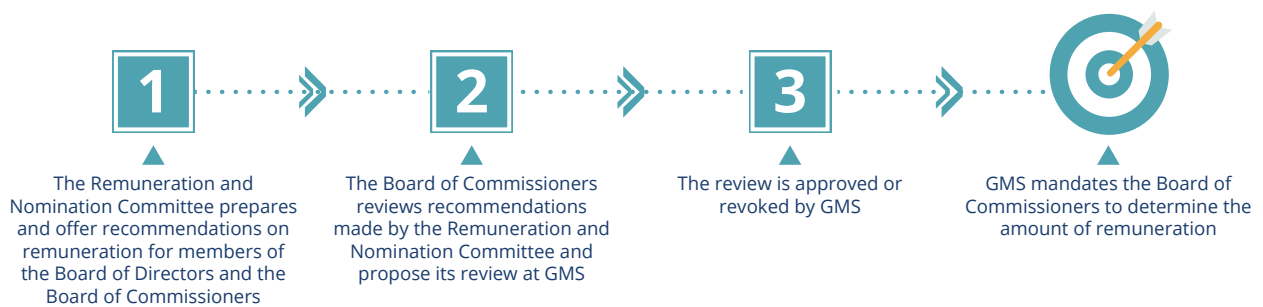
3. Financial Services Authority Regulation No. 55/POJK.03/2016 dated December 9, 2016 concerning the Implementation of Governance for Commercial Banks.
4. Financial Services Authority Regulation No. 45/POJK.03/2015 dated December 23, 2015 concerning the Implementation of Governance concerning Remuneration for Commercial Banks.
5. The Company's Articles of Association.

In accordance with Financial Services Authority Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance concerning Remuneration Provision for Commercial Banks, Bank Mandiri has performed a good governance in such a provision as stated in the Joint Decree of Board of Commissioners and Board of Directors dated March 20, 2018 that has taken into account various aspects, including financial stability of the bank, risk management, short-term and long-term liquidity requirements, and potential future revenue. The Company may operate malus and clawback of variable remuneration for the bank officials who are under the category of Material Risk Taker (MRT), with the following provisions:

1. The company will have malus and or clawback applied in exceptional circumstances in the practice of variable remuneration, by taking into account some factors as follows:
 - The financial or non financial loss of the Company.
 - The direct or indirect involvement of the official in question in the loss.

2. Variable remuneration must be deferred amounting a percentage specified by the company.
3. This policy applies for MRT officials under the following criteria:
 - Causing financial or non financial loss to the Company.
 - Conducting frauds, breaking the law, behaving in an unethical manner, and/or falsifying records.
 - Intentionally violating bank's policy, rules, and procedures.
 - Inducing significant negative impacts towards bank capital due to a non economic or industrial climate change
4. In implementing remuneration for MRT officials, Bank Mandiri acts under the provisions from Financial Service Authority, Regulations of the Ministry of SOEs, and the Company's remuneration policy.

Proposal and Determination of Remuneration Procedures



The determination of remuneration for the Board of Commissioners is carried out with the following procedures:

1. Remuneration and Nomination Committee holds a review on remuneration for the Board of Commissioners.
2. The Committee coordinates with Human Capital Director and Officials as well as related work unit to arrange the proposal of remuneration.
3. In establishing policies on variable remuneration, the Committee coordinates with the Risk Management Work Unit
4. Based on the review, the Committee draws up recommendation on remuneration to be submitted to the Board of Commissioners.
5. The Board of Commissioners presents the proposal and recommendation under the basis of the review at the General Meeting of Shareholders to obtain approval.
6. The proposal and recommendation of the Board of Commissioners may come as:
 - a. Approval on the form and amount of the remuneration; or
 - b. Approval of authority for the Board of Commissioners to determine the form and amount of the remuneration.

Remuneration Structure of Members of The Board of Commissioners

By taking into account the prevailing provisions on remuneration, remuneration for the Board of Commissioners is provided in the form of:

1. Fixed remuneration: remunerations provided independent from performance and risk, such as salary/honorarium, facilities, housing allowance, health allowance, education allowance, festive allowance, and post-employment benefit.

Salary/honorarium, facilities, allowances, and post-employment benefit are provided in cash.

2. Variable remuneration: Remunerations provided in connection with performance and risks, such as bonuses, tantiem/performance incentives, or those of any other equal forms.

Bonuses, tantiem, and incentives may be provided in cash, shares, or stock-based instruments issued by the Company, and cash only for the Board of Commissioners to avoid conflict of interest in their supervisory tasks.

The following are the details of remuneration structure of the Board of Commissioners.

Table of Remuneration Structure of the Board of Commissioners

No.	Type of Income	Regulation
1.	Honorarium	Amount of Position Factor President Commissioner 50% of President Director Deputy President Commissioner 47.5% of the President Director Commissioner 90% of the President Commissioner
	Company's Strategic Initiative	
	Religious Holiday Allowance	1 (one) time of honorarium
	Communication Allowance	Not eligible
2.	Transportation Allowance	20% of honorarium
	Annual Leave Allowance	Not eligible
	Post-Employment Benefit	Insurance Premium not exceeding 25% of honorarium
	Suit Allowance	Eligible for any special occasion that need special suit
	Employees' Strategic Plan	
	Company Vehicle Facility	Transportation allowance 20% of honorarium
3.	Medical Facility	Reimbursement of treatment in accordance with the internal policies stipulated in the Letter of the Board of Commissioners No. KOM/113/2016 concerning Organ Remuneration Supporting the Board of Commissioners and Staff Secretary.
	Professional Collector Facility	Maximum two memberships for registration and annual fee only
	Legal Council Facility	As needed, regulated in KEP. KOM/003/2014
4.	Bonuses, Tantiem, Incentives	Can be given in the form of shares or cash.

Indicators For Determination of Remuneration For The Board of Commissioners

The indicators for determining remuneration of members of the Board of Commissioners are as follows:

1. Key Performance Indicator (KPI)
2. Company's Performance
3. Business Size
4. The benchmarking of the Banking Industry's remuneration
5. Goals and Long-Term Plans of the Bank

Determination of Risk Takers Material

1. All members of Board of Commissioners are risk takers materials.
2. The determination of risk takers material is performed by using qualitative and quantitative approaches.

Scheme of Variable Remuneration Provision

1. The Company specifies the scheme of variable remuneration for the Board of Commissioners by

deferring malus and/or cancelling clawback in a certain circumstance if deemed necessary by the Remuneration and Nomination Committee.

2. The requirements for deferred remuneration, such as the term of malus, amount of deferred remuneration, and requirements of clawback for the material risk takers are discussed by the Remuneration and Nomination Committee by considering:
 - a. The term of malus of 3 (three) years at the least
 - b. Company's Performance
 - c. Risk Profile
3. Malus is a remuneration in cash, shares, or stock-based instruments issued by the Company.
4. In the event of loss suffered by the Company:
 - a. The Company may opt to not providing variable remuneration, or providing such a remuneration in a lesser amount compared to that of the last time Companies gains profits, or specifying the remuneration in a smaller number in accordance with the Company's decline in profit.
 - b. In the event provided to the Board of Directors and Board of Commissioners, such a remuneration is an expression of appreciation.



Amount of Remuneration For Every Component In The Structure of The Board of Commissioners

The following table provides the annual remuneration by income rate.

Total of Remuneration and Others Facilities	Board of Commissioners	
	Number of People	Million of IDR
Remuneration		
Salary	8	17,226
Housing Allowance	-	-
Transportation Allowance	8	2,491
Festive Allowance	8	1,510
Tantiem	11	69,592
In-kind facilities		
Housing (non-ownership)	-	-
Transportation (non-ownership)	-	-
Post employment insurance (ownership)	8	4,031
Medical (non-ownership)	8	410
Total of Annual Remuneration per person		
Above Rp2 Billion	9	
Above Rp1 Billion to Rp2 Billion	2	
Above Rp500 Billion to Rp1 Billion	-	
Below Rp500 million	-	

In compliance with Financial Services Authority Regulation No. 45/POJK.03/2015, Bank Mandiri has awarded bonus in shares for the performance in 2017 to non-independent commissioners on July 9, 2018, as reported to the Financial Service Authority under the letter dated July 18, 2018 with the following details:

Name	Position	Bonus of Shares
Imam Apriyanto Putro	Deputy President Commissioner	114,300 shares
Askolani	Commissioner	109,000 shares
Ardan Adiperdana	Commissioner	109,000 shares
R. Widyo Pramono	Commissioner	39,400 shares

Recommendation and Performance of Duties of The Board of Commissioners

Frequency and Procedures Advising To The Member of The Board of Directors

The Board of Commissioners not only plays a role in terms of supervision but also plays an active role in terms of giving advice. Provision of advice from the Board of Commissioners to the Board of Directors is carried out both formally at the Meeting, as well as informally on every opportunity that exists with all Directors and with one of the Directors. The Board of Commissioners' meeting in its implementation categorizes Formal Meetings into 3 (three) types of meetings, namely:

1. Board of Commissioners Meeting (RAKOM), which is an internal meeting of the Board of Commissioners. In 2018 has been held 35 (thirty-five) times.
2. The meeting of the Board of Commissioners invites the Directors (RAKOMDIR). In 2018 has been held 12 (twelve) times.
3. Committee meetings are under the supervision of the Board of Commissioners, which consists of Audit Committee Meetings, Risk Monitoring Committee Meetings, Integrated Governance Committee Meetings and Remuneration and Nomination Committee Meetings. At the Committee Meeting can also invite the members of the Board of Directors.

Supervision of The Board of Commissioners on The Implementation of Company Strategies

In carrying out its duties, the Board of Commissioners supervises the preparation and implementation of the Company's strategy as stated in the RKAP. The supervision report on the implementation of the Bank's Business Plan includes reports on:

1. Board of Commissioners' assessment of the implementation of the Business Plan. The Board of Commissioners' assessment of the implementation of the Business Plan in the form of evaluating quantitative and qualitative aspects of the realization of the Business Plan, among others:
 - a. Quantitative Aspect (Financial)
 - b. Qualitative Aspect (Company Work Program)
2. The Board of Commissioners' assessment of the factors that affect the Company's performance include:
 - a. Implementation of Good Corporate Governance.
 - b. Gratuity control.
 - c. Application of Anti Money Laundering and Prevention of Terrorism Funding (APU-PPT).
 - d. Implementation of Fit and Proper Test.
 - e. Credit quality improvement.
 - f. Reporting to Regulators.
3. The Board of Commissioners' assessment of efforts to improve bank performance is carried out, among others by:
 - a. Evaluate Bank Mandiri's Consolidated Financial Performance every month and the Bank Mandiri Subsidiaries' Financial Performance every quarter.
 - b. Reviewing quarterly financial information that will be published by the Bank Mandiri.
 - c. Evaluate the realization of the RBB reported to the OJK every semester and submit the RBB supervision report to the OJK.
 - d. Carry out the oversight function of Risk Management, including ensuring the effectiveness of the Risk Management system and process by monitoring the Bank's main risk management, periodically reviewing the Risk Profile and evaluating on the position and development of the Bank's risk every quarter.
 - e. Monitor the Directors' plans and strategies in preparing Bank Mandiri for entering the Financial Technology (Fintech) era and ensuring that the Bank has both human and qualified and competent systems.
 - f. Monitor and evaluate the policies of the Board of Directors related to the creation of synergies and strengthening the business of the Subsidiary and reviewing its Performance of Subsidiaries every quarter.

The results of supervision of the implementation of Bank Mandiri's strategies are contained in the Bank Business Plan

Implementation Supervision Report submitted to OJK every semester. In 2018, the Board of Commissioners has made and submitted the Bank Business Plan Implementation Supervision Report as follows:

1. Letter No. KOM/015/2018 dated 21 February 2018, concerning Bank 2017 2019 Business Plan Supervision Report PT Bank Mandiri (Persero) Tbk, Semester II 2017.
2. Letter No. KOM/097/2018 dated 29 August 2018, concerning Bank Business Regulations 2018 - 2020 Supervision Report of PT Bank Mandiri (Persero) Tbk, Semester I of 2018.
3. Letter No. KOM/024/2019 dated 27 February 2019, concerning Bank Business Regulations 2018 - 2020 Supervision Report of PT Bank Mandiri (Persero) Tbk, Semester II of 2018.

Execution of Duties of The Board of Commissioners

Pursuant to the Financial Service Authority regulation No. 55/POJK.03/2016 concerning the Implementation of Corporate Governance for Commercial Bank, the duties and responsibilities of the Board of Commissioners are as follows:

1. To ensure good Corporate Governance is implemented in all business activities and all organizational levels of the Bank.
2. To conduct supervision over Board of Directors' performance of duties and responsibilities as well as to provide advice to the Board of Directors.
3. The Board of Commissioners must guide, monitor, and evaluate the implementation of Bank strategic policies.

Throughout 2018, the Board of Commissioners has performed their duties and responsibilities in monitoring management policies and Company's management in general in accordance with the prevailing regulations of law, the Company's Articles of Association, and the Work Plan set out in the beginning of the year.

The duties, obligations, and responsibilities of the Board of Commissioners are conducted through, among others, the meeting of the Board of Commissioners, the joint meeting of the Board of Commissioners and the Board of Directors, or the meeting and evaluation with the committees under the Board of Commissioners.

1. Reviewing the audit of Bank Mandiri's Financial Statement of the Fiscal Year of 2017 and The Financial Institutions Pension Fund (DPLK) conducted by the Public Accountant Firm (KAP) or other external parties.



2. Evaluating the Company's Consolidated Financial Performance on monthly basis and its Subsidiaries' Financial Performance on quarterly basis.
3. Reviewing financial information to published by the Bank on quarterly basis.
4. Conducting supervision on the RKAP, including:
 - a. Reviewing the revision to the Company Annual Work Plan and Budget of 2018
 - b. Providing directions and supervising the preparation and giving approval on Company Annual Work Plan and Budget of 2019, as well submitting the Report of such a project to the Ministry of State-Owned Enterprises.
5. Conducting supervision on Bank Business Plan, including:
 - a. Providing directions, supervising, and evaluating the implementation of 2018 strategic policies of the Bank.
 - b. Conducting supervision on the efforts to implement the Bank Business Plan especially in the achievement of several important aspects such as assets quality improvement, accumulation of third-party funds, productivity, and efficiency.
 - c. Reviewing and granting approval on Bank Business Plan of 2019 - 2021.
 - d. Evaluating the realization of the Bank Business Plan, with the report on the evaluation submitted to the Financial Service Authority every semester, as well as submitting the Bank Business Plan supervisory report to the Financial Service Authority.
6. Reviewing and granting approval on the Sustainable Financial Action Plan of 2019.
7. Supervising the implementation of prudential principle on credit facilities provision, comprising:
 - a. Reviewing the decision of the Board of Directors about the provision of credit facilities above certain limit.
 - b. Granting approval on the credit facilities for the related parties in accordance with the applicable regulations of law.
 - c. Conducting review on a routine and regular basis over the progress of the credits requiring approval from the Board of Commissioners.
 - d. Granting approval and making evaluation of the credit policies and strategies.
8. Reviewing the Non Performing Loan (NPL) rate of the Bank on a regular basis.
9. Conducting supervisory function on Risk Management, which includes:
 - a. Ensuring effectiveness of system and risk management process by monitoring the management of the Bank's key risks, reviewing the Risk Profile on a regular basis, and evaluating the position and development of Bank's risk quarterly.
- b. Ensuring and evaluating the implementation of Integrated Risk Management for Financial Conglomerate of the Bank as well as reviewing and providing directions about Integrated Risk Management policies.
- c. Evaluating and giving approval on General Policy on Risk Management and General Policy on Integrated Risk Management.
10. Monitoring and evaluating the development and management of human capital including the plan of Organizational Structure under the Board of Directors, especially in relation to the improvement of credit quality.
11. Monitoring the plan and strategy of the Board of Directors in preparing Bank Mandiri in moving into the era of Financial Technology (Fintech), also ensuring that Bank Mandiri has been equipped with qualified and competent human capital and system.
12. Monitoring, providing directions, and evaluating strategies of the Board of Directors in conducting corporate actions such as the acquisition and divestiture plans.
13. Giving approval on aspects requiring approval from the Board of Commissioners pursuant to the prevailing laws and the Articles of Association.
14. Monitoring the Implementation of Corporate Governance in each Financial Service Institution within the Financial Conglomerate of the Bank.
15. Monitoring and evaluating the policies of the Board of Directors to create synergy and to strengthen the business of the subsidiaries, and conducting quarter reviews on the performance of the subsidiaries.
16. Monitoring the Internal Audit Work Unit, namely Internal Supervisory Unit of Bank Mandiri which involves:
 - a. Evaluating the internal control or Internal Supervisory Unit of Bank Mandiri annually.
 - b. Reviewing audit plan and implementation as well as monitoring the follow-up of audit result from the Internal Supervisory Unit of Bank Mandiri.
 - c. Ensuring that the Board of Directors has followed-up the audit findings and the recommendations from the Internal Supervisory Unit of Bank Mandiri, the monitoring result of Financial Service Authority and/or other supervisory authorities, findings from the Audit Board of the Republic of Indonesia and external auditor, and audit findings from the Public Accountant Firm by, among others, requesting the Board of Directors to follow-up the audit findings in written or verbally.
17. Ensuring the implementation of GCG principles and practices in all organization levels, monitoring the GCG self-assessment results, encouraging the

- refinement of GCG practices in accordance with the international best practices, and reviewing the GCG implementation report including the assessment using ASEAN CG Scorecard.
18. Reviewing the Performance of the Bank's Financial Institutions Pension Fund Investment.
 19. Reviewing the remuneration of the Board of Directors and the Board of Commissioners.
 20. Conducting on-site visits to the branches/regions to perform their supervisory function.
 21. Ensuring the implementation of GCG principles and practices in all organization levels, monitoring the GCG self-assessment results, encouraging the refinement of GCG practices in accordance with the international best practices, and reviewing the GCG implementation report.
 22. Providing directions and monitoring the process of appointing the Public Accountant Firm to be assigned as the auditor of Bank Mandiri's 2018 Financial Statement to be proposed to the Annual General Meeting of Shareholders and the 2017 Financial Statement for Bank Mandiri's Financial Institutions Pension Fund.
 23. Conducting 35 (thirty-five) regular meetings of the Board of Commissioners Meeting, either internal meetings or those involving the Directors of the related fields in order to discuss specific aspects such as business, organization, human capital, etc.

Recommendations and Decisions of the Board of Commissioners

Throughout 2018, the Board of Commissioners have provided recommendations and performed duties and responsibilities by holding several forums as follows:

1. Board of Commissioners Meeting
2. Meeting with the Committees under the Board of Commissioners
3. On-Site Visits of the Board of Commissioners

Throughout 2018, the Board of Commissioners have issued 40 (forty) letters of approval, among others on the credit approvals for the related parties, additional equity participation to other companies/subsidiaries, and other approvals under the authority of the Board of Commissioners as regulated in the Articles of Association and prevailing regulations. Those approvals are outlined in details in the following table.

No.	Date	Approval
1.	January 17, 2018	Approval of Proposals concerning Cooperation and Partner Selection of Build Operate Transfer for the purpose of Asset Optimization
2.	January 31, 2018	Approval of the Appointment of Mandiri Public Accountant Firm for Financial Institution Pension Fund of 2017.
3.	February 14, 2018	Approval of Remuneration Proposal for Board of Directors and Board of Commissioners of Bank Mandiri at 2018 Annual General Meeting of Shareholders
4.	February 28, 2018	Approval of Credit Facilities for the Related Parties
5.	March 7, 2018	Approval of Public Accountant Firm (KAP) for the Audit of Financial Statement of Bank Mandiri for the Fiscal Year of 2016
6.	March 14, 2018	Approval of Representation of Bank Mandiri for the manager of the Subsidiaries.
7.	March 28, 2018	Approval of Organization Structure Adjustment of Bank Mandiri Post-2018 Annual General Meeting of Shareholders
8.	May 2, 2018	Approval of Liquidation (Dissolution) of PT Sarana Bersama Pengembangan Indonesia (SBPI).
9.	May 16, 2018	Approval of Credit Facilities Extension.
10.	May 23, 2018	Approval of Article of Association Threshold Proposal
11.	June 6, 2018	Approval of Revisions to the Work Plan and Budget of 2018 and Bank Business Plan of 2018-2020.
12.	September 26, 2018	Approval of Preparation for Mandiri Group Principle Guideline (MGPG).
13.	November 26, 2018	Approval of Bank Mandiri's Work Plan and Budget of 2019, Bank Business Plan of 2019-2021, and Sustainable Financial Action Plan of 2019.
14.	November 28, 2018	Approval of Proposal for Capital Injection of PT Mandiri Capital Indonesia.
15.	December 5, 2018	Approval of Capital Injection of PT Mandiri Capital Indonesia.

Competence Development for The Board of Commissioners

Competency development of the Board of Commissioners can be seen in the Chapter of the Company Profile in this Annual Report.



Risk Management Certification

As regulated in the Bank Indonesia Regulation No. 11/19/PBI/2009 concerning Risk Management Certification for the Management and Officials of Commercial Banks, Board of the Bank (Board of Commissioners and Board of Directors) **must earn Risk Management Certificate** issued by the Professional Certification Institute, under the following classification:

No.	Position	Level	Validity Period
1.	Commissioner	Level 1 At the Least	4 years
2.	Independent Commissioner	Level 2 At the Least	4 years
3.	President Director and Bank Directors with >Rp10 Trillion of assets in possession	5	2 years

In the event of expiration of the certificate, Refreshment must be attended on a regular basis at least:

- once in every 4 (four) years for level 1 and 2; or
- once in every 2 (two) years for level 3, 4, and 5.

Therefore, the Independent Commissioners of Bank Mandiri are required to pass the Risk Management Certification level 2, and level 1 for non-Independent Commissioners. The following members of the Board of Commissioners have successfully passed the Risk Management Certification.

Name	Position	Certificate Issuing Institution	Level	Field/Area	Date of Certificate Issuance	Expiry Date
Hartadi A. Sarwono	President Commissioner/ Independent Commissioner	Risk Management Certification Agency (BSMR)	Level 2	Risk Management	March 29, 2016	March 29, 2020
		Indonesian Bankers Association (IBI) and Master of Management, Faculty of Economics and Business, Universitas Gadjah Mada (MMUGM)	Refreshment	<i>Intensive Wealth Management and Risk Management Refreshment Programs for Executives</i>	August 26, 2017	August 26, 2019
		Indonesian Bankers Association (IBI) and Master of Management, Faculty of Economics and Business, Universitas Gadjah Mada (MMUGM)	Refreshment	<i>International Risk Management Refreshment Programs for Executives</i>	November 4, 2017	November 4, 2019
		Indonesian Banking Development Institute (IBDI/ LPP)	Refreshment	<i>Executive Risk Management Refreshment Program</i>	July 02 – 09, 2018	July 9, 2020
Imam Apriyanto Putro	Deputy President Commissioner	Risk Management Certification Agency (BSMR)	Level 1	Risk Management	April 11, 2015	April 11, 2019
Askolani	Commissioner	Banking Professional Certification Agency (LSPP)	Level 1	Banking Risk Management	June 24, 2014	June 24, 2018
		Bara Risk Forum	Refreshment	Key Risk Management Challenges in 2019	December 7, 2018	December 7, 2020
Goei Siauw Hong	Independent Commissioner	Banking Professional Certification Agency (LSPP)	Level 2	Banking Risk Management	April 17, 2015	April 17, 2019
		Bara Risk Forum	Refreshment	Banking Risk Management	October 18, 2017	October 18, 2019
Bangun Sarwito Kusmulyono	Independent Commissioner	Risk Management Certification Agency (BSMR)	Level 2	Banking Risk Management	December 13, 2016	December 13, 2020
		Banking Professional Certification Agency (LSPP)	Refreshment	Refreshment : Managing Risk for a Healthy Credit Portfolio	November 16, 2016	November 16, 2018,
Ardan Adiperdana	Commissioner	Banking Professional Certification Agency (LSPP)	Level 1	Risk Management	July 30, 2016	July 30, 2020
		Indonesian Banking Development Institute (IBDI/ LPP)	Refreshment	Executive Risk Management Refreshment Program with the theme entitled "Risk Management as Performance"	July 02 - 09, 2018	July 9, 2020

Name	Position	Certificate Issuing Institution	Level	Field/Area	Date of Certificate Issuance	Expiry Date
Makmur Keliat	Independent Commissioner	Banking Professional Certification Agency (LSPB)	Level 2	Risk Management	May 12, 2017	May 12, 2021
R. Widyo Pramono	Commissioner Commissioner	Banking Professional Certification Agency (LSPB)	Level 1	Risk Management	September 20, 2017	September 20, 2021
		Indonesian Banking Development Institute (IBDI/ LPP)	Refreshment	Executive Risk Management Refreshment Program with the theme entitled "Risk Management as Performance"	July 02 - 09, 2018	July 9, 2020

Performance Assessment of The Board of Commissioners

The performance of the Board of Commissioners is assessed through self-assessment and reported as well as accounted for by the General Meeting of Shareholders.

Procedure of Performance Assessment of The Board of Commissioners



Criteria For Performance Evaluation of The Board of Commissioners

No.	Indicator	Weight
1.	The Board of Commissioners holds regular Board of Commissioners Meeting no less than 4 (four) times in 1 (one) year.	10%
2.	The Board of Commissioners holds regular joint meeting with the Board of Directors no less than 4 (four) times in 1 (one) year.	10%
3.	The Board of Commissioners improves the knowledge, skill, and capability through the participation in seminar/training in accordance with the members' respective fields at least once a year.	10%
4.	The Board of Commissioners conducts on-site visits to the branches/regions to perform their supervisory function twice at the least in 1 (one) year.	10%
5.	The Board of Commissioners regularly evaluates the performance of the Bank and the Subsidiaries (Consolidated) 4 (four) times at the least in 1 (one) year.	10%
6.	The Board of Commissioners evaluates, prepares, and submits Reports on the Performance of the Bank's Financial Institutions Pension Fund to the Regulating Bodies once at the least in 1 (one) year.	10%



No.	Indicator	Weight
7.	The Board of Commissioners regularly arranges and submits the Supervision Report of Bank Business Plan to the Regulating Bodies twice in 1 (one) year.	10%
8.	The Board of Commissioners reviews, evaluates, and grants approval on aspects requiring approval from the Board of Commissioners pursuant to the prevailing laws and the Articles of Association, such as: <ul style="list-style-type: none"> • Company Work Plan and Budget • Bank Business Plan • The Selection of Public Accountant Firm to act as the Auditor of Financial Statements of the Bank and Financial Institutions Pension Fund, and proposing the name of the Firm to be approved in the Annual General Meeting of Shareholders. • Capital injection or divestment and management structure of the Subsidiaries. • Approval of credit facilities for the related parties. • Effectiveness of Bank Risk Management and Integrated Risk Management systems and processes • Effectiveness of the implementation of the Internal Audit Work Unit function. 	10%
9.	The Board of Commissioners ensures the implementation of Good Corporate principles and practices holistically within the organization.	10%
10.	The Board of Commissioners ensures that the subordinate Committees, comprising Audit Committee, Risk Monitoring Committee, Nomination and Remuneration Committee, and Integrated Governance Committee, have performed their duties and functions appropriately and effectively in accordance with the applicable provisions. Below are the measured indicators in the implementation of duties and functions of Committees reporting to the Board of Commissioners: <ul style="list-style-type: none"> • Hosted Meetings of Committees and Committees Work Plan • Degree of attendance and participation in Committee Meetings • Submission of Reviews to the Board of Commissioners • Timely Preparation and Submission of Committee Reports 	10%

Parties Conducting Assessment

The Board of Commissioners carried out self-assessment to its performance throughout 2018

Performance Assessment Result of The Board of Commissioners

The results of the assessment of the Board of Commissioners' performance during 2018 independently (self assessment) are as follows.

No.	Indicator	Weight	Achievement
1.	The Board of Commissioners holds regular Board of Commissioners Meeting no less than 4 (four) times in 1 (one) year.	10%	100%
2.	The Board of Commissioners holds regular joint meeting with the Board of Directors no less than 4 (four) times in 1 (one) year.	10%	100%
3.	The Board of Commissioners improves the knowledge, skill, and capability through the participation in seminar/ training in accordance with the members' respective fields at least once a year.	10%	100%
4.	The Board of Commissioners conducts on-site visits to the branches/regions to perform their supervisory function twice at the least in 1 (one) year.	10%	100%
5.	The Board of Commissioners regularly evaluates the performance of the Bank and the Subsidiaries (Consolidated) 4 (four) times at the least in 1 (one) year.	10%	100%
6.	The Board of Commissioners evaluates, prepares, and submits Reports on the Performance of the Bank's Financial Institutions Pension Fund to the Regulating Bodies once at the least in 1 (one) year.	10%	100%
7.	The Board of Commissioners regularly arranges and submits the Supervision Report of Bank Business Plan to the Regulating Bodies twice in 1 (one) year.	10%	100%
8.	The Board of Commissioners reviews, evaluates, and grants approval on aspects requiring approval from the Board of Commissioners pursuant to the prevailing laws and the Articles of Association, such as: <ul style="list-style-type: none"> • Company Work Plan and Budget • Bank Business Plan • The Selection of Public Accountant Firm to act as the Auditor of Financial Statements of the Bank and Financial Institutions Pension Fund, and proposing the name of the Firm to be approved in the Annual General Meeting of Shareholders. • Capital injection or divestment and management structure of the Subsidiaries. • Approval of credit facilities for the related parties. • Effectiveness of Bank Risk Management and Integrated Risk Management systems and processes • Effectiveness of the implementation of the Internal Audit Work Unit function. 	10%	100%

No.	Indicator	Weight	Achievement
9.	The Board of Commissioners ensures the implementation of Good Corporate principles and practices holistically within the organization.	10%	100%
10.	<p>The Board of Commissioners ensures that the subordinate Committees, comprising Audit Committee, Risk Monitoring Committee, Nomination and Remuneration Committee, and Integrated Governance Committee, have performed their duties and functions appropriately and effectively in accordance with the applicable provisions.</p> <p>Below are the measured indicators in the implementation of duties and functions of Committees reporting to the Board of Commissioners:</p> <ul style="list-style-type: none"> • Hosted Meetings of Committees and Committees Work Plan • Degree of attendance and participation in Committee Meetings • Submission of Reviews to the Board of Commissioners • Timely Preparation and Submission of Committee Reports 	10%	100%

The Evaluation of The Committees Under The Board of Commissioners and The Basis of The Evaluation

In order to improve the role of the Board of Commissioners in performing the supervisory function, the Board of Commissioners had established 4 (four) committees, namely:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Risk Monitoring Committee
4. Integrated Governance Committee

The Audit Committee has duties and responsibilities to assist and facilitate the Board of Commissioners in carry out the duties and functions of supervision over matters related to the quality of financial information, internal control system, inspection effectiveness external and internal auditors, effectiveness of implementation risk management and compliance with regulations current regulation. Throughout the year 2018, the Audit Committee has carried out its duties and responsibility well. The basis of the consideration is that the Audit Committee has holding meetings 21 (twenty one) times and carry out their duties which include:

1. Proposals for KAP names that have gone through procurement procedures in accordance with applicable regulations, which will conduct the audit process of Financial Statements Bank Mandiri and Bank Mandiri Financial Institution Pension Fund (DPLK) in 2018.
2. Provide input regarding the Internal Audit and KAP selected.
3. Proposed approval for the 2019 RKAP and Bank Business Plan for 2019 - 2021 submitted by the Board of Directors.

The Remuneration and Nomination Committee has duties and responsibility to assist in carrying out its functions and duties in the fields related to remuneration and nominations for members of the Board of Directors and the Board of Commissioners. Throughout 2018, the Remuneration and Nomination Committee have carried out duties and responsibility

well. The basis of the consideration is that the Remuneration and Nominations Committee have held 5 meetings (five) times and carry out their duties which include:

1. Provide recommendations/proposals for candidates fulfill the requirements as a Member of the Board of Commissioners and Bank Mandiri Directors to the Board of Commissioners to be submitted to the GMS.
2. Obtain and analyze prospective data The Board of Directors of the official talent pool is one level below Directors and identify candidates for the Board of Commissioners who qualifies.
3. Propose a suitable remuneration system The Bank Mandiri Directors and Board of Commissioners are in the form of payroll system/honorarium, facilities/benefits, bonus, and so on for 2018.

The Risk Monitoring Committee has the responsibility and responsibility in carrying out its duties and responsibilities in conducting supervision and giving advice to the Board of Directors to obtain adequate confidence in the application of risk management Bank Mandiri continues to fulfill the elements of adequacy of risk management procedures and methodologies, so that Bank Mandiri's business activities remain manageable at limits/limits that can be accepted and benefit Bank Mandiri. Throughout 2018, the Risk Monitoring Committee has carried out its duties and responsibilities properly. The basis of the consideration is that the Risk Monitoring Committee has conducted meetings 30 (thirty) times and carried out its duties which include:

1. Proposed approval for credit facility application and provision of funds to the Related Party, good the nature of extensions, additions, changes or new gifts.
2. Proposed Bank Mandiri organizational structure.
3. Proposals to increase capital, release shares, dissolution (liquidation) of the Subsidiary.
4. Review the proposed management/management composition on Child entity.



5. Proposed Recovery Plan and Policy Updates Management of Subsidiaries.
6. Review Risk Dashboards, management stress tests and implementation of risk management at Bank Mandiri.
7. Review other applications that require Board of Commissioners approval, including proposals to do so cooperation between Build, Operate, Transfer (BOT) to optimize Bank Mandiri's assets.

The Integrated Governance Committee has the responsibility and responsibility to assist and facilitate the Board of Commissioners in carrying out the duties and functions of supervision over the implementation of Governance in each Financial Services Institution (LJK) in the Bank Mandiri Financial Conglomerate to comply with the Governance Guidelines Integrated and Implementation of duties and responsibilities of Bank Mandiri Directors. Throughout 2018, the Integrated Governance Committee has carried out its duties and responsibilities well. The basis of the consideration is that the Integrated Governance Committee has carry out meetings 2 (two) times and carry out their duties which include:

1. Follow-up to OJK's Onsite Review Results.
2. Update the Results of Integrated Internal Audit.
3. Results of the Self Assessment of Integrated Governance Implementation.
4. Realization of the Work Plan for the Integrated Work Unit in 2018.

The Board of Commissioners periodically (annually) evaluates the effectiveness of the performance of the committees below Board of Commissioners. The Board of Commissioners considers that during 2018 the committees have carried out their duties and its responsibility is quite effective seen from the achievement of each Key Performance Indicator (KPI) committee. Information on the achievement of the Key Performance Indicator (KPI) under the Board of Commissioners is presented at each time section of the Board of Commissioners Committee.

The Mechanism of Resignation and Dismissal of The Board of Commissioners

The resignation and dismissal mechanism of the Board of Commissioners under the Company's Articles of Associations are as follows:

1. Members of the Board of Commissioners shall be appointed and dismissed by the General Meeting of Shareholders, which shall be attended by Series A Dwiwarna Shareholders and the GMS Resolution must be approved by the Series A Dwiwarna Shareholders. Members of the Board of Commissioners shall be appointed by the GMS from the candidates nominated by Series A Dwiwarna Shareholders, which nomination shall be binding to the GMS.
2. Board of Commissioners member(s) can be dismissed at any time pursuant to GMS Resolutions by stating the reason.
3. The grounds for the dismissal of a BOC member as stipulated in point 2 above shall be applied if in reality, the BOC member:
 - a. Cannot perform their duties well;
 - b. Violate the provisions of Articles of Association and/or the laws and regulations;
 - c. Get involved in an act that causes loss for the Company and/or country;
 - d. Perform an act violating the ethics and/or compliance which must be respected by the Board of Commissioners;
 - e. Is declared guilty by the Court with a permanent legal force;
 - f. Resign.
4. The Board of Commissioners can be dismissed by GMS based on other grounds deemed appropriate by GMS for the interest and purpose of the Company.
5. The dismissal resolution based in the said grounds, shall be resolved after the said BOC member is given the opportunity to defend him/herself at the GMS.
6. The termination for the above grounds shall be deemed unamicable dismissal.
7. Among the members of the Board of Commissioners and between members of Board of Commissioners and members of the Board of Directors there should not be any family relationship up to third degree both vertically and horizontally including the relationships arising from marriage.
8. In case of the occurrence of the situation, GMS is authorized to dismiss one of them.
9. A member of the Board of Commissioners has the right to resign from his/her position before the end of his/her term of service by notifying in writing of his/her purpose to the Company.
10. The Company is obliged to hold GMS to resolve the resignation request of the member of the Board of Commissioners within 90 (ninety) days after the receipt of the resignation letter at the latest.
11. The Company is obliged to implement disclosure of information to public and to convey to Financial Services Authority (FSA) within 2 (two) days at the latest after the receipt of the resignation request of the member of the Board of Commissioners.

12. Before the resignation becomes effective, the said member of the Commissioners shall still have the obligation to complete his/her duties and responsibilities according to the Articles of Association and the laws and regulations.
13. To the resigning member of the Board of Commissioners mentioned above may still be asked for his/her responsibilities as a member of the Board of Commissioners until the approval of his/her resignation date at GMS.
14. The release of responsibilities of the resigning member of the Board of Commissioners shall be provided after the release from Annual Meeting of Shareholders.
15. In the event the resignation of a member of the Board of Commissioners resulting the number of the member of the Board of Commissioners becomes less than 3 (three), then such resignation shall be valid when it is determined by GMS and a new member is appointed, so as to meet the minimum requirement of the member of the Board of Commissioners.
16. The term of the Board of Commissioners member ends if:
 - a. The resignation has been effective;
 - b. Passed away;
 - c. Expired tenure;
 - d. Dismissed through GMS; or
- e. The member is declared bankrupt by Commercial Court which has permanent legal force or is placed under guardianship pursuant to a court decree;
- f. No longer meets the requirement as a Board of Commissioners member in accordance with the Articles of Association and applicable laws and regulations.
17. For a member of the Board of Commissioners who terminates on or before the end of his/her term of office, unless due to death, he/she remains responsible for all of his/her actions that have not been accepted by GMS.

Policies Related To The Resignation Of The Board of Commissioners Getting Involved In Financial Crime

Article of Association of Bank Mandiri has regulated policies related to the resignation of Board of Commissioners and Board of Directors member getting involved in financial crime. If a member of the Board of Commissioners and Board of Directors does not meet the regulation requirements anymore, including involving in a financial crime, then the term of office of the member of Board of Commissioners and Board of Directors shall automatically end.

Board of Directors

The Board of Directors is a Company Organ that is authorized and fully responsible for the management of the Company for the interest of the Company in accordance with the provisions of the Articles of Associations. In performing their duty, the Board of Directors is obliged to fully devote his/her energy, thought, attention and dedication to the tasks, liabilities and the achievement of the Company. The Board of Directors must comply with the Articles of Association of the Company and the laws and regulations and shall implement the professionalism, efficiency, transparency, independence, accountability, responsibility and appropriateness principles. Each member of the Board of Directors of Bank Mandiri shall perform his/her duties and liabilities with good will, full of responsibility, and prudence, in accordance and compliance with the applicable laws.

Duties and Responsibilities of The Board of Directors

The duties and responsibilities of the Bank Mandiri Directors are as follows:

1. Running and responsible for management Company for the interest and in accordance with the purposes and objectives of the Company stipulated in Articles of Association and act as leaders in the arrangement.
2. Maintaining and managing the Company's assets.
3. Representing the Board of Directors for and on behalf of the Company both inside and outside the Court.
4. Arrange and define vision and mission, strategy and the management policy of the Company.
5. Arrange, establish, supervise and evaluation of the implementation of the Company's Plan (Corporate Budget Work Plan, Plan Business Development, Financial Action Plans Sustainable and Human Resource Development Plans) medium and long term.
6. Set the Company's performance targets, conduct supervision and evaluation and striving achievement of the Company's performance targets.
7. Arrange, implement and evaluate the Company's risk management strategies and policies from the identification stage to risk monitoring.



8. Establish policies and implement principles Good Corporate Governance and internal control.
9. Maintain the image of the Company and establish relationships with all stakeholders.
10. Carry out other duties and responsibilities regulated in the Articles of Association, regulations legislation and stipulated in the Meeting General Shareholders, Directors' Meetings and Company regulations.

Rights and Authorities of The Board of Directors

The Board of Directors has the following rights and authorities:

1. Take all actions and decision in the framework of managing the Company by observing the Company's Articles of Association, Legislation, Company regulations and Good Corporate Governance.
2. Establish the management division of tasks among Directors, in the event that it is not decided by another General Meeting of Shareholders.
3. Directing and setting policies as well Company regulations to support management/Company activities related to budget/financial business activities, risk management, operational, and human resources.
4. Set the submission of the Board of Directors' power to representing the Company inside and outside the Court to one or several special people appointed for that including good Company employees alone or together and/or to another body.
5. Regulate provisions regarding Company employees including the determination of salaries, pensions, or day guarantees old and other income for the Company's employees based on legislation.
6. Lift and dismiss employees The company is based on labor regulations and other laws and regulations.
7. Appoint and dismiss the Corporate Secretary and/or Head of the Supervisory Unit Internal Audit with the approval of the Board of Commissioners.
8. Write off bad debts with provisions as stipulated in the Budget The basis is then reported to Board of Commissioners to report and accounted for in the Annual Report.
9. Do not collect the interest receivable, fine, fees, and other receivables in the framework restructuring and/or settlement of receivables and do other actions in order settlement of the Company's receivables with obligations report to the Board of Commissioners who the provisions and procedures for reporting are stipulated by the Board of Commissioners.
10. Carry out all other actions and actions regarding the management and ownership of wealth Company, binds the Company with parties other and/or other parties with the Company, as well as representing the Company inside and outside the Court about all things and all events, with restrictions as stipulated

in the regulations legislation, Articles of Association and/or GMS decision.

11. Establish Organizational Structure and officials The Company has a certain level that is regulated through the Decree of the Board of Directors with regard to provisions of the Articles of Association, laws and regulations and Company regulations.
12. Delegating tasks, responsibilities and authority to officials below him to assisting in managing the Company with pay attention to the Articles of Association, regulations Company regulations and regulations.
13. Carry out supervision over each activity The Company is in accordance with the aims and objectives The Company and Good Corporate Governance.

The Tenure of The Board of Directors

The term of office of the Board of Directors is as follows:

1. The Board of Directors members are appointed for the tenure starting from the GMS closing or other dates specified by the appointing GMS and ends after the closing of the 5th (fifth) Annual GMS after the appointing date, on condition no more than 5 (five) years, by considering the applicable laws and regulations including in the field of Capital Market, without lessening the rights from the GMS to dismiss the Board of Directors members at any time before the tenure ends.
2. The dismissal is effective after the closing of the GMS, unless defined otherwise by the GMS.
3. After the tenure ends, the Board of Directors members can be reappointed by the GMS for another tenure.

Criteria of The Board of Directors

The candidates of the Board of Directors members are individuals, who meet the requirement when appointed or in the tenure:

1. Having good ethics, morals and integrity.
2. Eligible to do legal actions.
3. Within 5 (five) years prior to appointment or during the office, he/she:
 - a. Has never declared bankrupt.
 - b. Has never been a member of the Board of

Directors and/or Board of Commissioners found guilty of causing a Company bankrupt.

- c. Has never been sentenced of crime for causing the loss of the country and/or relating to financial sector.
- d. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who, during his/her tenure:
 - Has hold Annual GMS.
 - whose accountability as member of Board of Directors and/or Board of Commissioners has been declined by GMS or has never provided

accountability report as member of Board of Directors and/or Board of Commissioners to GMS.

- Has caused a company that has license, approval, or registration from FSA not to fulfill its obligation to deliver Annual Report and/or financial report to FSA.
4. Has the commitment to comply with the laws and regulations.
 5. Has the knowledge and/or expertise in the area required by the Company.

Board Charter of the Board of Directors

In performing its duties and responsibilities, the Board of Directors has Guidance and Codes of Conduct of the Board of Directors as approved by Board of Directors Decree Number: KEP.DIR/211/2017 on September 13, 2017 regarding Guidelines and Codes of Conduct for Board of Directors PT Bank Mandiri (Tbk). The content of Guidelines and Codes of Conduct for Board of Directors regulates the following things.

1. General Terms
2. Organization, Stewardship, Authority to Act, and General Policy
3. Board of Directors Meeting
4. Working Time and Ethics
5. Committee
6. Correspondence
7. Board of Directors Shareholding
8. Performance Evaluation of the Board of Directors
9. Miscellaneous
10. Amendment
11. Closing

The Composition and Grounds For The Appointment of The Board of Directors

In 2018, the number and composition of the Board of Directors has been changed several times with the following compositions:

Composition of the Board of Directors of Bank Mandiri before the Annual GMS on March 21, 2018.

The Composition of the Company's Board of Directors for the period of January 1 - March 21, 2018 were Board of Directors of 10 (ten) people consisted of 1 (one) President Director, 1 (one) Deputy President Director and 8 (eight) Directors.

Table of the Composition of and the Grounds for the Appointment of the Board of Directors

Name	Position	Executive	Grounds for the Appointment	Operational Effective Date
Kartika Wirjoatmodjo	President Director	Financial Services Authority	Annual GMS dated March 21, 2016	May 17, 2016
Sulaiman Arif Arianto	Deputy Director	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Ogi Prastomiyono	Director of Operations	Bank Indonesia	Annual GMS dated May 29, 2008	December 24, 2008



Name	Position	Executive	Grounds for the Appointment	Operational Effective Date
Royke Tumilaar	Director of Wholesale Banking	Bank Indonesia	Annual GMS dated May 23, 2011	July 25, 2011
Hery Gunardi	Distributions Director	Financial Services Authority	Annual GMS dated April 2, 2013	July 4, 2013
Tardi	Director of Retail Banking	Financial Services Authority	Annual GMS dated March 16, 2015	September 22, 2015
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Kartini Sally	Director of Kelembagaan	Financial Services Authority	Annual GMS dated March 16, 2015	June 10, 2015
Rico Usthavia Frans	Director of Digital Banking & Technology	Financial Services Authority	Annual GMS dated March 21, 2016	July 20, 2016
Darmawan Junaidi	Director of Treasury	Financial Services Authority	Extraordinary GMS dated August 21, 2017	January 12, 2018

Composition of the Board of Directors of Bank Mandiri after the Annual GMS on March 21, 2018.

The Composition of the Board of Directors of the Period of March 21 - December 31, 2018 are the Board of Directors of 11 (eleven) people consisting of 1 (one) President Director, 1 (one) Deputy President Director and 9 (nine) Directors.

Table of the Composition of and the Grounds for the Appointment of the Board of Directors

Name	Position	Executive	Grounds for the Appointment	Operational Effective Date
Kartika Wirjoatmodjo	President Director	Financial Services Authority	Annual GMS dated March 21, 2016	May 17, 2016
Sulaiman Arif Arianto	Deputy President Director	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Royke Tumilaar	Director of Corporate Banking	Bank Indonesia	Annual GMS dated May 23, 2011	July 25, 2011
Hery Gunardi	Director of Small Business and Network	Financial Services Authority	Annual GMS dated April 2, 2013	July 4, 2013
Ahmad Siddik Badruddin	Director of Risk Management	Financial Services Authority	Annual GMS dated March 16, 2015	June 25, 2015
Rico Usthavia Frans	Director of Information Technology & Operation	Financial Services Authority	Annual GMS dated March 21, 2016	July 20, 2016
Darmawan Junaidi	Director of Treasury & International Banking	Financial Services Authority	Extraordinary GMS dated August 21, 2017	January 12, 2018
Alexandra Askandar	Director of Insitutional Relationship	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 12, 2018
Agus Dwi Handaya	Director of Compliance	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 12, 2018
Panji Irawan	Director of Finance	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 4, 2018
Donsuwan Simatupang	Director of Retail Banking	Financial Services Authority	Annual General Meeting of Shareholders dated March 21, 2018	September 4, 2018

Orientation Program for The New Board of Directors

Orientation program for the new Board of Directors are conducted by presenting relevant materials by relevant Working Unit Leaders and are coordinated by the Corporate Secretary. The implementation of the orientation program for the new Board of Directors shall be conducted after the appointment of the new Board of Directors. The material of the introductory program consists if Good Corporate Governance, the Performance of the Company, Risk Management, and topics relevant to the tasks of the new Board of Directors.

Name	Position	Material	Presenter	Date
Alexandra Askandar	Director of Institutional Relationship	Government and Institutional	Government & Institutional 1 Group and Government & Institutional 2 Group	April 11, 2018
		Risk Management	Credit Portfolio Risk Group	April 11, 2018
		Corporate Good Governance	Compliance Group	April 13, 2018
		Strategy and Performance of the Company	Strategy & Performance Management Group	April 20, 2018
		Plans for Employee Development in Institutional Relations	Human Capital Business Partner on Institutional Relationship	April 25, 2018
		Performance of Government & Institutional 1 & 2 Group	Government & Institutional 1 Group and Government & Institutional 2 Group	April 25, 2018
		Update Government Program	Government Project 1, Government Project 2, and Government Project 3	April 25, 2018
		Performance of Mandiri DPLK	Mandiri DPLK	April 25, 2018
		Performance of Bank Syariah Mandiri	Bank Syariah Mandiri	April 27, 2018
Agus Dwi Handaya	Director of Compliance	Good Corporate Governance	Compliance	April 6, 2018
		Strategy and Performance of the Company	Strategy & Performance Management Group	April 9, 2018
		Working Meeting and Update on Compliance	Compliance Working Unit	April 11, 2018
		Risk Management	Credit Risk Portfolio Group	April 26, 2018
		APU-PPT	Compliance Group	April 27, 2018
		Update by Compliance Group and Legal Group	Senior Compliance Officer and Senior Legal Officer	July 25, 2018
		Update by Senior Operational Risk Head and Decentralized Compliance & Operational Risk	Senior Operational Risk Head	July 27, 2018
Panji Irawan	Director of Finance	Plans for Employee Management in Directorate of Finance	Human Capital Business Partner (HCBP) on Finance	April 9, 2018
		Working Meeting on Finance	Strategy & Performance Management Group, Accounting Group, Corporate Real Estate Group, Office of Chief Economist Group & Investor Relation Group	April 9, 2018
		Strategy and Performance of the Company	Strategy & Performance Management Group	May 15, 2018
		Update by Corporate Real Estate	Corporate Real Estate Group	May 18, 2018
		Operational Risk Exposure	Operational Risk Group	May 21, 2018
Donsuwan Simatupang	Director of Retail Banking	DBR Project - Weekly and Board Meeting Target Segments and Bank Models Preparation	Corporate Transformation Group	April 2, 2018
		Good Corporate Governance	Compliance Group	April 12, 2018
		Strategy and Performance of the Company	Strategy & Performance Management Group	April 12, 2018
		Risk Management	Retail Audit Group	April 20, 2018



The Board of Directors Job Description

In carrying out his task, the Board of Directors is divided in the following task field.

Table of the Board of Directors Job Description

Name	Position	Supervision
Kartika Wirjoatmodjo	President Director	Internal Audit, Corporate Transformation.
Sulaiman Arif Arianto	Deputy President Director	Special Asset Management.
Royke Tumilaar	Director of Corporate Banking	Large Corporate, Middle Corporate.
Hery Gunardi	Director of Small Business & Network	Distribution Strategy, Wealth Management, Consumer & Transaction.
Ahmad Siddik Badruddin	Director of Risk Management	Retail Risk, Wholesale Risk, Credit Control & Supervision.
Rico Usthavia Frans	Director of Information Technology & Operation	Information Technology, Digital Banking, Operation.
Darmawan Junaidi	Director of Treasury & International Banking	Treasury, International Banking & Financial Institutions, Strategic Investment & Subsidiaries Management.
Alexandra Askandar	Director of Insitutional Relationship	Government & Institutional, Government Project, Corporate Secretary.
Agus Dwi Handaya	Director of Compliance	Compliance, Legal, Human Capital.
Panji Irawan	Director of Finance	Strategy & Performance Management, Accounting, Investor Relations.
Donsuwan Simatupang	Director of Retail Banking	Consumer Loans, SME Banking, Micro Banking.
Ogi Prastomiyono ^{*)}	Director of Operations	Electronic Channel Operations, Credit Operations, Cash & Trade Operations.
Tardi ^{*)}	Director of Retail Banking	Consumer Loans, SME Banking, Micro Banking.
Kartini Sally ^{*)}	Director of Kelembagaan	Government & Institutional, Government Project.

^{*)} Tenure ends on March 21, 2018

The Policy of The Board of Directors Diversity and The Implementation

In the recommendation of the Financial Services Authority in the Attachment of Financial Services Authority's Circulating Letter No. 32/SEOJK.04/2015 concerning Public Corporate Governance, it is stated that the composition of the Board of Directors members shall concern diversity in the members of Board of Directors. Diversity in the members of Board of Directors is combination of intended characteristics from the organ of Board of Directors as well as the members of the Board of Directors as individuals, in accordance with the Public Company needs. The combination of diversity is established by paying attention to the expertise, knowledge and experience that are in accordance with task division and function of the Board of Directors position in pursuing the objective of the Public Company.

The characteristic combination considerations shall affect in the appropriate nominating process and appointment of an individual as a member of the Board of Directors or the Board of Directors collectively. Diversity in the members of Board of Directors as specified in the Attachment of Financial Services Authority's Circulating Letter No. 32/SEOJK.04/2015 concerning Public Corporate Governance has been accommodated in the Company's Article of Association. The appointment of the Board of Directors is carried out by considering the integrity, dedication, understanding on a Company management issue related to one management function, possessing knowledge and/or skill in the fields needed by the Company and being able to provide sufficient time to carry out his tasks as well as other requirements in accordance to the applicable laws and regulations.

However, the diversity policy only regulates diversity in knowledge and/or skills in accordance with the task field of the Board of Directors. Bank Mandiri has not possessed diversity policy related to age and gender because the nomination is prioritized on the Company needs.

In 2018, the diversity of the composition of the Board of Directors reflected in education, work experience, age, and gender, can be seen as in the table below:

Table of Diversity in Composition of Directors

Name	Position	Age	Gender	Education	Work Experience	Expertise
Kartika Wirjoatmodjo	President Director	45 years old	Male	<ul style="list-style-type: none"> Bachelor of Economics majoring in accounting. Master of Business Administration (MBA) in Business. 	Have experience work, among others in the field banking account, finance, taxation, and securities.	Accounting, Business and Banking
Sulaiman Arif Arianto	Deputy Director	59 years old	Male	<ul style="list-style-type: none"> Bachelor in Animal Husbandry. Master of Business Administration (MBA) in Finance. 	Have experience work, among others in the field finance and banking.	Credit Analyst, MSMEs and Corporate as well as Special Asset Management
Royke Tumilaar	Director of Corporate Banking	54 years old	Male	<ul style="list-style-type: none"> Bachelor of Economics in Management. Master of Business Administration (MBA) in Finance. 	Have experience work, among others in the field banking, supervision company, insurance and securities.	Treasury & International Banking, Procurement, Special Asset Management, Commercial Banking, Corporate Banking
Hery Gunardi	Director of Small Business and Network	56 years old	Male	<ul style="list-style-type: none"> Bachelor of Commerce Administration. Master of Business Administration (MBA) in Finance and Accounting. 	Have experience work, among others in the field banking, insurance, and securities.	Micro & Retail Banking, Consumer Banking, Micro & Business Banking, Distributions, Credit Risk Management, Special Asset Management, Branding & Strategic Marketing
Ahmad Siddik Badruddin	Director of Risk Management	53 years old	Male	<ul style="list-style-type: none"> Bachelor of Chemical Engineering Master of Business Administration (MBA) in Management Information Systems. 	Have experience work, among others in the field banking, finance, and risk management.	Credit risk management, risk management strategies, risk analysis, management and collection strategies, fraud risk management, business and portfolio acquisition, and closing/sales, portfolio scorecard management, operational risk management, self-assessment processes for risk control, management of external collection agents, and various training programs related to risk management.
Rico Usthavia Frans	Director of Information Technology & Operation	48 years old	Male	Bachelor of Electrical Engineering.	Have experience work, among others in the field banking, petroleum, and information technology.	Digital Banking & Technology, Transaction Banking/Payment System/Financial Technology, Information Technology, Data Analytics/Enterprise Data Management
Darmawan Junaidi	Director of Treasury & International Banking	52 years old	Male	Bachelor of Law.	Have experience work, among others in the field banking, finance, and mining.	Digital Banking, Pengembangan User Experience, Data Analysis menggunakan Big Data, Machine Learning dan Artificial Intelligence

Name	Position	Age	Gender	Education	Work Experience	Expertise
Alexandra Askandar	Director of Institutional Relationship	46 years old	Female	<ul style="list-style-type: none"> Bachelor in Economics. Master of Business Administration (MBA) in Finance. 	Have experience work, among others in the field banking, finance, and securities.	Corporate Banking, Special Assets Management, Structured Finance, Government & Institutional
Agus Dwi Handaya	Director of Compliance	48 years old	Male	<ul style="list-style-type: none"> Bachelor in Economics/Accounting. Master of Business Administration (MBA) in Strategy & Finance. 	Have experience work, among others in the field banking, resources human, and economy.	Human Capital, Finance, Strategy and Performance, Economic
Panji Irawan	Director of Finance	53 years old	Male	Bachelor/Engineer in Agricultural & Resource Economics.	Have work experience, among others in the field banking, industry, securities, and finance.	Treasury & International Banking, Finance, Capital Market/Capital Market, Project Management, Corporate Estate, Investor Relationship Management Distribution, Planning & Strategic Development, Public Speaking & Event Organizations, Coaching & People Development, Underwriting, Competency Assessor/Assessment.
Donsuwan Simatupang	Director of Retail Banking	57 years old	Male	<ul style="list-style-type: none"> Bachelor in Corporate Economics. The Master of Business Administration (MBA) in the field of Investment Banking. 	Have experience work, among others in the field banking, management risk, and economy.	Micro Banking, Small & Medium Enterprises Banking, Business Banking, Commercial Banking, Corporate Banking dan Risk Management.
Ogi Prastomiyono ^{*)}	Director of Operations	57 years old	Male	<ul style="list-style-type: none"> Bachelor of Agricultural Technology Master of Business Administration 	Have experience work, among others in the field banking, management risk and resources human.	Human Capital, Credit, Planning and Strategic Management, Asset and Liability Management, IT and Operations, Internal Audit, Risk Management, Compliance, Islamic Banking
Tardi ^{*)}	Director of Retail Banking	54 years old	Male	<ul style="list-style-type: none"> Bachelor of Agronomy Master in Finance 	Have experience work, among others in the field banking, supervision company, and syariah banking.	Corporate Banking (Forestry, plantation, marketing and industrial, business development, as well as recovery management sectors , Retail Banking Sector, Micro Segment, Middle Enterprises Segment (UMKM).
Kartini Sally ^{*)}	Director of Kelembagaan	53 years old	Female	<ul style="list-style-type: none"> Bachelor of Dentistry. "Wijawiyata Management" Masters Program Magister Management 	Have experience work, among others in the field banking, securities, and company supervision.	Corporate Banking, Commercial Banking, Risk Management, Investment Banking, Islamic Banks, Financing, financial transaction solutions for Ministries/Institutions and employees, implementation of financial inclusion through Government Assistance Projects

^{*)} Tenure ends on March 21, 2018

Affiliations of Board of Directors

The Board of Directors shall always be independent, meaning that they do not have conflict of interest which interferes their ability to carry out their tasks independently and critically, whether among the Board of Directors members or the relation with the Board of Commissioners.

The Board of Directors have no financial relations, management relations, shareholding and/or family relations with other members of the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relation with the Bank, therefore they are able to carry out their tasks and responsibility independently.

The Board of Directors is prohibited from having double post as a President Director or other Directors in other State, Region and Public Owned Enterprise or other positions related to Company management, as well as structural position, and functional position in the central and regional government institutions/organization, and other positions in accordance with the Company Articles of Association and applicable laws and regulations.

The independency of the Board of Directors is shown in the following table:

Table of Affiliations of Board of Directors

Name	Position	Financial, Family, and the Board of Directors Management Affiliations													
		Financial Affiliations with						Family Affiliations with						Other Company Management Affiliations	
		The Board of Commissioners		Directors		Controlling Shareholders		Board of Commissioners		Directors		Controlling Shareholders			
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Kartika Wirjoatmodjo	President Director		√		√		√		√		√		√		√
Sulaiman Arif Arianto	Deputy Director		√		√		√		√		√		√		√
Royke Tumilaar	Director of Corporate Banking		√		√		√		√		√		√		√
Hery Gunardi	Director of Small Business and Network		√		√		√		√		√		√		√
Ahmad Siddik Badruddin	Director of Risk Management		√		√		√		√		√		√		√
Rico Usthavia Frans	Director of Information Technology & Operation		√		√		√		√		√		√		√
Darmawan Junaidi	Director of Treasury & International Banking		√		√		√		√		√		√		√
Alexandra Askandar	Director of Institutional Relationship		√		√		√		√		√		√		√
Agus Dwi Handaya	Director of Compliance		√		√		√		√		√		√		√
Panji Irawan	Director of Finance		√		√		√		√		√		√		√
Donsuwan Simatupang	Director of Retail Banking		√		√		√		√		√		√		√
Ogi Prastomiyono*)	Director of Operations		√		√		√		√		√		√		√



Name	Position	Financial, Family, and the Board of Directors Management Affiliations													
		Financial Affiliations with						Family Affiliations with						Other Company Management Affiliations	
		The Board of Commissioners		Directors		Controlling Shareholders		Board of Commissioners		Directors		Controlling Shareholders		Yes	No
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
Tardi ^{*)}	Director of Retail Banking		√		√		√		√		√		√		√
Kartini Sally ^{*)}	Director of Kelembagaan		√		√		√		√		√		√		√

^{*)} Tenure ends on March 21, 2018

Policies on The Board of Directors Concurrent Positions

Policies on the Board of Directors concurrent positions is specified in the following regulations.

- Based on SOE Minister's Regulation Number PER-03/MBU/02/2015 concerning Requirements, Procedures for Appointment, and Dismissal of Directors of State Owned Enterprises, members of the Board of Directors are prohibited from holding multiple positions as:
 - Member of the Board of Directors at State-Owned Enterprises, Regionally-Owned Enterprises, and private enterprises.
 - Member of the Board of Commissioners in State-Owned Enterprises.
 - other structural and functional positions in the central and regional government institutions/organization;
 - political party officials and/or legislative candidates/members; and/or regional head/deputy head candidates;
 - positions causing conflict of interests and/or other positions in accordance to applicable laws and regulations;
- Based on Financial Services Authority Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks, members of the Board of Directors are prohibited from holding multiple positions as members of the Board of Directors, members of the Board of Commissioners or Executive Officers in other banks, companies and/or institutions. However, it does not include positions of the Board of Directors responsible for auditory of the Bank additional investment to subsidiaries, carrying out functional tasks as the Board of Commissioners members in subsidiaries that is not a bank controlled by the Bank, as long as it does not make the concerned disregard his tasks and responsibility as the Bank Board of Commissioners member.

Table of The Board of Directors Concurrent Positions

Name	Position	Designation in Company/ Other Institution	Name of Company/ Other Institution
Kartika Wirjoatmodjo	President Director	-	-
Sulaiman Arif Arianto	Deputy Director	-	-
Royke Tumilaar	Director of Corporate Banking	-	-
Hery Gunardi	Director of Small Business and Network	-	-
Ahmad Siddik Badruddin	Director of Risk Management	-	-
Rico Usthavia Frans	Director of Information Technology & Operation	-	-
Darmawan Junaidi	Director of Treasury & International Banking	-	-
Alexandra Askandar	Director of Institutional Relationship	-	-
Agus Dwi Handaya	Director of Compliance	-	-
Panji Irawan	Director of Finance	-	-
Donsuwan Simatupang	Director of Retail Banking	-	-
Ogi Prastomiyono ^{*)}	Director of Operations	-	-
Tardi ^{*)}	Director of Retail Banking	-	-
Kartini Sally ^{*)}	Director of Kelembagaan	-	-

^{*)} Tenure ends on March 21, 2018

Management of The Board of Directors Conflict of Interest

Management of the Board of Directors conflict of interest is specified in Bank Mandiri Policy Architecture in 2016. Bank Mandiri Policy Architecture is a policy hierarchy/structure as a framework and guidelines in policy preparation and implementation of Bank activity. The Management of the Board of Directors conflict of interest is as following:

1. The Board of Commissioners, the Board of Directors, and Executive Officers shall commit to avoid any forms of conflict of interest.
2. In the event that the Board of Directors member(s) has a personal Interests in a transaction, contract or contracts proposed in which one of the party is the Bank, the interest shall be mentioned in the Board of Directors Meeting and the concerned Board of Directors member has no authority to take a vote.
3. Periodically in at least 1 (once) in a year, every member of the Board of Commissioners, the Board of Directors and the Executive Officers is obliged to make a statement regarding whether or not they have conflict of interests with the Bank activities they carry out.
4. Members of the Board of Commissioners, the Board of Directors and the Executive Officers is prohibited from having concurrent positions as specified in the applicable regulations.

Stock Ownership of The Board of Directors

The Board of Directors has disclosed its share ownership in both Bank Mandiri and other banks and other companies domiciled inside or outside the country. There are no members of the Bank Mandiri Directors have Bank Mandiri shares reaching 5% or more of the paid up capital of Bank Mandiri, or in other banks or other companies domiciled inside or outside the country. Share ownership of the Board of Directors of Bank Mandiri can be seen in the table below.

Table of Stock Ownership of Board of Directors

Name	Position	Shareholding			
		Bank	Other Bank (>5%)	Non Bank Financial Institutions (>5%)	Other Companies (>5%)
Kartika Wirjoatmodjo	President Director	269.100 shares (0,0005766%)	Nil	Nil	Nil
Sulaiman Arif Arianto	Deputy Director	635.658 shares (0,0013621%)	Nil	Nil	Nil
Royke Tumilaar	Director of Corporate Banking	344.200 shares (0,0007376%)	Nil	Nil	Nil
Hery Gunardi	Director of Small Business and Network	660.200 shares (0,0014147%)	Nil	Nil	Nil
Ahmad Siddik Badruddin	Director of Risk Management	1.238.800 shares (0,0026546%)	Nil	Nil	Nil
Rico Usthavia Frans	Director of Information Technology & Operation	242.200 shares (0,0005190%)	Nil	Nil	Nil
Darmawan Junaidi	Director of Treasury & International Banking	87.600 shares (0,0001877%)	Nil	Nil	Nil
Alexandra Askandar	Director of Institutional Relationship	408.500 shares (0,0008754%)	Nil	Nil	Nil
Agus Dwi Handaya	Director of Compliance	70.000 shares (0,0001500%)	Nil	Nil	Nil
Panji Irawan	Director of Finance	-	Nil	Nil	Nil
Donsuwan Simatupang	Director of Retail Banking	-	Nil	Nil	Nil
Ogi Prastomiyono ^{*)}	Director of Operations	971.000 shares (0,0020807%)	Nil	Nil	Nil
Tardi ^{*)}	Director of Retail Banking	925.000 shares (0,0019821%)	Nil	Nil	Nil
Kartini Sally ^{*)}	Director of Kelembagaan	360.000 shares (0,0007714%)	Nil	Nil	Nil

^{*)} Resigned from the position since March 21, 2018



The Board of Directors Meeting

The Board of Directors Meeting is a meeting attended Board of Directors which can be held at least 1 (once) in a month or at any time when it is necessary as requested by one or more members of the Board of Directors, or as written request from the Board of Commissioners. The Board of Directors Meeting shall hold a Board of Directors Meeting with the Board of Commissioners periodically in at least 1 (once) in 4 (four) months. Meetings are legal and have the right to make binding decisions when attended or represented by more than 2/3 (two thirds) of the members of the Board of Directors. The meeting material was delivered to all participants of the 5 (five) working days meeting before the meeting.

The President Director is the chairman for the Board of Directors Meeting, and in the event that the President Director is absent or unavailable, the Vice Director shall be the chairman. If the Vice Director is absent or unavailable, the Meeting Chairman is the Substitute Director of the President Director or the Substitute Director of the Vice Director as specified in the Board of Directors regulations regarding Job Description and Authority of the Board of Directors as well as the Establishment of Substitute Director list. If the assigned Substitute Director is also unavailable, the Board of Directors Meeting will be conducted by a member of the Board of Directors Meeting that is present and assigned at the meeting.

The Plan For The Early Year Meeting of The Board of Directors

Quarter 1	<ul style="list-style-type: none"> Review of monthly/quarterly performance of the Company. Quarterly review of the performance of the Company and Subsidiaries. Preparation of the Annual General Meeting of Shareholders. Monthly review of strategic plans, business, and human capital. Review and approval of Audit Financial Reports. Election of External Auditors for 2018 Book Year.
Quarter 2	<ul style="list-style-type: none"> Review of monthly/quarterly performance of the Company. Quarterly review of the performance of the Company and Subsidiaries. Monthly review of strategic plans, business, and human capital.
Quarter 3	<ul style="list-style-type: none"> Review of monthly/quarterly performance of the Company. Quarterly review of the performance of the Company and Subsidiaries. Monthly review of strategic plans, business, and human capital. Review of the implementation of Integrated Governance. Discussion on Financial and Business Plans for 2018 Book Year.
Quarter 4	<ul style="list-style-type: none"> Review of monthly/quarterly performance of the Company. Quarterly review of the performance of the Company and Subsidiaries. Monthly review of strategic plans, business, and human capital. Review of the implementation of Integrated Governance. Discussion on Financial and Business Plans for 2019 Book Year.

Realization of The Board of Directors Meeting

The Board of Directors' meetings is conducted with an internal meeting of the Board of Directors and a Joint Board of Commissioners meeting. The agenda, date and meeting participants for each meeting can be seen below.

Internal Meeting of The Board of Directors

In 2018, the agendas, dates and participants of the Board of Directors meeting is as follows.

Table of Board of Directors Meeting

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
1.	January 3, 2018	<ol style="list-style-type: none"> Discussion on Human Capital: Compensation and Benefit. Discussion on Human Capital: Alignment of Wholesale Banking Organizations. Discussion on Human Capital: Talent Panel Company Project Update 	Kartika Wirjoatmodjo Sulaiman Arif Arianto Ogi Prastomiyono ¹⁾ Royke Tumilaar	Attending Attending Attending Attending	

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
			Hery Gunardi	Attending	
			Tardi*)	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally*)	Attending	
			Rico Usthavia Frans	Not Attending	On Leave
			Darmawan Junaidi	Attending	
			Attendance 90%		
2.	January 16, 2018	<ol style="list-style-type: none"> 1. General Discussion 2. Financial Performance on November 2017. 3. Discussion on Human Capital: Performance Bonus. 4. Discussion on Human Capital: Talent Panel 5. Discussion on Human Capital: Others 6. Savings Strategy 2018. 7. Proposals from Corporate Secretary Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono*)	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi*)	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally*)	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
3.	January 23, 2018	<ol style="list-style-type: none"> 1. General Discussion 2. Bank Mandiri and Subsidiary's Consolidated Financial Statements December 31, 2017. 3. Individual Bank Health Level Report As of 31 December 2017. 4. Lunar New Year (Imlek) Celebration 2018. 	Kartika Wirjoatmodjo	Not Attending	Business Trip
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono*)	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi*)	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally*)	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 90%		
4.	January 30, 2018	<ol style="list-style-type: none"> 1. General Discussion 2. Discussion on Human Capital: Talent Panel 3. Discussion of IT. 4. Proposals from Corporate Secretary Group. Corporate Website 5. Proposals from Corporate Secretary Group: Implementation of the Annual GMS 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono*)	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi*)	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally*)	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
5.	6 Februari 2018	<ol style="list-style-type: none"> 1. Company Project Update 2. Update Commercial Banking. 3. Preparation for Public Expose and Analyst Meeting Q4 2017. 4. Updates from the Corporate Secretary Group. RKA PKBL. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono*)	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi*)	Attending	
			Ahmad Siddik Badruddin	Attending	

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
			Kartini Sally ^{*)}	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
6.	February 13, 2018	<ol style="list-style-type: none"> 1. Financial Performance on June 2018. 2. Company Project Update 3. Discussion on Human Capital: Bonus and Increment Salary. 4. Discussion on Human Capital: Implementation of Financial Services Authority Regulation. 5. Discussion on Human Capital: The decree of the Constitutional Court. 6. Update Sponsorship. 7. Prospective Members of the Board of Directors. 8. Alignment of Organizational Structure. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Not Attending	Training
			Ogi Prastomiyono ^{*)}	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi ^{*)}	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally ^{*)}	Not Attending	On Leave
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 80%		
7.	February 20, 2018	<ol style="list-style-type: none"> 1. General Discussion 2. Discussion on Human Capital: Bonuses, Employee Levels and Increment Salary. 3. Discussion on Human Capital: New Productivity Enhancement 2018. 4. Discussion on Human Capital: Update Culture Transformation. 5. Discussion on Human Capital: Et cetera 6. Company Project Update 7. Update of Bank Mandiri Taspen. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono ^{*)}	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Not Attending	On Leave
			Tardi ^{*)}	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally ^{*)}	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 90%		
8.	March 6, 2018	<ol style="list-style-type: none"> 1. Procurement of Bank Mandiri Financial Report Audit Services. 2. Financial Performance on February 2018. 	Kartika Wirjoatmodjo	Not Attending	Business Trip
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono ^{*)}	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi ^{*)}	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally ^{*)}	Attending	
			Rico Usthavia Frans	Not Attending	Business Trip
			Darmawan Junaidi	Attending	
			Attendance 80%		
9.	March 12, 2018	<ol style="list-style-type: none"> 1. Updates from the Corporate Secretary Group: Preparation of the Annual GMS 2. Update Government Program. 3. Update Top 21 BOD Initiatives: 4. General Discussion: Bank Mandiri Taspen. 5. General Discussion: Company Project 6. General Discussion: Treasury Group Update. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Ogi Prastomiyono ^{*)}	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi ^{*)}	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally ^{*)}	Attending	
			Rico Usthavia Frans	Not Attending	Business Trip
			Darmawan Junaidi	Attending	
			Attendance 90%		

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
10.	March 22, 2018	Follow-Up of the Decision of the 2018 Annual GMS.	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Not Attending	On Leave
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	Business Trip
Attendance 71%					
11.	March 27, 2018	<ol style="list-style-type: none"> Updates on Credit Portfolio Risk Group. Financial Projection Update. Proposal for Providing Pension Benefits. Proposed Authority to Decide Credit. Discussion on Human Capital: Talent Panel Follow-Up of the Decision of the 2018 Annual GMS. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
Attendance 100%					
12.	April 3, 2018	<ol style="list-style-type: none"> Discussion on Human Capital: Talent Panel Proposed Consumer Loan Group. Proposed Project of the Company. Update on Retail Banking Products. Update Top 21 BOD Initiatives: Digital Roadmap. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
Attendance 100%					
13.	April 10, 2018	<ol style="list-style-type: none"> Discussion on Human Capital: Leave Outside the Coverage of Company (CLTB). Company Project Update Preparation for Public Expose and Analyst Meeting Q1 2018. Financial Projection Update. Proposal from Corporate Real Estate Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
Attendance 100%					
14.	April 24, 2018	<ol style="list-style-type: none"> Discussion of Human Capital: On Leave Outside Bank Dependent (CLTB). Update on Bank Mandiri Project. Preparation of Public Expose and Analyst Meeting Q1 2018. Update Financial Projection. Proposed Corporate Real Estate Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
Attendance 100%					
15.	April 30, 2018	<ol style="list-style-type: none"> Company Project Update Liquidity Update and Issuance of Medium Term Notes (MTN). Proposed Special Asset Management Group. Discussion of IT. The Update on Mandiri Cash Management Discussion on Human Capital: Outsourcing Man Power (TAD). 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	On Leave
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
Attendance 85%					

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
16.	May 8, 2018	<ol style="list-style-type: none"> 1. Discussion on Human Capital: Talent Panel 2. Financial Performance on April 2018. 3. Kick off revisions to the 2018 RKAP and RBB 2018-2020. 4. RAS 2018. 5. Discussion of IT. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	Business Trip
			Attendance 85%		
17.	May 15, 2018	<ol style="list-style-type: none"> 1. Update on Preparation for 2018 Lebaran Holidays. 2. Financial Projection Update. 3. Updates of Risk Management. 4. Proposed Special Asset Management Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
18.	May 22, 2018	<ol style="list-style-type: none"> 1. General Discussion: Discussion of IT. 2. Liquidity Update and Product Profitability. 3. Updates of Risk Management. 4. Adjustment of Organizational Structure. 5. Adustment of Human Capital. 6. Proposals from Corporate Secretary Group: Articles of Association. 7. Update of Bank Mandiri Taspen. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
19.	May 30, 2018	<ol style="list-style-type: none"> 1. Proposed Revision of 2018 and RBB RKAP 2018-2020. 2. Proposal of Human Capital 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	Business Trip
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 85%		
20.	June 4, 2018	Proposal of Asset Purchases.	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	Business Trip
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 85%		
21.	June 5, 2018	<ol style="list-style-type: none"> 1. Update Internal Audit. 2. Update Top 21 BOD Initiatives. 3. Discussion on Human Capital. 4. Company Project Update and BMPK. 5. Additional Agenda 6. Update of Special Assets Management Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	Business Trip
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 85%		

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
22.	June 26, 2018	<ol style="list-style-type: none"> General Discussion May 2018 Financial Performance and Financial Projection. Update Top 21 BOD Initiatives: 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
23.	July 3, 2018	<ol style="list-style-type: none"> Updates of Risk Management. Discussion of IT. Update on Mortgage Business Development. Update Special Asset Management. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	On Leave
			Hery Gunardi	Not Attending	On Leave
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 81%		
24.	July 10, 2018	<ol style="list-style-type: none"> General Discussion: Board of Directors Committee. General Discussion: Securities Portfolio Update. Financial Performance on June 2018. Updates on Micro Business. Updates from Corporate Transformation. Updates on Marvel Projects. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Not Attending	On Leave
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 85%		
25.	July 17, 2018	<ol style="list-style-type: none"> General Discussion: Preparation for Public Expose and Analyst Meeting Q1 2018. Updates on Strategy and Performance Group. Updates of Risk Management. Proposal from Corporate Real Estate Group. Proposal of Directorate of Institutional Relations. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
26.	July 31, 2018	<ol style="list-style-type: none"> General Discussion Update on Cash Management. Update on Saving Updates of Risk Management 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	On Leave
			Attendance 85%		
27.	August 15, 2018	<ol style="list-style-type: none"> General Discussion: Updates on Subsidiaries Business Development. General Discussion: Macro Economy, Market, and Portfolio Updates. Financial Performance on July 2018. Updates on Micro Business. Discussion on Human Capital. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
28.	August 21, 2018	<ol style="list-style-type: none"> 1. Updates on Micro Business. 2. Update Top 21 BOD Initiatives: Digital 3. Updates from Corporate Transformation. 4. Update of Bank Mandiri Anniversary in 2018. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Attendance 100%		
29.	August 28, 2018	<ol style="list-style-type: none"> 1. Discussion on Human Capital. 2. Updates of Risk Management. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Not Attending	On Leave
			Darmawan Junaidi	Not Attending	Business Trip
Attendance 71%					
30.	September 4, 2018	<ol style="list-style-type: none"> 1. General Discussion 2. Update on Definitive Position. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Not Attending	Business Trip
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Not Attending	Business Trip
			Darmawan Junaidi	Not Attending	Business Trip
			Panji Irawan	Attending	
			Donsuwan Simatupang	Attending	
Attendance 67%					
31.	September 13, 2018	<ol style="list-style-type: none"> 1. General Discussion: Update on Definitive Position. 2. General Discussion: Update of Subsidiaries. 3. Financial Performance on August 2018. 4. Micro Credit Update and Risk. 5. Discussion on Human Capital. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	Business Trip
			Alexandra Askandar***)	Not Attending	Business Trip
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Not Attending	Business Trip
			Donsuwan Simatupang**)	Attending	
Attendance 73%					

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
32.	September 18, 2018	<ol style="list-style-type: none"> Update Top 21 BOD Initiatives: Distribution. Restructuring Debtor Update. Discussion of IT. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar****)	Not Attending	Business Trip
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Attending	
Attendance 91%					
33.	September 25, 2018	<ol style="list-style-type: none"> General Discussion: Discussion on Human Capital. Update Top 21 BOD Initiatives: Wholesale. Update Middle Corporate. Updates on Corporate Real Estate Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar****)	Attending	
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Attending	
				Attending	
Attendance 100%					
34.	October 4, 2018	<ol style="list-style-type: none"> General Discussion Kick off of Work Plan and Budget (RKAP) 2019 and Bank Business Plan (RBB) 2019-2021. Updates on Subsidiaries Business Development. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	Business Trip
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar****)	Attending	
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Attending	
Attendance 91%					
35.	October 16, 2018	<ol style="list-style-type: none"> General Discussion: Proposed Authority to Decide Credit. September 2018 Financial Performance and 2019 RKAP Update. Update on Preparation for Public Expose and Analyst Meeting Q3 2018. Discussion on Human Capital: Culture. Discussion on Human Capital: Recruitment. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	Business Trip
			Alexandra Askandar****)	Not Attending	Business Trip
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Attending	
Attendance 81%					



No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
36.	October 23, 2018	1. Updates on Subsidiaries Business Development. 2. Discussion on Human Capital: Position Rotation and Charging.	Kartika Wirjoatmodjo	Not Attending	Business Trip
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Not Attending	Training
			Hery Gunardi	Not Attending	Business Trip
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar***)	Attending	
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Attending	
			Attendance 73%		
37.	October 31, 2018	1. International Banking & Financial Institutions Group 2. Updates of Risk Management.	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Not Attending	On Leave
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar***)	Attending	
			Agus Dwi Handaya***)	Not Attending	On Leave
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Not Attending	On Leave
			Attendance 73%		
38.	November 7, 2018	1. General Discussion: SEVP 2. Proposal of Human Capital Engagement. 3. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar***)	Attending	
			Agus Dwi Handaya***)	Attending	
			Panji Irawan**)	Not Attending	Business Trip
			Donsuwan Simatupang**)	Attending	
			Attendance 91%		
39.	November 14, 2018	1. Sustainable Financial Action Plan (RAKB). 2. Proposal from Corporate Real Estate Group.	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar***)	Attending	
			Agus Dwi Handaya***)	Not Attending	Business Trip
			Panji Irawan**)	Attending	
			Donsuwan Simatupang**)	Attending	
			Attendance 91%		

No.	Date	Meeting Agenda	Meeting Participants	Attending/Not Attending	Reason for Not Attending
40.	November 27, 2018	<ol style="list-style-type: none"> General Discussion Discussion on Human Capital. Discussion on Human Capital: Guideline, Definitive and Promotions. Updates from the Corporate Secretary Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar ^{***)}	Attending	
			Agus Dwi Handaya ^{***)}	Attending	
			Panji Irawan ^{**)}	Attending	
			Donsuwan Simatupang ^{*)}	Attending	
			Attendance 100%		
41.	December 11, 2018	<ol style="list-style-type: none"> General discussion. November 2018 Financial Performance. Update Corporate Transformation. Proposed Corporate Secretary Group. Proposal of the Directorate of Institutional Relations. Discussion of Human Capital. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar ^{***)}	Attending	
			Agus Dwi Handaya ^{***)}	Attending	
			Panji Irawan ^{**)}	Attending	
				Attending	
			Attendance 100%		
42.	December 19, 2018	<ol style="list-style-type: none"> General Discussion: Discussion on Human Capital. Update Strategic Investment & Subsidiaries Management Group. 	Kartika Wirjoatmodjo	Attending	
			Sulaiman Arif Arianto	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
			Alexandra Askandar ^{***)}	Attending	
			Agus Dwi Handaya ^{***)}	Attending	
			Panji Irawan ^{**)}	Attending	
			Donsuwan Simatupang ^{*)}	Attending	
			Attendance 100%		

^{*)} Tenure ends on March 21, 2018.

^{**)} The appointment as Director is effective as of September 4, 2018.

^{***)} The appointment as Director is effective as of September 12, 2018.

Joint Meeting of Directors Invites Board of Commissioners

The date and agenda of the Joint Meeting of the Board of Commissioners and the Board of Directors, namely the Joint Meeting of the Board of Commissioners inviting the Board of Directors and the Joint Meeting of the Directors to invite the Board of Commissioners can be seen in the section Board of Commissioners' Meeting on Corporate Governance Chapter in this Annual Report.



Meeting Frequency and Attendance Level

During 2018, the Board of Directors has conducted 42 (forty two) Board of Directors meetings. The frequency and attendance Directors' meetings can be seen in the table below.

Table of Frequency and Attendance Level of the Board of Directors Meeting

Name	Position	Director Meetings		
		Total and Attendance Percentage		
		Total Meeting	Total Attendance	Percentage
Kartika Wirjoatmodjo	President Director	42	39	93%
Sulaiman Arif Arianto	Deputy Director	42	39	93%
Royke Tumilaar	Director of Corporate Banking	42	36	86%
Hery Gunardi	Director of Small Businesses & Network	42	37	88%
Ahmad Siddik Badruddin	Director of Risk Management	42	41	98%
Rico Usthavia Frans	Director of Information Technology & Operation	42	38	90%
Darmawan Junaidi	Director of Treasury & International Banking	42	35	83%
Alexandra Askandar ^{*)}	Institutional Relations Director	12	9	75%
Agus Dwi Handaya ^{*)}	Director of Compliance	12	10	83%
Panji Irawan ^{**)}	Director of Finance	13	11	85%
Donsuwan Simatupang ^{**)}	Director of Retail Banking	13	12	92%
Ogi Prastomiyono ^{***)}	Director of Operations	9	9	100%
Tardi ^{***)}	Director of Retail Banking	9	9	100%
Kartini Sally ^{***)}	Director of Kelembagaan	9	8	89%

^{*)} The appointment as Director is effective as of September 12, 2018

^{**)} The appointment as Director is effective as of September 4, 2018

^{***)} Tenure ends on March 21, 2018

The Board of Directors Competency Development

The Board of Directors' Competency Development can be seen in the Company Profile Chapter in this Annual Report.

Risk Management Certification

As stipulated in Bank Indonesia Regulation No. 11/19/PBI/2009 concerning Share Risk Management Certification Management and Officers of Commercial Banks, Bank Managers (ie Board of Commissioners and Directors) must have a Certificate Risk Management issued by Professional Certification Institutions, with the following classification:

No.	Position	Level	Validity period
1.	Commissioner	Level 1 At the Least	4 years
2.	Independent Commissioner	Level 2 At the Least	4 years
3.	President Director and Bank Directors with >Rp10 Trillion of assets in possession	Level 5 At the Least	2 years

In the event that the validity period of the certification has expired, a periodic Refreshment Program must be carried out at least:

- once every 4 (four) years for level 1 and 2; or
- once every 2 (two) years for level 3, 4, and 5.

Considering that Bank Mandiri has assets of > IDR10 Trillion, all Bank Mandiri Directors must pass a Level 5 of the Risk Management Certification. The certification is also one of the requirements to be eligible to take part in the fit and proper test conducted by the Financial Services Authority. The following are the Board of Directors' members along with the Risk Management Certifications they have:

Name	Position	Certification Issuing Agency	Level	Field/Area	Date of Certification Issued	Expired Date
Kartika Wirjoatmodjo	President Director	Banking Professional Certification Institute	Level 5	Banking Risk Management	April 17, 2015	April 17, 2017
		Banking Professional Certification Institute (LSPP)	Refreshment	Refreshment of Banking Risk Management: Facing fraud in the world of banking, Financial Club, Graha Niaga, Jakarta	August 16, 2017	August 17, 2019
Sulaiman A. Arianto	Deputy President Director	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	May 20, 2017	May 26, 2019
Royke Tumilaar	Director of Corporate Banking	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	June 12, 2012	June 12, 2014
		BARa Risk Forum	Refreshment	Refreshment of Risk Management at Stockholm	September 21, 2016	September 21, 2018
		BARa Risk Forum	Refreshment	Refreshment of Risk Management – BARA, Cyber Risk Management and Financial Crimes in Banking Industry, Bali	July 13, 2016	July 13, 2020
Hery Gunardi	Director of Small Business & Network	BARa Risk Forum	Level 5	Banking Risk Management	April 13, 2016	April 13, 2015
		Banking Professional Certification Institute (LSPP)	Refreshment	Refreshment Banking Risk Management	July 2, 2015	April 13, 2017
		BARa Risk Forum	Refreshment	BARa Risk Program: Deeper Understanding on IFRS 9 & BASEL IV and Progress of Basel III Implementation, Bali	May 19, 2017	May 19, 2017
Ahmad Siddik Badruddin	Director of Risk Management	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	April 11, 2015	April 11, 2019
		BARa Risk Forum	Refreshment	Refreshment of Risk Management at Stockholm	September 21, 2016	September 21, 2018
		BARa Risk Forum	Refreshment	Refreshment in Prague 17 – 18 Oktober 2017	October 17, 2017	October 18, 2017
		BARa Risk Forum	Refreshment	Refreshment of Risk Management	March 19, 2018	March 19, 2020
		BARa Risk Forum	Refreshment	Refreshment of Risk Management	July 13, 2018	July 13, 2020
Rico Ushtavia Frans	Director of Information Technology & Operation	Risk Management Certification Agency (BSMR)	Level 5	Banking Risk Management	May 7, 2016	May 7, 2018
		BARa Risk Forum	Refreshment	Refreshment Manajemen Risiko di Prague	March 19, 2018	March 19, 2020
		BARa Risk Forum	Refreshment	Refreshment Manajemen Risiko – BARA, Tapping Potential Opportunities in Indonesian Sustainable Palm Oil Industry, di Jakarta	October 18, 2017	October 18, 2019
Darmawan Junaidi	Director of Treasury & International Banking	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	October 7, 2017	October 7, 2019
Alexandra Askandar	Director of Institutional Relationship	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	May 21, 2018	May 21, 2020



Name	Position	Certification Issuing Agency	Level	Field/Area	Date of Certification Issued	Expired Date
Agus Dwi Handaya	Director of Compliance	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	May 2, 2018	May 2, 2020
Panji Irawan	Director of Finance	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	February 10, 2016	February 10, 2018
		Banking Professional Certification Institute (LSPP)	Refreshment	Refreshment of Risk Management Certification	February 28, 2018	February 28, 2020
Donsuwan Simatupang	Director of Retail Banking	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	April 8, 2015	April 8, 2017
		Center for Risk Management Studies/ CRMS	Refreshment	Refreshment of Risk Management Certification	April 30, 2017	April 30, 2019
Ogi Prastomiyono ^{*)}	Director of Operation	Indonesian Risk Professional Association & Bank Indonesia	Level 5	Banking Risk Management	August 20, 2004	August 20, 2006
		Marcus Evans	Refreshment	Refreshment Manajemen Risiko	2006	2008
		Risk Management Certification Agency (BSMR)	Refreshment	Refreshment of Risk Management in Bali	February 19, 2008	February 19, 2010
		Bara Risk Forum	Refreshment	"Senior Management Risk Summit 2010" Leadership for Sustainable Risk Management Framework	July 9, 2010	July 9, 2012
		Banking Professional Certification Institute (LSPP)	Refreshment	Risk Management Certification Refreshment Program di Tokyo	November 12, 2012	November 12, 2014
		LSPP, IBI and Standard Chartered Bank Ltd. (Hong Kong)	Refreshment	Refreshment - Banking Risk Management level 5 - Hong Kong	October 27, 2014	October 27, 2016
		IBI-LSPP-MMUGM	Refreshment	Refreshment Program - International Risk Management Refreshment Program for Executives Europe Class 2016 (Milan)	October 21, 2016	October 21, 2018
Tardi ^{*)}	Director of Retail Banking	Badan Nasional Sertifikasi Profesi/LSPP	Level 5	Banking Risk Management	April 4, 2015	April 4, 2017
		Banking Professional Certification Institute (LSPP)	Refreshment	Refreshment of Banking Risk Management, Graha Niaga	April 26, 2017	April 26, 2019
Kartini Sally ^{*)}	Director of Kelembagaan	Banking Professional Certification Institute (LSPP)	Level 5	Banking Risk Management	April 17, 2015	April 17, 2017
		BARa Risk Forum	Refreshment	BARa Risk Program, Denpasar	May 17, 2017	May 17, 2019

^{*)} Tenure ends on March 21, 2018

Decision and Implementation of Duties of the Board of Directors

During 2018, the Board of Directors has performed its duties, obligations, and responsibilities in managing the Company as regulated in the applicable laws, the Articles of Association, and Work Plan established in the beginning of the year. The Board of Directors' duties carried out in 2018 are in general as follows:

1. Preparing the 2019-2021 Business Plan of the Company.
2. Meeting the Company's performance targets by maximizing the growth of the Core (Large Corporates) and New Core (Consumer Banking) segments.
3. Preparing the 2019 Sustainable Financial Action Plans (RAKB).
4. Monitoring the implementation of the Top 21 BOD Initiatives, particularly projects for Strengthening IT and Digital Banking Development.
5. Managing Assets and Finance.
6. Organizing meetings for the Board of Directors. In 2018, there were 42 (forty two) Board of Directors meetings and 3 (three) Joint Meetings with the Board of Commissioners.

7. Attending the Board of Commissioners' meeting.
8. Conducting the Annual General Meeting of Shareholders for 2018 on March 21, 2018.
9. Supervising and improving the internal business processes.
10. Implementing Good Corporate Governance in every business activity.
11. Issuing the Medium Term Notes I of Bank Mandiri in 2018 with a Principal Value of Rp500 billion.
12. Issuing the Sustainable Bond I of Bank Mandiri Phase III in 2018 amounted to Rp3 Trillion.
13. Actively taking part as one of the First Movers in implementing Sustainable Finance in Indonesia by participating in the Indonesian Sustainable Finance Initiative (IKBI)
14. Distributing the Partnerships and Community Development Program (PKBL) funds to improve the welfare of the community and the environment, including distribution of aid for the earthquake victims in Lombok and Palu.
15. Implementing other duties related to the Company's management.

Decisions of Directors that have been issued during 2018 include the following.

No.	Subject Matter
1.	Appointment of Audit Committee Membership
2.	Appointment of Integrated Governance Committee Membership
3.	Regarding Pension Fund Regulations from Bank Mandiri Pension Funds Directors of PT Bank Mandiri (Persero) Tbk.
4.	Establishment of the Steering and Implementation Team for the 2017 Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk.
5.	Implementation of IT & Non IT Initiatives in 2018
6.	Mandiri Website
7.	Assignment as Executive Officer in charge of Institutional Relations
8.	Assignment as Executive Officer in Charge of Compliance
9.	Assignment as Executive Officer in charge of Retail Banking
10.	Assignment as Executive Officer in charge of Finance
11.	Duties and authority of the members of the board of directors and the appointment of a replacement director
12.	Pension Fund Regulations from Bank Mandiri Pension Fund-One
13.	Pension Fund Regulations from Bank Mandiri Pension Fund-Two
14.	Pension Fund Regulations from Bank Mandiri Pension Fund-Three
15.	Pension Fund Regulations from Bank Mandiri Pension Fund-Four
16.	Bank Mandiri Organizational Structure
17.	Transfer of Position to Senior Executive Vice President of PT Bank Mandiri (Persero) Tbk.
18.	Early Pension Agreement Program (PKPD)
19.	Determination of Members of the Procurement Team for Government and Institutional Information Systems (SIGI) Directorate of Institutional Relations in 2018
20.	Determination as a Member of the 2018 National Rental KDS Procurement Committee
21.	Establishment of the Development Project of 2 (Two) Units of PT Bank Mandiri (Persero) Tbk Office
22.	Appointment of Remuneration and Nomination Committee Membership
23.	Establishment of Evaluation Team for Appointment of Board of Directors of PT Bank Mandiri (Persero) Tbk.
24.	Appointment and Determination of Senior Executive Vice President of PT Bank Mandiri (Persero) Tbk.
25.	Appointment of Committee Arrangements for Procurement of Public Auctions for the Construction of Disaster Recovery Center (DRC) Buildings in Injoko Surabaya
26.	Executive Committee
27.	Assets & Liabilities Committee
28.	Business Committee
29.	Capital & Subsidiaries Committee
30.	Human Capital Policy Committee

No.	Subject Matter
31.	Information Technology Committee
32.	Integrated Risk Committee
33.	Policy & Procedure Committee
34.	Risk Management Committee
35.	Adjustment on Designation of Employees as Portal Administrators of the Ministry of State-Owned Enterprises of the Republic of Indonesia
36.	Pension Fund Regulations
37.	Bank Mandiri Pension Fund Investment Direction
38.	Risk Management and Credit Policy Committee
39.	Appointment of the 2018 Independent Excellence Award and Best Employee Appreciation Night Procurement Team and Committee

Review of Company Annual Strategy

The Board of Directors sought to encourage the Company's performance for the following year by reviewing the Company's annual strategy conducted at the end of the current year. In 2018, the review of the Company's annual strategy was conducted through the Board of Directors' meeting.

Evaluation of Company Strategy

Evaluation of the Company's strategy in line with the Company's Vision and Mission as well as current business environment was constantly conducted periodically and involved all Directors and executive officials at Bank Mandiri in the annual Corporate Work Plan and Budget (RKAP) discussion forum and the Company's Long-Term Plan (RJPP) to find out the achievement level and business direction.

Remuneration Policy For The Board of Directors

In providing remuneration for the Board of Directors, Bank Mandiri puts forward the principle of prudence and refers to the applicable laws and regulations to encourage the implementation of prudent risk taking in order to maintain the continuity of the Company's business. Currently, the Company has implemented good governance in providing remuneration to the Board of Directors. In providing remuneration to the Board of Directors, the Company adheres to the principle of prudence which aims to encourage prudent risk taking to maintain the continuity of the Company's business.

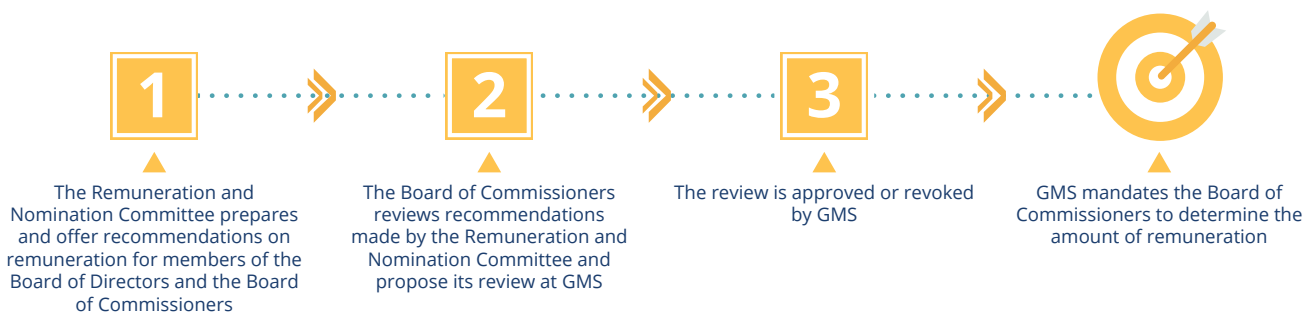
Bank Mandiri is committed to implementing governance in providing remuneration by compiling a remuneration policy that has been ratified through a Joint Decree of the Board of Commissioners and Directors regarding the Remuneration Policy of PT Bank Mandiri (Persero) Tbk. On March 20, 2018. In determining the remuneration of the Board of Directors, Bank Mandiri refers to:

1. SOE Minister Regulation No. PER-06/MBU/06/2018 dated June 4, 2018 concerning the Third Amendment above SOE Minister Regulation No. PER-04/MBU/2014 concerning Guidelines for Determining the Income of Directors, Councils Commissioner.
2. SOE State Minister Regulation No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in SOEs has been amended most recently by the Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/2012 concerning Amendments to the Regulation of the Minister of State Enterprises No. PER-01/MBU/2011 concerning Implementation of Good Corporate Governance in BUMN.
3. Financial Services Authority Regulation No. 55/POJK.03/2016 dated December 9, 2016 concerning Implementation of Governance for Commercial Banks.
4. Financial Services Authority Regulation No. 45/POJK.03/2015 dated December 23, 2015 on the Implementation of Governance concerning Remuneration for Commercial Banks.
5. The Company's Articles of Association.

Pursuant to the Financial Services Authority Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance in the Provision of Remuneration for Commercial Banks, Bank Mandiri has implemented Governance in the Provision of Remuneration by taking various aspects into account, including bank financial stability, establishment of risk management, short-term and long-term liquidity needs, and potential income in the future. The Company can postpone remuneration classified as deferred variable (Malus) or withdraw the paid variable remuneration (Claw back) from officials classified as Material Risk Taker (MRT), with the following conditions:

1. The Company applies Malus and/or Claw back to certain special conditions in the application of variable remuneration, by taking into account several factors including:
 - The amount of financial and non-financial losses of the Company.
 - The involvement of the employees concerned directly or indirectly in the losses incurred.
2. Variable remuneration must be deferred at a certain percentage determined by the Company.
3. This policy applies to officials classified as MRT i.e. those with the following criteria:
 - Causing financial and non-financial bank losses.
 - Committing fraud, violating the law, showing unethical behavior, and/or falsifying records.
 - Intentionally violating the bank's policies, regulations, and procedures.
 - Causing a significant negative impact on bank capital which is not caused by changes in the economic or industrial climate.
4. In implementing the MRT remuneration, Bank Mandiri is guided by Financial Services Authority provisions, SOE Minister Regulation, and the Company's remuneration policy.

Procedure for Determining Directors' Remuneration



Determination of the remuneration of the Board of Directors is carried out in the following procedures:

1. The Remuneration and Nomination Committee reviews remuneration for members of the Board of Directors.
2. The Remuneration and Nomination Committee coordinates with the Director and Officer in charge of Human Capital and related working units to prepare a Remuneration proposal.
3. In determining a remuneration policy classified as variable, the Remuneration and Nomination Committee coordinates with the Risk Management Working Unit.
4. The Remuneration and Nomination Committee based on the study prepares remuneration recommendations and then submit it to the Board of Commissioners.
5. The Board of Commissioners based on the review of the Remuneration and Nomination Committee submits proposals and recommendations to the General Meeting of Shareholders (GMS) for approval.
6. The proposal and recommendation of the Board of Commissioners to the GMS can be in the form of:
 - a. Approval of the form and amount of Remuneration; or
 - b. Approval of authority to be given to the Board of Commissioners in determining the form and amount of remuneration.



Structure of Remuneration For The Board of Directors Members

The remuneration of the Board of Directors is given by taking into account the applicable remuneration provisions, namely:

1. Permanent remuneration, that is remuneration not related to performance and risk, including salary/honorarium, facilities, housing allowances, health benefits, educational benefits, holiday allowances, and post-retirement benefits.
Remuneration in the form of salary/honorarium, facilities, allowances, and post-retirement benefits is given in cash.
2. Remuneration classified as variable, that is remuneration associated with performance and risks, is in the form of bonuses, *tantiem*, performance incentives, or other similar forms.
Remuneration in the form of bonuses, *tantiem*, or incentives can be given in the form of cash, shares, or stock-based instruments issued by the Company, with a special note that it is given in cash to the Board of Directors to avoid any conflict of interest in running the Company.

The Directors' remuneration structure is as follows:

Table of Remuneration Structure of the Board of Directors

No.	Type of Income	Provisions
1.	Honorarium	Position factor President Director 100% Deputy President Director 95% Director 90%
2.	Allowance	
	Holiday Allowance	1 (one) time salary
	Communication Allowance	At cost
	Post-Employment Benefit	Insurance premium at maximum 25% of salary/year
	Housing Allowance	Rp27,500,000/month including the utility cost, if the official residence is unoccupied
	Annual Leave Allowance	Not provided (12 days of annual leave, collective leave excluded)
	Suit Allowance	Provided in the case of special events in which uniform is needed.
3.	Facilities	Referring to the internal policies as outlined in the Decree of the Board of Commissioners No. KEP.KOM/005/2018 October 3, 2018 concerning Incentives, Facilities, and Benefits for the Board of Commissioners and Directors.
	Company Vehicle	1 (one) vehicle facility is provided, by leasing. Vehicle specifications and fuel allowances are in accordance with internal policies
	Health Facility	Health-care reimbursement
	Professional Collector Facility	At maximum 2 (two) membership received registration fee and annual contribution
	Legal Council Facility	As needed
	Residence Facility	Members of Board of Directors are not eligible for company housing facility nevertheless provided official residence allowance included utility allowance. For the members appointed before the Regulation of State Owned Enterprises No. PER-04/MBU/2014 concerning Guidelines for Determining the Income of Directors, Board of Commissioners, and Supervisory Board of SOEs and have occupied official residence, the members of the Board of Directors must utilize the said residence until the end of their term of office
4.	Bonuses, <i>Tantiem</i> , Incentives.	Can be given in the form of cash, shares, or stock-based instruments issued by the Company with special provisions.

Indicators of Remuneration Determination For The Board of Directors

The indicators used in determining the remuneration for the Board of Directors in accordance with the remuneration policy are as follows:

1. Key Performance Indicator (KPI)
2. Company's Performance
3. Business Size
4. The benchmarking of the Banking Industry's remuneration
5. The consideration in the Company's target and long-term strategy

Determinan of Material Risk Taker

1. All members of the Board of Directors are material risk takers.
2. The determination of material risk takers is carried out using qualitative and quantitative approaches.

Scheme of Remueratin Classified as Variable

1. The Company establishes the scheme of remuneration classified as variable for the Board of Directors with a deferred Remuneration payment (malus) and/or withdrawal of the remuneration that has been paid (claw back) in certain cases deemed necessary by the Remuneration and Nomination Committee.
2. The requirements for deferred remuneration , including malus period, the amount of deferred remuneration, requirements for deferred remuneration payment, and claw-back requirements for material risk takers are discussed in the Remuneration and Nomination Committee with due regard to:
 - a. The malus period is at least 3 (three) years.
 - b. Company's Performance
 - c. Risk Profile
3. Remuneration in the form of malus is provided in cash, shares, or stock-based instruments issued by the Company.
4. In the event that the Company incurs a loss:
 - a. The Company can take the option of providing or not providing a variable remuneration with a smaller value than that in the last period when the Company earns a smaller profit, or the remuneration is smaller according to the proportion of the Company's profit decline.
 - b. In the event that the Company continues to provide remuneration to the Board of Directors or the Board of Commissioners, such remuneration is deemed as a form of appreciation.

Total Value/Component of Remuneration For The Board of Directors

The following table provides the remuneration in one year categorized by income rate.

Total of Remuneration and Other Facilities	Total received	
	Board of Directors	
	Number of People	Total Amount (in million IDR)
Remuneration		
Salary	14	50,742
Housing Allowance	10	2,832
Transportation Allowance	2	291
Religious Holiday Allowance	11	4,365
Tantiem	11	198,926
Other in-kind facilities		
Housing (cannot be owned)	2	-
Vehicles (cannot be owned)	11	-
Post employment insurance (can be owned)	11	10,176
Health care treatment (cannot be owned)	11	2,516
Type of Remuneration per Person in 1 Year		
Above Rp2 billion	15	-
Above Rp1 billion to Rp2 billion	-	-
Above Rp500 million to Rp1 billion	-	-
Below Rp500 million	-	-

In order to implement the Financial Services Authority Regulation No. 45/POJK.03/2015, Bank Mandiri has given a bonus to the Board of Directors in the form of share ownership in Bank Mandiri. The following are the members of the Board of Directors who received a bonus share in 2018:



Name	Position	Bonus share
Kartika Wirjoatmodjo	President Director	269,100 shares
Sulaiman A. Arianto	Deputy President Director:	255,600 shares
Royke Tumilaar	Director of Corporate Banking	242,200 shares
Hery Gunardi	Director of Small Business and Network	242,200 shares
Ahmad Siddik Badruddin	Director of Risk Management	242,200 shares
Rico Usthavia Frans	Director of Information Technology & Operation	242,200 shares
Darmawan Junaidi	Director of Treasury & International Banking	87,600 shares

Performance Assessment of The Board of Directors

Under Law No. 40 of 2007 concerning Limited Liability Companies is regulated that in the case of the Board of Directors consisting of 2 (two) members of the Board of Directors or more, the responsibility of the Board of Directors applies jointly and severally. Based on this understanding, the Board of Directors' Key Performance Indicator (KPI) is arranged collegially with assessment indicators consisting of several aspects, specifically those contained in Bank Mandiri's RKAP and RBB. With the appointment of the Board of Directors, the collegial KPI is translated in accordance with the duties of each of the Directors. The description of individual KPIs below is the main focus for conducting assessments other than collegially determined assessments.

Individual Directors Performance Assessment

President Director

- Achievement of collegial Directors' Performance.
- Fulfillment of the implementation of Internal control in each line of defense.
- Implementation of compliance as an Open Company.

- Achieving a funding increase/Fee Based Income for the Retail Banking segment.
- Achieved an increase in the volume of digital transactions in the Retail Banking segment.
- Maintaining Asset Quality/Performing Loans.

Deputy President Director

- Achievement of collegial Directors' Performance.
- Achieved the target of managing Special Assets Management.

Director of Institutional Relations

- Achieved an increase in business volume for the Institutional Relations segment.
- Achieving funding increase/Fee Based Income for the Institutional Relations segment.
- Achieving an increase in the volume of digital transactions in the Institutional Relations segment.
- Maintain asset quality/performing loans.

Director of Corporate Banking

- Achieving an increase in business volume for the Corporate Banking segment.
- Achieving funding increase/Fee Based Income for the Corporate Banking segment.
- Achieving an increase in the volume of digital transactions in the Corporate Banking segment.
- Maintaining Asset Quality/Performing Loans.

Director of Risk Management

- Achievement of the implementation of established risk management.
- Implementation of a risk management culture at all levels of the organization.

Director of Small Business & Network

- Achieved an increase in business volume in the region.
- Achieving funding increase/Fee Based Income in the region.
- Achieving an increase in the volume of digital transactions in the region.
- Maintaining Asset Quality/Performing Loans.

Director of Technology & Information

- Achievement of Fee Based Income.
- Achieving an increase in business transactions.
- Effective implementation of technology and information governance.

Director of Retail Banking

- Achieved an increase in business volume for the Retail Banking segment.

Director of Treasury & International Banking

- Achieving liquidity management as specified.
- Achieved the target of managing the Subsidiary.
- The fulfillment of Bank Mandiri's operational procurement needs.

Director of Finance

- Availability of RKAP and RBB at the stipulated time.
- The fulfillment of business realization monitoring in accordance with the RKAP and RBB.
- Achieving set financial targets.

- Achieving a reduction in the ratio of the number of penalties imposed by regulators.
- Achievement of the percentage determined regarding settlement of cases better than the previous year.
- Achieving strategies and targets for management of Human Capital.

Director of Compliance (including Human Capital)

- Achieved implementation of compliance at Bank Mandiri.

Procedure of Performance Assessment of The Board of Directors

The performance of the Board of Directors is reported to the shareholders in the GMS.

Criteria of Performance Evaluation of The Board of Directors

The criteria of performance evaluation of the Board of Directors based on the Key Performance Indicators (KPI) are:

1. Financial and market perspectives
2. Focus on customers
3. Effectiveness of products and processes
4. Focus on manpower
5. Leadership, governance, and CSR
6. Agent of development

Parties Performing Assessment

The parties making assessment of the Board of Directors' performance are the Board of Commissioners and the GMS. In evaluating the performance of the Board of Directors, the Board of Commissioners refers to the KPI. The Board of Commissioners and Directors will then account for their performance achievements in the 2018 period, including the implementation of their duties and responsibilities in the GMS to be held in 2019.

Results of Performance Assessment of The Board of Directors

The results of the Board of Directors' performance assessment based on KPI can be seen in the table below.

Strategic Targets		Percentage	Indicators	Score
FINANCIAL AND MARKET PERSPECTIVES		24.0%		
1.	Increasing profitability	6.0%	Earning after Tax (EAT) in 2018 is higher than the realization in 2017 (in billion IDR)	7,22
2.	Improving Company Values	6.0%	Market Cap growth is higher than that of the Indonesian Banking Industry	3,47
3.	Maintaining the Quality of Assets	6.0%	NPL ratio is better than that of the Banking Industry	5,72
4.	Increasing efficiency	6.0%	Cost to Income Ratio is better than it was last year	6,20
			Sub Total	22,61



Strategic Targets		Percentage	Indicators	Score
FOCUS ON CUSTOMERS		22.0%		
5.	Increasing Satisfaction of External Customers and Regulators.	11.0%	The Bank's rank in a survey by independent surveyors is better than it was last year	14,30
		11.0%	At least 80% of Bank Operations Activities (PAB) that have been approved by OJK are "DONE".	11,66
			Sub Total	25,96
EFFECTIVENESS OF PRODUCTS AND PROCESSES		20.0%		
6.	Increasing banking digitalization	7.0%	The percentage of banking transactions that have been digitalized in 2018 is higher than in 2017.	7,10
7.	Increase financial inclusion and literacy	7.0%	The number of branchless banking agents has increased compared to that in 2017:	
			a. Digital Financial Services (LKD)	4,40
			b. Officeless Financial Services to Promote Inclusive Finance (LAKU Pandai)	4,55
			Total	9,01
8.	Improving the effectiveness of micro credit program (KUR) management	6.0%	The online subrogation system for KUR can operate 100%	7,00
			Sub Total	23,05
FOCUS ON MANPOWER		17.0%		
9.	Improving Human Resources capabilities and competencies.	9.0%	Employee productivity is better than last year (million rupiah/ worker).	10,63
		8.0%	Bankwide's Employee Engagement Score in 2018 is better than that in 2017.	8,91
			Sub Total	19,54
LEADERSHIP, GOVERNANCE, AND CSR		17.0%		
10.	Improving superior performance and competitiveness	6.0%	The Superior Performance Assessment Criteria (KPKU) score is better than in 2017.	6,19
11.	Increasing bank contributions to improving community welfare.	5.0%	The realization of the partnerships and community development program (PKBL) is at least 80% of the budget stated in the Work Plan and Company Budget (RKAP).	6,50
			a. Partnership Program (No Distribution) b. Community Development	
12.	Increasing the application of Good Corporate Governance (GCG)	6.0%	The Corporate Governance Perception Index (CGPI) score is better than in 2017.	6,03
			Sub Total	18,73
AGENT OF DEVELOPMENT		20.0%		
13.	Realizing Synergy among SOEs	2.0%	The percentage of interest income from SOEs to the total interest income is higher than in 2017.	2,30
		2.0%	The percentage of third-party funds (DPK) from SOEs to the total DPK is higher than in 2017.	2,18
		2.0%	Merah Putih ATM and EDC are implemented according to the target project (units).	
			a. ATM Implementation b. EDC Implementation	1,00 1,00
14.	Increasing Downstreaming and Local Contents	2.0%	Realization of Fee Based Income (excluding Recovery and Dividend) is higher than it was in 2017.	2,35
			Realization of Non-Interest Income is higher than in 2017	2,31

Strategic Targets		Percentage	Indicators	Score
15.	Accelerating Integrated Regional Economic Development	2.0%	The number of Creative Houses successfully built until 2018 is higher than in 2017.	
		2.0%	The number of village-owned enterprises (BUMdes) successfully established until 2018 is higher than in 2017.	2,56
			a. Accounts	1,26
			b. Agents	1,30
16.	Enhancing Financial Independence and Value Creation	2.0%	Bank Mandiri's financing of the infrastructure sector is higher than that in 2017. (IDR billion)	2,58
17.	Implementing Government Assignments to SOEs to be Present for the Country	2.0%	Distribution of social assistance and farmer cards is 100% achieved	2,00
		2.0%	Penyaluran Bansos dan Kartu Tani 100% sesuai.	
			a. Social assistance (bansos)	
			• Non-Cash Food Aid/BPNT (Beneficiary Families/KPM)	
			a. Wallet Distribution	0,28
			b. Disbursement to KPM's Accounts	0,27
			• Family Hope Program/PKH (persons)	
			a. Transfer to Savings Account	0,28
			b. Disbursement of KPM Funds	0,29
c. Farmer Cards	1,00			
Sub Total			22,39	
Total		120.0%		132,28

Based on the above data, it can be concluded that the 2018 KPI of the Directors has been reached and exceeded the set targets.

Performance Assessment of The Committee Under The Board of Directors and The Basis of The Assessment

In carrying out its management duties, the Board of Directors is also assisted by 9 (nine) Committees under the Board of Directors called the Executive Committees, namely:

1. Assets and Liabilities Committee (ALCO)
2. Business Committee (BC)
3. Capital And Subsidiaries Committee (CSC)
4. Human Capital Policy Committee (HCPC)
5. Information Technology Committee (ITC)
6. Integrated Risk Committee (IRC)
7. Policy and Procedure Committee (PPC)
8. Risk Management and Credit Policy Committee (RMPC)
9. Credit Committee (RKK)

The Board of Directors considered that during 2018 the committees it supervised had carried out their duties and responsibilities properly.

Assets and Liabilities Committee (ALCO) is a committee established to assist the Board of Directors in carrying out its functions in determining the management of assets and liabilities, setting the interest rates and liquidity, and other functions related to the management of the Company's assets and liabilities, as well as monitoring and implementing the Recovery Plans whenever the Company is under pressure/facing financial crisis. The basis of the assessment is ALCO had held 9 (nine) meetings and carried out its duties well during 2018.

Business Committee (BC) is a committee established to assist the Board of Directors in determining the Company's integrated business management strategy, product arrangement and/or activity of the Company, as well as determining the marketing communication strategy and effectiveness in the field of wholesale banking and retail banking. During 2018, the basis of the assessment is BC had held 19 (nineteen) meetings and carried out its duties well.

Capital and Subsidiaries Committee (CSC) is a committee established to assist the Board of Directors in managing Subsidiaries, among others, determining strategies for managing Subsidiaries, capital participation, capital release, determining members of the Board of Directors and/or members of the Board of Commissioners, and remuneration for the Members the Board of Directors and/or Members of the Board of Commissioners of a Subsidiaries. During 2018, the basis of the assessment is CSC had carried out its duties related to staffing which were discussed and decided at the Board of Directors' Meeting and other duties properly.

Information Technology Committee (ITC) is a committee formed to assist the Board of Directors in establishing IT strategic plans and IT budgeting, strategic IT projects, and IT security. During 2018, the basis of the assessment is ITC had held 6 (six) meetings and had carried out its duties well.

Integrated Risk Committee (IRC) is the committee responsible for the preparation of, among others, Integrated Risk Management policies and the improvement or refinement of Integrated Risk Management policies based on the result of implementation evaluation. During 2018, the basis of the assessment is IRC had held 4 (four) meetings and had carried out its duties well.

Policy and Procedure Committee (PPC) is a committee that for discussing and recommending policy adjustments and determining the Company's procedures including human capital policies and procedures as well as discussing and deciding the granting of authority to the Company's officers (ex officio). During 2018, The basis of the assessment is PPC had held 18 (eighteen) meetings and had carried out its duties properly.

Risk Management and Credit Policy Committee (RMPC) is a committee formed to help Directors in discussing and recommending policy, and establish procedures and monitor risk profile, and managing all risks of Bank Mandiri integrated with the details of the scope of work, authority and responsibility. Next, inside order to comply with Financial Services Authority Regulation No. 42/POJK.03/2017 concerning Obligations of Compilation and Implementation Credit Policy or Bank Financing for Banks General, then adjustments are made to the space Risk Management Committee's scope is a Risk Management & Credit Policy Committee as stated in the Decree Directors No. KEP. DIR/68/2018 September 29 2018 concerning the Risk Management & Credit Policy Committee. During 2018, The basis of the assessment is RMC has implemented 9 (nine)

meeting times and RMPC has held 1 (one) meeting and have carried out their duties well.

Credit Committee (RKK) is a committee assigned assist the Board of Directors to recommend and/or decide upon the granting of credit (new, additional, decrease, and/or renewal) managed by the Business Unit within the limits of authority, including the determination/ alteration of the credit structure.

During 2018, the basis of the assessment is the Credit Committee had held 441 (four hundred forty one) meetings for the Large Corporate segment and 503 (five hundred and three) meetings for the Middle Corporate segment and had carried out its duties well.

Resignation and Dismissal Mechanism For The Board of Directors

Resignation and dismissal mechanism for the Board of Directors is regulated by the Articles of Association are as follows:

1. The GMS may dismiss the Board of Director's members at any time by stating its arguments.
2. The dismissal of a member of Board of Directors is called for if, based on the factual circumstance, the said members:
 - a. is unable/inadequate to fulfill the obligations as agreed in the management contract;
 - b. is unable to perform duties appropriately;
 - c. violates the provisions of the Articles of Association and/or the applicable laws;
 - d. engages in actions that harm the Company and/or country;
 - e. conduct actions that violate ethics and/or propriety that should be valued as the member;
 - f. is declared guilty by the Court's decision that has permanent legal force;
 - g. resigns;
 - h. other reasons deemed appropriate by the GMS for the interests and objectives of the company.
3. The dismissal by the reasons aforementioned is conducted after the person(s) concerned in the event of dismissal is given the opportunity to raise defense, excluding the dismissal specified in the provisions of point (2) letter f and g.
4. The dismissal due to reasons as referred to in point letter d and f are considered dishonorable discharge.
5. Among the Board of Director's members and between the Board of Directors' members and the Board of Commissioners' members, there shall not be any blood relationship of three generations, either vertical or horizontal in the family tree, including the familial relationship arising from marriage.

6. In the event that such condition prevails, the GMS has the authority to dismiss one of the members.
7. A member for the Board of Directors may resign from his/her position before his/her term of office expires. In the event that a member of the Board of Directors resigns, the said member shall submit a written request for resignation to the Company.
8. The Company must hold the GMS to decide on the resignation request of a member of the Board of Directors no later than 90 (ninety) days after receiving the letter of resignation.
9. The Company is obliged to provide information transparency to the public and submit it to the Financial Service Authority no later than 2 (two) working days after:
 - a. The approval of the resignation application from a member of the Board of Directors.
 - b. The achievement of the GMS results.
10. Before the resignation is effective, the concerned member of the Board of Directors shall assume responsibility to complete the duties and the responsibilities in accordance with the Articles of Association and the applicable laws.
11. The resigning member will be released from any responsibility after obtaining discharge of duty from the annual GMS.
12. A member of the Board of Directors is dismissed if:
 - a. effectively resigned;
 - b. passed away;
 - c. Expired tenure;
 - d. dismissed by the decision of GMS;
 - e. declared bankrupt by a Commercial Court which has a permanent legal force or under the auspices based on a Court's decision; or
 - f. no longer fulfilling the requirements as a member of the Board of Directors based on the provisions of the Articles of Association and the applicable laws.
13. For the member of the Board of Directors dismissed before or after the term of office, unless unable to resume the position due to deceased, the concerned member shall therefore be held responsible for their actions that have not been approved by the GMS;
14. The Board of Director's members may at any time be temporarily dismissed by the Board of Commissioners if they conduct a contrary action to the Articles of Association or there are indications of actions that harm the Company or neglect the obligations or there are crucial explanations for the Company, by paying attention to the following provisions:
 - a. temporary dismissal shall be notified in written to the said member along with the rationale, then forwarded to the Board of Directors;
 - b. the notification as referred to in the letter "a" shall be submitted no later than 2 (two) working days after the the temporary dismissal is effective;
 - c. the member who is subject to temporarily dismissal has no authority to conduct the Company's management for the sake of the Company in relation with the purposes and objectives of the Company or to represent the Company either within or outside the Court;
 - d. within a period of at most 90 (ninety) days after the temporary dismissal has been done, the Board of Commissioners shall organize the GMS to revoke or reinforce the temporary dismissal;
 - e. with the organization period of the GMS as referred to in letter d or the GMS cannot make any decision, the temporary dismissal shall be canceled;
 - f. the limitation of authority as stated in point c shall be effective since the effective date of temporary dismissal by the Board of Commissioners until:
 - there is a decision of the GMS which reinforces or revokes the temporary dismissal in letter d; or
 - the due date as stated in letter d has passed.
 - g. in the GMS as referred to in letter d, the member of concerned shall be given an opportunity to raise defenses;
 - h. temporary dismissal cannot be extended or re-established by the same rationale if the temporary dismissal is declared void as referred to in letter e;
 - i. In the event that the GMS revokes the temporary dismissal or circumstances as referred to in letter e prevail, the concerned member shall remain perform his/her tasks;
 - j. If GMS outcome reinforces the decision of the temporary dismissal, then the member is dismiss permanently;
 - k. if the member who is subjected to temporary dismissal does not attend the GMS after being summoned in written, the member shall be considered neglects his/her rights to defend himself/herself in the GMS and agree to the GMS decision
 - l. The Company is obliged to conduct information transparency to the public and submit it to the Financial Services Authority regarding:



- the decision of temporary dismissal; and
- the results of GMS either to revoke or reinforce the temporary dismissal decision as referred to in letter "d" , or any information regarding the cancellation of the temporary dismissal by the Board of Commissioners due to the absence of the GMS until the due date as referred to in letter e of this article, no later than 2 (two) working days from such happening.

Policies Related To The Resignation of The Board of Directors' Members Due To Their Involvement In Financial Crimes

The Articles of Association of Bank Mandiri has regulated the resignation policy of the members of the Board of Directors and the Board of Commissioners if they are involved in financial crimes. If the members are no longer legally qualified, including engaging in financial crime, then the members' term of office shall automatically expire.

Organ and Committee Under The Board of Commissioners

In supervising the Company, the Board of Commissioners is assisted by the Secretary of the Board of Commissioners and committees under the Board of Commissioners. Committees under the Board of Commissioners consist of the Audit, Risk Monitoring, Remuneration and Nomination, and Integrated Governance Committees. The Organs and Committees under the Board of Commissioners are described as follows.

Secretary to The Board of Commissioners

The Board of Commissioners of Bank Mandiri has a Secretary to the Board of Commissioners appointed from outside the Company, who is appointed and dismissed by and is responsible to the Board of Commissioners.

The Secretary to the Board of Commissioners of Bank Mandiri has several secretarial duties from the Board of Commissioners, based on the SOE Minister Regulation No. PER-12/MBU/2012 concerning on the Supporting Organ of the Board of Commissioners/Supervisory Board of State-Owned Enterprises, the Board of Commissioners can establish a Secretariat of the Board of Commissioners led by a Secretary to the Board of Commissioners to assist the administration of the duties and responsibilities of the Board of Commissioners.

Duties and Responsibilities of The Secretary To Board of Commissioners

Based on the Decree of Board of Commissioners No. KEP.KOM/005/2016 concerning on the Procedures of Board of Commissioners, the Secretary of Board of Commissioners has the following duties and responsibilities:

1. Preparing all meeting needs, from providing the meeting materials to preparing the minutes.
2. Periodically ensuring the availability of information needed by the Board of Commissioners in the decision-making process and other required information.
3. Assisting the Board of Commissioners in preparing reports as well as the draft of Annual Budget and Work Plan.

Profile of The Secretary To Board of Commissioners

Currently, the Secretary of the Board of Commissioners is hold by Dini Desvalina who was appointed based on the Board of Commissioners' Decree No. KEP.KOM/001/2016 dated January 13, 2016.



Age	34 years old
Domicile	Jakarta
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Accounting of University of Indonesia (2009) - Master Degree of Sharia Financial Management of University of Indonesia (2013).
Position	<ul style="list-style-type: none"> - Financial Analyst Ministry of SOE (2007) - Head of Logistic and Industrial Zone II B of the Ministry of SOE (2014) - Head of Bureau of Bureaucracy Reform of the Ministry of SOE (2015 – present).



Competency Development of The Secretary of The Board of Commissioners

The competency development that has been followed by the Secretary of the Board of Commissioners during 2018 is as follows.

Training	Date	Organizer
Key Risk Management Challenges in 2019 Credit Quality, Active Credit Portfolio Management & Stress Testing and also credit Scoring in Batam	December 6-7, 2018	Bara Risk Forum

The Implementation of Duties of The Secretary To The Board of Commissioners

The Secretary of the Board of Commissioners has arranged the fundamentals of work programs and realized them in 2018, mentioned as follows:

1. Preparing and arranging meeting materials as well as organizing meetings related to monitoring, evaluation, and offering suggestions on the implementation of the Company's strategic policies in the 2018 - 2020 in Bank Business Plan and Corporate Work Plan and Budget in 2018 with consideration to liquidity, NPL, market share achievement, market capitalization value, and profitability.
2. Preparing and arranging materials as well as coordinating meetings related to monitoring and offering suggestions on policies and strategies to the Board of Directors in order to implement the strategic objectives in the 2018 Corporate Plan and Budget and Business Development programs.
3. Preparing and arranging materials as well as coordinating meetings related to monitoring and offering suggestions to the Board of Directors concerning on the implementation of non-organic company development programs.



4. Preparing and arranging materials as well as coordinating meetings related to the infrastructure development program (IT and non IT) monitoring, sustainable Human Capital and Legal in accordance with the business strategy and capacity of the Company.
5. Preparing and arranging materials and coordinating meetings related to monitoring the implementation of GCG, Compliance and Risk Management principles in an integrated manner with Subsidiaries.
6. Preparing and compiling materials and coordinate meetings related to monitoring and evaluation of audit planning and implementation/other internal control systems and monitoring of the follow-up actions on audit/other audit results, including the Subsidiaries.
7. Preparing and coordinating meetings related to training in the context of refreshment and development in Risk Management and other fields for the Board of Commissioners.

The Secretary of the Board of Commissioners used the work program as a guideline in carrying out her duties to support the work program of the Board of Commissioners. In addition to the work program, the Secretary of the Board of Commissioners also carried out other duties to support the smooth supervision and provision of advice carried out by the Board of Commissioners.

Audit Committee

The Audit Committee of Bank Mandiri was established based on the Decree of the Minister of SOE and the applicable regulations in banking institutions in Indonesia, including Financial Services Authority Regulation No. 55/POJK.04/2015 concerning the Establishment and Work Guidelines of the Audit Committee to assist and facilitate the Board of Commissioners in carrying out their duties and supervisory functions on matters related to the quality of financial information, internal control systems, effectiveness of audits of external and internal auditors, effective implementation of risk management and compliance with the applicable laws and regulations.

The Foundation of Audit Committee Establishment

The establishment of the Audit Committee refers to the following regulations:

1. Financial Services Authority Regulation No. 55/POJK.03/2016 concerning The Implementation

of Good Corporate Governance for Commercial Banks.

2. Financial Services Authority Regulation No. 55/POJK.04/2015 concerning Establishment and Guidelines of the Audit Committee Works.
3. Rule I-A of Appendix I of the Decree of the Board of Directors of the Indonesia Stock Exchange No. KEP-00001/BEI/01-2014 dated January 20, 2014 concerning The Listing of Shares (Stock) and Equity-Type Securities Other Than Stock Issued By The Listed Company.
4. Bank Mandiri's Articles of Association and the amendments
5. Decree of the Board of Commissioners No. KEP. KOM/002/2018 dated January 3, 2018 concerning Changes in the Audit, Risk Monitoring, Integrated Corporate Governance, and Remuneration and Nomination Committees of PT Bank Mandiri (Persero) Tbk.
6. Decree of Board of Directors No. KEP. DIR/003/2018 dated January 19, 2018 concerning Determination of Audit Committee Members.

Audit Committee Charter

In implementing the GCG principles, Bank Mandiri has established an Audit Committee that has duties and responsibilities to assist the Board of Commissioners in carrying out their supervisory duties and functions. In carrying out its duties the Audit Committee is guided by the Audit Committee Charter which was ratified on February 28, 2018 based on the Decree of Board of Commissioners No. KEP.KOM/003/2018 concerning Audit Committee Charter of PT Bank Mandiri (Persero) Tbk. The Audit Committee Charter includes the followings:

1. General Purpose
2. Basic Regulations
3. Duties, Responsibilities and Authorities
4. Member Composition, Structure and Requirement
5. Work Procedures
6. Meeting Policy
7. Activity Reporting System
8. Handling of Complaints/Report Regarding Alleged Violations Related to Financial Statement
9. Term of Office and Compensation
10. Bank Confidentiality
11. Closing

Duties and Responsibilities of The Audit Committee

The duties and responsibilities of the Audit Committee that had been set out in the Audit Committee Charter are as follows:

1. The Audit Committee must monitor and evaluate the following matters:
 - a. Planning and conducting audits and monitoring the follow-up of audit results in order to assess the adequacy of internal controls, including the adequacy of the financial reporting process.
 - b. The Audit Committee is also required to evaluate the adequacy of internal controls in the Subsidiary.
 - c. Reviewing the financial information that will be issued by the Company to the public and/or regulators, including financial statements, and other reports related to the Company's financial information.
 - d. Reviewing compliance with laws and regulations related to the Company's activities.
 - e. Provide independent opinion in the event of disagreements between management and accountants for services rendered.
 - f. Provide recommendations to the Board of Commissioners regarding the appointment of accountants based on independence, scope of assignments and service benefits.
 - g. Conduct a review of the implementation of audits by internal auditors and oversee the implementation of follow-up actions by the Directors on the findings of internal auditors.
 - h. Conduct a review of complaints relating to the accounting process and financial reporting of the Company.
 - i. Review and provide advice to the Board of Commissioners regarding the potential conflict of interest of the Company.
2. In addition, the Audit Committee has duties and responsibilities which include:
 - a. Financial Statement
 - learn in depth the Company's Work Plan and Budget and the Bank Mandiri Long-Term Plan.
 - Learn in depth the interim and annual financial reports both audited and unaudited.
 - Learn in depth the significant changes in numbers/values on balance sheet and loss/profit items.
 - Learn in depth about other asset posts and other liabilities.
 - Learn in depth the report on the realization of the Work Plan and Budget and examine the posts that have significant differences.
 - Conduct regular meetings with related work units and external audits that examine Bank Mandiri to request additional information and clarification in the accounting and financial fields.
 - b. Internal Control
 - Periodically report on the results of monitoring and provide input on matters that need to be of concern to the Board of Commissioners.
 - c. Compliance
 - Monitor and evaluate the implementation of the Board of Directors' follow-up on the findings of the Internal Audit Work Unit, Public Accountants and Financial Services Authority supervision results.
 - Periodically report on the results of monitoring and provide input on matters that need to be of concern to the Board of Commissioners.
 - d. Internal Audit
 - Monitor and evaluate the implementation of the duties of the Internal Audit Unit.
 - Evaluating the annual work plan of the Internal Audit Unit.
 - Learn in depth all significant findings from the examination results of internal auditors.
 - Evaluate the program and scope of the audit in order to implement the annual work plan of the Internal Audit Unit.



- Evaluate the audit by the Internal Audit Unit to ensure that the audit program is running with the correct coverage.
 - Conduct periodic meetings with the Internal Audit Unit to discuss significant audit findings and provide input deemed necessary in the implementation of audits by the Internal Audit Unit.
 - Request assistance from the Internal Audit Unit to carry out special inspections/ investigations if there are audit findings and/or information relating to violations of applicable laws and regulations.
 - Periodically report on the results of monitoring and provide input on matters that need to be considered by the Board of Commissioners.
- e. External Audit
- The Audit Committee provides recommendations regarding the appointment of a Public Accountant (AP) and Public Accountant Office (KAP) that will audit the Company's financial statements to the Board of Commissioners to be submitted to the General Meeting of Shareholders (GMS). In addition, the Audit Committee also provided recommendations to the Board of Commissioners for terminating the Public Accounting Office.
 - In the event that the AP and/or KAP that has been decided by the GMS cannot complete the provision of audit services for annual historical financial information during the professional assignment period, the appointment of the AP and/or KAP substitute is carried out by the Board of Commissioners after obtaining the approval of the GMS by considering the Audit Committee recommendations.
 - In preparing these recommendations, the Audit Committee may consider:
 - The independence of AP and/or KAP; learn the name and/or reputation of the KAP to be invited to bid, as follows:
 - (a) Relationship as a non-audit service partner for Bank Mandiri.
 - (b) The relationship as a shareholder of Bank Mandiri in the amount of material/decisive.
 - (c) Close family relations with key employees in the accounting and financial fields at Bank Mandiri.
 - (d) One of the KAP officials and or auditors invited to take part in the tender was a former key employee in accounting and finance at Bank Mandiri who stopped less than 1 (one) year.
- (e) One of the key accounting and finance employees at Bank Mandiri was a former AP official/auditor invited to take part in a tender that stopped less than 1 (one) year.
- Audit scope; learn the planning and scope of the audit submitted by the KAP that has been selected/appointed, to ensure that the planning of the KAP that has been chosen/appointed, to ensure that the audit plan and scope are in accordance with the Request for Proposal and Terms of Reference and have considered all the risks considered important.
 - Audit service honorarium.
 - Expertise and experience of the AP and/or KAP and Audit Team from KAP.
 - Methodology, techniques and audit facilities used by KAP.
 - The benefits of fresh eye perspectives will be obtained through replacing the AP and/or KAP and the Audit Team from KAP.
 - Potential risks for the use of audit services by the same KAP in succession for a sufficiently long period of time; and/or
 - The results of the evaluation of the implementation of audit services for annual historical financial information by the AP and/or KAP in the previous period.
- Learn and ensure that Bank Mandiri has standard procedures and in accordance with applicable regulations/provisions in the implementation of KAP elections.
 - Learn and ensure that the process of implementing the KAP election has been running correctly in accordance with standard procedures.
 - The Audit Committee evaluates the implementation of audit services for annual historical financial information by the AP and/or KAP. The evaluation is carried out through:
 - Conformity of audit implementation by AP and/or KAP with applicable audit standards.
 - Adequacy of field work time.
 - Assessment of coverage of services provided and adequacy of quotation tests; and
 - Recommendations for improvements provided by the AP and/or KAP.

- Communicate regularly with KAP who are examining Bank Mandiri to discuss matters that need to be communicated, including the following:
 - Progress in carrying out the examination.
 - Important findings.
 - Changes to regulations/provisions in accounting and financial records of authorized institutions.
 - Adjustments that occur based on the results of the examination.
 - Constraints/obstacles encountered in carrying out the examination.
- The Audit Committee recommends appointment and termination of the AP and KAP to the Board of Commissioners for submission through the GMS.
- Learn in depth all significant findings from the results of examinations from external auditors and other examining institutions.
- Monitor and evaluate the follow-up of the auditee to the results of the examinations conducted by the External Auditor.
- Periodically report on the results of monitoring and provide input on matters that need to be considered by the Board of Commissioners.

Authority of The Audit Committee

The Audit Committee has the authority to:

1. Communicate with the Head of Work Unit and other parties at Bank Mandiri and the KAP that checks the Company for information, clarification and requests for documents and reports as needed.
2. Request reports on the results of audits of internal auditors and external auditors and other supervisory/ examining institutions.
3. Request internal auditors and/or external auditors to conduct special investigations, if there is a strong suspicion of fraud, violation of law and violation of applicable laws and regulations.
4. Access notes or information about employees, funds, assets and other company resources related to the implementation of their duties.
5. Perform other authorities granted by the Board of Commissioners.

Reporting of Audit Committee

Audit Committee must make a periodic report to the Board of Commissioners regarding the activities of the Audit Committee, at least once in 6 (six) months. The Audit Committee must prepare a report to the Board of Commissioners on any given assignment and or for any issues identified to require the concern of the Board of Commissioners.

Structure, Membership and Expertise of The Audit Committee

The structure and membership of the Audit Committee are as follows:

1. The Company's Audit Committee consists of at least 3 (three) members from Independent Commissioners and Independent Parties.
2. Audit Committee membership composition at least 1 (one) Independent Commissioner as Chairman and concurrently member, 1 (one) Independent Party who has expertise in finance or accounting and 1 (one) Independent Party who has expertise in the field of law or banking.
3. Must have at least 1 (one) member with an educational background and expertise in accounting and finance.
4. The Chairman of the Audit Committee can only hold concurrent positions as chairman of the committee at most in 1 (one) other committee.



During 2018, the composition of the Audit Committee membership underwent changes which can be presented as follows.

Period of January 1-2, 2018

The composition of the Audit Committee membership for the period of January 1-2, 2018 which has been appointed based on the Directors Decree No. KEP.DIR/214/2017 concerning the Determination of the Audit Committee Membership which was ratified on October 11, 2017 is as follows:

Table of Structure, Membership and Expertise of the Audit Committee

Name	Position	Information	Expertise
Bangun Sarwito Kusmulyono	Chairman Concurrently Member	Independent Commissioner	Finance, Banking
Hartadi Agus Sarwono	Member	President Commissioner/Independent Commissioner	Banking, Economic
Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
Makmur Keliat	Member	Independent Commissioner	Macroeconomic
Budi Sulistio	Member	Independent Party	Accounting, Audit
Lista Irna	Member	Independent Party	Banking, Risk Management

Period of January 2 – December 31 2018

The composition of the Audit Committee membership period of January 2 - December 31, 2018 which has been appointed based on Directors Decree No. KEP.DIR/003/2018 concerning the Determination of Membership of the Audit Committee which was ratified on January 19, 2018 are as follows:

Table of Structure, Membership and Expertise of the Audit Committee

Name	Position	Information	Expertise
Bangun Sarwito Kusmulyono	Chairman Concurrently Member	Independent Commissioner	Finance, Banking
Hartadi Agus Sarwono	Member	President Commissioner/Independent Commissioner	Banking, Economic
Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
Makmur Keliat	Member	Independent Commissioner	Macroeconomic
Budi Sulistio	Member	Independent Party	Accounting, Audit
Bambang Ratmanto	Member	Independent Party	Accounting, Management

Tenure of the Audit Committee

Term of office of Audit Committee members who are not members of the Board of Commissioners/Supervisory Board of the Company for a maximum of 3 (three) years and can be extended once for 2 (two) years, without prejudice to the right of the Board of Commissioners/Supervisory Board to terminate them at any time . Whereas for Audit Committee Members who are members of the Board of Commissioners the term of office (term of office) as the Audit Committee is the same as the term of office (period of office) as the Board of Commissioners.

Audit Committee Profile

The profile of Audit Committee as of December 31, 2018 is as follows.



Bangun Sarwito Kusmulyono
Chairman and Concurrently
Member of Audit Committee

The profile can be seen in the Board of Commissioners section



Hartadi Agus Sarwono
Member of Audit Committee

The profile can be seen in the Board of Commissioners section



Goei Siau Hong
Member of Audit Committee

The profile can be seen in the Board of Commissioners section



Makmur Keliat
Member of Audit Committee

The profile can be seen in the Board of Commissioners section



Budi Sulistio
Member of Audit Committee

Age	63 years old
Nationality	Indonesia
Appointment Date	January 2, 2018
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Economics from Universitas Indonesia (1985). - Master Degree of Business Administration at the University of Illinois (1994).
Employment history	<p>He has served various important positions at Bank Mandiri, including as:</p> <ul style="list-style-type: none"> - Member of Risk Monitoring Committee (2014-2016). - Group Head Accounting (2006-2010). - Regional Manager of Regional Office VII Semarang (2005-2006).
Position Period	<ul style="list-style-type: none"> - Periode I : February 25, 2014 - February 25, 2017 - Periode II : February 25, 2017 - February 25, 2019 - Currently in the process of transferring positions to the new Audit Committee Members for 4 (four) months as from February 25, 2019.



Bambang Ratmanto
Member of Audit Committee

Age	60 years old
Nationality	Indonesia
Appointment Date	February 25, 2014
Educational Background	<ul style="list-style-type: none"> - Bachelor degree in Accounting from Universitas Gadjah Mada (1982). - Master of Management in Business Management from Universitas Prasetiya Mulya Business School (2008).
Employment history	<ul style="list-style-type: none"> - Member of Audit Committee at PT Bank Negara Indonesia (Persero) Tbk. (2016 – January 2018). - Chief Commissioner, Chairman of the Audit Committee, and Chairman of the Risk Monitoring Committee at PT Bank MNC Internasional Tbk (2014-2016). - Independent Commissioner and Chairman of the Audit Committee at PT Bank MNC Internasional Tbk. (2013-2014). - Executive Vice President - Head of Credit & Operations Policy at Risk Management Directorate of PT CIMB Niaga Tbk. (2010-2013).
Position Period	2 January 2018 to 2 January 2021



Educational Qualifications and Work Experience of The Audit Committee

The requirements for membership of the Audit Committee are as follows:

1. General Requirements
 - a. Having good integrity, character and morals.
 - b. Having no personal interests/relationships that can lead to a conflict of interest towards the Company.
2. Competency Requirements
 - a. Having adequate expertise, ability, knowledge and experience that relates to their duties and responsibilities.
 - b. Required to be able to understand financial statements, company's business, especially those related to the Company's services or business activities, audit processes and risk management.
 - c. Able to cooperate and having the ability to communicate well and effectively and willing to provide sufficient time to carry out his/her duties.
 - d. Having adequate knowledge on the Company's Articles of Association, regulations in the banking sector, Capital Market, BUMN or State-Owned Enterprises (SOEs) and other relevant regulations.
 - e. Willing to improve the competency continuously through Education and training at least 1 (one) time in 6 (six) months.

Educational qualifications and work experience of the Chairman and Members of the Audit Committee are as follows.

Table of Educational Qualifications and Work Experience of the Audit Committee

Name	Designation	Education	Work Experience
Bangun Sarwito Kusmulyono	Chairman concurrently Member	<ul style="list-style-type: none"> • Bachelor's Degree in Chemical Engineering • Master of Business Administration • Doctor's degree in Environment Management. 	Have experience work, among others, in the field banking, capital, defense and banking supervision.
Hartadi Agus Sarwono	Member	<ul style="list-style-type: none"> • Earned Bachelor's Degree in Civil Engineering. • Master of Arts in Macroeconomics. • Doctor of Philosophy in Monetary Theory and Policy. 	Have experience work, among others, in the field banking, finance, monetary, and supervision banking.
Goei Siauw Hong	Member	<ul style="list-style-type: none"> • Bachelor's Degree in Agronomy. • Master of Business Administration (MBA) in Business, Finance, and Marketing 	Have experience work, among others, in the field finance, research, and banking supervision.
Makmur Keliat	Member	<ul style="list-style-type: none"> • Bachelor Degree in Corporate Economics • Bachelor of Art in Social and Political Sciences/ International Relations Department • Drs. in Social and Political Sciences/International Relations Department • Ph.d in School of International Studies 	Have experience work, among others, in the field education, political science, International Relations, research and publication.
Budi Sulistio	Member	<ul style="list-style-type: none"> • Bachelor degree in Economics • Master of Business Administration 	Having work experience in the banking sector.
Lista Irna ^{*)}	Member	<ul style="list-style-type: none"> • Bachelor's Degree in Mining Engineering • Master of Business Administration 	Having work experience in the banking sector.
Bambang Ratmanto ^{**)}	Member	<ul style="list-style-type: none"> • Bachelor Degree in Accounting • Master of Management in Business Management 	Having work experience in the banking sector.

^{*)} Tenure ends on January 2, 2018

^{**)} Served since January 2, 2018

Independence of Audit Committee

All members of the Audit Committee from independent parties have no relationship in financial, management, shareholders and/or family relations with the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relationships with the Bank, which can affect their ability to perform independently.

Table of Independence of Audit Committee

Aspect of Independence	Bangun Sarwito Kusmulyono	Hartadi Agus Sarwono	Goei Siau Hong	Makmur Keliat	Budi Sulistio	Lista Irna	Bambang Ratmanto
Not having financial relation with the Boards of Commissioners and Directors	√	√	√	√	√	√	√
Not having management relation in the company, subsidiaries, or affiliated companies	√	√	√	√	√	√	√
Not having shareholding relation in the company	√	√	√	√	√	√	√
Not having family relation with Board of Commissioners, Board of Directors, and/or other members of the Audit Committee	√	√	√	√	√	√	√
Not serving as administrator of political parties, officials and the government	√	√	√	√	√	√	√

Audit Committee Meeting

The Audit Committee holds regular meeting at least 1 (one) time in 3 (three) months. The meeting can be held if attended by more than ½ (one half) of total members. The decision of the Audit Committee meeting is made using deliberation to reach consensus. The meeting is led by the Chairman of the Audit Committee or another Committee Member who is an Independent Commissioner, if the Chairman of the Audit Committee is unable to attend.

Agenda of Audit Committee Meeting

In 2018, the dates, Agendas and participants of Audit Committee meetings are as follows.

Table of Agenda of Audit Committee Meeting

No.	Meeting Date	Meeting Agenda	Meeting Participants	Quorum of Attendance (%)
1.	Wednesday, January 10, 2018	<ol style="list-style-type: none"> Progress of Ernst and Young Public Accountant Firm's Audit on the Financial Statement of Bank Mandiri per 31 December 2017. Significant Findings and Fraud Cases for the 4th Quarter of 2017. 	<ul style="list-style-type: none"> Bangun Sarwito Kusmulyono Hartadi Agus Sarwono Goei Siau Hong Makmur Keliat Budi Sulistio Bambang Ratmanto 	100
2.	Wednesday, January 24, 2018	Charter of Audit Committee.	<ul style="list-style-type: none"> Bangun Sarwito Kusmulyono Goei Siau Hong Makmur Keliat Budi Sulistio Bambang Ratmanto 	83
3.	Wednesday, January 31, 2018	<ol style="list-style-type: none"> Proposal of Public Accountant Firm appointment for the Audit of Financial Statement and Investment Report of Mandiri Financial Institution Pension Funds for 2017 Fiscal Year. Report of the Result of Final Audit of PSS - EY Public Accountant Firm of the Consolidated Financial Statement of Bank Mandiri for 2017 Fiscal Year. 	<ul style="list-style-type: none"> Bangun Sarwito Kusmulyono Hartadi Agus Sarwono Goei Siau Hong Makmur Keliat Budi Sulistio Bambang Ratmanto 	100



No.	Meeting Date	Meeting Agenda	Meeting Participants	Quorum of Attendance (%)
4.	Wednesday, February 5, 2018	Annual Audit Plan of 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83
5.	Wednesday, March 7, 2018	Process and Proposal of Public Accountant Firm Selection Appointment for the Audit of the 2018 Financial Statement of Bank Mandiri.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
6.	Monday, April 9, 2018	Update of Progress Collection of Top 10 Debtors.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83
7.	Wednesday, April 18, 2018	Update of Business Process Reengineering.	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83
8.	Thursday, April 26, 2018	Management Letter from PSS-EY Public Accountant Firm on the Result of the Audit of Financial Statement for 2017 Fiscal Year.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83
9.	Wednesday, May 16, 2018	Significant Findings for the 1 st Quarter of 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Budi Sulistio - Bambang Ratmanto 	83
10.	Wednesday, June 6, 2018	Proposal of Revisions of 2018 Corporate Work Plan and Budget and 2018 – 2020 Bank Business Plan.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
11.	Thursday, June 28, 2018	Compliance Report for the 1 st Quarter of 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
12.	Wednesday, July 25, 2018	<ol style="list-style-type: none"> 1. Update of Progress Collection of Top 10 Debtors 2. Update of IFRS 9. 	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83
13.	Wednesday, August 1, 2018	Significant Findings of the 2 nd Quarter of 2018	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
14.	Wednesday, October 3, 2018	Report of the Director of Compliance for the 2 nd Quarter of 2018	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
15.	Wednesday, October 10, 2018	Update of the Business Performance and Development of PT Mandiri Utama Finance.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	83

No.	Meeting Date	Meeting Agenda	Meeting Participants	Quorum of Attendance (%)
16.	Wednesday, October 24, 2018	Update of Work Plan and Audit Implementation Program of the Financial Statement of Bank Mandiri Per 31 December 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
17.	Wednesday, November 21, 2018	Approval of 2019-2021 Corporate Work Plan and Budget and Bank Business Plan Proposal of Bank Mandiri.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	67
18.	Wednesday, November 28, 2018	Significant Findings of the 3 rd Quarter of 2018	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
19.	Wednesday, December 5, 2018	Update of Progress Collection of Top 10 Debtors.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
20.	Wednesday, December 12, 2018	Report of the Director of Compliance for the 3 rd Quarter of 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100
21.	Wednesday, December 19, 2018	Result of Interim Audit of Financial Statement of Bank Mandiri Per 31 December 2018.	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Hartadi Agus Sarwono - Goei Siau Hong - Makmur Keliat - Budi Sulistio - Bambang Ratmanto 	100

Frequency and Rate of Attendance of Audit Committee Meeting

In 2018, the Audit Committee held meetings 21 (twenty one) times. The frequency and rate of attendance of the meetings of each member of the Audit Committee are below.

Table of Frequency and Rate of Attendance of Audit Committee Meeting

Name	Position	Total Meetings	Total Attendance	Percentage
Bangun Sarwito Kusmulyono	Chairman Concurrently Member	21	20	95%
Hartadi Agus Sarwono	Member	21	16	76%
Goei Siau Hong	Member	21	18	86%
Makmur Keliat	Member	21	18	86%
Budi Sulistio	Member	21	21	100%
Lista Irna ^{*)}	Member	-	-	-
Bambang Ratmanto ^{**)}	Member	21	21	100%

^{*)} Tenure ends on January 2, 2018
^{**)} Served since January 2, 2018



Key Performance Indicators (KPI) Achievement of Audit Committee

The KPI achievement of the Audit Committee in 2018 is as follows.

No.	Key Performance Indicator	Indicator Weight (%)	Achievement Score (%)	Indicator Weight x Achievement Score (%)
1.	Realization of total committee meetings and work plans.	30,00	100,00	30,00
2.	Assessment of attendance and participation rates in meetings.	20,00	100,00	20,00
3.	Presentation of review result of the Board of Commissioners.	20,00	95,00	19,00
4.	Timely making and presentation of Committee Report.	30,00	95,00	28,50
TOTAL KPI OF THE COMMITTEE		100,00		97,50

Remuneration of Audit Committee

The remuneration of the Audit Committee from Independent Non-Commissioner parties is regulated in the Letter of the Board of Commissioners No. KOM/113/2016 dated August 31, 2016 and regulated in the Letter of Appointment of the person concerned as a member of the Committee under the Board of Commissioners which is issued by Bank Mandiri.

No.	Description	Non-Commissioner Committee Member
1.	Salary/Honorarium	Maximum 20% of the Salary of the President Director
2.	Compensation for Full Position	Not given
3.	Holiday Allowance	Consistent with the provision of employees of Bank Mandiri
4.	Bonus/Tantiem	Not given
5.	Facilities	
	a. Transportation Allowance	Not given
	b. Health	Not given
	c. Official Travel	Consistent with the provision of employees /equal to the Group Head

Brief Report of The Implementation of Audit Committee Activities In 2018

In 2018, the Audit Committee has given the following recommendations or inputs to the Board of Commissioners:

- Proposal of Public Accountant Firms which has gone through the procurement procedure consistent with the applicable provisions, which will perform the audit process of the 2018 Financial Statement of Bank Mandiri and Financial Institution Pension Funds (DPLK) of Bank Mandiri.
- Inputs regarding the Internal Audit Work Unit and the selected Public Accountant Firm include the following:
 - There should be intensive audit examination on debtors' accounts, especially in business units which have high rates of Non-Performing Loan (NPL).
 - Related with the audit finding on frauds in branches, internal audit should reinforce the implementation of all procedures which require dual control.
 - Related with audit sample selection by the selected Public Accountant Firm, the selected sample should appropriately represent the actual condition.
 - Regarding audit on TI, the audits performed by Internal Audit and the selected Public Accountant Firm, are expected to prevent repeated system failure (repetition).
 - So that the audit may lead to preventative action on an event. For example, for bank NPL, the audit is expected to not only determine the fairness of NPL value, by can be an early warning signal/detection before NPL.
- Proposal of approval for 2019 Corporate Work Plan and Budget and 2019 – 2021 Bank Business Plan submitted by the Board of Directors.

Audit Committee Work Plan For 2019

In 2019, the Audit Committee has established a work plan that will be discussed through a meeting of at least 1 (one) times in 3 (three) months. The Audit Committee's work plan in 2019 includes:

1. Monitoring and evaluating the adequacy of internal controls, including the adequacy of the financial reporting process.
2. Evaluate the adequacy of internal controls in the Subsidiary.
3. Monitoring and evaluating the company's compliance with laws and regulations.



Remuneration and Nomination Committee

The Remuneration and Nomination Committee was established to assist in the performance of the functions and duties in the fields related with remuneration and nomination of the members of the Board of Directors and the Board of Commissioners. The Regulation of Bank Indonesia/Regulation of Financial Service Authority requires bank to establish Remuneration and Nomination Committee as an implementation of GCG so that the Bank may be managed based on the principles of openness, accountability, responsibility and fairness.

Basis For Establishment of Remuneration And Nomination Committee

The basis for the establishment of the Remuneration and Nomination Committee refers to:

1. Article of Association of the Company.
2. Law No. 19 of 2003 concerning SOEs.
3. Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Implementation of Management for Public Banks.
4. Regulation of the Minister of SOE No. PER-12/MBU/2012 concerning Supporting Organs of Boards of Commissioners/Supervisory Boards of State Owned Enterprises.

5. Decree of the Board of Commissioners No. KEP. KOM/002/2018 dated January 3, 2018 concerning Changes on Audit Committee, Risk Monitoring Committee, Integrated Management Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk.
6. Decree of the Board of Directors No. KEP. DIR/41/2018 concerning Establishment of Memberships of the Remuneration and Nomination Committee dated May 16, 2018.

Charter of Remuneration and Nomination Committee

So that the Remuneration and Nomination Committee may work effectively, the Remuneration and Nomination Committee must have a guideline which clearly regulates the role and responsibility of the committee and its scope of work. The work guideline of the Remuneration and Nomination Committee is regulated in the Charter of the Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was ratified on July 15, 2016. The Charter of the Remuneration and Nomination Committee contains:

1. Background
2. Function, Authority and Responsibility
3. Membership and Code of Conduct



4. Meeting and Reporting
5. Nomination and Remuneration System
6. Closing

Duties and Responsibilities of Remuneration and Nomination Committee

The duties and responsibilities of the Remuneration and Nomination Committee are performing the following:

1. Preparing concept and analysis related with the function of the Remuneration and Nomination Committee.
2. Providing recommendation to the Board of Commissioners on policies, criteria and qualifications which are necessary in the Nomination process consistent with the strategic plan of the Company and performance evaluation policy for the members of the Board of Directors and/or members of the Board of Commissioners.
3. Preparing and providing recommendation system and procedure of selection and/or replacement of member of the Board of Commissioners and the members of the Board of Directors to be submitted to the GMS.
4. Providing recommendation to the Board of Commissioners on the number and composition of the members of Board of Commissioners and/or the members of the Board of Directors.
5. Providing proposal of nominees who are qualified to be the members of Board of Commissioners and/or the members of the Board of Directors to the Board of Commissioners to be submitted to the GMS and/or regulator.
6. Providing recommendation to the Board of Commissioners on the capacity building program for the members of Board of Commissioners and/or the members of the Board of Directors.
7. Assisting the Board of Commissioners in the performance assessment of the members of Board of Commissioners and/or the members of the Board of Directors based on the benchmarks which have been prepared as evaluation materials.
8. Assisting the Board of Commissioners in obtaining and/or analyzing the data nominees of the members of the Board of Directors and talent pool of officials one level below the Board of Directors.
9. Representing data base and talent pool of nominees of the members of the Board of Directors and the nominees of the members of the Board of Directors.
10. Evaluating the remuneration policy and providing recommendation to the Board of Commissioners on:
 - a. Remuneration policy, remuneration structure, amount of remuneration for the Board of Commissioners and the Board of Directors to be submitted to the GMS.
 - b. Performance assessment with consistency of remuneration which is accepted by every member of the Board of Commissioners and/or member of Board of Directors.
 - c. Option to the Board of Commissioners, the Board of Directors and Employees, including stock option and supervision of the implementation.
11. Committee Chairman is in charge of and responsible for coordinating committee meeting and proposing meeting agendas and materials.
12. Committee members are in charge of and responsible for:
 - a. Holding meetings regularly.
 - b. Studying meeting materials beforehand.
 - c. Attending meetings.
 - d. Contributing and participating.
 - e. Making minutes of meetings (secretary).

Authority of Remuneration and Nomination Committee

The Remuneration and Nomination Committee has the following authorities:

1. Requesting Bank Mandiri to perform survey as required by the Remuneration and Nomination Committee.
2. Requesting information on necessary matters from various internal and external parties of Bank Mandiri.

Reporting of Remuneration and Nomination Committee

The Remuneration and Nomination Committee must report the performance of duties, responsibilities, and procedure of Nomination and Remuneration of every assignment given and/or every identified issue which requires the attention of the Board of Commissioners or at least 2 (two) times in 1 (one) year.

The Structure, Membership, and Skills of The Remuneration and Nomination Committee

Referring to the Regulation of the Minister of SOE No. PER-12/MBU/2012 concerning the Supporting Organ of the Board of Commissioner/Supervisory Board of BUMN and the Financial Services Authority Regulation No. 34/POJK.04/2014 concerning the Committee of Remuneration and Nomination of Issuer or Public Company and the Article of Association of Bank Mandiri, in compiling the Committee of Remuneration and Nomination membership must pay attention to the following matters:

1. The Remuneration and Nomination Committee consists of at least 3 (three) members of the Independent Commissioner, and Independent Parties who have become members at least 51% of the total of the Remuneration and Nomination Committee, with provisions:
 - a. 1 (one) chairperson concurrently a member, who is an Independent Commissioner; and
 - b. Other members who can come from:
 - Members of the Board of Commissioner
 - Parties from outside the Company; or
 - Parties who hold managerial positions under the Directors in charge of human resources.
 - c. The majority of other members cannot come from parties who hold managerial positions under the Board of Directors in charge of human resources.
 - d. If necessary, the Remuneration and Nomination Committee can appoint members from outside the Company who are independent for the Company.
 - e. Members of the Remuneration and Nomination Committee originating from outside the Company (in accordance with Article provisions 3 paragraph 3 POJK. 34/2014) must fulfill the following requirements:
 - Not affiliated with the Company, members of the Board of Commissioner, members of the Board of Director, or the Company's Major Shareholder.
 - Having experience related to Nomination and/ or Remuneration.
- Do not hold concurrent positions as a member of another committee owned by the Company.
- f. Members of the Company's Board of Directors cannot become members of the Remuneration and Nomination Committee.
- g. Members of the Remuneration and Nomination Committee are appointed by the Board of Directors based on the decision of the Board of Commissioners meeting.
- h. Members of the Remuneration and Nomination Committee are appointed for a certain term of office and can be reappointed.
- i. The official term of members of the Remuneration and Nomination Committee is no longer than the official term of the Board of Commissioners members as stipulated in articles of association.
- j. The replacement of members of the Remuneration and Nomination Committee who are not from the Board of Commissioners is conducted no later than 60 (sixty) days after such members of the Committee of Remuneration and Nomination can no longer carry out their functions.
- k. The Company must document the decision of appointing and dismissing members of the Remuneration and Nomination Committee.
2. The Remuneration and Nomination Committee is chaired by the Independent Board of Commissioners.

During 2018, the membership composition of the Remuneration and Nomination Committee underwent changes which can be presented as follows.

Period of January 1, – April 8, 2018

The membership composition of the Remuneration and Nomination Committee for the period of January 1 - April 8, 2018, which has been appointed based on the Directors Decree No. KEP.DIR/216/2017 concerning the Determination of the Membership of the Remuneration and Nomination Committee which was passed on October 11, 2017, is as follows:

The Table of the Structure, Membership and Expertise of the Remuneration and Nomination Committee

Name	Position	Information	Expertise
Hartadi Agus Sarwono	Chairman and Concurrently Member	President Commissioner/Independent Commissioner	Banking, Economic
Imam Apriyanto Putro	Member	Deputy President Commissioner	Governance
Askolani	Member	Commissioner	Fiscal, Budget and Tax
Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Finance, Banking
Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
Ardan Adiperdana	Member	Commissioner	Accounting, Audit
Makmur Keliat	Member	Independent Commissioner	Macroeconomic
R. Widyo Pramono	Member	Commissioner	Hukum.xxx
Sanjay N. Bharwani ^{*)}	Secretary and Concurrently Member of Ex-Officio*	SEVP Human Capital	Human Capital, Teknologi Informasi

^{*)} The Position for the Secretary of the Remuneration and Nomination Committee is vacant since March 29, 2018

Period of April 9 – December 31, 2018

The membership structure of the Remuneration and Nomination Committee for the period of April 9 – December 31, 2018, which has been appointed based on the Directors Decree No. KEP.DIR/41/2018 concerning the Determination of Membership of the Remuneration and Nomination Committee which was passed on May 16, 2018, is as follows:

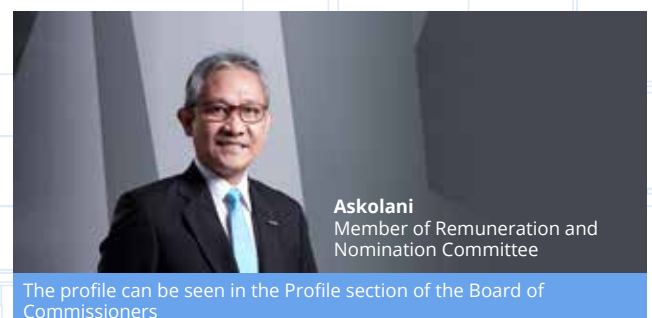
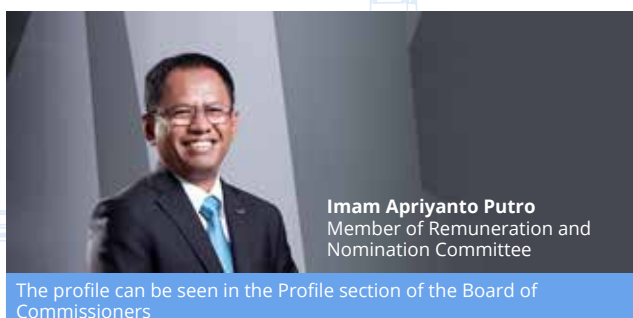
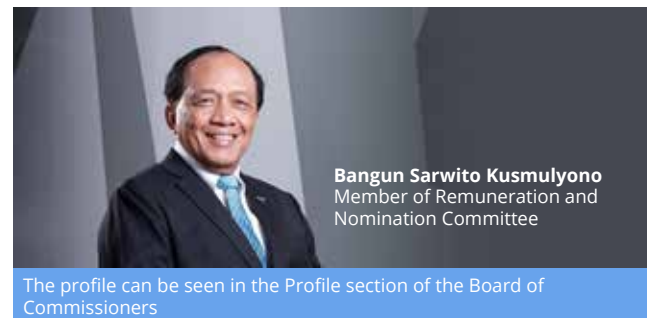
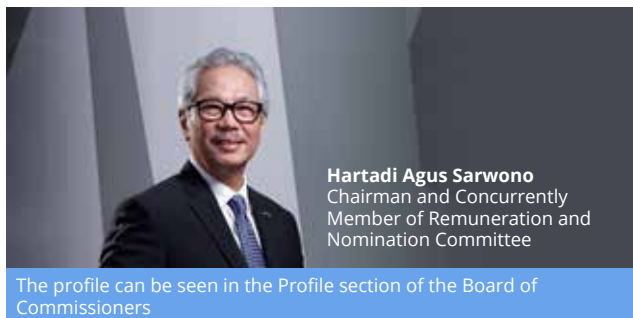
The Table of the Structure, the Membership and Expertise of the Remuneration and Nomination Committee

Name	Position	Information	Expertise
Hartadi Agus Sarwono	Chairman and Concurrently Member	President Commissioner/Independent Commissioner	Banking, Economic
Imam Apriyanto Putro	Member	Deputy President Commissioner	Governance
Askolani	Member	Commissioner	Fiscal, Budget and Tax
Bangun Sarwito Kusmulyono	Chairperson and concurrently a member	Independent Commissioner	Finance, Banking
Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
Ardan Adiperdana	Member	Commissioner	Accounting, Audit
Makmur Keliat	Member	Independent Commissioner	Macroeconomic
R. Widyo Pramono	Member	Commissioner	Law
Putu Dewi Prasthiani*)	Secretary and Concurrently Member of Ex-Officio	Group Head Human Capital Services	Human Capital, Learning Experience & Operations

*) Starting the position since April 9, 2018.

The Profiles of The Remuneration and Nomination Committee

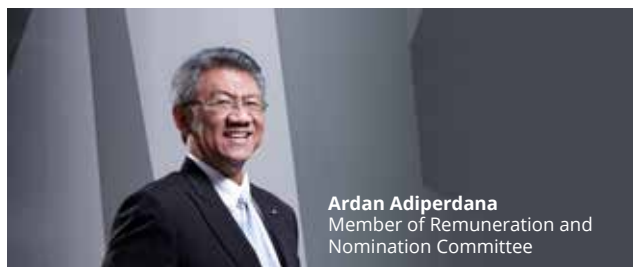
Following are the profiles of the Remuneration and Nomination Committee, per December 31, 2018.





Goei Siau Hong
Member of Remuneration and Nomination Committee

The profile can be seen in the Profile section of the Board of Commissioners



Ardan Adiperdana
Member of Remuneration and Nomination Committee

The profile can be seen in the Profile section of the Board of Commissioners



Makmur Keliat
Member of Remuneration and Nomination Committee

The profile can be seen in the Profile section of the Board of Commissioners



R. Widyo Pramono
Member of Remuneration and Nomination Committee

The profile can be seen in the Profile section of the Board of Commissioners



Putu Dewi Prasthani
Secretary and Concurrently Member of Ex-Officio

Age	49 years old
Nationality	Indonesia
Date of Appointment	April 9, 2018
Educational Background	Bachelor degree in Industrial Engineering of Institut Teknologi Bandung (1993)
Employment History	<ul style="list-style-type: none"> - Group Head Human Capital Services (October 2017 - present) - Long-term Officer of the Group Head Human Capital Services (March 2017 - October 2017) - Head of Learning Experience & Operations - Mandiri University Group (2016 - March 2017) - Department Head of Financial Control & Planning - Strategy & Performance Management Group (2015 - 2016)



Qualifications of The Education and Work Experiences of The Remuneration and Nomination Committee

A Member of the Remuneration and Nomination Committee has at least the following qualifications:

1. Having high integrity, objectivity, and ethics.
2. Having high competence in terms of:
 - a. Knowledge of applicable rules and regulations regarding the remuneration and/or the company nomination in the banking sector.
 - b. Understanding the management concept of Human Capital in a comprehensive manner, and having the knowledge of provisions of the remuneration system and/or nomination, and also the Bank's succession plan.
3. Able to be independent, that is being able to carry out duties professionally without the conflict of interest and influence/pressure from any parties that is not in accordance with applicable laws and regulations and the principles of the Company.

As of December 31, 2018, qualifications of the education and work experiences of the Chairman and Members of the Committee of Remuneration and Nomination are as follows.

The Table of Qualifications of Education and Work Experiences of the Remuneration and Nomination Committee

Name	Position	Education	Work Experience
Hartadi Agus Sarwono	Chairman and Concurrently Member	<ul style="list-style-type: none"> • Earned Bachelor's Degree in Civil Engineering. • Master of Arts in Macroeconomics. • Doctor of Philosophy in Monetary Theory and Policy. 	Have experience work, among others, in the field banking, finance, monetary, and supervision banking.
Imam Apriyanto Putro	Member	<ul style="list-style-type: none"> • Bachelor of Economics in Management. • Master of Management. 	Have experience work, among others, in the field finance, government, human resources, and company supervision
Askolani	Member	<ul style="list-style-type: none"> • Bachelor of Economics and Development Study • Master of Business Administration (MBA) in Economics and Banking. 	Have experience work, among others, in the field finance, economics, supervision of the company industry.
Bangun Sarwito Kusmulyono	Member	<ul style="list-style-type: none"> • Bachelor's Degree in Chemical Engineering • Master of Business Administration • Doctor's degree in Environment Management. 	Have experience work, among others, in the field banking, capital, defense and banking supervision.
Goei Siauw Hong	Member	<ul style="list-style-type: none"> • Bachelor's Degree in Agronomy. • Master of Business Administration (MBA) in Business, Finance, and Marketing 	Have experience work, among others, in the field finance, research, and banking supervision.
Ardan Adiperdana	Member	<ul style="list-style-type: none"> • Bachelor of Economics. • Master in Business Administration. • Doctorate in Strategic Management. 	Have experience work, among others, in the field Finance and supervision Company.
Makmur Keliat	Member	<ul style="list-style-type: none"> • Bachelor Degree in Corporate Economics • Bachelor of Art in Social and Political Sciences/International Relations Department • Ph.d in School of International Studies 	Have experience work, among others, in the field education, political science, International Relations, research and publication.
R. Widyo Pramono	Member	<ul style="list-style-type: none"> • Bachelor of Law • Master of Management, • Master of Law • Doctorate in criminal law. • Inaugurated as Professor of Criminal Law 	Having work experience, among others in the field of law and supervision.
Sanjay N. Bharwani ^{*)}	Secretary and concurrently a member of Ex-Officio	Bachelor degree in Technology and Business	Having work experience, among others, in the banking sector.
Putu Dewi Prasthiani ^{**)}	Secretary and concurrently a member of Ex-Officio	Bachelor degree in Industrial Technic	Having work experience, among others, in the banking sector.

^{*)} Tenure ends on March 29, 2018

^{**)} Served since April 9, 2018

Remuneration and Nomination Committee Independence

All members of the Remuneration and Nomination Committee do not have financial, management, ownership relations shares and/or family relations with the Board of Commissioners, Directors and/or Controlling Shareholders or relationship with Bank Mandiri, which can affect its ability to act independently.

Table of Remuneration and Nomination Committee

Aspect of Independence	Hartadi Agus Sarwono	Bangun Sarwito Kusmulyono	Imam Apriyanto Putro	Askolani	Goei Siauw Hong	Ardan Adiperdana	Makmur Keliat	R. Widyo Pramono	Sanjay N. Bharwani	Putu Dewi Prasthiani
Has no financial relationship with the Board of Commissioners and Board of Directors	√	√	√	√	√	√	√	√	√	√
Not having relationship of management in the company, subsidiary, or affiliate companies	√	√	√	√	√	√	√	√	√	√
Not having a relationship of shares-holding in the company	√	√	√	√	√	√	√	√	√	√
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Remuneration and Nomination Committee	√	√	√	√	√	√	√	√	√	√
Not serving as administrator of political parties and government officials	√	√	√	√	√	√	√	√	√	√

Remuneration And Nomination Committee Meeting

Provisions of the Remuneration and Nomination Committee meetings regulated in the Remuneration and Nomination Committee Charter are as follows:

1. Remuneration and Nomination Committee Meetings are held according to the needs and assignments, or periodically at least 1 (one) time in 4 (four) months.
2. The Meeting is chaired by the Chairman of the Remuneration and Nomination Committee.
3. Remuneration and Nomination Committee meetings can only be held if:
 - a. Attended by a majority of the members of the Remuneration and Nomination Committee.
 - b. One of the majority of the members of the Remuneration and Nomination Committee is the Chairman of the Remuneration and Nomination Committee.
4. Decisions of Remuneration and Nomination Committee meetings are conducted based on consensus agreement.
5. In the event that a decision based on consensus agreement is not reached, the decision is made based on the majority vote.

6. If in the decision making carried out by voting there is an equal number of votes, then the decision supported by the vote of the Chairman of the Remuneration and Nomination Committee is taken.
7. In the event that the decision-making process has differences of opinion, the difference of opinion must be included in the minutes of the meeting along with the reasons for the dissent.
8. The results of the Remuneration and Nomination Committee meetings must be stated in minutes of meetings and documented by the Company.
9. Minutes of Remuneration and Nomination Committee meetings must be submitted in writing to the Board of Commissioners

Meeting Agenda of Remuneration and Nomination Committee

Throughout 2018, the date of implementation, meeting agenda and the participants of Remuneration and Nomination Committee meeting, as follows.

Table of Meeting Agenda of Remuneration and Nomination Committee

No.	Meeting Date	Meeting Agenda	Meeting Participant	Quorum of Attendance (%)
1.	Wednesday, February 14, 2018	<ol style="list-style-type: none"> 1. Discussion of Proposed Candidate for Board of Directors of Bank Mandiri to the Minister of BUMN. 2. Discussion on the Proposed Remuneration of the Board of Commissioners and Board of Directors of Bank Mandiri at the 2018 Annual Meeting of Shareholders. 3. Update and Proposal on Bank Mandiri Material Risk Taker Approval. 4. Proposals from Bank Mandiri as Management of Subsidiary Companies. 	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Goei Siau Hong - Ardan Adiperdana - Makmur Keliat - R. Widyo Pramono - Sanjay N. Bharwani 	100
2.	Wednesday, March 21, 2018	Discussion on Proposed Candidate for Board of Directors and Board of Bank Mandiri at Annual Meeting of Shareholders 2017.	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Askolani - Bangun Sarwito Kusmulyono - Goei Siau Hong - Ardan Adiperdana - Makmur Keliat - R. Widyo Pramono - Sanjay N. Bharwani 	88
3.	Wednesday, June 6, 2018	Discussion of the determination of Remuneration for 2018 and 2017 Performance Tantiem of the Board of Commissioners and Directors of Bank Mandiri.	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Goei Siau Hong - Ardan Adiperdana - Makmur Keliat - R. Widyo Pramono - Putu Dewi Prasthiani 	100
4.	Wednesday, July 11, 2018	Discussion of LTI Terms and Condition of the Board of Commissioners and Directors of Bank Mandiri.	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Ardan Adiperdana - Makmur Keliat - Putu Dewi Prasthiani 	75
5.	Wednesday, December 19, 2018	Discussion on Proposed Changes in Bank Mandiri Management at the Extraordinary GMS 2019.	<ul style="list-style-type: none"> - Hartadi Agus Sarwono - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Goei Siau Hong - Ardan Adiperdana - Makmur Keliat - R. Widyo Pramono - Putu Dewi Prasthiani 	100

Frequency and Level of Attendance of Remuneration and Nomination Committee Meetings

Throughout 2018, Remuneration and Nomination Committee has held 5 (five) meetings with the frequency and attendance level of the Remuneration and Committee members as follows.

Table of Frequency and Attendance Level of the Remuneration and Nomination Committee

Name	Designation	Number of Meetings	Attendance	Percentage
Hartadi Agus Sarwono	Chairman Concurrently Member	5	5	100%
Imam Apriyanto Putro	Member	5	4	80%
Askolani	Member	5	5	100%
Bangun Sarwito Kusmulyono	Member	5	5	100%
Goei Siau Hong	Member	5	4	80%
Ardan Adiperdana	Member	5	5	100%
Makmur Keliat	Member	5	5	100%
R. Widyo Pramono	Member	5	4	80%
Sanjay N. Bharwani ^{*)}	Member	2	2	100%
Putu Dewi Prasthiani ^{**)}	Member	3	3	100%

^{*)} Tenure ends on March 29, 2018

^{**)} Served since April 9, 2018

The Key Performance Indicators Achievement of The Remuneration and Nomination Committee

The achievement of KPI of Remuneration and Nomination Committee is as follows.

No.	Key Performance Indicator	Indicator Value (%)	Achievement Value (%)	Indicator Value x Achievement Value (%)
1.	Realization Number of Committee meeting and Work Plan	30,00	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20,00	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20,00	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30,00	95,00	28,50
TOTAL		100,00		97,50

Remuneration of The Remuneration and Nomination Committee

Remuneration for Remuneration and Nomination Committee derived from Non Commissioner Independent party is regulated in the Letter of Board of Commissioners No. KOM/113/2016. Remuneration for Remuneration and Nomination Committee is as follows:

No.	Description	Non Commissioner Committee Member
1.	Salary/Honorarium	Maximum 20% of the President Director's salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms of Bank Mandiri
4.	Bonus/Tantiem	Not given
5.	Facilities	
	a. Transportation Allowance	Not given
	b. Health	Not given
	c. Office travel	In accordance with the employee provision/ equivalent of Group Head



Brief Report on Remuneration and Nomination Committee Activities In 2018

In 2018, as the duties and functions of the Remuneration and Nomination Committee listed in the Bank Mandiri Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee has provided recommendations/proposals for candidates who fulfill the requirements as members of the Board of Commissioners and Directors of Bank Mandiri to the Board of Commissioners to be submitted to RUPS. The proposal was obtained through a series of processes carried out by the Remuneration and Nomination Committee covering the preparation of policies, criteria, and qualifications needed in the process of nominating candidates for the Board of Commissioners and Directors in accordance with the Company's strategic plan. The Remuneration and Nomination Committee also helps the Board of Commissioners obtain and analyze data on proposed candidate Directors from the talent pool of officials one level below the Board of Directors and identify candidates for Board of Commissioners who meet the requirements.

In addition to the nomination system, the Remuneration and Nomination Committee has also assisted the Board of Commissioners in proposing an appropriate remuneration system for the Bank Mandiri Directors and Board of Commissioners in the form of payroll/honorarium, facilities/benefits, *tantieme*, and so on for 2018.

Work Plan for The Remuneration and Nomination Committee In 2019

In 2019, the Remuneration and Nomination Committee has established a work plan that will be discussed through the meeting at least 1 (one) time in 4 (four) months. The work plan of the Remuneration and Nomination Committee in 2019 among others:

1. Evaluate and provide recommendations regarding the policies, criteria and qualifications needed in Nomination process in accordance with Bank Mandiri's strategic plan.
2. Evaluate and provide recommendations regarding the system and procedures for selecting and/or replacing members of the Board of Commissioners and members of the Board of Directors to the Board of Commissioners to be submitted to the GMS.
3. Evaluate and provide recommendations on capacity building programs for Board members Commissioners and/or members of the Board of Directors.
4. Evaluate and provide recommendations for performance appraisal of members of the Board

of Commissioners and/or members of the Board of Directors based on benchmarks that have been prepared as evaluation material.

Board of Directors Succession Policy

The Board of Directors succession policy of Bank Mandiri refers to the Minister of SEO Regulation No. PER-03/MBU/02/2015 concerning Requirements, Appointment, and Dismissal of Members of Board of Directors of State-Owned Enterprises. One of the duties of the Remuneration and Nomination Committee is to form a nomination system for members of the Board of Commissioners and/or Directors of the Company that will be part of the Good Corporate Governance Policy of the Company and become a guideline for the Board of Commissioners and RUPS in determining the remuneration and nomination of the Board of Commissioners and/or Directors.

Basic Principles

- a. Requirements for Board of Directors and Board of Commissioners.
Candidates for Board of Directors and Commissioners have to meet the requirements determined in the Company's Articles of Association and the applicable laws and regulations such as Law on Limited Liability Companies, Law on Banking, and Law on Capital Market and other provisions.
- b. Candidacy and Candidate Proposal for Board of Directors and Board of Commissioners
Candidates for Board of Directors and Board of Commissioners were proposed through a selection and with due regards to the above requirements.

Procedures

In implementing the Nomination function, the Bank Mandiri Remuneration and Nomination Committee performs the following procedures:

1. Compile the composition and process of nominating members of the Board of Directors and/or members of the Board of Commissioners.
2. Formulate policies and criteria needed in the process of nominating candidates for members of the Board of Directors and/or members of the Board of Commissioners.
3. The Remuneration and Nomination Committee identifies candidates who meet the criteria.
4. Assist the evaluation of the performance of members of the Board of Directors and/or members of the Board of Commissioners.
5. Develop capacity building programs for members of the Board of Directors and/or members of the Board of Commissioners.

6. Review and propose candidates who fulfill the requirements as members of the Board of Commissioners and/or prospective members of the Board of Directors to the Board of Commissioners to be submitted to the RUPS.
7. The selection process is carried out before the term of office ends or is requested by the Board of Commissioners, or if there is a vacancy

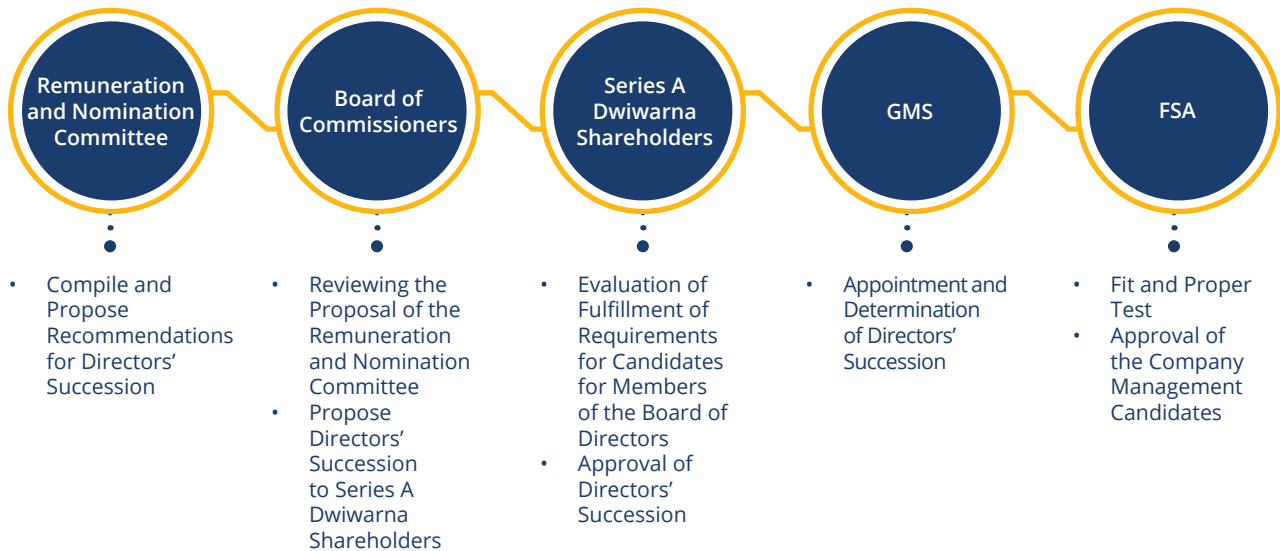
Requirements and Criteria

The requirements and criteria for candidates of Board of Directors and/or Commissioners are in accordance with the Company's Articles of Association and other applicable provisions, which are as follows:

1. The person who can be proposed as a member of Board of Directors and/or Commissioners is the individual capable of performing legal actions and has never been declared bankrupt or convicted which cause bankruptcy of a company, or someone who has never been sentenced for criminal offense which harm the finances of the State within 5 (five) years prior to his/her appointment, one or the other with due regards to the applicable laws and regulations.
2. The person is not related by blood to third degree, both horizontally or vertically nor by marriage (in laws) with other members of Board of Directors or Commissioners.
3. The person is not in the banking black list as determined by bank supervisory authorities.
4. The person has excellent integrity, in terms of:
 - a. Has good character and morals.
 - b. Comply with applicable laws and regulations.
 - c. Has high commitment to the development of healthy bank operations.
 - d. Deemed fit and proper to be a member of Board of Directors and/or Commissioners.
5. Integrity assessment is conducted by evaluating the candidates in terms of non performance of the following actions:
 - a. Banking engineering and practices that deviate from banking regulations.
 - b. Actions categorized as non fulfillment of commitments agreed with Bank Indonesia or Government.
 - c. Actions categorized as beneficial to Owner, Management, Employees, and or other parties that may harm or reduce bank's profit.
 - d. Actions categorized as violation of the provisions related to banking prudential principles.
 - e. Actions by Management and Executive Officers categorized as not independent.
6. Meeting the competence criteria, in terms of having:
 - a. Adequate knowledge in Banking.
 - b. Experience and expertise in Banking and or Financial Institution
 - c. Ability to perform strategic management for the development of healthy Banks.
7. Other than the above criteria, it is better to meet the following additional criteria:
 - a. Having leadership skill supported by knowledge in economics, accounting and law.
 - b. For Board of Commissioners, there is another criterion of having experience in banking or other financial institution supervisory.
 - c. For Board of Directors, there are other criteria of having at least 3 (three) years experience as Senior Management in banking or other financial institutions.

A candidate for the Board of Directors may be proposed from the Board of Commissioners after assessing the concerned person and if eligible, he/she needs to be proposed to the Minister of SOE. The candidate to be nominated to become members of the Board of Directors must also meet the formal requirements and other requirements specified in PER-03/MBU/02/2015 and the Financial Services Authority Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of the Issuer or Public Company and has passed the Fit and Proper Test conducted by the Financial Services Authority.

In 2018, Bank Mandiri is working with the Company Assessment Service of PT Daya Dimensi Indonesia to conduct assessment against candidates for the Board of Commissioners and Board of Directors. The names are obtain recommendation from the Appraisal Service Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners names of candidates to be submitted in the GMS.



Risk Monitoring Committee

The Risk Monitoring Committee was established by the Board of Commissioners of Bank Mandiri in order to help the Board of Commissioners to perform their duties and responsibilities in supervising and counselling the Directors to obtain sufficient confidence that the implementation of risk management of the Bank will meet the adequacy element of the procedure and risk management methodology, so that the Bank's business activities will always be under control to the limit of acceptable and profitable to the Bank.

The Basis For The Establishment of Risk Monitoring Committee

The establishment of the Committee refers to and is based on the applicable laws and regulations and the best practices applicable in banking institutions in Indonesia, among others:

1. Financial Authority Services Regulation No. 17/POJK.03/2014 dated November 18, 2014 concerning the Implementation of Integrated Risk Management for Financial Conglomerate.
2. Minister of State Owned Enterprises Regulation No. PER- 09/MBU/2012 dated July 6, 2012 concerning the amendment to Minister of State Owned Enterprises Regulation Number PER- 01/ MBU/2011, concerning the Implementation of Good Corporate Governance to State Owned Enterprises.
3. Minister of State-Owned Enterprises Regulation No. PER-12/MBU/2012, concerning Supporting Organs of Board of Commissioners/Board of Supervisors of State Owned Enterprises.
4. Articles of Association of PT Bank Mandiri (Persero) Tbk and the amendments.
5. Decision Letter of the Board of Commissioners No. KEP.KOM/002/2018 dated January 3, 2018 concerning Change in the Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration Committee and Nomination of PT Bank Mandiri (Persero) Tbk.
6. Decision Letter of the Directors No. KEP.DIR/215/2017 dated 11 October 2017 concerning the Appointment of the Members of Risk Monitoring Committee dated May 16, 2018.

Risk Monitoring Committee Charter

In performing its duties and responsibilities, the Risk Monitoring Committee of Bank Mandiri has Charter of Risk Monitoring Committee validated in 2015. The Charter of Risk Monitoring Committee contains among others:

1. Background and Purpose
2. Basis for Establishment
3. Authorities
4. Organization
5. Duties and Responsibilities
6. Work Relationship
7. Meeting
8. Reporting
9. Term of Office and Compensation
10. Bank Confidentiality
11. Conclusion

Duties and Responsibilities of Risk Monitoring Committee

The Risk Monitoring Committee has the duties and responsibilities to help Board of Commissioners to perform its supervisory and counseling duties to the Directors by providing opinions in the form of suggestions and recommendations on but not limited to the:

1. Evaluation of the conformity between the Bank's Risk Management Policy and Integrated Risk Management Policy with the implementation of such policies.
2. Monitoring and evaluation of the implementation of the duties of Integrated Risk Management Committee and Integrated Risk Management Work Unit.
3. Review of Integrated Risk Management implementation, which consists of:
 - a. Report on risk profile both individually (Bank only) and consolidated with Subsidiaries (integrated risk profile).
 - b. Risk-based Report on Bank's Soundness both individually (Bank only) and consolidated with Subsidiaries (integrated risk profile).
 - c. Other reports related to the management of 10 (ten) risk types, namely credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, inter-group transaction risk and insurance risk.
4. Monitoring of the adequacy of identification, measurement, monitoring, controlling process and risk management information system.

5. Evaluation of Bank's compliance to its Articles of Association, Bank and Capital Market Supervisory Authority regulations, and other laws and regulations in relation to risk management.
6. Preparing guidelines and committee's work code of conduct (charter) and conducting reviews as required every 2 (two) years at the least.
7. Performing other duties and responsibilities mandated by the Board of Commissioners from time to time.
 - a. Determining annual work plan.
 - b. Scheduling annual meeting.
 - c. Preparing periodic reports on the activities of the Risk Monitoring Committee and other matters deemed necessary to be of the Board of Commissioners' concern.
 - d. Preparing Self-Assessment on the effectiveness of Risk Monitoring Committee activities.
8. Members of the Committee are in charge and responsible for:
 - a. Convening meeting regularly/routinely.
 - b. Reviewing the materials prior to the meetings.
 - c. Attending meetings.
 - d. Participating actively and providing contributions in every committee activity.
 - e. Drawing up minutes of meetings.
 - f. Performing working visit to sites.

Authority of Risk Monitoring Committee

Risk Monitoring Committee has the authority within its responsibility to:

1. Seek and get various information including required documents from:
 - a. Bank (including Bank's employees).
 - b. Other stakeholders.
2. Obtain feedback and or suggestions from external party in relation to its duties.

Reporting of Risk Monitoring Committee

Risk Monitoring Committee must make a periodic report to the Board of Commissioners regarding the activities of the Risk Monitoring Committee, at least once in 6 (six) months. Risk Monitoring Committee must make a report to the Board of Commissioners on any given assignment and or for any issues identified that require the concern of the Board of Commissioners.

Structure, Membership, and Expertise of Risk Monitoring Committee

The structure and membership of the Risk Monitoring Committee are as follows:

1. Position of the Committee
Committee is under the coordination of and is structurally responsible to the Board of Commissioners.
2. Membership Composition
 - a. An Independent Commissioner
 - b. An independent party who has expertise in finance; and
 - c. An independent party who has expertise in risk management.
 - d. The Committee is chaired by an Independent Commissioner
 - e. The Member of the Committee who serves as Independent Commissioner is appointed the Chairman of the Committee. In the event that there are more than 1 (one) Independent Commissioner as members, one of them shall be appointed as Chairman of Risk Monitoring Committee.
 - f. Independent Commissioner and Independent parties who are members of the Committee should make at least 51% of the members of the Committee.
 - g. Chairman of Committee may only hold concurrent position as Chairman of 1 (one) other Committee at the most.
 - i. In performing its daily tasks, the Committee may be assisted by staffs or Secretary of Committee appointed in accordance with the resolution of Committee meeting.

The period of the Committee Member's duties from a member of the Board of Commissioners shall not be longer than the term of office of the Commissioners and may be re-appointed for only one (1) subsequent period.

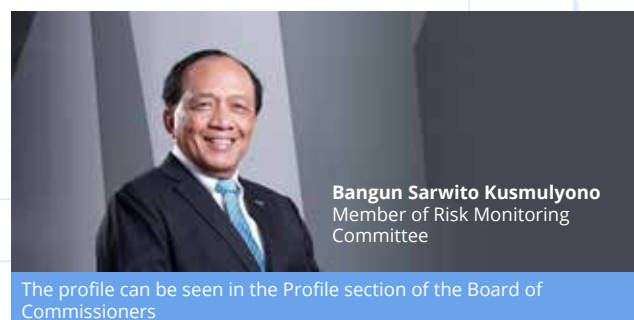
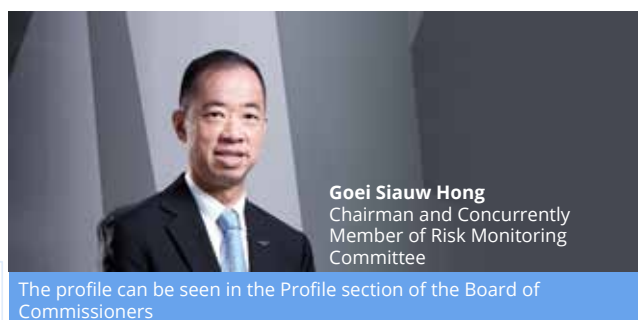
The composition of Risk Monitoring Committee members for the year 2018 as stipulated under the Decision Letter of the Directors No. KEP.DIR/215/2017 dated October 11, 2017, are as follows:

Table of Structure, Membership, and Expertise of Risk Monitoring Committee

Name	Designation	Remarks	Expertise
Goei Siau Hong	Chairman and Concurrently Member	Independent Commissioner	Fiscal, Budget and Tax
Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Finance, Banking
Ardan Adiperdana	Member	Commissioner	Audit
R. Widyo Pramono	Member	Commissioner	Legal
Ridwan D. Ayub	Member	Independent Party	Operational Risk, Audit
Lista Irna	Member	Independent Party	Banking, Risk Management

Profile of the Risk Monitoring Committee

The profile of the Risk Monitoring Committee members as of December 31, 2018 is as follows.





Ardan Adiperdana
Member of Risk Monitoring Committee

The profile can be seen in the Profile section of the Board of Commissioners



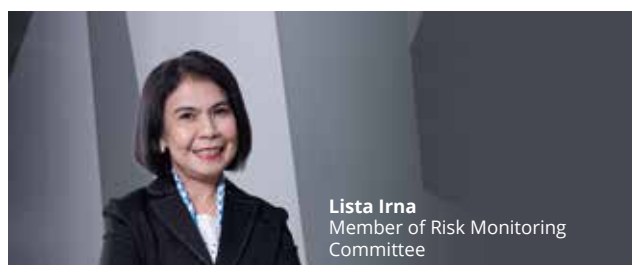
R. Widyo Pramono
Member of Risk Monitoring Committee

The profile can be seen in the Profile section of the Board of Commissioners



Ridwan D. Ayub
Member of Risk Monitoring Committee

Age	56 years old
Nationality	Indonesia
Appointment Date	May 1, 2014
Educational background:	<ul style="list-style-type: none"> - Bachelor Degree in Social and Political Sciences from Universitas Katolik Parahyangan (1985). - Master Degree in Financial Management Specialization from Universitas Mercu Buana (2008).
Employment History	<ul style="list-style-type: none"> - Member of Audit Committee of PT Bank Mandiri (Persero) Tbk (2014-2016). - Member of Risk Monitoring Committee of PT Bank Rakyat Indonesia (Persero) Tbk (2006-2014) - Deputy Head of Operational Risk Division of PT Bank Internasional Indonesia Tbk (2002-2005).



Lista Irna
Member of Risk Monitoring Committee

Age	51 years old
Nationality	Indonesia
Appointment Date	October 19, 2016
Educational background:	<ul style="list-style-type: none"> - Bachelor Degree in Mining Engineering from Universitas Sriwijaya (1990). - Master Degree of Business Administration at Swiss German University - Serpong Indonesia (2005).
Employment History	<ul style="list-style-type: none"> - Head of Consumer Risk Credit Operation (VP) Standard Chartered Bank (2007-2010). - Head of Consumer Risk Credit Operation (VP) Standard Chartered Bank (2007-2010). - Credit Planning, MIS Reporting and QA Head, Credit - Consumer Banking (AVP) Standard Chartered Bank (Februari 2007 - Agustus 2007). - National Head of Telemarketing, Shared Distribution Standard Charter Bank (2006-2007).



Education Qualification and Work Experience of Risk Monitoring Committee

Requirements for members of the Risk Monitoring Committee are as follows:

1. Committee members must have high integrity, good character and morals, as well as adequate abilities, knowledge and experience in accordance with their educational background and able to communicate well.
2. Have sufficient knowledge to read and understand financial statement and reports related to monitoring the implementation of banking risk management policies.
3. Have adequate knowledge of Capital Market legislation and regulations related to banking business.

Educational qualifications and work experience of The Chairman and Members of the Risk Monitoring Committee are as follows.

Table of The Risk Monitoring Committee Education Qualification and Work Experience

Name	Position	Education	Work Experience
Goei Siauw Hong	Chairman and Concurrently Member	<ul style="list-style-type: none"> • Bachelor's Degree in Agronomy. • Master of Business Administration (MBA) in Business, Finance, and Marketing 	Have experience work, among others, in the field finance, research, and banking supervision.
Bangun Sarwito Kusmulyono	Member	<ul style="list-style-type: none"> • Bachelor's Degree in Chemical Engineering • Master of Business Administration • Doctor's degree in Environment Management. 	Have experience work, among others, in the field banking, capital, defense and banking supervision
Ardan Adiperdana	Member	<ul style="list-style-type: none"> • Bachelor of Economics. • Master in Business Administration. • Doctorate in Strategic Management. 	Have experience work, among others, in the field Finance and supervision Company.
R. Widyo Pramono	Member	<ul style="list-style-type: none"> • Bachelor of Law • Master of Management, • Master of Law • Doctorate in criminal law. • Inaugurated as Professor of Criminal Law 	Having work experience, among others in the field of law and supervision.
Ridwan D. Ayub	Member	<ul style="list-style-type: none"> • Bachelor in Social and Political Sciences). • Masters in Financial Management Specialization 	Having work experience in the banking sector.
Lista Irna	Member	<ul style="list-style-type: none"> • Bachelor in Mining Engineering • Master of Business Administration 	Having work experience in the banking sector.

Independence of Risk Monitoring Committee

All members of Risk Monitoring Committee who come from independent party have no financial, management, share ownership relationship and/or family relationship with the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relationship with the Bank that can affect their abilities to act independently.

Table of Risk Monitoring Committee Independence

Independence Aspect	Goei Siauw Hong	Bangun Sarwito Kusmulyono	Ardan Adiperdana	R. Widyo Pramono	Ridwan D. Ayub	Lista Irna
Not having financial relationship with the Board of Commissioners and Board of Directors	✓	✓	✓	✓	✓	✓
Not having relationship of management in the company, subsidiary, or affiliate companies	✓	✓	✓	✓	✓	✓
Not having relationship of shares-holding in the company	✓	✓	✓	✓	✓	✓
Not having family relationship with the Board of Commissioners, Board of Directors, and/or fellow Risk Monitoring Committee	✓	✓	✓	✓	✓	✓
Not serving as an administrator of political parties and government officials	✓	✓	✓	✓	✓	✓

Risk Monitoring Committee Meetings

Risk Monitoring Committee Meeting is held at least once a month. Risk Monitoring Committee Meeting is considered valid if it is attended by at least 51% (fifty-one percent) of the members including one Commissioner and Independent Party.

Agenda of Risk Monitoring Committee Meetings

Throughout 2018, the date, agenda, and the Attendees of the meetings of Risk Monitoring Committee are as follows.

Table of Agenda of Risk Monitoring Committee Meetings

No.	Meeting Date	Meeting Agenda	Meeting Attendee	Quorum of Attendance (%)
1.	Wednesday, January 17, 2018	Proposal for Cooperation and Selection of Build Operate Transfer (BOT) Partners in the context of Asset Optimization of Jl. Proklamasi No. 31 Jakarta (Pilot Project).	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
2.	Monday, February 12, 2018	<ol style="list-style-type: none"> 1. Update on the Condition of Risk Management Implementation at Bank Mandiri. 2. Initiative Plan - 2018 Strategy Initiative of Risk Management & Director of Compliance in the Implementation of Risk Management 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
3.	Wednesday, February 21, 2018	Proposal for the Extension of Working Capital Credit Facility, the Extension and Addition of Bank Guarantee Facility and the Changes to Effective Terms and Withdrawals to Related Parties.	<ul style="list-style-type: none"> - Goei Siauw Hong - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	83
4.	Wednesday, February 28, 2018	Proposal for Credit Facility.	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	83



No.	Meeting Date	Meeting Agenda	Meeting Attendee	Quorum of Attendance (%)
5.	Wednesday, March 7, 2018	RBBR Report Term II Year 2017	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
6.	Wednesday, March 14 2018	<ol style="list-style-type: none"> 1. Risk Mitigation in Wholesale Credit Distribution 2. Risk Management of Credit Admin. 3. Proposal for the Extension of Credit Facility. 4. Proposal of Bank Mandiri's Deputy as Management of Subsidiaries. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
7.	Tuesday, March 27, 2018	<ol style="list-style-type: none"> 1. Proposal for Credit Facility. 2. Proposal for Amendment to Provisions on Credit Facilities and KMK Executing Facility Addition to Related Parties. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ridwan D. Ayub - Lista Irna 	67
8.	Wednesday, March 28, 2018	<ol style="list-style-type: none"> 1. Proposal for SOP of Management of Fixed Assets and Other Goods. 2. Proposal for Provision of Pension Benefit Increase and Additional Benefit for DPBM 1-4 Year 2018. 3. Proposal for Post-GMS (General Meeting of Stakeholders) Organizational Structure. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ridwan D. Ayub - Lista Irna 	67
9.	Wednesday, April 18, 2018	Management of Related Parties	<ul style="list-style-type: none"> - Goei Siauw Hong - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	67
10.	Wednesday, May 2, 2018	<ol style="list-style-type: none"> 1. Update on Risk Dashboard. 2. Proposal for Redemption of Credit Facilities. 3. Proposal for Liquidation (Dissolution) of PT Sarana Bersama Pembangunan Indonesia (SBPI). 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
11.	Wednesday, May 16, 2018	<ol style="list-style-type: none"> 1. Discussion of Action Plan for Credit Process Improvement. 2. Proposal for Facility Approval. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
12.	Wednesday, May 23, 2018	<ol style="list-style-type: none"> 1. Proposal for Company's Representatives as Directors and Board of Commissioners of Subsidiaries. 2. Proposal for Articles of Association Threshold. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
13.	Wednesday, May 30, 2018	Corporate Card Facility Approval.	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
14.	Wednesday, June 6, 2018	<ol style="list-style-type: none"> 1. Proposal for sales of Bank Mandiri shares at Bank Mantap to PT Taspen. 2. Proposal for Capital Increase at Bank Mantap. 	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
15.	Thursday, June 28, 2018	Approval of Credit Facility Proposal.	<ul style="list-style-type: none"> - Goei Siauw Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100

No.	Meeting Date	Meeting Agenda	Meeting Attendee	Quorum of Attendance (%)
16.	Wednesday, July 18, 2018	Proposal for the Extension on Credit Line Facility in the name of Bank Mandiri (Europe) Limited.	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
17.	Wednesday, July 25, 2018	<ol style="list-style-type: none"> 1. Proposal for the Revision of Subsidiary Management Policies. 2. Risk Dashboard. 	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	83
18.	Wednesday, August 1, 2018	Quality Growth Strategy of Consumer Banking Segment	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
19.	Wednesday, August 8, 2018	<ol style="list-style-type: none"> 1. Divestment of Subsidiary Company of PT Mandiri AXA General Insurance (MAGI). 2. Business Transfer of Mandiri Financial Institution Pension Funds to Bank Mandiri Subsidiary 	<ul style="list-style-type: none"> - Goei Siau Hong - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	83
20.	Wednesday, August 29 2018	Proposal for Commercial Line Extension and Corporate Card Facility Provision for PT Mandiri AXA General Insurance (MAGI).	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - Ridwan D. Ayub - Lista Irna 	83
21.	Wednesday, September 5, 2018	<ol style="list-style-type: none"> 1. Proposal for Credit Facility Approval. 2. Proposal for Facility Approval for PT Mandiri Sekuritas. 	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - Ridwan D. Ayub - Lista Irna 	83
22.	Wednesday, September 12, 2018	<ol style="list-style-type: none"> 1. Proposal for Provision of Investment Credit Facility, Extension of Revolving Working Capital Credit Facility and Closure of Non-Current Account Revolving Working Capital Credit Facility. 2. Update on Watchlist Debtors of Middle Corporate Segment. 	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
23.	Wednesday, September 19, 2018	<ol style="list-style-type: none"> 1. Proposal for Criteria Threshold for Bank Mandiri's Articles of Association. 2. Analysis of the impact of Import Restrictions on Wholesale Segment Credit Portfolios (specifically infrastructure projects). 3. Update on top 20 of Watchlist Debtors of Large Corporate. 4. Limit Provision for PT Mandiri Sekuritas's Loan Subordination Facility and Credit Line Extension and PT Bank Syariah Mandiri Corporate Card Facility. 	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
24.	Wednesday, September 26, 2018	<ol style="list-style-type: none"> 1. Proposal for the Establishment of Mandiri Group Principles Guideline (MGPG). 2. Stress Test of Risk Management at Bank Mandiri. 	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100
25.	Wednesday, October 17 2018	<ol style="list-style-type: none"> 1. Proposal of Credit Facility Provision. 2. Update on Quarter III Year 2018 Risk Dashboard. 	<ul style="list-style-type: none"> - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	83
26.	Wednesday, October 24, 2018	Proposal for Facility Extension and Addition for PT Mandiri Tunas Finance and PT Mandiri Utama Finance.	<ul style="list-style-type: none"> - Goei Siau Hong - Bangun Sarwito Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna 	100



No.	Meeting Date	Meeting Agenda	Meeting Attendee	Quorum of Attendance (%)
27.	Wednesday, November 21, 2018	1. Proposal for Facility Provision for PT Bank Mandiri Taspen and PT Mandiri Manajemen Investasi. 2. Extension of Term and Credit Facility Addition.	- Bangun Sarwito - Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna	83
28.	Wednesday, November 28, 2018	1. Proposal for Update on the Recovery Plan of Bank Mandiri year 2018. 2. Update on MTI and MCI Capital Increase. 3. Request for the Approval of Commercial Line Facility and Short-term Credit Facility.	- Goei Siau Hong - Bangun Sarwito - Kusmulyono - Ardan Adiperdana - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna	100
29.	Wednesday, December 5, 2018	Review of Legal Opinion on Potential Excess of Financial Services Authority Regulation No. 35/2015 in the MCI Transaction on one of the Investees.	- Goei Siau Hong - Bangun Sarwito - Kusmulyono - R. Widyo Pramono - Ridwan D. Ayub - Lista Irna	83
30.	Thursday, December 20, 2018	1. Proposal of Facility Extension. 2. Proposal of Facility Provision.	- Goei Siau Hong - Bangun Sarwito - Kusmulyono - R. Widyo Pramono - Ridwan D. Ayub	67

Frequency and Level of Attendance of Risk Monitoring Committee Meetings

Throughout 2018, Risk Monitoring Committee has held 30 (thirty) meetings. As for the frequency and level of attendance of Risk Monitoring Committee Meetings are as follows:

Table of Frequency and Level of Attendance of Risk Monitoring Committee Meetings

Name	Designation	Number of Meetings	Total Attendance	Percentage
Goei Siau Hong	Chairman and Concurrently Member	30	27	90%
Bangun Sarwito Kusmulyono	Member	30	27	90%
Ardan Adiperdana	Member	30	25	83%
R. Widyo Pramono	Member	30	26	87%
Ridwan D. Ayub	Member	30	30	100%
Lista Irna	Member	30	29	97%

Key Performance Indicators (KPI) Achievement of Risk Monitoring Committee

The achievement of KPI of Risk Monitoring Committee in 2018 is as follows.

No.	Key Performance Indicator	Indicator Value (%)	Achievement Value (%)	Indicator Value x Achievement Value (%)
1.	Realization of Number of Committee Meeting and Work Plan	30,00	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20,00	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20,00	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30,00	95,00	28,50
TOTAL of COMMITTEE'S KPI		100,00	97,50	97,50

Remuneration of Risk Monitoring Committee

Remuneration of Risk Monitoring Committee who come from Non-Commissioner Independent Party is stipulated in the Letter of the Board of Commissioners No. KOM/113/2016 and in the Letter of Assignment of those who are concerned as the members of the Committee under the Board of Commissioners issued by Bank Mandiri.

No.	Description	Non-Commissioner Committee Members
1.	Salary/Honorarium	Maximum 20% of the President Director's Salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms for Bank Mandiri employees
4.	Bonus/Tantiem	Not eligible
5.	Facilities	
	a. Transportation Allowance	Not eligible
	b. Health	Not eligible
	c. Official Travel	In accordance with the employee provision/ equivalent with Group Head

Brief Report on Risk Monitoring Committee Activities In 2018

Throughout 2018, Risk Monitoring Committee has provided several recommendations or suggestions to the Board of Commissioners related to the following points:

1. Proposal for the approval of credit facility request and provision of funds to Related Parties, whether in the nature of extension, increase, amendments or new provision.
2. Proposal for the organizational structure of Bank Mandiri.
3. Proposal for capital increase, divestment, dissolution (liquidation) of subsidiary companies.
4. Review of the proposal of the establishment of management on subsidiary companies.
5. Review of the Update on the Recovery Plan and Subsidiary Management Policies.
6. Review of Risk Dashboard, stress-test of management and the implementation of risk management at Bank Mandiri.
7. Review of other requests which need the approval of the Board of Commissioners, including the proposal for the cooperation of Build, Operate, Transfer (BOT) for the optimization of Bank Mandiri assets.

Work Plan of The Risk Monitoring Committee In 2019

In 2019, the Risk Monitoring Committee has established a work plan that will be discussed through a meeting of at least 1 (one) time in 1 (one) month. The work plan of the Risk Monitoring Committee in 2019 includes:

1. Evaluate the suitability between Bank Mandiri's Risk Management policies and Risk Management policies Integrated with the implementation of the policy.
2. Monitor the adequacy of the process of identification, measurement, monitoring, control and risk management information systems.
3. Reviewing the implementation of Integrated Risk Management.

Integrated Governance Committee

The Integrated Governance Committee was established by the Board of Commissioners with the purpose to assist and facilitate the Board of Commissioners in performing its duties and functions to supervise the implementation of Governance to each Financial Services Institution within Financial Conglomerate of Bank Mandiri to conform to the Integrated Governance Guidance; to supervise the implementation of the duties and functions of the Board of Directors of Bank Mandiri; and to provide directions or advices to the Board of Directors of Bank Mandiri regarding the implementation of the Integrated Governance Guidance; and to evaluate the Integrated Governance Guidance and to provide directions in order to improve.

The Basis of The Establishment of Integrated Governance Committee

The establishment of Integrated Governance Committee is guided by and based on the applicable laws and regulations and best practices applicable in banking institutions in Indonesia, among others:

1. Financial Services Authority Regulation No. 18/POJK.03/2014 dated November 18, 2014 concerning the Implementation of Integrated Governance for Financial Conglomerate.
2. Law No. 21 Year 2011 concerning Financial Services Authority.
3. Bank Indonesia Regulation No. 8/4/PBI/2006 dated January 30, 2006 concerning the Implementation of Good Corporate Governance for Commercial Banks; and Bank Indonesia Regulation No. 8/14/PBI/2006 dated October 5, 2006 concerning the Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks.
4. Minister of SOE Regulation Number PER/09/MBU/2012 dated July 6, 2012 concerning the amendment to Minister of State Owned Enterprises Regulation No. PER-01/MBU/2011, concerning the Implementation of Good Corporate Governance in State Owned Enterprises.
5. Minister of SOE Regulation No. PER-12/MBU/2012, concerning the Supporting Organs of the Board of Commissioners/ Board of Supervisors of State Owned Enterprises.
6. Articles of Association of PT Bank Mandiri (Persero) Tbk and the amendments.
7. Decree of the Board of Commissioners No. KEP.KOM/002/2018 dated January 3, 2018 concerning the Changes to the Audit Committee,

Risk Monitoring Committee, Integrated Governance Committee, and the Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk.

8. Decree of the Board of Directors No. KEP. DIR/004/2018 dated January 19, 2018 concerning the Determination of Membership of the Integrated Governance Committee.

Integrated Governance Committee Charter

In carrying out the duties and responsibilities, the Integrated Governance Committee of Bank Mandiri has the Chartered of the Integrated Governance Committee authorized on July 27, 2016 which regulated the following points:

1. General Purposes
2. Basis of Establishment
3. Authorities
4. Membership
5. Membership requirements
6. Duties and Responsibilities
7. Work Relationship
8. Meetings
9. Reporting
10. Tenure
11. Confidentiality
12. Closure

Terintegrasi Duties and Responsibilities of The Integrated Governance Committee

Integrated Governance Committee has duties and responsibilities to:

1. Evaluate the implementation of Integrated Governance through the following assessment:
 - a. Adequacy of Integrated Internal Control
 - Performing the evaluation whether Bank Mandiri and its Subsidiaries have had a standard integrated internal control system in accordance with the applicable best practice through studies on Integrated Governance Guidelines applicable in Bank Mandiri.
 - Performing monitoring and evaluation on the effectiveness of the implementation of integrated internal control through studies on Periodic Report and Examination Report issued by Integrated Internal Audit Unit.
 - Conducting periodic meetings with Integrated Audit Unit to discuss on matters related to integrated internal control system and the implementation.
 - Performing monitoring and evaluation on the implementation of follow-ups by the Board of

Directors of Bank Mandiri and its Subsidiaries on the findings from Integrated Internal Audit, Public Accountant Office, and supervisory result of Financial Services Authority regarding the weakness of the system and the implementation of integrated internal control.

- Reporting periodically on the monitoring results and providing suggestions on matters related to integrated internal control which require the attention of the Board of Commissioners of Bank Mandiri and its Subsidiaries.
- b. Implementation of Integrated Compliance Function
- Performing monitoring and evaluation on the compliance of Bank Mandiri and its Subsidiaries to the applicable laws and regulations in Capital Market and the regulations of Financial Services Authority, Bank Indonesia and other regulations related to banking, insurance, securities and financing business through coordination with Integrated Compliance Unit.
 - Reviewing periodic reports and examination reports related to compliance to internal and external regulations issued by Integrated Compliance Unit and external auditor.
 - Conducting periodic meetings with Integrated Compliance Unit to discuss on matters related to the compliance of Bank Mandiri and its Subsidiaries to internal and external regulations.
 - Performing monitoring and evaluation on the implementation of follow-ups by the Board of Directors of Bank Mandiri and its subsidiaries on the findings from Integrated Compliance Unit, Public Accountant Office and supervisory result of Financial Services Authority regarding the weakness of the system and implementation of integrated compliance function.
 - Reporting periodically on monitoring result and providing suggestions on matters related to the compliance of Bank Mandiri and its Subsidiaries to internal and external regulation which require the attention of the Board of Commissioners of Bank Mandiri and its Subsidiaries.
2. Providing Recommendations to the Board of Commissioners of Bank Mandiri to Improve the Integrated Governance Guidelines.

The Authorities of The Integrated Governance Committee

The Integrated Governance Committee has the authority to perform the following matters:

1. To provide opinions to the Board of Commissioners

of Bank Mandiri regarding the implementation of Integrated Governance through the assessment of adequacy of internal control and the implementation of integrated compliance function.

2. To conduct communication with the Integrated Compliance Unit and the Integrated Internal Audit Unit to obtain information, clarification and to request for necessary documents and reports.

Reporting of The Integrated Governance Committee

Integrated Governance Committee must make a periodic report to the Board of Commissioners of Bank Mandiri regarding the activities of the Integrated Governance Committee, at least once in 6 (six) months. The Integrated Governance Committee must make a report to the Board of Commissioners of Bank Mandiri on any given assignment and/or for any issues identified to require the concern of the Board of Commissioners of Bank Mandiri.

Structure, Membership and Expertise of Integrated Governance Committee

Membership of Integrated Governance Committee at least consists of:

1. An Independent Commissioner who holds the position of Chairman of one of the Committees in Bank Mandiri, as Chairman and member.
2. Independent Commissioner who represents and is appointed by Subsidiaries in Financial Conglomerate, as member.
3. An independent party, as member.
4. Member of Sharia Supervisory Board from Bank Syariah Mandiri, as member.

The number and composition of Independent Commissioner becoming members of Integrated Governance Committee are adjusted according to the requirements of Financial Conglomerate and efficiency and effectiveness of the implementation of the duties of Integrated Governance Committee with due regard to at least representation of each sector of financial services.

The period of the Integrated Governance Committee Member's duties from a member of the Board of Commissioners of Bank Mandiri shall not be longer than the term of office of the Commissioner and may be re-appointed for only one (1) subsequent period.

The structure, membership and expertise of the committee are as follows.



Period of January 1, 2018 – January 2, 2018

The composition of members of Integrated Governance Committee for the period of January 1, 2018 – January 2, 2018 under the Decree of the Board of Directors No. KEP.DIR/217/2017 dated October 11, 2017, are as follows:

No.	Name	Position	Information	Expertise
1.	Goei Siau Hong	Chairman and Concurrently Member	Independent Commissioner	Finance, Banking
2.	Imam Apriyanto Putro	Member	Deputy President Commissioner	Governance
3.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
4.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
5.	Makmur Keliat	Member	Independent Commissioner	Macroeconomic
6.	Ridwan D. Ayub	Member	Independent party	Finance, Management
7.	Budi Sulistio	Member	Independent party	Accounting, Audit
8.	Edhi Chrystanto	Member	Independent Commissioner of PT Bank Mandiri Taspen Pos	Economic, Business
9.	Frans A. Wiyono	Member	Independent Commissioner of PT Mandiri AXA General Insurance	Insurance
10.	D. Cyril Noerhadi	Member	Independent Commissioner of PT Mandiri Sekuritas	Strategic Management
11.	Wihana Kirana Jaya	Member	Independent Commissioner of PT AXA Mandiri Financial Services	Economic
12.	Ravik Karsidi	Member	Independent Commissioner of PT Mandiri Tunas Finance	Sociology
13.	Ali Ghufon Mukti	Member	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia	Medical
14.	M. Syafii Antonio	Member	Sharia Supervisory Board PT Bank Syariah Mandiri	Islamic Banking
15.	Ramzi A. Zuhdi	Member	Independent Commissioner of PT Bank Syariah Mandiri	Islamic Banking

Period of January 2, 2018 – Desember 31, 2018

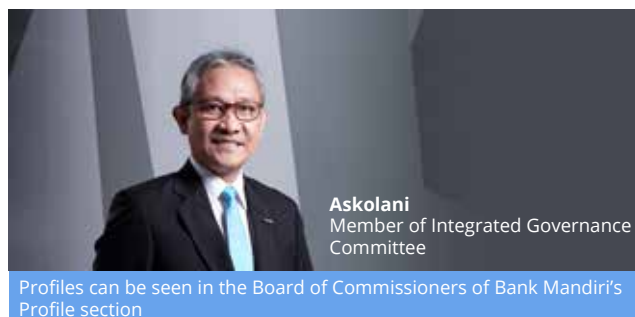
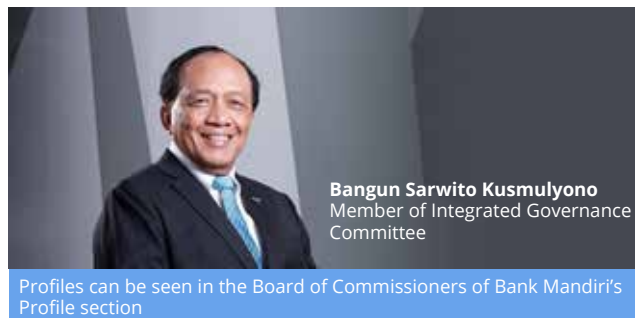
The composition of members of Integrated Governance Committee for the period of January 2, 2018 – December 31, 2018 under the Decree of the Board of Directors No. KEP.DIR/004/2018 concerning the Appointment of Members of Integrated Governance Committee dated January 19, 2018 are as follows:

No.	Name	Position	Information	Expertise
1.	Goei Siau Hong	Chairman and Concurrently Member	Independent Commissioner	Finance, Banking
2.	Imam Apriyanto Putro	Member	Deputy President Commissioner	Governance
3.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
4.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
5.	Makmur Keliat	Member	Independent Commissioner	Macroeconomic
6.	Ridwan D. Ayub	Member	Independent party	Finance, Management
7.	Budi Sulistio	Member	Independent party	Accounting, Audit
8.	Edhi Chrystanto	Member	Independent Commissioner of PT Bank Mandiri Taspen	Economic, Business
9.	Frans A. Wiyono	Member	Independent Commissioner of PT Mandiri AXA General Insurance	Insurance
10.	D. Cyril Noerhadi	Member	Independent Commissioner of PT Mandiri Sekuritas	Strategic Management
11.	Wihana Kirana Jaya	Member	Independent Commissioner of PT AXA Mandiri Financial Services	Economic
12.	Ravik Karsidi	Member	Independent Commissioner of PT Mandiri Tunas Finance	Sociology
13.	Ali Ghufon Mukti	Member	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia	Medical
14.	M. Syafii Antonio	Member	Sharia Supervisory Board of PT Bank Syariah Mandiri	Islamic Banking
15.	Ramzi A. Zuhdi ^{*)}	Member	Independent Commissioner of PT Bank Syariah Mandiri	Islamic Banking
16.	Mulya E. Siregar	Member	Independent Commissioner of PT Bank Syariah Mandiri	Islamic Banking

^{*)} Resigned from the office as an Independent Commissioner of PT Bank Syariah Mandiri, under the resolution of PT Bank Syariah Mandiri EGMS on 12 March 2018

Profile of the Integrated Governance Committee

The profiles of Members of the Integrated Governance Committee are as follows.





Edhi Chrystanto
Member of Integrated Governance
Committee

Age	60 years old
Nationality	Indonesia
Appointment Date	October 24, 2017
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Economics from Diponegoro University (1983). - Master Degree in Finance from University of Colorado at Denver (1993).
Employment History	<ul style="list-style-type: none"> - Independent Commissioner of PT Bank Mandiri Taspen (2015 - present). - Senior Vice President of Regional Office X Makassar PT Bank Mandiri (Persero) Tbk. (2010-2014). - Head of Branch of Bank Mandiri Jakarta Kebon Sirih, Gambir, Imam Bonjol and Thamrin (2005-2007). - Head of Branch of Bank Mandiri Jakarta Tomang (2003).



Frans A. Wiyono
Member of Integrated Governance
Committee

Age	60 years old
Nationality	Indonesia
Appointment Date	January 30, 2015
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Arts from IKIP Sanata Dharma Yogyakarta (1977) - Bachelor Degree from Sanata Dharma University, Yogyakarta (1982)
Employment History	<ul style="list-style-type: none"> - International Financial Corporation World Bank: Earthquake Index Insurance and Agriculture Weather Index Insurance (2013 - present). - World Bank: Micro Insurance and Senior Insurance Specialist (2011 - present). - Independent Commissioner Mandiri AXA General Insurance (2011 - present). - BMAI (Indonesian Insurance Mediation Bureau): Adjudicator (2008 - present).



Wihana Kirana Jaya
Member of Integrated Governance
Committee

Age	60 years old
Nationality	Indonesia
Appointment Date	April 22, 2015
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Economics from Gadjah Mada University (UGM) (1983). - Master in Monetary, Banking and Finance, Department of Economy, Birmingham University, United Kingdom (1990). - Doctor of Economy Department of Economy Monash University, Melbourne (2008). - Professor of Economic Science from Gadjah Mada University (2010).
Employment History	<ul style="list-style-type: none"> - Commissioner of PT Pelindo IV (2017) - Special Staff of Minister for Economic Affairs and Investment of Transportation, Ministry of Transportation of the Republic of Indonesia (2016-present). - Independent Commissioner of AXA Mandiri (2015-present). - Dean of the Faculty of Economics and Business in Universitas Gadjah Mada (2013-2016).



D. Cyril Noerhadi
Member of Integrated Governance
Committee

Age	57 years old
Nationality	Indonesia
Appointment Date	October 23, 2017
Educational Background	<ul style="list-style-type: none"> - Bachelor Degree in Geology from Bandung Institute of Technology (ITB) (1985). - Master of Business Administration, University of Houston. - Doctorate in Strategic Management from University of Indonesia (2013).
Employment History	<ul style="list-style-type: none"> - President Director of PT Creador Indonesia (2011 - present). - Commissioner of PT Medikaloka Hermina (2017 - present). - Independent Commissioner of PT Austrindo Nusantara Jaya Tbk. (2017 - present). - President Commissioner/Independent Commissioner of PT Mandiri Sekuritas (2012-present).



M. Syafii Antonio
Member of Integrated Governance Committee

Age	51 years Old
Nationality	Indonesia
Appointment Date	October 30, 2017
Educational Background	<ul style="list-style-type: none"> Bachelor Degree in Sharia and Islamic Law from University of Jordan. Master Degree in Economy from International Islamic University (IIU) Malaysia (1992). Ph.D in Micro Finance, from University of Melbourne Australia (2004).
Certification	Certification of Sharia Supervisory Board LSP DSN-MUI, October (2018)
Employment History	<ul style="list-style-type: none"> Committee of Sharia Banking Development Experts at Bank Indonesia. Member of Daily Board of the National Sharia Board MUI Rector of Tazkia University College of Islamic Economics. Global Shariah Advisor in Dubai



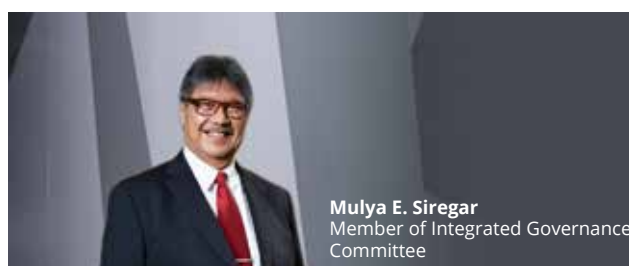
Ali Ghufroon Mukti
Member of Integrated Governance Committee

Age	56 years Old
Nationality	Indonesia
Appointment Date	July 24, 2017
Educational Background	<ul style="list-style-type: none"> Bachelor Degree in Medicine from Faculty of Medicine, Gadjah Mada University (1986). Master of Science (M. Sc) Tropical Medicine, The Department of Tropical Hygiene, Mahidol University, Bangkok, Thailand (1991). Ph.D in Faculty of Medicine, University of Newcastle, Australia (2000).
Employment History	<ul style="list-style-type: none"> Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia (2017 - present). PJS Rector of Trisakti University (2016 - present) Director General of Science and Technology Resources and Higher Education, Ministry of Research, Technology and Higher Education (2015 - present). Chairman of Working Group of Preparation of Implementation of BPJS Kesehatan (2012-2015).



Ravik Karsidi
Member of Integrated Governance Committee

Age	60 Years Old
Nationality	Indonesia
Appointment Date	August 25, 2017
Educational Background	<ul style="list-style-type: none"> Bachelor Degree of FIP Education Department in Sebelas Maret State University, Surakarta (1980). Master of Science Study Program of Rural Sociology for Development Studies, from Bogor Agricultural Institute (IPB), Bogor (1994). Doctoral Program of Extension Science Study of Bogor Agricultural Institute (IPB), Bogor (1999).
Certification	Financing Corporation Certificate for Commissioner – SPPI (2018)
Employment History	<ul style="list-style-type: none"> Independent Commissioner of PT Mandiri Tunas Finance (2017 - present). Chairman of Audit Committee of PT Mandiri Tunas Finance (2017-present). Chairman of Risk Monitoring Committee of PT Mandiri Tunas Finance (2017-present). Chairman of Nomination and Remuneration Committee of PT Mandiri Tunas Finance (2017-present).



Mulya E. Siregar
Member of Integrated Governance Committee

Age	61 Years Old
Nationality	Indonesia
Appointment Date	April 17, 2018
Educational Background	<ul style="list-style-type: none"> Bachelor Degree in Social Economy of Agriculture Social Economy from Bogor Agricultural Institute (1980). Master of Science from the Ohio State University (1989). Ph.D from the Ohio State University (1998).
Certification	Refreshment of Level V Risk Management Certification (2016)
Employment History	<ul style="list-style-type: none"> Executive Director of DPNP of Bank Indonesia (2012-2013) Assistant of the Governor of Bank Indonesia (May 2013-Dec 2013) Deputy Commissioner of Banking Supervisor 1 of Financial Services Authority (2014-2017) President Commissioner/Independent Commissioner of PT Bank Syariah Mandiri (10 April 2017 until now)



Education Qualification and Work Experience of Integrated Governance Committee

Requirements for Members of the Integrated Governance Committee include:

1. Members of the Integrated Governance Committee are required to possess high integrity, good character and morals, as well as adequate abilities, knowledge and experience in accordance with their educational background and able to communicate well.
2. Having sufficient knowledge of good corporate governance.
3. Having sufficient knowledge of Capital Market regulations and regulations relating to banking, insurance, securities and financing businesses.

Table of Education Qualification and Work Experience of the Integrated Governance Committee

Name	Jabatan	Education	Work Experience
Goei Siau Hong	Chairman and Concurrently Member	<ul style="list-style-type: none"> Bachelor Degree in Agronomy. Master of Business Administration (MBA) in Business, Finance, and Marketing 	Have experience work, among others, in the field finance, research, and banking supervision.
Imam Apriyanto Putro	Member	<ul style="list-style-type: none"> Bachelor of Economics in Management. Master of Management 	Have experience work, among others, in the field finance, government, human resources, and company supervision.
Askolani	Member	<ul style="list-style-type: none"> Bachelor of Economics and Development Study Master of Business Administration (MBA) in Economics and Banking. 	Have experience work, among others, in the field finance, economics, supervision of the company industry.
Bangun Sarwito Kusmulyono	Member	<ul style="list-style-type: none"> Bachelor's Degree in Chemical Engineering Master of Business Administration Doctor's degree in Environment Management. 	Have experience work, among others, in the field banking, capital, defense and banking supervision.
Makmur Keliat	Member	<ul style="list-style-type: none"> Bachelor Degree in Corporate Economics Bachelor of Art in Social and Political Sciences/International Relations Department Drs. in Social and Political Sciences/ International Relations Department Ph.d in School of International Studies 	Have experience work, among others, in the field education, political science, International Relations, research and publication.
Ridwan D. Ayub	Member	<ul style="list-style-type: none"> Bachelor in Social Sciences and Political Science. Masters in Specialization Financial Management. 	Have experience work in the banking sector
Budi Sulistio	Member	<ul style="list-style-type: none"> Bachelor of Economics. Master of Business Administration 	Have experience work in the banking sector
Edhi Chrystanto	Member	<ul style="list-style-type: none"> Bachelor of Economics. Master of Finance. 	Have experience work in the banking sector
Frans A. Wiyono	Member	<ul style="list-style-type: none"> Bachelor of Arts 	Have experience work in banking and insurance
D. Cyril Noerhadi	Member	<ul style="list-style-type: none"> Bachelor of Geology. Master of Business Administration Doctor of Strategic Management 	Have experience work in the fields of investment, health, plantation, and mining.
Wihana Kirana Jaya	Member	<ul style="list-style-type: none"> Bachelor of Economics. Master of Money, Bank and Finance, Department of Economics. Doctor of Economics, Professor of Economic Sciences 	Have experience work in the fields of transportation, education, finance and banking.
Ravik Karsidi	Member	<ul style="list-style-type: none"> Bachelor of FIP Education Department Master of Science in Rural Sociology for Development Doctoral Program of Extension Science Study 	Memiliki pengalaman kerja di bidang pembiayaan, perbankan, dan pendidikan.

Name	Jabatan	Education	Work Experience
Ali Ghufon Mukti	Member	<ul style="list-style-type: none"> Bachelor of Medicine Master of Science (M.Sc) Tropical Medicine Ph.D in Medicine Faculty 	Have experience work in insurance, health and education.
M. Syafii Antonio	Member	<ul style="list-style-type: none"> Bachelor Degree in Sharia and Islamic Law Master Degree in Economics Ph.D in Micro Finance 	Have experience work in banking, Islamic banking, economics and education
Mulya E. Siregar	Member	<ul style="list-style-type: none"> Bachelor of Agriculture in Social Economics Master of Science Doctor of Philosophy (PhD) 	Have experience work in the field of Islamic banking.

Independency of Integrated Governance Committee

Members of Integrated Governance Committee have no shares in Bank Mandiri and its Subsidiaries, either directly or indirectly, have no affiliation relationship with Bank Mandiri, its Subsidiaries, Members of the Board of Commissioners and/or Subsidiaries, Members of the Board of Directors and/or Subsidiaries and main shareholders of Bank Mandiri and/or Subsidiaries and have no business relationship either directly or indirectly with Bank Mandiri and its Subsidiaries.

Table of Independency of Integrated Governance Committee

Aspect of Independency	Goei Siauwhong	Bangun Sarwito Kusmulyo	Imam Apriyanto Putro	Askolani	Makmur Keliat	Ridwan D. Ayub	Budi Sulistio	Edhi Chrystanto	Frans A. Wiyono	D. Cyril Noerhadi	Wihana Kirana Jaya	Ravik Karsidi	Ali Ghufon Mukti	Ramzi A. Zuhdi	M. Syafii Antonio	Mulya E. Siregar
Has no financial relationship with the Board of Commissioners and Board of Directors	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Not having relationship of management in the company, subsidiary, or affiliate companies	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Not having a relationship of shares-holding in the company	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow Integrated Governance Committee	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Not serving as administrator of political parties and government officials	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√

Integrated Governance Committee Meeting

Provisions of the Integrated Governance Committee meeting regulated in the Charter of the Integrated Governance Committee are as follows:

1. Meetings of the Integrated Governance Committee are held at least once in 6 (six) months.
2. Meetings of Interacted Governance Committee are considered valid if attended by at least 51% of the total members including an Independent Commissioner of Bank Mandiri and an Independent Party.
3. Meetings are chaired by the Chair of the Integrated Governance Committee.
4. Recommendations for meetings are conducted based on consensus.

5. Dissenting opinions that occur in a committee meeting must be clearly stated in the minutes of the meeting along with the reasons for such dissent.
6. The meeting of the Integrated Governance Committee must be stated in minutes of the meeting signed by all presenting members and well documented.

Agenda of Integrated Governance Committee Meeting

Throughout 2018, the date of the meetings, the Agenda of the meetings and the Attendance of the Integrated Governance Committee meetings are as follows.

No.	Meeting Date	Meeting Agenda	Meeting Participant	Quorum of Attendance (%)
1.	Wednesday, 16 May 2018	<ol style="list-style-type: none"> 1. Follow-Up on Onsite Results of Financial Services Authority Review and 2017 Second Semester of Integrated Governance Committee Meeting. 2. Update on the Results of Integrated Internal Audit in Semester II 2017. 3. Self-Assessment Results for the Implementation of Integrated Governance in Semester II 2017. 4. Work Plan for the Integrated Governance Unit in 2018. 	<ul style="list-style-type: none"> - Goei Siau Hong - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Makmur Keliat - Ridwan D. Ayub - Budi Sulistio - Frans A. Wiyono - D. Cyril Noerhadi - Wihana Kirana Jaya - Ravik Karsidi - Ali Ghufron Mukti - M. Syafii Antonio - Mulya E. Siregar 	100
2.	Monday, 10 December 2018	<ol style="list-style-type: none"> 1. Follow-Up on the Results of Semester I/2018 Integrated Governance Committee Meeting. 2. Results of Self Assessment of Integrated Governance Implementation for Semester I/2018. 3. Realization of the Work Plan for the Integrated Governance Unit in 2018. 	<ul style="list-style-type: none"> - Goei Siau Hong - Imam Apriyanto Putro - Askolani - Bangun Sarwito Kusmulyono - Makmur Keliat - Ridwan D. Ayub - Budi Sulistio - Edhi Chrystanto - Frans A. Wiyono - D. Cyril Noerhadi - Wihana Kirana Jaya - Ravik Karsidi - Ali Ghufron Mukti - M. Syafii Antonio - Mulya E. Siregar 	100

Frequency and Attendance of Integrated Governance Committee Meetings

Throughout 2018, the Integrated Governance Committee held meetings 2 (two) times. Frequency and level of attendance of the meetings of each member of the Integrated Governance Committee are as follows.

Table of Attendance of Integrated Governance Committee Meeting

Name	Designation	Total Number of meetings	Total attendance	Percentage
Goei Siau Hong	Chairman and Concurrently Member	2	2	100%
Imam Apriyanto Putro	Member	2	2	100%
Askolani	Member	2	2	100%
Bangun Sarwito Kusmulyono	Member	2	2	100%
Makmur Keliat	Member	2	2	100%
Ridwan D. Ayub	Member	2	2	100%
Budi Sulistio	Member	2	2	100%
Edhi Chrystanto	Member	2	2	100%
Frans A. Wiyono	Member	2	2	100%
D. Cyril Noerhadi	Member	2	2	100%

Name	Designation	Total Number of meetings	Total attendance	Percentage
Wihana Kirana Jaya	Member	2	2	100%
Ravik Karsidi	Member	2	2	100%
Ali Ghufon Mukti	Member	2	2	100%
M. Syafii Antonio	Member	2	2	100%
Mulya E. Siregar	Member	2	2	100%

Achievement of Key Performance Indicators (KPI) of Integrated Governance Committee

Achievements of Integrated Governance Committee on KPI throughout 2018 is as follows

No.	Key Performance Indicator	Indicator Value (%)	Achievement Value (%)	Indicator Value x Achievement Value (%)
1.	Realization Number of Committee meeting and Work Plan	30,00	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20,00	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20,00	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30,00	95,00	28,50
Total		100,00		97,50

Remuneration of Integrated Governance Committee

Remuneration of Integrated Governance Committee who come from Non Commissioner Independent Party is regulated in the Letter of the Board of Commissioners No. KOM/113/2016 on August 31, 2016 and is regulated in the Assignment Letter concerned as a member of the Board of Commissioners issued by Bank Mandiri.

No.	Description	Non Commissioner Committee Member
1.	Salary/Honorarium	Maximum 20% of the President Director's salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms of Bank Mandiri employees
4.	Bonus/Tantiem	Not given
5.	Facilities	
	a. Transportation Allowance	Not given
	b. Health	Not given
	c. Office travel	In accordance with the employee provision/ equivalent of Group Head

Brief Report on The Implementation of Integrated Governance Committee In 2018

Troughout 2018, the Integrated Governance Committee discussed and determined related matters:

1. In a meeting on May 16, 2018, the Integrated Governance Committee held a meeting to discuss the following matters:
 - a. Follow-up of OJK Onsite Review Results and Semester II/2017 Integrated Governance Committee Meetings
 - b. Update the Results of Integrated Internal Audit Semester II/2017
 - c. Self - Assessment Results for the Implementation of Integrated Management in Semester II/2017
 - d. Work Plan for the Integrated Governance Committee in 2018
2. In the meeting on December 10, 2018, the Integrated Governance Committee held a meeting to discuss the following matters:
 - a. Follow-Up on the Results of Semester I/2018 Integrated Governance Committee Meetings
 - b. Self Assessment Results of Integrated Governance Implementation for Semester I/2018
 - c. Realization the Work Plan of the 2018 Integrated Governance Unit

Recommendation of the Integrated Governance Committee

After conducting a discussion on the follow-up to the implementation of Integrated Governance, the Integrated Governance Committee agreed to optimize efforts to document the recommendations and direction of the Integrated Governance Committee (TKT) as a result of evaluating the implementation of TKT in KK Mandiri, so that implementation and follow-up in all integrated work units (SKKT, SKMRT, SKAIT) can be monitored on an ongoing basis.

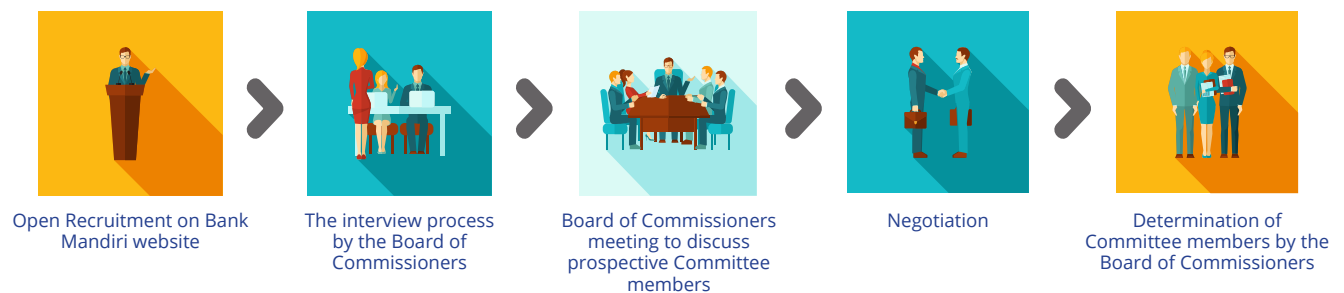
Work Plan For The Integrated Governance Committee In 2019

In 2019, the Integrated Governance Committee has established a work plan that will be discussed through the meeting at least 1 (one) time in 6 (six) months. The work plan of the Integrated Governance Committee in 2019 among others, evaluating the implementation of Integrated Governance through:

1. Assessment of the Adequacy of Integrated Internal Control.
2. Integrated Compliance Function Implementation.

Procedures for Replacement of Committees Under the Board of Commissioners

The procedures for replacing Committee members under the Board of Commissioners from Independent Parties are explained in the following chart.



Organs and Committee Under The Board of Directors

In carrying out the Company's operational activities, the Board of Directors is assisted by Corporate Secretary and committees under the Board.

Corporate Secretary

Bank Mandiri has the function of a Corporate Secretary run by the Corporate Secretary Group work unit and is led by an Executive Officer with the corporate title Senior Vice President who is appointed based on the Decree of decision of the Senior Executive Vice President (SEVP) No. KEP.SEVP/ 272/2014 September 30, 2014.

The Corporate Secretary of Bank Mandiri is directly responsible to the Board of Directors and is under the supervision of the Director of Institutional Relations which has duties and responsibilities including acting as a Bank mediator with stakeholders such as regulators, investors, and the wider community, especially those related to capital markets responsible for ensuring company compliance with applicable laws and regulations as part of the implementation of Good

Corporate Governance (GCG). In addition, the Corporate Secretary is responsible for maintaining the Bank's good image in the eyes of stakeholders widely.

The Basis For The Appointment of Corporate Secretary

The establishment, appointment and carrying out of functions and duties of Corporate Secretary, refer to:

1. Articles of Association of Bank Mandiri
2. Financial Services Authority Regulation No. 35/POJK.04/2014 concerning Corporate Secretary of Issuer and Public Companies.
3. Decree of the Board of Directors of PT Bursa Efek Indonesia Number Kep-00001/BEI/01-2014 concerning the Amendment to Regulation Number I-A: Concerning the Registration of Shares and Equity Securities Other than Shares Issued by Listed Companies.

4. SOE Minister Regulation No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State Owned Companies, as amended by PER-09/MBU/2012.
5. Law No. 19 of 2003 concerning State Owned Companies.
6. Decree of Minister of State Owned Companies No. KEP-117/MMBU/2002 dated July 31, 2002.
7. Regulation No.IX.14 Decree of Head of Capital Market Supervisory Agency (Bapepam) No. Kep 63/PM/1996 dated January 17 1996.
8. Decree of SEVP No. KEP.SEVP/272/2014 dated September 30, 2014.

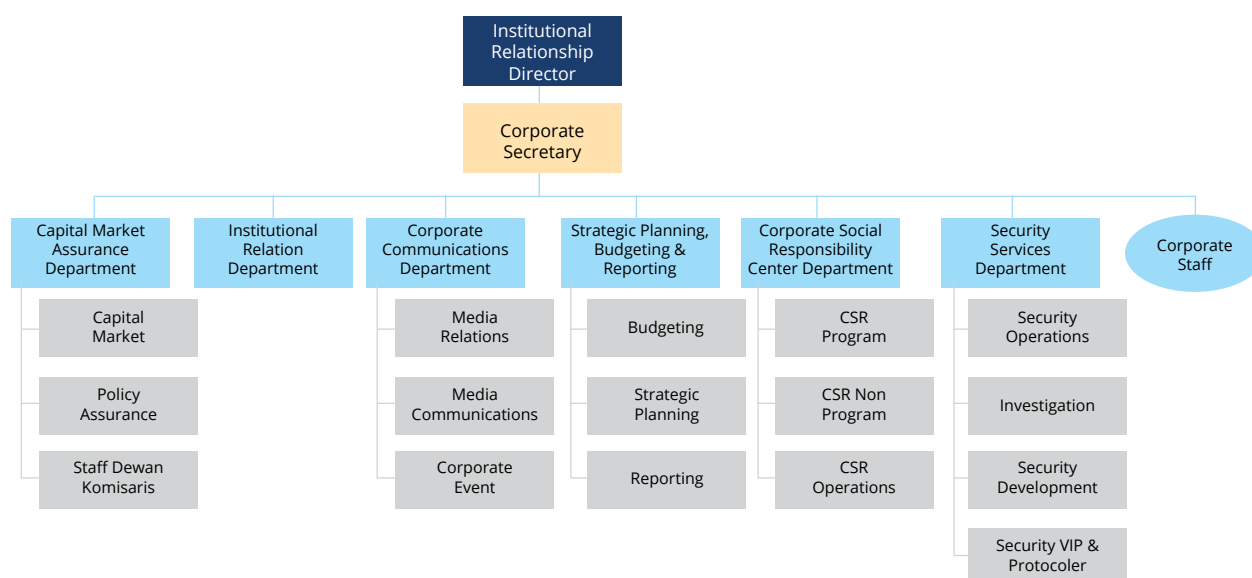
Structure of The Corporate Secretary

The Corporate Secretary is directly responsible to the Director of Institutional Relations, in which the functions and duties are divided into 6 (six) fields, which are:

1. Bank activities as a public company, including implementing corporate governance, especially those related to capital market provisions
2. Corporate Communication Activities;
3. Secretarial Activities

4. Stakeholder Management Activities;
5. Corporate Social Responsibility Activities;
6. Security Activities.

In carrying out the functions and duties of each department, coordination and supervision are directly in the hand of Corporate Secretary. In carrying out its functions and duties, the Corporate Secretary is guided by the Policy and Standards of Corporate Secretary.



Functions and Duties of Corporate Company

Referring to Article 5 of the Financial Services Authority Regulation No. 35/POJK.04/2014 concerning Corporate Secretary of Issuers or Public Companies, the function of the Corporate Secretary is to carry out tasks at least covering:

1. Following the development of the capital market, especially the applicable laws and regulations in the field of capital markets.
2. Providing input to the Board of Directors and the Board of Commissioners to comply with the rules and regulations in the field of capital market.
3. Assisting the Board of Directors and the Board of Commissioners in implementing corporate governance which includes:
 - a. disclosure of information to the public, including the availability of information on the Issuer's Website;
 - b. submission of statements to Financial Services Authority on time;
 - c. organizing and documenting the General Meeting of Shareholders;
 - d. organizing and documenting the Meetings of Board of Directors and/or Board of Commissioners; and
 - e. implementing an orientation program for the company for the Board of Directors and/or the Board of Commissioners.
4. As a liaison between Issuers and shareholders, the OJK and other stakeholders.

In line with these Financial Services Authority Regulation, the Corporate Secretary of Bank Mandiri also has a Policy and Standard of Guidelines as the foundation of the Corporate Secretary in carrying out their functions and duties, among others

Activities that are the scope of responsibility of the Corporate Secretary include:

1. Bank Activities as a Public Company:
 - a. Carrying out Information Disclosure including reporting to Regulators in relation to the status of the Bank as a Public Company.
 - b. Organizing and documenting the General Meeting of Shareholders.
 - c. Carrying out reporting according to the provisions of other laws which are the authority of the Corporate Secretary work unit.
 - d. Managing the administration of Bank Mandiri shareholders.
 - e. Carrying out other activities related to Corporate Action and/or other information disclosures.
 - f. Carrying out the Bank's compliance function with regulations in the field of capital market
2. Corporate Communication Activities
 - a. Establishing corporate communication policies and strategies together with Strategic Marketing Communication Work Units including:
 - Establishing regulations regarding the implementation of communication.
 - Establishing brand image and brand positioning.
 - b. Conduct corporate communication activities to internal and external stakeholders of the Corporation.
 - c. Hold and carry out certain activities (events/

sponsorships) as the implementation of corporate communication strategies and reputation risk management.

- d. Conducting corporate communication activities to Corporate internal and external stakeholders.
 - e. Holding and carrying out certain activities (events/ sponsorships) as the implementation of corporate communication strategies and reputation risk management.
3. Secretarial Activities
 - a. Organizing and documenting the Meetings of Board of Directors Meetings and Board of Commissioners.
 - b. Administering company documents including regulating or stipulating regulations concerning letters and management of company documents.
 - c. Carrying out activities to support the functions and work activities of the Board of Commissioners, Board of Directors and SEVP.
 4. Corporate Social Responsibility Activities
 - a. Establishing strategies and carry out Corporate Social Responsibility Activities.
 - b. Carrying out other similar activities either in the form of implementation of government programs or by collaborating with third parties such as the Partnership and Community Development Program and giving donations in connection with natural disasters.
 5. Corporate Security Activities

Carrying out corporate security activities that aim to support the smoothness and orderliness of the Bank's operational activities including regulating and stipulating the regulations concerning the implementation of bank security.



Rohan Hafas
Corporate Secretary

Age	57 years old
Nationality	Indonesia
Domile	Jakarta
Educational Background	Bachelor Degree in Management of the University of Indonesia (1987).
Certification	Level 1 Risk Management held by the Banking Professional Certification Institute (2012) and has participated in the Refreshment held by BARa Risk Forum (2016).
Employment History	<ul style="list-style-type: none"> - Division Head of Corporate Secretary of PT Bank Mutiara, Tbk (2010 - 2014). - Operational Director of PT Daria Dharma (2005 - 2010).

Profile of Corporate Secretary

Currently the Bank Mandiri Corporate Secretary is held by Rohan Hafas. He joined Bank Mandiri in 2014 and served as Corporate Secretary based on SEVP Decree No. KEP.SEVP/272/2014 September 30, 2014.



Competence Improvement Program of Corporate Secretary

As a liaison with external parties, the Corporate Secretary must always keep up with the developments in the world of capital markets and consistently improve their competence in the fields of law, finance, communications and corporate governance. For this reason, the Corporate Secretary of Bank Mandiri routinely participates in various trainings/workshops/seminars that are useful to maximize their very important role in the company. Throughout 2018, the Corporate Secretary has participated in various Training/Workshop/Seminars as follows.

Training/Competency Development Material	Time and Place of Implementation	Organizer
Leadership Forum	May 4-6, 2018, Labuan Bajo	PT Bank Mandiri (Persero) Tbk.
Indonesia Investment Forum 2018	October 9, 2018, Bali	Ministry of SOE, BI, OJK
Media Training	November 29-30, 2018, Semarang	Bank Mandiri

In addition, the employees under the functions of the Corporate Secretary have participated in training in the fields of law, accounting, secretariat and reporting and actively participated in seminars / outreach related to the latest regulations issued by regulators.

Implementation of Corporate Secretary's Duties In 2018

During 2018, the Corporate Secretary of Bank Mandiri carried out functions and tasks related to stakeholders, among others:

- Following the development of Capital Market regulations, especially legislation in force in the Capital Market, among others by ensuring compliance with new regulations issued by the Financial Services Authority, the Indonesia Stock Exchange and other regulators related to the capital market.
- Building GCG Awareness for the Board of Directors and Board of Commissioners of Bank Mandiri including informing about new policies and issues regarding GCG.
- Organizing and documenting the Annual General Meeting of Shareholders on March 21, 2018, 2018 Mandatory Public Expose on August 29, 2018, and ensuring regular communication every quarter to investors through the Analyst Meeting on February 6, April 24, July 19 and October 17, 2018.
- Making a dividend payment for the 2017 Financial Year on April 20, 2018.
- Organizing and attending the Meetings of Board of Commissioners, Meetings of Board of Directors, Joint Meetings of Directors Inviting the Board of Commissioners, and Joint Meetings of the Board of Commissioners and making minutes of the meetings. In 2018 each has been held respectively for 23 (twenty three) times, 42 (forty two) times, 3 (three) times, and 9 (nine) times.
- Periodically reviewing the Company's Principles, Company Articles of Association, Rules of Conduct of Board of Directors, Rules of Conduct of Board of Commissioners, Rules of Conduct of Committees under the Board of Directors, Charter of Committees under the Board of Commissioners, and other Policies in accordance with applicable law and regulation and implementation of Bank governance.
- Conducting information disclosure to the public in accordance with applicable laws and regulations.
- Conducting information disclosure to Bank Mandiri internal employees through Mandiri Magazine. During 2018, the Corporate Secretary issued 11 (eleven) editions of Mandiri Magazine.
- Redesigning the Company's Website to improve the convenience of the society in accessing information and always providing up to date and accurate information on the Website.
- Preparing the 2017 Fiscal Year Annual Report and the Sustainability Report and submit them to the relevant Regulators in a timely manner and monitoring the submission of the 2017 Fiscal Year Annual Report of the 11 (eleven) Subsidiaries to the Regulator.
- Managing the Capability and Compliance Test of 4 (four) members of the Board of Directors.
- Documenting Company legality data, including the Deed of GMS, Amendment Deed of Articles of Association, Amendment Deed of Management Structure, Corporate Domicile Sign, and other legal documents.
- Establishing communication with the Ministry of SOE, Financial Services Authority, Bank Indonesia (BI), Ministry of Finance, Secretary of State, Deposit Insurance Agency (LPS), Self Regulatory Organizations (Indonesia Stock Exchange (BEI), Indonesian Central Securities Depository (KSEI), and Indonesian Clearing and Guarantee Corporation



- (KPEI)), Bureau of Securities Administration, and other related institutions.
14. Monitor the implementation of the Wealth Report State Organizer (LHKPN) to the Commission Corruption Eradication (KPK). During 2018, 185 (one hundred and eighty five) of the total 288 (two hundred eighty depalan) people have fulfill its reporting obligations.
 15. Compiling and publishing 66 (sixty six) Directors' Decisions related to the Implementation of the Company's Operational Activities.
 16. Reportingn the results of monitoring of media coverage daily to members of the Board of Commissioners and Board of Directors every morning on weekdays.
 17. Coordinating the implementation of Corporate Events, both internal and external events, such as the Mandiri Jogja Marathon, Indonesian Fair, Indonesia Fashion Week, Bank Mandiri Anniversary Commemoration, and other Corporate Events.
 18. Covering 80 (eighty) coverage of Corporate Ceremonial Activities.
 19. Actively participating in hearings and working visits with the (People's Representative Council of Republic of Indonesia (DPR-RI).
 20. Distributing the Partnership Program, Community Development, Corporate Social Responsibility and Sponsorship and monitoring the credibility.

21. Carrying out licensing management activities, security and escort/protocol (Bank officials) of the Board of Directors and the Board of Commissioners in offices, trip/events and housing.
22. Administering and distributing all incoming letters addressed to Bank Mandiri or the relevant Work Unit for further follow-up.
23. As a liaison between Bank Mandiri and shareholders, investors, regulators and other stakeholders.

Reports of The Corporate Secretary of 2017 Fiscal Year

In order to comply with Article 11 of Financial Services Authority Regulation No. 35/POJK/2014, the Corporate Secretary of Bank Mandiri has compiled reports periodically at least 1 (one) time in 1 (one) year regarding the implementation of the functions of the corporate secretary to the Board of Directors and sent to the Board of Commissioners submitted via Note to the Board of Directors No. CEO.CSC/CMA.464/2018 dated March 29, 2018 concerning 2017 Corporate Secretary Group Function and Task Report and Letter to Board of Commissioners No. HBK.CSC/CMA.876/2018 dated 6 April 2018 concerning the 2017 Corporate Secretary Group Function and Task Report.

Committee Under The Board of Directors

In carrying out its duties, the Board of Directors is assisted by the Corporate Secretary and Committees to provide recommendations relating to the policies and directions of the Board of Directors. Bank Mandiri has a Committee under the Board of Directors or also called the Executive Committee as many as 9 (nine) Committees as stated in the Decree of the Board of Directors No. KEP.DIR/53/2018 dated July 30, 2018 about Executive Committee.

However, in its capacity as a committee, the entire Executive Committee does not have the authority to act on behalf of the Company to commit or sign agreements with third parties. All actions for and on behalf of the Company must be carried out in accordance with the provisions of the Company's Articles of Association.

Assets and Liabilities Committee

Assets and Liabilities Committee (ALCO) is a committee formed to assist the Directors in carrying out the functions of determining the management of assets and liabilities, setting interest rates and liquidity, as well as other matters related to managing the Company's assets and liabilities, as well as monitoring and implementing Recovery Plans when the Company is under pressure/financial crisis.

Structure and Membership of Assets and Liabilities Committee

Based on Board of Directors Decree No. KEP.DIR/53/2018 concerning the Assets and Liabilities Committee, the structure and membership of ALCO are as follows:

Chairman	:	President Director
Secretary	:	Group Head of Market Risk
Alternate Secretary I	:	Group Head of Treasury
Alternate Secretary II	:	Group Head of Strategy & Performance Management

Under pressure/financial crisis conditions (related to monitoring and implementation/activation of the Recovery Plan) which acting as Secretary of the Committee namely:

Secretary	:	Group Head Strategy & Performance Management
Alternate Secretary I	:	Group Head Credit Portfolio Risk

I. Voting members

a. Permanent Voting Member

1. President Director
2. Deputy President Director
3. Director of Corporate Banking
4. Director of Small Business and Network
5. Director of Risk Management
6. Director of Treasury & International Banking
7. Director of Institutional Relations
8. Director of Finance
9. Director of Retail Banking
10. SEVP Retail Risk
11. SEVP Wholesale Risk
12. SEVP Middle Corporate
13. SEVP Large Corporate

b. Non-Permanent Voting Member

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Member

Director of Compliance or Head Compliance Group or appointed Compliance Group officials.

III. Contributing Non-Voting Member

- a. Group Head/equivalent to other invited Group Head related to materials serves as agenda of the Committee.
- b. Secretary of the Committee.

IV. Permanent Invitee without Voting Rights

- a. SEVP Internal Audit *) or Group Head in Internal Audit or Internal Audit officials attending as permanent invitee without voting rights.

*) The material discussed by committee is a material proposed by SEVP Internal Audit, therefore, SEVP Internal Audit act as Voting Member.

- b. Officials in the field of operational risk, i.e. the Senior Operational Risk Head related to the materials on the agenda of the committee attending as a permanent invitation without voting rights.

Duties and Responsibilities of Assets and Liabilities Committee

In carrying out its functions, ALCO has duties and responsibilities, among others, as follows:

1. Establish, develop and review strategies for managing assets and liabilities.
2. Evaluate the position of the Company's assets and liabilities in accordance with the objectives of managing liquidity risk, interest rates and exchange rates.
3. Evaluate the Company's position and the strategy of Assets & Liabilities Management to ensure that the results of the Company's risk-taking position have been consistent with the objectives of managing interest rate risk, liquidity and exchange rates.
4. Evaluate/review asset and liability pricing to ensure the pricing can optimize the results of fund investments and minimize the cost of funds as well as maintain the Company's balance sheet structure in accordance with the Company's Assets and Liabilities Management strategy.
5. Evaluate/review deviations between realization and projected budget and the Company's business plan.
6. Discuss and set limits on liquidity management, gap management, pricing management, and FX management.
7. Establish a fund transfer pricing methodology.



8. Discuss and determine other matters that are within the scope of Assets and Liabilities Management including Subsidiaries/entities that are under the control of the Company.
9. Monitor the implementation/activation of Recovery Plan as follows:
 - a. Monitor the Bank's financial indicators listed in the Recovery Plan which include indicators of liquidity, capital, profitability and asset quality.
 - b. Escalate to the Board of Directors if the Recovery Plan indicators will or have violated (trigger level) the set limits to get the Recovery Plan activation decision.

Implementation of The Assets and Liabilities Committe Duties In 2018

In carrying out its duties and responsibilities ALCO holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more members of the committee with voting rights (voting members), or at the request of the Board of Directors or on written proposals from related working unit related by delivering the material to be discussed and coordinating with Secretary of the Committee.

During 2018, ALCO has held 9 (nine) meetings with the following agenda:

No.	Meeting Date	Meeting agenda	Quorum of Attendance (%)
1.	January 9, 2018	1. Macroeconomic Projection 2018. 2. Rupiah Deposit Pricing Strategy in Control of Cost of Funds and Liquidity.	77
2.	February 27, 2018	1. Balance Sheet Optimization to Reach the Bank's Net Interest Income (NII). 2. Pricing Strategy for Third Party Funds of Rupiah and Foreign Currency 3. Rupiah Loan Pricing Strategy.	69
3.	April 17, 2018	Review of Balance Sheet Strategy to Achieve NII Bank Targets.	69
4.	May 22, 2018	1. Pricing Strategy for Third Party Funds of Rupiah and Foreign Currency. 2. Pricing Strategy of Securities Collateral Credit.	69
5.	July 3, 2018	Balance Sheet Optimization to Reach NII Bank Targets.	77
6.	September 25, 2018	1. Loan Pricing Strategy. 2. Projections and Strategy of Liquidity Fulfilment. 3. Review Pricing of Foreign Currency Deposit	69
7.	November 5, 2018	Review Trigger of Rupiah Third Party Funds Downturn Level	100
8.	November 7, 2018	1. Net Interest Margin Analysis. 2. Loan Pricing Strategy. 3. Wholesale Funding Strategy.	69
9.	December 19, 2018	1. Loan Pricing Strategy. 2. Adjustment of Authority of Loan Interest Rates. 3. Liquidity Projection. 4. Strategy for Portfolio Banking Book Management.	100

Work Plan For The Assets and Liabilities Committee In 2019

In 2019, ALCO has set a work plan that will be discussed through a meeting of at least 3 (three) times in one year. The ALCO work plan in 2019 includes:

1. Establish, develop and review strategies for managing assets and liabilities.
2. Evaluating the Company's position and strategy for Assets & Liabilities Management (ALM).
3. Monitoring and implementing/Recovery Plan activation.

Business Committee

The Business Committee is a committee established to assist the Board of Directors in establishing strategies for managing the Company's business in an integrated manner, regulating the products and/or activities of the Company and determining the strategy and effectiveness of marketing communication in the wholesale banking and retail banking sector.

Structure and Membership of Business Committee

Based on Board of Directors Decree No. KEP.DIR/54/2018 dated July 30, concerning the Business Committee, the structure and membership of the Business Committee are as follows:

Chairman	:	President Director
Secretary (Wholesale Segment)	:	Group Head of Banking Wholesale Product Transaction
Secretary (Retail Segment)	:	Group Head of Consumer Deposits

I. Voting members

a. Permanent Voting Member

1. President Director
2. Deputy President Director
3. Director of Corporate Banking
4. Director of Small Business and Network
5. Director of Risk Management
6. Director of Information and Operations Technology
7. Director of Treasury & International Banking
8. Director of Institutional Relations
9. Director of Retail Banking
10. SEVP Retail Risk
11. SEVP Corporate Transformation
12. SEVP Wholesale Risk
13. SEVP Middle Corporate
14. SEVP Large Corporate
15. SEVP Consumer and Transaction

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Members Director of Compliance or Group Head of Compliance or appointed Compliance Group officials.

III. Contributing Non-Voting Members

a. Group Head/ equivalent to other invited Group Head related to materials serves as agenda of the Committee.

b. Secretary of the Committee.

IV. Permanent Invitee without Voting Rights (Invitee)

a. SEVP Internal Audit *) or Group Head in Internal Audit or Internal Audit officials attending as permanent invitee without voting rights.

*) The material discussed by committee is a material proposed by SEVP Internal Audit, therefore, SEVP Internal Audit act as Voting Member.

b. Officials in the field of operational risk, i.e. the Senior Operational Risk Head related to the materials on the agenda of the committee attending as a permanent invitation without voting rights

Duty Description and Responsibility of Business Committee

In carrying out its functions, BC has the following duties and responsibilities:

1. Discuss and determine the Company's business strategy, wholesale segment and retail segment including the business strategies of Subsidiaries.
2. Discuss, evaluate, and establish business development in the wholesale and retail segment segments in an integrated manner, including the development/renewal of products and services, both loan and non-credit, business processes, tariffs, infrastructure facilities and infrastructure for marketing communication and business supporting technology.
3. Discuss, evaluate and establish business strategies with the Company's anchor client.
4. Monitor and evaluate strategic performance results and business/project initiatives in the wholesale and retail segments.
5. Discuss and resolve strategic business problems including alliances between the Company's working units and alliances with Subsidiaries or entities under the Company's control.
6. Discuss, evaluate and determine the development and termination of new loan and non-loan products including digital banking products and services.
7. Delegate authority to appointed officials to decide and implement operational business matters.



Implementation of Business Committee's Duties In 2018

In carrying out its duties and responsibilities BC holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more members of the committee with voting rights (voting members), or at the request of the Board of Directors or on written proposals from related working unit by delivering the material to need be discussed and coordinating with Secretary of the Committee.

Throughout 2018, BC has held 19 (nineteen) meetings with the following agenda:

No.	Meeting Date	Meeting Agenda	Quorum of Attendance (%)
1.	January 9, 2018	Proposed People's Business Loan (KUR) of Muara Gembong.	100
2.	January 23, 2018	1. Prioritization of the 2018 IT Initiative. 2. Termination Process of Avalist Line and Plasma Cooperative Credit 3. Process of Proposed SME Re-segmentation up to IDR 25 Billion.	100
3.	January 30, 2018	1. Management Limit. 2. Derivative Transactions Proposal. 3. Proposal of Mandiri Deposit Swap Product Manual Modification.	100
4.	February 20, 2018	Discussion on Timor Leste National Card and Mobile Switch (NCMS).	100
5.	March 27, 2018	1. Financing of People's Assets and Liabilities Management Oil Rejuvenation with Special KUR scheme and BPBD KS Grant. 2. Application for Plasma Financing License with Bank Mandiri Non-Debtor Business Group.	100
6.	April 03, 2018	Mandiri Tabungan Fellas Product Manual.	100
7.	April 10, 2018	1. Management Limit. 2. Study of SME Loan Segmentation and IDR 10-25 billion Commercial. 3. Proposal for Deposits Collateral Loan of SME Segment.	100
8.	April 24, 2018	1. Management Limit. 2. Revision of Product Manual of Financing Facility To and/or Multi finance.	100
9.	May 8, 2018	1. Product Manual of Mandiri Tabungan Valas 2. Product Manual of Mandiri Tabungan Simpanan Makmur.	100
10.	May 22, 2018	End of Year BG Program	100
11.	July 3, 2018	1. SiMuda Rumahku Savings Product 2. People's Business Loan (KUR) Specifically for Farm Cluster	100
12.	July 17, 2018	1. Management Limit. 2. Pawnshop Management	100
13.	July 24, 2018	Proposal of Integrated Customer Management Project	100
14.	August 1, 2018	Management Limit of Debtor.	100
15.	August 28, 2018	Proposal of KUR Addition Financing Pattern	100
16.	September 25, 2018	1. Management Limit of Debtor. 2. Product Manual Revision.	100
17.	October 30, 2018	1. Product Manual of Short Term Credit, Special Loan Transaction and Credit. 2. Management Limit of Debtor. 3. Debtor Interest Rate Swap (IRS). 4. Determination of Limit Receivable Financing.	100
18.	December 11, 2018	1. Management Limit of Debtor. 2. Deferred Payment Based on another Bank's LC and QA.	100
19.	December 18, 2018	Management Limit of Debtor.	100

Business Committee Work Plan For 2019

In 2019, BC has set a work plan that will be discussed through a meeting at least 3 (three) times in one year. The BC work plan in 2019 includes:

1. Discuss and determine the Company's business strategy in the wholesale and retail segments including strategies Subsidiary business.
2. Discuss, evaluate and establish business strategies with the Company's anchor client.
3. Monitor and evaluate the results of strategic performance and business/project initiatives in the wholesale and segment segments retail.

Capital and Subsidiaries Committee

Capital and Subsidiaries Committee (CSC) is a committee established to assist Directors in managing Subsidiaries, among others, determining strategies for managing Subsidiaries, capital participation, capital release, determination of members of Board of Directors and/or members of Board of Commissioners and remuneration for Directors and/or Member of Board of Commissioners of the Subsidiaries.

Structure and Membership of Capital and Subsidiaries Committee

Based on Board of Directors Decree No. KEP.DIR/55/2018 dated July 30, 2018 on Capital and Subsidiaries Committee, structure and membership of Capital and Subsidiaries Committee are as follows:

Chairman	:	President Director
Secretary	:	Group Head of Strategic Investment & Subsidiaries Management
Alternate Secretary I	:	Group Head of Strategy & Performance Management

I. Voting members

a. Permanent Voting Member

1. President Director
2. Deputy President Director
3. Director of Risk Management
4. Director of Treasury & International Banking
5. Director of Finance

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Members

Director of Compliance or Group Head of Compliance or appointed Compliance Group officials.

III. Contributing Non-Voting Member

- a. Group Head/ equivalent to other invited Group Head related to materials serves as agenda of the Committee.
- b. Secretary of the Committee.

IV. Permanent Invitee without Voting Rights (Invitee)

- a. SEVP Internal Audit *) or Group Head in Internal Audit or Internal Audit officials attending as permanent invitee without voting rights.

*) The material discussed by committee is a material proposed by SEVP Internal Audit, therefore, SEVP Internal Audit act as Voting Member.

- b. Officials in the field of operational risk, i.e. the Senior Operational Risk Head related to the materials on the agenda of committee attending as a permanent invitation without voting rights.

Description of Duties and Responsibilities of Capital and Subsidiaries Committee

In carrying out its functions, Capital and Subsidiaries Committee has duties and responsibilities including:

1. Establish strategies and limitations on the management of Subsidiaries including companies that are under the control of Subsidiaries if needed.
2. Discuss, recommend and establish business initiatives of Company's equity participation to Subsidiaries
3. Discuss, recommend and approve the Subsidiary's equity participation plan including additional equity participation and the release of capital participation/divestment with the provisions in terms of capital participation or disposal result in changes in the control of the Subsidiary to the authority of the Board of Directors Meeting, with reference to the Company's Articles of Association.
4. Evaluate and discuss the financial performance of Subsidiaries including companies that are under the control of Subsidiaries if needed.
5. Discuss, recommend, and approve remuneration (including salaries, honorarium, allowances and facilities) of members of Board of Directors and Board of Commissioners of Subsidiaries including companies that are under the control of Subsidiaries that have been recommended by Human Capital work unit responsible for the remuneration material.



6. Discuss, recommend and approve candidacy/ nomination of members of Board of Directors and/ or Board of Commissioners of Subsidiary referring to the Company's Articles of Association.
7. Discuss, recommend, and approve the candidacy/ nomination of members of Board of Directors and/ or Board of Commissioners of companies that are under the control of the Subsidiary.
8. Capital and Subsidiaries Committee authority as elaborated without diminishing the authority of Board of Directors is assigned to continue to decide upon the candidacy/nomination of members of the Board of Directors and Board of Commissioners Subsidiaries and companies that are under the control of the Subsidiary.
9. Discuss, recommend and approve the Subsidiaries Work Plan and Budget including companies that are under the control of the Subsidiaries Entity if needed.
10. Discuss, recommend, determine/decide on the implementation and agenda of General Meeting of Shareholders (GMS) of Subsidiaries including companies that are under the control of the Subsidiary if needed and decide on other applications or proposals that require the Company's decision as Shareholders.
11. Discuss, recommend and approve the management and financial strategies of Financial Institution Pension Funds.
12. Establish a power of attorney to represent the Company as a Shareholder in Subsidiaries (Shareholder Proxies).

Implementation of Capital and Subsidiaries Committee Duties

In carrying out its duties and responsibilities Capital and Subsidiaries Committee holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more members of the committee with voting rights (voting members), or at the request of the Board of Directors or on written proposals from related working unit related by delivering the material to be discussed and coordinating with Secretary of the Committee.

Throughout 2018, Capital and Subsidiaries Committee has held 14 (fourteen) meetings with the following agenda:

No.	Meeting Date	Meeting agenda	Quorum of Attendance (%)
1.	January 3, 2018	1. Changes in the Management of Subsidiaries. 2. Changes in Procedure for RKAP Approval of Subsidiaries.	100
2.	January 24, 2018	Circular CSC Decision Making Approval Regarding Proposal of Changes in Management of PT Mandiri Axa General Insurance (MAGI).	100
3.	January 30, 2018	1. Update of RKAP for Subsidiaries in 2018. 2. Update of Subsidiaries Management that Will Be Due in 2018. 3. Determination of Changes in Management of Subsidiaries.	100
4.	February 13, 2018	Determination of Changes in Management of Subsidiaries.	73
5.	March 6, 2018	1. Approval of Annual General Meeting of Shareholders (AGMS) and Material of the AGMS of the Subsidiary Agenda. 2. Determination of Subsidiaries Management. 3. Update on the Process of Determining Subsidiaries Management.	100
6.	March 12, 2018	1. Determination of Subsidiaries Management. 2. Changes in the Shareholders Proxy of Attorney for Bank Mandiri (Europe) Limited (BMEL). 3. Remuneration of Board of Subsidiaries.	71
7.	May 7, 2018	1. Determination of Changes in Management of Subsidiaries. 2. Determination of Proxy of Shareholders. 3. Establishment of the Subsidiary Management Evaluation Team.	100
8.	June 5, 2018	Capital Increase for PT Mandiri Tunas Finance (MTF).	77
9.	June 26, 2018	Determination of Dismissal of Management of Subsidiaries	100
10.	September 25, 2018	Determination of Changes in Management of Subsidiaries.	100
11.	October 4, 2018	Circular Capital and Subsidiaries Committee Decision Making Approval Regarding Proposal of Changes in Subsidiaries Management.	95
12.	October 15, 2018	Amendments to the Articles of Association of PT Mandiri Axa General Insurance (MAGI), Changes in Management of MAGI, Mandiri Inhealth and Mandiri Sekuritas.	84
13.	October 30, 2018	1. Appointment of Management of Subsidiaries. 2. Establishment of a Financial Institution Pension Fund (DPLK) in a Subsidiary	100
14.	November 27, 2018	Update on Indonesian Transaction Partner Development and capital Addition of Mandiri Capital Indonesia.	90

Capital and Subsidiaries Committee Work Plan For 2019

In 2019, CSC has set a work plan that will be discussed through a meeting at least 3 (three) times in one year. The CSC work plan in 2019 includes:

1. Discuss, recommend and establish business initiatives for the Company's capital participation in Subsidiaries.
2. Evaluating and discussing the financial performance of Subsidiaries including companies that are under the control of the Subsidiaries.
3. Discuss, recommend, and approve the remuneration of members of the Board of Directors and Board of Commissioners of the Subsidiary including companies that are under the control of a Subsidiary.
4. Discuss, recommend and approve the nomination/nomination of members of the Board of Directors and/or Board of Commissioners of the Subsidiary include companies that are under the control of a Subsidiary.

Human Capital Policy Committee

The Human Capital Policy Committee (HCPC) is a committee formed to assist Board of Directors in establishing strategies for managing the Company's Human Capital, establishing and developing organizations, and establishing the strategic direction of developing Human Capital Information System.

Structure and Membership Human Capital Policy Committee

Based on the decision of Board of Directors No. KEP.DIR/56/2018 dated July 30, 2018, the structure and membership of the HCPC are as follows:

Chairman	:	President Director
Secretary	:	Group Head of Human Capital Engagement
Alternate Secretary I	:	Group Head of Human Capital Talent, Organisation & Performance

I. Voting Members

a. Permanent Voting Members

1. President Director
2. Deputy President Director
3. Director of Small Business and Network
4. Director of Information and Operations Technology
5. Director of Risk Management
6. Director of Compliance
7. Director of Finance

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Members

Group Head Compliance or appointed Compliance Group officials must attend the Committee Meeting.

III. Contributing Non-Voting Members

- a. Group Head/ equivalent to other invited Group Head related to materials serves as agenda of the Committee.
- b. Secretary of the Committee.

IV. Permanent Invitee without Voting Rights (Invitee)

- a. SEVP Internal Audit *) or the Group Head of the Internal Audit Directorate or an Internal Audit Directorate official attending as a permanent invitee without voting rights.

*) The material discussed by committee is a material proposed by SEVP Internal Audit, therefore, SEVP Internal Audit act as Voting Member.

- b. Officials in the field of operational risk, i.e. the Senior Operational Risk Head related to the materials on the agenda of committee attending as a permanent invitation without voting rights.



Descriptions of Duties and Responsibilities of Human Capital Policy Committee

In carrying out its functions, Human Capital Policy Committee has duties and responsibilities including:

1. Establish strategic direction and operational management of Human Capital, including corporate culture and values.
2. Establish strategic Human Capital management policies in Subsidiaries, Financial Institution Pension Funds, Bank Mandiri Pension Funds, Foundations and Subsidiaries of Subsidiaries.
3. Establish the strategic direction of the development of Human Capital Information System.
4. Establish and develop organizations including fulfilment, development and training of Human Capital according to the Company's business needs.
5. Establish individual performance management and rewards, talent and succession management as well as employee relations.
6. Establish limits of authority in carrying out Human Capital management.
7. Discuss and resolve strategic issues of Human Capital management.

Duties Implementation of Human Capital Policy Committee

In carrying out its duties and responsibilities Human Capital Policy Committee holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more voting members, or at the request of the Board of Directors or on written proposals from the unit work related to delivering material to be discussed and coordinating with the Secretary of the Committee.

Throughout 2018, HCPC task implementation was carried out by conducting discussions related to staffing and was decided at the Directors' Meeting. Staff-related materials discussed at the Board of Directors Meeting include:

No.	Date	Agenda	Quorum of Attendance (%)
1.	January 3, 2018	Human Capital discussion : Wholesale Banking organisation alignment.	90
2.	February 13, 2018	Human Capital Discussion : - Implementation of Financial Services Authority Regulation - Constitutional Court Decision	80
3.	February 20, 2018	Human Capital Discussion : - New Productivity Enhancement 2018 - Update Culture Transformation	90
4.	April 10, 2018	Human Capital Discussion: SEVP	100
5.	April 24, 2018	Human Capital Discussion: CLTB	100
6.	April 30, 2018	Human Capital Discussion : TAD	91
7.	May 22, 2018	Human Capital Adjusment	91

Human Capital Policy Committee Work Plan For 2019

In 2019, HCPC has set a work plan that will be discussed through a meeting of at least 3 (three) times in one year. The HCPC work plan in 2019 includes:

1. Establish strategic and operational directions for managing Human Capital, including culture and values company.
2. Establish the strategic direction of the development of the Human Capital Information System.
3. Establish individual performance management and rewards, talent and succession management and employees relations.

Information Technology Committee

Information Technology Committee (ITC) is a committee established to assist the Board of Directors in IT strategic plan and IT budgeting determination, IT strategic project determination & IT security.

Structure and Membership of Information Technology Committee

According to the director decree No. KEP.DIR/57/2018 July 30, 2018, structure and ITC membership is as follow:

Chairman	:	President Director
Secretary	:	Group Head of IT Strategy and Architecture
Alternate Secretary	:	Group Head of IT Application Development

I. Voting Member

a. Permanent Voting Member

1. President Director
2. Director of Risk Management
3. Director Information technology & Operation
4. Director of Finance
5. SEVP Retail Risk
6. SEVP Corporate Transformations
7. SEVP Operation

b. Non-Permanent Voting Member

Members of Board of Directors and SEVP related to materials attending as invitee.

II. Permanent Non-Voting Member

Group Head of Compliance or the appointed Compliance Group officials must attend the Committee Meeting.

III. Contributing Non-Voting Member

- a. Group Head/ equivalent to other Group Heads invited related to the material serve as committee's agenda.
- b. Secretary of Committee

IV. Permanent Invitee without Voting Rights (Invitee)

- a. SEVP Internal Audit*) or Group Head of Internal Audit Directorate or Internal Audit Directorate officials attending as invitee without voting rights.

*) Related to materials to be discussed in Committee are the materials proposed by SEVP Internal Audit, therefore the SEVP Internal Audit acts as a Voting Member.

- b. The operational risk officer, i.e. Operational Risk Head senior related to the material on the agenda of the committee attending as a permanent invitee without voting rights.

The Description of Information Technology Committee Duty and Responsibilities

In carrying out its functions, ITC has duties and responsibilities as follows:

1. Discuss and determine the Company's IT Strategic Plan (ISP).
2. Establish strategic reference framework to manage IT Resources.
3. Establish strategies and action plans for projects and as well as their budgets.
4. Establish IT security strategies and risk management for IT usage.
5. Ensure and monitor the implementation of IT projects in accordance to ISPs, IT budgets and IT delivery projects.
6. Set the priorities and IT budget allocations determined by the Board of Directors.
7. Decide or provide directions regarding to the planning, development and addition of strategic IT systems.
8. Discuss and resolve strategic issues in scope of IT and direction of investment in IT including subsidiaries.
9. Delegate the authority to the appointed officials to decide and implement the operational IT matters.



The Implementation of Information Technology Committee Duties

In carrying out its duties and responsibilities, ITC holds meetings at least 3 (three) times in one year or at any time if considered necessary upon the request of one or more Permanent Voting Members/Permanent Members, or upon the request of the Directors or on written proposals from related work unit by delivering the material to be discussed and coordinate with Secretary of Committee.

Throughout the year 2018, ITC has held 6 (six) meeting with discussed topics as follows:

No.	Meeting Date	Meeting Agenda	Quorum of Attendance (%)
1.	January 23 , 2018	IT Strategic Initiative 2018.	89
2.	February 6, 2018	IT Strategic Initiative: IT Security Maturity Improvement 2018.	100
3.	May 8, 2018	1. IT Initiative Project Portfolio report in 2018. 2. Addition of IT 2018 strategic Initiative and the Adjustment of IT Investment Portfolio Composition.	100
4.	June 26, 2018	Adjustment of IT Strategic Initiative in 2018, adjustment of IT Investment Portfolio Composition, and modification of IT Development in 2018.	100
5.	September 18, 2018	1. Acceleration of Initiative Digital Banking Roadmap Execution. 2. Adjustment of IT strategic initiative in 2018 and adjustment of IT investment portfolio composition in 2018 3. Re-baseline Business Process Reengineering Project.	100
6.	October 30, 2018	1. IT Development plan in 2019. 2. Enterprise Licenses Agreement. 3. Mandiri Online Stabilization. 4. Operational Improvement.	100

Information Technology Committee Work Plan For 2019

In 2019, the ITC has established a work plan that will be discussed through a meeting at least 3 (three) times in one year. The ITC work plan in 2019 includes:

1. Discuss and determine the Company's IT Strategic Plan (ISP).
2. Establish a strategic reference framework for managing IT Resources.
3. Establish IT security strategies and risk management for IT usage.

Integrated Risk Committee

The Integrated Risk Committee (IRC) is a committee assigned to assist the Board of Directors in preparing, among others, Integrated Risk Management policies and the improvement or enhancement of Integrated Risk Management policies based on results of implementation evaluation.

Structure and Membership of Integrated Risk Committee

Based on decision of the Board of Directors No. KEP.DIR/58/2018 dated July 30, 2018, the structure and membership of the IRC are as follows:

Chairman	:	Director of Risk Management
Secretary	:	Group Head of Credit Portfolio Risk
Alternate Secretary I	:	Group Head of Operational Risk
Alternate Secretary I	:	Group Head of Market Risk

- I. Permanent Member of the Company (Bank Mandiri)
 - a. Director of Risk Management
 - b. Director of Treasury & International Banking
 - c. Director of Information Technology & Operations
 - d. Director of Finance
 - e. SEVP Wholesale Risk
 - f. SEVP Retail Risk
- II. Permanent Member of Subsidiary
 - a. The Director in charge of the Risk Management function of Bank Syariah Mandiri
 - b. The Director in charge of the Risk Management function of Mandiri Securities
 - c. The Director in charge of the Risk Management function of Mandiri Tunas Finance
 - d. The Director in charge of the Risk Management function of AXA Mandiri Financial Services
- III. Non-permanent Members (According to Discussion Materials)
 - a. Members of the Board of Directors/SEVP of the Company besides the Permanent Members of the Company
 - b. Director of Subsidiary Companies other than a Permanent Member of a Subsidiary
- IV. Contributing Members
 - a. Group Head or equivalent to other invited Group Heads from Company and Subsidiaries related to material served as Committee's agenda.
 - b. Secretary of the Committee
- V. Permanent Invitee (Invitee)
 - a. Director of Compliance or Group Head Compliance or Compliance Group Officers from the appointed Company.
 - b. SEVP of Internal Audit or Group Head of Directorate of Internal Audit or Directorate of Internal Audit officials attending as permanent invitee with voting rights.
 - c. Officials in the field of operational risk, namely Senior Operational Risk Head related to materials on the committee agenda attending as a permanent invitee from Company.

Description of Duties and Responsibilities of Integrated Risk Committee

In carrying out its functions, IRC provides recommendations to the Board of Directors, including among others:

1. Adequacy of process of identification, measurement, monitoring, risk control in an integrated manner, and Integrated Risk Management information system.
2. A comprehensive internal control system for the implementation of Integrated Risk Management.
3. Implementation of Risk Management in each of the Subsidiaries.
4. Others needed in order to compile or evaluate Integrated Risk Management policies.

Implementation of Integrated Risk Committee Tasks

In carrying out its duties and responsibilities IRC holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more members of the committee with voting rights, or at the request of the Board of Directors or on a written proposal from the unit work related to delivering material to be discussed and coordinate with the Secretary of the Committee.

During 2018 IRC has held 4 (four) meetings with the following agenda.



No.	Date	Agenda	Quorum of Attendance (%)
1.	February 13, 2018	Assessment of Risk Based Bank Rating Consolidation for semester II-2017 and Integrated Risk Profile for Quarter IV-2017	88
2.	May 7, 2018	Preparation of Mandiri Group Principles Guideline (MGPG) and Adjustment of Mandiri Subsidiary Management Principles Guidelines (MSMPG).	76
3.	August 6, 2018	Assessment of Risk Based Bank Rating Consolidation for semester I-2018 and Integrated Risk Profile for Quarter II-2018	100
4.	October 17, 2018	Assessment of Individual Risk Profile and Consolidation Quarter III-2018.	94

Integrated Risk Committee Work Plan For 2019

In 2019, IRC has set a work plan that will be discussed through a meeting at least 3 (three) times in one year. The IRC work plan in 2019 includes:

1. Adequacy of Integrated Risk Management.
2. A comprehensive internal control system for the implementation of Integrated Risk Management.
3. Implementation of Risk Management in each of the Subsidiaries.

Policy and Procedure Committee

The Policy and Procedure Committee (PPC) is a committee established to discuss and recommend to the Board of Directors in preparing and/or adjusting/improving Company policies and determining the Company's procedures including Human Capital policies and procedures as well as discussing and deciding authority of company officials (ex-officio)

Structure and Membership of Policy and Procedure Committee

Based on Directors Decree No. KEP.DIR/59/2017 dated July 30, 2018, the structure and membership of PPC are as follows:

POLICY AND PROCEDURE COMMITTEE CATEGORY A

Chairman : Director of Risk Management

Secretary : Group Head of Policy and Procedure

Alternate Secretary I : Group Head of Compliance

I. Voting Members

a. Permanent Voting Members

1. President Director
2. Director of Small Business and Network
3. SEVP CORPORATE TRANSFORMATIONS
4. SEVP Operation

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Members

Director of Compliance or Group Head Compliance or appointed Compliance Group officials must attend Committee Meeting.

III. Contributing Non-Voting Members

- a. Group Head/equivalent to other invited Group Head related to materials serves as agenda of the Committee.
- b. Secretary of the Committee

IV. Permanent Invitee Without Voting Rights (Invitee)

- a. SEVP of Internal Audit*) or Group Head of Directorate of Internal Audit or Directorate of Internal Audit officials attending as permanent invitee with voting rights.

*) In terms of materials discussed in Committee are materials proposed by SEVP of Internal Audit, therefore, SEVP of Internal Audit acts as Voting Member.

- b. Officials in the field of operational risk, namely Senior Operational Risk Head related to materials on the committee agenda attending as a permanent invitee from without voting rights.

PPC CATEGORY B

Chairman	:	Director of Risk Management
Secretary	:	Group Head of Policy and Procedure
Alternate Secretary I	:	Group Head of Compliance

I. Voting Members**a. Permanent Voting Members**

1. Director of Risk Management
2. Group Head of Policy and Procedure
3. Group Head of Policy and Procedure
4. Group Head of Compliance
5. Senior Operational Risk Head related to materials of committee's agenda.

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Contributing Non-Voting Members

Group Head/equivalent to other invited Group Head related to materials serves as agenda of the Committee.

III. Permanent Invitee Without Voting Rights (Invitee)

The Chief Auditor and/or Internal Audit Officer attending as a permanent invitation without voting rights

Duty Description and Responsibility of Policy and Procedure Committee

Policy and Procedure Committee has the following duties, authorities and responsibilities:

1. PPC Category A

- a. Discuss and recommend to Board of Directors in preparing and/or adjusting/improving Company policies including Company's policies in the field of Human Capital.
- b. Discuss and decide on the authorization for Company official's ex-officio.

2. PPC Category B

- a. Discuss and determine the preparation and/or adjustment/improvement of Company procedures including procedures in the field of Human Capital.
- b. Discuss and decide on the authorization for Company official's ex-officio other than those that are under the authority of Policy and Procedure Committee Category A.

Duty Implementation of Policy and Procedure Committee

In carrying out its duties and responsibilities PPC holds meetings of at least 3 (three) times in one year or at any time if deemed necessary at the request of one or more members of the committee with voting rights, or at the request of the Board of Directors or on a written proposal from the unit work related to delivering material to be discussed and coordinate with the Secretary of the Committee.

During 2018 PPC has held 9 (nine) meetings with the following agenda.

No.	Date	Agenda	Quorum of Attendance (%)	Category
1.	March 20, 2018	Revised Standard Procedure for Human Resources.	100	B
2.	May 17, 2018	1. Revision of Subsidiary Management Policies. 2. Revision of Credit Operation Credit SPO.	100	A

No.	Date	Agenda	Quorum of Attendance (%)	Category
3.	June 6, 2018	Proposed SPO Marketing Communication Products and Services	83	B
4.	August 14, 2018	Revision of Customer Segmentation SPO.	100	B
5.	August 15, 2018	Credit Policy Revision.	100	A
6.	October 10, 2018	1. Proposed SPO Marketing Communication Products and Services. 2. Revision of Branch SPO. 3. Revised SPO Credit Collection & Recovery (CCR).	100	B
7.	October 11, 2018	Proposed Strategic Cooperation SPO.	100	B
8.	November 22, 2018	Revision of SP Corporate Secretary.	100	B
9.	December 12, 2018	1. Revision of Information Technology SPO. 2. Revision of SP Internal Audit. 3. Revised SPK Financial Institution.	100	B

In addition to conducting meetings, PPC has also made 9 (nine) circular decisions, including the following:

No.	Date	Agenda	Quorum of Attendance (%)	Category
1.	March 8, 2018	Revision of Standard Operating Procedures (SPO) for Fixed Assets and Other Goods.	100	B
2.	March 16, 2018	1. Revised Bank Mandiri Compliance Policy. 2. Compliance Procedure Standards.	100	A
3.	June 8, 2018	1. Proposed Preparation of Mandiri Group Principle Guidelines. 2. Revised Mandiri Subsidiaries Management Principle Guidelines.	100	A
4.	September 21, 2018	Incorporation of Legal, Compliance and APU PPT Policies.	100	A
5.	September 24, 2018	Revised SPO Credit Collection and Recovery.	100	B
6.	October 4, 2018	1. Revised Risk Management Policy. 2. Standard Revision of the Risk Based Bank Rating Implementation Procedure.	100	A
7.	October 31, 2018	Revision of Credit Associate Accreditation SPO.	100	B
8.	November 30, 2018	Merging of Treasury Policies and Fund and Service Policies.	100	A
9.	December 19, 2018	Revision of SP Asset & Liability Management.	100	B

Work Plan For Policy and Procedure Committee In 2019

In 2019, PPC has set a work plan that will be discussed through a meeting at least 3 (three) times in one year. The PPC work plan in 2019 includes:

1. Adjustment/improvement of policies in the field of Human Capital.
2. Preparation and/or adjustment/improvement of procedures in the field of Human Capital.

Risk Management Committee

The Risk Management Committee (RMC) is an established committee to assist the Board of Directors in discussing and recommending policies, and establishing procedures, monitoring risk profiles, as well as managing all risks of the Company in an integrated manner with detailed scope of duties, authority and responsibilities. Based on Directors Decree No. KEP.DIR/68/2018 as of September 29, 2018, the adjusted Risk Management Committee has been adjusted and its scope has been expanded into the Risk Management & Credit Policy Committee, which is then abbreviated as RMPC.

This is to fulfil Financial Services Authority Regulation No. 42/POJK.03/2017 concerning the obligation of Bank to possess a loan policy committee and to follow up directives of Board of Directors meeting to combine the scope of new committee with RMC and become a RMPC.

Structure and Membership Risk Management Committee

Based on Directors Decree No. KEP.DIR/60/2018, the structure and membership of the RMC are as follows:

Chairman	:	Deputy President Director
Secretary	:	Group Head of Credit Portfolio Risk
Alternate Secretary I	:	Group Head of Operational Risk
Alternate Secretary II	:	Group Head of Market Risk

I. Voting Members

a. Permanent Voting Members

1. Deputy President Director
2. Director of Risk Management
3. Director of Information Technology & Operations
4. Director of Finance
5. SEVP Wholesale Risk
6. SEVP Retail Risk

b. Non-Permanent Voting Members

Members of the Board of Directors and SEVP related to the material attending as an invitee.

II. Permanent Non-Voting Members

Director of Compliance or Group Head Compliance or appointed Compliance Group officials must attend Committee Meeting.

III. Contributing Non-Voting Member)

- a. Group Head/equivalent to other invited Group Head related to materials serves as agenda of the Committee.
- b. Secretary of the Committee

IV. Permanent Invitee Without Voting Rights (Invitee)

- a. SEVP of Internal Audit*) or Group Head of Directorate of Internal Audit or Directorate of Internal Audit officials attending as permanent invitee with voting rights.

*) In terms of materials discussed in Committee are materials proposed by SEVP of Internal Audit, therefore, SEVP of Internal Audit acts as Voting Member.

- b. Officials in the field of operational risk, namely Senior Operational Risk Head related to materials on the committee agenda attending as a permanent invitee from without voting rights.

Description of Duties and Responsibilities of Risk Management Committee

In carrying out its functions, Risk Management Committee has duties and responsibilities including:

1. Monitor risk profile and management of all risks in order to determine risk appetite, risk limits, and integrated risk management strategies and capital adequacy.
2. Establish risk management frameworks and methodologies to identify, measure, and mitigate risks, including for stress conditions and contingency plans.
3. Improving periodic and incidental risk management implementation as a follow up to changes in internal and external conditions that affect the capital adequacy and risk profile of the Company.
4. Discuss and determine strategic matters within the scope of risk management including risk management in Subsidiaries.
5. Establish matters related to business decisions that have special conditions (such as exceeding allocations and limits in managing loan portfolios).
6. Delegating authority to appointed officials to decide and implement operational matters.



Duty Implementation of Risk Management Committee

RMC duties implementations are carried out thoroughly decision-making at Committee meetings at least 3 (three) times in 1 (one) year at any time if deemed necessary at the request of one or more committee members with voting rights (voting members), or at the request of Boards of Directors, or on a written proposal from the working unit concerned to delivering the material to be discussed and coordinate with the Secretary of the Committee. Decisions taken through meetings are then reported to the Directors.

Throughout 2018, RMC has held 6 (six) meetings with discussed topics as follows:

No.	Date	Meeting agenda	Quorum of Attendance (%)
1.	January 18, 2018	1. Approval of Individual Bank Health Level Assessment Quarter IV-2017. 2. Calculation of Net Claims of Derivative Transactions in Calculation of RWA for LoanRisk Using the Standard Approach in accordance with Financial Services Authority's Circulating Letter No. 48/SEOJK.03/2017	83
2.	February 13, 2018	Assessment of Risk Based Bank Rating Consolidation for semester II-2017 and Integrated Risk Profile for Quarter IV-2017.	83
3.	May 23, 2018	1. Review of Limit Policies for Banking Book Risk Management: Liquidity, Interest Rates and Exchange Rates. 2. Review the Limit of Head Office Trading Activities and Overseas Office in 2018.	100
4.	July 16, 2018	1. Individual Bank Mandiri Health Level for Semester I 2018. 2. Revisions of Default Minimum Reserve Offline (GWM) Regulation on Regulatory Provisions.	80
5.	August 6, 2018	1. Assessment of Bank Mandiri Health Level (RBBR) Consolidation Semester I-2018 and Integrated Risk Profile Quarter II-2018. 2. Update CISO: IT Security and Vulnerability Assessment and Fix Deploy	100

In addition to holding meetings, RMC has also made a number of decisions circularly including the following:

No.	Date	Meeting agenda
1.	April 5, 2018	Revisions of Parameter and Threshold of Risk Based Bank Rating (RBBR) Bank Mandiri Individual and Consolidated Assessments.
2.	April 18, 2018	Report of Individual Risk Profile Assessment on Quarter I-2018
3.	April 19, 2018	Report of Consolidated Risk Profile Assessment Quarter I-2018

Furthermore, in order to comply with Financial Services Authority Regulation No. 42/POJK.03/2017 concerning Obligations for Preparation and Implementation of Loan Policy or Bank Financing for Commercial Banks, then adjustments were made to the scope of RMC to become a Risk Management & Credit Policy Committee as outlined in Directors Decree No. KEP. DIR/68/2018 dated September 29, 2018 concerning Risk Management & Credit Policy Committee.

Risk Management and Credit Policy Committee

The Risk Management & Credit Policy Committee (RMPC) is a committee divided into two categories, i.e. Category A and Category B with the following tasks:

Category A

- Identify, measure and monitor risks, determine risk management policies and strategies.

Category B

- Formulate loan policies, oversee the implementation of loan policies, monitor the progress and conditions of loan portfolios and provide suggestions for improvement measures.

Structure and Membership of Risk Management and Credit Policy Committee

Based on Directors Decree No. KEP.DIR/68/2017 September 28, 2018 on, the structure and membership of the RMPC are as follows:

RMPC KATEGORI A - RISK MANAGEMENT

- Chairman : Deputy President Director
 Secretary : Group Head of Credit Portfolio Risk
 Alternate Secretary I : Group Head of Operational Risk
 Alternate Secretary II : Group Head of Market Risk
- a. Permanent Voting Member
1. President Director
 2. Director of Risk Management
 3. Director of Information Technology and Operation
 4. Director of Finance
 5. SEVP of Wholesale Risk
 6. SEVP of Retail Risk
- b. Non-Permanent Voting Member
 Board of Directors Members and SEVP related materials attending as invitee.
- I. Permanent Non-Voting Member
 Director of Compliance or Group Head Compliance or appointed Compliance Group officials must attend Committee Meeting.
- II. Contributing Non-Voting Member
- a. Group Head/equivalent to other invited Group Head related to materials serves as agenda of the Committee.
 - b. Secretary of the Committee
- III. Permanent Invitee Without Voting Rights (Invitee)
- a. SEVP of Internal Audit*) or Group Head of Directorate of Internal Audit or Directorate of Internal Audit officials attending as permanent invitee with voting rights.
- *) In terms of materials discussed in Committee are materials proposed by SEVP of Internal Audit, therefore SEVP of Internal Audit acts as Voting Member.
- b. Officials in the field of operational risk, namely Senior Operational Risk Head related to materials on the committee agenda attending as a permanent invitee without voting rights.

B CATEGORY RMPC - CREDIT POLICY

- Chairman : President Director
 Secretary : Group Head of Credit Portfolio Risk
 Substitute Secretary (Alternate I) : Group Head of Credit Control Supervision
 Substitute Secretary (Alternate II) : SORH Wholesale Banking

- I. Permanent Member
- a. President Director/Deputy President Director (Alternate I)/Director of Risk Management (Alternate 2).
 - b. Director of Information and Operations Technology/Group Head of Credit Operations (Alternate).
 - c. SEVP of Internal Audit/Group Head of Internal Audit (Alternate)
- II. Non-Permanent Member
- a. Director of Loan in accordance with segment of the discussion that serves as agenda of the Committee.
 - b. SEVP in the Risk field is in accordance with the segment of the discussion that serves as agenda of the Committee.
 - c. Board of Directors Members and SEVP related materials attending as invitee.
- III. Contributing Member
- a. Group Head/ equivalent to other invited Group Head related to materials serves as agenda of the Committee.
 - b. Secretary of the Committee
- IV. Permanent Invitee (Invitee)
- a. Director of Compliance or Group Head Compliance or appointed Compliance Group officials.
 - b. Officials in field of operational risk or Senior Operational Risk Head in accordance with the discussion segment.



Description of Duties and Responsibilities of Risk Management and Credit Policy Committee

In carrying out its functions, RMPC has duties and responsibilities including:

Category A - Risk Management

1. Monitor risk profiles and management of all risks in order to determine risk appetite, risk limits and integrated risk management strategies and capital adequacy.
2. Establish risk management frameworks and methodologies to identify, measure, and mitigate risks, including stress conditions and contingency plans.
3. Improving periodic and incidental risk management implementation as a follow up to changes in internal and external conditions that affect the capital adequacy and risk profile of the Company.
4. Discuss and determine strategic matters within the scope of risk management including risk management in Subsidiaries.
5. Establish matters related to business decisions that have special conditions (such as exceeding allocations and limits in managing loan portfolios).

Category B – Credit Policy

1. Provide input to the Board of Directors in the preparation of Credit Policy or Bank Financing, especially those related to formulation of principle of prudence in loan.
2. Monitor and evaluate the development and quality of the credit portfolio or overall financing.
3. Supervise the implementation of Credit Policy and formulate solutions in terms of obstacles or constraints in its implementation, as well as conduct periodic reviews of Credit Policy and provide advice to the Board of Directors in the event that changes or improvements are needed.
4. Monitor and evaluate correctness of authority implementation to decide upon the credit, process of granting, development and quality of credit given to parties related to the Bank and certain large debtors.
5. Monitor and evaluate implementation correctness of provisions of Minimum Credit Limit, adherence to provisions of laws and regulations and other regulations in implementation of lending, and settlement of non-performing loans in accordance with stipulated in credit policy.
6. Ensure and evaluate the Bank's efforts to meet the adequacy of the amount of allowance for losses on credit.
7. Deliver periodic written reports and provide suggestions for corrective measurements to the Board of Directors with copies to the Board of Commissioners regarding results of supervision of implementation and administration of credit policies and the results of monitoring and evaluation of concerned matters.

Implementation of Risk Management and Credit Policy Committee Task

Throughout the year 2018, RMPC has held 1 (one) meeting with discussed topics as follows:

No.	Date	Meeting Agenda	Quorum of Attendance (%)
1.	17 Oktober 2018	Individual and Consolidated Risk Assessment Quarter III-2018.	100

Risk Management and Credit Policy Committee Work Plan For 2019

In 2019, RMPC has set a work plan that will be discussed through a meeting at least 2 (two) times in one year. The work plan for RMPC in 2019 includes:

1. Monitor risk profiles and management of all risks in order to establish risk appetite, risk limits and strategies integrated risk management and capital adequacy.
2. Monitor and evaluate the development and quality of the overall credit or financing portfolio.

Credit Committee Meeting (RKK)

Credit Committee Meeting (RKK) is a committee that is assigned in assisting Board of Directors in determining the provisions of loans (covering new loans, additional loans, decreasing of loans, and or loan extension) managed by the Business Unit according to limits of authority, including stipulation/change of loan structure.

Since the establishment of Bank Mandiri a Credit Committee has been implemented which consists of functions of Business Unit and Risk Unit and have been refined for several times but in 2005 a fundamentally revamped process of lending was carried out in order to guarantee more prudent and appropriate loan on the best practice risk management as well as to reinforce the implementation of GCG principles. Every loan approval in wholesale segment must be carried out through a discussion in forum of Loan Committee Meeting as a means of implementing a four-eyes principle as well as a check and balance process between Business Unit as an Initiator unit with Credit Risk Management as a Risk Mitigation Unit.

In Credit Committee, Legal Group and Compliance Group must also be present to provide legal and compliance opinions in order to strengthen the aspects of independence, to avoid dominance of one working unit, and to avoid conflict of interest and to ensure an objective and pressure-free decision making. One of functions performed by Credit Committee members is credit recovery function that is the Restructuring Credit Committee.

Structure and Membership of Credit Committee

Credit Committee was formed as the last time presented in the Directors Decree No. KEP.DIR/52/2016 dated July 30, 2018 about Executive Committee. While the composition of Credit Committee members is regulated by referring to the Four Eyes Principles (balanced composition between holders of business authority and holders of credit risk authority). The committee secretary are Group Head of Large Corporate Risk and Group Head of Middle Corporate Risk.

Duty Description and Responsibility of Credit Committee

In carrying out its functions, the Credit Committee has

the duties and responsibilities as stipulated in Credit Procedure Standard per segment as follows:

1. Credit Committee
Credit Committee has an authority to recommend and/or decide upon the granting of loan (new, additional, decrease, and/or restructuring) managed by Business Unit within the limits of authority, including the determination/alteration of the loan structure. credit structure included but not limited to credit limit, financing object/purpose, type of credit, nature of credit, credit period, grace period, financing portion credit/covenant terms and loan collateral.
2. Credit Committee - Restructuring
Credit Committee - Restructuring has an authority to recommend and/or decide upon the authority over:
 - a. Restructuring and loan settlement of collectability 3, 4, 5 and collectability 1 and 2 post-restructuring that is still managed by Credit Recovery Unit.
 - b. Restructuring loan collectability 1 and 2 in watch list category.
 - c. Rescue/settlement of off balance credit including decide the foreclosed assets.
 - d. Write off and debt-cancelling of credit.
3. Credit Committee/Credit Committee-Restructuring is responsible for loan that is recommended and/or decided according to the authority limit including the determination/alteration of credit structure as mentioned above by conducting these following things:
 - a. Ensuring that each loan given meets the general banking norms and is in accordance with a healthy credit principles.
 - b. Ensuring the implementation of credit is in accordance with basic provisions/guidelines for applicable credit grant in Bank.
 - c. Ensuring that the credit grant has been based on an honest, objective, meticulous and thorough assessment regardless any influence of parties interested in the credit applicant.
 - d. Convinced that the credit that will be granted can be repaid in time, and will not develop into non-performing loan.

Implementation of Credit Committee Duties

Throughout 2018, the Credit Committee has held a meeting of 441 (four hundred and four) twenty-one times for the Large Corporate segment and 503 (five hundred and three) times for the Middle Corporate segment, with the following frequency:

Segmen Corporate-Large Corporate

Month	Number of Meetings	Month	Number of Meetings	Month	Number of Meetings
January	7	May	69	September	2
February	21	June	41	October	31
March	42	July	32	November	67
April	46	August	35	December	31
Total					441

Segmen Corporate-Middle Corporate

Month	Number of Meetings	Month	Number of Meetings	Month	Number of Meetings
January	21	May	64	September	64
February	31	June	48	October	45
March	51	July	35	November	45
April	35	August	46	December	18
Total					503

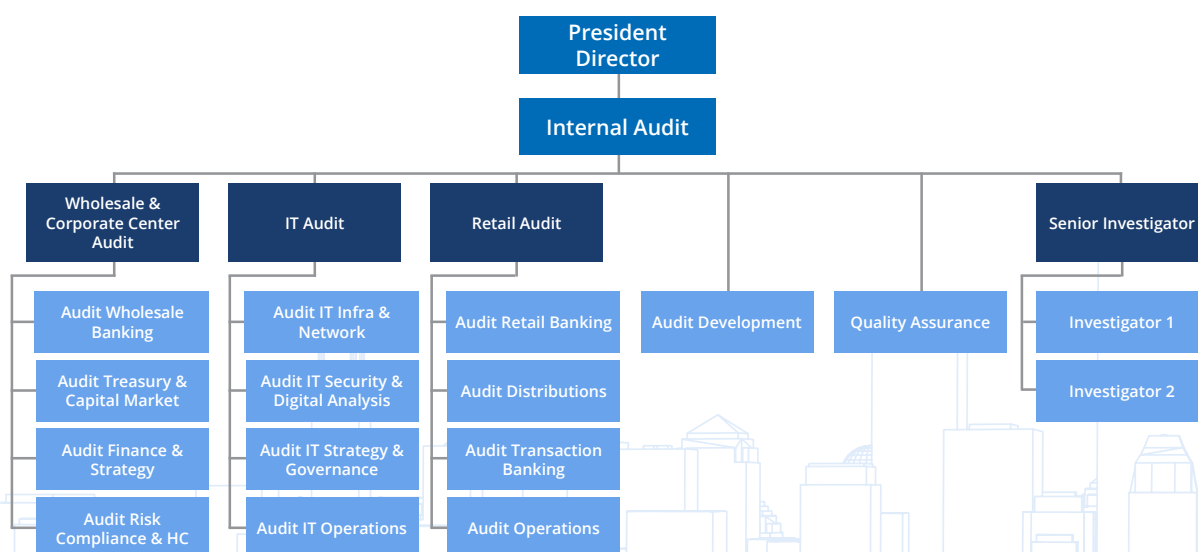
Credit Committee Work Plan For 2019

In 2019, Credit Committee has established a work plan that will be discussed through a meeting. The Credit Committee work plan in 2019, among others, recommending and/or breaking credit (new, additional, decreasing, and/or extension) managed by the Business Unit according to the limits of authority, including stipulation/change credit structure

Internal Audit

Holding a role as the Third line of defence, Bank Mandiri's Internal Audit ensures that Internal control in each line of defence is getting stronger and more mature. Therefore, Internal Audit continues to innovate in the use of audit methodologies and tools so that audits are more effective and efficient.

Organizational Structure and Chairman of Internal Audit



Position of The Internal Audit In The Organizational Structure

At Bank Mandiri, Internal Audit is directly responsible to the President Director and can communicate with the Board of Commissioners through the Audit Committee. Since November 1, 2017, Internal Audit possesses 4 (four) Working Units whose work is adjusted to Bank Mandiri's business strategy, i.e. Wholesale & Corporate Centre Audit Group, Retail Audit Group, IT Audit Group and Senior Investigator. In addition, Internal Audit also has 2 (two) Departments that are directly responsible to the Senior Executive Vice President/Chief Audit Executive, i.e. the Audit Development Department and Quality Assurance Department.

Profile of Head of Internal Audit



Age	53 years old
Nationality	Indonesia
Domicile	Depok
Education	Bachelor Degree in Agricultural Industrial Engineering from Institut Pertanian Bogor (1988).
Certification	Level 5 Risk Management Certification
Employment History	<ul style="list-style-type: none"> - Senior Executive Vice President/SEVP Internal Audit (2015 – present). - Group Head of Human Capital and Services (2014-2015). - Group Head of Procurement and Fixed Asset (2010-2014). - Group Head of Compliance (2006-2010).
Basis of Appointment	Since 2015 he has served as Senior Executive Vice President/SEVP Internal Audit based on Directors Decree No. KEP.DIR/095/2015 dated March 26, 2015.

Appointing and Dismising Parties of The Head of Internal Audit

The Chief Audit Executive is appointed and dismissed and is responsible directly to the President Director with the approval of the Board of Commissioners or the Audit Committee and subsequently reported to the Financial Services Authority. The appointment of the Company's Chief Audit Executive has been reported to the Financial Services Authority through a letter dated April 14, 2015.

Internal Audit Charter

Internal Audit possesses an Internal Audit Charter which was approved by the President Director as well as the President Commissioner of Bank Mandiri and was last updated on December 17, 2015. The Internal Audit Charter provides guidance on the purpose, position, authority, responsibility and scope of the internal audit work. The position, authority and responsibility formally stated in the Internal Audit Charter are in accordance with Bank Indonesia Regulations concerning the application of the Internal Bank Audit Function Implementation Standard (SPFIB), Decree of the Chairperson of the Capital Market Supervisory Agency, Financial Institutions on the Establishment and Guidelines for Preparation of the Internal Audit Unit Charter as well as best practices that refer to the standards of the International Professional Practice Framework (IPPF) by The Institute of Internal Auditors (IIA).

Duties and Responsibilities of Internal Audit

In carrying out its functions, the duties and responsibilities of Internal Audit include the following:

1. Plan and implement internal audit activities with emphasis on fields/activities that have high risk and evaluate existing procedures/control systems to gain conviction that the Company's goals and objectives are able to be achieved optimally and sustainably.
2. Implement measures in order to explore information (investigation), report, and submit recommendations/conclusions on fraud to Management.
3. Develop and run programs to evaluate and improve the quality of Internal Audit.
4. Provide recommendations on results of the audit and monitor the follow-up of the results of internal audit activities and investigative activities.



5. Cooperate with the Audit Committee in carrying out the monitoring function.
6. Coordinate its activities with external audit activities and other assurance provider units/functions so that comprehensive and optimal audit results are able to be achieved. Coordination can be done, among others, through periodic meetings to discuss matters that are considered important for both parties.
7. Communicate directly with the President Director, the Board of Commissioners, and/or the Audit Committee and the Integrated Governance Committee.

Authority of Internal Audit

The authority possessed by Internal Audit includes the following:

1. Conduct internal audit activities on the activities of all work units in the organization of the Company and Subsidiaries and their affiliates in accordance with applicable regulations.
2. Conduct direct communication with the President Director, the Board of Commissioners, and/or the Audit Committee.
3. Communicate with external parties including regulators.
4. Hold regular and incidental meetings with the President Director, the Board of Commissioners, and/or the Audit Committee.
5. Access all information, records, employees, and including but not limited to employee accounts and records and other matters that are deemed necessary to be related to their duties and functions.
6. Conduct investigative activities on cases/problems in every aspect and element of activities indicated by fraud and violation of code of conduct in the organization of Company, Subsidiaries and affiliates in accordance with applicable regulations.

Composition of Internal Audit Personnel

In carrying out its duties, the Company's Internal Audit is supported by competent Resources and possessing adequate qualifications. The total composition of Internal Audit personnel is as follows.

Table of Composition of Internal Audit Personnel for 2018

Position	Number of Employees
SEVP/Chief Audit Executive	1
Chief Auditor	3
Senior Investigator Head	1
Audit Manager	10
Investigator Head	2
Department Head	3
Specialist	5
Lead Auditor	16
Lead Investigator	2
Team Leader	2
Section Head	1
Investigator	2
Senior Auditor	22
Auditor	28
Junior Investigator	3
Officer	4
Supporting	7
Total	112

Professional Certification of Internal Audit

Internal Audit always strives to provide sustainable education for all its personnel to meet adequate qualifications and competencies. The provided education is in the form of certified professional education both nationally and internationally, attachment programs and training at home and abroad. The professional certification held by Internal Audit Personnel until 2018 can be seen in the table below.

Table of National Professional Certification in 2018

Certification	Number of Employees
Qualified Internal Auditor - Basic	9
Qualified Internal Auditor - Advanced	19
Qualified Internal Auditor - Managerial	17
Banking Professional Certification Institute - Auditor	10
Banking Professional Certification Institute - Supervisor	26
Banking Professional Certification Institute - Manager	1
General Banking Assessor	8
Assessor	1
Certified Public Accountant (CPA Ind.)	1
Level I Risk Management Certificate	93
Level II Risk Management Certificate	58
Level III Risk Management Certificate	18
Level IV Risk Management Certificate	4
Chartered Accountant	8
Total	273

Table of International Professional Certification in 2018

Certification	Number of Employees
Certified Fraud Examiner	12
Certified Bank Auditor	1
Certified Information System Auditor	9
Certified Financial Services Auditor	1
Certified Internal Auditor	2
International Register of Certificated Auditor	1
Certification in Risk Management Assurance	1
Total	27

Participation In Internal Audit Professional Association

In order to broaden the horizons and professional competencies of internal auditors, Internal Audit has participated in internal audit professional associations including:

Name of Activity/Organization	Position	Time
Association of Bank Internal Auditor (IAIB)	SEVP Internal Audit as the Chairman of Supervisory Board	2017-2020
	One of Department Head (DH) Internal Audit as Education Sector Administrator	2017-2020

In 2018, several institutions benchmarked Bank Mandiri Internal Audit. List of Institutions benchmarking is as follows.

No.	Benchmarking Date	Institution	Focus of Discussion
1.	April 2, 2018	Bank DKI	Audit and Investigation Plans.
2.	May 24, 2018	Bank Central Asia	Audit Management Information System.
3.	July 5, 2018	PT Pelindo II	Governance of Internal Audit & Subsidiaries and Internal Audit Tools
4.	July 23, 2018	Bank Pembangunan Daerah Sumatera Utara	Provisions for Internal Audit and Anti Fraud Strategies
5.	July 24, 2018	Badan Pemeriksa Keuangan DKI Jakarta	Audit Treasury
6.	August 9, 2018	Bank Syariah Mandiri	Anti Fraud Strategy



No.	Benchmarking Date	Institution	Focus of Discussion
7.	August 28, 2018	PT Taspen (Persero)	Integrated Internal Audit Work Unit
8.	September 22, 2018	Mandiri Inhealth	Anti Fraud Strategy
9.	October 26, 2018	Bank Negara Indonesia	Anti Fraud Strategy
10.	November 19, 2018	Bank Rakyat Indonesia	Development of Internal Audit Competence

Code of Ethics For Auditor

In carrying out the duties and responsibilities the Internal Auditors of Bank Mandiri are required to be professional and obey the established code of ethics. The Bank Mandiri Internal Auditor's code of ethics is as follows:

1. Integrity

Internal Auditors possess integrity by building trust which is the basis for making reliable judgments.

2. Objectivity

The Internal Auditor shows high objectivity in accordance with professional standards in collecting, evaluating and communicating information about the activities or processes being examined. In addition, the Internal Auditor conducts balanced judgments by paying attention to all relevant conditions and not influenced by personal or other people's interests.

3. Confidentiality

The Internal Auditor respects the value and ownership of the received information and does not disclose the information without authorized authorization unless there is a legal or professional obligation to disclose the information.

4. Competency

The Internal Auditor uses knowledge, skill and experience required to carry out the audit duties.

Internal audit activities must be carried out with professional skills and expertise that is having the knowledge, skills and other competencies needed to perform their responsibilities.

Internal Audit activities must be carried out with professional expertise and expertise, that is having knowledge, other skills and competencies needed to carry out their responsibilities.

Development of Internal Audit Competency

Development of Internal Audit competency can be seen in the Company Profile Company Profile Chapter of This Annual Report.

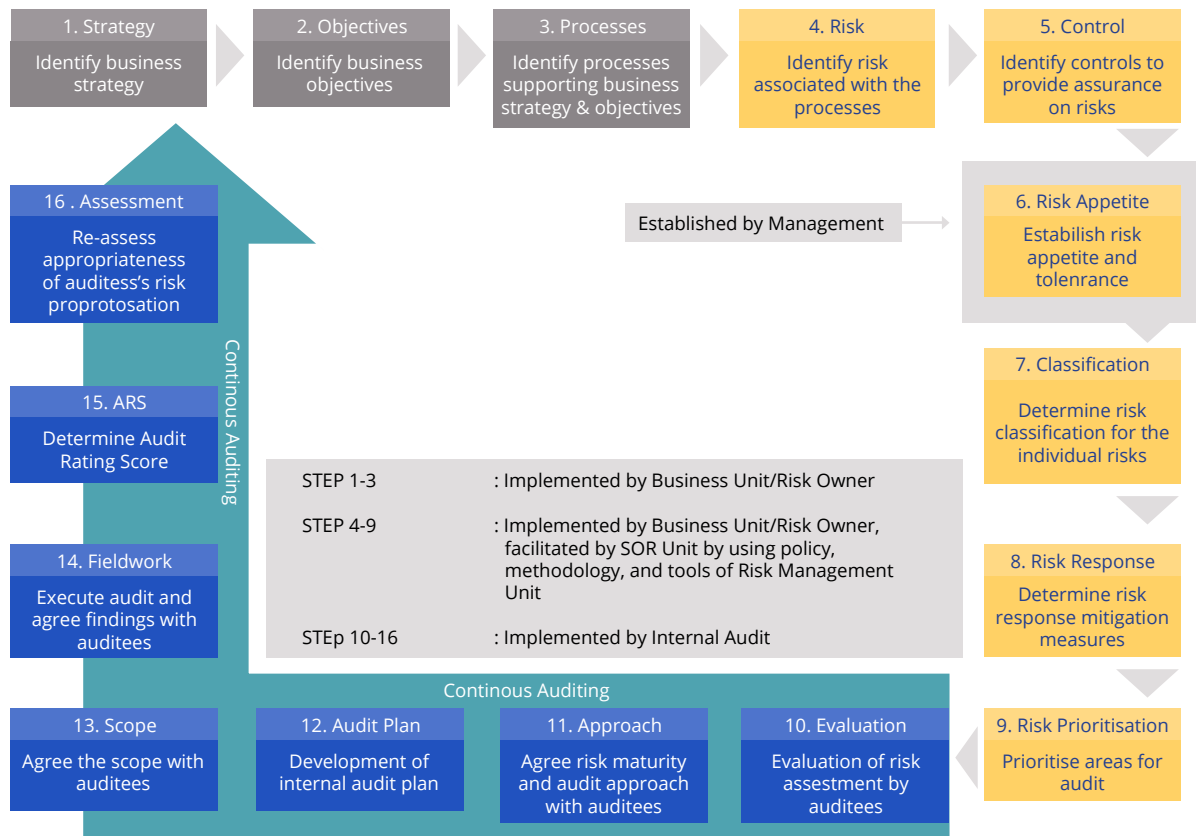
Information System of Internal Audit

To improve the audit effectiveness and to provide the whole picture to the Management related to the implementation of the audit, the audit activities which consist of the planning, implementation, reporting and monitoring phases are carried out using an application called as Audit Management Information System. The Audit Management Information System (SIMA) application has been utilized since April 26, 2013 and continues to improve its performance, and in 2018 SIMA has been updated to 4.5 version.

Audit Method

Internal Audit applies a risk-based audit methodology in performing internal audit activities by focusing on high-risk areas. The application of this methodology is in accordance with the needs of the Company, Regulator provisions and best practices. The application of a risk based audit methodology requires good cooperation between Internal Audit and the Operational Risk Management Work Unit and the Client. The following is the grand design of the application of the risk based audit at Bank Mandiri:

The following is the grand design of the application of the risk based audit at Bank Mandiri:

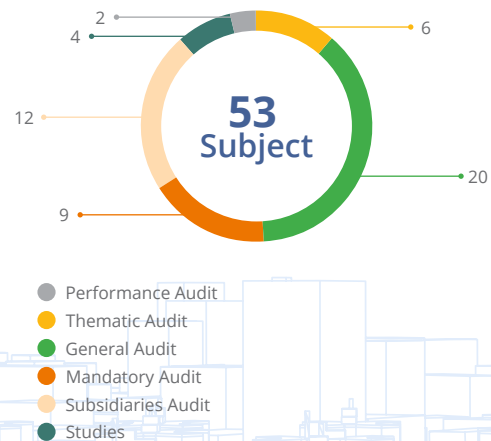


Working Program of Internal Audit

In 2018 Internal Audit has compiled an audit plan of 54 (fifty four) assignment subjects consisting of Thematic Audit, General Audit, Mandatory Audit, Subsidiary Audit, Study, and Performance Audit. The assignments were implemented by three working units in Internal Audit, namely the Wholesale & Corporate Centre Audit Group, the Retail Audit Group, and the IT Audit Group. The details of the assignment subjects can be seen in the following table and graph.

Audit	Wholesale & Corp Center Audit Group	Retail Audit Group	IT Audit Group	Total
Thematic	1	3	3	7
General	10	4	7	21
Mandatory	3	1	5	9
Subsidiaries	11	0	0	11
Studies	2	0	2	4
Performance	1	1	0	2
Total	28	9	17	54

In the current year there is a revised Annual Audit Plan (AAP) that adapts to the risks and business development of Bank Mandiri. There is a change in audit subject to 53 (fifty three) subjects with the following details.



The Implementation of Audit Activities In 2018

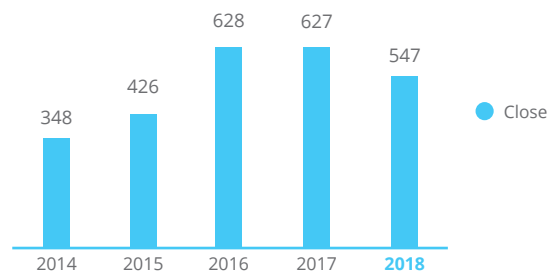
The development of a fairly dynamic internal audit methodology has encouraged Bank Mandiri's Internal Audit work units to be more responsive/responsive and proactive. With this change, the initially static audit plan became more dynamic, adjusting to the conditions and needs of Bank Mandiri. As for the year 2018, an audit activity has been carried out based on the audit plan that has been prepared in advance so that the results of the audit will be followed up and made into one of the ingredients to make continuous improvements at Bank Mandiri. The implementation of the audit activity in 2018 is as follows.



Findings and Follow Up of Audit Results

The number of findings and follow-up results of internal audit during 2018 can be seen in the following graph:

Years	Outstanding	Closed	Total
2018	0	547	547
2017	0	627	627
2016	0	628	628
2015	0	426	426
2014	0	348	348



All findings in 2018 have been followed up by Internal Audit.

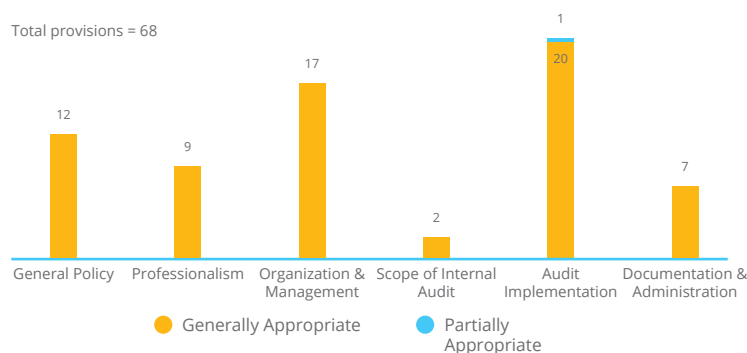
Evaluation of Internal Audit In 2018

To make improvements in the following year, an evaluation of Internal Audit implementation is required throughout the year. There are several standards adopted by the Company in the implementation of Internal Audit to improve the effectiveness of its activities, which for the evaluation process, the Company is assisted by an Independent Consultant.

Standard For Implementation of Bank Internal Audit Functions

One of the standards used as a reference/guideline in the implementation of Internal Audit in Indonesia is the Standard for Implementation of the Bank's Internal Audit Function as determined by Bank Indonesia. There are several indicators evaluated to find out whether the implementation of the Company's Internal Audit is in accordance with Standard for Implementation of the Bank's Internal Audit Function, namely General Policy, Professionalism,

Organization & Management, Scope of Internal Audit, Audit Implementation, and Documentation & Administration. As for 2018, the results show that in general the implementation of Bank Mandiri Internal Audit is in line (Generally Comply) with Standard for Implementation of the Bank's Internal Audit Function.

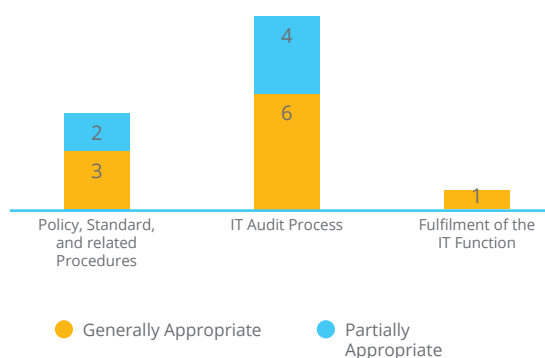


In accordance with the provisions of Standard for Implementation of the Bank's Internal Audit Function related to report material, the Audit Results Report must include commitments to the implementation of follow-up actions on the results of the previous audit (DMTL). However, out of a total of 21 Audit Result Reports that have been prepared, there is still 1 (one) Audit Result Report that still has not included commitments to the implementation of follow-up actions on the results of the previous audit (DMTL). Based on this, improvements must be made to the following year reports, one of them is by increasing discipline in the preparation of Audit Results Reports so that all of them include commitments to the implementation of follow-up actions on the results of the previous audit (DMTL).

Financial Services Authority's Regulation and Circular Letter and Regulations

In addition to evaluating the suitability of Internal Audit practices with Standard for Implementation of the Bank's Internal Audit Function, a conformity evaluation of the implementation of Internal Audit was also carried out, especially IT Audit on the provisions stipulated in Financial Services Authority Regulation No. 38/POJK.03/2016 concerning the Application of Risk Management in the Use of Information Technology by Commercial Banks and Financial Services Authority's Circulating Letter No. 21/SEOJK.03/2017 concerning the Implementation of Risk Management in the Use of Information Technology by Commercial Banks which aims to improve Bank Mandiri's IT Audit working processes.

Total Provisions = 16

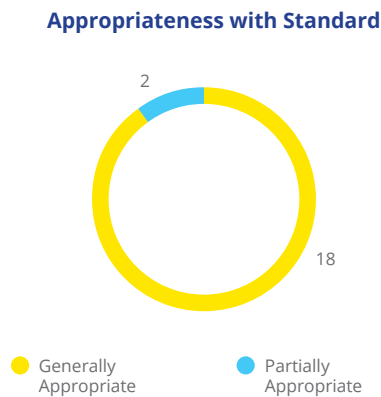


Based on the evaluation that has been conducted, the results show that in general the implementation of Bank Mandiri's IT Audit during 2018 is in accordance (Generally Comply) with Financial Services Authority Regulation No. 38/POJK.03/2016 and Financial Services Authority's Circulating Letter No. 21/SEOJK.03/2017. The aspects that need to be upgraded and improved are aspects of Policy, Standards, Procedures, and Priorities related to IT Audit.



The International Standards for The Professional Practice of Internal Auditing

Evaluation of the implementation of Internal Audit conducted by Independent Consultants also includes conformity assessment of The International Standards for the Professional Practice of Internal Auditing (ISPPIA) as determined by The Institute of Internal Auditors (IIA). As for 2018, the results show that in general the implementation of Bank Mandiri Internal Audit was in accordance (Generally Comply) with ISPPIA, where 18 out of the 20 indicators/aspects in general are appropriate and 2 (two) aspects are partially appropriate.



Governance Implementation In Giving Remuneration

Bank Mandiri has implemented a remuneration governance policy based on Financial Services Authority Regulation No. 45/POJK.03/2015 concerning Implementation of Governance in the Provision of Remuneration for Commercial Banks. Remuneration is a reward determined and given to the Board of Commissioners, Directors and/or Employees, both permanent and non-permanent in the form of cash and non-cash in accordance with their duties, authority and responsibilities. The implementation of governance in the provision of Remuneration aims to encourage prudent risk taking, so the sustainability of Bank Mandiri's business can be maintained.

Remuneration and Nomination Committee

The Board of Commissioners has formed a Remuneration and Nomination Committee which aims to assist in carrying out its functions and duties in the fields related to remuneration and nominations for members of the Board of Directors and Board of Commissioners. One of the tasks of the Remuneration and Nomination Committee is to create a remuneration system for the Board of Commissioners and Directors that will be part of the guidelines for corporate governance policies and will be the basis for the Board of Commissioners and GMS in

determining the remuneration of members of the Board of Commissioners and/or members of the Board of Directors.

The description regarding the Remuneration and Nomination Committee has been explained in the Remuneration and Nomination Committee section of the Corporate Governance Chapter in this Annual Report.

Process for Preparation of Remuneration Policy

Remuneration policy was one of the important factors in obtaining and/or maintaining employees, executive officers, Directors and Board of Commissioners who were competent and qualified. Remuneration policy was Bank Mandiri's strategy in providing rewards adjusted to the ability of Bank Mandiri to be able to accommodate changes in employee demographics, to have management of labor costs, and to encourage the achievement of Bank Mandiri's business objectives.

Bank Mandiri's remuneration was prepared with the aim of being able to attract, maintain, motivate, and increase the commitment of employees to continuously provide optimal performance as well as to support Bank Mandiri's vision, mission and strategy.

The preparation of Bank Mandiri's remuneration policy considered several aspects, namely:

1. Financial performance and reserve fulfilment as stipulated in the applicable laws and regulations.

2. Remuneration that is adjusted to the industry in accordance with the Company's business activities and the scale of the company's business in the industry.
3. The duties, responsibilities and authorities of members of the Board of Directors and members of the Board of Commissioners related to the achievement of the Company's goals and performance.
4. Target performance or performance of each member of the Board of Directors and/or members of the Board of Commissioners in order to achieve equality between the work results and the benefits received.
5. Balance between permanent and variable benefits.
6. Consideration of the Bank's Long-term goals and strategies

Coverage of Remuneration Policy and Its Implementation

Based on Financial Services Authority Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance in the Provision of Remuneration for Commercial Banks, Bank Mandiri has already had a Remuneration Policy which was ratified through a Joint Decree of the Board of Commissioners and Directors dated March 20, 2018. The remuneration policy applied at this time still regulated remuneration The Board of Commissioners and the Board of Directors. In further, the application to employees at certain levels will be determined as material risk takers. Determination of risk taker material will be carried out by using a qualitative and quantitative approach.

In determining the remuneration of employees, Executive Officers, Directors and Board of Commissioners, the Remuneration and Nomination Committee considered several things, including:

1. Results of benchmarking remuneration of employees, executive officers, members of the Board of Directors and members of the Board of Commissioners with similar industries (peer group).
2. The size and complexity of the company's operations.
3. Remuneration consisted of salary/honorarium and benefits that could be standardized, namely Annual Holiday Allowance (*THR*), Home Service, Vehicle Service, Health and Utilities Facilities and other benefits. Whereas remuneration based on performance was a bonus/incentive for employees and bonuses for the Board of Directors and Board of Commissioners.

Remuneration Related To The Risk

In providing remuneration, Bank Mandiri considered the principles of prudence which aimed to encourage

prudent risk taking in order to maintain the sustainability of Bank Mandiri's business. Bank Mandiri determined the method of measuring performance and type of risk in determining the Variable Remuneration according to the scale and complexity of Bank Mandiri's business activities. In determining Bank Mandiri's remuneration policy, Bank Mandiri considered the types, criteria, impacts and changes in determining the main types of risk in determining remuneration.

Performance Measurement Related To Remuneration

In providing remuneration, Bank Mandiri conducted performance measurements related to remuneration including a review of remuneration policies associated with performance appraisal, methods for linking individual remuneration with Bank Mandiri's performance, work unit performance and individual performance and methods used by Bank Mandiri to state that agreed key performance indicators cannot be achieved, so there should be adjustments to remuneration and the amount of remuneration adjustments if these conditions occur. The implementation of the remuneration strategy was also carried out by considering the performance of each individual employee (based on performance), the performance of the work unit and the performance of Bank Mandiri as a whole, but still within the stipulated budget.

Determination of Remuneration Related To Performance and Risk

Bank Mandiri provided variable remuneration, namely remuneration associated with performance and risk, including bonuses, *tantiem*/performance incentives or other similar forms. Remuneration in the form of bonuses and incentives can be given in the form of cash, shares or stock-based instruments issued by Bank Mandiri with special provisions for the interests of the Board of Commissioners given in cash to avoid any element of conflict of interest in carrying out supervision.

External Consultants Services

To determine Bank Mandiri's remuneration position on market conditions, every year Bank Mandiri participates in the Annual Salary Survey organized by independent and competent third parties. The results of the study from the survey were used as a basis in adjusting Bank Mandiri's remuneration strategy.

Remuneration and Facilities of The Board of Commissioners and Directors

The remuneration and facilities obtained by the Board of Commissioners and Directors have been explained respectively in the Board of Commissioners Remuneration Policy section and the Board of Directors Remuneration Policy in the Corporate Governance Chapter of this Annual Report.

Variable Remuneration

Bank Mandiri provided variable compensation including Location Allowances, Specific Position Allowances, Appearance Allowances for front-liner employees, Overtime Compensation, Performance achievement Bonuses, Sales incentives, retention programs and Long Term Incentive programs in the form of shares. Variable remuneration was given in the form of shares of Bank Mandiri for Non-Independent members of the Board of Directors and Board of Commissioners and in the form of cash for members of the Independent Board of Commissioners with the provisions of Financial Services Authority Regulation No. 45/POJK.03/2015.

Number of Variable Remuneration To Directors, Board of Commissioners and Employees

The number of Directors, Board of Commissioners and Employees who received variable remuneration for 1 (one) year and total nominal are as follows.

Variable Remuneration	Numbers in One Year					
	Directors		Board of Commissioners		Employee	
	People	IDR Million	People	IDR Million	People	IDR Million
Total	11	16.608.75	11	5.102.12	-	-

Position and Number of Parties That Become Risk Takers Materials

All members of the Board of Commissioners and Directors of Bank Mandiri were material risk takers. Members of the Board of Directors and members of the Board of Commissioners serving during the 2017 financial year were 22 (twenty two) people.

Share Option

Bank Mandiri did not issue share option programs for Directors, Board of Commissioners or employees throughout 2018.

Highest and Lowest Salary Ratio

Bank Mandiri always complies with all applicable rules regarding remuneration to employees. The amount of remuneration provided has been adjusted to the applicable provisions and was above the Minimum Wage standard applicable in the operational area of Bank Mandiri. In implementing remuneration governance, Bank Mandiri always strives to maintain a gap in the salary ratio of all employees so that there is no too high difference.

In detail, information regarding the ratio of the highest and lowest salaries has been explained in the Corporate Social Responsibility Chapter in this Annual Report.

Number of Recipients and Amount of Guaranteed Unconditional Variable Total Remuneration

During 2018, there were no recipients, and the total amount of variable remuneration guaranteed without conditions will be given by Bank Mandiri to prospective Directors, candidates for the Board of Commissioners, and/or prospective employees for the first year of work as referred to in Article 21 Financial Services Authority Regulation No. 45/POJK.03/2015.

Number of Employees With Work Termination

Severance pay amount paid per person in 1 (one) year	Number of employees (people)
Above IDR1 billion	11
Above IDR500 million - IDR1 billion	23
Under IDR500 million	1,772

Total Amount of Suspended Variable Remuneration

The total amount of suspended variable remuneration consisted of cash and/or shares or stock-based instruments issued by Bank Mandiri as follows:

- Shares totalling 2,813,600 shares.
- Cash for a total of IDR 2,556,899,560 after tax.

Deferred Variable Total Remuneration Amount Paid For One Year

During 2018, there was no deferred variable Remuneration paid.

Amount of Remuneration Provided In One Year

The amount of remuneration provided in one year for the Board of Commissioners and Directors in detail can be seen in the Board of Commissioners Remuneration Policy section and the Board of Directors Remuneration Policy in the Corporate Governance Chapter of this Annual Report.

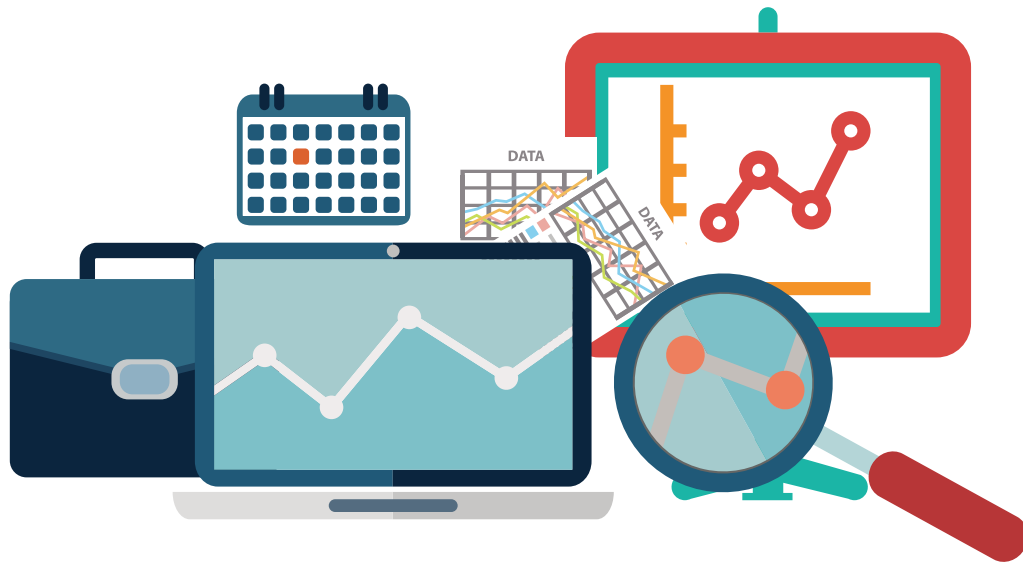
Quantitative Information

Quantitative information covers:

- The total remaining Remuneration that is still suspended either exposed to implicit or explicit adjustments.
- Total reduction in remuneration caused by explicit adjustments during the reporting period.
- Total reduction in remuneration due to implicit adjustments during the reporting period.

As explained in the table below:

Types of Variable Remuneration	Remaining Suspended	Total Reduction During the Report Period		
		Caused by Explicit Adjustment (A)	Caused by Explicit Adjustment (B)	Total (A) + (B)
1. Cash (in million IDR)	IDR 2,556.89 million	-	-	-
2. Stock-based Shares/Instruments issued by the Bank. (in shares and nominal million IDR which is a conversion from the share)	2,813,600 shares with a nominal value of IDR 19,153.98 million	-	-	-



Public Accountant

Based on Financial Services Authority Regulation No. 32/POJK.03/2016 concerning changes to No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports, audits of the Company's Financial Statements for the 2017 fiscal year have been conducted by independent, competent, professional and objective public accountants in accordance with the Public Accountants Professional Standards, as well as work agreements and audit scope which have been set.

To make audit process to be in accordance with the Professional Standards of the Accountant and the scope of the audit that has been established and completed on time, meetings are routinely conducted discussing several significant important issues. The Company always strives to improve communication among the Public Accountant, Audit Committee and Management of the Company to be able to minimize the obstacles that occur during the audit process.

Implementation of The External Audit Function

The External Audit Function is implemented through the implementation of the Company's Financial Report Audit by AP and KAP, in order to ensure that the financial information is compiled and presented in a quality manner, form and express opinions on the fairness of the Company's Financial Statements and test internal controls (internal control review), including retesting of matters that have been tested by Internal Audit and make observations of procedures performed by Internal Audit.

Appointment of Public Accountant

Appointment of KAP Purwantono, Sungkoro and Surja as External Auditors auditing PT Bank Mandiri (Persero) Tbk.'s Consolidated Financial Statements and Subsidiaries of PT Bank Mandiri (Persero) Tbk.'s Partnership and Community Development Program Financial Statements, PT Bank Mandiri (Persero) Tbk.'s Financial Statements and Retirement Fund Investment of Financial Institution as well as the Procedures Agreed on December 31, 2018 and for the Year Ended on the Date determined at the Annual GMS on March 21, 2018 by referring to Financial Services Authority provisions and other related provisions. 2018 fiscal year, is the fourth audit year period for KAP Purwantono, Sungkoro & Surja.

The chronology of the process of determining the External Auditor Financial Statements for the 2018 Fiscal Year is as follows:

1. The Board of Commissioners proposes a request to the Board of Directors to elect the KAP which will be designated as the External Auditor for Financial Statements for the 2018 Fiscal Year.
2. The Board of Directors conducts the procurement process in the context of selecting KAP as External Auditor for Financial Statements for Book Year of 2018 based on the request of the Board of Commissioners, starting with the stage of establishing a Procurement Team until evaluating the technical and financial aspects of the Bidder's of KAP proposal and submitting the results to the Board of Commissioners through Audit Committee.
3. Based on the results of the procurement, the Audit Committee prepares and submits recommendations for the appointment of the AP and/or KAP to the Board of Commissioners.

4. The Board of Commissioners submits the proposed appointment of the AP and/or KAP to the Annual GMS by taking into account the recommendations of the Audit Committee.
5. The Annual General Meeting of Shareholders on March 21, 2018, decided to establish KAP Purwantono, Sungkoro & Surja as KAP that will audit the Financial Statements for 2018, including authorizing the Board of Commissioners to determine the honorarium and other requirements for the KAP, as well as establishing a replacement KAP Purwantono, Sungkoro & Surja, for any reason cannot complete the Financial Report of 2018 Fiscal Year.
6. Bank Mandiri submits a letter to the KAP of Procurement Participant regarding the results of the Annual GMS decision which stipulates KAP Purwantono, Sungkoro & Surja as KAP that will audit the Financial Statements 2018 Fiscal Year.

Bank Mandiri applies the principles of Professional Ethics in carrying out the determination of External Auditors, namely:

1. Professional responsibility;
2. Public interests;
3. Integrity
4. Objectivity
5. Professional competence and prudence;
6. Confidentiality
7. Professional behaviour;
8. Technical standard.

Public Accountant Firm, Name of Accountant and Fee

Based on Article 6 of Financial Services Authority Regulation No. 6/POJK.03/2015/2015 concerning Transparency and Publication of Bank Reports, has been stipulated that the Financial Statements of the final position of December announced on a quarter and annual basis must be audited by a Public Accountant registered with the Financial Services Authority.

Fee for services provided by Purwantono, Sungkoro & Surja KAP for fiscal year 2018 worth IDR11,990,000,000 (including OPE and VAT) consisting of Audit fees for Financial Statements worth IDR10,749,935,000 (including OPE and VAT) and the remainder valued at IDR1,240,065,000 (including OPE and VAT) for other service fees provided.

In addition, in 2018, there were Limited Services assignments to review the July 2018 Consolidated Financial Statements order to diversify Bank Mantap shares from Bank Mandiri to Taspen in the amount of IDR2,750,000,000 (including OPE and VAT).

The following is the chronology of the AP and KAP assignments that have audited the Financial Statement of Bank Mandiri at 2010-2018 fiscal year as follows:

Year	Public accounting firm	Accountant Name (Signing Partner)	KAP Period	AP Period	Fee *) (In thousand IDR)	KAP license	
2018	Purwantono, Sungkoro & Surja (EY)	Benyanto Suherman	4	1	11,990,000	603/KM.1/2015	
2017	Purwantono, Sungkoro & Surja (EY)	Danil Setiadi Handaja		3	10,000,000	603/KM.1/2015	
2016	Purwantono, Sungkoro & Surja (EY)	Danil Setiadi Handaja		3	7,850,000	603/KM.1/2015	
2015	Purwantono, Sungkoro & Surja (EY)	Danil Setiadi Handaja		3	7,330,000	603/KM.1/2015	
2014	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari	5	2	8,300,000	151/KM.1/2010	
2013	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari		2	9,975,000	151/KM.1/2010	
2012	KAP Tanudiredja, Wibisana & Rekan (PwC)	Lucy Luciana Suhenda	5	1	9,500,000	151/KM.1/2010	
2011	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari		2	1	11,800,000	151/KM.1/2010
2010	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari			2	11,495,000	151/KM.1/2010

*) Fee Including OPE & VAT



Other Fee and Services Given by Accountants

In addition to carrying out audit work on the Consolidated Financial Statements, Purwanto, Sungkoro & Surja KAP as well provide audits of other services. For fiscal year 2018, other audit services and fees provided are as follows:

No.	Types of 2018 KAP Services	Fee (IDR)*
1.	Audit of the Financial Statements of the Partnership and Community Development Program (PKBL) of PT Bank Mandiri (Persero) Tbk.	173,800,000
2.	Audit of PT Bank Mandiri (Persero) Tbk. Financial Statements.	306,000,000
3.	Application of Agreed Procedures for PT Bank Mandiri (Persero) Tbk. DPLK Investment Report	126,500,000
4.	Implementation of agreed procedures for the Policies and Procedures for Control Applied by PT Bank Mandiri (Persero) Tbk. in Provision of Custodian Services.	112,860,000
5.	Implementation of Agreed Procedures for PT Bank Mandiri (Persero) Tbk. PKBL Performance Evaluation Report.	143,220,000
6.	Implementation of Agreed Procedures for PT Bank Mandiri (Persero) Tbk Performance Evaluation Report.	85,965,000
7.	Implementation of Agreed Procedures for the Reporting System to Bank Indonesia and certain Reports to Bank Indonesia.	115,720,000
8.	Audit of Independent Auditor's Report on Compliance with Laws or Legislation and Internal Control.	148,500,000
9.	Summary of PT Bank Mandiri (Persero) Tbk.'s DPLK Management Comments, Suggestions and Responses	27,500,000
Total		1,240,065,000
10.	Review of Consolidated Interim Financial Information of PT Bank Mandiri (Persero) Tbk. and Subsidiaries July 31, 2018 and for the 7-month period ending in that date.	2,750,000,000
Total		3,877,331,818

* Fee Including OPE & VAT

Audit Opinion

Opinions on the results of the Financial Statements of 2010-2018 fiscal year examination are as follows:

Year	Financial Statement Opinion
2018	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2017	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2016	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2015	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2014	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2013	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2012	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2011	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia
2010	Consolidated Financial Statements fairly presented, in accordance with the Financial Accounting Standards in Indonesia

Effectiveness of External Audit Implementation

To fulfil the principles of GCG as well as applicable laws and regulations, an audit report results of the financial statements carried out by an independent party, namely KAP is needed, the audit report result is then submitted to the Financial Services Authority. Basis of Implementation of financial report transparency based on FSA provisions are as follows:

1. Financial Services Authority Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks.
2. Financial Services Authority Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports.
3. Financial Services Authority Regulation No. 32/POJK.03/2016 concerning Amendments to Financial Services Authority Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports.

Relationship Among Banks, Public Accountants, and Regulators

In conducting the audit, other than fulfilling the applicable legal provisions, Bank Mandiri always strives to improve communication with KAP with the support of the relevant work units at Bank Mandiri. The Audit Committee and Internal Audit always supervise the audit conducted by KAP. The selected KAP communicates the plan for conducting an audit of Bank Mandiri financial statements to the Audit Committee and submits the audit plan along with the audit methodology and audit samples that will be used to Internal Audit. During the audit, periodic discussions of the audit progress and audit findings and other matters considered important by the parties were conducted periodically, including findings related to internal control.

Periodically, the Audit Committee will monitor the performance of KAP through Audit Committee meetings followed by Internal Audit and related Directors. The meeting also discussed the follow-up of audit findings by KAP. Through this coordination, comprehensive and optimal audit results are expected to be achieved.

Risk Management

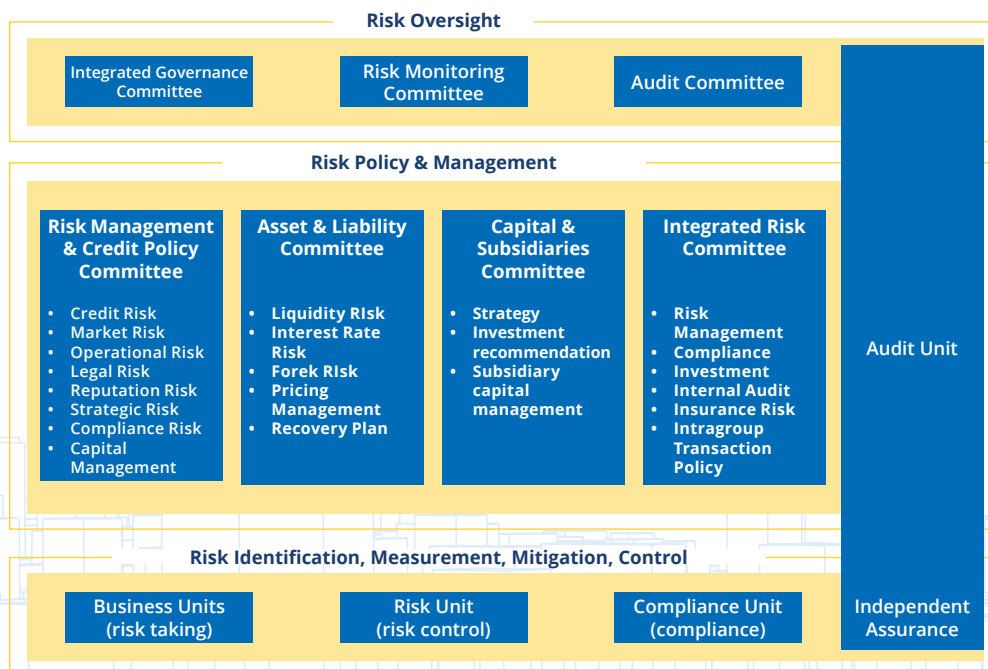
The risk management principle of Bank Mandiri is conducted proactively to achieve a healthy and sustainable financial and operational growth as well as to take care of the optimal risk-adjusted return level in accordance with the desired risk appetite. As a manifestation of Bank Mandiri's commitment in conducting a good company management practice, particularly in risk management, Bank Mandiri has established policy, process, competency, accountability, reporting and supporting technology in order to make the risk management in Bank Mandiri to be effective and efficient.

Risk Management Framework

The company risk management framework is written in the risk governance structure of Bank Mandiri encompassing three main parts, which are Risk Oversight, Risk policy and Risk management, as well as Risk identification, Measurement Mitigation, and control. These three main parts are supported by the Audit Working Unit and Independent Assurer to guarantee the effectiveness of its performance.

Sketchily, the work and risk governance framework of Bank Mandiri as mentioned above is described as follows:

Bank Mandiri Risk Governance Structure





The Risk Governance Structure of Bank Mandiri is developed based on four risk management pillars as follow:

Active Supervision by The Board of Commissioner and Director

The work and risk governance framework in Bank Mandiri consist of the Board of Commissioner performing risk oversight through Audit Committee, Risk Monitor Committee and Integrated Risk Governance, and Board of Director performing risk policy through Executive Committee related to risk management which are Risk management & Loan Policy Committee, Asset and Liabilities Committee, Capital and Subsidiaries Committee, and Integrated Risk Committee. In the operational level, the work unit of Risk Management along with Business Unit and Compliance Work Unit conduct risk identification function, risk measurement, risk mitigation and risk control.

The duties, responsibilities, and authorities of Board of Commissioner are related to active monitoring in risk management activities including:

1. Understanding the risk attached to company functional activity, particularly the one that can influence Company's financial condition.
2. Evaluating and approving the Risk Management policy conducted at least once in a year or more in a higher frequency in the event that there are significant changes in factors affecting company's business.
3. Performing evaluation toward the board of Director regarding Risk Management implementation in order to fit with the established policy, strategy and procedure of the company.
4. Providing consultation to the board of Director regarding transaction or business activity with large amount of fund.
5. Approving the provision of fund to the concerned parties on loan proposed by the loan committee in accordance with their authority.
6. Performing active monitoring toward the company capital adequacy in accordance with company's risk profile thoroughly, including reviewing risk appetite of the company established by the board of director.
7. Improving anti-fraud awareness and culture to all levels of the Company's organization.
8. Monitoring the implementation of Integrated Risk Management in accordance with the characteristics and complexity of the Company's effort.

In order to implement the Integrated Risk Management, the Board of Commissioner is responsible for:

1. Directing, approving, and evaluating policy which regulate the integrated management risk periodically.
2. Evaluating the implementation of integrated risk management policy by the Main Entity Board of Directors.
3. Performing evaluation on the implementation of Recovery Plan.

The duty, responsibility, and authority of Board of Directors related to risk management activity include:

1. Preparing written and comprehensive Risk Management's policy, strategy and procedure including the establishment and approval of the Company's risk limit, re-evaluating once in a year or more in the event of significant changes in factors affecting company's business activities.
2. Taking the responsibility of the risk management and risk exposure policies implementation conducted by the company, including evaluating and providing direction of Risk Management Strategies based on reports submitted by the Risk Management Unit and periodic submission of accountability report to the Board of Commissioners.
3. Evaluating and determining the transactions that exceed the authority of the Company's officials one level under the Board of Directors or transaction that requires the approval of the Board of Director in accordance with the applicable internal policies and procedures.
4. Developing Risk Management awareness and culture, including anti-fraud culture to all organization, among others through adequate communication concerning the importance of effective internal control;
5. Improving Human Capital competence related to Risk Management implementation, among others through continuous education and training programs, particularly related to Risk Management system and process.
6. Implementing an independent Risk Management function, reflected through function separation between the Risk Management Unit that performs identification, measurement, monitor and risk control with the work unit that performs and completes transaction.
7. Conducting periodic review with frequency adjusted with the company's need.
8. Establishing the capital adequacy in accordance with the Company's risk profile and strategy to maintain the capital level, including establishing the Risk Appetite.

9. Preparing and implementing Recovery Plan of the company, including delivering the Recovery Plan to the shareholders in the GMS (General Stakeholders Meeting), conveying to all positions and organization levels, and carrying out periodic evaluations and tests.

In order to implement the Integrated Risk Management, the Board of Directors is responsible for:

1. Preparing and carrying out the policy which regulates Integrated Risk Management;
2. Developing risk culture as a part of Integrated Risk Management Implementation;
3. Ensuring the effectiveness of Human Capital management to perform the Integrated Risk Management function;
4. Ensuring that the Integrated Risk Management has been conducted independently;
5. Evaluating the review result of the Integrated Risk Management Work Unit periodically concerning the Integrated Risk Management process.

Bank Mandiri has also stipulated risk management committees which discuss and recommend to the Board of Director, among others concerning:

1. Policy and Procedure as well as monitor the risk faced by the company.
2. Management of Company's asset and liabilities including interest rate and liquidity
3. Management of subsidiary (equity capital, divestment, remuneration, stipulation of the subsidiary management).
4. Implementation of Integrated Risk Management
5. Business development.

In addition, Bank Mandiri also has a working unit related to risk management consisting of at least:

1. The Director in charge of the risk management function;
2. Risk Management Unit (doubled as the Integrated Risk Management Work Unit);
3. Business Unit and Operational Working Unit;
4. Internal Audit;
5. Compliance Working Unit.

In the established organizational structure, the working unit which functioning to perform transaction (Business Unit and Operational Work Unit) is separated from the working unit performing the internal audit, and is also independent towards Risk Management Unit.

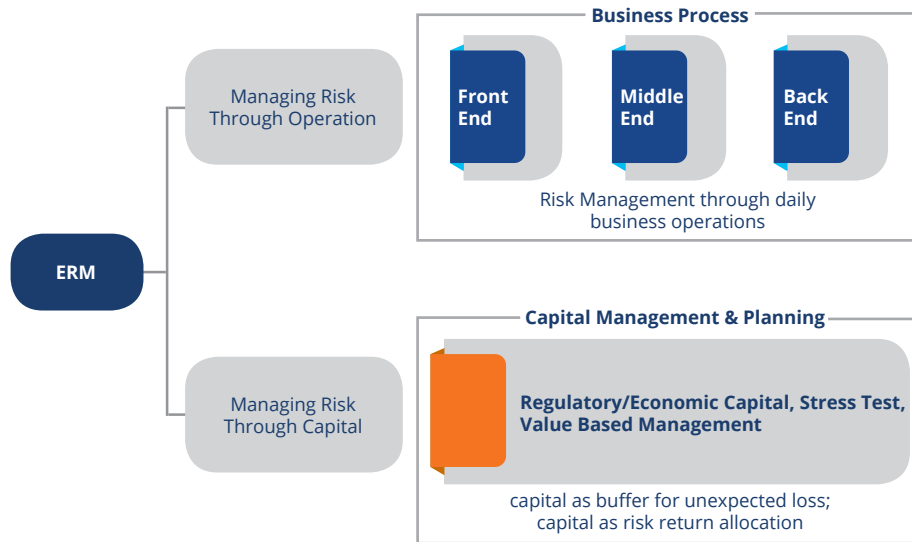
Adequacy of Policies, Procedures, and Determination of Limits

Bank Mandiri has a Risk Management policy used as the main guidance in carrying out risk management. For more specific business area, Bank Mandiri owns more special policies and procedures, for example in credit, treasury, and operational. Among other things regulated in the policies and procedures is the limit establishment for each activity, both in portfolio and transactional levels.

All policies and procedures in Bank Mandiri are the form of risk management attached in each Company's operational activity that is evaluated and updated at least once a year.

The Adequacy of Identification, Measurement, Risk Monitoring and Control Processes, and Risk Management Information System (ERM)

Bank Mandiri conducts Processes of Identification, Measurement, Risk Monitoring and Control, as well as Risk Management Information System through Enterprise Risk Management (ERM) frameworks. The ERM implementation in Bank Mandiri uses two-prong approach, to ensure that the risk is not only mitigated properly through daily business, but also in unexpected situation (downturn) through capital reserve.



The four main components functioning as the supporting pillar in the implementation of two-prong approach are:

1. Organization and Human Capital

The Risk Management working unit of Bank Mandiri is responsible for managing all risk encountered by Bank Mandiri, including the development of supporting tools required in business process and risk management. In addition, there is a work unit in each unit business acting as the risk counterpart in the four-eye process of loan allocation. As the risk management is the responsibility of all work unit in Bank Mandiri, the success of risk management is determined by the existence of risk awareness in all working unit with adequate technical capability. Therefore, Bank Mandiri always improves the employee's capability and knowledge, most importantly in risk management, by conducting internal training on a regular basis through Risk Management Academy. Furthermore, Bank Mandiri also conducts socialization, discussion forum, apprentice, or program on risk management which is in line with company's culture internalization regularly at least once in a year. The Risk Management Unit of Bank Mandiri consists of Risk Management Directorate in charge of the Risk Management Independent unit and two Loan Approval Risk units known as Retail Risk directed by SEVP Retail Risk and Wholesale Risk directed by SEVP Wholesale Risk.

2. Policies and Procedures

The Risk Management Policies (KMR) employed as the main guidance in performing operational risk management and capital management in Bank Mandiri consist of:

- The prudential principle, such as Capital Adequacy Preparation, Early Warning System, Limit Establishment and Risk Diversification.
- Risk Management, such as Risk Profile, Risk Appetite, Stress Testing and Integrated Risk Management.
- Risk Management for each risk type, including identification process, measurement, risk monitoring and control.
- Risk Monitoring, including monitoring of activity implementation/risk management methodology in Bank Mandiri, and Internal Control System.

These Risk Management Policies become the basis for the preparation of procedures and technical guidelines related to risk management in Bank Mandiri.

3. System and Data

The risk management system is developed to support more efficient business processes so that decision making can be faster but still refers to the principle of prudence. In order to maintain data integrity and quality, Bank Mandiri has implemented a system including:

System	Objective
<ul style="list-style-type: none"> - Integrated Processing System - Loan Origination System 	To improve the efficiency of the loan process and maintain data quality in all business segments.
Integrated Collection System	To enhance the integration and quality of limit data and the exposure of all customer facilities, in the context of implementing limit management.
Summit System	To manage market risk for treasury activities and monitoring credit risk arising from treasury activities.
ALM System	To manage and measure the size of the banking book risk for treasury and asset & liability management activities.
Risk Assessment Consolidation Generator System (RACER System)	To get a risk profile overview of Bank Mandiri both as the parent company and the Company's risk profile that is consolidated and integrated with the Subsidiaries. RACER System is web-based so it speeds up access and simplifies monitoring.
ERM System	To monitor overall risk management, especially in calculating capital to cover risks. ERM system has the capability to perform capital charge calculations (Standardized Approach and Advanced Approach), implementation of operational risk management tools, active portfolio management, and value-based management.
Fraud Detection Systems (FDS)	To monitor transactions of Loan Cards, Debit Cards, Merchants, Electronic Money (Mandiri E-Cash), Internet Banking and Micro loan by using predetermined parameters (rule based) determined based on historical data, mode and fraud trend. With the existence of this system, precautionary measures can be taken earlier and can minimize fraudulent transactions.
Fraud Risk Management System (FRMS)	To provide an integrated fraud control system that is capable of carrying out early detection of transactions that occur on various channels. Currently FRMS has been implemented on the Mandiri Online channel and will be followed by further implementation of other channels including loan cards, debit cards, prepaid cards (e-money), electronic money (e-cash), Mobile Banking (USSD, STK/DSTK, Text Type), Acquiring (ATM and Merchant), as well as branches and employees.
Anti Fraud Application System (AFAS)	To detect the risk of application fraud by utilizing rules. This system has been implemented, among others, on Loan Cards, Micro loan, and Unsecured Loans.

4. Methodology/Model and Analytics

Bank Mandiri has continuously implemented a risk measurement that refers to international best practices by using both quantitative and qualitative methods through the development of risk models such as rating, score, Value at Risk (VaR), portfolio management, stress testing and other models as supports in judgmental decision making. Periodically, these risk models are calibrated and validated by an independent Model Risk Validator unit to maintain the reliability and validity of the models and meet regulatory requirements.

In order to synchronize the implementation of Basel II and ERM with Basel II regulation and best practice implementation, Bank Mandiri has adopted and implemented Basel II as well as ERM framework. The implementation of Basel II and ERM in Bank Mandiri covers the areas of Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in Banking book Position, Operational Risk, Capital Management and Internal Capital Adequacy Assessment Process (ICAAP).

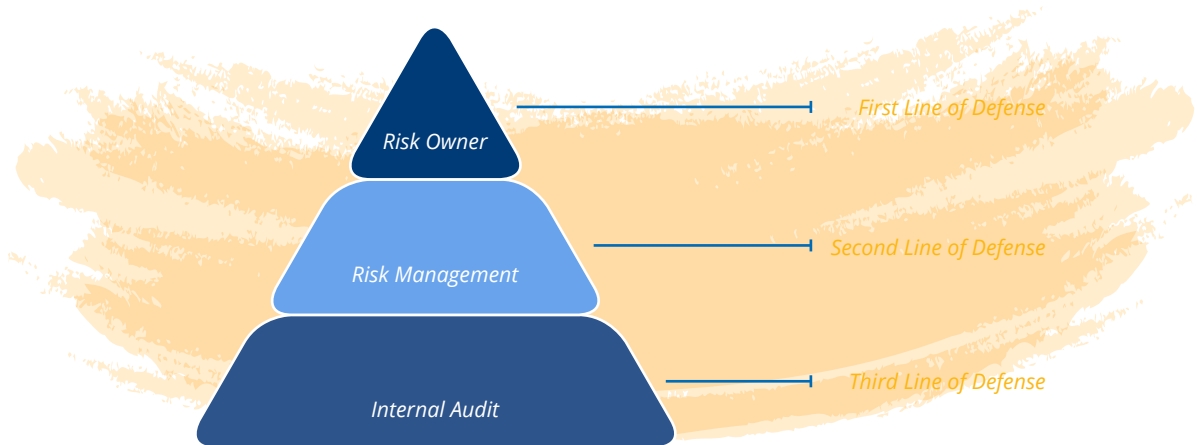
The Implementation of Basel II and ERM

Implementation Aspect	Scope of Implementation
Credit Risk	Development and Improvement of Basel II Risk Parameters for the implementation of Internal Rating Based Approach (PD, LGD, and EAD).
Market Risk	Measurement of structured product risks, limit trading treasury, and treasury system infrastructure.
Liquidity Risk	Improvement of liquidity limit, core deposit analysis, Risk Appetite Statement (RAS), stress testing liquidities, reprising gap method, and implementation of Assets and Liabilities Management System.
Operational Risk	Development of Framework and Governance Operational Risk Management (ORM).
Capital Management	Improvement of Economic Capital model, development of framework Portfolio Optimization and Capital Optimization.
Internal Capital Adequacy Assessment Process (ICAAP)	Implementation of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronization with related regulation of Risk Based Bank Rating (RBBR).

Internal Control System (Internal Audit)

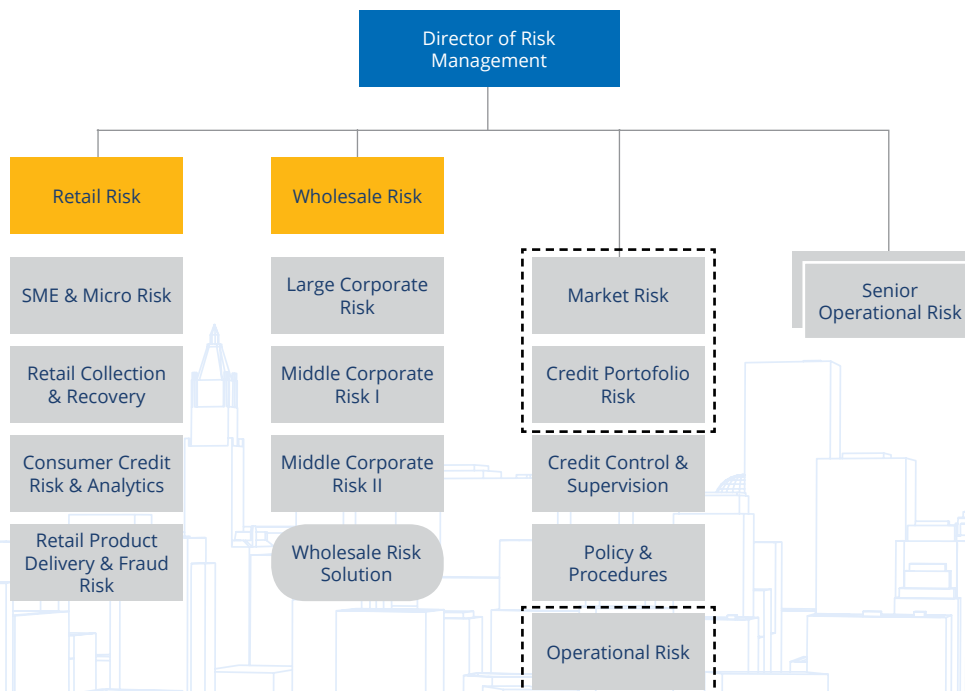
Bank Mandiri practices effective risk managements in all work units by implementing the three line of defence models with the following conditions:

1. Work unit as the risk owner is the first line of defence responsible for risk management in its unit.
2. Risk Management Unit is as the second line of defence performing oversight function.
3. Internal Audit Unit is as the third line of defence performing independent assurance function



Risk Management Organizational Structure

The Risk Management Structure in Bank Mandiri consists of Risk Management Directorate led by the Risk Management Director which oversees one Independent Risk Management and 2 Credit Approval Risk Units known as Wholesale Risk directed by SEVP Wholesale Risk and Retail Risk directed by SEVP Retail Risk. The Independent Risk Management Unit consists of Market Risk group, Credit Portfolio Risk Group, Credit Control & Supervision Group, Policy & Procedures Group and Operational Risk Group, each directed by Senior Vice President (SVP).



The Duties and Responsibilities of Risk Management Group

The supervision of Risk Management in Bank Mandiri is generally performed by several work units, which are Market Risk Group, Operational Risk Group and Loan Portfolio Risk Group supervised by the Risk Management Director. The duties and responsibilities of each work unit are described as follows:

Group	Functions, Duties and Responsibilities
Market Risk	<ol style="list-style-type: none"> 1. Conducting market risk measurement using Standard method, Internal method and market risk modelling. 2. Conducting analysis, giving recommendation proposal and carrying out the function of market risk control on trading treasury activity to business and management units. 3. Conducting management of Bank liquidity by implementing the principles of liquidity risk management and preparing alternative strategy of funding liabilities and Bank assets financing to ensure that Bank liquidity is managed efficiently with controlled risk. 4. Managing the risks of interest rate risk exchange rate in the portfolio banking book and formulating recommendation on Bank balance management strategies to achieve optimal risk and return in order to maintain profitability and increase shareholder value. 5. Conducting a methodology study on third party Funds pricing, loan and Funds Transfer Pricing which is in line with asset and liabilities management strategies. 6. Managing information system management in order to manage interest rate risk, exchange rate risk and liquidity risk.
Operational Risk	<ol style="list-style-type: none"> 1. Formulating, developing, and refining the framework, methodology, system, and tools used by the company in managing operational risk according to business development. 2. Carrying out analysis, study and review or risk profile and providing feedback on improving the quality of framework implementation. 3. Developing and implementing regulatory capital charge measurement methodology (Regulatory Capital Charge) in accordance with the existing regulation and Basel stipulation, as well as conducting the monitoring of its execution. 4. Creating risk awareness and risk culture programs on operational risk management process to all employees. 5. Developing report methodology in accordance with best practice and submitting the report of Company's Operational Risk Profile, for the management, regulator, and other external parties. 6. Conducting study and providing advisory for the new product suggested by the working unit to improve the management of operational risk.
Credit Portfolio Risk	<ol style="list-style-type: none"> 1. Developing and improving the methodology, Loan Risk Tools (Loan Monitoring System, Rating and Scoring System, Recovery Monitoring System, Loan Rating and Scoring Stress Testing Tools and Financial Spread Sheet) as well as the process employed in loan granting to fulfil the need of business development, loan process improvement, regulatory changes, competitor development as well as best practices. 2. Providing Portfolio Guideline methodology, limit per economic/industry sectors calculation methodology, product limit calculation, in-house limit, loan risk profile, stress testing, and other portfolio management methodologies. 3. Carrying out portfolio management in both bank-wide and business segment scales, encompassing loan portfolio study, Loan Risk Profile, portfolio per industry study and providing recommendations on changes in internal and external conditions /macroeconomic in order to optimize the portfolio of the company. 4. Formulating, preparing and coordinating the implementation of Enterprise Risk Management (ERM) which includes policies, governance, methodology, process and information system, to assist the implementation of risk management attributed to the business process and risk-based performance, by referring to international best practice, regulations of Bank Indonesia and Basel Committee documents. 5. Providing company's identification and risks, such as loan risk, market and operational, in bank-wide and consolidation, both in normal and abnormal conditions, Enterprise Risk Assessment, Risk Profile Report, Early Warning Indicators and Scenario Analysis (Stress Testing). 6. Conducting model validation supervision and advisory on the development/modification to ensure the risk management models have accountable quality both academically and business to meet regulatory requirements. 7. Performing function in implementing Basel II related to Bank Indonesia and other external parties. 8. Managing accurate, reliable and timely loan database and ERM data mart to be utilized in process of modelling, portfolio management and ERM implementation.



Development of Competence In Risk Management

Competency development attended by members of Risk Management Division in 2018 is as follows.

Table of Competency Development of Risk Management Division

No	Date	Name of Training	Organizers
1.	January 5, 2018	Certified Fraud Examiner (CFE)	ACFE Indonesia
2.	January 18, 2018	Revamp Wholesale Credit Process Workshop	Bank Mandiri
3.	February 12, 2018	Refreshment of Level 3 Risk Management Certification	Bank Mandiri
4.	February 19, 2018	Basic Financial Analysis	Bank Mandiri
5.	February 24, 2018	Legal Advice on Site	Bank Mandiri
6.	March 1, 2018	Awareness Appraisal	Bank Mandiri
7.	March 5, 2018	Refreshment of Level 3 Risk Management Certification	Bank Mandiri
8.	March 14, 2018	IFRS Workshop	GMFI/Singapura
9.	March 20, 2018	Maximizing Your Leadership Potential Program	NYU Stern New York
10.	March 22, 2018	Developing Leadership Agility	NYU Stern New York
11.	March 26-27, 2018	Internal Control	Bank Mandiri
12.	April 9, 2018	Refreshment of Level 1 Risk Management Certification	Bank Mandiri
13.	April 16, 2018	Refreshment of Level 2 Risk Management Certification	Bank Mandiri
14.	May 7, 2018	Debriefing of Level 1 Risk Management Certification	Bank Mandiri
15.	July 9, 2018	Debriefing of Level 1 Risk Management Certification	Bank Mandiri
16.	July 22, 2018	Middle Management Development Program	Michigan University, USA
17.	July 25, 2018	Mining Economic Course	Indonesian Mining Institute
18.	August 13, 2018	Debriefing of Level 2 Management Certification	Bank Mandiri
19.	August 27, 2018	Basic Treasury & International Banking	Bank Mandiri
20.	August 29, 2018	A Right and Comprehensive KPMM (Liability to the Provision of Minimum Capital) and ATMR (Risk Weighted Assets) Report Preparation in Accordance with Financial Services Authority Regulation	Risk Management Guard
21.	September 5, 2018	Analysis of Financial Statements and Spread sheets	Bank Mandiri
22.	September 12, 2018	Assets & Liabilities Management	Expert
23.	September 12-13, 2018	Debriefing of Level 2 Risk Management Certification	Banker Association for Risk Management (BARa)
24.	September 17-20, 2018	Foundation Risk Management	Bank Mandiri
25.	September 18, 2018	Plantation Wholesale Risk	Bank Mandiri
26.	September 26, 2018	Funds Transfer Pricing for Financial Institutions	Lentera Pro
27.	September 19, 2018	Certification of Compliance and Anti Money Laundering Level I	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
28.	September 25, 2018	Stress Testing	Bosco/Kuala Lumpur
29.	September 27, 2018	Main Challenges of Risk Management	Banker Association For Risk Management/Makassar
30.	October 22, 2018	General Management Development Program	IESE Business School, Spain
31.	October 25, 2018	Workshop of Case Study - Property Industry	Bank Mandiri
32.	October 31, 2018	Indonesian Palm Oil Conference	GAPKI/Bali
33.	November 3, 2018	Legal Awareness Workshop	Bank Mandiri

No	Date	Name of Training	Organizers
34.	November 6, 2018	Seminar on the Main Challenges of Risk Management in 2019, Credit Quality, Management of Active Credit Portfolios and Stress Testing as well as Credit Scoring	Banker Association for Risk Management (BARa)
35.	November 14, 2018	Compliance Certification Exam and Anti Money Laundering Level 2	DKP
36.	November 17, 2018	Certification of Compliance and Anti Money Laundering Level 2	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
37.	December 11, 2018	Workshop of Quantitative Risk Management Under Basel III & Basel IV	ISEI

Risk Management Certification

The number of Bank Mandiri employees who have obtained Risk Management certification can be seen in the table below.

Risk Management Certification Table

Level	SMR Compulsory Employees	Relevant		Irrelevant	
		Total	%	Total	%
1	3,718 Persons	3,652 Persons	98.22%	66 Persons	1.78%
2	980 Persons	940 Persons	95.92%	40 Persons	4.08%
3	301 Persons	277 Persons	92.03%	24 Persons	7.97%
4	94 Persons	86 Persons	91.49%	8 Persons	8.51%
5	10 Persons	10 Persons	100.00%	0 Persons	0.00%
Total	5,103 Persons	4,965 Persons	97.30%	138 Persons	2.70%
Target Realization of Certified Employees¹⁾			108.11%		

¹⁾ The 2018 target is to maintain the gap of employees who are required to be in the SMR and have a minimum of 90%.

Realization per employee level can be seen in the table below..

Level/Status	AVP-VP	Board of directors	FAM-SM	Board of Commissioners	SEVP/ EVP/ SVP	Grand Total
Memenuhi	1,706	10	3,141	8	102	4,965
Level 1	729	-	2,906	4	14	3,652
Level 2	698	-	235	4	3	940
Level 3	272	-	-	-	5	277
Level 4	7	-	-	-	79	86
Level 5	-	10	-	-	1	10
Grand Total	1,706	10	3,141	8	102	4,965

Risk Management System

Basis For The Implementation of Risk Management

In implementing risk management, Bank Mandiri always adheres and obeys the applicable laws and regulations in Indonesia by referring to:

1. Circular Letter of Bank Indonesia no. 9/31/DPNP dated December 12, 2007 concerning Guidelines for the Use of Internal Capital in the Calculation of Minimum Capital Requirement for Commercial Banks by Calculating Market Risk.
2. Financial Services Authority Regulation No. 17/POJK.03/2014 dated November 18, 2014 concerning Application of Integrated Risk Management for Financial Conglomeration.
3. Financial Services Authority Regulation No. 18/POJK.03/2014 dated November 18, 2014 concerning the Implementation of Integrated Governance for Financial Conglomeration.



4. Financial Services Authority Regulation No. 4/ POJK.03/2016 dated January 26, 2016 concerning the Assessment of Health Levels of Commercial Banks.
5. Financial Services Authority Regulation No. 11/POJK.03/2016 dated February 2, 2016 concerning the Minimum Capital Requirement for Commercial Banks, which was amended by the Financial Services Authority Regulation No. 34/ POJK.03/2016 concerning Amendments to POJK No. 11/POJK.03/2016 concerning the Minimum Capital Requirements for Commercial Banks.
6. Financial Services Authority Regulation No. 18/ POJK.03/2016 dated March 16, 2016 concerning the Application of Risk Management for Commercial Banks.
7. Financial Services Authority Regulation No. 55/ POJK.03/2016 dated December 9, 2016 concerning the Implementation of Governance for Commercial Banks.
8. Financial Services Authority Regulation No. 38/ POJK.03/2017 dated July 12, 2017 concerning the Implementation of Consolidated Risk Management for Banks Conducting Control of Subsidiary Companies.
9. Financial Services Authority's Circulating Letter No. 14/SEOJK.03/2015 dated May 25, 2015 concerning the Application of Integrated Risk Management for Financial Conglomeration.
10. Financial Services Authority Regulation No. 26/ POJK.03/2015 dated December 11, 2015 concerning the Integrated Minimum Capital Provision Obligations for Financial Conglomeration.
11. Financial Services Authority's Circulating Letter No. 34/ SEOJK.03/2016 dated September 1, 2016 concerning the Application of Risk Management for Commercial Banks.
12. Financial Services Authority's Circulating Letter No. 38/ SEOJK.03/2016 dated September 8, 2016 concerning the Guidelines for Using Standard Methods in Calculating the Minimum Capital Requirement for Commercial Banks by Taking into account Market Risk.
13. Financial Services Authority's Circulating Letter No. 13/ SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks.
14. Financial Services Authority's Circulating Letter No. 43/SEOJK.03/2017 dated July 19, 2017 concerning the Prudential Principle and report in the framework of Consolidating Risk Management Implementation for Banks that Control the Subsidiary Companies.
15. Financial Services Authority's Circulating Letter No. 15/SEOJK.03/2015 dated May 25, 2015 concerning the Implementation of Integrated Governance for Financial Conglomeration.
16. Circular of Financial Service Authority No. 14/ SEOJK.03/2017 dated March 17, 2017 concerning the Health Rating of Commercial Banks.
17. Financial Services Authority's Circulating Letter No. 12/ SEOJK.03/2018 dated August 21, 2018 concerning the Implementation of Risk Management and Risk Measurement in the Standard Approach for Interest Rate Risk in Banking Book for Commercial Banks.
18. Financial Services Authority Regulation No. 42/ POJK.03/2015 dated December 23, 2015 concerning the Adequacy Obligations to Fulfil the Liquidity Coverage Ratio for Commercial Banks.
19. Financial Services Authority Regulation No. 50/ POJK.03/2017 dated July 17, 2017 concerning the Obligation to Fulfil the Net Stable Funding Ratio for Commercial Banks.
20. Bank Indonesia Regulation No. 20/4/PBI/2018 dated July 16, 2018 concerning the Intermediation Ratio Macroprudential and Liquidity Support Macroprudential for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units.

Principles of Risk Management

The Risk Management Principles of Bank Mandiri are as follows:

1. Capital

Bank Mandiri provides capital in accordance with the risks borne and maintains the capital level in accordance with applicable regulations.

2. Transparency

Bank Mandiri openly communicates relevant information in the risk-taking process and the risk-taking process itself.

3. Independency

Bank Mandiri's management acts professionally and is free from the pressure and influence of other parties.

4. Integrated

Bank Mandiri implements Integrated Risk Management in Financial Services Institutions that are members of the Bank Mandiri financial conglomerate in accordance with regulatory provisions.

5. Sustainable

Risk control is constantly being developed to better suit business conditions and existing best practices.

6. Accountability

Bank Mandiri applies policies and procedures to ensure management accountability to stakeholders.

7. Responsibility

Bank Mandiri acts on the principle of prudence and compliance with applicable laws and regulations.

8. Fairness

Bank Mandiri considers the interests of stakeholders based on the principle of equality and fairness (equal treatment).

Principles of Prudence

Bank Mandiri applies the prudence principle through the provision of sufficient capital, compliance with applicable regulations and laws, and an early warning system. The Company manages capital adequacy that describes the managed risks and defines its capital components by taking into account the capital's ability to incorporate losses.

The Company prepares policies, standard procedures and product manuals as directions in operational activities and is implemented by all levels of the Company's organization to minimize the risks faced in the Company's operational activities. In carrying out business activities, the Company understands the characteristics of the business being carried out, including the risks and legal regulations related to the business. Every action which is an exceptional condition, insofar as it does not conflict with the applicable laws and regulations, is carried out according to the rules and stipulated authority, based on reasons that can be accounted for, and documented.

The Company prepares procedures to be able to find out the possibility of increasing the Bank's risk exposure earlier so that the Bank can determine the steps that need to be taken so that potential losses do not occur or can be minimized.

Process of Risk Management

The Company's Risk Management process regulated in the Risk Management Policy is as follows:

1. Risk Management is carried out at all levels of the organization both transactional and portfolio.

2. Risk Management is carried out in an integrated manner with Subsidiaries while taking into account the regulations and business characteristics of Subsidiaries.
3. The Risk Management process is a dynamic process; hence, review is required periodically to keep it in line with current conditions and applicable regulations.
4. Implementation of Risk Management is carried out in a series consisting of:
 - a. Risk identification
Risk identification aims to determine the types of risks inherent in each functional activity that have the potential to harm the Company.
 - b. Risk measurement
Risk measurement aims to determine the amount of risk inherent in the Company's activities to be compared with the Company's risk appetite so that the Company can take risk mitigation actions and determine capital to cover residual risks.
 - c. Risk monitoring
Risk monitoring aims to compare the risk limits that have been set with the amount of risk being managed.
 - d. Risk control
Risk control is carried out on the potential for the occurrence of liability on the limits of risk that have been determined and can be tolerated by the Company.

Application of Basel II and III

In order to provide added value to stakeholders and as a form of Bank Mandiri compliance in fulfilling the capital adequacy requirements set by regulators, Bank Mandiri always guarantees and ensures that the capital structure is strong enough to support the current business development strategy and maintain business sustainability in future.

Risk management in the capital aspect at Bank Mandiri includes policies on diversifying capital sources in accordance with long-term strategic plans and capital allocation policies efficiently in business segments that have an optimal risk-return profile (including placements with Subsidiaries). This aims to meet the expectations of stakeholders including investors and regulators.



Bank Mandiri ensures that it has sufficient capital to cover loan risk, market risk and operational risk, both based on regulatory requirements (regulatory capital) and internal capital requirements (economic capital). Bank Mandiri refers to Bank Indonesia and Financial Service Authority regulations (Basel II and Basel III), especially Pillar 1, in calculating capital adequacy for loan risk, market risk and operational risk.

In addition to the above calculation, Bank Mandiri is also developing a capital adequacy calculation with reference to Basel II Pillar 2 or better known as the Internal Capital Adequacy Assessment Process (ICAAP) approach. ICAAP includes the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

For the calculation of capital adequacy, Bank Mandiri uses the Basel II (Standardized Approach) for loan risk and has included the External Rating component. In addition, Bank Mandiri has gradually conducted a simulation of the Internal Ratings-Based Approach. For market risk, Bank Mandiri uses the Basel II Standard Measurement Method (Standardized Measurement Method), and internally uses Value at Risk. For operational risk, Bank Mandiri refers to the Basel II Basic Indicator Approach (Basic Indicator Approach).

Bank Mandiri has implemented the implementation of Basel III referring to the Basel documentation as well as regulations and initiatives issued by the Financial Service Authority. As part of implementing Basel III in Indonesia, Bank Mandiri has reported the fulfilment of monthly Liquidity Coverage Ratio (LCR) and the fulfilment of quarterly Net Stable Funding Ratio (NSFR), as well as conducting quarterly Leverage Ratio (LR) calculations in accordance with Financial Service Authority regulations.

As the implementation of the latest Basel III framework (Basel III reform), specifically related to 5 Counterparty Loan Risk, Bank Mandiri has implemented a Loan Valuation Adjustment (CVA) calculation and simulated changes to the Standardized Approach for Measuring Counterparty Loan Risk Exposures (SA -CCR) which is a refinement of the existing CCR framework.

Basel III Reforms

In implementing the latest Basel III framework (Basel III reform) the Company will revise operational risk standards for several elements from the previous framework to improve reliability and sensitivity. Following this, a Qualitative Impact Study (QIS) has been carried out based on Financial Service Authority's Consultative Paper (CP) in calculating minimum capital for Operational risk using a standard approach.

On the other hand, in order to improve the Company's ability to manage risks due to movements in interest rates that affect income and capital (Interest Rate Risk in Banking Book/IRRBB), Bank Mandiri has made preparations regarding the implementation of Basel IV with the following details:

1. On August 21, 2018, Financial Service Authority issued Financial Services Authority's Circulating Letter No. 12/SEOJK.03/2018 concerning Implementation of Risk Management and Risk Measurement in the Standard Approach for Interest Rate Risk in the Banking Book (Interest Rate Risk in The Banking Book) for Commercial Banks. As a follow up to the issuance of Financial Services Authority's Circulating Letter, Bank Mandiri has prepared a work plan to fulfil the Financial Service Authority provisions that have been implemented since the issuance of the referred Financial Services Authority's Circulating Letter until mid-2019.
2. In October 2018, Bank Mandiri has conducted socialization and workshops for Subsidiaries regarding the consolidation of IRRBB in terms of policies, calculation models, reporting and limits.
3. At present, Bank Mandiri is in the process of implementing the IRRBB, including improvements to the system, adjusting internal policies, reviewing methodologies and its limits, reviewing assumptions and models, and creating consolidated tools for subsidiaries.

Implementation of Integrated Risk Management

Consolidation/Integration of Bank Mandiri's risk management has been started gradually since 2008 in line with the issuance of BI provisions number 8/6/PBI/ 2006 on Consolidation of Risk Management Applications for Banks

that Control Subsidiaries and Financial Services Authority Regulation No. 17/POJK.03/2014 concerning Application of Integrated Risk Management for Financial Conglomeration. This stage has until now become one of the strategic initiatives of the risk management work unit at Bank Mandiri that are regularly communicated with the Financial Service Authority in a forum that specifically discusses the topic of risk profile as well as the Bank's Risk Based Rating.

This is considered important because Bank Mandiri realizes that the sustainability of its business is also affected by risk exposures that arise directly or indirectly from the business activities of Subsidiaries. In this regard, Bank Mandiri has implemented a risk management consolidation/integration system for Subsidiaries both operating in Indonesia and outside the Indonesian territory while still meeting risk management principles and in accordance with the jurisdiction of the local authorities/supervisors, and considering the business characteristics of each Subsidiary. The concept of risk management consolidation/integration carried out by Bank Mandiri and Subsidiaries is generally divided into 2 (two) major parts, namely:

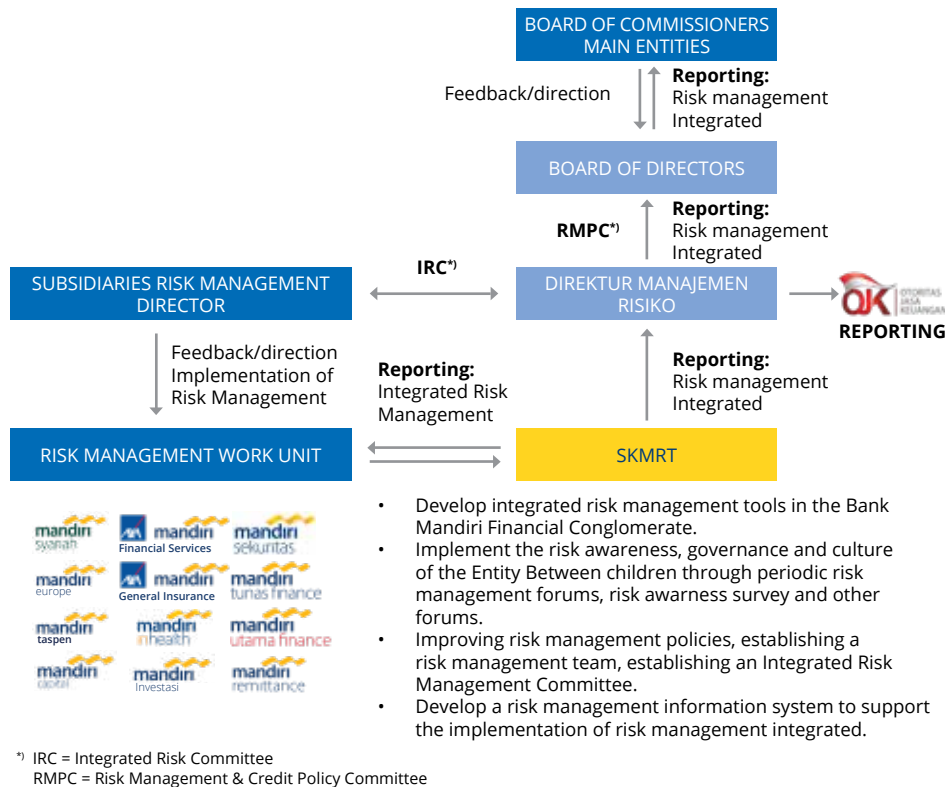
1. First Line, which is related to the fulfilment of Financial Services Authority Regulation No. 38/POJK.03/2017 concerning Consolidation of Risk Management Implementation for Banks that Control Subsidiaries, Financial Services Authority Regulation No. 17/POJK.03/2014 concerning the Implementation of Integrated Risk Management for Financial Conglomeration, as well as Financial Services Authority Regulation No. 04/POJK.03/2016 concerning the Soundness Rating of Commercial Banks.
2. Second Line, which approaches Bank Mandiri's internal needs as a whole which includes tools, risk awareness, corporate governance, and risk management information system (systems).

Gradually, Bank Mandiri has carried out consolidation/integration of risk management with Subsidiaries included in financial service institutions, i.e. Bank Syariah Mandiri, Bank Mandiri Europe Ltd, Bank Mandiri Taspen Pos, Mandiri Securitas, Mandiri Investment Management, AXA Mandiri Financial Services, Mandiri AXA General Insurance, Mandiri InHealth Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri International Remittance, and Mandiri Capital Indonesia).

Regarding this, Bank Mandiri has had internal guidelines named the Mandiri Group Principle Guideline (MGPG), Mandiri Subsidiary Management Principles Guidelines (MSMPG) and Integrated Governance Guidelines, one of which contains technical guidance regarding the implementation of Mandiri Group risk management. This is also one of the manifestations of Bank Mandiri that always adheres to the prevailing regulations in Indonesia, which in this context refers to Financial Services Authority Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomeration.

In order to implement a comprehensive and integrated risk management, Bank Mandiri has formed a Risk Management Committee consisting of Directors/ Executive Officers who oversee the Risk Management functions of the Company and Subsidiaries who play a role in providing recommendations on the preparation, advancement and improvement of Integrated Risk Management policies. In addition, Bank Mandiri also formed an Integrated Risk Management Work Unit (SKMRT) which is directly responsible to the Director of Risk Management with the following duties and responsibilities.





In order to improve understanding of the implementation of risk management at Bank Mandiri and Subsidiaries, several activities have been carried out in 2018:

1. The Integrated Risk Management Forum (IRMF) is conducted quarterly to discuss the latest issues related to risk management.
2. Assistance and socialization regarding risk management tools.
3. Credit Risk Workshop for investment activities.
4. Attachment of employees to Subsidiaries.
5. Review of risk management application to certain Subsidiaries.

Risk Management Implementation Program and Strategic Initiative for 2018

The strategic initiative program for implementing Group risk management in 2018 is as follows:

1. Implementation of IRRBB in accordance with Financial Services Authority's Circulating Letter No.12/SEOJK.03/2018 dated 21 August 2018 concerning the Implementation of Risk Management and Standard Measurement of Risk Measurement for Interest Rate Risk in the Banking Book (Interest Rate Risk in Banking Book) for Commercial Banks in terms of policies, tools, system, limits, and methodology.
2. Reinforcing liquidity risk management through the implementation of Net Stable Funding Ratio (NSFR) on a monthly basis in accordance with Basel III and Financial Services Authority Regulation provisions.
3. Automation of monitoring limit utilization of market risk for treasury transactions, which includes Stop Loss limits; Bond Holding Period limit and Bond Cut Loss limit, using the EAI WEB (Enterprise Application Interface) means that can be accessed concurrently and in a real time.
4. Reinforcing risk management infrastructure (policies, procedures, and market and liquidity risk limits) at Overseas Branch Offices and Subsidiaries and providing assistance during the implementation of the system, among others, to support the expansion of the treasury products business at Overseas Branch Offices.
5. Establish a safe and competitive Potential Future Exposure (PFE) ratio in order to support an increase in the volume of customer derivative transactions.
6. Take an active role in increasing customer knowledge regarding the management of market risk and liquidity.
7. Development and implementation of an operational risk management framework on an ongoing basis through supporting devices.
8. Development of Operational Risk Management System to meet organizational needs

9. Program launching and implementation of operational risk awareness in a sustainable manner for all work units to help employees better understand operational risk.
10. Continuous improvement of the loss data recording process in preparation for the implementation of operational risk capital cost calculations in accordance with Basel III Reform.
11. Development of standard competencies for employees involved in the implementation of operational risk management framework activities.
12. Continuous evaluation of standard operational risk management procedures to ensure that they are still up to date.
13. Alignment of risk levels at Bank Mandiri
 - a. Implementation of the Risk Appetite Statement (RAS) as a formal guideline in the risk-taking process to achieve business targets.
 - b. Develop a system that aggregates stress testing calculations for loan risk, liquidity risk, market risk, impact on Profit/Loss and capital adequacy (CAR), at Bank Mandiri and Subsidiaries.
14. Strengthen Loan Portfolio Management which includes regulating the direction of productive loans booking through the 2018 Portfolio Guideline and the development of the Pipeline Management System. In addition, in order to improve the effectiveness of monitoring, especially in the region, Bank Mandiri initiated Portfolio Managers implemented starting in 2017.
15. Improve end to end loan process in the wholesale segment through:
 - a. Limit management implementation which includes the master limit and value chain limit for anchor client and specific sectors.
 - b. Implementation of Name Clearance on the determination of the debtor pipeline and Proactive Loan Monitoring System for loan monitoring.
 - c. Debtor information sources reinforcement to analyze and monitor loan quality.
 - d. Enhancement Loan Processing System in order to improve end to end loan process by:
 - Implementation of New Internal Rating Based Approach for a more precise and granular risk level measurement, including the development of the New Rating System at the Overseas Office.
 - Early warning system improvement to increase sensitivity towards potential for a decrease in loan quality of debtors, including integration with analysis of collectability reviews.
 - e. Peers Analysis Industry Update as a reference for comparing financial performance in each industry sector.
16. Efficiency of capital use through:
 - a. IRBA Phase III Implementation.
 - b. Basel II Enhancement Modeling Risk Parameters for Retail Portfolios.
 - c. Implementation of the New Operational Risk Reporting System.
 - d. Calculation of Operational Risk Capital Expenses Enhancement.
 - e. Intensification and Extension of Validation Functions.
17. Development of the Expected Loan Loss model in preparation for the implementation of IFRS 9.

Risk Profile and The Management

There are 10 (ten) types of risk that must be managed at least by Bank Mandiri on a consolidated basis, namely:

No.	Risk Type	Explanation
1.	Credit Risk	Credit Risk is a risk due to the failure of the debtor and/or other parties to fulfil obligations to the Bank.
2.	Market Risk	Market Risk is a risk in balance sheet and administrative account positions including derivative transactions, due to overall changes in market conditions, including the risk of changes in option prices.
3.	Liquidity Risk	Liquidity Risk is a risk due to the inability of the Bank to meet maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disrupting the Bank's activities and financial condition.
4.	Operational Risk	Operational Risk is the risk due to insufficiency and/or non-functioning of internal processes, human errors, system failures, and/or external events that affect the Bank's operations.
5.	Legal Risk	Legal Risk is the risk due to legal demands and/or weaknesses in the juridical aspect.
6.	Reputation Risk	Reputation risk is a risk encountered by Bank Mandiri as an impact on stakeholders' negative perceptions of the bank stemming from various undesirable events including negative publications on bank operations, violations of business ethics, customer complaints, governance weaknesses and other events that can reduce the bank's image.
7.	Strategic Risk	Strategic Risk is risk due to inaccuracy in making and/or implementing a strategic decision and failure to anticipate changes in the business environment.

No.	Risk Type	Explanation
8.	Compliance Risk	Compliance Risk is a risk due to the Bank not complying with and/or not implementing the applicable laws and regulations.
9.	Intra-Group Transaction Risk	Intra-Group Transaction Risk is the risk due to the dependence of an entity both directly and indirectly on other entities in a Financial Conglomeration in order to fulfil written and unwritten agreement obligations followed by transfer of funds and/or not followed by transfer of funds.
10.	Insurance Risk	Insurance risk is a risk due to failure of insurance companies to fulfil obligations to policyholders as a result of insufficient risk selection (underwriting) processes, pricing, reinsurance use, and/or claim handling.

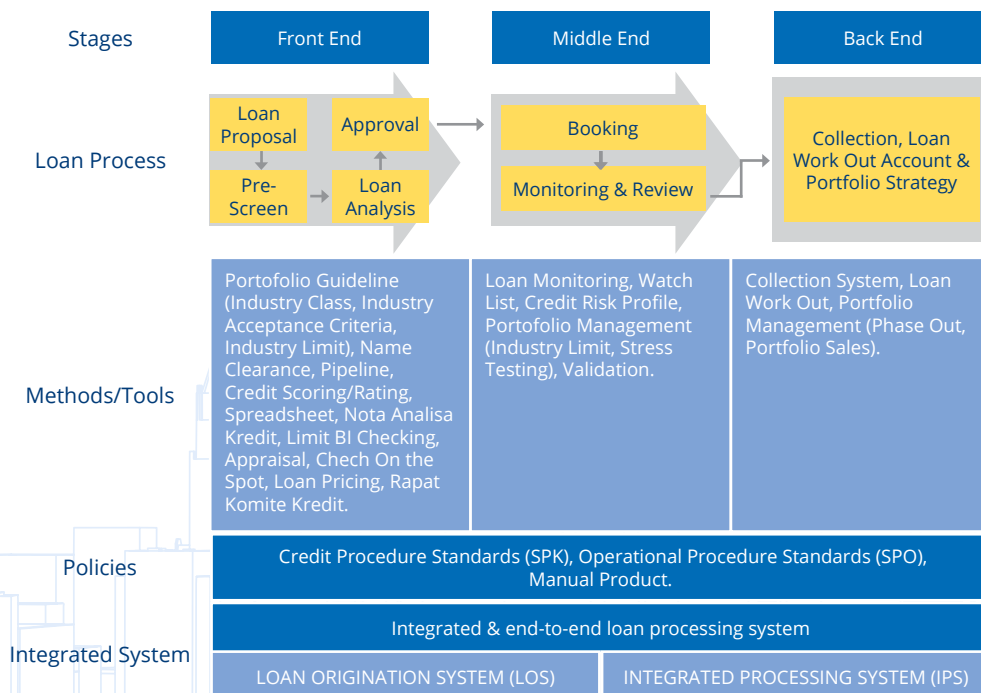
Management of Risk

Credit Risk

Bank Mandiri’s loan management process begins with determining the target market and proceeding to carry out risk assessment and monitoring over a loan provision. In channelling its loans, Bank Mandiri always prioritizes the principle of prudence by placing a credit analysis function carried out by business units and an independent loan risk unit. Bank Mandiri always refers to Mandiri Credit Policy in managing loan risk on an end-to-end basis. Operationally, this policy is stated in the form of Credit Procedure Standards (SPK) and Product Manuals.

In managing credit concentration risk at the debtor level, Bank Mandiri applies Limit Management consistently, through the establishment and monitoring of the Master Limit and Value Chain Limit within the corridor of the Legal Lending Limit (LLL). In general, the loan process and loan risk management at Bank Mandiri have been carried out end-to-end and integrated by the Business Unit, Credit Operation Unit and Credit Risk Management Unit with the following scheme.

Flow of Credit Process and Management of Credit Risk



Market Risk

Market risk management is carried out by an independent working unit by implementing the segregation of duties principle, namely the separation of functions and responsibilities consisting of front office, middle office, and back office. Organization of Market Risk Management consists of two parts, i.e. Market Risk Management - Trading Book and Market Risk Management - Banking Book.

The framework and governance of market risk management in Bank Mandiri adheres to the three layers of defence, which consists of:

- The Board of Commissioners has the function of overseeing market risk (risk oversight) through the Risk Monitoring Committee, Integrated Governance Committee and Audit Committee.
- Directors who carry out the risk policy function through the Executive Committee related to market risk management and recovery plan, namely the Assets & Liabilities Committee and Risk Management Committee.
- Working Unit of Risk Management together with business unit and compliance unit carry out the functions of risk identification, risk calculation, risk monitoring and risk control.

Risk Management Framework of Bank Mandiri is developed based on internal and external factors including but are not limited to bank business, regulatory provisions, development of methodologies and best practices, as well as risk data. Authority and responsibility related to the implementation of risk management are regulated in the Risk Management Policy (KMNR). Whereas for guidance in implementing market risk management both the trading book portfolio and the banking book are regulated in the Treasury Procedure Standard (SPT) and the Asset Procedure & Liability Management Standard.

Management and Mechanism of Market Risk Measurement – Trading book

Trading book market risk is a risk arising from potential losses due to banking book activities, including changes in interest rates and exchange rates (including derivative instruments). Bank Mandiri's market risk management is carried out by applying principles of segregation of duties, which is to separate the functions and responsibilities independently of the treasury work unit trade transactions, which consist of:

Principles of Segregation of Duties



Management and Mechanism of Market Risk Measurement

The banking book market risk is a risk that arises because of changes in interest rates and exchange rates for banking book activities that can affect the Bank's profitability (earnings perspective) and economic value of Bank capital (economic value perspective). Management of the Bank Mandiri banking book market risk is carried out by optimizing the balance sheet structure to obtain maximum returns in accordance with the level of acceptable risk. In addition, also by setting limits that refers to internal provisions and applicable laws and regulations provisions which is monitored weekly and monthly by the relevant work unit.

Liquidity Risk

In order to manage liquidity risk in a measured and comprehensive manner, Bank Mandiri implements the following strategies:

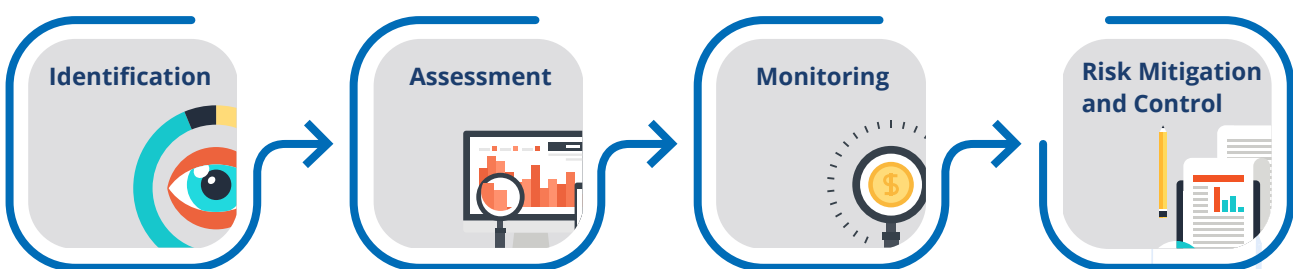
1. Establish limits that refer to internal provisions and applicable laws and regulations provisions.
2. Perform periodic liquidity risk stress testing to determine the impact of changes in market factors and internal factors on extreme conditions (crises) on liquidity conditions.
3. Arrange and conduct periodic reviews of the Liquidity Contingency Plan (LCP) and Recovery Plan that regulate the Company's procedures to encounter deteriorating liquidity conditions including alternative funding strategies, including through alternative funding strategies among others through sale/purchase transactions of FX Money Market instruments and Interbank Securities Repo, Government Bond sales, use of Bank Indonesia Standing Facility and repo of Bank Indonesia securities. Determination of liquidity conditions and funding strategies in the LCP and Recovery Plan has considered internal and external conditions.
4. Monitor external indicators including the Jakarta Interbank Offered Rate (JIBOR), USD Interbank, Rupiah interest rate, spread between Return on Investment (ROI) compared to UST, Outstanding IDR banking Liquidity, USD/IDR exchange rate, spread loan default swaps (CDS), Composite Stock Price Index (CSPI), as well as current market information. This monitoring aims to increase awareness of economic conditions that are less stable, both due to the conditions of the global crisis and due to various domestic issues.

Operational Risk

Operational risk is inherently attaches/exists in each of the Company's products/activities/ operational processes in running the organization. The Risk Owner Working Unit as a risk and control owner has the primary responsibility for ensuring a good risk management process so as to minimize potential risks.

In order to implement effective Operational Risk Management, Bank Mandiri developed a methodology of identification, measurement, control/mitigation and monitoring of operational risk exposures utilized in each Working Unit. In addition, Bank Mandiri has also developed a management information system that is tailored to the characteristics, activities and complexity of the Company's business activities.

Management of Operational Risk Management is carried out through 4 (four) stages as follows:



1. **Identification** A process to identify potential risks inherent in a product/activity/process by considering internal and external factors including identifying controls that will be used for mitigation.
2. **Assessment** A process to assess by considering the potential impact or likelihood of an inherently risk that can occur. This aims to determine which risks are more material/significant compared to others so that priority measures can be arranged. In addition,

Control Testing is also carried out to find out whether the prevailing control design has been effectively implemented and/or can still be effectively used.

3. **Monitoring Process** for monitoring risks that have been identified and assessed for potential occurrence. Monitoring is carried out at any time by each related working unit in layers by referring to the applicable provisions including monitoring of indicators or an early warning system.

4. Risk Mitigation and Control The process of controlling and mitigating risks through the implementation of applicable regulatory provisions and/or implementing follow-up (action plans) on potential weaknesses.

In implementing operational risk management, Bank Mandiri uses operational risk management tools/devices including:

1. Risk and Control Self Assessment (RCSA)
A register of the main risks and controls, with the results of an assessment of inherent risk and residual risk.
2. Loss Event Database (LED)
A database of operational risk incidents with the aim as a lesson learned, monitoring follow-up remediation and adjustments in the future, as well as input for calculating operational risk capital.
3. Key Risk Indicator (KRI)
Indicators which are arranged as part of an effort to monitor the risks that exist on a risk based basis so that follow-up can be taken immediately before a risk actually occurs.
4. Issue and Action Management (IAM)
Tool to monitor follow-up that has been prepared on issues found through various activities.
5. Capital Modelling
A model of operational risk capital (regulatory capital charge) which is in accordance with the provisions of applicable regulations, as a part of mitigating operational risk.

In order to facilitate the operational risk management process, Bank Mandiri has an integrated Operational Risk Management system that covers all of the aforementioned tools and is implemented in working units both head office and region. As an output of the operational risk management process, the Operational Risk Profile Report that describes operational risk exposures is delivered periodically to the Board of Commissioners and Directors. This is administered in order to support the active role of the Board of Commissioners and Directors in implementing the Company's operational risk management. The results of operational risk management reporting are then submitted to the regulator as part of the Risk-Based Bank Rating (RBBR) report in accordance with applicable regulations.

The implementation of operational risk management involves all elements in the Company, including the Board of Directors with active supervision by the Board of Commissioners. The Board of Commissioners and Directors understand the encountered risks and play an important role in supporting and overseeing the success of their

implementation in all operational work units. Operational risk management in the Company is supervised by the Director of Risk Management supported by involvement.

- **Risk Management & Credit Policy Committee**

The Executive Committee carries out the functions of supervision, control and risk management, among others, through the establishment of risk management strategies and procedures, monitoring risk profiles and establishing risk appetite.

- **Operational Risk Management Coach Working Unit**

The Operational Risk Management Working Unit is responsible for formulating policies, strategies, frameworks and tools for operational risk management and conducting its socialization.

- **Operational Risk Management Working Unit**

The Operational Risk Management Working Unit is responsible for implementing policies, strategies, frameworks and operational risk management tools in collaboration with the Risk Owner Working Unit.

- **Risk Owner Working Unit**

Working units responsible for managing Operational Risk and ensuring control in each operational activity that has been effectively carried out and in accordance with the provisions

- **Compliance Working Unit**

Work units that carry out the compliance function on internal and external rules.

- **Internal Audit**

Work units that carry out evaluation of the effectiveness of internal control, risk management and governance processes.

Legal Risk

Legal risk is a type of risk encountered by Bank Mandiri as a result of lawsuits, both those carried out by internal and external parties and/or the discovery of juridical weaknesses such as the absence of legal documents and regulations or weaknesses in documents. Legal risk management organizations are carried out by the Legal Unit at the Head Office by carrying out functions, duties and responsibilities related to regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and management of



Bank legal risk. In implementing these functions, duties and responsibilities, the Legal Unit at the Head Office coordinates with the Legal Unit in the Work Unit and Legal Unit in the Region. The Head Office Legal Unit is the system coach and supervises Legal Unit in Working Unit and Legal Unit in the Region. In optimizing the function of the working unit related to litigation, Bank Mandiri initiated the establishment of a Wholesale Loan Litigation Group which focused on handling litigation issues in the wholesale segment.

Mechanism of Legal Risk Management

The risk management mechanism which includes the process of identifying measurement, control and monitoring refers to the applicable provisions regarding risk management. Each working unit of the product owner and or executor and organizer of the activity must identify and manage risk maximally including but not limited to legal risk which is basically inherent in each product or activity made or implemented by the Company, so that it does not have a broad impact and trigger other risks including but not limited to reputation risk.

The management of legal risk carried out by Bank Mandiri, both preventive and repressive, is sufficient to protect Bank Mandiri's legal interests and minimize significant Financial impacts for Bank Mandiri, reflected in the Legal Risk Profile Report of 2018 which is in the Low category.

Reputation Risk

Risiko reputasi dikelola melalui mekanisme pengawasan, penanganan dan penyelesaian yang dikoordinasikan oleh Sekretaris Perusahaan dengan didukung oleh unit kerja terkait, termasuk unit kerja *Customer Care*, unit kerja TI, dan unit kerja strategi *marketing* dengan mengacu pada ketentuan internal dan perundang-undangan yang berlaku.

Mechanisms for Reputation Risk Management

Reputation risk is managed through a mechanism of supervision, handling and settlement which is coordinated by the Corporate Secretary Group with reference to the Standard provisions of the Corporate Secretary Guidelines.

Implementation of Policy on Reputation Risk Management

As a form of implementation of reputation risk management policies, the President Director ensures that all working units have performed their respective functions properly and in accordance with applicable regulations. Whereas if there is a potentially impacted event on reputation risk related to the main task and function of a particular work unit, then the working unit is obliged to provide detailed information to the Corporate Secretary Group to manage the incident to minimize the impact.

Currently Bank Mandiri has an official channel for receiving complaints and questions from customers, such as the 14000 call centre, website, branch offices, including conventional media and social media. All complaints are forwarded to the Customer Care Group for handling and settlement. In carrying out this task, the Customer Care Group coordinates with the Corporate Secretary Group, especially in handling customer complaints related to conventional media and social media.

Separately, the Corporate Secretary Group also monitors and evaluates various reports and loading on conventional media and social media periodically to measure the effectiveness of the company's publication and communication activities. Furthermore, the results of monitoring and evaluation are used as the basis for publication and communication activities for the next period in order to continuously strengthen the company's reputation.

In its function as the company's reputation risk management coordinator, Bank Mandiri also has internal units, such as the Corporate Communications Department and the Corporate Social Responsibility Center Department which have the authority and ability to create a positive image of the company through communication programs and corporate social activities.

The Corporate Communications Department in collaboration with local media in various cities in Indonesia organizes routine activities in the form of Focus Group Discussions (FGD) with the theme of banking, economy, and regional development as well as other themes. This was carried out with the aim of establishing good communication with local media and related to stakeholders in the region. Throughout 2018, the Corporate Communications Department held several FGDs with information as follows:

No.	Date	City	Theme
1.	March 12, 2018	Jayapura	Exploring the potential and infrastructure development strategy in Papua
2.	March 15, 2018	Makassar	Exploring the potential and industrialization strategy in South Sulawesi
3.	March 19, 2018	Medan	Government and private sector cooperation in infrastructure development in North Sumatra
4.	March 21, 2018	Denpasar	Creative economy development strategy of the tourism industry in Bali
5.	April 16, 2018	Banjarmasin	Prospects for Coal industry and economic prospect in South Kalimantan post Coal mining.
6.	August 15, 2018	Pontianak	The role of digital banking in retail trading in Pontianak
7.	November 1, 2018	Samarinda	The role of digital banking in retail trading in Samarinda
8.	The third week of November 2018	Balikpapan	The role of digital banking in retail trading in Balikpapan
9.	December 2018	Surabaya	The role of digital banking in retail trading in Surabaya
10.	December 2018	Bandung	The role of digital banking in retail trading in Bandung

Through this Focus Group Discussion (FGD), it is expected to create positive branding on Bank Mandiri in various local media whether it is printed, television, or online and social media, which later on can lead to society's positive perceptions on Bank Mandiri.

Meanwhile, in the context of critical and massive crisis which influences stakeholders' trust, Corporate Secretary Group holds a responsibility to implement an immediate action plan to reduce the impact of the crisis, including preparing problem management strategies, determining internal person, and scheduling crisis execution and comprehensive evaluation.

Strategic Risk

Strategic risk Management Organization

The bank has established a risk management committee and a risk management unit aims to support a comprehensive, integrated, measurable, and controlled risk management. Each of these committees issues included in the scope of the intended committee.

Strategic risk Management Mechanism

Bank risk management is regulated in a bank risk management policy with reference to Bank Indonesia Regulation, the Financial Services Authority Regulation, Basel provisions, and international best practices. This policy is regularly reviewed to anticipate changes in a business situation, regulation, and Bank internal condition.

In conducting strategic risk management, Bank Mandiri always conducts performance analysis and evaluates business target preparation and takes corrective steps

in developing business plans and targets by considering internal and external conditions, if necessary.

The Implementation of Strategic Risk Management

Throughout 2018, by looking at internal and external conditions of Bank Mandiri and the corporate plan "restart" 2016-2020, Bank Mandiri is currently carrying out the stage III transformation to be the best financial institution in Indonesia in 2020. Considering the current economic situation, Bank Mandiri has performed some business strategies focusing on:

- **Strengthening business which becomes initial core competency**, by increasing the wholesale loan above the market growth with the focus on anchor customers and industrial sectors, as well as increasing fee-based income and CASA wholesale through the improvement of banking transaction and cash management, and forex services and capital market.
- **Building and strengthening the new core competency**, by encouraging CASA retail growth through e-channel and Bank at Work initiatives by leveraging the network and derivatives of the wholesale customers. The growth of the consumer lending business, particularly in mortgages, auto loan, and personal loan through streamlining and cross-selling. Increasing the penetration of the micro-credit, especially KSM, and maintaining the market share segments in the Small and Medium Enterprises (SME) segments.
- **Strengthening the fundamentals**, by reducing the cost efficiency ratio through digitalization. Increasing network productivity through the improvement of business process and analytic utilization. Reducing the level of NPL by strengthening the early warning system, managing non-performing loans, and loan business processes.



Steps and Plans in Anticipating Strategic Risk

In anticipating the risk factors encountered by Bank Mandiri, it is necessary to implement independent and prudent risk management but not limit the company's business expansion process. The followings are some strategic risk management procedures applied in 2018:

1. The economic growth which impacts business growth is still wary of several industrial sectors that indicate a potential risk of slowing or saturation. This leads Bank Mandiri to expand credits on the existing core and new core more prudently, and select prospective and resilient industrial sectors and segments toward economic turmoil. In addition, monitoring watch list and high-risk debtors are carried out end to end for better loanmanagement.
2. Controlling the formation of reserves (CKPN) by conducting review and follow-up action of the potentially problematic debtors so that CKPN costs can be reduced.
3. Focusing on retail deposit in small business, micro, and consumer (individual) segments by running a program that can maintain its sustainability.
4. Portfolios should be managed more agile to cope with cycles and volatility, prospective industrial sectors/segments should be encouraged to grow.
5. Controlling costs through efficiency/saving overhead cost program and a more in-depth study of initiatives which have an impact on increasing productivity and eliminating non-value added cost.

Compliance Risk

Compliance Risk Management Organization

All levels of the company are fully responsible to carry out compliance in their activities. The organizations, their duties, and responsibilities of implementing the compliance function are as follows:

1. Board of Commissioners
In relation to the implementation of the compliance function and integrated governance, the board of commissioners must carry out active supervision toward the implementation of the compliance function.
2. Integrated governance committee
The committee is formed to assist the commissioner board in carrying out the supervisory function of the implementation of the integrated governance and

integrated compliance function at Bank Mandiri and subsidiaries.

3. Director/SEVP
The board of directors has duty and responsibility to foster and implement compliance culture and ensure the implementation of compliance culture at all organizational levels and business activities.
4. Director in charge of the compliance function
The director in charge of the compliance function is responsible for formulating a compliance culture strategy, minimizing compliance risk, establishing compliance systems and procedures and ensuring all policies, provisions, systems, and procedures are in accordance with prevailing laws and regulations.
5. Compliance work unit
Compliance work unit assists and/or represents the director in charge of the compliance function in carrying out their duties and responsibilities.
6. Compliance unit within the work unit
Compliance unit within a work unit ensures the implementation of the compliance function performed by the head of the supervised work unit.
7. The head of the work unit
The head of a work unit is responsible for realizing the compliance culture in their units, managing compliance risk, and implementing process and procedure improvement related to compliance issues in the units.

Compliance Risk Management Mechanism

Bank Mandiri has established compliance risk management policies and procedures which refer to prevailing rules and regulations. In the policy and compliance procedure, it is mentioned that compliance risk management consists of several stages, namely:

- a. Identification
Compliance risk identification is stated in Compliance Risk Statement (CRS) which includes related regulation, causes of risk, risk control, and action plan needed to prevent compliance risk.
- b. Assessment
The identified risk is assessed by each risk owner to create compliance risk profile in his work unit. The risk assessment is carried out based on the possibility of the risk occurrences and its impact. In addition, the risk owner also evaluates the effectiveness of the control.

- c. **Monitoring**
Compliance risk monitoring is done by deciding and monitoring the risk appetite statement (RAS) of compliance risk.
- d. **Mitigation**
The mitigation of the compliance risk is carried out by:
 1. Reviewing that the compliance risk identifying process has been done properly and correctly.
 2. Reviewing that the implementation of control and mitigation has been done properly and correctly.
 3. Reviewing that the compliance risk assessment process has been carried out properly and correctly and considers historical sanctions data.

The Implementation of Compliance Risk Management
In 2018, the implementation of compliance risk management was carried out through:

1. **The determination of Risk Appetite Statement (RAS)**
In 2018, Bank Mandiri has established Risk Appetite Statement (RAS) for compliance risk which was the same as 2017, 10 (ten) violations each month. During 2018, the sanctions received by banks were 1-2 times each month and did not exceed the risk limit according to the RAS
2. **The compliance risk assessment**
The compliance risk assessment was carried out regularly every quarter and was submitted to OJK as part of the bank's risk profile report. Based on compliance risk self-assessment for 4 consecutive periods in 2018, the company's compliance risk was 1 (low). Some points that became the opportunity for improvement were compliance risk awareness of the employees and monitoring of report submission to regulators.
3. **The efforts to mitigate compliance risk**
In an effort to mitigate the compliance risk, the bank has carried out several compliance programs:
 - a. **Monitoring on the fulfillment of bank obligations on new regulations**
Compliance work unit (dhi. Compliance Group) conducts a prudential meeting, monitors action plan, and reminds related work unit.
 - b. **Control Testing of the high-risk activities**
Control testing is carried out by a compliance unit (dhi. Senior Operational Risk Unit) for high-risk activities. If there was a discrepancy with the prevailing regulation, the repair or improvement was made immediately to avoid the bank losses.

- c. **Compliance test program**
This is a follow-up program carried out last year in order to increase risk owner awareness toward prevailing compliance risks and regulations (according to duties and responsibilities)
- d. **Compliance culture and provisions socialization through OPERA (Operational Risk Awareness)**
OPERA, which was performed through collaboration with Operational Risk Group, was done in the second and the third quarters of 2018 to all employees in all regions. The socialization materials presented were the culture of compliance and some provisions to obey.
- e. **Compliance work unit competency enhancement program**
As an effort to improve understanding of compliance risk management, the company cooperates with an independent party to conduct training and compliance certification for all personnel of the compliance work unit.

Steps and Plans in Anticipation Compliance Risk

The steps to be taken in relation to improving compliance risk management are as follows:

1. **The management of compliance risk**
 - a. **Establishing Risk Appetite Statement (RAS) on the monitor the imposition of sanctions/fines to ensure the determined appetite is still under the company's control and improving compliance risk assessment parameter.**
 - b. **Improving procedures related to the implementation of the compliance function report.**
2. **Increasing compliance risk awareness**
 - a. **Conducting compliance assessment to increase employee understanding of the prevailing rules and regulations.**
 - b. **providing compliance advice on related issues.**
3. **Strengthening the monitoring of the compliance of regulatory obligation**
 - a. **Informing/socializing the prevailing laws and regulation or the results of analysis of the provisions to the companies.**
 - b. **Monitoring the compliance of action plan of work unit on the new regulations.**
4. **Increasing the competency of the compliance work unit**

In order to improve the quality of human resources of the compliance unit, the bank cooperates with an independent party to conduct training and compliance certification.

5. Compliance Loan Review Forum (CCRF)
This discussion forum is held with the business units to increase the awareness of the compliance risk in the loan sector.

Intra-Group Transaction Risk

Intra-group transaction risk is the risk due to the dependence of the entity to other entities, both directly and indirectly, in a financial conglomerate, in order to fulfill written and unwritten obligations that are followed by the transfer of funds and/or not followed by the transfer of funds. The implementation of intra-group transaction risk is carried out with subsidiaries in the Bank Mandiri business group in accordance with Bank Mandiri's business strategy.

Bank Mandiri identifies and analyzes activities that can increase intra-group risk transaction exposure and affect company performance. The risk identification is carried out in the business activities of Bank Mandiri and subsidiaries by considering the complexity of the transaction. Bank Mandiri can combine both qualitative and quantitative approaches to measuring intra-group transaction risk. Bank Mandiri periodically monitors the risk of intra-group transaction risk.

Insurance Risk

Insurance risk is a risk due to the failure of the insurance company to fulfill the obligation to the policyholder as a result of insufficient risk selection process (underwriting), pricing, reinsurance use, and/or claim handling. The implementation of insurance risk management is carried out on subsidiary companies within the Bank Mandiri business group engaged in the insurance business.

Bank Mandiri identifies and analyzes activities that can increase insurance risk exposure and affect company performance. Risk identification is conducted on the business activities of subsidiary companies by considering their characteristics. Bank Mandiri can combine both qualitative and quantitative approaches in measuring insurance risk. Bank Mandiri, periodically, monitors the insurance risk.

The Efforts To Increase The Culture of Risk Awareness

In an effort to attain the vision and to maintain the sustainability of the company, Bank Mandiri continuously applies a culture so-called risk awareness culture covering all Bank activities. The risk awareness culture starts out from the establishment of Risk Appetite Statement (RAS) which indicates the type and level of the risks which a company manages to accept; which are within the risk capacity the company has; and which are prepared in order to achieve business objectives. RAS will be used in the decision making process of a business and the discipline in respect of the implementation will be intensively monitored.

At the level of policies and procedures, the efforts to increase a culture of risk awareness are made by incorporating risk assessment and risk mitigation at each preparation standard of the business activity procedures and the company product manual.

At the level of implementation, Bank Mandiri has the culture of risk awareness including an anti-fraud culture which is effectively communicated. One of the superior programs in the culture of risk awareness is **OPERA that stands for Operational Risk Awareness** which is comprised of an education program and the implementation of a forum or workshop as an effort to increase awareness and risk-management related knowledge vis-a-vis daily operational activities. In addition, it is also carried out an activity so-called Risk Awareness Survey (RAWS) wherein programs are owned by each work unit and are associated with the introduction, understanding, and mitigation of operational risks.

Subsequently, an increase in the risk awareness culture is also espoused by adhering risk awareness to an internalization culture of Mandiri Bank (corporate culture). One of the cultural themes known as "Mandiri Tumbuh Sehat" emphasizes "thinking and acting in a balanced manner" whereby every individual in Bank Mandiri is expected to manage to pursue business growth alongside the proper consideration of risks. This point is necessary to be done in order that the performance achievement can be sustainable in the long run.

The success of a variety of programs carried out to increase the risk awareness culture absolutely needs to be supported by a good communication strategy. Bank Mandiri makes use of a couple of communication media to ensure that messages are delivered in an extensive coverage. Accordingly, other than holding a risk sharing forum, Bank Mandiri also exerts a digital channel for instance email blast so that the risk awareness culture can be embodied in an open, efficient, and effective framework of risk management.

Risk Awareness Program

For the sake of making a good operational risk management successful, it definitely needs to be fostered by good risk awareness from all levels of employees as well. Bank Mandiri has got a risk awareness program so-called OPERA (Operational Risk Awareness). With the tagline known as DARE that stands for "Deteksi, Amankan, dan Respon", or in English it refers to (Detection, Secure, and Response). This program is designed to enhance the understanding and effectiveness of each Bank Mandiri employee composed of the following details:

1. OPERA Edu

is an awareness-related program that aims at provisioning education pertinent to risk and control encompassing the following points:

a. OPERA Clip is a short video with a maximum duration of 1 minute which raises the issues as regards the latest operational risk as the following details:

1) OPERAClip The Series: it is displayed in the form of an awareness video which is functional to shape a targeted attitude in managing operational risks as the following categories:

- The first series with the theme of control is oriented towards the responsibility of each employee,
- The second series nuances the theme of understanding control, not only from simply "as he said", and
- The third series raises the theme about "fatal" if the control is merely regarded as a ritual.

2) OPERAClip Micro Edition: it is displayed in the form of awareness-driven video for risks and controls in the micro unit.

This video is obligatorily demanded to be watched by all employees in each work unit together. In addition, the video is also displayed in the office lifts.

b. OPERA Toon is articles with a variety of themes which are interestingly presented in the form of comics/ cartoons, which are made once a month and sent to all employees via email.

c. OPERA Letter is short articles with a maximum of 2 (two) pages addressing certain themes with respect to the management of operational risks. Opera Letter is sent to all employees via email every 3 (three) months.



One Heart One Mandiri



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PT Bank Mandiri (Persero) Tbk. adalah pelaku jasa keuangan terdaftar dan berizin oleh Otoritas Jasa Keuangan.



2. OPERA Learning

is a learning or training program concerning with the management of operational risks for the sake of risk awareness employees in the form of e-Course which can be downloaded via i-Learn, and it deploys a post test to measure the extent of understanding. To date, there have been available 2 (two) OPERA modules which must be followed by all employees, namely the introduction to operational risk management module (5W1H) and Information Security (Infosec), as well as 1 (one) e-module containing competency test especially for Branch Managers.

3. OPERA Forum

OPERA Forum is held as a forum of discussion with regard to the management of operational risks. OPERA forum falls into 2 (two) categories, namely the MRO Forum and the OPERA Workshop.

- a. The MRO Forum is a periodic forum which is specifically held by the Operational Risk Management Unit along with each Group, and it is attended by the Head of the Work Unit alongside the staffs. This quarterly forum aims at addressing the issues corresponding to the Profile of Operational Risks in the Work Unit of Risk Owner with the verification agenda of control testing results, the discussion of key signification issues, and the action plans which need to be immediately resolved.
- b. The OPERA Workshop is a workshop oriented towards operational risk awareness that is held by the operational risk management unit.
 - At the beginning of the year, the workshop is held together with the management teams and 250 representatives of senior level from the overall Groups and Regions of Jakarta.
 - At the end of the year, the Operational Risk Forum is held together with the operational risk practitioners from 21 National Public Banks in Indonesia,

As the foregoing, both of the workshops incorporate external speakers and the speakers from banking industry, either domestic or foreign. Besides, the 12th OPERA Road show of Region Office is held throughout the year with 840 people as the total number of the participants.

In light of the presence of the aforementioned awareness-related program, the employees can more easily understand as well as remember the importance of operational risk management. Hence, the management of operational risks can run more effectively and efficiently.

Bank Mandiri Launches the OPERA Program



On January 15, 2018 the OPERA Program was launched. with the DARE tagline: Detection, Secure and Response.

Risk Assessment

The results of Bank Mandiri's Risk Profil self-assessment as of December 31, 2018 are ranked 1 (low) with Risk Rating Inherent low to moderate and strong Risk Management Implementation (KPMR) Rating.

Self assessment of the risk profile of Bank Mandiri (individually) for the December 31, 2018 position is as follows:



Types of Risks	The Level of Inherent Risk	The Level of Risk Management Implementation Quality	The Rank of Risk Level
Credit Risk	Moderate	Satisfactory	Low to moderate
Market Risk	Low	Strong	Low
Liquidity Risk	Low	Strong	Low
Operational Risk	Moderate	Satisfactory	Low to moderate
Legal Risk	Low	Strong	Low
Strategic Risk	Low	Strong	Low
Compliance Risk	Low to moderate	Strong	Low
Reputation Risk	Low	Satisfactory	Low
Composite Rating	Low to moderate	Strong	Low

The Evaluation of Risk Management Systems

Bank Mandiri constantly evaluates the effectiveness of the risk management systems. The evaluation entails adjusting the strategy and the framework of risks as the constituent of risk management policies, considering the adequacy of risk management information systems and the adequacy of risk identification, measurement, monitoring and control processes.

One form of evaluation on risk management policy is an annual evaluation of Management Policy Risk and Standard Procedure. The Board of Commissioners has an active role in the implementation of management system evaluations risk by reviewing the results of evaluations conducted by the Board of Directors as the organ responsible for effectiveness of implementing a risk management system. The results of the annual evaluation indicate that risk management is at Bank Mandiri during 2018 **was adequate**.

Internal Control System

The Internal Control System (ICS) refers to a monitoring mechanism which is established by the company's management on an on-going basis. An effective ICS is an important component in the company management and becomes the foundation of the company operational activities which are proper and secured. An effective ICS can help the Board of Commissioners and Directors in safeguarding the assets of the company, ensuring the availability of credible financial and managerial reporting, increasing the company's compliance with laws and regulations, and decreasing the risk of loss, deviation, and violations of prudential aspects. The application of ICS in the company refers to the Internal Control Policy (ICP).

As a process executed by all levels of the company's organization, ICS is applied in the strategy setting in all work units, and it is designed to capably identify the plausible occurrence of an event that can impact the company, to manage risk in order to still remain within the risk appetite, and to provide adequate confidence in order to achieve the company goals.

The Objectives of Controls

The objectives of implementing an effective ICS are classified into 4 (four) main objectives as follows:

1. The Compliance Objective

It is to ensure that all of the company's business activities have been undertaken resting upon the applicable laws and regulations, both the provisions issued by the Government, the Banking Supervision Authority, the Capital Market Authority and the company's internal policies, provisions, as well as procedures.

2. The Information Objective

It is to provide accurate, complete, on-time, and relevant information required in an effort to make appropriate and accountable decisions, including financial and non-financial reports needed by both internal and external parties of the company.

3. The Operational Objective

It is to enhance the effectiveness and efficiency in using assets and other resources as well as to protect the Bank from the risk of losses including those on account of fraud event.

4. The Objective of Risk Awareness Culture

It is to identify weaknesses and to assess deviations early and re-assess the fairness of the internally prevailing policies alongside the procedures at the Bank on an ongoing basis.

Control Environment

The control environment indicates the entire commitment, behavior, care, and steps of the Board of Directors and Commissioners of Bank Mandiri in executing the operational activities. The Board of Commissioners is responsible for ensuring whether the Directors have monitored the effectiveness of the ICS implementation. The Board of Commissioners plays an active role in ascertaining that there are improvements to the company's problems that can potentially reduce the effectiveness of ICS.

The directors are responsible for setting the policies and strategies as well as internal control procedures. They are also responsible for monitoring the sufficiency and effectiveness of ICS. In addition, the Board of Commissioners and Directors are responsible for enhancing the work ethics and high integrity as well as for creating an organizational culture subjected to all employees appertaining to the importance of internal controls prevailing in Bank Mandiri .

Monitoring by management is undertaken through building up the culture control by means of the establishment of human resource policies and practices, including the following points:

1. The company has the written policies and procedures in regard to human resources encompassing the recruitment, career paths, payroll and remuneration systems, and employee coaching and development.
2. The company evaluates the performance, competency, and application of cultural values by employees periodically, wherein the results become the basis for assigning and placing the employees.
3. The company has an organizational structure which is adequate and reflects the task specification and responsibilities determined resting upon the applicable regulations.
4. The company has a written policy in association with the provisions and procedures for changing organizational structures.
5. The company management is executed in referential to the principles of Good Corporate Governance.

6. The company decision making is determined at the meeting held by the Board of Directors.
7. The process of making decision is undertaken in bottom-up and top-down manner.
8. The company makes policies which are aimed at preventing any occurrence opportunity of deviation or violations of the prudential principles.

Risk Assessment

Risk assessment is a set of actions which start out from the identification, analysis, and measurement of the company's risks for the sake of attaining the targets set. The risk assessment is done to all kinds of risks inherent in each process or activity that is conceivably potential to harm the company.

Bank Mandiri has the written risk management policies set by the Board of Directors and approved by the Board of Commissioners.

In an effort to implement an effective ICS, the company continuously identifies and assesses risks that can have an impact on the attainment of targets. The Internal Audit Work Unit (IAWU) periodically reviews the risk assessment produced by the Risk Management Work Unit (RMWU) so that the coverage of the audit is more extensive and comprehensive.

The assessment as such incorporates all risks faced, either individual or overall risks, which entail loan risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, compliance risk, insurance risk, and intra-group transaction risk.

Control Activities

Control activities entail the control and segregation of duties, with the descriptions presented as follows:

1. Control Activities
Control activities involve all levels of the company that include planning, policy and procedure determination, implementing controls and early verification processes to ensure that those policies and procedures are consistently obeyed. The control activities are those that cannot be separated from each function or daily activity of the company.

These activities are applied in all levels of function based on the structure of company organization as follows:

**a. Review by The Board of Directors (Top Level Review)**

The Board of Directors periodically requests explanation (information) and operational performance reports from the Head of Division in order to review the results of the realization compared to the set targets. Based on the review, soon the Board of Directors detects some problems that may occur, for instance control weaknesses, financial statement errors or other irregularities (fraud).

b. Review of Operational Performance (Functional Review)

This review is conducted by SKAI at the time of inspection or in the reporting process to the regulator, which includes:

- Conducting a review of the risk assessment (risk profile report) made by the Risk Management Unit
- Analyzing operational data, both related to the risk and financial data, by verifying details and transaction activities compared to outputs (reports) produced by the Risk Management Unit
- Carrying out a review of the implementation of work plans and budgets made by each division in order to:
 - 1) Identify the significant cause of deviation
 - 2) Determine requirements for corrective action

c. Managing the information system

- The company carries out verification of the accuracy and completeness of transactions and the implementation of authorization procedures in accordance with applicable regulations.
- The company accomplishes controlling steps of information technology (TI) to deliver system and data that are maintained confidentially with a good integrity and support the company's goal.
- Controlling information technology includes:
 - 1) Controlling operational database, procurement system, development and maintenance of system/ application. This controlling act is implemented for mainframe, server, user work station, and connectivity.
 - 2) Controlling of application is carried out for a program used by the company to process transactions in order to ensure the availability of effective auditing process and go over the validity of that auditing process.

d. Physical controls

- Physical controls are carried out to guarantee the implementation of physical safeguards towards the company's assets.
- These controls include securing assets, records and documentation and limited access to application programs.
- The company has to check appraisal continuously.

e. Documentation

- The company documents all policies, procedures, and working standard neatly and in a good order.
- All policies, procedures, operational system and accounting standard are updated regularly in order to figure out the actual operational activities.
- By request, documents are always available for the sake of internal auditor, external auditor, and Banking Monitoring Authority.
- The Internal Audit Unit assesses the accuracy and availability of these documents when conducting routine and non-routine audits.

2. Segregation of Duties

- a. The aim of this segregation of duties is that everyone in the company does not have any opportunity to do and cover up mistakes or irrelevancies while doing their jobs.
- b. The structure of organization is made by separating the functions of recording, inspecting, operational and operational items (segregation of duties), in which it is expected that it will create a system of dual control, dual custody and there will be no double jobs and conflict of interest in any activities.

- c. In the implementation of this segregation policy, the company carries out several moves for instance:
- Determine the function or certain job only for several employees in which these are separated from the others to decrease the risk of information/data manipulation or misuse of company's assets.
 - This separation is not limited only for front and back office activities but it is intended to manage several things as follows:
 - 1) Approval of spending and the realization of it.
 - 2) The customer account and bank account owner.
 - 3) Transactions in bank bookkeeping.
 - 4) Giving information to the bank customer.
 - 5) Assessing the adequacy of loan documentation and debtor monitoring after loan disbursement.
 - 6) Other business activities that may cause conflict of interest.
 - 7) The independence of the bank risk management function.
- d. Both directors and employees have a comprehensive job description including their functions, duties, authorities and responsibilities.
- e. They are not allowed to have a double job in their internal institution that can cause a conflict of interest.

Information and Communication

a. Information

The company has system information that provides comprehensive and sufficient data/information related to business activities, financial condition, the implementation of risk management, the obedience towards rules and regulations, market information or external condition needed while making proper decisions.

b. Communication

The company has such a communication system which is able to deliver information to all stakeholders including internal and external parties such as Banking Monitoring Authority, external auditors, shareholders and customers of the company.

SPI's duty is to make sure the availability of effective means of communication so both managerial people and employees understand and obey the applicable policies and procedures while doing their jobs and responsibilities.

Managerial people have an effective communication channel so all information needed can be reached by interested parties. This requirement is for all information including policies and procedures that have been assigned, risk exposures, real transactions, and operational performance of the Bank.

Monitoring Activities

Directors conduct periodic monitoring activities to find out the effectiveness of overall SPI implementation although it is not limited only about the effectiveness and the safety of TI use in which The Board of Commissioners also ensure that The Directors have conducted the monitoring well.

Monitoring towards the main risks of the company is a part of daily activities including periodic evaluation carried out by Work Unit, Compliance Unit, Risk Management Work Unit, and Internal Audit Work Unit.

Related work units monitor the adequacy of SPI continuously in regard with the internal and external changing conditions and increase the capacity of this SPI so its effectiveness can be improved. If there are some SPI's weaknesses identified by risk taking unit, intern audit of taking unit or the others, they should be reported to the Board of Commissioners and Board of Directors.

Its Compatibility With The Committee of Sponsoring Organizations of The Treadway Commission (COSO)

SPI consists of 8 components which are related to each other and applied effectively by all levels in the company in order to achieve its goal. It is the development of 5 principal elements of SPI regulated by Regulator.

This development referred to the COSO Model developed by Committee of Sponsoring Organizations of the Tread way Commission (COSO) in 2008 which consists of:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Risk Response
6. Control Activities
7. Information & Communication
8. Monitoring



The Evaluation of Internal Monitoring System Implementation

The Board of Directors are responsible for the implementation of reliable and effective SPI in which they also have to increase the culture of risk awareness effectively and ensure that those values have embedded in every level of organization.

Internal audit is responsible for evaluating and actively improving the use of SPI continuously in regard with the operational implementation in achieving the company's

goals. It also conducts reviews and verifies all activities in risk taking unit and subsidiaries periodically.

The evaluation results are submitted to the Board of Directors for followed up and monitored for implementation ensure the SPI has been running effectively. Board The Commissioner in particular through the role of the Audit Committee play an active role in evaluating SPI by doing review the results of evaluations by Internal Audit. Based on evaluations that have been conducted during 2018, obtained the results that the SPI at Bank Mandiri **has been adequate**.

Compliance Function

Recently transactions are done using technology and it requires banking industries to move forward and collaborate with others to improve its system and strategy in order to meet the needs of community. The rapid progress of technology and business development of Bank Mandiri indeed will increase the risk exposure encountered by the company including compliance risk. To overcome this exposure, the compliance function is needed to minimize offenses that may cause loses for the company.

Related with the compliance function, Bank Mandiri refers to the Financial Services Authority Regulation No. 46/POJK.03/2017 concerning The Implementation of Bank Compliance Function. Now, Bank Mandiri has got policies and a standard of compliance procedures explaining the duties and responsibilities of Compliance Work Unit.

The Organisation Structure of Compliance Function

Organizations running the compliance functions have been regulated in Compliance Policies of Bank Mandiri and it can be seen in detail in Standard of Compliance Procedure. This organizations consist of :

1. Directors in charge of the compliance function
2. Compliance Work Unit
3. Compliance Work Unit in the Work Unit

The Directors In Charge of Compliance Function

The Directors in charge of the compliance function for 2018 are as follow:

1. Ahmad Siddik Badruddin as The Director of Risk Management & Compliance, for the period of January - 12 September 2018.^{*)}
2. Agus Dwi Handaya sebagai as The Director of Compliance, for the period of 12 September 2018 - present.

^{*)} As the follow up of the effective position of Agus Dwi Handaya as The Director of Compliance per 12 September 2018, so the company has informed the changing of this Director to the FSA via letter on 12 September 2018

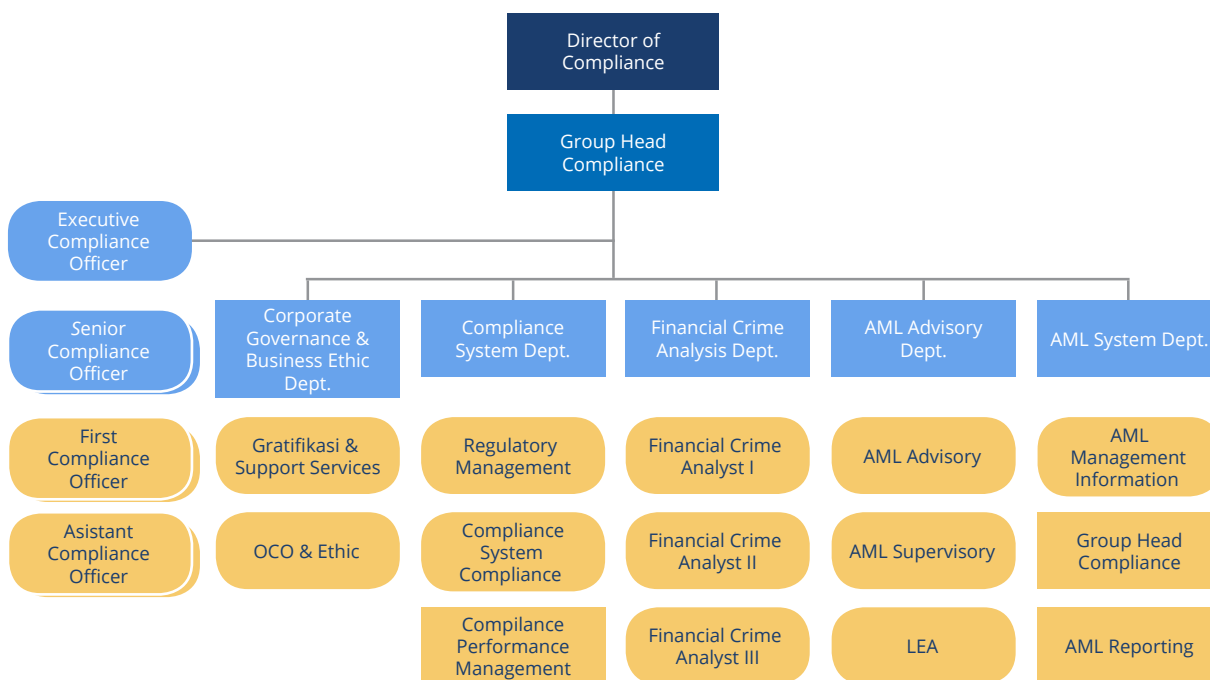
Compliance Unit

Compliance Group is a unit having a role as Compliance Work Unit in Bank Mandiri and is directly responsible for The Board of Directors in charge for the compliance functions. As its role as Compliance Work Unit, Compliance Group has fulfilled the following requirements:

- a. Independence.
- b. Mastering the applicable rules and regulations.
- c. Do not carry out other tasks outside the Compliance Function.
- d. Have a high commitment to implement and develop a compliance culture.

Additionally, in order to implement Financial Services Authority Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomerates, Compliance Group also acts as an Integrated Compliance Unit to assist and evaluate the implementation of the compliance function in all members of the Financial Services Institution that is a member of the Mandiri Group financial conglomerate.

To carry out the compliance function, Compliance Group has 5 Departments and 1 functional unit Compliance Officer with the following structure:



Chrisna Pranoto
Group Head of Compliance

Age	56 years old
Nationality	Indonesia
Domicile	Jakarta
Educational background	<ul style="list-style-type: none"> - S1 in the field of Agronomy from Bogor Agricultural Institute (1986) - S2 in the field of International Business from the Gajah Mada University Union (1998).
Employment History	<ul style="list-style-type: none"> - Group Head of Compliance (2014-January 2019) - PJ Group Head Policy, System & Procedure (2014). - Employees of Office Change Management Leaders (2014). - Group Head Distribution Network II (2013-2014)

The Profile of Head Compliance Function

Compliance Work Unit in Mandiri Bank is led by The Head of Compliance Unit. Each appointment and/or dismissal of the Head of the Bank Mandiri Compliance Unit has referred to the Bank Mandiri Compliance Policy and is reported to the Regulator. The appointment of Chrisna Pranoto as The Group Head Compliance based on the Decree SEVP No. KEP. SEVP/338/2014 concerning Appointment and Determination of Position in the Framework of Changes in Organizational Structure.



Duties and Responsibilities of Compliance Functions

The duties and responsibilities of the Compliance Group in carrying out compliance functions, in general are as follows:

1. Make steps in order to support the creation of a Compliance Culture in all business activities of the Bank at every level of the organization.
2. Identify, measure, monitor, and control Compliance Risk by referring to Bank Indonesia regulations regarding the Implementation of Risk Management for Commercial Banks.
3. Assess and evaluate the effectiveness, adequacy and suitability of policies, provisions, systems and procedures owned by the Bank with the applicable laws and regulations.
4. Conduct a review and/or recommend updating and refining policies, regulations, systems and procedures that are owned by the Bank so that they are in accordance with Bank Indonesia regulations and applicable laws and regulations.
5. Make efforts to ensure that the policies, provisions, systems and procedures, as well as the Bank's business activities are in accordance with Bank Indonesia regulations and applicable laws and regulations.

Development of Compliance Functions Competence

The development that has been followed by employees of the Compliance Work Unit Division during 2018 is as follows.

No.	Name of Education and Employee Development	Date
1.	Online English Course	January 15 - July 15, 2018
2.	Fundamental Financial Planning and Investment	January 18-19, 2018
3.	Workshop With Mark Coopersmith	January 22, 2018
4.	BTK Training Budget Dissemination	January 26, 2018
5.	Workshop Common Reporting	February 7, 2018
6.	International Trade Finance	February 7-9, 2018
7.	Training on Pre Retirement employee Debriefing	February 5-8, 2018
8.	Waperd exam	February 10, 2018
9.	Funding Product	February 14-15, 2018
10.	Anti Money Laundering & Governance For Bankers	February 19-20, 2018
11.	Tax Training	February 19-20, 2018
12.	Pilot Training 1 COTS	February 19-27, 2018
13.	Personal Leadership - Public	February 27 - March 1, 2018
14.	One Day Book	March 3, 2018
15.	E-Banking Excellence	March 5-6, 2018
16.	Managerial Capability - Module Self Motivation	March 6 - April 10, 2018
17.	Refreshment TTT Kriya Mandiri	March 8-9 ,2018
18.	Training Microsoft Access 2013	March 12-14, 2018
19.	Risk Management Certification Refreshment	March 19, 2018
20.	E-Filing of State Officials Assets Report	March 20, 2018
21.	Creative Problem Solving & Decision Making	March 22-23, 2018
22.	Workshop on PKB implementation of Bank Mandiri	March 27, 2018
23.	Managerial Capability - Module Self Motivation	April 6-10, 2018
24.	Prism Brain Mapping Practitioner Certification	April 6-7, 2018
25.	Further Development Provisions and Application of Consolidation Separation Mergers	April 11-12, 2018
26.	Workshop and Limited Meeting on Human Capital	April 12-13, 2018
27.	Training on Level I Risk Management Certification	April 19-20, 2018
28.	COTS Workshop	May 24-25, 2018
29.	Effective Negotiation Skills-SPC Project	May 30-31, 2018

No.	Name of Education and Employee Development	Date
30.	Spiritual Mental Building With The Balance Ways	July 3-5, 2018
31.	Level III Risk Management Competence Certification	July 12-13, 2018
32.	Basic Credit	July 16-19, 2018
33.	Anti Money Laundering & Governance For Bankers	July 23-24, 2018
34.	Presentation Skill With Ms. Power Point	July 27-29, 2018
35.	ESQ Leadership & Culture Transformastion	August 15, 2018
36.	Driving Performance Through Leadership & Culture Transformation	August 23-24, 2018
37.	Texas MCOMBS MBA - Info Session	August 27, 2018
38.	Compliance & AML Certification Exams Level 2	August 29-30, 2018
39.	Workshop Industry Expertise Toll Road	August 30-31, 2018
40.	Financial Transaction Reporting Training for Banking Managerial	September 4-6, 2018
41.	Training on Level III Risk Management Certification	September 12-13, 2018
42.	Global Executive Mindset	September 17, 2018
43.	Foundation Risk Management	September 17-20, 2018
44.	Innovation & Agility	September 20-21, 2018
45.	Digital Forensic Investigations	September 21-22, 2018
46.	Refreshment SAP EHCMS & DTOBM	September 26-28, 2018
47.	Main Challenges to Risk Management	September 27-28, 2018
48.	Forum Trainer	October 11-12, 2018
49.	Debriefing of AAJI Certification	October 15, 2018
50.	Workshop Loan Lesson Learn	October 18-19, 2018
51.	National Compliance Forum	December 17, 2018

Compliance Unit In The Work Unit

The Compliance Unit in the Work Unit is a work unit whose task is to ensure the implementation of the Compliance Function carried out by the supervised work unit Head. The Compliance Unit in the Work Unit is led by the Senior Operational Risk Head who is directly responsible to the Field Director in charge. The presence of the Head of Compliance Unit in the Work Unit does not eliminate the compliance responsibilities of the Field Director/SEVP and/or Group Head for the implementation of the compliance function in the work unit. In order to monitor the implementation of the compliance function in the work unit, the Compliance Unit in the Work Unit has an indirect reporting relationship with the Compliance Unit.

Policy and Standard of Compliance Procedures

Bank Mandiri has compliance policy and standard procedures that form the basis for all employees in fostering a Compliance Culture so that the Company's activities are always in line with the prevailing laws and regulations and based on the principle of prudence.

The policies and standard procedures referred to are periodically reviewed at least once a year according to the needs of the bank as well as following changes in the prevailing laws and regulations.

Compliance Policy of Bank Mandiri

In general, Bank Mandiri Compliance Policy contains guidelines for all employees in carrying out the Compliance Culture including: General Policy, Organization, Authority and Responsibility, Management of Compliance Risk, Reporting, Monitoring. The Compliance Policy also regulates the Compliance Principles, which consist of:

1. The Company is always compliant with the prevailing laws and regulations and applies the principle of prudence in carrying out all its activities (mandatory).
2. The Board of Commissioners and the Board of Directors are role models that are based on honesty and integrity so that compliance becomes a corporate culture (starts from the top).
3. All levels of the Company are fully responsible for carrying out compliance in each of their respective activities.



Compliance Procedure Standard of Bank Mandiri

It is a more detailed elaboration of the Compliance Policy that contains guidelines for implementing the Compliance Function, which includes organization, duties and responsibilities, governance and compliance work programs, implementation of compliance functions, compliance tools, increased compliance function compliance, compliance risk management, compliance risk mitigation and the relationship of the Compliance Unit with the Internal Audit Work Unit and the Risk Management Work Unit, specifically the operational risk management unit.

The compliance function is carried out in the form of Compliance Assurance Services (CAS), namely Supervisory services, Review/examination services, Consultation services, Regulatory services.

Technical Instructions of Bank Mandiri

It is a procedure and operational technical work process in implementing the compliance function, which is a description of the Compliance Procedure Standard. Especially for the implementation of compliance with the provisions relating to Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT), the policies and standards of the Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) guidelines apply themselves.

In relation to the implementation of the integrated compliance function, Bank Mandiri has Mandiri Group Principle Guideline (MGPG) and the Mandiri Subsidiary Management Principles Guidelines (MSMPG) as guidelines in carrying out the integrated compliance function. Bank Mandiri, as the Main Entity, requires the Subsidiary to have a compliance policy that is in line with the Bank Mandiri Compliance Policy and is adjusted to the applicable regulations in each of the Subsidiary Entity industries. Whereas for Overseas Branches, it is adjusted to the laws and regulations and the provisions in force in the local State.

2018 Compliance Strategy

To support the achievement of the vision of Bank Mandiri in 2020, Bank Mandiri has established a compliance strategy in order to minimize the possibility of compliance risks and improve the compliance culture at each of the Bank's activities.

Risk Appetite Statement (RAS) and Leading Indicator Risk Compliance

Business complexity and aggressive growth in the coming year must be balanced with compliance risk management that is more forward looking and more sensitive to the dynamics of changes that occur. For 2018, Bank Mandiri has a Risk Appetite Statement (RAS) which is a reference for all banks in carrying out the Company's activities so that the business target can be achieved while still taking into account the risk limits that can occur. Compliance risk RAS is prepared prudently by using historical data in accordance with compliance risk assessment parameters as stipulated in Financial Services Authority's Circulating Letter No. 14/SEOJK.03/2017 dated March 17, 2017 concerning Rating of Commercial Bank Soundness.

In 2018, Bank Mandiri has determined:

1. RAS Compliance Risk, namely violations that occur a maximum of 10 (ten) times per month.
2. Compliance Indicator Leading Indicator is the maximum number of penalties for penalties above IDR 19,000,000.00 for 3 (three) times per month.

The RAS and Leading Indicator compliance risk was determined by the Risk Management & Loan Policy Committee through an alignment process between the perspectives of the Board of Commissioners and Directors in a top-down manner with a bottom-up perspective based on input and synchronization with business units and work units.

Implementation of The Work Program Compliance Functions In 2018

2018 Compliance Plan

1. Increased Compliance Culture Awareness

To support the improvement of the Compliance Culture, the efforts made by the Company include the following:

- a. Development of processes and procedures
- b. Compliance culture increase
- c. Monitoring of new regulatory obligations

2. Strengthening the AML-CFT Program

To fulfil the obligations contained in the regulations, the Company requires a reliable AML-CFT reporting system. The improvement of this application system aims to control the occurrence of non-compliance events related to the implementation of the AML-CFT program.

3. Strengthening Synergy with Subsidiaries

In the framework of implementing Integrated Governance as stated in Financial Services Authority Regulation No. 18/03.POJK/2014 concerning the Implementation of Integrated Governance for the Financial Conglomerate, the Integrated Compliance Work Unit is responsible for monitoring and evaluating the implementation of compliance in all Subsidiaries.

Implementation of The 2018 Compliance Work Program

1. Compliance culture awareness increase
 - a. Development of Processes and Procedures
Improvements to work mechanisms and procedures are influenced by organizational changes and systems and work processes. In 2018, the change was focused on organizational adjustments and the task of responsibility of the Compliance Unit which aimed to improve operational excellence, in which this could have an impact on reducing compliance risk especially through the operation of banking operations in accordance with applicable laws and procedures.
 - b. Compliance Culture Increase
In order to improve the Compliance Culture at all levels of the organization, the Compliance Unit has implemented a compliance testing program for all employees. In addition to strengthening the application of the precautionary principle in the lending process, updating of the Guidebook and Compliance Review on Loan Provision has been carried out. The Compliance Unit also seeks to convey regulations that must be understood by employees in the region through the OPERA (Operational Risk Awareness) socialization program in collaboration with the Operational Risk Management Development Unit.
 - c. Monitoring of New Regulatory Obligations
One of the implementation of the compliance function is to ensure internal policies and decisions taken by management in accordance with applicable regulations. The efforts carried out by the Compliance Unit to support this function are to review new provisions on an on-going basis and compile a resume of the new provisions to be disseminated to all Bank Mandiri staffs. Furthermore, the Compliance Unit also conducted a discussion forum to discuss compliance issues at Bank Mandiri.

As stated in Bank Mandiri's Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) Policy, the Board of Commissioners and Directors have expressed commitment in supporting the implementation of AML-CFT. This commitment is manifested in the AML-CFT program currently implemented by Bank Mandiri, namely:

- a. Improving the TPPU and TPPT risk assessment methodologies based on profiles, country/geographical area, products and services, and distribution network (delivery network).
- b. Implementing integrated AML-CFT program in the Financial Conglomerate.
- c. Improving data quality through the Pilot Branch Re-Assessment program.
- d. Improving understanding/education related to the AML-CFT program to all levels of employees through continuous training, socialization and workshops.
- e. Optimizing the fulfilment of data and/or information to Regulators and Law Enforcement Officials as well as blocking/opening Customer blockages on the orders of Regulators and Law Enforcement Officials through monitoring the data aging inquiry.

2. Strengthening synergy with Subsidiaries

As a large financial conglomerate, optimal synergy is needed between the Main Entity and Subsidiaries and between Subsidiaries. Regarding the compliance function, this is done through harmonizing compliance policy tools and compliance risk management mechanisms. In order to ensure Mandiri Group's compliance with prevailing laws and regulations, Bank Mandiri as the Main Entity does the following:

- a. Collecting and reviewing the Compliance Report and Subsidiary's Compliance Risk Profile Report quarterly.
- b. Discussing the issue of compliance of the Subsidiary along with its mitigation and developing a risk profile outlook every quarter.
- c. Submitting a list of new regulations to the Subsidiaries, to ensure fulfilment of obligations in new regulations that have a significant impact and have large sanctions.

Evaluation of Effectiveness of Compliance Function

The implementation of the Compliance Function's activities and performance are constantly evaluated and assessed by the Director of Compliance for the purpose of increasing



the effectiveness of implementation in the coming year. Criteria for Compliance Function assessment based on Annual Work Plans, Key Performance Indicators (KPIs) and Non Key Performance Indicators (Non KPI) Work/Work Programs. The assessment based on KPI covers aspects of the Financial Perspective, Customer Perspective, Internal Business Perspective and Development Perspective. Evaluation is expected to improve the quality of implementation of a compliance culture and compliance risk management in minimizing risks that may occur due to non-compliance with applicable regulations.

Anti Money Laundering (AML) Programs and Combating the Financing of Terrorism (CFT)

The application of the AML-CFT program is an obligation for all parties, especially for banks as financial services companies. Given the increasingly widespread practice of money laundering, including the misuse of the use of accounts to accommodate terrorism funding, it requires commitment from all parties to support the implementation of the AML-CFT program.

Money Laundering crimes have become one of the topics that has touched the attention of the world because it has a significant impact in disrupting the stability of a country's economy. Therefore, the organization of the Financial Action Task Force on Money Laundering was formed to play a role in setting policies and providing recommendations on steps to prevent money laundering and terrorism financing that must be applied effectively by all States.

Bank Mandiri as one of the banks that has networks in all parts of Indonesia with diverse products and/or services is very vulnerable to the risk of money laundering and terrorism financing. Therefore, banks need to mitigate these risks by carrying out various prevention efforts, through the effective implementation of the AML-CFT program, including by applying a Risk Based Approach.

AML-CFT Policy

In line with the latest developments related to the AML-CFT program and in connection with the Financial Services Authority Regulation No. 12/POJK.01/2017 concerning the Implementation of the Anti-Money Laundering and Combating the Financing of Terrorism Program in the Financial Services Sector, which among other things regulates the application of the AML-CFT within the Financial Conglomerate, so Bank Mandiri has made improvements to the AML-CFT Program implementation policy, based on 5 (five) Pillars for AML-CFT Program Implementation, namely:

1. Active supervision of the Board of Commissioners and Directors;
2. Policy and Procedure;
3. Internal Control;
4. Management Information System; and
5. Human Resources and Training.

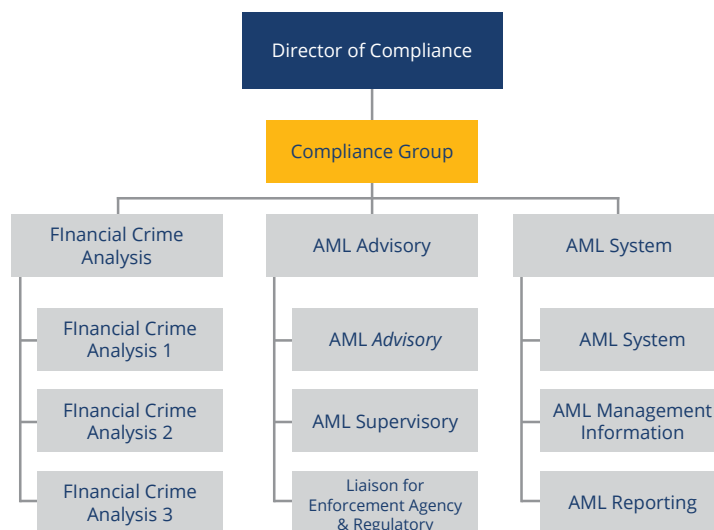
Improvements to the Policy include:

1. Match the perceptions and understanding of all levels of the Bank regarding the importance of implementing the APU PP program;
2. Become a guideline in mitigating risks including legal risk, reputation risk, and operational risk;
3. Become a guideline in the preparation of product operational procedures and other banking activities based on prudential banking;
4. Fulfil the provisions in Financial Services Authority Regulation regarding the Implementation of the AML and PPT Program in the Financial Services Sector.

AML-CFT Organizational Structure

In order to increase the effectiveness of the AML-CFT program implementation at Bank Mandiri, it is necessary to support the active supervision of the Board of Commissioners and Directors so that they can motivate employees and work units in establishing a culture of compliance in all levels of the Company. The supervision includes the risk

management of AML-CFT in Subsidiaries which is under the coordination of the AML-CFT Special Work Unit. The implementation of the AML-CFT program is carried out by the AML-CFT Special Work Unit which is structurally under the Bank Mandiri Compliance Unit and is directly responsible to the Director in charge of the compliance function. The AML-CFT Organizational Structure can be described as follows:



In order for the AML-CFT program to be implemented effectively and meet regulatory requirements, in addition to the AML-CFT UKK at the Head Office, there is Anti Money Laundering Officer (AMLO) based in the Regional Office to carry out the supervision function of implementing the AML-CFT program at the Branch Office. In addition, taking into account operational tasks and business complexity, the AML-CFT Person in Charge (PIC) has been appointed at each Branch Office to oversee and carry out operational activities in accordance with the provisions of the AML-CFT program implementation at their respective Branch Offices.

AML-CFT Program

Bank Mandiri's commitment to implementing the AML-CFT program consistently and effectively implemented in the program includes the following:

- Integrating the application of the AML-CFT program in the Financial Conglomerate through the establishment of AML-CFT policies and procedures by Subsidiaries and Overseas Branch Offices that are in line with the policies and procedures of Bank Mandiri while adhering to the regulations governing the AML-CFT program.
- Application of the AML-CFT program in the Financial Conglomerate through the formulation of policies and procedures related to the exchange of information for the purpose of Customer Due Diligence and risk management between Bank Mandiri and Subsidiaries and between Subsidiaries.
- Increasing the compliance culture in the implementation of the AML-CFT program which was followed up with efforts to improve the operational quality of Branch Offices in accordance with the provisions of AML-CFT on an on-going basis through the AML-CFT Pilot Branch Office program.
- Establishing and fostering cooperation and coordination with Regulators and law enforcers, especially in the field of AML-CFT through the provision of customer data/information that has been determined as a suspect or subject of examination.
- Preparation of renewal of the risk assessment methodology based on the Risk Based Approach by taking into account the factors related to the Customer; Country or Geographic Area; Products, Services or Transactions; and/or Distribution Channel (Delivery Channel).
- Carrying out AMLO test and training in each region to improve AMLO competency in analyzing Suspicious Financial Transactions and the operation of using AML System.
- Establishing and fostering cooperation with data provider units in fulfilling customer data and transaction information for the purpose of analyzing customer transactions.
- Improving the quality and monitoring of reporting of Cash Transaction Reports, Fund Transfers and Foreign Transactions Financial Transaction Reports, Suspicious Financial Transaction Reports, and Integrated Service User Information Systems without exceeding Service Level Agreement (SLA) determined by the Regulator.



9. Conducting research on financial transactions of candidates for Regional Election in 2018 including the Special Campaign Fund Account used by supporters of Regional Election participants, in order to participate in realizing a clean Indonesia.
10. Perfecting the Reporting Application System and AML-CFT which includes, among other things, improving the appearance of the Report, adding Transaction Codes monitored by the transaction, adding Watch-lists from the List of Suspected Terrorists and Terrorist Organizations, List of Proliferation Funds for Weapons of Mass Destruction and List of Negative Information sourced from Mass Media on AML System.
11. Providing supporting data for the Company's operational activities in the form of customer classification according to the risks and providing data on the opponent's account information.
12. Increasing awareness of AML-CFT for employees at all levels of the organization through AML-CFT training with several media namely classroom training, e-learning and socialization to all employees of Branch Offices/Work Units at Bank Mandiri and Subsidiaries.

Granting of Social and/or Political Activities Funds

Bank Mandiri has proven to stakeholders that its orientation is not only to profit, but also to the interests of the community and the environment around Bank Mandiri's work units spread throughout Indonesia. As a manifestation of social responsibility, Bank Mandiri has set aside a portion of its profits to develop its community and environment. Throughout 2018, Bank Mandiri spent IDR 114.636.256.765,00 in fees.

No.	Category of Fund	Fund Value in 2018	Fund Value in 2017
1.	Natural Disaster Fund	10.792.630.559,00	1.724.719.846,00
2.	Education Fund	36.093.622.369,00	11.966.467.987,00
3.	Community Social Fund in the context of poverty alleviation	28.505.502.677,00	8.018.924.161,00
4.	Worship Facilities Fund	15.237.730.801,00	28.949.727.690,00
5.	Health Improvement Fund	6.424.844.584,00	8.497.666.519,00
6.	Nature Conservation Fund	-	240.090.250,00
7.	Development of Public and/or Public Facilities Fund	17.581.925.775,00	58.881.235.804,56
Total		114.636.256.765,00	118.278.832.257,56

The description related to corporate social responsibility is presented in the section on Corporate Social Responsibility and 2018 Sustainability Report which is an integral part of this Annual Report.

As for the provision of funds for political activities, during 2018 Bank Mandiri did not provide funds for political activities or political parties.

Important Cases

During 2018 Bank Mandiri faced a number of important cases in the form of finished civil and criminal legal issues (which have permanent legal force) and which are still in the process of being finalized with the following details

No.	Legal Issues	Amount	
		Civil	Criminal
1.	Has obtained a decision that has permanent legal force	58	33
2.	In the process of completion	283	18
Total		341	51

Important Cases Faced by the Company

Some important cases or the most significant cases affecting the Company can be seen in the table as follows:

Civil Cases

The Table of Civil Cases faced by the Company

No.	Principal Case/Claim	Settlement Status	Influence on the Condition of the Company	Management Efforts	Sanctions imposed	Case Value
1.	Case Asset No.487/ Pdt.G/2015/PN.Mdn between Tjong Afie Trading Company with PT Bank Mandiri (Persero) Tbk.	Currently it is still in the process of being reviewed at the Indonesian Supreme Court	Asset Loss Risk	Bank Mandiri has prepared a Memory Reconsider Counter that supports Bank Mandiri's position.	There is no Sanction	There are no demands for compensation, both material and immaterial.
2.	Asset Case on Jalan Diponegoro Pontianak No. 154/Pdt.G/2016/PN.Ptk between Abdullah Abdul Razak and PT Bank Mandiri (Persero) Tbk.	Currently still in the process of cassation at the Supreme Court of the Republic of Indonesia		Bank Mandiri has made maximum efforts so that Bank Mandiri has been declared victorious according to information on the official website of the Supreme Court of the Republic of Indonesia.	There is no Sanction	Material: IDR7,780,000,000.00 Immateriil: -
3.	Asset Case on Jalan MT. Haryono Jakarta No. 649/ Pdt.G/2011/PN.Jkt.Sel between PT Bank Mandiri (Persero) Tbk. with Herman Siwy	Currently it is still in the process of being reviewed at the Indonesian Supreme Court		Bank Mandiri has compiled a Counter Reconsideration Counter that supports Bank Mandiri's position.	There is no Sanction	There are no demands for compensation, both material and immaterial.
4.	Case No. 109/Pdt.G/2015/ PN.Pal between PT Trisakti Della Maharani and PT Bank Mandiri (Persero) Tbk	currently in the process of being reviewed Supreme Court	Compensation and reputation risk	Bank Mandiri has made maximum efforts so that Bank Mandiri has been declared victorious according to information on the official website of the Supreme Court of the Republic of Indonesia.	There is no Sanction	Materiil: IDR742,000,000.00 Immateriil: IDR 200,000,000,000.00
5.	Case No. 751/Pdt.G/2017/ PN.Jkt.Sel between Muhammad Bahalwan with PT Bank Mandiri (Persero) Tbk	Currently it has been decided at the Appeal level in the DKI Jakarta High Court		Bank Mandiri is preparing Counter Memory Cassation who support Bank Mandiri's position if the Plaintiff filed a cassation attempt.	There is no Sanction	Materiil: IDR2,000,000,000,000.00 Immateriil: -
6.	Case No. 457/Pdt.G/2017/ PN.Jkt.Utr between PT Gosyen Indonesia Utama with PT Bank Mandiri (Persero) Tbk	Currently it has been decided at the Appeal level in the DKI Jakarta High Court		Bank Mandiri is preparing the Counter Memory Cassation support the position of Bank Mandiri if the Plaintiff submits Cassation lawsuit.	There is no Sanction	Materiil: IDR12,000,000,000.00 Immateriil: IDR33,000,000,000.00

Criminal Case

The Table of Civil Cases Faced by The Company

No.	Subject Matter	Settlement Status	Influence Against Company Conditions	Management Efforts	Imposed Sanction	Case Value
1.	PT Tirta Amaritha Bottling Company (TAB)	a. The legal process at the trial stage was handled by the Corruption Court in the Bandung District Court.	Risk of Loan and Reputation	Following the trial and giving testimony as a witness and coordinating with the Prosecutor's Office to confiscate the assets of the debtor either as collateral as Bank Mandiri or non collateral.	There is no Sanction	There are no demands for compensation, both material and immaterial.

No.	Subject Matter	Settlement Status	Influence Against Company Conditions	Management Efforts	Imposed Sanction	Case Value
		b. Investigations handled by the Indonesian Attorney General's Office.		melakukan sita atas <i>asset</i> debitur baik yang merupakan agunan Bank Mandiri maupun non agunan.		
2.	PT Central Steel Indonesia (CSI)	The legal process was in investigation process handled by General Attorney of Republic of Indonesia	Risk of Loan and Reputation	Give testimony as the witness and submit evidences	There is no Sanction	There are no demands for compensation, both material and immaterial.
3.	PT Sunprima Nusantara Pembiayaan (SNP)	The legal process was in investigation process handled by Criminal Investigation Agency of Indonesian Police Headquarter	Risk of Loan and Reputation	Conduct criminal repots on debtors related to alleged crime of fraud, embezzlement and counterfeiting of money laundering	There is no Sanction	There are no demands for compensation, both material and immaterial.

Disclosure of Administrative Sanctions from Financial Service Authority

During 2018, there were no administrative sanctions which affected the sustainability of Bank Mandiri's business and there were also no administrative sanctions imposed on members of the Board of Directors or members of the Board of Commissioners.

The Impact of Legal Issues on The Company

The impact of civil and criminal problem faced by Bank Mandiri through legal process is not significant since it has conducted the appropriate mitigation.

Legal Issues Facing the Board of Commissioners and Directors

During the period of 2018, there were no members of the Board of Directors and Board of Commissioners of Bank Mandiri in office have legal problems, both civil and criminal.

Important Matters Faced by Subsidiaries

Legal problems faced by subsidiaries in 2018 can be seen in the table as follows:

No.	Subsidiaries	Important Case	Amount		
			Civil	Criminal	Industrial Relations
1.	PT Bank Syariah Mandiri	Cases/Legal Issues in settlement process	189	25	5
		Completed Case / Legal Issues (already have permanent legal force)	68	5	-
2.	PT Mandiri Sekuritas	Cases/Legal Issues in settlement process	2	-	-
		Completed Case / Legal Issues (already have permanent legal force)	2	-	-
3.	PT Mandiri Tunas Finance	Cases/Legal Issues in settlement process	22	-	-
		Completed Case / Legal Issues (already have permanent legal force)	15	-	-

No.	Subsidiaries	Important Case	Amount		
			Civil	Criminal	Industrial Relations
4.	PT Mandiri AXA General Insurance	Cases/Legal Issues in settlement process	-	-	-
		Completed Case / Legal Issues (already have permanent legal force)	-	-	-
5.	PT AXA Mandiri Financial Services	Cases/Legal Issues in settlement process	4	18	-
		Completed Case / Legal Issues (already have permanent legal force)	3	10	-
6.	PT Bank Mandiri Taspen	Cases/Legal Issues in settlement process	4	-	-
		Completed Case / Legal Issues (already have permanent legal force)	2	-	-
7.	Mandiri International Remittance Sdn. Bhd.	Cases/Legal Issues in settlement process	-	-	-
		Completed Case / Legal Issues (already have permanent legal force)	-	-	-
8.	Bank Mandiri (Europe) Limited	Cases/Legal Issues in settlement process	-	-	-
		Completed Case / Legal Issues (already have permanent legal force)	-	-	-
9.	PT Asuransi Jiwa Inhealth Indonesia	Cases/Legal Issues in settlement process	1	-	-
		Completed Case / Legal Issues (already have permanent legal force)	1	-	-
10.	PT Mandiri Utama Finance	Cases/Legal Issues in settlement process	5	15	1
		Completed Case / Legal Issues (already have permanent legal force)	8	4	-
11.	PT Mandiri Capital Indonesia	Cases/Legal Issues in settlement process	-	-	-
		Completed Case / Legal Issues (already have permanent legal force)	-	-	-

Important Cases Faced By Subsidiaries

Important cases faced by subsidiaries in 2018 were as follows:

Table of Important Cases Faced by Subsidiaries:

Subsidiaries	Case Principal/Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative Sanction
PT Bank Syariah Mandiri	Case claim of Bank Garansi PT Kutilang Paksi Mas No.357/Pdt.G/2015/PN.Jkt.Pst between PT Petro Energy and PT Bank Syariah Mandiri and PT Kutilang Paksi Mas	<p>The Verdict of Supreme Court of Republic of Indonesia</p> <p>On the 6th of December 2018, BSM received a notification letter of the verdict from Supreme Court of the Republic of Indonesia regarding to the Cassation of BSM and PT Petro Energy, which stated:</p> <p>TO ADJUDICATE:</p> <ul style="list-style-type: none"> - Refuse the cassation appeal request from cassation appellant II, PT Petro Energy; - Grant the cassation request from cassation appellant I, PT Bank Syariah Mandiri - Cancel the verdict of Jakarta High Court Number 204/PDT/2017/PT.DKI dated on the July 12, 2017 which revise the verdict of Jakarta Pusat District Court Number 257/Pdt.G/2015/PN.Jkt.Pst dated on the April 26, 2016. 	Risk of Credit and Reputation	BSM has made every possible effort by applying cassation through Supreme Court of Republic of Indonesia On the December 6, 2018, BSM received a notification letter of the verdict from Supreme Court regarding to BSM cassation effort and PT Petro Energy which cancel the verdict of Jakarta High Court Number 204/PDT/2017/PT.DKI dated. on the July 12, which revise the verdict of Jakarta Pusat District Court	There is no Sanction



Subsidiaries	Case Principal/Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative Sanction
		<p>Make judgment on own authority: In the exception : Refuse all exceptions of defendant I and defendant II; In the principal case: - Refuse all the claim of the plaintiff; - Sentencing the Cassation Respondent I as well as the Cassation Petitioner II to pay court fees at all judiciary levels of the Cassation with IDR 500,000,- (five hundred thousand rupiahs) (in this case, the Cassation application of BSM was granted / won)</p>		<p>Number 257/Pdt.G/2015/PN.Jkt.Pst dated on the April 26, 2016 and make judgment on own authority, refused all the lawsuit from the plaintiff</p> <p>In other words, BSM won the case</p>	
	Case claim of Bank Garansi PT Kutilang Paksi Mas No.539/Pdt.G/2015/PN.Jkt. Pst between PT Solaris Prima Energy and PT Bank Syariah Mandiri and PT Kutilang Paksi Mas	<p>The Verdict of Supreme Court of Republic of Indonesia In April 9, 2018, BSM received a notification letter of the verdict from Supreme Court of the Republic of Indonesia regarding to the Cassation of PT Solaris Prima Energy, which stated: TO ADJUDICATE: 1. Grant the cassation request from cassation appellant I, PT SOLARIS PRIMA ENERGY and cassation appellant II PT BANK SYARIAH MANDIRI. 2. Cancel the verdict of Jakarta High Court Number 651/PDT/2016/PT DKI dated on the January 27, 2017 which cancel the verdict of Jakarta Pusat District Court Number 539/PDT.G/2015/PN.Jkt. Pst dated on the July 1, 2016;</p> <p>Make judgment on own authority: In the exception : Refuse all exceptions of the defendant In the principal case: - Refuse all the claim of the plaintiff; - Sentencing the cassation appellant I as well as the Cassation Petitioner II to pay court fees at all judiciary levels of the cassation with IDR 500,000,- (five hundred thousand rupiahs)</p>	Risk of Credit and Reputation	<p>BSM has made every possible effort by applying cassation through Supreme Court of Republic of Indonesia On the April 9, 2018, BSM receive a notification letter of the verdict from Supreme Court regarding to the cassation effort of PT Solaris Prima Energy which stated cancel the verdict of Jakarta High Court Number 651/PDT/2016/PT DKI dated on the January 27, 2017 which cancel the verdict of Jakarta Pusat District Court Number Nomor 539/PDT.G/2015/PN.Jkt. Pst dated on the 1st of July 2016 and make judgement on own authority to refuse all the lawsuit of the defendant.</p> <p>In other words, BSM won the case.</p>	There is no Sanction
	Case of Deposit Withdrawal fo PT Pos Property Indonesia No.267/Pdt.G/2015/PN.Bdg between Monfiori (President Director of PT Pos Property Indonesia and PT Bank Syariah Mandiri and Ir. Sri Wikani and Akhmad Rizani (former President Director of PT Pos Property Indonesia)	<p>The Verdict of Supreme Court of Republic of Indonesia Informed in the Case Search Information System of Bandung District Court dated on the 18th of Januari 2018 that appellant request from Monfiori was rejected by the Supreme Court of Republic of Indonesia. The verdict of Supreme Court of Republic of Indonesia stated that TO ADJUDICATE: 1. Refuse appellant request from the cassation petitioner; MONFIORI 2. Sentencing the cassation petitioner/plaintiff/ appellant to pay court fees at all judiciary levels of the cassation with IDR.500,000,- (five hundred thousand rupiahs)</p>	Risk of Credit and Reputation	<p>BSM has made every possible effort so that BSM was sentenced win the case according to the official website of Supreme Coury of Republic of Indonesia. However, there is still possibility that PT Pos Properti Indonesia will submit a re-lawsuit from Bandung Religious Court BSM has not received the cassation verdict formally yet.</p>	There is no Sanction
PT Mandiri Tunas Finance	Civil Case Number 199/Pdt.G/2018/PN.Tjk at Tanjungkarang District Court debtor on behalf of Yuhana Noviza, SH. M.Kn, with material claim of IDR. 1.000.000.000 and immaterial claim of IDR 10.000.000.000.	At present, the case is still in process and is in the mediation stage between the plaintiff and defendant I (MTF) and the defendant II (PT Bank Mandiri branch Sudirman, Jakarta) in Tanjungkarang District Court	Debtor did not make payments for all debt obligations, thus affecting the performance of AR Division	In this case, MTF has made every possible effort for the benefit of the company.	There is no Sanction
	Case of Tort Number 26/Pdt.G/2018/PN.Kds at Kudus District Court with PT Mulia Restu Mandiri Group as the debtor, with material claim of IDR 6.000.000.000	In District court level, MTF has won the case. However, the debtor submitted an appeal law to Semarang High Court. At present, the case is still in file inspection process in Kudus District Court.	Debtor did not make payments for all debt obligations, thus affecting the performance of AR Division	In this case, MTF has made every possible effort for the benefit of the company.	There is no Sanction
PT AXA Mandiri Financial Services	Case No. 196/Pdt.G/2018/PN.Jap The plaintiff of behalf of Antas Haulian Sinaga	At present, the case is in mediation stage in Jayapura District Court	Risk of Compensation and Reputation	At present, the case is in mediation stage in Jayapura District Court and AXA Mandiri is following the process.	There is no Sanction

Subsidiaries	Case Principal/Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative Sanction
	Police report no LP/86/VI/2016/SPKT on behalf of Antas Haulian Sinaga to Papua Regional police about alleged insurance violations by AXA Mandiri	At present, the case is in mediation stage in Jayapura District Court	Risk of Compensation and Reputation	At present, the case is in mediation stage in Jayapura District Court and AXA Mandiri is following the process.	There is no Sanction
	The bankruptcy of PT. Dimas Utama, in which AMFS has premium receivables dan excess claim	At present, the case is in bankruptcy process which is handled by the curator.	The risk of no premium paid and excess claim	At present, the case is proceed by the curator and AXA Mandiri is following the process.	There is no Sanction
	Alleged criminal acts of fraud and / or embezzlement which is allegedly committed by Fariani.	In investigation process in Regional Police of Sulawesi Tenggara	Risk of reputation	At present, the case is in investigation process in Regional Police of Sulawesi Tenggara and AXA Mandiri as the Reporter is following the process	There is no Sanction
PT Bank Mandiri Taspen	Application for cancellation of the auction guarantee of the Plaintiff (debtor) and cancellation of the Loan Agreement because the Debtor does not receive loan collateral through the auction process the price is not in accordance with the debtor's wish.	Waiting for the verdict in cassation level.	Does not affect the condition of the company	- The auction has been carried out in accordance with the procedure - The buyer of the debtor collateral is the auction winner in accordance with the terms and conditions of the auction	There is no Sanction
	The claim was filed because of the prohibition on the inclusion of a standard clause.	Waiting for the verdict in the first level court.	Does not affect the condition of the company. The debtor submits a lawsuit to delay the implementation of the auction for collateral pledged.	Continue the auction process in accordance with the applicable procedures and conditions even though there are claims from the debtor	There is no Sanction
	Claims was filed with the planned implementation of the auction of the Underwriting Rights on the Plaintiff's guarantee.	Currently in trial process	Does not affect the condition of the company. The debtor submits a lawsuit to delay the implementation of the auction for collateral pledged.	Continue the auction process in accordance with the applicable procedures and conditions even though there are claims from the debtor	There is no Sanction
	Claims are filed with the debtor's loan guarantee status which is stated to be owned by the Plaintiff because the certificate is obtained illegally.	It has been verdict in cassation level. The verdict stated that Bank Mandiri Taspen won the case.	Does not affect the condition of the company	Debtor loan has been repaid by the Plaintiff. With the decision of Supreme Court of Republic of Indonesia that won Bank Mantap, there is no fee that must be incurred by Bank Mantap for the payment of loans made by the Plaintiff.	There is no Sanction



Subsidiaries	Case Principal/Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative Sanction
PT Asuransi Jiwa Inhealth Indonesia	Lawsuit of Civil Case No.2/Pdt.G/2018/PN Ktp. Between Suniah (Juanda's heir, the AJK participant of Bank MTF) against Mandiri Tunas Finance and PT Asuransi Jiwa Inhealth Indonesia. With the principal case of tort with (Defendant II)	Lawsuit of Civil Case No.2/Pdt.G/2018/PN Ktp. Has been verdict by the judges panel of Ketapang District Court with the verdict dated on the 17 th of July 2018 stated that the lawsuit from the plaintiff cannot be accepted.	It does not have a significant impact on the company's finances because at level of the district court, the decision of Judges panel stated that the Plaintiff's claim cannot be accepted	Delegates a Management Representative to participate in the Trial to defend for the Company	-
	Lawsuit of Civil Case No. 83/PDT.G/2018/PN.BKS. between Ruslan Abdul Djailil against RS. Hermina Bekasi, Dr. Istiana Sari S.pS; PT Asuransi Jiwa Inhealth Indonesia, dkk. With the principal case of tort with (Defendant III)	The lawsuit of case Number:83/Pdt.G/2018/PN.BKS was revoked by the plaintiff	There is no financial impact from the lawsuit because there is no compensation claim which is addressed to PT Asuransi Jiwa Inhealth Indonesia in connection to the lawsuit.	Delegates a Management Representative to participate in the Trial to defend for the Company	-

Company Information and Data Access

The public can access all financial and non-financial reports that have been submitted by Bank Mandiri transparently through various means including Mass Media, Company Website (presented in Indonesian and English), Public Expose, Electronic Reporting Facilities IDX issuers, the OJK Electronic Reporting System, and the Ministry of SOE's Portal that are available on time, complete and accurate.

Company Secretary

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Twitter: @bankmandiri
Instagram: @bankmandiri

Investor Relations



In order to provide fast and accurate information and become a media link between companies and capital market players, the Company has formed a work unit called Investor Relations. With the provision of accurate and accurate data, it is expected to be able helping capital market players in the investment decision-making process in the Company including to instill perceptions and expectations in the eyes of investors and potential investors regarding the Company's strategy, operational performance and financial performance.

The duties and responsibilities of Investor Relations include:

1. Communicating the Company's performance and strategy to analysts and investors in order to achieve a reasonable and optimal valuation of Bank Mandiri's shares in the long term.
2. Managing the resources needed and coordinate activities related to investor relations.
3. Representing the Company's management in meetings with analysts and investors, either one-on-one or public presentation sessions to communicate opinions, attitudes and reactions to company issues and provide strategic feedback for the Company's management.

4. Increasing the effectiveness of activities Investor Relations is measured through research coverage from sell side analysts, accuracy of factual information in analyst research, geographical coverage and quality of institutional shareholder lists.
5. Reviewing the pattern of sales and share ownership of the Company including managing and developing investor databases and contact reports.
6. Maintaining transparency, accuracy and timeliness of disclosure of relevant information to capital market players.

The contacts for Bank Mandiri Investor Relations are as follows: Investor Relations

Investor Relations Group
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Jl. Jenderal Gatot Subroto Kav. 36-38
Jakarta 12190 Indonesia
Tel: 021 524 5085
Email: ir@bankmandiri.co.id
Website: <https://www.bankmandiri.co.id/web/ir>

Investor Relations Activity 2018

No.	Type of activity	Total	Description	Location
1.	Investor Conference	12 times	Conference related to Company performance updates	New York, Hong Kong, Singapore, Jakarta
2.	Non-Deal Roadshow	7 times	Meeting at the Shareholders office location to update the Company's performance	USA, Canada, UK, Jakarta
3.	Branch Visits	2 times	Mentoring of Investor Visits to Regular Branch Offices and Micro Branch Offices	Banjarmasin, Surabaya
4.	Quarterly Earnings Call/ Analyst Meeting	4 times	Presentation of quarterly financial performance reports to investors and analysts	Jakarta

Press Release

One form of information dissemination of Bank Mandiri to the public is by conducting press releases. The press release aims to describe the activities or events that occur. During 2018, press releases rolled out by Bank Mandiri included:



No.	Date	Title
1.	January 08, 2018	Mandiri Serves Financial Management at the National Brain Center Hospital
2.	January 22, 2018	Bank Mandiri Supports the Ministry of Administrative Reform & Bureaucratic Reform (PANRB) and the State Personnel Agency (BKN)
3.	February 01, 2018	Mandiri Investment Forum 2018 carries out to Increase Investment Flow
4.	February 06, 2018	Mandiri books a Net Profit of IDR 20,6 Trillion in 2017, Growing 49,5% (yoy)
5.	February 07, 2018	Mandiri Investment Forum 2018 Offers Potential Investment in Political Year
6.	February 08, 2018	Mandiri Improved Entrepreneurship Capacity for Journalists
7.	February 08, 2018	Bank Mandiri Distributes a Senior Term Loan worth USD100 Million to Pertamina Group
8.	February 10, 2018	Bank Mandiri Renovates the Al Falak Islamic Boarding School in Bogor
9.	February 19, 2018	Mandiri Teams Up with UGM to Develop Banking Skills for Craft Workforce
10.	February 22, 2018	Driving the Growth of the Mortgage Business, Bank Mandiri Launches Special Promos
11.	February 28, 2018	Mandiri Group Expands Hajj Deposit Payment Services
12.	March 01, 2018	Enlivening the 57 th Kostrad Anniversary, Bank Mandiri Hold a Bazaar
13.	March 02, 2018	Cooperating with Bank Sumut, Mandiri Expanded E-Money access to Sumatra
14.	March 07, 2018	Increasing Customer Loyalty, Mandiri Promotes Fiestapoin Program
15.	March 07, 2018	Mandiri Inures Non-Cash Payment at Ferriage Services in 3 (Three) Gili
16.	March 14, 2018	Mandiri Strengthens the Entrepreneurship Soul of Indonesia's Full Migrant Workers
17.	March 15, 2018	Improving Service Quality, Mandiri Updates Website and Recommended "MITA" Chatbot
18.	March 19, 2018	Bank Mandiri Issues the Corporate Card of the Ministry of Transportation
19.	March 21, 2018	Bank Mandiri GMS Appoints Four New Directors
20.	March 23, 2018	Focusing on the Production Sector, Bank Mandiri Distributes Cluster KUR
21.	March 24, 2018	Increasing Customer Transactions, Mandiri Carries Out a Coffee Party
22.	March 29, 2018	Mandiri And OVO Expands Transaction Services
23.	March 29, 2018	Supporting GATF 2018, Mandiri Offers a Profitable Travel Program
24.	April 04, 2018	Mandiri Presents Non-cash Transactions at the Pasar Jaya Network
25.	April 09, 2018	8.000 Runners Will Compete in Yogyakarta
26.	April 09, 2018	Bank Mandiri Launches the National Payment Gateway Logo Debit Card
27.	April 15, 2018	Kenya Runners Dominantly Perform at Mandiri Jogja Marathon 2018
28.	April 16, 2018	Collaborating with Lombard Odier, Bank Mandiri Offers World Class Products and Services for Private Wealth Customers in Indonesia and Singapore
29.	April 17, 2018	Bank Mandiri Disburses IDR 2,5 Trillion for Semarang - Batang Toll Road Costs
30.	April 18, 2018	Mandiri Teams Up with UGM to Develop Educational Loan
31.	April 23, 2018	Strengthening IDR - RMB Transaction Services, Bank Mandiri Cooperated with Bank ICBC Indonesia
32.	April 24, 2018	Mandiri's Profit at Quarter I-2018 Grows 43,7% to IDR 5,9 Trillion
33.	May 03, 2018	Hoisting Business Credit, Mandiri Organize Property Expo 2018
34.	May 07, 2018	Grab and Bank Mandiri Prepare Working Capital for Thousands of MSMEs in Indonesia
35.	May 09, 2018	Mandiri and MPPA Launch Independent New Edition Hypermart Co-Branding LoanCard
36.	May 23, 2018	Mandiri Prepares Working Capital for Bulog Partner Farmers
37.	May 24, 2018	Anticipating Ramadan and Eid al-Fitr 1439 H, Mandiri Prepares IDR 57,26 Trillion
38.	May 31, 2018	Mandiri Prepares Working Capital Financing for Suzuki Dealers
39.	June 04, 2018	Bank Mandiri Serves PNBPT Transactions of the Ministry of Agrarian & Spatial Planning/National Land Agency

No.	Date	Title
40.	June 06, 2018	Mandiri Synergizes with LinkedIn on Preparing Employment Study
41.	June 07, 2018	Bank Mandiri Breakfasts with 30 Thousand Orphans
42.	June 08, 2018	Mandiri Donates Electric Bicycles & Golf Carts to Polda Metro Jaya
43.	June 09, 2018	Bank Mandiri Departs 3.000 Nahdliyin to Hometown
44.	June 11, 2018	302 Bank Mandiri Branches remain operational on Eid Al-Fitr Holidays 11-20 June 2018
45.	June 25, 2018	Bank Mandiri and BSM Fund Pertamina Shipping USD 19,04 million
46.	June 26, 2018	349 Bank Mandiri Branches Remain Operational in the 2018 Simultaneous Regional Election
47.	June 28, 2018	Mandiri Increases the Utilization of EDC
48.	June 29, 2018	Synergizing with KIOSTIX, Mandiri makes it easy to access tickets for the 2018 Asian Games
49.	June 28, 2018	Mandiri Provides Working Capital Loan and Non Cash Loan Facilities to ANTARA News Agency
50.	July 04, 2018	Semester I - 2018, Bank Mandiri Disburses US \$ 2,9 Billion Syndicated Loans
51.	July 09, 2018	Empowering Farmers, Mandiri Continues to Promote Corporatization of Agriculture
52.	July 16, 2018	Bank Mandiri and Alfa Mas Persada Develop NU Modern Stall Partners
53.	July 18, 2018	Mandiri Ensures Directors' Statement of Accounts More Than IDR 100 Trillion is Fake
54.	July 19, 2018	Back on Track, Loan grew 11,8% YoY, Mandiri Booked Profit of IDR 12,2 Trillion
55.	July 22, 2018	Bank Mandiri Issues 2018 Asian Games Volunteer Identity Card
56.	July 26, 2018	Pilot Social Forrestry Pond of Muara Gembong First Time Harvests
57.	July 31, 2018	Bank Mandiri Disburses IDR 2,106 Trillion to Build Jakarta-Cikampek Toll Road
58.	August 06, 2018	Earthquake Alert, Mandiri Sends Volunteers
59.	08 Agustus 2018	Bank Mandiri issued Obligations with interesting coupons
60.	August 13, 2018	Mandiri Serves ASDP Non-Cash Payment Transactions
61.	August 15, 2018	Bank Mandiri Launches e-money Card Energy of Asia Edition
62.	August 20, 2018	Scaffolding Low Family Economics, Mandiri prepares Plafond IDR 800 Billion with supporting Program Mekaar PNM
63.	August 27, 2018	Bank Mandiri Cooperates with Tekfin Financing to Strengthen MSME Working Capital
64.	August 29, 2018	Back on Track, Loan grew 11,8% YoY, Mandiri Booked Profit of IDR 12,2 Trillion
65.	August 30, 2018	Increasing Tax Payments, Bank Mandiri Implements DGT Core Billing 2.0
66.	September 06, 2018	Improving the Assisted SME Market Penetration, Bank Mandiri holds the 2018 WMM Expo
67.	September 07, 2018	Bank Mandiri Distributes IDR 11,8 trillion of KUR in January - August 2018
68.	September 15, 2018	Mandiri 2018 Young Entrepreneurs Create New Entrepreneurs
69.	September 24, 2018	Issued Obligation IDR 3 Trillions, Bank Mandiri accepted the exceeded requests 1.36 times
70.	September 26, 2018	Distributing KPR FLPP for Subsidized Houses, Mandiri Collaborates with Himperra and Perpesma
71.	September 26, 2018	Increasing SOE Synergy, Mandiri Acquires URBAN PP Value Chain
72.	September 26, 2018	Press Statement of PT Bank Mandiri (Persero) Tbk. related to SNP Finance Bad Credit
73.	September 27, 2018	Supporting JKN-KIS, Mandiri Disburses IDR.126 Billion Supply Chain Financing (SCF) Facility of BPJS Health Claims to 9 Hospitals in Solo
74.	September 28, 2018	Mandiri Jakarta Coffee Week 2018 Targets 15.000 Coffee Fans
75.	September 29, 2018	Mandiri Fields Volunteers to Donggala
76.	October 02, 2018	Raising the spirit of disability athletes, Bank Mandiri prepares the best banking services at the 2018 Asian Para Games



No.	Date	Title
77.	October 02, 2018	Giving Relief, Mandiri Registers Disaster Victim Debtors in Donggala
78.	October 04, 2018	Bank Mandiri - Bank Riau Kepri Synergize to Expand Access to e-Money
79.	October 08, 2018	Mandiri Coordinates Direct Investment of IDR 200 Trillion in 21 SOEs.
80.	October 10, 2018	Mandiri Group Issues Investment Contract for Infrastructure
81.	October 10, 2018	Bank Mandiri Sells Cheap Home Loans for Young People
82.	October 11, 2018	Bank Mandiri Disbursed IDR 2,041 Trillion to Build the Terbanggi Besar-Kayu Agung Toll Road Section
83.	October 17, 2018	Profit Increases 20%, Mandiri Performance Soars
84.	October 18, 2018	Answering Challenges in the Medical Fields, Mandiri Strengthens Collaboration with IMERI FKUI
85.	October 26, 2018	Increasing Millennial Role, Mandiri Develops Smell of The Place Concept
86.	November 23, 2018	Mandiri Serves Financial Management at the University of Indonesia Hospital
87.	November 24, 2018	Bank Mandiri Inquires Lists 50 of the Best ASEAN Open Companies
88.	December 4, 2018	The 2018 Harbolnas Enlarges the Market of Local Products
89.	December 18, 2018	Bank Mandiri and JCB Issue Precious LoanCard Co-Branding

Newsletters

Bank Mandiri regularly publishes bulletins annually. The bulletins published during 2018 are:

No.	Edition	Theme	Published date
1.	463	Sustainable Growth in 2018	January 28, 2018
2.	464	Traces of Chinese Romanticism in Indonesia	February 28, 2018
3.	465	Road to ASIAN Games 2018	March 28, 2018
4.	466	Women's Gait in the Digital Industry	April 28, 2018
5.	467	Sharing Goodness and Gratitude	May 28 2018
6.	468	More Productive After Vacation	June 28, 2018
7.	469	Digital Intelligence in the Visual Era	July 28, 2018
8.	470	Our Work National Achievement	September 28, 2018
9.	471	20 Years	October 28, 2018
10.	472	Newborn Heroes	November 28, 2018
11.	473	It's Time for a New Beginning It's Mandiri Time	28 Desember 2018

Analyst Meeting

Bank Mandiri regularly conducts analyst meetings on a quarterly basis. During 2018, the Analyst Meeting was held 4 (four) times namely February 6, April 24, July 19 and October 17, 2018.

Transparency of Report Submission

Throughout 2018, the Corporate Secretary of Bank Mandiri delivered information to the public through Mass Media, Company Website, Public Expose, Electronic IDX Issuer, Reporting Facilities, OJK Electronic Reporting System, as well as periodic and incidental reports including Financial Services Authority (FSA), IDX, DIA, Ministry of Finance and the Ministry of SOE as follows:

Periodic Report

Reports Type	Purpose	Reports Period	Total
Annual Report	FSA & BEI	Annually	1
Consolidated Financial Statements of the Company and Subsidiaries Report	FSA, IDX, Ministry of Finance, Ministry of SOE	Quarterly	4
Stock Ownership Composition Report	FSA	Monthly	12
Forex Debt Report	FSA	Monthly	12
Realization of Public Offering Funds Usage Report	FSA & IDX	Annually	1

Incidental Report

Date	Report Subject	Purpose
January - December 2018	Share Ownership Composition of PT Bank Mandiri (Persero) Tbk. (For 12 Total reports)	FSA
January - December 2018	Demand for Debt Data/Obligations in foreign currencies (for 12 total reports)	FSA
January - December 2018	Published Financial Report of PT Bank Mandiri (Persero) Tbk. (For 4 Total reports)	FSA, IDX, Ministry of Finance, Ministry of BUMN
January 23, 2018	Submission of Information on Changes in the Audit Committee Membership Structure of PT Bank Mandiri (Persero) Tbk.	FSA and IDX
January 12, 2018	Effective Determination of Appointment of Treasury Director of PT Bank Mandiri (Persero) Tbk.	FSA
January 15, 2018	Effective Determination of Appointment of Commissioners of PT Bank Mandiri (Persero) Tbk.	FSA
February 1, 2018	Implementation of the Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. Financial Year of 2017	Ministry of SOE, FSA, IDX
February 12, 2018	Information Disclosure of PT Bank Mandiri (Persero) Tbk. related to the Annual GMS Announcement of the 2017 Financial Year	FSA, IDX and KSEI
February 12, 2018	Confirmation about News in the Mass Media	FSA
February 27 2018	Information Disclosure of PT Bank Mandiri (Persero) Tbk. related to the Annual GMS Calling of the 2017 Financial Year	FSA, IDX and KSEI
February 27 2018	Submission of Annual Report of PT Bank Mandiri (Persero) Tbk. 2017 financial year	FSA and IDX
March 5, 2018	Explanation of the Annual GMS Company Agenda on the Approval of the Recovery Plan	FSA
March 12, 2018	Application of the Risk Taker Material (MRT) Provisions at PT Bank Mandiri (Persero) Tbk.	Series A Dwiwarna dhi Shareholders. State Minister of SOE
March 19, 2018	Proposed Decision of the Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. Financial Year of 2017	Series A Dwiwarna dhi Shareholders. State Minister of SOE
March 23, 2018	Information Disclosure of PT Bank Mandiri (Persero) Tbk. regarding the Minutes Summary Annual GMS of 2017 Financial Year	FSA and IDX
March 29, 2018	The Changes of PT Bank Mandiri (Persero) Tbk. Board of Directors Members	LPS
April 6, 2018	Director of Compliance	FSA
April 25, 2018	Dividend Payment Report for the Government of the Republic of Indonesia	Ministry of Indonesian State Owned Enterprises and Ministry of Finance
April 25, 2018	Submission of Organizational Structure of PT Bank Mandiri (Persero) Tbk.	FSA
April 26, 2018	Submission of the Annual Report of Subsidiaries of PT Bank Mandiri (Persero) Tbk. Financial Year of 2017	FSA and IDX
May 16, 2018	Submission of Annual Rating Result of Debt Securities on Sustainable Senior Bonds I. of PT Bank Mandiri (Persero) Tbk. and the Rating of PT Bank Mandiri (Persero) Tbk.	FSA and IDX
May 28 2018	Request for Explanation of News in the Mass Media	IDX
July 9 2018	Submission of Annual Rating of Debt Securities and Rating of PT Bank Mandiri (Persero) Tbk.	FSA and IDX
July 11 2018	Request for Explanation of Exchanges	IDX
July 18, 2018	Notification of Change Shares Numbers of the Board of Directors and the Board of Commissioners Members	FSA and IDX
August 31, 2018	Submission of PT Bank Mandiri (Persero) Tbk's Annual Public Expose Report.	IDX



Date	Report Subject	Purpose
September 4, 2018	Effective Determination on the Appointment of Director of Finance and Director of Retail Banking of PT Bank Mandiri (Persero) Tbk.	FSA
September 6, 2018	Information Reports or Facts Materials related to the Brief Additional Information of PUB Sustainable Bond I of Bank Mandiri on Phase III of Year 2018 in Mass Media	FSA and IDX
September 10 2018	Submission of Information on Changes in Shares Numbers of Board of Directors of PT Bank Mandiri (Persero) Tbk. Prospective Members	FSA
September 12, 2018	Effective Determination of Appointment of the Director of Institutional Relations and Director of Compliance of PT Bank Mandiri (Persero) Tbk.	FSA
September 12, 2018	Submission of Information on the Director of Compliance	FSA
November 19, 2018	Submission of Realization Report on the Use of Funds from the Public Offering Sustainable Bonds Phase I of Bank Mandiri Phase III of 2018 PT Bank Mandiri (Persero) Tbk.	FSA and IDX
November 21, 2018	Implementation of the Extraordinary General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. Tahun 2019	Ministry of SOE, FSA, IDX
November 23, 2018	Information Report or Material Facts related to the Signing of the Deed of PT Mandiri AXA General Insurance Share Transfers	FSA
December 7, 2018	Information Disclosure of PT Bank Mandiri (Persero) Tbk. related to the Annual GMS Announcement of the 2017 Financial Year	FSA, IDX and KSEI
December 14, 2018	Information Disclosure of PT Bank Mandiri (Persero) Tbk. related to the Annual GMS Calling of the 2017 Financial Year	FSA, IDX and KSEI
December 14, 2018	Information Disclosure Report on Affiliate Transactions	FSA and IDX

Code of Conduct

The code of conduct sets the guidelines for the behavior of the Bank Personnel in conducting their daily tasks and duties as well as in conducting business relations with the customers, partners and colleagues. The basic regulation in the Code of Conduct is one of Bank Mandiri's Commitment on the management principles that have supported Bank Mandiri to achieve the stated Vision and Mission.

The work ethic is an elaboration of the basic principles of personal and professional behaviors that are expected to be obeyed by Bank Mandiri Personnel. The business ethics are moral principles related to the behaviors of the individuals, protection of bank properties, and bank business activities including in its interaction with stakeholders as the basis for the behavior of the Bank in conducting its business operations. Those are standard behaviors that have to be implemented in all organizational levels.

Contents of The Ethical Codes

The main points of Bank Mandiri's code of ethics contain arrangements for work ethics and business ethics. The work ethic that regulates Bank Mandiri personnel's behaviors covers the following aspects:

1. Conflict of interest (conflict of interest)

Conflict of interest is a condition in which the Board of the Bank in carrying out its duties and responsibilities have interests beyond the interests of the service, both concerning personal, family or the interests of other parties so that the Board of the Bank of the possible loss of objectivity in making decisions and policies appropriate authority that the Bank has given. Therefore, the entire personnel of the Bank:

- a. Shall avoid activities that may cause a conflict of interest and report to the direct supervisor if unable to avoid.
- b. shall be prohibited to give consent and or request approval of any loan facilities, as well as special interest rates or other specificity for:
 - i. Himself/Herself.
 - ii. His family.
 - iii. Companies where he and/or his family have an interest
- c. Shall be prohibited to work for another company, unless it has received a written assignment or permission from the Bank. Board of Commissioners and Board of Directors that follow regulatory requirements.
- d. Shall be prohibited to become a direct or indirect partner, either a partner for goods or services for the Bank.
- e. Shall be prohibited to collect goods belonging to the Bank for personal, family or other outside interests.
- f. Only allowed to conduct securities transactions, foreign exchange trading, precious metals, derivative transactions and other goods for their own benefit in the absence of conflict of interest, violation of insider trading rules of the Capital Market Authority, and other regulations.

2. Confidentiality	<ul style="list-style-type: none"> a. shall be required to understand and maintain the confidentiality of any information, in accordance with prevailing regulations b. Shall use the information received only for the banking activities. c. In providing information, must act in accordance with applicable provisions. d. To avoid misuse, the dissemination of customer information in the Bank's internal environment is done carefully and only to interested parties. e. Shall be prohibited from disseminating information to outside parties regarding: <ul style="list-style-type: none"> i. Bank Activities with the Government of the Republic of Indonesia. ii. Internal policies and Bank work procedures. iii. Management of Information Systems, Data and Reports iv. Employee data, whether active or not v. Bank business activities, including activities with customers and partners. Except with the approval of the authorized Bank official or because of orders based on applicable laws and regulations. f. The obligation to maintain special matters
3. Position Abuse and Gratification	<ul style="list-style-type: none"> a. Shall be prohibited from abusing authority and taking advantage of directly or indirectly, from knowledge obtained from the Bank's business activities to: <ul style="list-style-type: none"> i. Personal benefits. ii. Benefits for family members. iii. Benefits for other parties. b. Shall be prohibited from requesting or accepting, permitting or agreeing to accept gratuities related to his position and contrary to his obligations in accordance with applicable laws and regulations. The types of gratuities and reporting mechanisms will be regulated in separate provisions. c. Shall be prohibited from requesting or accepting, permitting or agreeing to receive a gift or reward from a third party who obtains or seeks to get a job related to the procurement of goods or services from the Bank. d. In the case of customers, partners and other parties giving gifts in the form of goods or in other forms at certain times such as on holidays, certain celebrations, disasters and others, if: <ul style="list-style-type: none"> i. As a result of receiving the gift it is believed that it has a negative impact and affects the bank's decision, and ii. The price of the gift is outside the reasonable limit, Then, the Bank Officers who receive the gift must immediately return the gift with a polite explanation that the Bank's Staff is not permitted to receive gifts. e. In the case of giving gifts as mentioned in point (d) above for one reason or another it is difficult to be returned, members of the Bank's Staff who receive the gift must immediately report to their superiors for further action. f. In the case of customers, partners and other parties providing promotional items, so long as the result of receipt of the promotional item does not cause a negative impact, it is permissible to accept it. g. In order to procure goods and services from third parties for bank services, must try to get the best price with a maximum discounted price which is recorded for the Bank's profit. h. Shall be prohibited from using his position to borrow from a customer or to borrow from a customer. i. Shall be prohibited from taking advantage of the opportunity to use the Bank's facilities for its own benefit beyond those provided by the Bank.
4. Insiders' behavior	<ul style="list-style-type: none"> a. Bank employees who have confidential information are not permitted to use the information to take advantage of themselves, their families or other third parties. b. Shall be prohibited from using internal information to make purchases, or trade securities, unless the information is known to the public. c. Shall be prohibited from misusing his position and taking advantage of both directly and indirectly for himself and others who can influence the decision. d. Decision making to sell or buy Bank assets and other services must be done by prioritizing the interests of the Bank.
5. Bank Data Integrity and Accuracy	<ul style="list-style-type: none"> a. Shall be obliged to present accurate and accountable data. b. Not allowed to book and/or change and/or delete books, with a view to obscuring the transaction. c. It is only permitted to make changes or deletion of data based on the authorization of the competent authority in accordance with procedures established by the Bank. d. Not allowed to manipulate documents.
6. Banking System Integrity	<ul style="list-style-type: none"> a. Must always be introspective and avoid the involvement of the Bank in criminal activities in finance and banking. b. Must be suspicious of unusual transactions and must take preventive actions in detecting accounts suspected of being used for activities such as money laundering, terrorism financing, corruption and other crimes.

The business ethics as the basis for the behavior of the Bank's employees in carrying out business activities, covers the following aspects:

1. Individual behavior	<ul style="list-style-type: none"> a. Personal integrity <ul style="list-style-type: none"> i. upholds morals, has self-esteem and strong discipline. ii. Maintain personal integrity in accordance with applicable rules, regulations, policies and systems. iii. Has a commitment to maintain the Bank's image and reputation. iv. Rely on all actions and behaviors on pure conscience. v. act respectfully and responsibly and free from influences that allow loss of objectivity in carrying out tasks or cause the Bank to lose its business or reputation. vi. Avoid activities related to an organization and/or individuals that enable conflicts of interest. vii. Both individually and jointly always strive not to be involved in matters that can weaken or reduce the integrity of the banking system in Indonesia.
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	<ul style="list-style-type: none"> b. Treatment/Actions of Discrimination <ul style="list-style-type: none"> i. uphold human rights. ii. Prevent discrimination in all its forms. iii. Acts of Harassment by Bank Officers must avoid all forms of conduct that violate public order and morality. c. Acts of harassment must avoid all forms of actions that violate public order and morality
2. Protection of Bank Property	<ul style="list-style-type: none"> a. Bank Property <ul style="list-style-type: none"> i. always maintains and protects all assets owned by the Bank, both tangible and intangible. ii. Using the Bank's assets only for activities related to the interests of the Bank. iii. Use the Bank's assets responsibly including the appropriateness of the designation. b. Confidential Information Protection <ul style="list-style-type: none"> i. protect and prevent valuable and confidential information from loss, misuse, leakage and theft. ii. Do not disseminate reports/information about banks that are not intended to be public. c. Intellectual Property of the Bank <ul style="list-style-type: none"> i. safeguard the Bank's intellectual property. ii. Dedicate competencies held for the interests of the Bank as intellectual property of the Bank. d. Note and Reporting Responsible for the accuracy and completeness of the notes and reports presented.
3. Implementation of Bank Business	<ul style="list-style-type: none"> a. Mis-representation <ul style="list-style-type: none"> i. Bank staff representing the Bank in dealing with third parties act according to their capacity and authority. ii. Bank staff representing the Bank provide correct information, documents and reports in the right way. iii. The Bank's Board of Directors avoids actions that can cause misunderstanding from other parties. b. Relations with Business Partners <ul style="list-style-type: none"> i. always prioritize the interests of the Bank in dealing with business partners. ii. Prevent the occurrence of corruption, collusion and nepotism and negative images in dealing with work partners. iii. In working with partners, the principles of professionalism and justice are based on good faith. c. Behavior in Competing <ul style="list-style-type: none"> i. Responsible for creating and maintaining healthy competition in conducting business. ii. Avoid and prevent unfair ways of competing in developing his career. d. Relations with Other Organizations <ul style="list-style-type: none"> i. can conduct business contacts with other organizations including competitors as long as they provide benefits to the Bank. ii. Avoid all forms of collaboration/improper alliances with other parties. e. Obtain and Use Third Party Information <ul style="list-style-type: none"> i. avoid obtaining confidential information from third parties/competitors in inappropriate ways. ii. Do not recruit competitor employees with the aim of obtaining confidential information from competing companies. f. Relation to Regulators Adhere to the ethical principles and provisions that apply in fostering relationships with Regulators.

Compliance With The Code of Conduct

Bank Mandiri has a code of conduct that explains the basic principles of personal and professional behavior carried out by the Company. The code of conduct applies to all Bank Mandiri employees both contractual and permanent employees, and applies to all Board of Commissioners and Directors.

The application of a code of conduct is expected to encourage the realization of professional, responsible, reasonable, appropriate and trustworthy behavior in conducting business relationships with fellow co-workers and work partners.

Dissemination of The Code of Conduct

The code of conduct has been communicated and socialized to the Board of Commissioners and its supporting aspects, Directors, officials one level below the Board of Directors and all employees, including through:

1. Company Website.
2. Email administrator delivered to all employees of the Company.
3. At the time of the signing of the collective labor agreement carried out between the union of the Company and the management of the Company.
4. Standing banners, flyers and other advertising media in the Company's office area.

In addition, the code of conduct can also be accessed at any time by all employees of Bank Mandiri through the Bank Mandiri portal called the Knowledge Management System (KMS).

Effort in Implementation and Enforcement of The Code of Conduct

The employees can report alleged violations of the implementation of the code of conduct to superiors using Letter to CEO (LTC). Any action that has been proven as a violation of the code of conduct will be subject to sanctions in accordance with applicable regulations.

Efforts to implement and enforce the Bank Mandiri code of conduct are carried out with full awareness in the form of commitments, attitudes and actions, which include:

1. Statement of Compliance with the Bank Mandiri Code of Conduct

Bank Mandiri Personnel are required to read, understand well and are required to sign a "Statement of Compliance with the Bank to the Code of Conduct".

2. Commitment of Management and Entire Bank Mandiri Employees

Management's commitment and entire employees of Bank Mandiri to not receive money and/or items of gratuity and/or gifts related to their obligations or duties are published through the mass media and the Company's website.

3. Internal Disclosure of Conflict of Interest

Bank Mandiri personnel are required to make annual disclosures related to conflicts of interest each year, and each work unit is required to submit a transaction/decision report containing a conflict of interest every quarter.

4. Integrity Pact

The integrity pact is signed by officials holding authority and all partners/partners of Bank Mandiri who are involved in the process of granting credit, procurement of goods and services, and accreditation of partners. In addition, the signing of the Annual Integrity Pact was carried out by all Board of Commissioners, Directors, and Executive Officers of Bank Mandiri in an effort to implement gratuity control. All Bank Mandiri employees also sign the Integrity Pact for the application of gratuities in every 2 (two) years.

5. Awareness Program

New Bank Mandiri employees will get the Bank Mandiri Code of Conduct induction program called the jump start program, as well as continuous and consistent policy socialization.

Types of Sanctions For Code of Conduct Violation

Sanctions for Code of Conduct violation are categorized into 3 (three) types, namely sanctions of light, medium and serious. Every violation of the Code of Ethics will be subject to sanctions in accordance with the Employee Discipline Regulations in force at Bank Mandiri, including criminal sanctions stipulated in the applicable laws and regulations.

Table of Types of Sanctions for Code of Ethics Violation

Types of Violation	Sanction
Light Sanction	1. First Written Reprimand 2. Second Written Reprimand
Medium Sanction	1. First Written Warning 2. Second Written Warning 3. Written and Last Written Warning
Serious Sanction	Termination/Termination of Employment



Number of Code Violations

During 2018, there were 466 (four hundred sixty six) violations of the code of ethics with the following details:

Table of Number of Code Violations

Types of Sanctions	2018
First Written Reprimand	167
Second Written Reprimand	82
First Written Warning	65
Second Written Warning	30
Hard and Last Written Warning	20
Work Termination	72
Contract termination	30
Total	466

The number of violations of the code of ethics based on the categories of sanctions given are as follows.

Kategori	2018
Light	249
Medium	115
Severe	102
Total	466

Anti Corruption Program

Bank Mandiri has several policies related to Corruption Prevention, including internal control policies, Employee Discipline Regulations, Code of Conduct, Business Ethics and compiling Corporate Culture Values, among others, instilling integrity values from every level of Bank Mandiri.

The actions taken by Bank Mandiri to address issues of corruption practices, specifically in the Code of Conduct, have been regulated as follows:

1. Prohibit all levels of the Company from requesting or receiving, agreeing to receive a gift or reward from a third party that obtains or seeks to obtain facilities from the Company in the form of a "cash loan and non-cash loan" facility, or in order to purchase or discount letters notes, promissory notes, checks and trade papers or other proof of liability, or other facilities related to the Company's operations and those related to the procurement of goods and services from the Company.
2. Prohibition to all levels of the Bank in misusing their authority and taking advantage both directly and indirectly from the knowledge obtained from the Company's business activities to:
 - a. Personal advantage
 - b. Benefits for family members
 - c. Benefits for other parties

3. Providing sanctions from mild to severe for violators of the ban.
4. Comply with external and internal regulations.
5. In the field of credit, each loan provision must be carried out through discussion in the Credit Committee Meeting forum as a means of implementing the four-eyes principle and a check and balance process between the Business Unit as the initiator unit and Risk Management as the Risk Mitigation Unit. In the committee, the Legal Group and Compliance Group must also be present to provide legal and compliance opinions to strengthen aspects of independence, avoid domination of one unit, avoid conflict of interest and ensure objective and pressure-free decision making. To speed up the process and improve loan performance, Bank Mandiri also sets limits on the authority to decide loan based on loan exposure and the level of risk. The greater the exposure, the greater the quorum of authority holders consisting of Credit Committee members who function as Risk Management and Credit Committee members who function as Business Units.
6. All levels of the Bank must make annual disclosures that contain all the circumstances or situations that enable the occurrence of violations I do not comply with this code of conduct.
7. All levels of Bank Mandiri can provide input for performance improvement, strengthening good corporate governance and fraud prevention, through Letter to CEO (LTC), which is a means of communicating with Bank Mandiri directly to the President Director (CEO).
8. In the Cooperation Agreement with the contractors/suppliers/partners, there is a clause that includes the commitment of the party not to carry out corrupt practices and gratuities.

In order to eradicate corruption, on November 4, 2014, the Company declared a commitment to the Corruption Eradication Commission to:

1. Build a National Integrity System with a Work Culture and Spirit Prosperity approach.
2. Implement gratuity controls to support efforts to eradicate corruption in the Company.

As an implementation of the commitment, Bank Mandiri has done the following:

1. Establish a gratuity Control Unit which is part of the Compliance work unit as coordinator of gratuity control at Bank Mandiri.
2. Issue provisions regarding the gratuity control program within the Bank Mandiri, which every year or according to the needs of the Company are continually refined in line with the development of the Company and/or fulfilment of the provisions of legislation and finally as refined in 2016.
3. Conduct socialization of the gratuity control program to all levels of Bank Mandiri employees and stakeholders.

The anti-corruption related training followed by Bank Mandiri can be seen in the Anti Gratification Policy Section of the Corporate Governance Chapter in this Annual Report.

Anti Gratification Policy



Bank Mandiri realizes that gratuity control is an important activity to keep business processes in line with business ethics that uphold the value of integrity. Therefore, since 2013, Bank Mandiri has had a Operating Technical Guideline namely Gift Disclosure Statement that regulates the prohibition on receiving gratuity for all Bank Mandiri employees. In addition, Gratuity control aims to build the values of Good Corporate Governance and create integrity values for all Bank Mandiri employees. Therefore, in carrying out daily business activities with customers, vendors, partners and

all stakeholders, Bank Mandiri always based on ethics, mutual trust, and to be responsible. Thus business interests continue to run well and ethically but do not conflict with the provisions on the prohibition of gratuity. Until now, Bank Mandiri has tried to make continuous improvements in the implementation of its gratuity controls.

As an embodiment of Bank Mandiri's Integrated Prevention Commitment with Corruption Eradication Commission (KPK), which was signed on November 4, 2014, to implement gratuity controls to support efforts to eradicate corruption in Bank Mandiri, Bank Mandiri has established a Gratuity Control Unit and perfected PTO Gift The Disclosure Statement becomes a PTO for gratuity Control which came into force on July 3, 2015 and has implemented gratuity control through a continuous socialization program.

Following up on the Corruption Eradication Commission (KPK) guideline related to determining the limits of fairness and adjustments to current conditions, Bank Mandiri in carrying out daily business activities needs to maintain good cooperative relationships with customers, vendors, partners, work partners and all stakeholders based on ethics, mutual trust, and responsibility. Bank Mandiri has also refined the gratuity Control Technical Operational Guidelines (PTO) which took effect on March 1, 2018. In the refinement of the PTO for gratuity Control, a number of new things are arranged as follows:

- Adjustment of the fairness value of gratuity between fellow Bank Mandiri staff.
- Determination of the fairness value of receipt of goods gratuity specifically for disaster/disaster events.
- Determination of SLA 5 working days for the ranks of Bank Mandiri who report receipt/rejection of gratuities to UPG.

In order to support the corruption eradication program, Bank Mandiri actively participates in activities coordinated by the KPK including:

- Follow the National Tunas Integritas collaboration activity held on March 21-23 2018 in Kebumen, Central Java.
- Follow the National gratuity Control Unit Forum held on November 12-15 2018 in Bogor, West Java.
- Follow the 2018 World Anti-Corruption Day Festival held on December 4-5 2018 in Jakarta.



Bank Mandiri was re-elected for the fourth time as a BUMN (State-Owned Enterprise) with the Best Gratuity Control System.

As proof of Bank Mandiri's commitment to control gratification and eradication of corruption in Indonesia, Bank Mandiri re-elected for the fourth time as BUMN with The Best Gratification Control System by the KPK, as well announced at the World Anti-Corruption Day Festival 2018

Integrity Pact

In order to support the gratuity control program, Bank Mandiri has a program to sign the Integrity Pact which is a statement of all levels of Bank Mandiri to commit to upholding moral and integrity, protecting and maintaining the image, credibility and interests of Bank Mandiri by not requesting or receiving gratuities from parties who have conflict of interest.

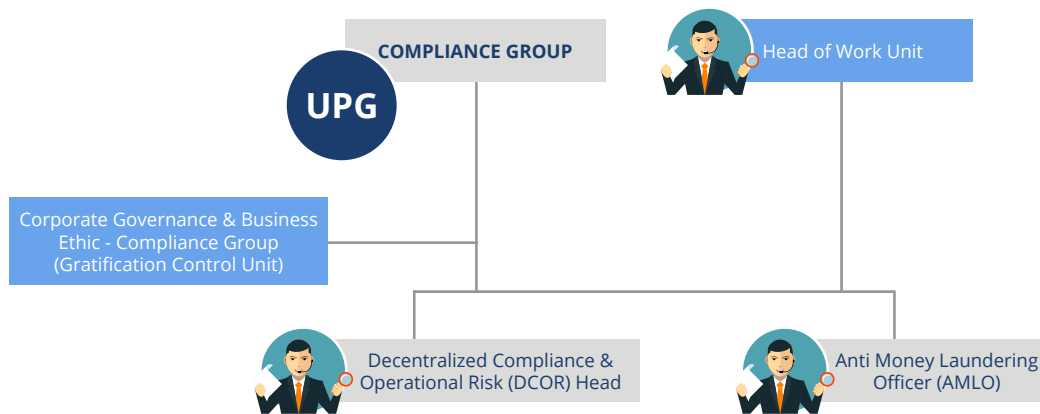
The Integrity Pact is signed by the Board of Commissioners and the Board of Directors every year. In addition, the Integrity Pact was also signed by all employees of Bank Mandiri when they first worked at Bank Mandiri and re-signing every 2 (two) years.

Management of Gratification Control

Organizational Structure of Gratification Control Units

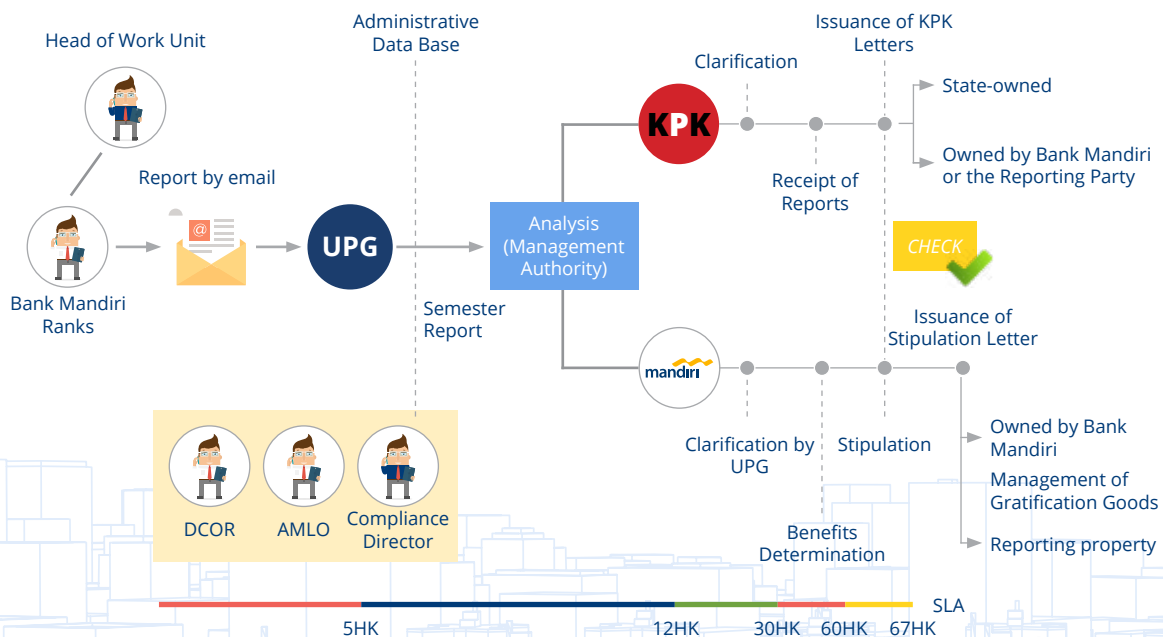
The Bank Mandiri Gratuity Control Unit (UPG) is managed by the Compliance Unit (Compliance Work Unit) at the Company, i.e. the Compliance Group. The UPG functions to control gratuities within Bank Mandiri, which in carrying out their duties are assisted by Decentralized Compliance & Operational Risk (DCOR) and Anti Money Laundering Officer (AMLO). The organizational structure of Bank Mandiri UPG is as follows:

UPG Structure of Mandiri Bank



Gratification Reporting Mechanism

Bank Mandiri has a gratuity reporting mechanism that is adjusted to the KPK reporting mechanism, with the following paths:





Socialization of Gratification Policy

Socialization related to gratification control was carried out continuously to all levels of the organization to increase awareness where in its implementation UPG coordinated with Head of DCOR and Risk Business Control -AMLO. The socialization was carried out directly to the Working Units at Headquarters, Regional Offices, Branch Offices and through regular ODP/SDP classes. Throughout the year of 2018, face-to-face socialization was conducted to approximately 1,810 Bank Mandiri employees. Other media used in disseminating gratification control policies are through the installation of Gratuity Control Posters at the Regional Offices and Headquarters, sending Email Blasts, Screen Savers, Mandiri Magazine, making gratification display cabinets and urge all Bank Mandiri partners/fellows not to provide gratification related to religious celebrations and new year through national newspaper media.

Gratification Reports In 2018

Bank Mandiri employees who receive/reject gratuities must report their receipt/rejection to the UPG via e-mail facilities no later than 5 (five) working days after receipt/rejection by filling in the reporting form accompanied by adequate supporting documents.

After receiving the report, UPG will review and classify the report on gratuities that are the authority of Bank Mandiri or the authority of the KPK. Throughout the year of 2018, numbers of reports on receipt/rejection of gratuities received by UPG were 129 reports. The receipt of reported gratuities includes in the form of bribery gratuities, perishable food/goods, goods in the framework of service, honorarium in the context of service and marriage.

Whistleblowing System

To maintain and enhance the reputation of Bank Mandiri and in line with the second pillar of Anti-Fraud Strategy (SAF), i.e. the pillar of detection, a risk control system and means are required through the Whistle Blowing System (WBS) mechanism. Bank Mandiri has provided a media report on complaints of violations named Letter to CEO (LTC). LTC aims to detect acts of fraud or indications of fraud, encourage awareness and concern for all employees as well as improve the company's reputation in the eyes of stakeholders.

Management of LTC report receipts and administration is carried out by independent third parties to provide safe-environments that encourage employees and stakeholders to dare to report fraud or indications of fraud. Types of reported fraud include corruption, fraud, theft, embezzlement and forgery. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

Purpose and Objectives of Letter to CEO (LTC)

The LTC program as one of the Anti-Fraud Strategy (SAF) programs, aims to:

1. Detect crimes of fraud or indications of fraud with reports of employees or third parties of Bank Mandiri, which can be submitted by stating their identity clearly and anonymously, which can then be carried out by the investigation process or follow-up actions.
2. Encourage awareness or concern of all employees to participate in keeping the work unit from loss due to fraud so that the quality of supervision is better, and the sense of belonging to employees becomes higher.
3. Enhancing Bank Mandiri's reputation in the eyes of Stakeholders, especially in the context of Corporate Governance that will enhance the company's image because it has adequate anti-fraud tools.

Management of The Whistleblowing System

The management of the Company's WBS is carried out by Internal Managers, i.e. the Compliance Work Unit and External Managers, i.e. RSM Indonesia, which is an independent third party appointed by Bank Mandiri. Management by RSM Indonesia includes the reception and administration activities of the LTC report. With the presence of External Managers, it can provide a safe-environment that encourages employees and stakeholders to dare to report fraud or indications of fraud. Types of reported fraud include corruption, fraud, theft, embezzlement and forgery. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

WBS management involves independent third parties. Among others, aims to:

1. Increase stakeholder confidence in the management of the WBS
2. Provide security for reporters/whistle-blowers
3. Minimize conflict of interest risk.
4. Independent and professional.
5. The reporter can monitor the status of the follow-up of the WBS report he submitted.

Flowchart Of Violation Reporting Submission



Development *Letter To CEO (LTC)*

LTC has undergone development and has been refined in 2018. This is done to improve the effectiveness of its implementation, as follows:



YEAR
2018

- LTC management involved independent party
- Reporting parties could be from either Bank Mandiri's internal or external parties
- Reported could enclose a detailed identity or anonymously (identity was only recognised by independent party)
- Reporting media were SMS/WA, e-mail, website and mail
- Extended LTC report including report of fraud/indication of fraud, non-fraud and input/idea of business process improvement

YEAR
2013

- Not enclosing reporter's identity was allowed
- Vendor could report
- Reporting method was added with LTC website
- LTC report included fraud/indication of fraud
- WBS-LTC website was managed by internal party

YEAR
2009

- Reporter Identity was obligatory
- Solely for employee
- The media was only through mail, e-mail and sms
- WBS-LTC website was managed by internal party

Submission of The Violation Report

Bank Mandiri has provided reporting media for actions or indications of fraud and/or non fraud that can harm customers and Bank Mandiri as follows:

- 1. Website**
<https://whistleblowing.tips/wbs/@bmri-lettertoceo>
- 2. Email**
bmri-lettertoceo@rsm.id
- 3. Letter**
PT RSM Indonesia melalui PO BOX 1007 JKS 12007
- 4. Short Message Services (SMS) and Whatsapp**
0811900777

BUMN
BANK MANDIRI

mandiri
Sesungguhnya, Terus-menerus, Tumbuh Bersama Anda

ayo lapor!
satu laporan Anda bermakna
untuk sustainability Bank Mandiri

identitas Anda aman
letter to ceo dikelola oleh pihak independen
segera laporkan tindakan fraud melalui sarana:
SMS & WA : 0811-900-7777
e-mail : bmri-lettertoceo@rsm.id
website : <https://whistleblowing.tips/wbs/@bmri-lettertoceo>
surat : PO BOX 1007 JKS 12007

Protection For Whistleblower

As a manifestation of the Company's commitment to maintaining the confidentiality of reporting data, Bank Mandiri provides:

1. Guarantee for the confidentiality of the reporter's identity.
2. Guarantee for the confidentiality of the contents of submitted reports.

Types of Violations That Can Be Reported

Reporting that can be delivered via LTC, among others, consists of:

1. Fraud
 - a. Corruption
Corruption is an action taken by anyone who commits an act enriching himself or another person or a corporation that can harm the state's finance or the country's economy. Examples of actions included in the category of corruption include:
 - 1) Receive bribes.
 - 2) Position Abuse.
 - 3) Cooperating with parties outside the Bank to harm the Bank.
 - 4) Blackmail.
 - b. Fraud
What is meant by fraud is to deceive the Bank, customers or third parties and/or falsify documents, signatures, physical evidence and/or all authentic evidence. Examples of actions included in the fraud category include:
 - 1) Manipulate loan application data.
 - 2) Deceive the customers as if it were a bank product but is actually a fictitious transaction.
 - 3) Manipulate Bank financial data.

- c. Theft
Theft is defined as taking what is not his right to obtain personal gain or other parties against the law. Examples of actions included in the theft category are:
 - 1) Stealing Bank data.
 - 2) Stealing money from kluis/teller desk.
 - 3) System Hacking
 - d. Embezzlement
Emblem is defined as the act of taking the property of another person in part or in whole where the control of the item already exists in the perpetrator and the possession occurs legally. Examples of actions included in the category of embezzlement are:
 - 1) Using customer funds (lapping).
 - 2) Selling Bank's stationery for personal use.
 - 3) Using petty cash for personal use.
 - e. Forgery
Forgery is the process of making or imitating objects, data, information or documents that are made as if they were true with the intention of deceiving or tricking others. Examples of actions included in the forgery examples are:
 - 1) Falsifying customer data.
 - 2) Falsifying a certificate.
 - 3) Falsifying customer documents.
 - 4) Falsifying signatures.
2. Non-fraud, including violations of norms and ethics (code of conduct), with examples of actions include:
 - a. Opening Bank secrets for personal gain.
 - b. Insider behaviour.
 - c. Immoral acts inside and outside the Bank.
 - d. Harassment.
 - e. Drug abuse.
 - f. Being involved in prohibited community activities.

Socialization of Whistleblowing System

In order to increase understanding of WBS at all levels of the organization, Bank Mandiri consistently and continuously socializes the system in various ways, including short video displays, placing posters around the office environment, PC screen savers and e-mail blasts to the board of directors of Bank Mandiri and using printed media that can be implemented by WBS more effectively in the future.

Number of Violation

During 2018, the number of violation complaint reports received through LTC media via website, call center, email, faximile, and letter are as follow:



Years	Submission Medias				Report Classification			Followed-up Report	Completed Report
	Letter	Email	Website	Others	Fraud	Non Fraud	Others		
2017	0	8	0	0	5	3	0	8	8
2018	0	7	1	0	2	2	4	8	8

Violation Reports Sanctions/Follow-Ups In 2018

Every investigated violation report and those proven as violation has received sanction based on the regulation.

Internal Fraud

Internal Fraud is carried out by the Company's internal and internal collusion with external parties. Internal audit is carried out by Internal Audit.

Internal fraud within 1 year	Number of cases committed by					
	Members of the Board of Commissioners and Members of the Board of Directors		Permanent employee		Non-Permanent Employees and Outsourcing Personnel	
	Previous year (2017)	Current year (2018)	Previous year (2017)	Current year (2018)	Previous year (2017)	Current year (2018)
Total Fraud	-	-	68	35	34	8
Has Been Completed	-	-	68	35	34	8
In the Settlement Process in the Internal Bank	-	-	-	-	-	-
Settlement has not been attempted	-	-	-	-	-	-
Followed Through Legal Process	-	-	-	-	-	-

Management of Reports of State Officials Wealth (LHKPN)

Policy of State Officials Wealth Reports (LHKPN)

Bank Mandiri has a policy regarding the reporting implementation of State Officials Wealth Reports (LHKPN) based on Directors Decree No. KEP.DIR/147A/2017 dated June 21, 2017 concerning State Officials Wealth Reports (LHKPN) in the Environment of PT Bank Mandiri (Persero) Tbk. This policy regulates the Company's employees who are required to report their assets, delivery procedures, LHKPN administrator and work unit, as well as sanctions that can be imposed on employees who do not carry out their reporting obligations.

Mandatory Report of State Officials Wealth Reports (LHKPN)

Based on the LHKPN Policy above, Mandatory Report of LHKPN are Structural Officers within Bank Mandiri, namely:

1. Member of Commissioners Board
2. Members of Directors Board
3. Senior Executive Vice President

4. Executive Officers reported to Bank Indonesia, namely:
 - a. Regional CEO
 - b. Group Head and Group Head Level Officials
 - c. Branch Head whose office licenses from Bank Indonesia covering Branch Offices and Foreign Branch Offices
5. Employees placed as Directors/ Commissioners Board in Subsidiaries and Pension Funds
 - a. submitting LHKPN as well as socializing the obligations to the LHKPN.
 - b. Coordinating with the Ministry of State-Owned Enterprises and KPK regarding the management and administration of the LHKPN Compulsory Application.
2. e-LHKPN Management Administrators is a Corporate Secretary Group and Human Capital Services Group with the following scope of duties:
 - a. Managing and updating data required to report LHKPN within Bank Mandiri as well as updating the data of mandatory report LHKPN in Bank Mandiri office environment.
 - b. Managing and monitoring LHKPN reporting obligations within Bank Mandiri.

Manager of LHKPN

LHKPN reporting manager consists of LHKPN Management Coordinator and e-LHKPN Management Administrators with this following details:

1. LHKPN Management Coordinator is the Corporate Secretary and Group Head Human Capital Services with the following scopes of duties:
 - a. Coordinating with Corruption Eradication Commission (KPK) in monitoring, filling, and

LHKPN Reporting In 2018

Based on LHKPN reporting until the end of 2018, of the 288 mandatory reports there are 185 people who have fulfilled their reporting obligations.

Implementation of Integrated Governance

In accordance with Financial Services Authority Regulation No. No.18/POJK.03/2014 concerning the Implementation of Integrated Governance for the Financial Conglomerate, Bank Mandiri as the Main Entity in the financial conglomerate with 11 (eleven) Subsidiaries, has compiled the Integrated Governance Guidelines as a reference for Bank Mandiri and all Subsidiaries within the Bank Mandiri business group. Bank Mandiri has also perfected the governance organs by establishing the TKT Committee, Integrated Compliance Unit, Integrated Risk Management Work Unit and Internal Audit Work Unit.

Integrated Governance Report

Self Assessment Report of Integrated Governance During 1 (One) Year of Book

Self-assessments of Bank Mandiri and Subsidiaries are carried out by referring to Financial Services Authority's Circulating Letter No. 15/SEOJK.03/2015 concerning Implementation of Integrated Governance for Financial Conglomerates and referring to the Subsidiary sectoral regulations.

Assessment is carried out on 3 (three) aspects of governance, namely structure, process and outcome in the 7 (seven) Assessment Factors of the following Integrated Governance Implementation:

1. Implementation of the duties and responsibilities of the Main Entity Directors
2. Implementation of the duties and responsibilities of the Main Entity Board of Commissioners
3. Tasks and responsibilities of the Integrated Governance Committee
4. Duties and responsibilities of the Integrated Compliance Work Unit
5. Duties and responsibilities of the Integrated Internal Audit Work Unit
6. Implementation of Integrated Risk Management, and
7. Preparation and implementation of Integrated Governance Guidelines

The Integrated Governance assessment every semester involves the whole Board of Directors and Board of Commissioners, Risk Management Unit, Internal Audit Unit, Compliance Unit and Corporate Secretary and all Subsidiaries.

The results of the Integrated Governance assessment during 2018 are as follows:

Assessment of Semester I year 2018

Grade	Grade Definition
1 (very good)	The Financial Conglomerate is considered to have implemented Integrated Governance which is very good generally. This is reflected in the very adequate fulfillment of the application of the Integrated Governance principle. If there are weaknesses in the implementation of Integrated Governance, in general these weaknesses are not significant and can be immediately corrected by the Main Entity and/or Financial Services.

The assessment of Integrated Governance implementation is carried out by Bank Mandiri by involving all Subsidiaries.

Bank Mandiri conglomerate has implemented the Integrated Governance which is generally very good, namely by fulfilling the three aspects of Integrated Governance which consist of aspects of structure, process and results.

From a structural aspect, Bank Mandiri has established the Integrated Governance, SKKT, SKAIT and SKMRT Committees. Bank Mandiri has also been compile Integrated Governance Guidelines which become the preparation of the Corporate Governance Guidelines for all Subsidiaries. On semester I 2018, Bank Mandiri has finished drafting the Membership Decree of the Integrated Governance Committee.

From the process aspect, Bank Mandiri has followed up on the findings of internal and external audits. In addition, in the first half of 2018, Bank Mandiri conducted audits of several subsidiaries, namely AXA Mandiri Financial Services, Mandiri Securities, Bank Mandiri Taspen and Mandiri Manajemen Investasi (Mandiri Investment Management) in accordance with the Annual Audit Plan (AAP).

From the results aspect, Bank Mandiri has established a Integrated Governance Committee and has created Integrated Governance Guidelines. In addition, Compliance Work Unit, SKAIT and SKMRT have carried out their duties well and have always reviewed the effectiveness of TKT and documented well.

Among 7 (seven) parameters contained in Financial Services Authority's Circulating Letter No. 15/SEOJK.03/2015, it can be stated that all these parameters have been implemented very well. However, in the first semester of 2018, there were several Directors and Board of Commissioners of Subsidiaries who have not passed the Fit and Proper Financial Services Authority.

Assessment of Semester II Year 2018

Grade	Grade Definition
1 (very good)	The Financial Conglomerate is considered to have implemented Integrated Governance which is generally very good. This is reflected in the very adequate fulfillment of the application of the Integrated Governance principle. If there are weaknesses in the implementation of Integrated Governance, in general these weaknesses are not significant and can be immediately corrected by the Main Entity and/or Financial Services.

The assessment of TKT implementation is carried out by Bank Mandiri by involving all Subsidiaries.

The Bank Mandiri conglomerate has implemented the Integrated Governance which is generally very good, namely by fulfilling the three aspects of Integrated Governance which consist of aspects of structure, process and results.

From the structural aspect, all the Board of Commissioners and Directors have passed Fit and Proper Test, while there were several Board of Commissioners and Directors of Subsidiaries that were still in the process of Fit and Proper Test, but the numbers were reduced compared to the first semester of 2018.

From the process aspect, the Integrated Governance Committee has conducted meetings 2 (two) times, in accordance with the regulatory provisions. SKAIT has conducted audits of Subsidiaries in accordance with the 2018 Annual Audit Plan. All Subsidiaries have submitted the Quarterly Compliance Reports to Compliance Work Unit period quarter III and IV in 2018.

From the result aspect, all members of Bank Mandiri Financial Conglomerate have carried out their tasks through

governance aspects, and documented the implementation of duties and responsibilities properly. Among 7 (seven) parameters contained in Financial Services Authority's Circulating Letter No. 15/SEOJK.03/2015, it can be stated that all these parameters have been implemented very well. However, there are still some aspects that must be improved.

Structure of Financial Conglomeration

Financial conglomerate structure of Bank Mandiri consists of Bank Mandiri as the Main Entity, as well as 11 (eleven) Subsidiaries and 3 (three) Sub-subsidiary engaged in various sectors. Bank Mandiri's financial conglomerate structure is as follows:



Structure of Financial Conglomerates

From 31 Desember 2018, structure of share ownership Bank Mandiri are as follows:

No.	Corporates	Composition	Percentage
1.	Bank Syariah Mandiri	Bank Mandiri	99.99%
		Mandiri Sekuritas	0.01%
2.	Mandiri Sekuritas	Bank Mandiri	99.99%
		Koperasi Mandiri	0.01%
3.	Mandiri Tunas Finance	Bank Mandiri	51.00%
		Tunas Ridean	49.00%



No.	Corporates	Composition	Percentage
4.	Mandiri AXA General Insurance	Bank Mandiri	20.00%
		AXA	80.00%
5.	AXA Mandiri Financial Services	Bank Mandiri	51.00%
		AXA	49.00%
6.	Mandiri Taspen	Bank Mandiri	51.007%
		Taspen	48.416%
		Perorangan	0.507%
7.	Mandiri International Remittance	Bank Mandiri	100.00%
8.	Bank Mandiri Europe Limited	Bank Mandiri	100.00%
9.	Mandiri Inhealth	Bank Mandiri	80.00%
		Kimia Farma	10.00%
		Asuransi Jasa Indonesia	10.00%
10.	Mandiri Utama Finance	Bank Mandiri	51.00%
		Tunas Ridean	12.00%
		Asco	37.00%
11.	Mandiri Capital Indonesia	Bank Mandiri	99.98%
		Mandiri Sekuritas	0.02%

Committee Structure of Financial Conglomerates

Based on Financial Services Authority Regulation No. 18/POJK.03/2014 concerning Management Application of Financial Conglomerates, the committee structure of Bank Mandiri Financial Conglomerates can be explained in the following table:

GCG Mechanism	Subsidiaries										
	BSM	MS	MTF	MAGI	AMFS	BMT	MIR	BMEL	MI	MUF	MCI
1. Guidelines of Corporate Management	√	√	√	√	√	√	√	√	√	√	√
2. Compliance Work Unit	√	√	√	√	√	√	√	√	√	√	√
3. Internal Audit Work Unit	√	√	√	√	√	√	√	√	√	√	√
4. Risk Management Work Unit	√	√	√	√	√	√	√	√	√	√	√

Board of Commissioners and Directors of Bank Mandiri Financial Conglomerates

Board of Commissioners and Directors of Bank Mandiri have duties and responsibilities related to Integrated Governance namely:

Board of Commissioners :

1. Supervising the implementation of duties and responsibilities, and providing advice to Bank Mandiri Board of Directors as stipulated in the Articles of Association and applicable laws.
2. Supervising the implementation of Integrated Governance.

Directors :

1. Having full responsibility for the implementation of Bank Mandiri management.
2. Managing Bank Mandiri in accordance with the authority and responsibility as stipulated in the Articles of Association and the applicable laws and regulations.
3. Ensuring the application of Integrated Governance in financial conglomerates.

4. Arranging and informing Integrated Governance Guidelines to all Subsidiaries.
5. Directing, monitoring and evaluating the implementation of Integrated Governance Guidelines.
6. Following up on the direction/advice of Bank Mandiri Board of Commissioners in order to improve the Integrated Governance Guidelines.

Beside Bank Mandiri, the Management Structure in Mandiri Group consists of the Board of Commissioners, the Board of Directors and the Sharia Supervisory Board of Subsidiaries. All of those have the responsibility assigned in the Integrated Governance Guidelines as follows:

Board of Commissioners :

1. Supervising the implementation of governance, duties and responsibilities of the Board of Directors and following up on audit results from internal and external parties.
2. Establishing committees or appointing parties to carry out functions that support the duties and responsibilities of the Board of Commissioners at least audit committees/functions, and compliance monitoring committees/functions.
3. Organizing Board of Commissioners meetings which at least includes frequency, attendance and decision making procedures.
4. Compiling the Board of Commissioners' work rules.

Directors :

1. Implementing the principles of corporate governance.
2. Preparing the Corporate Governance Guidelines
3. Following up on audit results and recommendations from the Internal Audit Unit, external auditors, and the results of supervision from the authorities.
4. Organizing Board of Directors meetings.
5. Developing work rules that at least include the procedures for decision making and meeting documentation.



Sharia Supervisory Board :

1. The Sharia Supervisory Board must carry out its duties and responsibilities in accordance with the principles of Governance.
2. The Sharia Supervisory Board is responsible for providing advice to the Board of Directors and monitoring activities in accordance with Sharia Principles.
3. The implementation of the duties and responsibilities of the Sharia Supervisory Board is adjusted to the applicable laws and regulations in each Subsidiary.
4. Members of the Sharia Supervisory Board must provide sufficient time to carry out their duties and responsibilities optimally.
5. Arranging the work rules of the Sharia Supervisory Board.

Bank Syariah Mandiri

Board of Commissioners	
Mulya E. Siregar	President Commissioner/ Independen Commissioner
Bambang Widianto	Independen Commissioner
Dimas Oky Nugroho ^{*)}	Independen Commissioner
Dikdik Yustandi	Commissioner

^{*)} Still in the process of fit and proper test by OJK

Directors	
Toni Eko Boy Subari	President Director
Achmad Syafii	Director
Putu Rahwidhiyasa	Director
Kusman Yandi	Director
Ade Cahyo Nugroho	Director

Board of Sharia Supervisory	
Ma'ruf Amin	Chairman of Board of Sharia Supervisory
Mohamad Hidayat	Board of Sharia Supervisory
Muhammad Syafii Antonio	Board of Sharia Supervisory

Mandiri Sekuritas

Board of Commissioners	
Darwin Cyril Noerhadi	President Commissioner/ Independent Commissioner
Wien Irwanto	Commissioner
Riduan	Commissioner

Directors	
Silvano Winston Rumanir	President Director
Lisana Irianiwati	Director
Heru Handayanto	Director

Mandiri Tunas Finance

Board of Commissioner	
Rico Adisurja Setiawan	President Commissioner
Harry Gale	Commissioner
Ravik Karsidi	Commissioner

Directors	
Arya Suprihadi	President Director
Harjanto Tjitohardjojo	Director
Armendra	Director

Mandiri International Remittance Sdn.Bhd.

Directors	
Wahyu Surahmat	President Director
M Fodli	Director
Diah Natalin Saragih	Non Executive Director
Siti Kamaliyah	Non Executive Director

Mandiri AXA General Insurance

Board of Commissioner	
Kepas Antoni Adrianus Manurung	Head Commissioner
Ramanathan Kumar Guru	Commissioner
Frans A. Wiyono	Independent Commissioner
Indra Noor	Independent Commissioner

Directors	
Paul Henri Rastoul	President Director
Sylvain E.C. Ducros	Director
Eddy Alfian	Director

AXA Mandiri Financial Services

Board of Commissioner	
Agus Haryoto Widodo	President Commissioner
Paul Henri Nicolas Pierre Marie Rastoul	Commissioner
Akhmad Syakhroza	Independent Commissioner
Wihana Kirana Jaya	independent Commissioner

Directors	
Handojo Gunawan Kusuma	President Director
Henky Oktavianus	Director
Cecil Mundisugih	Director

Bank Mandiri Taspen

Board of Commissioner	
Abdul Rachman	President Commissioner
Agus Haryanto	Commissioner
Edhi Chrystanto	independent Commissioner
Sukoriyanto Saputro	independent Commissioner
Zudan Arief Fakrulloh	independent Commissioner

Directors	
Josephus Koernianto Triprakoso	President Director
Paulus Endra Suyatna	Director
Nurkholis Wahyudi	Director
Fajar Ari Setiawan ^{*)}	Director
Iwan Soeroto	Director

^{*)} Still in the process of fit and proper test by OJK

Mandiri Capital Indonesia

Board of Commissioner	
Joseph Georgino Godong	President Commissioner
Rahmat Broto Triaji	Commissioner

Directors	
Mardianto Eddiwan Danusaputro	President Director
Hira Laksamana	Director

Mandiri Inhealth

Board of Commissioner	
Sentot A. Sentaosa	President Commissioner
Banmbang Wibowo	Independent Commissioner
Ali Ghufron Mukti	Independent Commissioner

Directors	
Iwan Pasila	President Director
Bugi Riagandhy	Director
Wahyu Handoko	Director
Rahmat Syukri	Director

Mandiri (Europe) Limited

Board Member	
Mahendra Siregar	Independent Non Executive Director & Chairman
John Kenrick Williams	Independent Non Executive Director
Ita Tetralaswati	Non Executive Director
I Nyoman G. Suarja	Executive Director & Chief Executive

Integrated Governance Committee

Bank Mandiri has established a Integrated Governance Committee consisting of Bank Mandiri Independent Commissioners and Independent Subsidiary Commissioners for each industry. The Integrated Governance Committee has the fewest duties and responsibilities:

- Evaluating internal implementation and the compliance function implementation in an integrated manner. In conducting evaluations, the Integrated Governance Committee obtains information in the form of an evaluation of the implementation of internal audits and the compliance function of each of the Subsidiaries from the members of the Board of Commissioners of each Subsidiary Company, who become the members of the Integrated Governance Committee.
- Providing recommendations to Bank Mandiri Board of Commissioners, regarding:
 - Results of evaluation of Integrated Governance implementation;
 - Completion of Integrated Governance Guidelines.

During 2018, Integrated Corporate Governance Committee has conducted 2 (two) meetings as follows:

Date	Agenda
May 16, 2018	<ol style="list-style-type: none"> Follow ups of Onsite Review Financial Services Authority Results and meeting of Integrated Governance committee Semester II/2017. Update the Result of Integrated Internal Audit Semester II/2017. Self Assessment Result of Integrated Governance Semester II/2017. Work Plan of Integrated Work Unit year 2018.
December 10, 2018	<ol style="list-style-type: none"> Follow-up of the Integrated Governance Committee Meeting May 16, 2018. Integrated Governance Self Assessment Results Semester I/2018. Realization of the Integrated Work Unit Work Plan.

Integrated Compliance Work Unit

In line with the implementation of Financial Services Authority Regulation No. 18/POJK.03/2014, Bank Mandiri has established a Compliance Group as SKKT which oversees the implementation of the compliance function at Mandiri Group. The duties and responsibilities of Compliance Work Unit are as follows:

- Monitoring and evaluating the implementation of the compliance function in all Subsidiaries.
- Preparing a report on the implementation of integrated compliance with the Director Subordinating the Compliance Function and the annual report of Integrated Governance.
- Organizing forums with subsidiaries regarding the implementation of the integrated compliance function



During 2018, SKKT Bank Mandiri has carried out several initiatives in the context of implementing Integrated Governance as follows:

1. Alignment of compliance policies and compliance risk management mechanisms.
2. Quarterly, receiving and reviewing compliance reports of subsidiaries.
3. Quarterly, preparing reports on the implementation of integrated compliance.
4. Discussion forum with subsidiaries to discuss the assessment of compliance risk profiles (forward looking) and mitigation of compliance issues that occur in subsidiaries.
5. Strengthen communication with Subsidiaries regarding the submission of Subsidiary Compliance Reports.
6. Mentioning the framework of compliance functions management report in subsidiaries based on internal provisions of Bank Mandiri to strengthen the synergy in managing the integrated compliance function.
7. Delivering a list of compliance with new regulations to subsidiaries, ensuring fulfillment of obligations in the new regulations.

Integrated Internal Audit Work Unit

Bank Mandiri has established Internal Audit as SKAIT which is independent to the operational work unit. SKAIT, in this case is Internal Audit, has also collaborated with first line and second line Bank Mandiri and the Subsidiary's Internal Audit to ensure the effective implementation of internal control functions in Mandiri Group.

SKAIT has the duties and responsibilities contained in the Integrated Governance Guidelines as follows:

1. Carrying out audits on Subsidiary Companies either individually, joint audits or based on reports from the Subsidiary Internal Audit Unit;
2. Monitoring the implementation of Internal audits in each Subsidiary Company by conducting:
 - a. Evaluation of Subsidiaries SKAI audit plan in order to align the integrated audit plan;
 - b. Evaluation of internal and external audits results of subsidiaries and the follow-ups to prepare an integrated internal audit report.

During 2018, Bank Mandiri's SKAIT has ensured the implementation of internal control functions in subsidiaries by:

1. Carrying out an audit of 11 (eleven) subsidiaries.
2. Evaluating and aligning audit plans with subsidiaries before compiling the Annual Audit Plan (AAP) of Bank Mandiri and Subsidiaries.
3. Reviewing the Subsidiary SKAI Audit Report and its follow-ups on a quarterly basis.
4. Compiling Reports on the Implementation of Integrated Internal Audit Functions.

In addition, Bank Mandiri SKAIT also does a number of things in order to improve the functions of the Integrated SKAI as follows:

1. Placement of Head of SKAIT in the majority of Subsidiary Companies by considering SKAIT recommendations.
2. Implementation of Subsidiary Audit Committee Meetings that may invite SKAIT.
3. Organizing the Mandiri Group SKAI forum regularly.

Integrated Risk Management Work Unit

Bank Mandiri sets the Credit Portfolio Risk Group as SKMRT, which is independent of other operational work units and has adequate policies, procedures and risk limits. SKMRT has the duties and responsibilities contained in the TKT Guidelines, including the following:

1. Providing input to the Board of Directors in the preparation of integrated risk management policies.
2. Monitoring the implementation of integrated risk management policies including developing procedures and tools for risk identification, measurement, monitoring and control.
3. Monitoring risks in financial conglomerates based on the results of the assessment:
 - a. Risk profile of each Subsidiary in the Financial Conglomerates;
 - b. Integrated risk level of each risk;
 - c. Integrated risk profile.
4. Managing stress testing.
5. Carrying out periodic reviews to ensure:
 - a. The accuracy of the risk assessment methodology;
 - b. Adequacy of implementation of management information systems;
 - c. Integrated accuracy of policies, procedures and risk limits.
6. Reviewing strategic proposed new business lines that can be significantly influential on the risk exposure of financial conglomerates.
7. Providing information to the integrated risk management committee on matters that need to be followed up regarding the results of the evaluation on the implementation of integrated risk management.
8. Providing input to the integrated risk management committee, in order to organizing and improving integrated risk management policies.
9. Arranging and submitting an integrated risk profile report periodically to the Directors in charge of the integrated risk management function and to the integrated risk management committee.

During 2018, SKMRT has carried out several initiatives in the context of implementing integrated risk management as follows:

1. Active management supervision through regular forums and committees.
2. Monitoring sustainable risk awareness improvement through the Risk Awareness Survey (RAWS).
3. Improving the risk management process for Subsidiaries on methodologies, processes and policies through on-site review and assistance.
4. Reviewing the methodology for assessing Risk Based Bank Rating at Banks and Subsidiaries.
5. Aligning the preparation methodology of Risk Appetite Statement, Stress Test and IFRS 9.
6. Developing the Risk Assessment Consolidation Generator (RACER) System as an Integrated Risk Management Information System.
7. Preparing the Reports of Subsidiaries Risk Profile Highlights (quarterly).

Intragrup Transaction Policy

The development of Bank Mandiri and its subsidiaries aggressively in various business segments, making Banks and its Subsidiaries synergize and collaborate in one business ecosystem. This raises the exposure of intragroup transactions within the Mandiri Group. The Bank always keeps the Intragroup Transactions in accordance with external and internal rules both in terms of exposure and process.

All intragroup transaction processes and cooperation established within the Mandiri Group are carried out in accordance with applicable internal provisions (Risk Management Policy (KMNR), Risk Based Bank Rating Procedure Standards (SP RBBR) and RBBR Technical Operational Guidelines (PTO)) and are always guided by Mandiri Subsidiaries Management Principles Guidelines, namely guidelines for Mandiri Group in building an ecosystem of business collaboration. The policy regarding the risk of intragroup transactions at Bank Mandiri refers to Financial Services Authority Regulation No. 17/POJK.03/2014 dated November 18, 2014 and Financial Services Authority's Circulating Letter No.14/SEOJK.03/2015 dated 25 May 2015 concerning Integrated Risk Management for Financial Conglomerates.

The Bank constantly monitors business performance and risks arising from the business synergy of the Bank and Subsidiaries. In this case, the Bank always ensures that Intragroup Transactions within the Mandiri Group are always in accordance with the rules and limits set by the Regulator.

Mandiri Subsidiaries Management Principle Guideline (MSMPG)

Mandiri Subsidiaries Management Principles Guideline (MSMPG) is a guideline for Bank Mandiri and Subsidiaries in building an ecosystem of business collaboration through a culture of performance. It aims to create additional value for Bank Mandiri and its subsidiaries on an ongoing basis, by adhering to the principles of GCG and the Articles of Association of each of the Subsidiaries.

The principles of managing Bank Mandiri subsidiaries are in accordance with the provisions of MSMPG covering Integrated Governance activities, Financial Reports, Anti Money Laundering, and Prevention of Terrorism Funding (APU-PPT), Human Resources, Procurement, Synergy of Subsidiary Business, Strategy & Performance, Corporate Culture Values, Information Technology Cooperation, Data Management, Corporate Sustainability Principles, Controllers of Gratification and Investment Management.

MSMPG is implemented by referring to the basic principles of managing Subsidiaries as follows:

- Subsidiaries are separated entities from Bank Mandiri.
- Management of subsidiaries is carried out professionally and does not intervene in the operational activities of subsidiaries.
- Management of Subsidiary Companies is carried out without disregarding the duties and responsibilities of the Board of Directors and Board of Commissioners of the Subsidiaries in accordance with the Articles of Association.

The management of Subsidiary Companies is aimed at optimizing sustainable profits, reducing risks, fulfilling regulatory requirements, and good governance.



Buyback Share and Buyback Bond

In 2018, there was no stock buyback share or buyback bond.

Provision of Related Party Funds

With reference to the internal policies of Bank Mandiri regarding lending, the provision of funds to related parties (individuals or groups, including executive officers, Board of Directors and Commissioners of the Bank) had been fairly exercised on reasonable terms with the approval of the Board of Commissioners.

The provision of 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 reasonable benefits to the Company as well as the provision shall be subject to the approval of the Board of Commissioners. As one form of supervisory function implementation by the Board of Commissioners in the field of credit, lending over IDR 3 trillion individually should be reported quarterly to the Board of Commissioners. Reported loans were credits that had been terminated within 3 (three) months of the reporting period.

Related Information of the Provision of Related Party Funds is in the Management Analysis and Discussion section of this Annual Report.

Table Number of Provision of Funds for Parties Regarding Position in December 2018

No.	Provision of Funds	Total	
		Debtor (person)	Nominal (billion IDR)
1.	To Related Parties	16 Debtors consisting of Subsidiaries Subsidiaries and Foreign Offices and 352 executive officers	10.159
2.	To Core Debtors		
	a. Individu	-	-
	b. Group	25	247.939
	Total Core Debtor	25 Group debtors	247.939

Bank Strategic Plan

The Bank's Strategic Plan, both long and medium term, has been explained in the section on Bank Mandiri Strategy in 2018 Chapter Management Discussion and Analysis in this Annual Report.

Transactions Containing Conflict of Interest

Throughout 2018, there were no transactions that contained conflicts of interest as stated in the BAPEPAM-LK No. IX.E.1 concerning Conflict of Interest.

Internal Dispute of Bank Mandiri

During 2018, there were no internal disputes at Bank Mandiri relating to owner intervention, remuneration policies and other causes.

Prevention of Insider Trading

Internal provisions related to Insider Trading actions are implemented by Bank Mandiri contained in the Bank Mandiri Policy Architecture and Standard Corporate Secretary Guidelines. As for the Bank Architecture Policy, Bank Mandiri has stipulated that "all Bank Offices are only permitted to conduct securities transactions, foreign exchange trading, precious metals, derivative transactions and other goods for their own interests if there is no conflict of interest, violation of Insider Trading regulations from the Capital Market Authority and other regulations."

1. Insiders who have insider information, such as information in the form of information about the Bank's financial situation, Bank activity plans and/or other unpublished material information which should be expected to influence the decisions of investors or shareholders, are prohibited from buying and/or selling Bank shares.
2. In-person who has insider information is prohibited from influencing any party including the Insider's family to make a purchase or sale of shares.
3. Insiders other than the Board of Directors and Board of Commissioners who commit violations as stipulated above and proven to conduct transactions and/or provide insider information will be the subject to disciplinary sanctions as stipulated in the Human Resources Guidelines Standard.
4. The Board of Directors and the Board of Commissioners and parties due to their position, profession/relationship with the Bank that carries out insider trading liability in accordance with applicable regulations.
5. Annual Disclosure/Annual Statement includes a ban on insider trading. The obligation to give an annual statement to the Bank's ranks is regulated in the code of conduct and/or Human Resources Guidelines Standard.

Transparency of Financial and Non Financial Conditions

Bank Mandiri fulfills the obligation of transparency and publication of financial and non-financial conditions in accordance with applicable regulations, through the delivery and publication of information through the print media and the Company's website as follows:

1. Monthly Financial Reports to regulators, which are also published through the BI and Bank Mandiri websites.
2. Quarterly Financial Reports to regulators, which are also published through the print media and website of the Company.
3. The Bank Mandiri Annual Report is prepared and presented in accordance with the provisions and submitted to regulators, rating agencies, banking development institutions, research institutions/institutions and financial magazines and published through the Company's website.
4. Information on Corporate Governance, which includes the Annual Report of Corporate Governance, Visions, Missions, Corporate Values, Compositions and Profiles of the Board of Commissioners and Directors, as well as internal provisions related to governance ranging from the Articles of Association to the Charter of Committees published through Bank Mandiri website.
5. Information on Company Products and Services including office network is published through the Annual Report and Bank Mandiri website, so customers, investors and the wider community can easily access information on Bank Mandiri products and services.
6. Information on the Procedure for Submitting Complaints, Information Security and Tips for Customers in using banking services published through Bank Mandiri website for the implementation of consumer protection provisions.
7. Other information that aims to support information disclosure, financial education and services to the public.



Application of Public Listed Company Governance Guidelines

No	Aspects; Principles; Recommendation		Comply or Explain
A.	Aspect 1 : Relationship between Public Companies and Shareholders in guaranteeing the Rights of Shareholders.		
A.1.	Principle 1: Improving the Value of Organizing General Meeting of Shareholders (GMS).		
A.1.1.	<p>Recommendation 1 : Public companies have technical or voting methods or procedures, both openly and closed, that prioritize independence, and the interests of shareholders.</p> <p>Explanation : Every share altogether with issued vote rights have one share one vote. Shareholders may use their votes in decision making process, especially in the process that requires voting. However, decision making in the form of voting both openly and closed have not been regulated completely.</p> <p>Public company is recommended to have voting procedure in decision making process in any agenda of General Meeting of Shareholders. The procedure of voting have to secure the independence of shareholders. For example, open voting is done by raising hands in accordance with the instruction offered by the head of the GMS. Meanwhile, in a closed vote, the process is carried by using a sound card or by using electronic voting to facilitate decisions that require confidentiality or the request of shareholders.</p>	<p>In the Annual General Meeting of Shareholders (RUPS) and Extraordinary RUPS, Bank Mandiri has carried out the voting process both openly and closed as stated in Rules of Conduct of the Annual Meeting of Shareholders.</p> <p>At the 2017 Annual General Meeting of Shareholders, the mechanism for open voting was carried out by raising hands and then submitting a voting card to those who did not agree. Meanwhile the closed voting mechanism was carried out with the people in charge approaching all shareholders, and then shareholders put the sound card into the box provided by the people in charge.</p> <p>The Company has made the General Meeting of Shareholder's Rules that can be uploaded on the Company's website and distributed to Shareholders at the time of the GMS.</p> <p>Description: Comply</p>	
A.1.2.	<p>Recommendation 2 : The entire members of Board of Directors and Commissioners of Public Company present in Annual General Meeting of Shareholders.</p> <p>Explanation : The presence of entire members of Board of Directors and Commissioners of Public Company aims at the goal that every members of Board Directors and Commissioners can pay attention, explain, and answer the problems happening in the company or questions given by shareholders related any agenda in General Meeting of Shareholders directly.</p>	<p>At the 2017 Annual General Meeting of Shareholders, the entire members of Board of Directors and Commissioners presented.</p> <p>Description: Comply</p>	
A.1.3.	<p>Recommendation 3 : The summary of all aspects in General Meeting of Shareholders is available in Website Site of Public Company at least one (1) year.</p> <p>Explanation : Based on the provisions in Article 34 paragraph (2) of the Financial Services Authority Regulation No. 32/POJK.04/2014 concerning the Plans and Implementation of General Meeting of Shareholders of Public Companies, Public Companies are required to make summary of GMS in Indonesian and foreign languages (minimum in English), and it had to be announced 2 (two) working days after the GMS was held to the public, one of which was through the Public Company Website. The availability of GMS summaries on the Public Company Website provides an opportunity for shareholders who are not present to obtain important information in the implementation of the GMS easily and quickly. Therefore, the provisions concerning the minimum period of availability of GMS summary on the Website are intended to provide sufficient time for shareholders to obtain such information.</p>	<p>The Summary of the Annual GMS for the Fiscal Year 2017, both in Indonesian and English, has been announced 2 (two) working days after the GMS, namely March 23, 2018 through Bisnis Indonesia and The Jakarta Post newspapers and has been uploaded on the website of Bank Mandiri, IDX and OJK Electronic Reporting System. On the website of Bank Mandiri, information has been provided regarding the implementation of the GMS, including a Summary of GMS for the past 5 (five) years.</p> <p>In addition, Bank Mandiri has compiled GMS Highlights in both Indonesian and English which are uploaded 1 (one) working day after the GMS is held on the Bank Mandiri Website.</p> <p>Description: Comply</p>	
A.2.	Principle 2 : Increasing the Quality of Public Company Communication with Shareholders or Investors.		

No	Aspects; Principles; Recommendation		Comply or Explain
A.2.1.		<p>Recommendation 4 : Public companies have a particular communication policy with shareholders or investors.</p> <p>Explanation : The availability of communication between public companies and shareholders or investors is intended, so shareholders or investors get a clearer understanding of information that has been published to the public, such as periodic reports, information disclosure, business conditions or prospects and performance, and implementation of public corporate governance. In addition, shareholders or investors can also submit input and opinions to the management of the Public Company. The communication policy with shareholders or investors shows the commitment of the Public Company in carrying out communication with shareholders or investors. These policies can include strategies, programs, and timing of communication implementation, as well as guidelines that support shareholders or investors to participate in the communication</p>	<p>Bank Mandiri has a communication policy with shareholders or investors as stipulated in the Standard Guidelines for Corporate Secretary (SPCS) Chapter III.A.I.Related to Information Disclosure.</p> <p>Information disclosure to stakeholders has been prepared by referring to the Capital Market provisions and other relevant laws and regulations, which can be briefly grouped into:</p> <ol style="list-style-type: none"> Periodic and incidental reporting to related institutions (Financial Services Authority, Bank Indonesia, LPS, Ministry of Law and Human Rights, Indonesia Stock Exchange) and reporting through the Electronic Reporting System. General Meeting of Shareholders (GMS) Implemented in accordance with the provisions of the laws and Articles of Association of Bank Mandiri consisting of the annual GMS and other GMS (Extraordinary GMS) Carrying out other activities related to corporate action and/or information disclosure which include: <ul style="list-style-type: none"> - Public Expose (quarterly) - Analyst Meeting (quarterly) <p>The Public Expose and Analyst Meeting held every quarter is intended to include information to the public and investors regarding conditions, business prospects, performance, and implementation of corporate governance.</p> <p>Description: Comply</p>
A.2.2.		<p>Recommendation 5 : The Public Company discloses the communication policy of the Public Company with shareholders or investors on the Website.</p> <p>Explanation : Disclosure of communication policy is a form of transparency on the commitment of the Public Company in providing equality to all shareholders or investors as the form of implementation of communication. The disclosure of information also aims to increase the participation and role of shareholders or investors in the implementation of the Public Company communication program.</p>	<p>The Company has a communication of Public Company policy with shareholders or investors as outlined in the Standard Guidelines for Corporate Secretary (SPCS) Chapter III.A.I. Information Disclosure. This policy has been disclosed on the Website. In addition, Bank Mandiri always manages information on the Website so that shareholders or investors can immediately obtain the latest information related to Bank Mandiri, both about Products/ Services, Performance, Management and Activities.</p> <p>Description: Comply</p>
B.	Aspect 2 : Fungtion and dan Role of Board of Commissioners		
B.1.	Principle 3 : Strengthening the Membership and Composition of the Board of Commissioners		
B.1.1.		<p>Recommendation 6 : Determination of the number of members of the Board of Commissioners considering the condition of the Public Company.</p> <p>Explanation : The members number of the Board of Commissioners can affect the effectiveness of the implementation of duties from the Board of Commissioners. Determination of the number of members of the Board of Commissioners of a Public Company must refer to the applicable laws and regulations, which at least consist of 2 people based on the provisions of the Financial Services Authority</p>	<p>Bank Mandiri has complied with the provisions of Article 20 Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies; namely the number of members of the Board of Commissioners have to be more than 2 (two) people. The total number of members of the Bank Mandiri Board of Commissioners is 8 (eight) consisting of 4 (four) Independent Commissioners and 4 (four) non-Independent Commissioners.</p>



No	Aspects; Principles; Recommendation		Comply or Explain
		Regulation No. 33/POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies. In addition, it is also necessary to consider the condition of the Public Company which includes the characteristics, capacity and size, as well as achieving goals and meeting different business needs among the Public Company. However, the large number of members of the Board of Commissioners has the potential to disrupt the effectiveness of the functioning of the Board of Commissioners.	Description: Comply
B.1.2.	Recommendation 7 :	Determination of the composition of members of the Board of Commissioners takes into account the diversity of expertise, knowledge and experience required. Explanation : The composition of the Board of Commissioners is a combination of characteristics both in terms of the Board of Commissioners aspects and members of the Board of Commissioners individually, according to the needs of the Public Company. These characteristics can be reflected in the determination of expertise, knowledge and experience needed in the implementation of supervisory and advisory duties by the Board of Commissioners of the Public Company. The composition that has taken into account the needs of the Public Company is a positive thing, especially related to decision making in the context of implementing the supervisory function carried out by considering various broader aspects.	The Board of Commissioners has a self assessment policy stipulated in the Board of Commissioners' Standing Orders. The performance of the Board of Commissioners is carried out by each member of the Board of Commissioners through a Self Assessment mechanism based on assessment criteria related to the implementation of the duties and responsibilities of the Board of Commissioners which includes aspects of structure, direction and supervision. Description: Comply
B.2.	Principle 4 : Improving Performance of Duties and Responsibility of Board of Commissioners.		
B.2.1.	Recommendation 8 :	The Board of Commissioners has a self assessment policy to assess the performance of the Board of Commissioners. Explanation : The Board of Commissioners' self assessment policy is a guideline that is used as a form of collegial accountability for evaluating the performance of the Board of Commissioners. Self assessment is carried out by each member to assess the performance of the Board of Commissioners collegially, and not to assess the individual performance of each member of the Board of Commissioners. With this self assessment, it is expected that each member of the Board of Commissioners can contribute to improving the performance of the Board of Commissioners on an ongoing basis. The policy covers the assessment activities carried out along with their aims and objectives, period of implementation periodically, and benchmarks or assessment criteria used in accordance with recommendations given by the function of nomination and remuneration of Public Company, in which the existence of these functions is required in the Authority Regulation Financial Services Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies.	The Board of Commissioners has a self assessment policy stipulated in the Board of Commissioners' Regulations. The performance of the Board of Commissioners is carried out by each member of the Board of Commissioners through a Self Assessment mechanism based on assessment criteria related to the implementation of the duties and responsibilities of the Board of Commissioners which includes aspects of structure, direction and supervision. Description: Comply
B.2.2.	Recommendation 9 :	Self assessment policies to assess the performance of the Board of Commissioners, are disclosed through the Annual Report of the Public Company. Explanation : The disclosure of self-assessment policy on the performance of the Board of Commissioners is carried out not only to fulfill the transparency aspect as a form of accountability for the implementation of its duties, but also to provide confidence especially to shareholders or investors for efforts that need to be carried out in improving the performance of the Board of Commissioners. With the disclosure, the shareholders or investors know the check and balance mechanism for the performance of the Board of Commissioners.	Self assessment policies to assess the performance of the Board of Commissioners have been disclosed in this Annual Report. Description: Comply

No	Aspects; Principles; Recommendation		Comply or Explain
B.2.3.		<p>Recommendation 10 : The Board of Commissioners has a policy related to the resignation of members of the Board of Commissioners if involved in financial crimes.</p> <p>Explanation : The policy of resigning from a member of the Board of Commissioners involved in financial crime is a policy that can increase stakeholders' trust in the Public Company, so that the company's integrity will be maintained. This policy is needed to help the legal process, so the legal process does not interfere with the course of business activities. In addition, in terms of morality, this policy builds an ethical culture within the Public Company. This policy can be included in the Guidelines or the Ethical Codes applied to the Board of Commissioners.</p> <p>Furthermore, what is meant by being involved in financial crimes is the status of convicted members of the Board of Commissioners from the authorities. The intended financial crimes are manipulation and various forms of fraud in financial service activities as well as Money Laundering Criminal Actions as referred to in Law Number 8 Year 2010 concerning Prevention and Eradication of Money Laundering Crimes.</p>	<p>Bank Mandiri has a policy regarding the resignation of members of the Board of Commissioners if involved in financial crimes as stated in the Bank Mandiri Articles of Association, namely that the term of office of the Board of Commissioners ends one of them because it violates laws and regulations and when resigning.</p> <p>Based on Article 14 paragraph (26) letter f of the Bank Mandiri Articles of Association, the term of office of members of the Board of Commissioners ends if they no longer fulfill the requirements as members of the Board of Commissioners based on the Articles of Association and other laws and regulations. In the event that a member of the Board of Commissioners resigns including if involved in a financial crime, then the member of the Board of Commissioners concerned must notify Bank Mandiri in writing of its intentions and Bank Mandiri must hold a GMS to decide on the resignation request at the latest 90 (ninety) days after receipt of the resignation letter.</p> <p>Description: Comply</p>
B.2.4.		<p>Recommendation 11 : The Board of Commissioners or the Committee that carries out the Nomination and Remuneration function prepares a succession policy in the nomination process of members of the Board of Directors.</p> <p>Explanation : Based on the provisions of the Financial Services Authority Regulation No. 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies, the committee that carries out the nomination function has the task of formulating policies and criteria needed in the nomination process of prospective of Directors candidate. One policy that can support the nomination process as intended is the succession policy of members of the Board of Directors. The policy on succession aims to maintain the continuity of the regeneration process of leadership in the company in order to maintain business continuity and the company's long-term goals.</p>	<p>Bank Mandiri has a Remuneration and Nomination Committee that helps the Board of Commissioners to be able to submit suggestions to holders of Dwiwarna A series in terms of these following aspects:</p> <ol style="list-style-type: none"> 1. Arranging, implementing and analyzing criteria and nomination procedures for candidates for the Board of Commissioners and Directors 2. Identifying candidates for Directors from both inside and outside and candidates for the Board of Commissioners who fulfill the requirements to be submitted/appointed as Directors or Board of Commissioners. <p>In order to prepare for leadership regeneration in the future, Bank Mandiri designed the Talent and Succession Management program, a policy of succession of Directors which has been aligned with the Regulation of the Minister of BUMN No. PER-03/MBU/2015 concerning requirements, procedures for the appointment and dismissal of members of BUMN Directors. In addition, as a Public Company, the Company Policy also refers to Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies. The appointment and dismissal of the Company's Directors is based on the principles of professionalism and Good Corporate Governance (GCG).</p> <p>Description: Comply</p>
C.	Aspect 3 : Function and Role of Directors		
C.1.	Principle 5 : Strengthen Membership and Composition of Directors		
C.1.1.		<p>Recommendation 12 : Determination of the members of the Board of Directors considering the condition of the Public Company and the effectiveness of decision making.</p> <p>Explanation : As a company aspect authorized to manage the company, the determination of the number of Directors greatly influences the performance of the Public Company. Thus, the determination of the</p>	<p>Bank Mandiri has complied with the provisions of Article 20 Financial Services Authority Regulation 33/POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies, namely Directors of Issuers or Public Companies consisting of at least 2 (two) members of the Directors. The number of Directors of Bank Mandiri consists</p>



No	Aspects; Principles; Recommendation	Comply or Explain
	<p>number of members of the Board of Directors must be done through careful consideration and must refer to the provisions of the applicable legislation, which based on Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Board of Commissioners of at least Public Companies consists of 2 (two) people. In addition, the determination of the number of Directors must be based on the need to achieve the objectives of the Public Company and be adjusted to the conditions of the Public Company which includes the characteristics, capacity and size of the Public Company and how effective the decision-making of the Directors is.</p>	<p>of 11 (eleven) people, and its determination has been based on the complexity and needs of Bank Mandiri. In the Board of Directors' regulations, it has been regulated regarding the mechanism of decision making of the Directors.</p> <p>Description: Comply</p>
C.1.2.	<p>Recommendation 13 : Determination of the composition of the Board of Directors members takes into account the diversity of expertise, knowledge and experience needed.</p> <p>Explanation : Similar to the Board of Commissioners, the diversity of the composition of the members of the Board of Directors is a combination of desirable characteristics both in terms of the aspects of the Directors and in term of individual aspects, according to the needs of the Public Company. The combination is determined by paying attention to the expertise, knowledge and experience that is appropriate in the division of tasks and functions of the Board of Directors in achieving the objectives of the Public Company. Thus, consideration of the combination of characteristics intended will have an impact on the accuracy of the nomination and appointment of individual members of the Board of Directors or Directors collegially.</p>	<p>Determination of the composition of Bank Mandiri Board of Directors has been carried out by taking into account the needs and complexity of Bank Mandiri's business, namely by taking into account the diversity of expertise, educational background, and experience and without differentiating gender. The diversity of the composition of the Board of Directors is expected to provide an alternative solution to an increasingly complex problem faced by the bank compared to members of the Board of Directors who are homogeneous, so that the decisions made become the best decisions.</p> <p>Description: Comply</p>
C.1.3.	<p>Recommendation 14 : Members of the Board of Directors in charge of accounting or finance have expertise and/or knowledge in the field of accounting.</p> <p>Explanation : The Financial Report is a report on management's responsibility for the human resource management owned by a Public Company, which must be prepared and presented in accordance with accepted Financial Accounting Standards in Indonesia and related OJK regulations, including legislation in the Capital Market sector regulating the presentation and disclosure of public company financial statements. Based on the laws and regulations in the Capital Market sector which regulate the responsibilities of the Board of Directors for Financial Statements, the Board of Directors is jointly responsible for the Financial Report, signed by the President Director and members of the Board of Directors in charge of accounting or finance.</p> <p>Thus, the disclosure and preparation of financial information presented in the financial statements will greatly depend on the expertise, and/or knowledge of the Directors, especially the members of the Board of Directors in charge of accounting or finance. The existence of expertise qualifications and/or knowledge in the accounting sector that at least belongs to the Board of Directors can provide confidence in the preparation of the Financial Report, so that the Financial Report can be relied on by stakeholders as a basis for making economic decisions related to the Public Company. Such expertise and/or knowledge can be proven by educational background, training certification, and/or related work experience.</p>	<p>The director in charge of accounting or finance at Bank Mandiri is the Director of Finance, namely Mr. Panji Irawan with experience and competence in the field of Treasury (Finance), and accounting knowledge is significantly required to perform the duties. In addition, to support the implementation of his duties, he often participated in financial related forums and seminars both at home and abroad.</p> <p>Description: Comply</p>
C.2.	Principle 6: Improve the Quality of the Duties and Responsibilities of the Board of Directors.	

No	Aspects; Principles; Recommendation	Comply or Explain
C.2.1.	<p>Recommendation 15 : Board of Directors has a Self Assessment policy for evaluation of the Board of Directors' performance</p> <p>Explanation : Similar to what applies to the Board of Commissioners, Board of Directors' Self Assessment Policy is a guideline utilized as a form of accountability for collegiate evaluation of the Board of Directors' performance. Self Assessment is intended to be performed by individual members to collegiately evaluate the implementation of the Board of Commissioners' performance, and not to evaluate the individual performance of each member of the Board of Commissioners. By Self Assessment, it is expected that individual members of the Board of Directors can contribute to continuously enhance the Board of Directors' performance.</p> <p>The policy may include assessment activities to perform, along with their intent and purpose, periodic implementation time, and assessment benchmarks or criteria to use in accordance with the recommendations provided by the Public Listed Company's remuneration and nomination function. The establishment of the function itself has been mandated in the Financial Services Authority Regulation concerning Remuneration and Nomination Committee in Issuers or Public Listed Companies</p>	<p>The Board of Directors has a self assessment policy. Directors' Performance Assessment is carried out by each member The Board of Directors through a Self Assessment mechanism to assess the performance of collegial Directors' performance, rather than assessing performance individual members of the Board of Directors. As described in the Annual Report in the Directors Performance Evaluation section.</p> <p>Description: Comply</p>
C.2.2.	<p>Recommendation 16 : Self Assessment policy for evaluation of the Board of Directors' performance is to be disclosed in the respective Public Listed Company's Annual Report.</p> <p>Explanation : Disclosure of Self Assessment policy for evaluation of the Board of Directors' performance is made not only to adhere to the principle of transparency as a form of accountability of the implementation of its duties but also to provide important information regarding improvement measures in the management of Public Listed Companies. Such information is highly useful to provide assurance to shareholders or investors that the company management is continuously directed towards betterment. The disclosure will allow shareholders or investors to obtain knowledge about the check and balance mechanism applied to evaluate the Board of Directors' performance.</p>	<p>Self assessment policy to assess the performance of the Directors has been disclosed in the 2018 Book Annual Report.</p> <p>Description: Comply</p>
C.2.3.	<p>Recommendation 17 : Board of Directors has policy(ies) for resignation of the Board of Directors' members due to involvement in financial crime.</p> <p>Explanation : Policy for resignation of Board of Directors' members involved in financial crime is a policy that can enhance shareholders' trust to Public Listed Companies, allowing companies to maintain their integrity. The policy is required in order to support adequate legal processes and to prevent such legal processes from disrupting business activities. In addition, from morality perspective, such policy also builds an ethical culture within the environment of Public Listed Companies. The policy may be included in the Guideline or Code of Conduct applicable to the Board of Directors.</p> <p>Furthermore, involvement in financial crime is defined as any member of the Board of Directors being convicted by the authority. Financial crime as defined above includes manipulation and various forms of embezzlement in financial service activities, as well as Money Laundering as specified in Law Number 8 of 2010 on Prevention and Eradication of Money Laundering.</p>	<p>Bank Mandiri has a policy related to the resignation of members of the Board of Directors if involved in financial crimes as stated in the Company's Articles of Association.</p> <p>Based on Article 11 paragraph (24) letter f of the Articles of Association, the term of office of members of the Board of Directors ends if they no longer fulfill the requirements as members of the Board of Directors based on the provisions of the Articles of Association and legislation, including being involved in Financial crimes. In the event that a member of the Board of Directors resigns because of being involved in a financial crime, then the member of the Board of Directors must submit a written resignation request concerning Bank Mandiri and Bank Mandiri must hold a GMS to decide on the resignation request at the latest 90 (ninety days after receipt of the resignation letter.</p> <p>Description: Comply</p>
D.	Aspect 4 : Stakeholder Engagement	



No	Aspects; Principles; Recommendation	Comply or Explain
D.1.	Principle 7 : Improving Corporate Governance Aspects through Stakeholder Engagement.	
D.1.1.	<p>Recommendation 18 : Public Company has a policy for prevent insider trading.</p> <p>Explanation : Any individual in possession of insider information is prohibited from conducting Stock transactions using such insider information as specified in the Law on Capital Market. Public Listed Company can minimize the risk of insider trading by taking preventive measures, e.g. By explicitly separating confidential data and/or information from public data/ information, and by making proportional, efficient delegation of duties and responsibilities related to the management of such information.</p>	<p>Policy for preventing insider trading is set in</p> <p>SP Human Capital</p> <ul style="list-style-type: none"> - Chapter III.C.2.c concerning the Code of Conduct concerning the Code of Conduct and Business Ethics which are ethical standards that must be followed by all levels of the bank in carrying out their daily duties and services and conducting business relationships with customers, partners and colleagues. - Chapter III.C.2.e concerning employee Discipline Regulations governing obligations, prohibitions and sanctions to employees. <p>SP Corporate Secretary</p> <p>Chapter III.A.5 Principles of Information Disclosure, which regulates:</p> <ul style="list-style-type: none"> - Any Insider in possession of insider information is prohibited from influencing any parties, including any Insider's families, to perform share purchase or sales. - Any Insider other than the Board of Directors and Board of Commissioners who is found to violate the abovementioned provision and is proven to having conducted any transaction and/or provided insider transformation shall be charged with disciplinary action as specified in the Human Resources Guideline Standard. - Any member of the Board of Directors and Board of Commissioners and other parties who, due to their position or relationship with the Bank, is found to conduct insider trading shall be held accountable in accordance with the applicable provisions. <p>Description: Comply</p>
D.1.2.	<p>Recommendation 19 : Public Listed Company has anti corruption and anti fraud policy in place.</p> <p>Explanation : Corruption policy serves to ensure that a Public Listed Company's business activities are carried out in a legal, prudent manner, and in accordance with good governance principles. Such policy may be a part of the code of conduct or set separately. The policy may include, among others, programs and procedures implemented to address corruption, kickback, fraud, bribery, and/or gratification within a Public Listed Company. The scope of the policy should reflect the respective Public Listed Company's prevention of any forms of corruption, either giving to or receiving from, any parties.</p>	<p>Bank Mandiri has had an Anti-fraud Strategy policy in place, effective as of May 2, 2012, as a follow-up of BI's Circulating Letter No. 13/28/DPNP dated 09 December 2011 concerning Implementation of Anti-fraud Strategy (SAF). The SAF governs, among others, organizations and 4 SAF Pillars within Bank Mandiri, i.e.:</p> <p>Pillar 1: Prevention Pillar 2: Detection Pillar 3: Investigation, Reporting, and Sanction Pillar 4: Monitoring, Evaluation, and Follow Up</p> <p>Bank Mandiri has delivered SAF Implementation Report to OJK regularly every semester, as well as incidental reports concerning any cases that may interfere with the Bank's operation, in accordance with the applicable provisions.</p> <p>Gratification Control</p> <p>Bank Mandiri has had a Gratification Control PTO and a Gratification Control Unit (GCU) in place to perform gratification control function in accordance with the Decree (SK) of the Board of Directors effective as of July 3, 2015.</p>

No	Aspects; Principles; Recommendation	Comply or Explain
D.1.3.	<p>Recommendation 20 : Public Listed Company has a policy in place for supplier or vendor selection and capability improvement.</p> <p>Explanation : Policy regarding supplier or vendor selection useful to ensure that the Public Company to obtain goods or services that are needed at competitive prices and good quality. Where as policy increasing the ability of suppliers or vendors beneficial to ensure that the chain supply chain runs efficiently and effective. Ability of suppliers or vendors in supplying/ fulfilling goods or services what the company needs will affect quality of the company's output.</p> <p>Thus, the implementation of policies it can guarantee continuity of supply, both in terms of quantity and quality Public Company needs. As for coverage this policy covers the criteria in the election supplier or vendor, procurement mechanism transparent, capacity building efforts supplier or vendor, and fulfillment of rights relating to suppliers or vendors.</p> <p>The company has procurement related policies goods and services that contain selection and increasing supplier capacity or vendor stated in the Guidelines standard Procurement.</p>	<p>Bank Mandiri has a policy on Selection and Enhancement of the ability of Suppliers or Vendors, namely:</p> <ol style="list-style-type: none"> 1. Operational Policy (KOPR), article 205 concerning Operational Facilities and Infrastructure - Procurement (Procurement) 2. Procurement Operational Guidelines (SPO) standards which regulate, among others (Chapter III): <ol style="list-style-type: none"> A. General provisions include: <ol style="list-style-type: none"> 1) Basic Principles of Procurement 2) Procurement Ethics 3) Procurement Planning 4) Loading Guidelines B. Provisions for the Implementation of Procurement of Goods and Services include: <ol style="list-style-type: none"> 1) Procedures for Procurement of Goods and Services 2) Procurement Process 3) Procurement Process Stages 4) Job Implementation and Job Handover 5) Provisions for Employee Change (added/less) specifically in the field of construction services. 6) Implementation of Procurement Activities to Overcome Certain Conditions. 7) Document and Payment Process. 3. Procurement Technical Operational Guidelines (PTO) which regulate, among others (Chapter III): <ol style="list-style-type: none"> a. Reviewing aspects in implementing candidate qualifications Provider of goods and services b. Procedure for partner accreditation (Provider of Goods and Services) c. Aspects that need to be considered in a procurement process d. Partner Monitoring includes: <ol style="list-style-type: none"> 1) Partner Data Monitoring 2) Partner Performance Monitoring consisting of: <ol style="list-style-type: none"> a. Periodic Partner Performance Evaluation b. Partner Performance Evaluation based on the Contract <p>Description: Comply</p>
D.1.4.	<p>Recommendation 21 : Public Listed Company has policy(ies) in place regarding fulfillment of creditor's rights.</p> <p>Explanation : Policy(ies) regarding fulfillment of creditor's rights is used as a guideline in taking loans from any creditor. The policy aims at maintaining fulfillment of creditor's rights while also maintaining creditor's trust to the respective Public Listed Company. The policy may include considerations in setting up agreements and follow ups in fulfillment of a Public Listed Company's duties to creditors.</p>	<p>The policy on fulfilling creditor rights is regulated in:</p> <p>Fund Product SPO, Product Manual and SPO Customer Complaint Management, which briefly regulates:</p> <ol style="list-style-type: none"> 1. Right to obtain a sufficient explanation of the characteristics of the product. 2. Right to be able to access the fund product terms and conditions through the Bank Mandiri website. 3. Ease to transact through branches, e-banking services or other facilities determined by the Bank. 4. Obtain interest in the amount according to the provisions in force at the Bank. 5. Procedures for handling and resolving customer complaints. <p>Bank Mandiri Funds and Services Policy, Articles 240 Customer Protection</p>



No	Aspects; Principles; Recommendation		Comply or Explain
			<p>In the activity of raising funds and providing services, the Bank pays attention to the principle of customer protection.</p> <p>To protect customers, the Bank pays attention to the rights and obligations of customers while taking into account the interests of the Bank. The rights and obligations of the parties are poured into documents both application documents, as well as agreement documents and other forms of documents.</p> <p>Banks are required to ensure customers understand the rights and obligations of customers as stated in the document before making a Bank transaction.</p> <p>Description: Comply</p>
D.1.5.		<p>Recommendation 22 : Public Listed Company has a whistleblowing system in place.</p> <p>Explanation : Well-developed whistleblowing system policy will provide assurance regarding protection for witness or whistleblower of an indication of violation committed by the respective Public Listed Company's employee or management. Implementation of such system policy will impact on the realization of good corporate governance culture. Whistleblowing system policy may include, among others, type of violations reportable via the whistleblowing system, method of reporting, protection and confidentiality assurance of the whistleblower's identity, report handling, report managing party, and result of handling and follow up of report.</p>	<ol style="list-style-type: none"> 1. Bank Mandiri has had a whistleblowing system in place under the name Letter To CEO (LTC). LTC is a facility used to submit reports regarding frauds or indications of fraud, either committed by employee or vendor, to the Group's CEO by emphas Permission on the disclosure of the report in order to enhance the effectiveness of Bank Mandiri's internal control system. 2. Bank Mandiri's LTC has been implemented since 2009, and has been refined in 2018. 3. LTC is regulated in the Letter to CEO (LTC) Technical Guidelines on August 1, 2018. 4. Since revitalization in 2018, LTC management has involved parties independent to provide a safe environment that encourages employees and stakeholders to report. The reporter can include a complete identity or anonymously (the identity is only known to independent parties). 5. Submission of LTC reports can be submitted through the media as follows: <ul style="list-style-type: none"> - Website https://whistleblowing.tips/wbs/@bmri-lettertoceo - Email to bmri-lettertoceo@rsm.id - Letter to POBOX 1007 JKS 12007 - SMS and WA ke 0811-900777 <p>Description: Comply</p>
D.1.6.		<p>Recommendation 23 : Public Listed Company has policy(ies) in place regarding the provision of longterm incentive to the Board of Directors and employees.</p> <p>Explanation : Long-term incentive is a type of incentive provided based on long-term performance achievement. Long-term incentive plan is based on the idea that a company's longterm performance is reflected on share value growth or other long-term targets. Long-term incentive is useful to maintain loyalty and to motivate the Board of Directors and employees to improve their performance or productivity, which in turn will lead to improvement of the company's long-term performance.</p>	<p>Bank Mandiri has a policy of providing long-term incentives to Commissioners and Directors in accordance with the provisions in Financial Services Authority Regulation No.45/POJK.03/2015 concerning Implementation of Governance in the Provision of Remuneration for Commercial Banks. Bank Mandiri implements Governance in Providing Remuneration that has considered various aspects, including bank financial stability, the creation of risk management, term liquidity requirements short and long term, and potential income in the future. Bank Mandiri can postpone deferred variable remuneration (Malus) or withdraw variable paid remuneration (Clawback) to officials classified as Risk Taker (MRT) Materials. As a follow-up initiative in line with the cultural transformation, Bank Mandiri is in the process of drafting a concept related to the implementation of the Risk Taker Material for officials (L2 / BoD Minus One).</p>

No	Aspects; Principles; Recommendation		Comply or Explain
		<p>The presence of long-term incentive is a Public Listed Company's concrete commitment to encouraging the implementation of long-term incentive for the Board of Directors and employees, under the conditions that the procedure and form is in accordance with the respective Public Listed Company's longterm objectives. The policy may include, among others, the purpose and objectives of the long-term incentive, incentive requirements and procedure, and the conditions and risks the Public Listed Company should take into account in providing incentive. Such policy may also be included in the respective Public Listed Company's existing remuneration policy.</p>	
E.	Aspect 5: Information Transparency		
E.1.	Principle 8 : Improving the Implementation of Information Transparency		
E.1.1.	<p>Recommendation 24 : Public Listed Company utilizes information technology in a broader extent other than website as a media for information transparency.</p> <p>Explanation :</p>	<p>Utilization of information technology is helpful as a media for information transparency. Disclosure is made not only for information specified in the applicable legislative regulations, but also other information related to the respective Public Listed Company that is considered beneficial for the shareholders or investors. Broader utilization of information technology other than website is expected to enable companies to improve the effectiveness of company information distribution. However, utilization of information technology should take into account the benefits for the respective company and the cost required.</p>	<p>Bank Mandiri has managed the Website The company is always as optimal as possible provide the latest information and accurate for the Public. Besides the Website, the Bank Mandiri also utilizes technology and Other social media applications like SMS Banking, Mobile Banking, Instagram, Facebook and Twitter for media openness information.</p> <p>Description: Comply</p>
E.1.2.	<p>Recommendation 25 : Public Listed Company's Annual Report discloses the owner of end benefit in the respective company's share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders</p> <p>Explanation :</p>	<p>Capital Market legislative regulations governing the disclosure of Public Listed Company's annual report has specified the duty of disclosure of information regarding shareholders with 5% (five percent) or more shares in the respective Public Listed Company, as well as the duty of disclosure of information regarding majority shareholders and controlling shareholders of the company, either directly or indirectly, up to the owner of end benefit in the share ownership. The Governance Guideline recommended disclosure of the owner of end benefit in Public Listed Company share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders</p>	<p>Bank Mandiri has disclosed information regarding shareholders who have 5% or more of the Company's shares in the Report Yearbook for 2018.</p> <p>Description: Comply</p>



Implementation of Corporate Governance Aspects and Principles Application Based on Guidelines of Corporate Governance Principles for Banks Published by Basel Committee in Banking Supervision

The Governance Guidelines cover 12 principles of corporate governance. The Governance Guidelines are the best practice standards applied as a reference in implementing corporate governance in banks. The description of the application can be explained, as follows.

Principle	Explanation	Implementation in Bank Mandiri
Principle 1: Responsibilities of the Board of Commissioners.	The Board of Commissioners has responsibilities which include: approval and supervision on the application of business strategies, governance structures and mechanisms and corporate culture	<p>The Board of Commissioners has carried out the oversight function of Bank Mandiri's management carried out by the Board of Directors as well as advising the Directors through Board of Commissioners meeting forums, Board of Commissioners Meetings with the Board of Directors and Meetings with Committees under the Board of Commissioners. The Board of Commissioners' focus on the policies of the Board of Directors and Management's attention should include:</p> <ol style="list-style-type: none"> Credit. Risk management. Internal control. Information Technology. Human Resources. Management of Subsidiaries. <p>In the Board of Commissioners' Code of Conduct as outlined in the Decree of the Board of Commissioners No. KEP. KOM/005/2016 stated that the responsibility of the Board of Commissioners is to provide opinions and suggestions on Annual Work Plans and Budgets as well as provide advice on matters considered important by Bank Mandiri in this matter including corporate culture.</p>
Principle 2: Qualifications and Composition of the Board of Commissioners.	Members of the Board of Commissioners must have quality in accordance with their duties and responsibilities, both individually and collegially. The Board of Commissioners must understand its role in monitoring and implementing corporate governance, as well as being able to implement sound and objective decision making.	<p>Bank Mandiri Board of Commissioners members have knowledge and/or experience in finance, and attend seminars, training and education to support their supervisory duties.</p> <ul style="list-style-type: none"> The composition of the Board of Commissioners currently consists of 50% Independent Commissioners and 50% non Independent Commissioners. There is no financial relationship, management relationship, share ownership and/or family relationship between other members of the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relations with the Bank, which may affect the ability to act independently as stipulated in the provisions of the Good Corporate Implementation Governance for Commercial Banks. Every year the Board of Commissioners signs an Independent Statement.
Principle 3 Structure and Mechanism of the Board of Commissioners.	The Board of Commissioners have to determine the proper governance structure and practice in performing its duties and periodically conduct a review of its effectiveness.	<p>The Board of Commissioners has:</p> <ul style="list-style-type: none"> Board Charter of the Board of Commissioners Committees under the Board of Commissioners that assist in the implementation of the duties of the Board of Commissioners, namely the Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee and Integrated Governance Committee.
Principle 4: Directors.	Under the direction and supervision of the Board of Commissioners, the Board of Directors is able to manage the Bank's activities in accordance with the business strategy, risk taste, remuneration policy and other policies that have been approved by the Board of Commissioners.	<p>Supervision of the Board of Commissioners is reflected in the approval of the RKAP and the Bank's Business Plan approved by the Board of Commissioners.</p> <ul style="list-style-type: none"> The Board of Commissioners through the Committees under the Board of Commissioners evaluates the performance of the Company. All policies underlying the operations of Bank Mandiri must obtain the approval of the Board of Commissioners.

Principle	Explanation	Implementation in Bank Mandiri
Principle 5 Governance Structure of the Business Group.	In a business group, the Board of Commissioners of the parent company has overall responsibility for the business group and to ensure the establishment and implementation of clean governance practices related to the structure, business and risks of business groups and entities. The Board of Commissioners and Directors must understand the business group organizational structure and the risks faced.	<ul style="list-style-type: none"> - The Board of Directors and Board of Commissioners of Bank Mandiri have knowledge and understanding of the main business and main risks of the company, as evidenced by the passing of the entire Board of Commissioners and Directors from Fit and Proper Test. The Board of Directors and the Board of Commissioners also constantly attend training and development to improve their capabilities. - The Board of Commissioners has an Integrated Governance Committee and the Board of Directors has an Integrated Risk Committee to periodically evaluate the implementation of risk and compliance management at Bank Mandiri and Subsidiaries.
Principle 6 Risk Management Function.	Banks must have a risk management function that is qualified, independent, has quality resources and has access to the Board of Commissioners.	<ul style="list-style-type: none"> - Bank Mandiri runs the Process of Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through the Enterprise Risk Management (ERM) framework. - Bank Mandiri continues to improve the capabilities and knowledge of all employees, especially in terms of risk management, by organizing regular internal training through Risk Management Academy. - Bank Mandiri also routinely holds at least once a year socialization, discussion forums, internships, and programs on risk management in line with the internalization of the corporate culture. - Bank Mandiri communicates risk management to the Board of Commissioners through the Risk Monitoring Committee and the Integrated Governance Committee.
Principle 7 Identification of Risk Monitoring and Controlling	Risks must be identified, monitored and controlled for all activities of the Bank. The quality of risk management infrastructure and internal control must be able to keep up with changes in the Bank's risk profile, external risk conditions and industry practices.	In managing Bank Mandiri's Risk Management, bankwide identification, measurement and risk assessment has been performed by periodically developing risk profiles. Risk measurement and assessment has been able to work well according to the established Risk Management Policy that is adjusted to the level of risk faced by Bank Mandiri.
Principle 8 Risk Communication.	Effective risk governance implementation requires accurate risk communication in the Bank environment both between organizations and through reporting to the Board of Commissioners and Directors.	Each semester's Risk Based Bank Rating (RBBR) assessment is submitted to the Integrated Risk Committee, which consists of Directors of Bank Mandiri and Subsidiaries. In addition, the results of the RBBR assessment are submitted to the Board of Commissioners through the Integrated Governance Committee.
Principle 9 Compliance.	The Board of Commissioners is responsible for control management related to the Bank's compliance risk. The Board of Commissioners must determine the compliance function and provide approval for policies and processes for identifying, evaluating, monitoring and reporting, and providing advice on compliance risks.	The Board of Commissioners ensures the implementation of good corporate governance in every business activity and corporate governance policies, including the implementation of compliance. The compliance risk assessment in RBBR is reported to the Board of Commissioners every 6 (six) months to get feedback.
Principle 10 Internal Audit.	The internal audit function must report independent assurance activities to the Board of Commissioners and must support the Board of Commissioners and Directors in encouraging the implementation of effective governance processes and long-term health of the Bank.	Conduct objective testing of evidence in order to provide an independent assessment of the adequacy of internal control, risk management and governance processes within the organization. Internal Audit is directly responsible to the President Director and communicates with the Board of Commissioners through the Audit Committee.
Principle 11 Compensation.	The Bank's remuneration structure must support the implementation of corporate governance and risk management.	<ul style="list-style-type: none"> - The remuneration structure for the Board of Directors and Board of Commissioners of Bank Mandiri has been prepared with reference to Financial Services Authority Regulation No. 45/POJK.03/2015 concerning Implementation of Governance in Giving Remuneration for Commercial Banks. - The remuneration structure for employees is regulated in the Standard Procedure for Human Resources.
Principle 12 Disclosure and Transparency	The implementation of governance from the Bank must be performed transparently to Shareholders, Depositors, other relevant Stakeholders and Market Participants.	<ul style="list-style-type: none"> - Bank Mandiri has a website with a www address. bankmandiri.co.id, as a means to provide information to Stakeholders. - Bank Mandiri periodically conducts the Public Expose Company Performance. - Bank Mandiri prepares an Annual Report annually Sustainability Report.



Good Corporate Governance Assessment

In order to improve the implementation of Bank Mandiri governance in a sustainable manner, Bank Mandiri conducted an assessment of the implementation of governance that has been carried out. Bank Mandiri conducts a self assessment of the implementation of governance on a semester basis based on Financial Services Authority Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks and Financial Services Authority's Circulating Letter No. 13/POJK.03/2017 concerning Implementation of Governance for Commercial Banks. In addition, Bank Mandiri also assessed the implementation of governance through external parties by following the Corporate Governance Perception Index (CGPI) ranking and fulfilling the implementation of the ASEAN Corporate Governance Scorecard (ACGS).

Self Assessment

Bank Mandiri conducted a self-assessment of the implementation of governance based on Financial Services Authority Regulation No. 55/POJK.03/2016 and Financial Services Authority's Circulating Letter No. 13/POJK.03/2017 which requires Commercial Banks to evaluate the implementation of Bank governance.

Applied Criteria

The criteria applied in conducting the self-assessment is the Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 concerning Implementation of governance for Commercial Banks. The self-assessment is intended to map the strengths and weaknesses of the implementation of corporate governance at Bank Mandiri in terms of three aspects, namely:

1. Governance Structure

The assessment of governance structure aims to assess the adequacy of the Company's governance structure and infrastructure, so the process of implementing the principles of corporate governance produces outcomes that are in line with the goals of the Company's stakeholders. The parties included in the Company's governance structure are the Board of Commissioners, Directors, Committees and work units in the Company. The Company's governance infrastructure includes policies and procedures, management information systems and the main tasks and functions of each organizational structure.

2. Governance Process

The governance process assessment aims to assess the effectiveness of the process of implementing the principles of corporate governance supported by the adequacy of the Company's governance structure and infrastructure to produce outcomes in accordance with the expectations of stakeholders.

3. Governance Outcome

Governance outcome assessment aims to assess the quality of outcomes that meet stakeholders' expectations as the results of the process of implementing the principles of corporate governance supported by the adequacy of the Company's governance structure and infrastructure. Included in the governance outcome include qualitative aspects and quantitative aspects, including:

- Adequacy of report transparency.
- Compliance with laws and regulations.
- Consumer protection.
- Objectivity in conducting assessment/audit.
- Bank performance such as profitability, efficiency and capital.
- Increasing/decreasing compliance with applicable provisions and resolving problems faced by banks such as fraud, violation of the Legal Lending Limit (LLL), violations of provisions related to bank reports to regulators

The self-assessment includes 11 (eleven) factors assessing the implementation of governance which include:

1. Implementation of the duties and responsibilities of the Board of Commissioners.
2. Implementation of the duties and responsibilities of the Board of Directors.
3. Completeness and implementation of the duties of the Committee.
4. Handling conflicts of interest.
5. Application of the compliance function.
6. Implementation of the internal audit function.
7. Implementation of the external audit function.
8. Application of risk management including the internal control system.
9. Provision of funds to related parties and large exposure.
10. Transparency of the Bank's financial and non-financial conditions, reports on the implementation of Good Corporate Governance and internal reporting.
11. Bank Strategic Plan.

The Parties Who Give Assessment

The Bank Mandiri governance self assessment process involves the entire Board of Commissioners, Directors and work units related to the intended governance assessment factors.

Assessment Score

In the first semester of 2018, Bank Mandiri has conducted its own assessment of the implementation of governance and has been submitted to Financial Services Authority on July 24, 2018. For this assessment, Financial Services Authority has provided feedback on the results of the governance assessment, so the value of Bank Mandiri is as follows:

Score	Definition of Composites
2 (two)	It is reflected that the management of the Company has implemented good governance in general. This is reflected in adequate fulfillment of the principles of Governance. In this matter there are weaknesses in the application of the governance principles, in general these weaknesses are less significant and can be resolved by normal actions by the Bank's management.

In the second semester of 2018, Bank Mandiri has assessed the individual governance that has been submitted to Financial Services Authority on January 30, 2019. Own assessment of semester II 2018 gets the following values:

Score	Definition of Composites
1 (satu)	It is reflected that the Company's management has implemented good governance in general. This is reflected in adequate fulfillment of the principles of Governance. In the event that there are weaknesses in the application of the governance principles, in general these weaknesses are less significant and can be resolved by normal actions by the Bank's management.

Based on the two results of the assessment, the implementation of Bank Mandiri's governance in 2018 can be summarized as follows:

Strength	Weakness
Structure	
<ul style="list-style-type: none"> • Since the GMS on March 21, 2018, out of a total of 8 (eight) members of the Company's Board of Commissioners, there were 4 (four) members who were Independent Commissioners meaning that the members of the Company's Board of Commissioners consist of 50% Independent Commissioners. • All Board of Commissioners and Directors have passed Financial Services Authority Fit and Proper Test 	There is still a need to improve the quality of IT infrastructure in supporting the Company's operations.
Process	

Strength	Weakness
<ul style="list-style-type: none"> In order to improve internal control within the Bank Mandiri, a whistleblowing system (WBS) has been called Letter to CEO (LTC) as a means of reporting fraud or indications of fraud, among others through the compilation of LTC PTO, Making a Reporting System, and Socializing Whistleblowing System through the Internal and External Discussion Forum. Bank Mandiri has conducted an audit in accordance with the Annual Audit Plan (AAP) 	-
Outcome	
<ul style="list-style-type: none"> Bank Mandiri received the Top 50 ASEAN Public Listed Companies (PLCs) award based on an assessment of the ASEAN Corporate Governance Scorecard in the 2nd ASEAN Corporate Governance (CG) Awards Ceremony on November 21, 2018 in Kuala Lumpur, Malaysia. Bank Mandiri received an award as The Most Trusted Companies in Indonesia Good Corporate Governance Award 2018 on December 19, 2018. Bank Mandiri scored 93.86 which became the highest score among other companies. 	<ul style="list-style-type: none"> There were still penalties. Employee awareness of Compliance culture still needs to be improved to minimize the occurrence of compliance risks in the future.

Recommendations and Follow Up

OJK provides several recommendations on the implementation of Bank Mandiri's governance that has been followed up by Bank Mandiri, including:

Recommendation	Follow Up
There are still members of the Directors still in the process of fit and proper test from OJK.	<p>Members of the Board of Directors have passed the Financial Services Authority fit and proper test process, with the following information:</p> <ol style="list-style-type: none"> Mr. Panji Irawan - August 30, 2018 (based on Financial Services Authority Letter No. SR-180/PB.12/2018) Mr. Donsuwan Simatupang - 30 August 2018 (based on Financial Services Authority Letter No. SR-180/PB.12/2018) Mrs. Alexandra Askandara - September 7, 2018 (based on Financial Services Authority Letter No. SR-183/PB.12/2018) Mr. Agus Dwi Handaya - September 7, 2018 (based on Financial Services Authority Letter No. SR-183/PB.12/2018)

External Party Assessment

Other than conducting self-assessment in the implementation of governance based on regulatory provisions, Bank Mandiri actively evaluates governance by External Parties to get feedback on the implementation of Bank Mandiri's governance.

Corporate Governance Perception Index (CGPI)



In assessing the quality of implementation of governance, Bank Mandiri participates in a research program and CGPI ranking held by The Indonesian Institute of Corporate Governance (IICG). CGPI is followed by public companies (issuers), SOEs, banks and other private companies in which Bank Mandiri has followed CGPI's assessment for 15 (fifteen) consecutive years since 2003.

Applied Criteria

The stages of CGPI assessment include self assessment, assessment of completeness of documentation and observation. In 2018, the CGPI assessment took the theme "Transforming Business Models in the GCG Framework". Through this theme, Bank Mandiri explained the systems and mechanisms used by the Company's Organs in managing changes in the business model to ensure growth that creates value for stakeholders in order to realize corporate sustainability.

The assessment aspects of the 2017/2018 CGPI include:

1. Governance Structure

The aspect of governance structure is an assessment of the adequacy of the company's structure and infrastructure in managing changes in business models that create value for stakeholders in accordance with the principles of governance. Assessment indicators from the governance structure aspects include:

- a. Shareholders
- b. Board of Commissioners
- c. Board of Directors
- d. Responsible party for functional management

2. Governance Process

The aspect of the governance process is an assessment of the effectiveness of systems and mechanisms in managing changes in business models that create value for stakeholders in accordance with the principles of governance. Assessment indicators from the governance process aspects cover:

- a. Governance of the fulfillment of the rights of Shareholders and GMS
- b. Governance of Board of Commissioners and Directors
- c. Governance of Corporation

- d. Governance of disclosure and disclosure of information
- e. Governance of Internal and external control
- f. Governance of managing risk and compliance
- g. Governance of Human capital
- h. Governance of Social and environmental responsibility
- i. Governance of goods/services procurement
- j. Governance of Information technology
- k. Governance of strategic planning
- l. Governance of business innovation

3. Governance Outcome

The governance outcome aspect is an assessment of output quality, results, impacts and benefits of managing changes in business models that create value for stakeholders in accordance with the principles of governance. Assessment indicators of aspects of interest include:

- a. Financial performance
- b. Non-Financial Performance

Parties Who Conducted Assessment

The party that conducted the CGPI assessment was The Indonesian Institute of Corporate Governance (IICG).

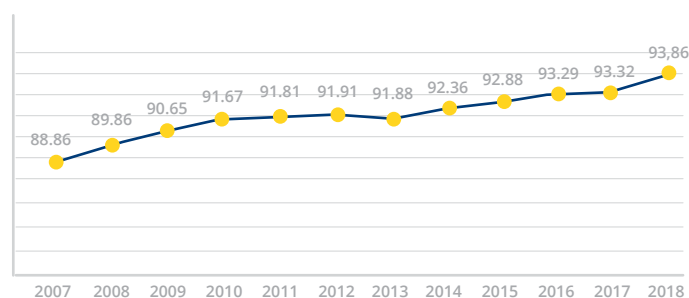
Assessment Score

The results of the CGPI assessment were used by Bank Mandiri to evaluate and improve the implementation of GCG. Bank Mandiri received the title of "Highly Trusted Company" in the 2018 CGPI assessment with a value of 93.86. This award was the 12th (twelfth) Bank Mandiri award from 2007 to 2018 in a row. Bank Mandiri's assessment composition for 2 consecutive years is as follows:

Steps	2017 Score	2018 Score
Governance Structure	30.66	24.35
Governance Process	31.40	40.36
Governance Outcome	31.26	29.15
Total	93.32	93.86



The result of CGPI assessment during 12 (twelve) consecutive years is as follow:



Recommendations and Follow Up

Based on the results of the 2018 CGPI assessment, there are several recommendations from IICG on the implementation of Bank Mandiri's governance. The recommendation will be a formula for improving the implementation of governance at Bank Mandiri.

Table of recommendations and follow-up

No.	Recommendation	Follow up
Governance Structure		
1.	Bank Mandiri needs to consider and manage the rights of Minority Shareholders by accommodating the aspirations of Minority Shareholders in the selection of Independent Commissioners and Unaffiliated Directors.	Members of the Board of Directors and Board of Commissioners were proposed by Shareholders of A. Dwiwarna and their appointments were made through GMS.
2.	Bank Mandiri needs to consider and respond to issues of gender diversity in the composition of members of the Board of Commissioners.	Candidates for the Board of Directors and Board of Commissioners proposed by the Remuneration and Nomination Committee always meet gender diversity. However, the final nomination was the authority of the Dwiwarna Series A Shareholder. In the committee members under the Board of Commissioners, there is a female member on the Risk Monitoring Committee.
3.	Bank Mandiri needs to establish an organizational structure design adjusted to the needs and division of tasks among Directors in accordance with the objectives and control	Bank Mandiri has established a new organizational structure through the Directors Decree No. KEP.DIR/002/2019 dated 10 January 2019 concerning Organizational Structure.
Governance Process		
1.	Bank Mandiri needs to develop and update policies and guidelines for implementing the GMS and make decisions in the GMS that provide added value to the company's Shareholders	Bank Mandiri has perfected the Corporate Secretary Procedure Standards which, among others, regulate the implementation of the GMS and decision-making at the GMS.
2.	Bank Mandiri needs to develop policies and guidelines as well as a system for implementing corporate social responsibility on an ongoing basis and partnerships and community development program.	Bank Mandiri has perfected the Corporate Secretary Procedure Standard, which includes regulating partnerships and community development program. In addition, Bank Mandiri has developed the Operational Technical Guidelines of partnerships and community development program for managing the partnerships and community development program in more detail.
Governance Outcome		
1.	Based on the trends in Bank Mandiri's financial performance in the last 5 years, it shows dynamic growth, so that Bank Mandiri must continue to increase growth by always maintaining the principle of prudence and systematic application of risk management.	Bank Mandiri constantly develops the strategies needed to improve the Company's performance on an ongoing basis, including the principles of prudence and risk management.
2.	Bank Mandiri needs to improve employee understanding and awareness of the company's anti-fraud system to reduce the number of internal fraud incidents.	Bank Mandiri consistently and continuously holds Whistleblowing System (WBS) outreach, including through short video shows, placing posters around the work environment, PC screen savers and e-mail blasts to the employees of Bank Mandiri and using print media so that the future WBS can be more effective.

ASEAN Corporate Governance Scorecard (ACGS)

One form of assessment applied related to the implementation of GCG at Bank Mandiri is the ASEAN Corporate Governance Scorecard, which is a parameter for measuring governance practices agreed upon by the ASEAN Capital Market Forum (ACMF). These parameters are based on the OECD Principles and are expected to increase investor confidence in listing companies in ASEAN.



Applied Criteria

The components of the assessment of the ASEAN Corporate Governance Scorecard are as follows:

1. Shareholders' Rights
2. Equal Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

Parties Who Conducted Assessment

The party that conducted the ASEAN CG Scorecard assessment was the ASEAN Capital Market Forum (ACMF).

Assessment Score

The result of the ASEAN CG Scorecard assessment was not published in the form of numbers. However in 2018, Bank Mandiri managed to get the TOP 50 of ASEAN Public Listed Companies (PLCs) based on the implementation of GCG in accordance with the ASEAN CG Scorecard. In addition, Bank Mandiri managed to become the TOP 3 PLCs in Indonesia. The achievement of Bank Mandiri was announced in the 2nd ASEAN Corporate Governance Award Ceremony in Kuala Lumpur, Malaysia, on November 21, 2018.

Recommendation and Follow Up

From the results of the assessment of the ASEAN CG Scorecard at Bank Mandiri in 2018, there were several recommendations from the assessor on the implementation of Bank Mandiri's governance that still had to be improved. The recommendations referred to include:

Table of Recommendations and Follow Up

No.	Recommendation	Follow-up
1.	It is expected that Bank Mandiri can disclose company stock transactions by the Board of Commissioners or Directors within 3 (three) working days.	Bank Mandiri is in the process of developing internal regulations related to the reporting of share transactions of the Board of Commissioners and Directors of Bank Mandiri.
2.	At least 1 (one) Board of Commissioners member of the Audit Committee has expertise in accounting.	There are members of the Bank Mandiri Audit Committee who became accounting expertise. All Committee members carried out tasks with competencies needed as members of the Audit Committee.
3.	The number of Independent Commissioners in the Remuneration and Nomination Committee members should be more than the Non-Independent Commissioners.	The composition of the Remuneration and Nomination Committee was in accordance with the authority of the Series A. Dwiwarna Shareholders.



Bad Corporate Governance Practices

Bank Mandiri realizes that bad corporate governance practices will disrupt the Good Governance (GCG) system that has been built by Bank Mandiri. Therefore, during 2018, Bank Mandiri did not take any actions and policies relating to the practice shown in the table as follows:

No.	Information	Practice
1.	Reports stating that the company polluted the environment.	Nil
2.	Important matters being faced by companies, subsidiaries, members of the Board of Directors and/or members of the Board of Commissioners were not disclosed in the Annual Report.	Nil
3.	Non-compliance in fulfilling tax obligations.	Nil
4.	Mismatch of presentation of annual reports and financial reports with applicable regulations and Indonesian GAAP.	Nil
5.	Cases related to workers and employees.	Nil
6.	There was no disclosure of operating segments in listed companies.	Nil
7.	There was a discrepancy between Annual Report hardcopy and softcopy.	Nil

Statement of Good Corporate Governance Implementation

All members of the Board of Commissioners, Directors and Employees of Bank Mandiri are always committed and applied the principles of good corporate governance and there are no material violations of regulations current regulation. In addition, Bank Mandiri has implemented governance in accordance with ASEAN Corporate Governance Scorecard (ACGS). The principles that have not been implemented by Bank Mandiri have been explained (explained) on the Bank Mandiri website.

Corporate Social Responsibility

In its social responsibility activities, Bank Mandiri has fulfilled the principle: contributing to sustainable development, meeting stakeholder expectations, complying with laws and regulations, consistent with the norms of international behavior and integrated into all business activities and collaborative relationships of Bank Mandiri.

Social Responsibility Governance	688	Scope and Formulation of Fair Operations	695	Corporate Social Responsibility Related to Community Social Development	710
Social Responsibility Commitment	688	Activity Plan	695	Commitment and Policy	710
Method and Scope of Due Diligence Towards Social, Economic and Environmental Impacts from Company Activities	689	Scope and Implementation	695	Social Risk	710
Significant Stakeholders Affected or Influential on The Impact of Bank Mandiri Activities	689	Impact and Achievement	696	Scope and Formulation	710
Important Social, Economic and Environmental Issues Related to The Impact of The Company's Activities	690	Corporate Social Responsibility Related to the Environment	697	Activity Target	711
Scope of Corporate Social Responsibility	691	Commitment and Policy	697	Activity	711
Program Exceeding The Minimum Responsibility of The Company That is Relevant to What is Being Performed	691	Impact and Risk	697	Complaints Channels	717
Social Responsibility Budget	691	Activity Plan	697	Activity Impacts	717
Corporate Social Responsibility Related to Human Rights	692	Activity	697	Cost Incurred	718
Commitment and Policy	692	Complaints Channels	700	Corporate Social Responsibility Related to Responsibility to Consumers	719
Scope and Formulation of Human Rights	692	Activity Impacts	700	Policy	719
Activity Plan	692	Environmental Certification	701	Activity Target	719
Scope and Implementation	692	Corporate Social Responsibility in Employment, and Occupational Health and Safety	702	Activity	719
Impact and Achievement	693	Commitment and Policy	702	Complaints Channels	723
Corporate Social Responsibility Related to The Fair Operation	694	Scope and Formulation of Employment, Health and Safety	703	Activity Impacts	723
Commitment and Policy	694	Activity Plan	703	Corporate Social Responsibility Related to Responsibility to Suppliers	724
		Activity	703	Policy	724
		Complaints Channels	709	Activity Target	725
		Impact of Employment, Health and Safety Activities	709	Activity	726
		Certifications	709	Complaint Channel for Procurement	730
				Impact of Procurement Activities	731



Social Responsibility Governance

Organizational governance is a key factor required in the implementation of social responsibility over the impact of decisions and actions of an organization and integrating social responsibility in all its operational activities. Organizational governance reflects the strategies, targets and commitments of the implemented social responsibility, including Leader's commitment and accountability.

Social Responsibility Commitment

Sustainability of Bank Mandiri closely relates to fulfillments of its stakeholders' interest. The impact of Bank Mandiri activities against the stakeholders will in turn affect relationships between Bank Mandiri and its stakeholders. The establishment of harmonious relationships between Bank Mandiri and its stakeholders will in turn leverage the performance of Bank Mandiri.

In order to address that matter, Bank Mandiri implemented corporate social responsibility by adhering to the principle of sustainability. Bank Mandiri always takes into account the impact of its every business decision and activity on the community and the environment with its transparent and ethical approach. This way, Bank Mandiri always makes sure that its corporate social responsibility activities fulfill the principles of:

1. Contributing to sustainable development, for the health and welfare of the community;
2. Meeting shareholders' expectations;
3. Adhering to the regulation of laws;
4. Consistent with international norms; and
5. Integrated to all Company's business activities and cooperation.



The corporate social responsibility activities carried out by Bank Mandiri are consistent with the Regulation of the Financial Services Authority No. 51/POJK.03/2017 on Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Corporations. With its corporate social responsibility activities, Bank Mandiri is committed to taking part in sustainable economic development in order to improve the quality of life and the environment, which will be beneficial for the Bank Mandiri itself, the local community, and society in general.

Method and Scope of Due Diligence Towards Social, Economic and Environmental Impacts from Company Activities

Bank Mandiri always scrutinizes the social, economic and environmental impacts of its business activities, aiming to provide added values to its stakeholders. In scrutinizing the social impacts, various mechanisms are applied. For the social impacts on employees, the implementation of employees' employment, health and safety policies has been carried out. Bank Mandiri periodically conducts employee engagement surveys in order to evaluate the impact of its applied employment policies. While the social impact on customers, Bank Mandiri refers to the prevailing policies and regulations in Indonesia, namely the Regulation of the Financial Services Authority No. 1/POJK.07/2013 concerning Consumer Protection in the Sector of Financial Services as well as the Regulation of Bank Indonesia No. 7/7/PBI/2005 concerning Customer Complaint Settlement, which has been amended by PBI No. 10/10/PBI/2008 concerning customer protection. Bank Mandiri has also prepared and implemented comprehensive guidelines related to the management of customer complaints in the form of Standard Operating Guidelines (SOGs) concerning the Management of Customer Complaints. To acquire customer satisfaction information, Bank Mandiri periodically conducts Customer Satisfaction and Experience Survey in the retail segment.

Related to the economic impact, Bank Mandiri has prepared a Bank Business Plan every year that serves to direct business activities of Bank Mandiri through predetermined targets. Bank Mandiri has also prepared a Sustainable Financial Action Plan (RAKB) as stipulated in POJK Number 51/POJK.03/2017 concerning "Sustainable Financial Implementation for Financial Services Institutions, Issuers and Public Companies". RAKB is a guideline in increasing the financing portfolio to be in line with the gradual implementation of sustainable finance in the Wholesale and Retail segments according to the priorities of Bank Mandiri.

Related to the environmental impact, Bank Mandiri already has various policies, especially credit policies that are environmentally friendly. In each credit analysis for the corporate and commercial segments, Environmental Impact Analysis (EIA) is required. In addition, credit is also prioritized for environmentally friendly organizations such as those in renewable energy, environmentally friendly transportation, energy efficiency, and those implementing sustainability concept.

Significant Stakeholders Affected or Influential on The Impact of Bank Mandiri Activities

In performing its business, Bank Mandiri either directly or indirectly interacts with various stakeholders, which are affected by the activities of Bank Mandiri. Bank Mandiri is always committed to increasing stakeholder engagement so as to leverage the value of other shareholders and stakeholders. Significant stakeholders related to the activities of Bank Mandiri as well as strategies and work programs that have been implemented in increasing stakeholder engagement are as follows:

Stakeholder	Identification Base	Potential Impact	Approach and Response
Shareholder Share	Economic, ownership and legal relations	<ol style="list-style-type: none"> Improved performance of Bank Mandiri. Positively growing value of shares. 	<ol style="list-style-type: none"> Strengthened abilities, skills and expertise of employees. Improving the Company Performance.
Community	Social relations, social licenses, social responsibility, and closeness to Bank Mandiri	<ol style="list-style-type: none"> PKBL progress and development Increased opportunities of cooperation in PKBL program. Increased education and understanding of effective financial use. 	<ol style="list-style-type: none"> PKBL optimization. Increasing the number of new trained partners. Providing wider consultation and training regarding financial planning to wider communities.
Employee, Employee Organizations	Law and stakeholders who help achieve the company's goals	<ol style="list-style-type: none"> Employee's rights. Improving the effectiveness of management and employee relationships. 	<ol style="list-style-type: none"> Giving full rights to employees toward the CLA that had been set. Consistency in holding regular meetings in various forums between management and employees.
Government, Regulator, Legislative Customer	Law and interests of Financial Services Institutions	<ol style="list-style-type: none"> Compliance with all prevailing regulations Good corporate governance Cooperation in CSR programs 	<ol style="list-style-type: none"> Periodically conducting evaluations for measuring the effectiveness of compliance with the prevailing regulations. Improving programs <ol style="list-style-type: none"> Anti-Corruption Anti-Money Laundering and Combating Terrorism Financing (APU-PPT) Increasing cooperation in CSR programs with the Government.
Customers	Economic relations	<ol style="list-style-type: none"> Increased intensity of providing education related to financial products and services of Bank Mandiri, especially for new customers and the public who have not been educated yet about financial access. Increased banking facilities and access as well as transaction security. Transparency of the Company's service information. 	<ol style="list-style-type: none"> Consistency of implementing open education programs to each customer of Bank Mandiri. Improving the system on the facility and security of banking transaction. Providing accurate information to each customer regarding the latest information on banking products and services.
Partnership	Economic and legal relations	Transparency in the procurement process	Implementing procurement systems adhering to the principles of work guidelines and ethical standards.
Mass Media	Social relations, social licenses	Open access to accurate and up-to-date information.	Provide accurate information about the latest news of Bank Mandiri.

Important Social, Economic and Environmental Issues Related to The Impact of The Company's Activities

In determining important social, economic and environmental issues related to the impact of Bank Mandiri activities, Bank Mandiri conducts focus group discussions (FGDs) with various internal and external stakeholders on a regular basis. These important issues are then used as the basis for Bank Mandiri to prioritize management approaches in managing them. As a company engaged in the banking industry, prioritized important issues are more focused on economic and social issues, as presented in the following:

Important Issue	Remarks
Economic Performance	Describing achievements and performance of Bank Mandiri during the reporting year
Employment	Describing the commitment of Bank Mandiri to the importance of managing employees as an important asset for business sustainability.
Health and Working Safety	Describing the commitment of Bank Mandiri to providing a safe and comfortable workplace so that employees are more productive and highly committed to their work.
Training and Education	Describing the commitment of Bank Mandiri to improving employees' competencies as an important capital to face the increasingly tough competition.
Diversity and Equal Opportunity	Describing the commitment of Bank Mandiri to respecting diversity and equality to progress and develop without differentiating ethnicity, religion, race and so forth.
Customer privacy (Customer's Information Protection).	Describing the commitment of Bank Mandiri to maintaining the confidentiality of customer's data so as to create customer's trust and loyalty.

Scope of Corporate Social Responsibility

In implementing corporate social responsibility, Bank Mandiri refers to ISO 26000. The social responsibility scope of Bank Mandiri encompasses:

1. Social Responsibility Governance
2. Human Rights
3. Employment
4. Environment
5. Fair Operation
6. Fulfillment on Customer's Interests
7. Community

Details of each category of social responsibility will be presented in each of the relevant sections of this Annual Report in detail.

Program Exceeding The Minimum Responsibility of The Company That is Relevant to What is Being Performed

Bank Mandiri is categorized as one of the 8 (eight) major banks in Indonesia known as First Movers on Sustainable Banking. The eight banks formed a communication forum related to the implementation of sustainable finance, namely the Indonesia Sustainable Financial Initiative (IKBI) on May 31, 2018 in Jakarta. The activity was then followed by a seminar on sustainable finance with the theme "CSE Dialogue on Sustainable Finance." IKBI was formed with the aim of supporting the implementation of effective and inclusive sustainable financial norms. It is expected that IKBI can build synergy in achieving Sustainable Development Goals (SDGs).

Social Responsibility Budget

The social responsibility budget adheres to every relevant operational activity, so there is no specific budgeting. However, Bank Mandiri has budgeted special costs for Social Responsibility implemented in the activities of the Partnership and Community Development Program (PKBL) as follows:

Distribution Table of PKBL 2018

Activity Category	Program Cost (IDR)	
	2018	2017
Environment/Nature Conservation	-	240,090,250
Health	6,424,844,584	8,497,666,519
Public and Religious Facilities	15,237,730,801	28,949,727,690
Natural Disaster	10,792,630,559	1,724,719,846
Social Community Development Affairs for poverty eradication	28,505,502,677	8,018,924,161
Education	36,093,622,369	11,966,467,987
Field of Development of Public Facilities and Infrastructure	17,581,925,775	58,881,235,804
Total	114,636,256,765	118,278,832,257

Corporate Social Responsibility Related to Human Rights

Commitment and Policy

Bank Mandiri has full commitment to upholding human rights. The scope of social responsibility related to human rights encompasses prevention of discriminative actions, freedom of association, work-time arrangements, permission due to emergencies, and opportunities to do prayers. Bank Mandiri also has lactation room facilities, Mandiri day care (child care), and facilities for handling employee's complaints. The policy is contained in the Collective Labor Agreement (PKB) between Bank Mandiri and the Bank Mandiri Employee Union.

Moral principles related to Individual Behavior, Protection of Bank Property, and Implementation of Bank Business as the basis for behavior of the Bank's Staff in carrying out business activities are set forth in the Business Ethics documents of Bank Mandiri and PKB.

Bank Mandiri also provides equal right and opportunity to work regardless of differences in religion, ethnicity, race, social status, skin color, gender, or other physical traits, including the appointment of prospective workers.

Scope and Formulation of Human Rights

The scope of Corporate Social Responsibility is related to Human Rights, which is related to employment including discrimination / treatment, recognition and guarantee for Employee Unions, the right to give work time, annual leave, rest permit if giving birth / miscarriage or menstrual sickness, permission to worship nor permission to leave workers if there is something.

Activity Plan

Each year, Bank Mandiri always makes plans that are outlined in work programs contained in the Company's Work Plan and Budget (RKAP). The work program is intended to ensure that the work process at Bank Mandiri also pays attention to the implementation of human rights, including the allocation of costs for employees' activities. Enforcement of human rights is also indicated by the freedom for employees to form Employee Union and hold meetings between Employee Union and the management of Bank Mandiri to discuss matters needed by employees so that the work program contained in the RKAP can be realized through paying attention to the agreement results between Employee Union and the management of Bank Mandiri.

Scope and Implementation

Bank Mandiri always consistently fulfill the social responsibilities implementation policies. As a company engaging in the banking industry, the human rights issue is more focused on labor issues. The Basic Human Rights issue related to Bank Mandiri's activity is not a significant issue, considering banking is a business activity in the service field with the nature of services. The social responsibilities implementation activity related to Basic Human Rights includes:

Discriminative Treatment/Act

1. Bank's Officials uphold the Basic Human Rights.
2. Bank's Officials always prevent discriminative practice in all forms.

Recognition and Guarantee for Employee Unions

1. Every Employee has been given the right to be a member of the Employee Unions by submitting a written request and therefore the Bank is not permitted to prohibit any Employee to be or not to be a member of the Employee Unions.
2. Bank has provided a room with facilities among others desk, chair, cabinet, computer for the Central Leadership Council (DPP), Regional Leadership Council (DPW) and Branch Leadership Council (DPC). The room provision for the DPW and DPC depends on the room availability which usage is regulated by the Bank. The bank may allow the use of meeting rooms provided that it is not being used and has received written permission from the Bank.

- Bank has guaranteed to treat or give the same attention to the Employee who is a member of the Employee Unions and the Employee who is not a member of the Employee Union in the implementation of their obligations and the fulfillment of their rights.

Working Hour

- Special for female employees who are breastfeeding their baby, reasonable opportunities have been given to do lactation and or breastfeed their baby during work hour.
- Paying attention to the smooth operation of the Bank, overtime work can be carried out with a mutual agreement between the Bank and the Employee to complete work that cannot be postponed and therefore Bank will give overtime pay to the Employee.
- Overtime Work Hour is adjusted to the Bank's operational need and Bank established overtime facility. The amount of payment refers to the applicable law.

Annual Leave

- Annual leave is given to the Employee that has been working at the Bank for 1 (one) consecutive year.
- During the annual leave period, the Employee still received full salary.
- The length of the annual leave determined by the Employee's position that was regulated by the Bank.
- The provision of the annual leave implementation regulated by the Bank.
- Annual leave rights are carried out based on the employee's request and/or assigned by the Bank and adjusted to the Bank's workload/need.
- For the employee whose annual leave plan had been denied by the related work unit head, the said work unit head must submit a written reason for the denial and submit the copy to Human Capital work unit.

Maternity Leave, Miscarriage Leave, and Menstrual Pain Leave

- Maternity leave and miscarriage leave are given to female Employees.
- Maternity leave is given for the period of 1.5 (one and a half) month before the delivery date and 1.5 (one and a half) month after the delivery date according to OB/GYN or midwife's calculation.
- Miscarriage leaves for 1.5 (one and a half) month or according to the recommendation of the OB/GYN or midwife.

- The implementation and the provision of maternity leave or miscarriage leave have been regulated by the Bank.
- Female employees who are experiencing pain during their period and notify their direct supervisor or authorized staff are given permission to rest and not required to work on the first and second day of the period.

Permission to Carry Out Religious Worship

The Bank always gives permission to the Employee to carry out their religious worship which provision is regulated by Bank Mandiri.

Permission to Take Leave

Bank gives permission for a paid leave in the event of:

- Special occasion namely the employee's wedding, employee children's wedding, death of husband/ wife/children/children in law/parents/parents in law/ other family member living under the same roof, birth of children, employee's wife miscarriage, child's circumcision, child's baptism, biological/adoptive child's tooth filling ceremony (Hindu), biological/ adoptive child's visudhi ceremony (Buddhist), Employee's graduation.
- Sickness, as in sick with a written recommendation from a doctor for a maximum of 3 (three) days, sick without a written recommendation from a doctor for 1 (one) day and hospitalization.
- Personal matters that is important, sudden and cannot be represented.
- Experiencing obstacle beyond the control of the Employee.

Bank has regulated the provision of work leave implementation.

Impact and Achievement

As stated in the social responsibilities activity related to basic human rights section, the emphasis of the basic human rights issue is on the labor issues. For the implementation of social responsibilities related to basic human rights, Bank Mandiri has been awarded the title of **Highly Engaged Organization** for the Banking category and **Best Employee Engagement** in 2018 on an award event that was held by PT Bisnis Indonesia Kreasitama and Blessing White Indonesia.

Corporate Social Responsibility Related to The Fair Operation



Commitment and Policy

As one of the manifestations of good corporate governance implementation, Bank Mandiri is committed to always carry out fair operation practices. Bank Mandiri already has several policies that govern fair operation among others the internal control policy, whistleblowing system (WBS), Code of Conduct, and gratification policy. Those policies are specifically aimed at preventing conflicts of interest and implementing healthy business activities.

The scope of the implementation of social responsibilities related to the fair operation practices emphasized by Bank Mandiri this time is the prevention of conflict of interest, anti-corruption implementation, healthy competition, and the prevention of Insiders behavior. The anti-corruption implementation is manifested through the WBS, Code of Conduct and Gratification Policy.

Scope and Formulation of Fair Operations

The scope of social responsibility activities related to fair operations includes the prevention of conflict of interest, implementation of the Whistleblowing System and Code of Conduct, prohibition of insider behavior, Misrepresentation, relations with work partners, behavior in competency and relationships with other organizations.

Activity Plan

Bank Mandiri always set a target in its annual planning to ensure the implementation of all fair operation practices policy. Every violation that occurs will be subject to strict sanctions according to Bank Mandiri's policies and applicable regulations.

Scope and Implementation

Bank Mandiri's consistent implementation of social responsibilities related to fair operation practices includes these matters:

Prevention of Conflict of Interest

Conflict of interest is a condition where the Bank's Officials in carrying out their duty and obligations has another interest outside the interest of the company, either related to personal, family, or other party's interest so that the Bank's Officials may lose their objectivity in making decisions or policies according to the authority that the Bank has given them.

Therefore:

1. All Bank's Officials have earnestly endeavored to avoid any activity that could cause a conflict of interest. If one thing or another cannot be avoided, then the related staff must report it to their direct supervisor.
2. All Bank's Officials have been prohibited to give approval or seeking approval for the credit facility, special interest rate or other exclusivities for: 1) Themselves, 2) Their families, and 3) The company where they or their family have interest on.
3. All Bank's Officials are prohibited to work at other companies either as director, staff, consultant or board of commissioner member, unless they have received assignment or written permission from the Bank. Specifically for the members of the Board of Commissioner and Directors, the concurrent position will follow the regulatory provision regarding Good Corporate Governance.

4. All Bank's Officials are prohibited to be a direct or indirect contractor, either goods or service contractor for the Bank.
5. All Bank's Officials are prohibited to take items belonging to the Bank for their own, their families, or other outside party's interest.
6. All Bank's Officials only allowed conducting securities transaction, foreign exchange trading, precious metal, derivative transaction and other goods for their own interest if there is no conflict of interest, the violation of insider trading regulations from the Capital Market Authority, and other regulations.

Position Abuse and Gratification

1. All Bank's Officials have been prohibited to abuse their authority and taking advantage directly or indirectly, from the knowledge gained from the Bank's business activity for: 1) Personal advantage, 2) Advantage for their family member, 3) Advantage for other parties.
2. All Bank's Officials have been prohibited from requesting or accepting, allowing and approving to receive gratification related to their position and contrary to their obligations in accordance with the applicable law and regulations. That includes the prohibition to requesting or accepting, allowing and approving to accept a gift or reward from a third party who gets or trying to get a facility from the Bank in the form of credit facilities (cash loan and/or non cash loan), or in the context of purchasing or discounting money orders, promissory notes, check and trade paper or other obligation proof, or other facilities related to the Bank's operational activity. The types of gratification and the reporting mechanism will be regulated in Gratification Control Operational Technical Guidelines.
3. All Bank's Officials have been prohibited to requesting or accepting, allowing or approving to receive a gift or reward from a third party who gets or trying to get a job related to the goods or services procurement from the Bank.
4. In the event of the customer, contractors, and other parties giving gifts in the form of goods or other forms on special occasions such as holidays, certain celebrations, disasters, etc. if: 1) The effect of the gift acceptance is believed to bring negative impact and affect the bank's decision, and 2) The value of the gift is beyond reasonable limits, then the Bank's Officials who received the gift must immediately return the gift with a polite explanations that the Bank's Officials are not allowed to accept any gifts.
5. In the event of gift giving as mentioned in point four above because of one thing or another cannot be returned easily, therefore the Bank's Officials who received the gift must immediately report it to their supervisor to make a follow up in accordance to the applicable regulations.
6. In the event of the customer, contractors, and other parties giving promotional items, as long as the receipt of that promotional item is believed to not

- have a negative impact and affecting Bank's decision, the Bank's Officials are allowed to accept that promotional item.
7. In the event of the goods and service procurements from the third party for the Bank's official needs, Bank's Officials always try to get the best price with maximum discount. The received discount must be recorded for the Bank's benefit.
 8. Bank's Officials are prohibited to use their position to borrow from or owing to the customer.
 9. All Bank's Officials are prohibited to take advantage of the opportunity to use Bank's facilities for their own advantage beyond those provided by the Bank.

Whistleblowing System and Code of Conduct Implementation

Bank Mandiri has had the whistleblowing system (WBS) mechanism called Letter to CEO (LTC) Program. LTC aimed to detect fraud acts or indications. The management of WBS has been carried out by an independent party, so that the implementation is more effective. The fraud types that were reported include corruption, swindle, theft, embezzlement, and forgery. A more detailed explanation regarding WBS has already been discussed in the Company Governance section of this Annual Report.

Beside WBS, Bank Mandiri also has implemented the Code of Conduct which is an ethical standard that governs the behavioral of the Bank's Officials in carrying out business activities. The implementation of the Code of Conduct is expected to encourage professional, responsible, reasonable, appropriate, and trustworthy behavior in conducting business relation with fellow coworkers or business partners.

Prohibition of Insiders' Behavior

1. Bank's Officials who have classified information are not allowed to use the information to take advantage for themselves, their family or other third parties, by: 1) Influence the customers or individuals or institutions in conducting transactions with the Bank. 2) Spreading the information to the customers or individuals or institutions.
2. All Bank's Officials have been prohibited to use the internal information to make a purchase, or trade securities, unless the information is widely known to the public.
3. Bank's Officials have been prohibited to abuse their position and take advantage directly or indirectly for themselves, their family member or other parties and/or influencing the decision process related to themselves.
4. The decision making to sell or purchase the Bank's asset and other services has been made to prioritize the Bank's interest without being influenced by the Insiders.

Misrepresentation

1. Bank's Officials who represent the Bank in dealing with third parties have acted according to their capacity and authority.
2. Bank's Officials who represent the Bank have given the correct information, documents, and reports in the correct way.
3. Bank's Officials have avoided the actions that can cause misunderstanding from other parties.

Relation with Work Partner

1. Bank's Officials always prioritize the Bank's interest in dealing with work partner.
2. Bank's Officials prevent corruption, collusion, and nepotism as well as a negative image in dealing with work partner.
3. Bank's Officials in cooperating with the working partner have implemented the professionalism and justice principles based on good faith.

Behavioral in Competing

1. Bank's Officials have been responsible for creating and maintaining healthy competition in conducting business.
2. Bank's Officials have stayed away, avoid and prevent the unhealthy ways of competing to develop their career.

Relation with Other Organization

1. The Bank's Officials have been able to make business contacts with other organizations including competitors as long as they provide benefits to the Bank.
2. The Bank's Officials have avoided all forms of inappropriate collaboration/alliance with other parties.

Impact and Achievement

Bank Mandiri's commitment to the implementation of social responsibilities related to the fair operation practices has increased the stakeholder's trust in Bank Mandiri. Bank Mandiri has been named as the Company with the Best Gratification Control System by the Corruption Eradication Commission (KPK) for three consecutive times. For the results of the 2018 award have been announced in the 2018 World Anti-Corruption Day Festival.

Furthermore, in 2018 Bank Mandiri has received the award of winning the title "Very Trusted" for the twelfth times on the Corporate Governance Perception Index (CGPI) award held by the Indonesia Institute for Corporate Governance. In 2018, Bank Mandiri also became the Top 50 Public Listed Companies ASEAN and Top 3 Public Listed Companies Indonesia in the Asean Corporate Governance Awards.

Corporate Social Responsibility Related to the Environment

Commitment and Policy

Bank Mandiri has set some policies concerning the environment, both in terms of financial products/ services development and environmental conservation. In terms of products and services, the Company has set some policies, including:

1. Bank Mandiri Crediting Policy (KPBM) that prohibits financing of businesses or projects that endanger the environment. Concerning this issues, Bank Mandiri sets a Standard Crediting Procedure (SPK) that arranges, among others:
 - a. Requirement for potential borrowers to submit an Environmental Impact Analysis (AMDAL) for compulsory business plan or Environmental Management Effort (UKL) - Environmental Monitoring Effort (UPL), in accordance with applicable regulations of law.
 - b. Requirement for potential borrowers to submit the result of Assessment Program for Company Performance Rank in Environmental Management (PROPER) issued by the Ministry of the Environment.
 - c. Prohibition of issuing credit for businesses posing threat to the environment, including sites of cultural heritage, and protected flora and fauna, and the likes.
2. On the other hand, the policy of Bank Mandiri in terms of environmental management and conservation is realized by providing appeals, announcements, and regulations to minimize the Company's operational impact on the environment. Bank Mandiri always strives for efficient operational efficiency in all of its Working Units that encompass the Group, Regional Offices, and Branches.

Impact and Risk

As a corporation engaged in the banking sector, Bank Mandiri has identified the main risks faced especially if lending is given to institutions that have problems in the environmental field. Therefore, Bank Mandiri has a Green Banking policy related to the lending process, which is regulated in Bank Mandiri's internal policies.

Activity Target

Bank Mandiri has set a target that every credit issued by the Company always adheres to applied internal

provisions and that no credit will be issued for projects or businesses that endanger the environment. The Company also ensures that 100% borrowers have met the AMDAL requirement and have secured the PROFER BLUE/GREEN/GOLD predicate.

Bank Mandiri aims to save energy and reduce emission with its Green Office Program. This program attests to the Company's contribution to management of the environment around its headquarter by ensuring environmentally friendly office management. The management and all employees work hard to implement saving programs such as for the use of paper, electricity, and water, as promoted and suggested by the Company. This program has proven to be successful with reduced operational costs, improved efficiency, and better image of Bank Mandiri. Activities to realize the Green Office Program also include use of environmentally friendly materials and efficient use of energy.

Activity

Bank Mandiri realizes its support for environmental conservation with all of its activities both for its operation in the Headquarter and in its business activities, including:

Green Banking

Credit Process

For each credit proposal, either for corporate or commercial sector, discussion of Environmental Impact Analysis (AMDAL) is included as one of the conditions.

In allocating its credits, Bank Mandiri prioritizes environmentally friendly organizations such as those in renewable energy, environmentally friendly transportation, energy efficiency, and those implementing sustainability concept.

- Debtors from the palm oil industry are required to have Indonesian Sustainable Palm Oil (ISPO) certification.
- Debtors from big palm oil industry must also have AMDAL and PROPER;
- Percentage of companies with green and blue PROPER policies of the total amount of allocated credit

The distribution of credit in the field of Plantation in 2018 is presented in the following table:

No.	Commodities	Number of Borrowers	Credit Limit (IDR Billion)	Debit Tray (IDR Billion)
Corporate dan Retail-SME				
1	Palm Oil	751	117,003	89,205
2	Rubber	156	5,425	4,001
3	Cane	48	3,852	2,596
4	Tea	13	433	379
5	Coffee	26	4,064	2,966
6	Other Agro Commodities	168	1,377	916
Total		1,162	132,155	100,062

Some of Bank Mandiri's lending activities in the plantation industry sector are focused on financing the Corporate and Large Corporate-Middle Corporate Segments as follows:

- **Large Corporate Segment**

Throughout 2018, the portfolio managed by the Large Corporation Segment was IDR302,625 billion, with the largest credit allocation for palm oil plantation and its subsidiaries that have passed the ISPO certification. This is a standard policy of the Ministry of Agriculture which aims to improve the competitiveness of Indonesian palm oil in the world market and to participate in fulfilling the commitment of the President of the Republic of Indonesia to reduce greenhouse gas, and to pay more attention to environmental problems.

- **Middle Corporate Segmente**

Throughout 2018, the Middle Corporate Segment managed a portfolio of IDR148,33 billion, with most credits are allocated for the palm oil and CPO. If the Corporate segment and Retail-SME segment were incorporated, the total of credit distribution for the plantation industry reached IDR132,155 billion, still higher compared to the total of the credit distribution for the Retail-Micro segment of the plantation industry with the credit limit total of IDR5,561 billion and the debit tray total of IDR4,025 billion.

In addition to lending in the oil palm and CPO fields, Bank Mandiri also distributes loans in the environmentally friendly industrial sector, for example in the Hydro Energy Power Plant (Poso 515 MW PLTA) on behalf of PT Poso Energy in a syndication with a credit limit of USD553,000,000 with the portion of Bank Mandiri amounting to USD150,945,000 which is a power plant that does not produce waste, thereby reducing the cost of maintaining the plant and subsequently will have an impact on the sustainability environment.

Digital Banking

Since the initiation of the use of digital banking in Bank Mandiri's banking activities, Bank Mandiri has made paper savings in customer transactions at the Branch Office. Paper savings are also enhanced through e-billing. Further explanation of Bank Mandiri's digital banking products and services has been explained in the Management Analysis and Discussion section of the Company's Performance in this annual report.

Activities to Save Energy and Water

Bank Mandiri uses energy in the form of electricity and petrol fuel to support its daily operations. The electricity is supplied by PT PLN (Limited Liability Company). And as an alternative source of electricity whenever there is blackout, as not to disrupt operation and services, the Company also provides generator sets. Other than generator set, petrol fuel is also used for the Company's operational vehicles. The types of the petrol fuel used include premium, pertalite, pertamax, pertamax plus, diesel oil, and dex.

Bank Mandiri realizes that both electricity and fuel are non-renewable energy sources and that their availability is limited, Bank Mandiri takes necessary measures to save their use. In order to save electricity, Bank Mandiri applies the green building concept that is environmentally friendly. The concept is applied by the Company when developing the Mandiri University Complex which was planned to have 15 towers with expected electricity saving of 20%. In the Wijaya Kusuma (WK) area, where Mandiri University is located, a 1.8 hectare artificial lake that serves as a water reservoir was constructed. This will serve as the main water source to be processed into clean water for the buildings around the area, including Mandiri University. In the WK area, the land not allocated for buildings is around 78% of the area, from a total of approximately 20 hectares. So the land allocated for

buildings is only about 22%. The open spaces are for a park, green open spaces, an artificial lake, perimeter drainage, pavement, water catchment area, and many more. Therefore, this WK area has already employed the environmentally friendly concept.

Throughout 2018, Bank Mandiri has initiated saving of electricity by replacing ordinary bulbs with LED lights. Air conditioners have also been replaced with environmentally friendly ones. Use of electricity has also been reduced in all working units at Bank Mandiri Offices by turning off lights during lunch breaks and in public area during the day. Electricity saving is also implemented by adding more glass panels in Mandiri Headquarter building. During daylight, electricity during office operational hours can optimize the energy obtained from the sun.

Meanwhile, in order to save the use of fuel, the Company has implemented policies such as reducing the number of physical meetings across offices, including with those with regional offices, and conduct teleconferences instead. The Company also implements the policy of less use of operational cars and replace them with four shuttle buses instead.

In addition to paper and fuel, Bank Mandiri also uses water resources in activities. The Company uses water resources from PDAM (the Regional Drinking Water Company). This water is used for cooling tower, the canteens, the restrooms, the mosque, to water the plants, and many more. Due to limited clean water sources and it costs a lot of money to process raw water to drinking water, Bank Mandiri implements the policy to save water. Other than posting signs of proper use of water, the Company also regularly checks water installation as to ensure proper maintenance and fixing due to leakage or any other damages.

Another measure to reduce the use of clean water is by proving a water recycling facility at the Headquarter. This recycled water can be used for many purposes, including watering the plant. Bank Mandiri also dedicated 30% of the area it possesses, or equal to 13,000 m² from a total of 39,000 m² for a green open area. Other than being used as a water recycling facility, the open area also serves as biopores to catch rain water. As of December 31, 2018, there are 100 biopore holes and it is targeted to continue to grow to become 120 holes in 2019.

As Bank Mandiri uses water supplied by PDAM, instead of ground water, there has never been any complaint from the local community concerning the use of water sources in and around the Headquarter in yearly reports.

Activities to Manage The Environment and The Resulting Waste

In waste water management activities, Bank Mandiri uses recycle water produced from waste water management in the form of sewage treatment plants so as to save on environmental management costs. Furthermore, the results of this waste water management are used by building managers for cooling machines and watering of parks and fountains at the Head Office.

In addition to environmental management, Bank Mandiri's operations produce solid waste in the form of waste from office activities, and liquid waste from office waste water. One of the efforts to reduce solid waste is by using energy saving lamps (LED). By using LED lights, the lifespan of the use of the lamp becomes longer, so that the lamp waste becomes decreased. Furthermore, in order not to cause environmental problems, Bank Mandiri provides sufficient trash bins. The collected waste will be disposed of at the Final Disposal Site (TPA) by third parties in collaboration with Bank Mandiri. The waste in the green open area in the form of fallen leaves is used as organic fertilizer. In addition to fertilizing the land, this effort also saves the cost of purchasing fertilizer.

Paper Saving Activity

Daily operations such as office administrations of printing documents and transactions with clients require the use of paper, which is almost inevitable. And as paper is made of pulp from trees, Bank Mandiri attempts to reduce its usage.

Measures taken for this include development of paperless administration and digital banking by making use of available information technology such as emails and mobile applications. Saving is also implemented by not printing non-essential documents, checking for mistakes in documents prior to printing, as to avoid re-printing, printing on both sides, and using used paper for printing of internal administration requirements.

Environmental Conservation

Planting of Watersheds in the Lake Toba Region



As a form of concern for environmental sustainability, Bank Mandiri channeled funds to plant a water catchment area in the Lake Toba area, precisely in the Sipitu Village Area. In this activity, Bank Mandiri collaborated with PT INHUTANI IV. The types of plants planted in the area include suren, mango, avocado, clove, asam glugur, durian and jengkol. In total there are 5,000 plants that have become new residents since 2018. The funds disbursed by Bank Mandiri for planting are IDR163,373,000 and maintenance costs are IDR19,275,000.00. In the second year, Bank Mandiri budgeted maintenance funds, such as weeding, sowing, fertilizing, pest control and procuring medicines for IDR59,000,000.

In the replanting activity, Bank Mandiri also involved the local community as a planting and maintenance workforce. With the involvement of the local community, Bank Mandiri believes that they will be more serious in their work and a sense of belonging will emerge, moreover they will reap the long-term benefits of the program. For Bank Mandiri, this program is a concrete proof of the company in building awareness and social responsibility.

Muara Gembong Social Forestry Project

Bank Mandiri supports the implementation of the Social Forestry program in optimizing Muara Gembong by acting as a channel bank for People's Business Credit (KUR) for pond farmers. In addition to revitalizing an 830 ha of pond area, Bank Mandiri also supports the mangrove conservation monitoring program in the area, planted by several types of mangroves, api-api (*Avicennia*), pedada (*Sonneratia caseolaris*), nypa palm, and holy mangrove. Around the Mangrove conservation area there are several endangered animals habitats; among others are the Javan langur, long-tailed macaque, and migrant birds' habitats.

Complaints Channels

Realizing the environment-related corporate social responsibility, both for products/services development and environmental conservation, Bank Mandiri provides ease of access for members of the community to give feedback or complaints by sending email to our Customer Care at mandircare@bankmandiri.co.id.

were already/currently in the process of certifying Indonesian Sustainable Palm Oil (ISPO) and 22 companies already had Roundtable Sustainable Palm Oil (RSPO) certification. The certificate indicates the role of the company in environmental conservation. It is expected that as more companies acquire the certificate, environmental conservation shall increase.

*There are adjustments in the number of debtors of oil palm companies in 2018, where in 2017 the number of debtors included companies engaged in the CPO derivative industry (CPO / Refinery, biodiesel refining, Foreign Office debtors). The adjustments in the number of debtors also affect the percentage of debtors who get the PROPER title.

Activity Impacts

Quantitative Impacts of Green Banking Activity

Implementation of green banking concept in credit disbursement was a form of Bank Mandiri support in maintaining environmental conservation, which resulted in the following impact:

- All (100%) debtors had fulfilled AMDAL requirements with 84% of them obtained the predicate of BLUE/GREEN/GOLD PROPER. This will surely result in positive impact for the environment in Indonesia due to the increase of PROPER predicate by various companies.
- Out of the total 71 palm oil companies that became debtors of Bank Mandiri, 38 companies

Quantitative Impact of Energy and Water Saving

Throughout 2018, Bank Mandiri has saved electricity usage by 2,624,362 KWh compared to the previous year. Electricity savings are also pursued by reducing the radiation from sunlight entering the building using the Overall Thermal Transfer Value (OTTV) glass so that it can reduce the use of electricity for air conditioning.

Electricity Consumption Table

Electricity Consumption Table (KWh)			
Description	2018	2017	2016
Electricity	30,957,160	33,581,522	33,976,280

As for the volume of water use, it was recorded to have increased by 31,496 m³ or by 11.13%. This is in line with the increase in the number of employees and the increase in Bank Mandiri's operational offices. However, the portion of water recycle water usage has increased from 23.06% in 2017 to 32.01% in 2018. This increase indicates that Bank Mandiri prioritizes the use of water sourced from water recycles in its activities and activities and has been able to reduce waste from waste water.

Water Volume and Source Table

Water Consumption Table (m ³)			
Description	2018	2017	2016
Water volume from the PDAM	213,897	210,556	234,200
Water volume from a water recycle	100,709	72,554	54,418
Total Water Consumption Volume	314,606	283,110	288,618

The results of energy and water saving activities have also had an impact on transportation costs and electricity, water and gas costs.

Office Supplies Cost Table

(in million IDR)		
Description	2018	2017
Transportation Cost	441,454	409,895
Electricity, Water, and Gas Cost	537,431	530,165
Total Assets	1,202,252,094	1,038,706,009
Ratio of Transportation Cost to Total Assets	1 : 0.0003671892	1 : 0.0003946208
Ratio of Electricity, Water, and Gas Cost to Total Assets	1 : 0.0004470202	1 : 0.0005104091

Based on the table above, it can be seen that when compared to the total assets of Bank Mandiri, there is a decrease in the ratio of Transportation Costs and Costs of Electricity, Water and Gas. This indicates that the efforts to save energy, water and fuel which have been implemented by Bank Mandiri so far have been quite successful.

Impact of Environmental and Waste Management Activities

As stated earlier, several environmental management and waste management activities have had a positive impact. Waste water management in the form of a sewage treatment plant that has been managed by itself has reduced the portion of PDAM water use so that Bank Mandiri can make savings on water use costs that reach IDR2,000 / m³.

While the use of LED lights in addition to aiming to save energy, also reduce the waste of the lights produced. The reduction in lamp waste is presented as follows.

Type and Amount of Electronic Waste Table

Waste Type	2018	2017	2016
Light bulb	7,020 pieces	9,202 pieces	13,410 pieces

Quantitative Impact of Saving Paper Use

Savings in paper use have led to savings in office stationery costs. Throughout 2018, Bank Mandiri was able to save on office stationery costs as follows:

Office Stationery Costs Table

(in million IDR)		
Description	2018	2017
Office Stationery Cost	576,906	535,331
Total Assets	1,202,252,094	1,038,706,009
The ratio of Office Stationery Cost to Total Assets	1 : 0.0004798544	1 : 0.0005153826

Environmental Implementation Impact

The planting activity of the catchment area of the Lake Toba area is one of the efforts to improve the function of land and improve the condition of the land which aims to increase the productivity of forest and land resources. Furthermore, if 5,000 plants from the reforestation program have grown and their roots are firmly gripping the earth, it is very potential to protect watersheds and prevent flooding and erosion, while preserving biodiversity. In addition, this activity will improve air quality while preventing the impact of global warming.

The implementation of mangrove conservation activities in Muara Gembong is expected to be able to encourage the economy of the surrounding community and keep the forest well maintained.

Environmental Certification

In spite of all the savings, business activities of Bank Mandiri brought positive impact for the environment only indirectly. Thus, up to 2018, the Company had no environment-related certification.

Corporate Social Responsibility in Employment, and Occupational Health and Safety



Commitment and Policy

Employees are vital assets of Bank Mandiri. Therefore, employees' interests are major priority to be fulfilled. Bank Mandiri has a policy to provide equal treatment for all employees in terms of work opportunity, remuneration, training, and development. It is stated in various policy of Human Resources and Collective Work Agreement between Bank Mandiri and all Bank Mandiri employees.

Bank Mandiri also has a policy to provide a safe and comfortable working environment. Internal policies related to Occupational Safety and Health (K3) are listed in several company documents, including the following:

- **Standard Operating Procedure (SOP) of Business Continuity Management (BCM)**
SOP BCM is a general guideline in preparing Bank Mandiri to face and protect itself from various potentials of catastrophic financial and non-financial damages as a result of a disaster. The SOP regulates, among others, potential risks that may be experienced by Bank Mandiri, causes of risks, and mitigation procedures. SOP BCM came into effect as of 8 June 2017.
- **Technical Operational Guideline (PTO) of Emergency Response Plan (ERP)**
PTO ERP is a component of BCM as a guideline in maintaining the safety and life of all employees, customers, and third party at the time of disruption/ disaster, including rescuing Bank's vital data and assets. ERP procedures are focused on life securing and rescuing. PTO ERP came into effect as of 4 September 2013.

Scope and formulation of employment, health and safety

The scope of corporate social responsibility activities related to employment, health and safety consists of employment programs (covering gender equality in employment opportunities, equality in education and training programs, use of local labor, remuneration, promotion, freedom of association and retirement training. Next, health facility delivery program (including Mandiri Club Fitness and BPJS Insurance) and work safety programs (including regular inspections /

inspections of building fire protection equipment to ensure that fire equipment can function properly).

Activity Plan

In relation to practices of employment, health and work safety for the employees, throughout 2018 Bank Mandiri has determined several targets of achievement, which include:

- Guarantee of employees' well-being which complies with the applicable regulation and as specified in Collective Work Agreement;
- Guarantee of gender equality in work opportunity and in the opportunity to participate in training for all employees;
- Improvement of health care facility scheme for the employees and realization of decent and safe workplace for all Bank Mandiri employees.
- Realization of operational activities of the company based on the applicable procedure and work safety standard. Hence, throughout 2018, Bank Mandiri recorded zero accident both in the Head Office and Branch/Regional Offices.

Activity

Employment Activity

Gender Equality in Work Opportunity

Bank Mandiri continuously provides equal right and opportunity to work regardless of differences in religion, ethnicity, race, social status, skin color, gender, or other physical traits. Similarly, in appointing potential employees, Bank Mandiri does not discriminate on any grounds, because its decision is based on selection and evaluation results during employee probation and orientation period.



Equality on Education and Training Programs

Bank Mandiri continuously organizes several methods of education and training programs to support Bank Mandiri's operational activities. It constantly guarantees that every employee has equal opportunity to participate in education and training programs that are performed based on the necessity and development plan of the Company. Further explanation on Education and Training Program performed throughout 2018 can be seen in the Company Profile in this Annual Report.

Employment of Local Manpower

Bank Mandiri constantly seeks to implement employment practices which corresponds to the applicable conditions. In addition to gender equality at work, Bank Mandiri also constantly empowers local manpower as the main human resource in all of its operational and banking activities of the Company. Up to 2018, the number of Bank Mandiri employees amounts to 38,307 persons and there is no foreign employee.

Remuneration

Bank Mandiri constantly complies to the applicable regulation regarding remuneration to the employees. The amount of remuneration is consistent with the applicable regulation and is above the applicable standard of Minimum Wage in the operational areas of Bank Mandiri. In relation to remuneration, Bank Mandiri constantly seeks to maintain salary ratios of all ways to avoid extreme gap of salary.

The following table displays the ratios of the highest and lowest salaries in Bank Mandiri in 2018.

Highest and Lowest Salaries Ratio Table

Description	Ratio
Highest and lowest salaries of employees	52.05:1
Highest and lowest salaries of Directors	1.17:1
Highest and lowest salaries of Commissioners	1.11:1
Highest Director and highest employee salaries	1.68:1

Promotion

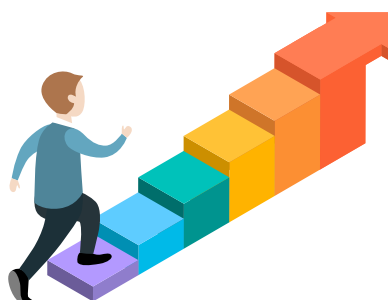
Bank Mandiri's commitment to treat the employees equally is also manifested by providing opportunity to all employees to develop their careers in the bank by promotion. Promotion of Bank Mandiri employees is performed in 2 (two) time cycles, namely Main Promotion Cycle (MPC) and Secondary Promotion Cycle (SPC), under Talent Mobility system.

The number of employees granted with grade promotion in 2018 can be seen in the following table:

Employees Grade Promotion Table

Employees	2018		2017	
	MPC	SPC	MPC	SPC
Management	2,176	2,194	2,218	2,218
Executive	3,342	2,353	3,319	1,634
Total	5,518	4,547	5,537	3,852
Grand Total	10,065		9,386	

There was an increase in the number of employees who received promotion in 2018, which was as much as 7.2%. This indicates that employees at Bank Mandiri have a commitment to work and high achievement motives in carrying out their work. The spirit brought results with an increase in employee performance. To that end, Bank Mandiri provides appreciation by providing promotions to these outstanding employees.



Employees' Well-Being Activity

The welfare of all employees has always been a matter of great concern to Bank Mandiri. This is done so that synergies between employees and Bank Mandiri are always established to create optimal work productivity. Employee welfare improvement programs are provided by Bank Mandiri in both material and non-material forms.

Material programs are welfare programs that are directly related to employee performance and compensation can be given in the form of transportation money, food allowances, pensions, holiday allowances, office fees, bonuses, education fees, medical expenses, official clothing, leave, and death money. While programs that are non-material are employee welfare programs through the provision of facilities and services to all employees of Bank Mandiri without discrimination.

Some of Bank Mandiri's non-material welfare programs that have been running to date include the provision of special lactation rooms for breastfeeding female employees and facilities for employees who already have children in the form of TPA called Mandiri Day Care which is located at Plaza Mandiri Basement 1 with operating hours 07.30-17.30 WIB and open every working day. In addition to these two things, Bank Mandiri also routinely carries out activities aimed at maintaining employee engagement levels, including Happy Hours, Family Gathering and other staffing activities.

To create an atmosphere that makes the employees happy and productive Bank Mandiri uses the smell of the place approach. This approach aims to establish good communication and relations among the employees whether in the daily work activities or in other gathering events. More than half of the Bank Mandiri employees are millennials; therefore Bank Mandiri provides various modern facilities and workspace that fits the millennial's taste. Furthermore, Bank Mandiri provides various training, coaching, and educations through cooperation with various best campuses both at home and abroad to improve its employee's competence. Bank Mandiri also provides various appreciation programs for the employees including salary, bonuses, and various other benefits facilities as well as special appreciation programs such as Mandiri Best Employee, Mandiri Employee Award and National Frontliner Championship.

Freedom of Association



Bank Mandiri seeks to always perform work practices to accommodate employees' rights, which, among others, is to establish Labor Union. Union of Bank Mandiri Employees (SPBM) was established as one of the main methods in achieving a congenial, harmonious, secure, and dynamic industrial relation to guarantee assurance of rights and obligations of the employees or corporate management, composure during work, improvement of employees' well-being, and business performance of the company.

SPBM was established in 2000 and is registered in the Department of Manpower and Transmigration of the Republic of Indonesia No. KEP.804/M/BW/2000 and recorded in the same Department under No. 45/V/P/V/2001. SPBM is located in a head office in Plaza Mandiri 12th Floor, Jalan Jend. Gatot Soebroto Lot 36-38, Jakarta Selatan. SPBM and Bank Mandiri entered into PKB for the 7th time. This time it is for the 2017-2019 term and has been registered and validated by the Ministry of Manpower under the Decision Number KEP.198/PHIJSK.PK/PKB/XII/2017 dated 11 December 2017.

Retirement Training

In addition to training for active employees, Bank Mandiri also provides training specifically for employees nearing their retirement period, called Pre-Retirement Training. The training is aimed at developing the employees' mental and skills and encouraging them to remain productive in their retirement days. In 2018 alone, this training was conducted in 24 batches, with a total of 369 participants and cost of IDR9,57 billion. To achieve the aims, the training was conducted for 5 (five) days which describes, among others, financial and psychological preparation for employees to retire.

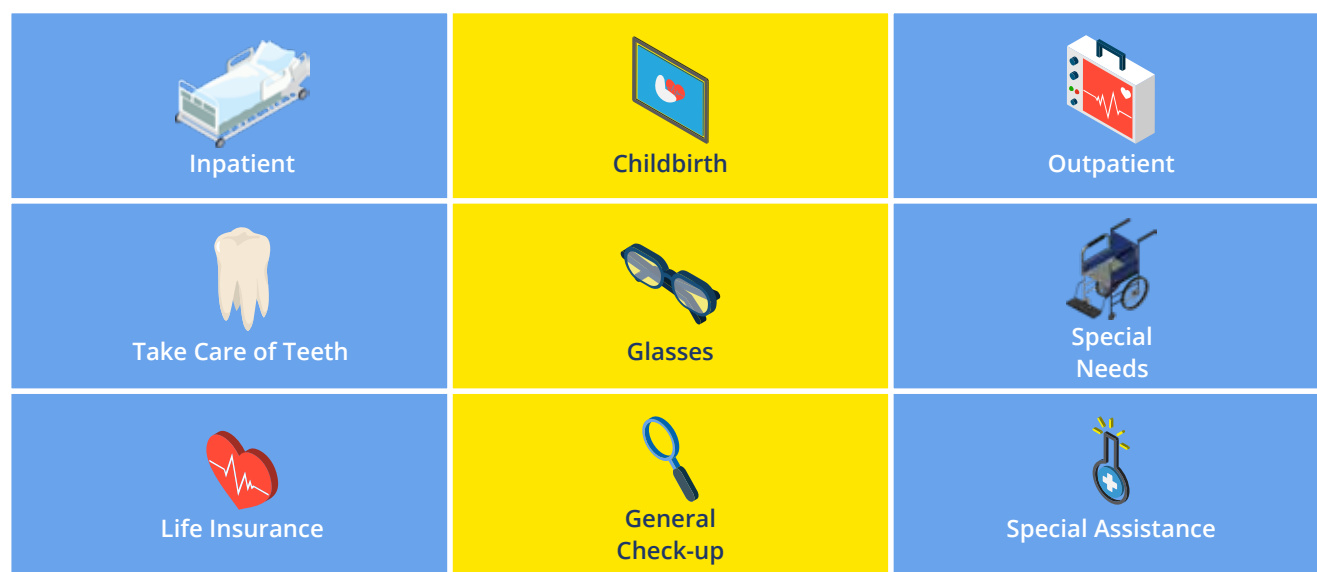
Provision of Healthcare Facility

Health is crucial for every one. Each individual is expected to maintain his health by living a healthy lifestyle as early as possible. In that case, Bank Mandiri plays a role in maintaining the employees' health by providing health care facility for the employees and their family members. Bank Mandiri continuously reviewed the benefit of health care facility to improve the well-being of the employees.

Improvement of health care facility is performed by reflecting on the study of benchmark result in several banks and availability of health care budget (Bank capability). This improvement is aimed at aligning the health care facility for Bank Mandiri employees with market trend, as well as managing it to be more effective and simpler to be reviewed in order to enhance the employees' well-being and to maintain competitiveness.

Mandiri Club Fitness

Bank Mandiri provides sport facilities called Mandiri Club Fitness to help maintain the health of all employees. Mandiri Club Fitness was established in 2003 on the initiative of some employees who love to exercise. In recent years, this club is managed by Lifecoach with an experience to manage and provide fitness instructor. Available classes include spinning, zumba, yoga, circuit training, weight training, and ladies training. In addition to fitness, this club also facilitates other types of sport, such as basketball, pencak silat, dancing, and others. Sport facility enables the employees to have fitter body, which, in turn, will increase their productivity.



BPJS Insurance

Bank Mandiri also facilitates health care allowance in the form of BPJS (Social Security Administrative Body) insurance. Payment of Health care BPJS in 2018 was IDR140,7 billion.

Work Safety Activities

Bank Mandiri already has PTO ERP as a guideline/guide in maintaining the safety and life safety of all employees in the Bank Mandiri work environment. This is the Company's effort to always create a decent and safe work environment for all employees.

In the meant PTO ERP, it is more focused on the readiness of equipment and facilities for building safety, readiness to implement human life rescue, and training for employees and the ERP team. Throughout 2018, several activities carried out by the Company related to work safety were as follows:

1. Conduct inspection/checking of building fire protection equipment regularly to ensure that fire equipment can function properly. Checking for Light Fire Extinguishers (APAR) is carried out by the Security Officer every 1 (one) month while the inspection of the Systematic Fire Extinguishers (APAT) and Fire Alarms

is carried out by the building manager in collaboration with the Fire Extinguisher Service which is conducted every 1 (one) once a year.

2. Along with planning consultants, conduct standardization of specifications, placement of building safety devices, and evacuation routes, included in the standard guidebook for renovating office buildings, that are prepared and reviewed every 1 (once) or as needed.
3. Submitting emergency information to Employees, Guests and Building Emergency Response Teams through the installation of posters of fire/earthquake emergency evacuation instructions, performing of emergency procedures videos on internal television media, safety briefings before conducting events and socializing the functions and roles of emergency response teams once every 1 (one) year by inviting speakers from the Fire Department.

Details on the implementation of employee safety related activities can be seen in the following table:

Type of Activity	Target of Activities	Participants
Emergency Information Dissemination	Once a year	Employees appointed as emergency response teams
Emergency Evacuation Simulation	Once a year	All employees/teams and residents of other buildings
Fire Fighting Exercise	Once a year	Employees appointed as emergency response teams
The exercise of the Emergency Response Team	Once a year	Emergency Response Team (ERT)

Bank Mandiri also routinely conducts Dissemination on Building Emergency both at the Head Office and at the Regional, Area and Branch Offices. Details on the implementation of Information Dissemination on Building Emergency activities can be seen in the following table.

Table of Implementation of Information Dissemination on Building Emergency

Office Building Location	Information Dissemination Material	Execution time	Participants
Head Office			
1. Plaza Mandiri	Fire Safety Management	October 31, 2018	Employee Representatives at Plaza Mandiri
2. Menara Mandiri Jakarta	Information dissemination on structure fire	December 15, 2018	All Residents of Menara Mandiri Building
3. Sentra Mandiri	Simulation and Exercise on Handling of Structure Fire	November 23, 2018	The Team for PKL (street vendors) and Employee Representatives at Sentra Mandiri
4. Wisma Mandiri II	Simulation and information dissemination on Fire Disaster Emergency Response	March 13, 2018	Employee Representatives at Wisma Mandiri
Office of Region, Area, Branch			
1. Region II/ Sumatera 2	Evacuation training at Menara-Mandiri Building Palembang 2018	September 19, 2018	All employees at the Menara Mandiri Building in Palembang
2. Region III / Jakarta 1	Information dissemination on Earthquake	October 15, 2018	Employee Representative of Region III / Jakarta 1
3. Jakarta City Area	Information dissemination of the use of APAR	August 27, 2018	Employee Representative of Jakarta Kota Area

- Conducting emergency response preparedness training for building occupants, Building Emergency Response Teams and ERP Teams including fire suppression training, basic life-assistance training (P3K), first responder training (search and rescue) conducted at least once a year.

Details on the implementation of employee safety related activities can be seen in the following table:

Table of Implementation of Training for the Emergency Response Team

Types of Training	Location/Building	Execution time	Participants
Fire Fighting Exercise	Plaza Mandiri	November 18, 2018,	Employee Representatives at Plaza Mandiri
Fire Fighting Exercise	Menara Mandiri	December 15, 2018	All Residents of Menara Mandiri Building
Simulation and Exercise on Handling of Structure Fire	Sentra Mandiri	October 19, 2018	Employee Representatives Sentra Mandiri Building
Use of APAR (Fire Extinguisher)	Gedung Menara Mandiri Palembang	September 19, 2018	All employees at the Menara Mandiri Building in Palembang
Fire Fighting Exercise	Area Tebet Supomo	October 16, 2018	All-Area residents of Tebet Supomo

- Conduct building fire emergency evacuation simulations to building occupants to measure the readiness of the Emergency Response Team and measure the time of evacuation from the location of the building to the gathering point. The simulation is carried out every 1 (one) year which is also attended by the Fire Department.

Bank Mandiri also routinely conducts Building Fire Emergency Evacuation Simulations at the Head Office and at the Regional, Area and Branch Offices. Details on the implementation of Building Fire Emergency Evacuation Simulation activities can be seen in the following table:

Execution Table of Emergency Evacuation Simulation on Structure Fire

Office Building Location		Execution time	Participants
Head Office			
1.	Plaza Mandiri	December 22, 2018	Employee Representatives at Plaza Mandiri
2.	Menara Mandiri Jakarta	December 15, 2018	All Residents of Menara Mandiri Building
3.	Sentra Mandiri	November 23, 2018,	Employee Representatives at Sentra Mandiri
4.	Wisma Mandiri II	December 17, 2018	Employee Representatives at Wisma Mandiri
Office of Region, Area, Branch			
1.	Region II/Sumatera 2	September 19, 2018	All employees at the Menara Mandiri Building in Palembang
2.	Daan Mogot Area	January 15, 2018	Daan Mogot Area employee
3.	South Pluit Area	October 19, 2018	South Pluit Area employee

In addition to implementing the ERP Procedure on a regular basis, Bank Mandiri also includes all of its employees as participants in Social Security (Jamsostek) through Employment BPJS. The BPJS Employment program that was followed included the Old Age Insurance Program (JHT), Work Accident Insurance Program (JKK) and the Death Assurance Program (JK). Whereas for employees who carry out the activities of Escort Transport of Money and Valuables, Life Insurance is carried out.

Payment of BPJS Employment contribution for Old Age Guarantee, Death Guarantee, Work Accident Guarantee and Pension Guarantee of IDR377 billion. Meanwhile, BPJS Health payments amounted to IDR140,7 billion.

Complaint Channel

As a company that always strives to comply with applicable laws and regulations, one of which is Law No.13/2003, then Bank Mandiri develops a complaint mechanism for labor issues. This mechanism is implemented through several forms such as the formulation of the Collective Labor Agreement, the formation of employee unions, the Bipartite Cooperation Institution between the Company and employees and the availability of a place for employees to devote their complaints to work issues called HC4U.

Impact of Employment, Health and Safety Activities

The impact of implementing social responsibility activities related to employment is the high level of employee engagement. As for the level of employee engagement, in 2018 Bank Mandiri obtained a score of 80.5% (8.2% above the Global Benchmark 72.3%) which increased compared to 2017 which was recorded at 73.7%.

In addition, Bank Mandiri also received 2 (two) awards related to human capital management, namely as a Highly Engaged Organization for the Banking category and Best Employee Engagement in the category of companies with more than 15,000 employees in the Indonesia Employee Engagement Index 2017 held by PT Bisnis Indonesia Kreasitama and Blessing White Indonesia.

Mandiri aims to improve welfare and motivate employees so that it is expected to affect employee productivity figures. Management of good health facilities by Bank Mandiri throughout 2018 has had an impact on the level of productivity of Bank Mandiri employees. In 2018 Bank Mandiri's employee productivity was recorded at IDR1,870.29 million per employee, increasing from 2017 which was recorded at IDR1,854.89 million per employee.

Bank Mandiri commitment to providing a safe and comfortable work environment has also had an impact by gaining recognition at the international level. Bank Mandiri has ranked 11th out of the 500 best companies in the world in terms of work environment or The World Best Employer 2018 version of Forbes Magazine.

As a manifestation of operational activities that have been carried out in accordance with applicable work safety procedures and standards, then throughout 2018, Bank Mandiri did not record zero accidents in Bank Mandiri operational activities at the Head Office or at Branch Offices / Regional Offices.

Certifications

Bank Mandiri has received several certifications that support the guarantee of employee work safety as follows:

Types of Certification:

BS EN ISO 9001 : 2015

Bank Mandiri has received several certifications that support the guarantee of employee work safety as follows:

Validation:

August 8, 2018-August 8, 2019

Issued By:

NQA

Types of Certification:

BS OHSAS 18001:2007

General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation

Validation:

August 7, 2018-July 23, 2019

Issued By:

NQA

Corporate Social Responsibility to Community Social Development



Corporate social responsibility related to community social development is a translation of one of the Bank's missions, which is to care about the interests of society and the environment, as a contribution of the company to improve the welfare of the community. The Bank's social responsibility is grouped into 2 (two) namely Social and Environmental Responsibility (TJSL) and Community Development Program (BL).

Commitment and Policy

In implementing social responsibility related to social development, Bank Mandiri complies with the regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: PER-02 / MBU / 7/2017 concerning the Second Amendment to the Minister of State-Owned Enterprises Regulation No. PER-09 / MBU / 07/2015 concerning the State-Owned Enterprises' Partnership Program and Community Development Program.

In addition, Bank Mandiri's internal policies related to responsibility for social development have been regulated and stipulated in the PKBL Standards and Procedures which contain the implementation of the Partnership Program, Community Development Program and Procurement of Goods and Services Standards related to the PKBL program, which is effective from August 1, 2011. The PKBL procedure standard has been updated on December 21, 2018 along with its operational technical instructions.

Social Risk

As a corporation engaged in the banking sector, Bank Mandiri has identified the risks faced by corporate social responsibility activities related to community

social development including the risk of misuse of aid, the risk of errors in the distribution of aid and the risk of invalidity in aid proposals. Therefore, Bank Mandiri conducted a survey in assessing the feasibility of the proposal, among others to monitor the object of assistance and the feasibility of the amount of assistance to be provided, as well as monitoring both before, at the time of submission and after providing assistance to the CSR activities.

Scope and Formulation

The scope and formulation of the company's social responsibility towards community social development includes the Education and Entrepreneurship Independence Program (including Mandiri Young Entrepreneurs and Mandiri Sahabatku), Financial Inclusion Program, and Social and Environmental Responsibility Programs (including Mandiri Caring for Community Social Development, Development of Village Economic Centers (Balkondes) Acquaintances in Magelang, as well as the SOE Present Program for the Country consisting of: Students Know the Archipelago, Training for Students, Distribution of Non-Cash Social Assistance, Family Hope Program and Non-Cash Food Aid).

Activity Plan

As part of the community, Bank Mandiri continues to harmonize its presence and business activities in the community. Therefore, Bank Mandiri is committed to continuing to run community development and empowerment programs in order to achieve an independent and prosperous society.

Activity

Education and Independence Program Entrepreneurship

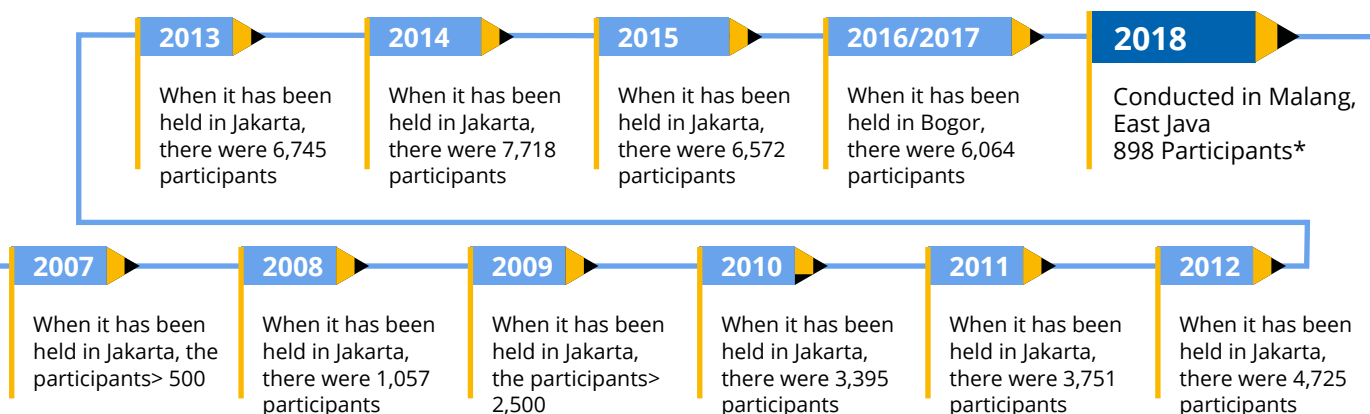
The Independent Education and Entrepreneurship Program is the basis for spawning young leaders who are independent and highly competitive in the face of all the challenges of increasingly fierce global competition in future generations. In realizing this program, Bank Mandiri has several strategic programs, including the following:

Mandiri Young Entrepreneurship (WMM)

The Mandiri Young Entrepreneur Program (WMM) is a program that invites young people to entrepreneurship.

WMM is an appreciation of Bank Mandiri to young entrepreneurs who excel while supporting the Ministry of UKM's program in improving quality MSMEs in Indonesia through managerial skills training, networking and offline publications.

2018 is the 11th year for Bank Mandiri to implement the WMM program. Since it was first held, the WMM program has always been imitated with the highest number of participants recorded in 2014, which were 7,718 participants.



*Changes to the concept in WMM registration, where WMM becomes closed online which consists of 30 Universities and 10 Communities

With the "Berani Muda, Berani Berkarya" (Young and Brave, Dare to Work) theme, the 2018 WMM was held with a series of events, which are the WMM Expo, National Judging, Company Visit, and Awarding Ceremony. The WMM Expo was held on September 6 to 9, 2018 at the Olympic Garden Mall Malang, while the Awarding WMM event was held on September 15, 2018, in Samantha Krida Universitas Brawijaya Malang. In the Expo event, WMM products were introduced to the public.



Mandiri Young Entrepreneurs Winner Testimonies In 2018

Winner

Best of The Best WMM 2018

Participant Name : Christopher Farrel Millenio
Business Name : Reserve, Genetic, Algorithm (RGA)

"In the 2018 Mandiri Young Entrepreneur (WMM) event I did not only gain competing experience, but also gained a lot of knowledge and new knowledge I gained from the training during the competition and sharing with friends of WMM participants. Besides that, I can add to my business networking through the WMM Expo. And the most important thing from this WMM event is that I get a new family, the WMM Family who keeps on communicating even though the WMM program is over to provide mutual support for mutual progress. Young Brave Dare to Work! "



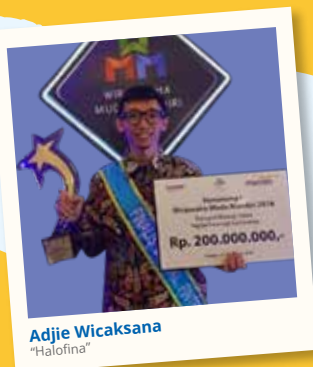
Christopher Farrel Millenio
 "Reverse, Genetic, Algorithm (RGA)"

Winner 1 WMM 2018

Fintech Category

Participant Name : Adjie Wicaksana
Business Name : Halofina

"WMM helps us in Halofina to develop with various programs such as mentorship, workshops and networking. One of the things that is very interesting for us is the effort to develop synergies between Bank Mandiri Group and Halofina. We are very grateful to be able to become a big family of WMM and hope that this collaboration can have a significant impact on the Indonesian people! "



Adjie Wicaksana
 "Halofina"

Winner 2 WMM 2018

Non-Student Category in Business Fields

Participant Name : Bintang Priyambodo
Business Name : Papa Buncit

"Alhamdulillah, at the 2018 Jakarta Fair, I achieved a turnover of IDR360 million at one point and next year the point will be added to the target turnover of IDR1 billion during the Jakarta Fair event. Not only one minute, every month at least Papa Buncit can also attend 20 different events "



Bintang Priyambodo
 "Papa Buncit"

Mandiri Sahabatku

Since 2011, Bank Mandiri has continued to show its commitment to encourage the competence and entrepreneurship capabilities of Indonesian Migrant Workers (PMI) abroad through entrepreneurship education programs, Mandiri Sahabatku. As a series of programs in Indonesia, it is also supported by training and apprenticeship of business skills in foster care businesses such as Salons, Meatballs, Chicken Noodles and Chips by the Dadi Majikan Program. Until 2018, Mandiri Sahabatku Program has been implemented in several PMI destination countries, namely Hong Kong, Malaysia, South Korea, and Japan and has produced more than 12,065 alumni.

Until 2018, the Mandiri Sahabatku Program has been implemented in several PMI destination countries, namely Hong Kong, Malaysia, South Korea, and Japan and has produced more than 12,065 alumni. In 2018, Mandiri Sahabatku has built more than 30 new entrepreneurs through the foster care program. As many as 3 participants have attended the Foster Chips Mother class, 6 participants have attended the Foster Salon class, 15 participants have attended the Foster Meatball class and 9 participants have attended the Foster Care Workshop class.

Financial Inclusion Program

Agent of Branchless Banking

To support the financial inclusion program, Bank Mandiri has implemented the program also implemented the Laku Pandai program nationally as of July 13, 2016 in order to support the implementation of Officeless Financial Services in the Context of Inclusive Finance or LAKU PANDAI with reference to OJK Regulation No. 19 / POJK.03 concerning Financial Services without Offices in the Context of Inclusive Finance and OJK Circular and OJK Circular No. 6 / SEOJK.03 concerning Officeless Financial Services in the Context of Inclusive Finance by Banks. This activity is one of Bank Mandiri's efforts to increase access to banking services to unbanked people in both urban and rural areas and as the implementation of financial inclusion programs.

To support the program, Bank Mandiri continues to strive to increase the number and distribution of Branchless Banking Agents in all regions of Indonesia, especially for areas not covered by Bank Mandiri Branches. In addition, since July 2016, Bank Mandiri has made a product with the brand name Mandiri Simpanan Makmur (SIMAKMUR) to support the LAKUPANDAI initiative, mainly in the form of a Basic Saving Account (BSA) savings product. SIMAKMUR is a deposit account in Rupiah for individuals who have never

had an account at Bank Mandiri and its implementation is carried out in accordance with the applicable terms and conditions.

Until the end of 2018, Bank Mandiri had 69,526 Branchless Banking Agencies consisting of 46,195 individuals and 23,331 Legal Entities. The number of Branchless Banking Agents grew 23.6% compared to the number of Branchless Banking Agents in 2017 as many as 56,273 Agents. It is expected that with the increase of these Agencies, it can increasingly reach all levels of society to improve the Financial inclusion index in Indonesia.

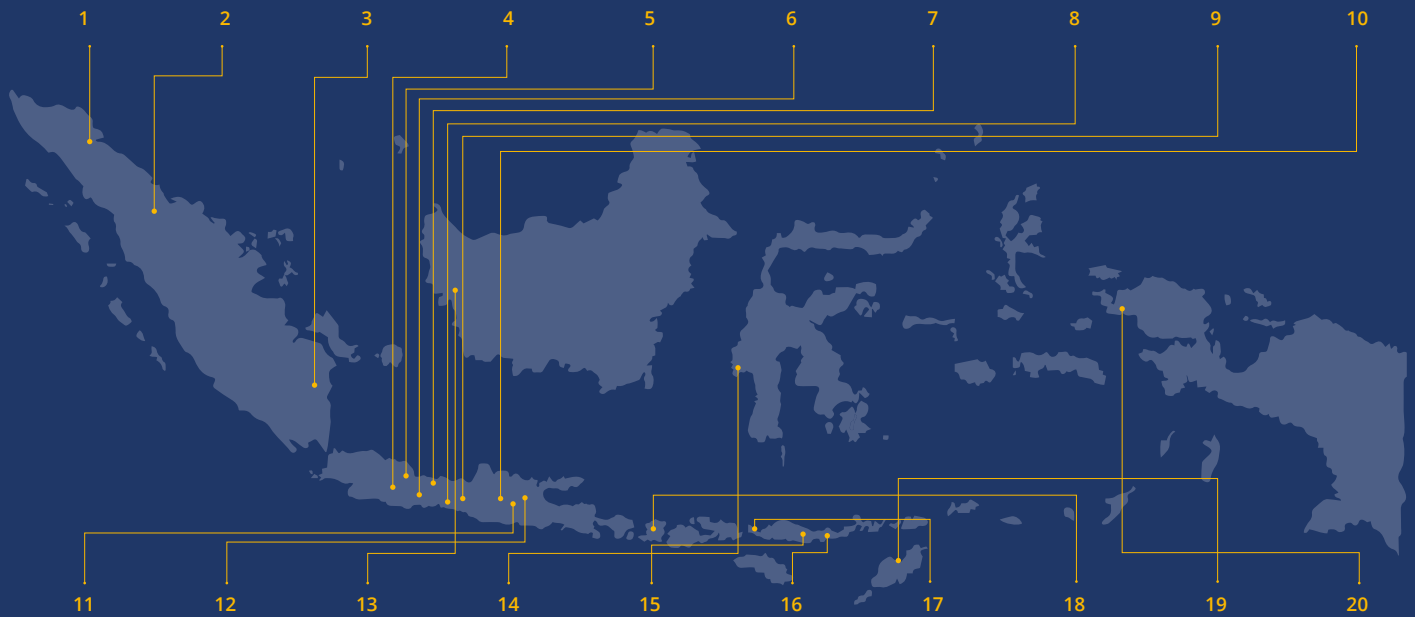
For the internal policy related to branchless banking has been regulated in the form of PTO as follows:

- PTO of Non- Office Financial Service in the Framework of Inclusive Finance (Laku Pandai) last updated in October 2017. This PTO discusses the duties and responsibilities of each work unit in the implementation process of Laku Pandai, the authority to decide and operational provisions.
- PTO of Mandiri SiMakmur Savings Product Code for Branchless Banking Savings which is effective from December 22, 2017. This PTO discusses the process flow in opening a SiMakmur account, depositing, withdrawing, changing data, blocking, closing, and managing customer complaints.

Social and Environmental Responsibility Program

In addition to entrepreneurship and financial inclusion programs, Bank Mandiri also distributes other social assistance to the stakeholders in the environment around the company's operations while respecting the principles of good corporate governance. The forms of the TJSL and BL programs implemented by Bank Mandiri include Disaster Assistance, Educational Assistance, Health Assistance, Assistance for Public and Worship Facilities, and Assistance for Environmental Conservation.

Mandiri Care for the Environment program was presented in the section on Corporate Social Responsibility related to the Environment. Meanwhile, TJSL and BL activities conducted by Bank Mandiri in all work areas / regions of Bank Mandiri is illustrated in the following info graphic.



Region I

Scholarship Assistance for Sinabung Disaster Victims

October 25, 2018

Improving Education Facilities for students of the Mount Sinabung Natural Disaster victims.



Region I

Sanitation Development Assistance in Buluh Duri Village

October 24, 2018

Improving the quality of Sanitation of Buluh Duri villagers who have not been / are inadequate.



Region II

Ambulance Car Assistance for the Yayasan As-Suhada Belitang III, South Sumatra

September 25, 2018

Helping surrounding villagers to fulfill health services and for emergency response services in critical community conditions for 24 hours



Region III

Assistance for Mosque Expansion and Construction of the Tahfidzul Qur'an Ar-Ridho Islamic Boarding School in Jurangmangu

June 04, 2018

Adding Worship Facilities to the surrounding resident.



Region IV

CSR Assistance for Activities to Change the Face of Johar Baru Village

April 07, 2018

Making the Johar village environment more colorful and clean.



Region IV

First Harvest of the Empowerment Program for Social Forestry Community, Revitalization of Muara Gembong

July 25, 2018

Increasing the Amount of Harvested Tambak by revitalizing Traditional Patterns of Ponds to Semi Intensive Patterns with an increase in yield of ± 500% from the original yield of 20-50 Kg / Hectare to 2-5 Tons / Hectare



Region V

CSR Assistance for Seats Procurement for Gereja Bethel Indonesia (GBI) Depok, Depok Town Center.

July 02, 2018

Improving Worship facilities and infrastructure for local residents'.



Region VI

Building Renovation Assistance for SD Negeri Muara II Tanjung Jaya, Muara Village, Sub-district. Cilmaya Wetan Karawang Regency West Java

March 27, 2018

Improving the quality and convenience of learning and teaching for Students and Teachers.

9

**Region VI**

Facilities and Infrastructure Assistance for Sayang Kaak Tourism Park, in Cijeungjing District, Ciamis Regency

May 11, 2018

Adding tourism spot as one of the sightseeing destinations for local residents.

10

**Region VII**

Assistance for the Development of Balai Ekonomi Desa (Balkondes) in Kenalan Village Magelang Regency, DI Yogyakarta

2018

Improving the economy of the tourism area by empowering local communities.

11

**Region VII**

Bank Mandiri Break Fasting Event "Silaturahmi Anak Negeri 2018 Bersama dalam Kebhinekaan (2018 Domestic Children Gathering Together in Diversity)" in Tjolomadu Solo, Central Java

June 07, 2018

Sharing benefits and happiness for underprivileged children and foster a sense of diversity for children with different religions

12

**Region VIII**

Expo and Awarding Wirausaha Muda Mandiri in Malang

Awarding WMM on September 15, 2018 in Samantha Krida, Universitas Brawijaya Malang

Providing inspiration for young people to become entrepreneurs

13

**Region VIII**

Expo and Awarding Wirausaha Muda Mandiri in Malang

Expo WMM on September 6-9, 2018 in Olympic Garden Mall, Malang

Introducing WMM products at the Awarding and WMM Expo events

14

**Region IX**

CSR Assistance for Elementary School Education Facilities in the Border Area in Pontianak, West Kalimantan

April 11, 2018

Improving Education Facilities (Elementary School) for local residents.

15

**Region X**

CSR Aid for Victims of Earthquake and Tsunami in Central Sulawesi

October 15-30, 2018

To provide decent housing, school, hall, and public toilet facilities for Victims of Earthquake and Tsunami in Central Sulawesi. Perceptible aid and repair for infrastructure from institutions in all over Indonesia (National Disaster Management Body/BNPB, Indonesian Army/TNI, Indonesian National Police/Polri, Coordinating Ministry, State-Owned Enterprise/BUMN, Regional Government, Social Institution and other) have allowed for an advance in the region's economics, where sellers, shops, and hypermarkets start to emerge and operate, resulting in trade growth.

16

**Region XI**

Training and Coaching for Private Library at State Special Elementary School WERI

May 31, 2018

To increase students' knowledge and reading interest.

17

**Region XI**

Construction of Rinca Island Port by CSR program of Bank Mandiri together with 6 BUMNs

November 2018

To improve the port as a public facility for people of Rinca Island and visitors.

18

**Region XI**

CSR Aid for Earthquake Victims in Lombok, East Nusa Tenggara

September 10-27, 2018

Experience of disaster in previous regions showed that disaster caused economic stagnation of approximately -8% to -10%. The subsequent infrastructure restoration which includes the construction of Temporary Housing, allowed for an increase in economical state of the people, as seen in the number of visits of domestic and foreign tourists to Lombok.

19

**Region XI**

Training for Tenun Fabric Crafters (Tenun Fabric Fostered Partners of Bank Mandiri) in Kupang

August 2, 2018

To improve the skills of tenun fabric crafters in Kupang, in order to be able to produce fabrics which follow today's trend.

20

**Region XII**

Students Understanding the Nusantara in West Papua.

August 6-17, 2018

To improve the knowledge on Nusantara (Archipelago) and the culture of West Papua for students from North Sumatra

Mandiri Care for Development Social Community

Fostered Partner Development Program Training

Training for Woven Fabric Craftsman Fostered Partners of Bank Mandiri in Kupang, the training was held on August 2, 2018. The training was carried out with the aim of improving the skills of woven fabric craftsmen in Kupang so that they could produce fabrics that are in line with the current Trends.

Establishment of The Village Economic Hall (Balai Ekonomi Desa (Balkondes) in Kenalan Village, Magelang

The development of a village economic hall (balkondes) is the state-owned enterprise program that will be used to display the local economy, especially the tourism potential around Borobudur. Bank Mandiri has undertaken several activities in the establishment of Balkondes such as establishment of homestays (including land rent), talud, and bridges, and training in how to process cassava, wickerwork making, batik making, and Balkondes management. By empowering the local community, it is expected that it can improve the standard of living and the economy of the local community.

SOE Program Present for the Country Siswa Mengenal Nusantara (SMN)

Siswa Mengenal Nusantara (SMN) Program has been held since 2015 which aims to instill a sense of pride and love for the homeland from an early age to high school / vocational / Extraordinary school students. The archipelago's rich diversity and enormous potential are introduced through direct interactions between students and the components of the Government and the communities they visit. In 2018, SMN was held again in the West Papua Region that received a Visit from High School Students from North Sumatra. The activity was held from August 6 to 17, 2018. This activity was carried out with the aim of enhancing insights into the culture of West Papua for participants that are from North Sumatra.

Training for University Students

Bank Mandiri in collaboration with PT PAL Indonesia held a Vocational Welding training at Training Center of PT PAL Surabaya. In the training, as many as 100 polytechnic students in East Java participated who were divided into 10 batches, with 10 participants per batch. The training was held from October 2017 to November 2018, in which the aim of the training was to improve skills education, especially in the field of welding, so that participants were expected to be able to compete in the workforce.

The Impact of Non-Cash Social Assistance Distribution

In order to support financial inclusion in Indonesia which has also been the focus of attention from the Government of Indonesia and the Financial Services Authority, since April 2016 the Government has called for an increase in Financial Inclusion through the distribution of Social Assistance (Bansos) in non-cash through State-Owned Bank Association Banks (Himbara), namely Bank Mandiri, BNI, BRI, and BTN with reference to Presidential Regulation Number 63 of 2017 concerning Distribution of Non-Cash Social Assistance. Through the program, it is expected that beneficiaries will become more productive to be able to improve their welfare. There are two social assistance programs distributed by Bank Himbara namely Program Keluarga Harapan (PKH) and Bantuan Pangan Non Tunai (BPNT). The assistance from Bank Himbara is expected to increase the effectiveness of the aid distribution so that it is more on targeted. Bank Mandiri as an Agent of Development, also actively supports the success of the program, which is also in line with the culture of Bank Mandiri, namely Spirit of Prospering the Country.

Keluarga Harapan Program

Keluarga Harapan Program (PKH) is a conditional Social Assistance Program provided to Poor Families in Indonesia / Vulnerable Groups called Keluarga Penerima Manfaat (KPM). The Bansos program is known globally as Conditional Cash Transfer (CCT).

In the PKH Program, KPM received Bansos funds totaling IDR1,766,350 to IDR1,840,350 per year, which is distributed in 4 stages, with details of stages 1-3 each of IDR500,000 and stage 4 of IDR266,350 or IDR340,350.

Throughout 2018, Bank Mandiri has channeled PKH Bansos funds to a total of 1.6 million KPM in 27 provinces 164 districts / cities, 1,680 sub-districts and 16,483 villages in Indonesia. In 2018, Bank Mandiri targeted 1.6 million KPM to become PKH recipients of funds, which had been realized at 98.87% with total distribution of 1.58 million KPM and total funds disbursed amounting to IDR2.77 trillion.



Distribution of Keluarga Harapan Program

(Non-Cash Food-Aid)

Bantuan Pangan Non Tunai (BPNT) is a government food assistance program that aims to reduce poverty and provide social protection to KPM. In 2018, food commodities given to KPM are Rice and / or Eggs. Distribution of BPNT Bansos is done through Agents with a quota of IDR110,000 / month.

Throughout 2018, Bank Mandiri has channeled BPNT Social Assistance funds to a total of 807,510 KPM with a total fund of IDR560.8 billion in 12 Provinces, 21 Regencies / Cities, 281 Sub-districts and 3,293 Sub-Districts / Villages, through 4,982 BPNT Bansos Agents.

In 2018, the average number of KPM that have utilized government assistance is 94.06% at each stage. In 2018, BPNT program of Bank Mandiri increased by 2.171% compared to 2017 (37,187 KPM) to 807,510 KPM or an increase of 770,323 KPM.



Non-Cash Food-Aid Distribution

Complaints Channels

Bank Mandiri is committed to continuing the development and community empowerment program, but in an effort to implement the program there are sometimes obstacles in its implementation. Therefore, if there are obstacles or complaints in community activities, you can send an email to Bank Mandiri Customer Care at Mandiricare@bankmandiri.co.id email address.

Activity Impacts

The Impact of Self-Education and Entrepreneurship Programs

Through the Mandiri Young Entrepreneur program, Bank Mandiri expects to continually bring new entrepreneurs who will eventually create new jobs. Entrepreneurship programs run by the Company had made an impact on increasing business turnover of program participants as well as more broadly, education and entrepreneurship independence programs have increased the financial independence of the Indonesian society.

The Impact of Financial Inclusion Program

The financial inclusion program implemented by the Company has impacted on the fulfillment of the right of every person to have full access and service from financial institutions in a timely, convenient, informative and affordable manner. Another impact of the financial inclusion program is the more open public insight, especially regarding banking services and other financial services industry products.

The Impact of Social and Environmental Responsibility (TJSL) and Environmental Development (BL) Programs

The implementation of TJSL and BL programs carried out by the Company throughout 2018 is expected to have an impact in the form of equity and economic improvement for society in the implementation of TJSL and BL programs so that they can improve the living standards of the society. This can be seen in the Community Empowerment Program for Forestry and Fishpond Revitalization of Muara Gembong Program which has increased the amount of harvested fish by revitalizing traditional patterns of ponds to semi-intensive patterns with an increase in yields of $\pm 500\%$ from original yields of 20-50 kg / Acres are 2-5 tons / hectare. Additionally, the Company also expects that the implementation of the Balkondes program in Kenalan Village, Magelang can improve the expertise and knowledge of local villagers and will have an impact on increasing the economic standard of the communities around the Borobudur tourist area in the future.

The Impact of Non-Cash Social Assistance Distribution

There are several impacts of the Non-Cash Social Assistance that has been channeled, as follow :

- Building populist's economy;
- Assisting Government Programs to reduce poverty in Indonesia which is also in line with Sustainable Development Goals (SDGs);
- Social assistance distribution is more on targeted, precise in number, on time, right in quality and right in administration;
- Encourage the community to play a role in Cashless society and Financial Inclusion in Indonesia;
- Increasing the Resources of Backward Regions.

Cost Incurred

Throughout 2018, Bank Mandiri spent IDR114,551,556,765.00 to carry out various activities related to social and community programs. This number increased by 3.15% from the previous year. The details of the funds for distributing CSR activities related to social and community development are as follows:

Table of CSR Distribution Realization (PKBL) 2018

Distribution Category	2018 (IDR)	2017 (IDR)
Disaster Assistance	10,792,630,559	1,724,719,846
Education Assistance	36,093,622,369	11,966,467,987
Community Social Assistance in the context of poverty alleviation	28,505,502,677	8,018,924,161
Religious Facilities Assistance	15,237,730,801	28,949,727,690
Health Improvement Assistance	6,424,844,584	8,497,666,519
Nature Conservation Assistance	-	240,090,250
Facility Development Assistance and/or Public Facilities	17,497,225,775	58,881,235,804
Grand Total	114,551,556,765	118,278,832,257

Corporate Social Responsibility Related to Responsibility to Consumers

Policy

In carrying out corporate responsibility to consumers, Bank Mandiri refers to policies and regulations that apply in Indonesia, namely:

1. OJK Regulation Number. 1/ POJK.07/2013 concerning Consumer Protection in the Sector of Financial Services
2. Bank Indonesia Regulation Number. 7/7/PBI/2005 concerning Customer Complaint Settlement, which has been amended by PBI Number. 10/10/PBI/2008 concerning customer protection.

To complete the regulation and in order to support the spirit remarkable customer experience (CX) specifically the settlement of complaints/customer complaints, Bank Mandiri also has compiled and implemented comprehensive guidelines related to customers complaints management in the form of Operational Guidelines Standards (SPO) for Customer Complaints Management.

Activity Target

In accordance with the Company's spirit to provide positive customer experience (CX) to all customers, responsibility of Bank Mandiri to customers, such as:

1. Providing service guarantees in the form of Standard Level Agreement (SLA) complaints that is continually reviewed and updated refer to customer expectations. Besides, Determination of complaint SLA amount according to the policies and regulations that apply in Indonesia, in this case the written complaint is completed within 20 (twenty) working days, and under certain conditions can be extended for the next 20 (twenty) working days.
2. Conducting banking education to all elements of society, as a form of responsibility of the Company in the Spirit of Propering the Nation.
3. Conducting customer satisfaction surveys as part of improving the quality of products and services provided by the Company to customers.

Activity

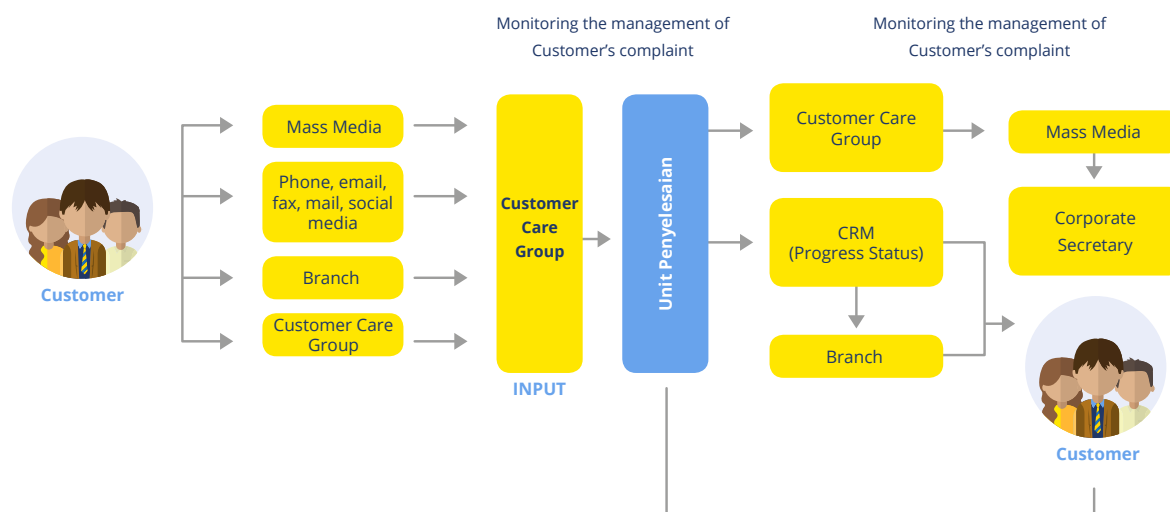
Customer Complaint Activities

As a form of the openness of Bank Mandiri for every customer complaint, Bank Mandiri facilitates customer complaints through various media such as:

1. Mandiri Call 24-hour service at 14000.
2. Website www.bankmandiri.co.id by choosing menu "contact us".
3. E-mail: mandiricare@bankmandiri.co.id.
4. Twitter Account @mandiricare.
5. Facebook Account "Bank Mandiri".
6. Telegram, at 0811-84-14000 (Telkomsel).
7. Official letter that is addressed to Bank Mandiri either delivered directly, sent by post or facsimile.
8. Bank Mandiri Branch Offices throughout Indonesia.

Handling Customer Complaints

In order for all customer complaints to be dealt with in a fast and effective process, Bank Mandiri conducts coordination with the picture of customer complaint flow stages, as follows:



All complaints that have been received from various types of media complaints are then forwarded directly to the settlement unit related and monitored directly by the Customer Care Group (CCG) to ensure that the settlement of complaints will be carried out in accordance with the established Service Level Agreement (SLA). Whereas, specifically for complaints made through mass media, CCG coordinates with the Corporate Secretary Group in monitoring complaints responses in related media. Additionally, CCG also provides policies for special complaints according to criteria and reporting customer complaints to regulators.

As a form of excellent service provided by Bank Mandiri to customers, data related to the resolution of customer complaints and complaints that have been carried out by Bank Mandiri within the past 5 (five) years can be seen in the following table :

Type of Customer Complaint	2018	2017	2016
Interest/Profit Sharing/Profit Margin	8	4	8
Fine/Penalty	14	7	31
Administration/Commission/Transaction Fee	85	107	81
Transaction Failure/Delay	482,297	312,740	209,879
Amount of Charges/Account Balance	18,733	17,058	11,625
Others	175	239	5,173
Total	501,312	330,155	226,797
In the process of completion	7,536	6,163	5,037
Complaints Resolved in numbers	493,776	323,992	221,760
Complaints Resolved in percentage	98.50%	98.13%	97.78%

Based on the above data, it can be seen that there is a trend of an increase in the number of complaints that have been resolved from 2016 to 2018. This indicates that Bank Mandiri always strives to answer all complaints / customer complaints as a form of Bank Mandiri's accountability to the Customer.

Confidentiality of Customer Data

The confidentiality of Customer Data is regulated in internal provisions of Bank Mandiri, including the Technical Operational Guidelines (PTO) Transparency in the Use of Customer Personal Data (TPDPN) effective from November 10, 2015. This PTO regulates operational procedures related to TPDPN to new and existing individual Customers. Provisions regarding the use of Customer's personal data (which is in the Bank) for commercial purposes must be carried out transparently and carried out based on the written agreement of the Customer. In the PTO, among others, it regulates the functions and duties of the management work unit and the mechanism for managing TPDPN.

Product Information Activity

In order to realize a high commitment to protect customer rights, then throughout 2018, Bank Mandiri has carried out various programs and social responsibility activities in the product and customer fields. The implementation of the policy that have been made include:

Customer Education

To expand the reach of education programs for customers, Bank Mandiri utilizes website www.bankmandiri.co.id and branch offices, ATMs, flyers, brochures, television, radio, websites, social media, indoor media and other advertising media to deliver educational materials about products and services available at Bank Mandiri. In addition, in 2018, Bank Mandiri has also conducted educational programs for customers of Bank Mandiri and the general public that aim to improve public financial literacy. The implementation of customer education events titled "Mandiri Edukasi 2018" in 5 (five) cities with the following information.

No.	City	Schedule Implementation	Topic Education
1.	Institut Teknologi Bandung - Bandung	Thursday, March 8, 2017	Entrepreneurship "How to Build a Startup and Get Strategic Investment" Digital Transaction Security
2.	Universitas Andalas - Padang	Tuesday, March 27, 2018	Entrepreneurship "How to Build a Startup" Smart Ways to Make an Investment
3.	Universitas Terbuka - Tangerang	Friday, April 13, 2018	Smart Ways to Make an Investment Digital Transaction Security
4.	Universitas Bengkulu - Bengkulu	Wednesday, September 5, 2018	Entrepreneurship "How to Build a Startup" Smart Ways to Make an Investment
5.	Universitas Gadjah Mada - Yogyakarta	Friday, October 26, 2018	Entrepreneurship "How to Build a Startup" Digital Transaction Security

To ensure that the education program is effective in improving public financial literacy, Bank Mandiri conducted an Effectiveness Survey on a total of 784 respondents who were participants in the "Mandiri Edukasi 2018" event from the city: Bandung, Padang, Tangerang, Bengkulu, and Yogyakarta. From the survey results, information was obtained that the education program had been effective in improving public financial literacy.

Mandiri Intelligent Assistant (MITA)

It's time to ask
MITA



"The presence of MITA answers the challenges of Bank Mandiri in providing comprehensive services to various customer groups, especially millennial customers who are more familiar with social media"

Early 2018, in order to improve the quality of services to customers, Bank Mandiri added features website Company with Mandiri Intelligence Assistant (MITA). MITA is an information service to customers based on chat applications that can be accessed directly by users via cell phones to find out information about products, services, promotions, ATM locations and branches.

Bank Mandiri presents MITA to address the growing challenges of digital transformation in Indonesia, which is a form of the Company's adaptation to trends and service needs of modern contact center. MITA services are believed to be able to accelerate and facilitate customer interactions with banks so that in the future it is expected to help the Company win competition in the financial industry. In addition, this digital-based service is expected to meet the needs of customers from the millennial generation, which amounts to 43%.



The scope of MITA services is the delivery of information regarding Bank Mandiri products and services. MITA does not serve the delivery of information related to bank secrets as stipulated in the legislation and related to the customer's financial data.

Complaints Channels

As a form of responsibility and openness of Bank Mandiri to its customers, any complaints or complaints from customers can be submitted to the Company through several facilities as mentioned previously, namely, among others, Mandiri Call, website, email or social media owned by Bank Mandiri (Twitter, Facebook and Telegram). Customers can also go directly to Bank Mandiri Branch Offices throughout Indonesia or submit complaints through official letters delivered directly, sent by post or facsimile.

Activity Impacts

Customer Complaint Activities

The effectiveness of handling customer complaints has an impact on the level of customer satisfaction. To find out the extent of customer satisfaction of Bank Mandiri in 2018, Bank Mandiri in collaboration with PT Business Development and Research Consultancy (BDRC) conducted a Customer Satisfaction and Experience Survey in the retail segment. Through the survey, 2 (two) values were obtained, namely the Customer Satisfaction Score (CSAT) and Net Promoter Score (NPS). The survey method used is Face to Face Interview. The results of the survey show that overall the assessment of Customer Satisfaction and Experience The survey of Bank Mandiri throughout 2018 is above the banking industry figures as can be seen in the following table:

Table of Bank Mandiri Customer Satisfaction and Experience Survey Results

Business Segment	CSAT		NPS	
	Bank Mandiri	Industry	Bank Mandiri	Industry
Retail	81.89	80.92	30	25
Wholesale	85.43	N/A [*]	46	N/A [*]
Overall	83.66	80.92	36	25

^{*}in 2018, Wholesale Industry (CSAT and NPS) is not measured

Confidentiality of Customer Data

In 2018, there were no complaints from customers regarding data leaks or the confidentiality of customer data. In addition, there are no missing customer data and other complaints from outside parties and regulators.

Product Information Activity

Submission of information and education to the public regarding products and services owned by the Company is intended to facilitate the provision of services and access to customers. The ease of service and access to customers further has made an impact on the Company's revenue and market share. In 2018, the Company's interest and sharia income increased by 4.80%. Additionally, market share has also increased, both in relation to Third Party Funds and Distributed Credit.

Market Share Table

Market Share	2018	2017
Third Party Fund	15.54%	15.41%
Distributed Credit	15.26%	15.10%

Corporate Social Responsibility Related to Responsibilities to Suppliers



Policy

Internal policy related to Procurement of Goods and Services, namely Procurement SPO has been updated and approved on March 1, 2017. Procurement SPO is a guideline of Bank Mandiri in carrying out the process of procurement of goods and services that are strategic and non-strategic to support the Bank's operational activities according to quality, quantity and the time set with the best price and applying risk control management principles.

In carrying out the process of procuring procurement executives must sign the Integrity Pact to be able to carry out the procurement of goods and services, in addition the procurement process must also refer to the basic principles of procurement implementation including:

Effective	Procurement activities must be in accordance with the requirements/plans that have been determined and can provide optimal benefits for the Bank.
Efficient	Procurement activities are carried out to achieve the quality as specified, with the agreed time at the best price level.
Open and competitive	Procurement implementation must be open to Goods and Services Providers who have fulfilled the requirements and carried out through fair competition among Goods and Services Providers and fulfill certain conditions/criteria based on clear and transparent provisions and procedures.
Transparent	All provisions and information regarding the implementation of Procurement, including technical and administrative requirements, procedures for evaluation, results of evaluation, determination of prospective Providers of Goods and Services are open in nature.
Fair and Non-discriminatory	Providing the same treatment for all prospective suppliers of goods and services and does not lead to providing benefits to certain parties by means of or for any reason.
Accountable	The process, results, and payment of procurement must be accountable.
Responsible	The procurement process is carried out carefully and complies with applicable regulations.
Independent	The procurement decision is taken objectively and is free from the pressure of any party. The Company makes decisions objectively and free from pressure from any parties.

To realize procurement activities with the principles as above, Bank Mandiri implements the following:

1. Separating functions in the Procurement Implementing Unit, i.e. the unit tasked with selection partner/vendor candidates, the unit tasked with performing the procurement process, the unit tasked with preparation of the Self-Estimated Price; and the Work Compliance Unit
2. Always observing and complying with internal and external regulations
3. Implementing the principles of risk management, that include identification, assessment, mitigation, and monitoring as well as measurement of operational risks;
4. Upholding the Company's Work Culture grounded in
 - TIPCE values (Trust, Integrity, Professionalism, Customer Focus, and Excellence), GCG, and complying with the Code of Conduct and implementing the principles of prudence
 - Good Corporate Governance (GCG), and
 - complying with the Code of Conduct and implementing the principles of prudence.
5. As well as complying with behavioral guidelines of Bank Mandiri, namely:
 - One Heart One Mandiri (How does our Team work)
 - Strong Mandirian (How as individuals we work)
 - Growing Healthy (How we develop business and performance)
 - Meeting Customer Needs (What is our behavior to customers)
 - Together Building the Country (How we interpret work and responsibilities)

Activity Target

Bank Mandiri targets that the entire process of procurement of goods and services has implemented the principles of Effective, Efficient, Open and Competitive, Transparent, Fair and Non-discriminatory, Accountable, Responsible, and Independent. By applying these principles, it is expected that supplier satisfaction levels will be well maintained and further will have an impact on improving the overall performance of the Bank.

Activity

Procurement of Goods and Services Pursuant to Ethics and Principles



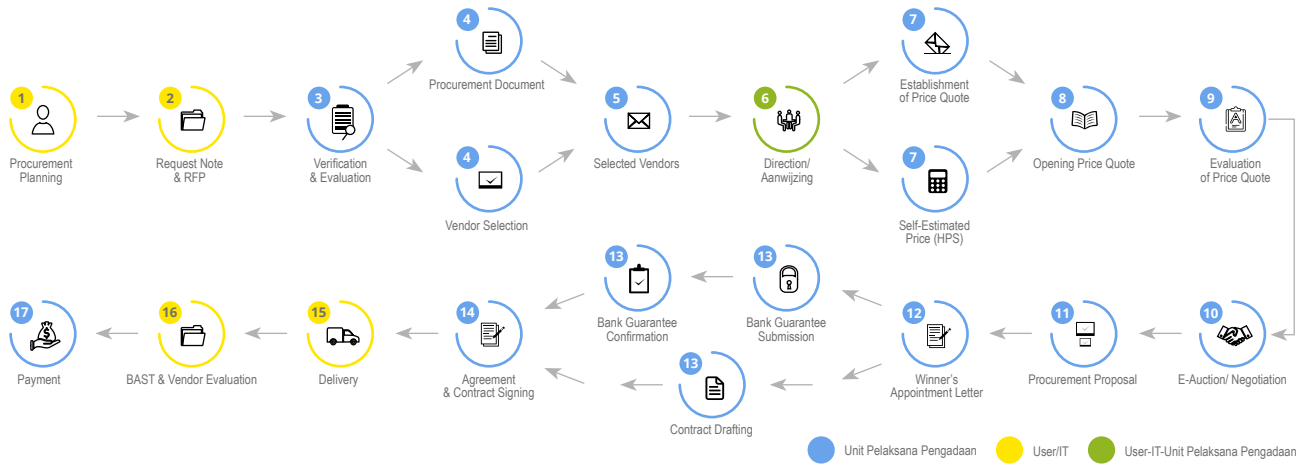
All parties involved in the procurement process of Bank Mandiri among others the Procurement Implementation Unit, Goods and Services Users, and Goods and Services Providers must from time to time abide by the following ethics:

- Fulfilling one's obligations with full of responsibility to achieve the objectives of Procurement smoothly and appropriately.
- Working professionally and independently on the basis of honesty, and maintaining the confidentiality of documents that should be kept confidential, such as the Self Estimated Price (HPS), to prevent any irregularities in the implementation of Procurement activities.
- Not influencing other parties either directly or indirectly to prevent and avoid any unfair competition.
- Receiving and being responsible for all decisions reached under an agreement of the parties.
- Avoiding and preventing any conflicts of interest among parties.
- Avoiding and preventing any extravagance in the implementation of Procurement activities.
- Avoiding and preventing any abuse of authority and/or collusion for the interest of certain individuals, groups, or other parties which can directly or indirectly harm the Bank.
- Avoiding and preventing any Corruption, Collusion, and Nepotism (KKN) in the Procurement processes.
- Not receiving any gifts or rewards of any kind, either directly or indirectly.

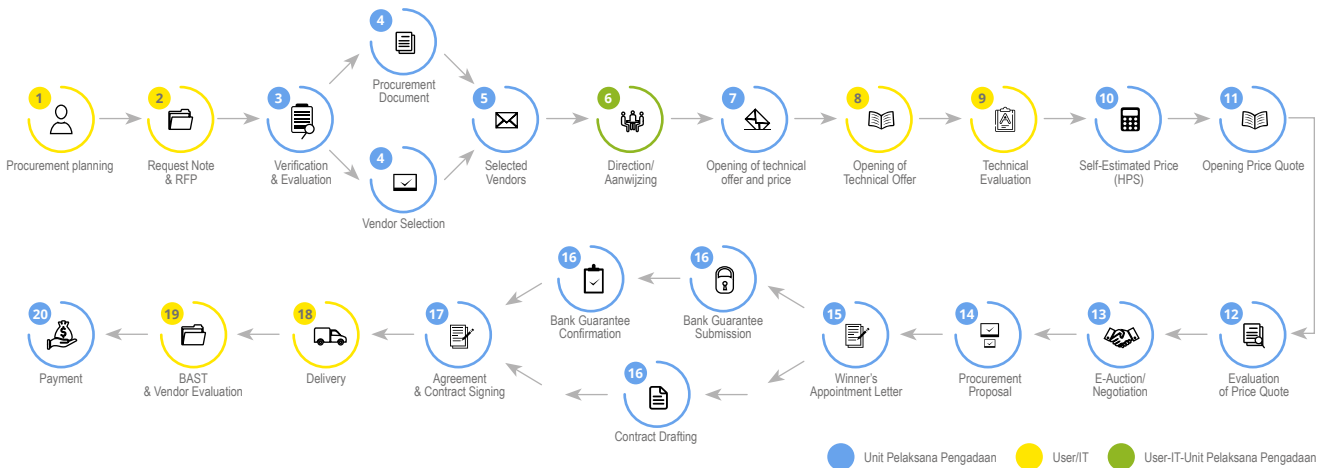
Procedures for Goods and Services Procurement

Bank Mandiri has established procedures for procuring goods and services which is shown in the 3 following schemes:

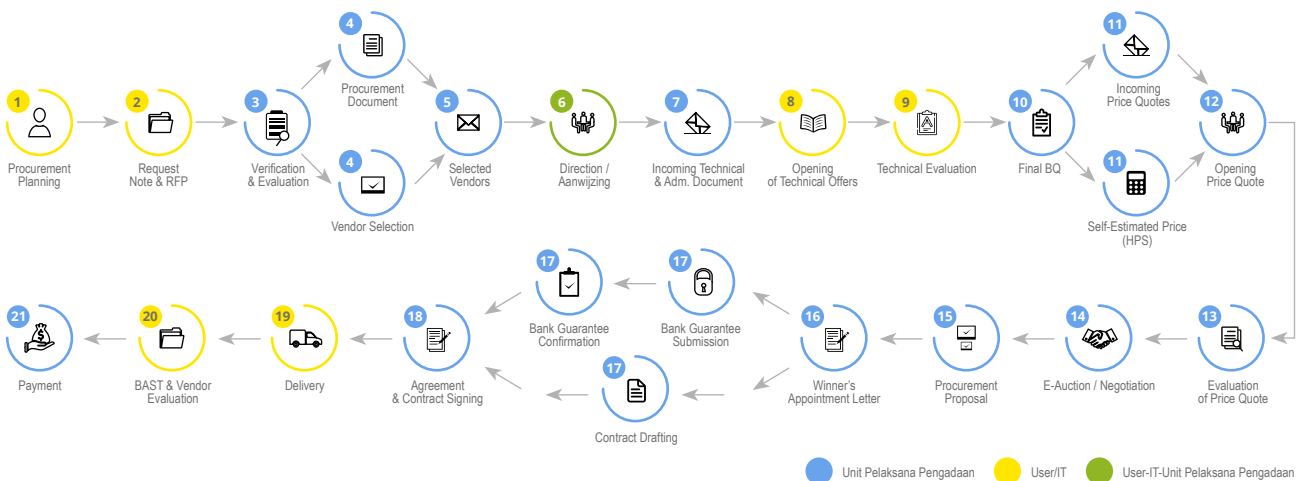
Flow of Simple Procurement Process (One Step One Cover)



Flow of Medium-Complexity Procurement Process (One Step Two Covers)



Flow of High-Complexity Procurement Process (Two Steps)



Bank Mandiri through the Internal System Strategic Procurement Group (Procurement Unit), has applications to support procurement management management activities including:





No	Application Name	Application Description	Application Functions
1	Bank Mandiri Portal Procurement	Is a web-based tool that was used to interact, among others, for Bank Mandiri to interact with the Suppliers and Prospective Suppliers.	<ol style="list-style-type: none"> 1. Accreditation/ registration of prospective suppliers. 2. A Medium of introduction for the prospective supplier. 3. Updating the supplier data. 4. Goods/services records of transfer Monitoring. 5. Tender Announcement.
2	Supplier Relationship Management Application	Is a web-based tool that was used by the Supplier Relationship Management unit to manage Bank Mandiri's suppliers	<ol style="list-style-type: none"> 1. Monitoring the partner recommendation request. 2. Analyzing the List of Contractors to be Invited (Daftar Rekanan Terseleksi untuk diundang/DRTU). 3. As a means to manage the Selected Contractor List of Bank Mandiri (DRTM). 4. As a means to carry out evaluation and assessment of the supplier's capabilities.

Audit of Goods and Services Procurement

To ensure SPO Procurement and Bank policies implemented in line with the prevailing provisions, Bank Mandiri always conducts audits regularly and erratically, through Internal and External Audits. During 2018, there were no negative audit findings, both by external and internal auditors on the procurement that might harm Bank Mandiri.

Suppliers' Competency Development Program

Bank Mandiri has carried out the development activities to improve the quality of Bank Mandiri's supplier/vendor, through the implementation of Vendor Meeting and Vendor Gathering that was accompanied with the awarding of the Vendor Award. As for the benefits of Vendor Meeting and Vendor Gathering are as follows:

 <p><i>Sharing Values</i></p>	 <p>Sinergy</p>	 <p>Communication</p>	 <p><i>Engagement</i></p>
Sharing of Bank Mandiri's Vision and Values	Mean to strengthen a harmonious relationship between Bank Mandiri and its Business Partners	Communication forum to gather inputs from vendor to improve the procurement process in Bank Mandiri	Improving vendor engagement toward Bank Mandiri

Vendor Meeting

In 2018, there were 4 (four) Vendor Meetings with the following details:

a. Construction Sector

Date	: February 14, 2018
Venue	: 10th Floor Auditorium, Plaza Mandiri - Jakarta
Speaker	: PT Avia Avian (Avian Paint)
Topic of Discussion	: Increasing the construction sector contractor competence in applying the paint production for quality results
Invited Vendors	: There were 30 construction sector vendors invited

b. IT Sector

Date	: October 22, 2018
Venue	: 3rd Floor Auditorium, Plaza Mandiri - Jakarta
Speaker	: Group Head dan Department Head Strategic Procurement Group
Invited Vendors	: There were 31 IT sector vendors invited

c. Non-IT Sector

Date	: October 23, 2018
Venue	: 3rd Floor Auditorium, Plaza Mandiri - Jakarta
Speaker	: Group Head and Department Head Strategic Procurement Group
Invited Vendors	: There were 50 non-IT sector vendors invited

d. Construction Sector

Date	: October 25, 2018
Venue	: 3rd Floor Auditorium, Plaza Mandiri - Jakarta
Speaker	: Group Head and Department Head Strategic Procurement Group
Invited Vendors	: There were 50 construction sector vendors invited



Vendor Gathering and Vendor Award

Vendor Gathering was held simultaneously with the Vendor Award event to give appreciation to the supplier/vendor with a good performance during 2018. One of the materials presented in the Vendor Gathering event was Refreshment of the important aspect related to the goods and services procurement, namely:

	Strategic Partnership	<ul style="list-style-type: none"> The Vendor is expected to be Bank Mandiri's long-term strategic partner and actively participating in creating "Mandiri Tumbuh Sehat" (Mandiri Grows Healthily).
	Quality	<ul style="list-style-type: none"> Vendor is expected to provide a good quality of Goods/Services that complies with the specification and quality stated in the contract.
	SLA	<ul style="list-style-type: none"> Vendor is expected to be able to provide the Goods/Services on a timely manner as required by the SLA in the contract.
	Efficiency	<ul style="list-style-type: none"> To increase Bank Mandiri's competence towards competitors, Bank Mandiri is required to carry out efficiency The Vendor is expected to synergize with Bank Mandiri to reach optimum efficiency score
	Integrity	<ul style="list-style-type: none"> Vendor is expected to maintain in the implementation of every procurement process at Bank Mandiri.

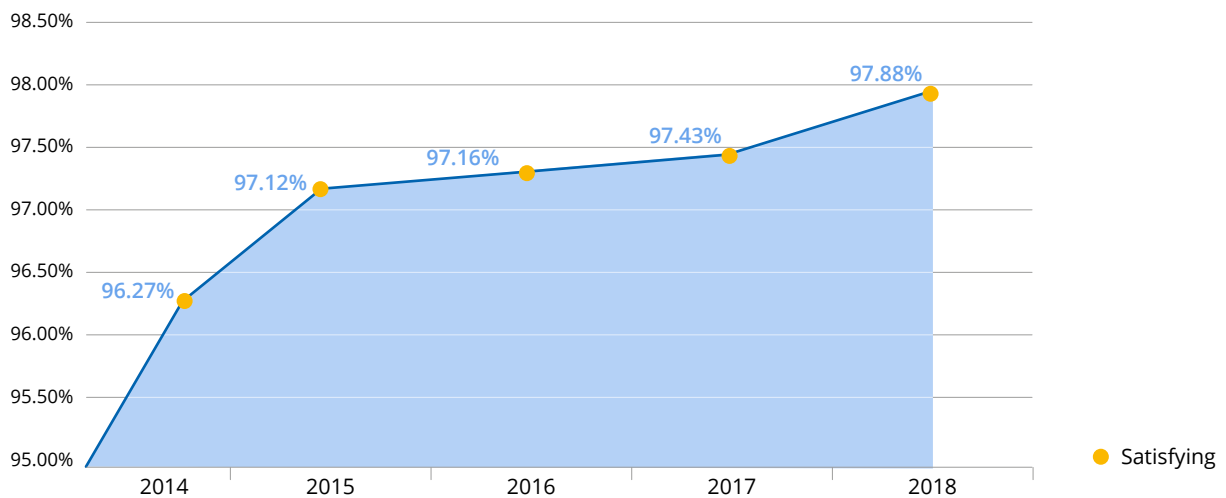
Complaint Channel for Procurement

In the goods and services procurement process, Bank Mandiri has implemented the basic principles of the procurement implementation. Therefore, if the supplier/vendor has complaint, information, or suggestion for the implementation of goods and services procurement in Bank Mandiri, then the supplier/vendor can submit the complaint, information or suggestion to the email address SPCInfo&complain@bankmandiri.co.id.

Impact of Procurement Activities

The implementation of the social responsibilities activity to the supplier has affected in the high level of supplier/vendor satisfaction. To measure the supplier/vendor satisfaction level, Bank Mandiri has conducted surveys since 2013, where the results show that the percentage of the supplier/vendor who was satisfied with the procurement of goods and services in Bank Mandiri tends to increase from year to year, with the highest value of 97.88% in 2018. This value shows that the procurement process and the cooperation between Bank Mandiri and the supplier/vendor have been going very well and smoothly.

Graph of Supplier Satisfaction Survey



With a good and transparent procurement process, during 2018 there were no audit findings, whether by the external nor the internal auditors related to the detrimental procurement of Bank Mandiri.

ARA/POJK Criteria and ASEAN Corporate Governance Scorecard



Reference to POJK and ARA Criteria

CRITERIA	DESCRIPTIONS	PAGE
General		
The annual report is presented in proper and correct Bahasa Indonesia and is recommended to be presented in English as well The annual report is presented in proper and correct Bahasa Indonesia and is recommended to be presented in English as well		✓
The annual report is printed in fine quality, with easy-to-read font types and sizes.		✓
The annual report presents clear identity of the company	Company name and the year of the Annual Report are shown in: 1. Front cover; 2. Side margin; 3. Back cover; and 4. Each page	✓
The annual report is available at company website	Including current annual report and the annual reports from at least the last 4 years.	✓
Key Financial Highlights		
Information on Company's operating results with comparisons of 3 (three) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: 1. Sales/revenues; 2. Profit (loss): a. Attributable to the owner of the holding entity; and b. Attributable to non-controlling interest 3. Total comprehensive profit (loss) and other comprehensive income: a. Attributable to the owner of the holding entity; and b. Attributable to non-controlling interest; and 4. Profit (Loss) per Share Note: For a company with no subsidiaries, the company presents the profit (loss) and other profit (loss) and other comprehensive income in total.	22-24
Information on Company's financial position with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: 1. Total investments in associates; 2. Total assets; 3. Total liabilities; and 4. Total equity.	22-24
Financial ratios with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses five (5) financial ratios that are common and relevant to company's industry.	24-25
Information on stock price in tables and charts	1. Number of outstanding shares: 2. The information in tables and charts covers a. Market capitalization by prices in Stock Exchange where the shares are listed; b. The highest, lowest, and closing price of shares; and c. Trading volume where the shares are listed. 3. Information in charts contains at least: a. Closing price and share trading volume b. Trading volume where the shares are listed For each quarter of the last two (2) fiscal years. Note: if the company shall disclose information on share prices and trading volume if such company does not have market capitalization.	27-28
Information on outstanding bonds, sukuk, or convertible bonds of the last two (2) fiscal years	The information covers: 1. Number of outstanding bonds/sukuk/convertible bonds; 2. Interest rate/yield; 3. Maturity date; and 4. Bonds/sukuk rating in 2015 and 2016. Note: if the company shall disclose information on outstanding bonds, sukuk, or convertible bonds if such company does not have market capitalization	29-30

CRITERIA	DESCRIPTIONS	PAGE
Board of Commissioners and Board of Directors Reports		
Board of Commissioners Report	Containing the following: 1. Assessment on Board of Directors' performance on company management and the basis for the assessment; 2. Perspective on company business outlook set by Board of Directors and its consideration basis; 3. Prospective on the implementation/management of whistleblowing system (WBS) in the company and the role of Board of Commissioners in such WBS; and 4. Changes in Board of Commissioners' composition and the reason behind the change (if any).	38-47
Board of Directors Report	Containing the following: 1. Analysis on company performance, which among others covers: a. Strategic policies; b. Comparisons between realizations and targets; and c. Challenges faced by the company and its settlement measures. 2. Analysis on business outlook; 3. Development of the implementation of corporate governance in the fiscal year; and 4. Changes in Board of Director's composition and the reason behind the change (if any)	50-59
Board of Directors and Board of Commissioners' signatures	Containing the following: 1. Signatures are given on separate sheets; 2. Statement of full accountability on the accuracy of the annual report contents by Board of Directors and Board of Commissioners; 3. Signed by all members of Board of Commissioners and Board of Directors by stating names and positions; and 4. Written explanation in separate letter from the person(s) concerned in the event that a member of Board of Commissioners or Board of Directors fails to sign the annual report, or written explanation in separate letter from the other member(s) in the event that the person(s) concerned fails to provide a written explanation.	62-63
Company Profile		
Name and complete address of the company	The information contains among others: name and address, postal code, phone number(s), facsimile, e-mail, and website address.	66-67
Brief history of the company	Consisting among others: date/year of establishment, name, changes in company name (if any), and effective date for such changes in company name. Note: explanation shall be given in the event that the entity has never made any change to the name	69-70
Line of business	Description of, among others: 1. Company's business activities in accordance with the latest articles of association; 2. Business activities engaged; and 3. Generated products and/or services	71-83
Organizational structure	In a chart, consisting of names and positions, at least up to one level under the Board of Directors.	86-87
Company Vision, Mission, and Culture	Containing: 1. Company vision; 2. Company mission; 3. Explanation that the vision and mission have been reviewed and agreed upon by Board of Directors/Board of Commissioners. 4. Statement on corporate culture adhered by the company.	88-91

CRITERIA	DESCRIPTIONS	PAGE
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	92-99
Identity and brief CV of Board of Directors members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	100-111
Total number of employees (2 years' comparison) and data of competency development that reflects the opportunity for every organizational level	The information encloses, among others: 1. Number of employees for each organizational level; 2. Number of employees for each educational level; 3. Number of employees by employment status; 4. Data of undertaken employee competency developments in fiscal year containing parties (Position level) attending the training, type of trainings, and purpose of trainings; and 5. Incurred costs for employee competency development in the fiscal year.	116-123
Shareholder Competition	Containing, among others: 1. Detailed name of shareholders covering 20 largest shareholders and their shareholding percentage; 2. Details of shareholders and their shareholding percentage, which include: a. Name of shareholders with 5% or more percent of shares; b. Public shareholding groups with their respective shareholding of less than 5%. 3. Name of Directors and Commissioners holding direct or indirect shares and their percentages; Note: Explanation shall be given in the event of Directors and Commissioners do not hold direct or indirect shares.	123-126
List of subsidiaries and/or associates	In the form of table containing the following information: 1. Names of subsidiaries and/or associates; 2. Shareholding percentage; 3. Explanation on the subsidiaries and/or associates' lines of business; and 4. Explanation on the operational status of the subsidiaries and/or associates (in operation or has not yet operating).	127-134
Company group structure	Company group structure in a chart describing subsidiaries, associates, joint ventures, and special purpose vehicles (SPVs).	134-135
Share listing chronology (including private placement) and/or share listing from the initial listing to the end of fiscal year	Containing, among others: 1. The year of shares issuance, number of shares, shares par value, and share offering price for each of corporate action; 2. Number of shares listed following the corporate actions; 3. Name of stock exchange where the shares are listed. Note: Explanation shall be given in the event of the company does not have share listing chronology.	136-139
Issuance and/ or other securities listing chronology from the initial listing to the end of fiscal year	Containing, among others: 1. Name of other securities, year of other securities issuance, interest/yield rate, and the maturity date of other securities; 2. Other securities offering price; 3. Name of stock exchange where the other securities are listed; and 4. Rating of securities. Note: Explanation shall be given in the event of the company does not have other securities issuance and listing chronology.	139-147

CRITERIA	DESCRIPTIONS	PAGE
Names and addresses of capital market supporting institutions and/or professions	The information encloses, among others: 1. Name and address of Securities Administration Bureau (BAE)/parties administrating company's shares; 2. Name and address of Public Accounting Firm; and 3. Name and address of rating agency.	148
Awards received in the last financial year and / or certification that is still valid in the last financial year both national and international scale	Containing descriptions of 1. Name of award and/or certification; 2. Year of award and/or certification; 3. Agency for awarding and/or certification; and 4. Validity period (for certification).	149-154
Information on Company Website	Covering at least: 1. Information on shareholders to last individual owners; 2. Contain of the Code of Ethics; 3. Information on General Meeting of Shareholders (GMS) at least covering the agenda discussed in GMS, minutes of GMS, and important dates i.e. GMS announcement date, GMS summon date, GMS date, GMS minutes announcement date; 4. Separate Annual financial statements (last 5 years); 5. Board of Commissioners and Board of Directors Profiles; and 6. Charter of the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit.	157
Educations and/or trainings for the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit.	Covering at least the following information (type and parties eligible to attend): 1. Educations and/or trainings for the Board of Commissioners; 2. Educations and/or trainings for the Board of Directors; 3. Educations and/or trainings for Audit Committee; 4. Educations and/or trainings for Nomination and Remuneration Committee; 5. Educations and/or trainings for Other Committees; 6. Educations and/or trainings for Corporate Secretary; and 7. Educations and/or trainings for Internal Audit Unit; Attended in the fiscal year Note: Explanation shall be given in the event of there are no educations and/or trainings in the fiscal year.	158-168
Management Discussion and Analysis on Company Performance		
Operational review per business segment	Containing descriptions of: 1. Explanation of each business segment. 2. Performance of each business segment, among others: a. Productions; b. Increase/decrease in business capacity; c. Sales/operating revenues; and d. Profitability.	188-235
Description of company's financial performance	Analysis on financial performance containing comparison between current financial performance and previous year's financial performance and causes for the increase/decrease (in narration and tables), among others concerning: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long-term liabilities, and total liabilities; 3. Equity; 4. Sales/revenues, expenses and profit (loss), other comprehensive incomes and total comprehensive profit (loss); and 5. Cash flow.	245-273
Discussion and analysis on company solvency and liquidity by presenting ratios that are relevant to company's industry	Explanation on: 1. Solvency for short- and long-term debts; and 2. Receivables collectability.	273-276
Discussion on capital structure and capital structure policy	Explanation on: 1. Capital structure, consisting of interest-based debts and equity; 2. Management policies on the capital structure (capital structure policies); and 3. The basis for Capital structure policies.	276-279

CRITERIA	DESCRIPTIONS	PAGE
Discussion on material commitments for capital goods investments (other than funding commitment) in the last fiscal year	Explanation on: 1. The name of parties engaging in the commitment 2. Purpose of the commitments; 3. Sources of funds expected to meet these commitments; 4. Currency used; and 5. Planned measures to protect the company from risks arising from relevant currency position. Note: explanation shall be given in the event that the company does not have any commitments relating to capital investments in the last fiscal year.	330
Discussion on capital investments realized in the last fiscal year	Explanation on: 1. Type of capital investments; 2. Purposes of the capital investments; and 3. Value of capital investment spent in the last fiscal year. Note: explanation shall be given in the event that any capital investment realizations are non-existent	331
Information on comparisons between beginning of fiscal year's targets and realizations, and expected targets or projection for the coming year relating to revenue, profit, and other matters considered important to the company	The information encloses, among others: 1. Comparisons between beginning of year's targets and realizations; and 2. Expected targets or projection for the coming year.	335-336
Information and material facts occurring after accountant's reporting date	Description of significant events after accountant's reporting date including their effects on business performance and risks in the future. Note: explanation shall be given in the event that any significant events after accountant's reporting date are non-existent.	336-337
Description on company's business outlook	Description on company's business outlook is related to industry and economy in general accompanied by quantitative supporting data from trustworthy source of data.	244
Description on marketing aspect	Description on marketing aspect on company products and/or services, among others marketing strategies and market share.	180-187
Description on dividend policy and amount of cash dividends per share and amount of dividends per year announced or paid for the last two (2) fiscal years.	Containing descriptions of: 1. Policy on dividend sharing; 2. Total dividends shared; 3. Amount of cash dividends per share; 4. Payout ratio; and 5. Date of announcement and payment of cash dividends. For each year. Note: explanation shall be given in the event that any dividend sharing is non-existent.	337-338
Employee and/or Management Stock Ownership Plan (ESOP/MSOP) carried out by the company existing until the end of fiscal year	Containing descriptions of: 1. Total ESOP/MSOP shares and its realization; 2. Term; 3. Requirements for entitled employees and/or management; and 4. Exercise price. Note: explanation shall be given in the event that the program concerned is non-existent	338-339
Realization of the use of proceeds from public offering (in the event that the company still has the obligation to report the proceed use realization)*	Containing descriptions of: 1. Total proceeds; 2. Planned use of the proceeds; 3. Detailed use of the proceeds; 4. Balance of proceeds; and Date of GMS/GMB approval on changes in the use of proceeds (if any). Note: explanation shall be given in the event that there is no information regarding realization of the use of proceeds from public offering.	339-340
Information on material transactions containing conflicts of interest and/or transactions with affiliates	Containing descriptions of: 1. Name of affiliates and the nature of affiliation; 2. Explanation on the fairness of transaction; 3. Reason behind the transaction; 4. Realization of transactions in the last fiscal year; 5. Company policy relating to review mechanism on transactions; and 6. Compliance with relevant regulations and provisions. Note: explanation shall be given in the event that any transaction concerned is non-existent.	340-352

CRITERIA	DESCRIPTIONS	PAGE
Description on regulatory changes having significant impact on the company	The description contains among others: 1. Regulatory changes; and 2. Their impacts (qualitative and quantitative) on the company (if significant) or statements stating that the impacts are insignificant. Note: explanation shall be given in the event that any regulatory changes having significant impacts on the company are nonexistent in the last fiscal year.	352-354
Description on changes in accounting policies applied by the company in the last fiscal year	The description includes among others: 1. Changes in accounting policies; 2. Their reasons; and 3. Impacts toward financial statements. Note: explanation shall be given in the event that any changes in accounting policies are nonexistent in the last fiscal year.	355
Information on business continuity	Disclosure of information includes: 1. Matters which potentially inflict significant impact on company's business continuity for the last fiscal year; 2. Management assessment on matters in point 1; and 3. Assumptions used by the management in performing the assessment. Note: in the event that any matters which potentially inflict significant impact on company's business continuity for the last fiscal year are nonexistent, the assumptions used as the basis for the management in assuring that such matters are nonexistent shall be disclosed.	356-357
Good Corporate Governance		
Board of Commissioners description	The description includes, among others: 1. Description of Board of Commissioners' responsibilities; 2. Assessment on the performances of committees under the Board of Commissioners and the basis for such assessment; and 3. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Commissioners).	437-441 and 472
Information on Independent Commissioners	Covering, among others: 1. The criteria for Independent Commissioners appointment; and 2. Statement of independency of each Independent Commissioner.	447-448
Board of Directors description	The description includes, among others: 1. Scopes of duties and responsibilities of each Board of Directors member; 2. Assessment on the performances of committees under the Board of Directors (if any); and 3. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Directors).	474-476 and 506-507
Assessment of the implementation of GCG for fiscal year 2018 covering at least Board of Commissioners and Board of Directors aspects.	Containing explanations on, among others: 1. Criteria used for the assessment; 2. Assessing party; 3. Assessment score for each criteria; 4. Recommendation of the assessment results; and Reasons on why the recommendations are/has not been implemented. Note: explanation shall be given in the event of the GCG implementation assessment for fiscal year 2016 is nonexistent.	678-683
Description of remuneration policy for Boards of Commissioners and Board of Directors	Containing, among others: 1. Disclosure of remuneration procedures to the determination for the Board of Commissioners; 2. Disclosure of remuneration procedures to the determination for the Board of Directors; 3. Remuneration structure which shows the remuneration components and amount of value per component for each Board of Commissioners' member; 4. Remuneration structure which shows the remuneration components and amount of value per component for each Board of Directors' member; 5. Disclosure of indicators for the determination of Board of Directors' remuneration; and	462-465 and 499-503

CRITERIA	DESCRIPTIONS	PAGE
	6. Disclosure of performance bonus, non-performance bonus, and/or shares option received by each Board of Commissioners' and Board of Directors' member (if any). Note: explanation shall be given in the event of performance bonus, non- performance bonus, and/or shares option received by each Board of Commissioners' and Board of Directors' member are nonexistent.	
Frequency and attendance rate in BOC Meetings, BOD meetings, and BOC-BOD joint meetings	The information encloses, among others: 1. Meeting date; 2. Meeting participants; and 3. Meeting agenda For each BOC meeting, BOD meeting, and joint meeting.	449-462 and 485-495
Information on majority and controlling shareholders, both direct and indirectly, to individual holders	In schematic chart or diagram, that differs the main shareholders and controlling shareholders. Note: he main shareholder is the party which, either directly or indirectly, holds at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by a company, but not a controlling shareholder.	417-418
Disclosure of affiliations among the members of Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders	Containing, among others: 1. Affiliations among Board of Directors' fellow members; 2. Affiliations among Board of Directors members and Board of Commissioners members; 3. Affiliations among Board of Directors members and Majority and/or Controlling Shareholders; 4. Affiliations among Board of Commissioners' fellow members; and 5. Affiliations among Board of Commissioners' members and Majority and/or Controlling Shareholders. Note: explanation shall be given in the event that any concerned affiliations are nonexistent.	444-445 and 482-483
Audit Committee	Containing, among others: 1. Name and position of Audit Committee members; 2. Educational history qualifications (field of study and educational institution) and work experience of Audit Committee members (Position, Institution, and Term of Office); 3. Audit Committee members' independency; 4. Description of Audit Committee's duties and responsibilities; 5. Brief report on Audit Committee members' activities in the fiscal year; and 6. Frequency of meetings and attendance rate of Audit Committee members.	511-522
Nomination and/or Remuneration Committee	Containing, among others: 1. Name, position, and brief CV of Nomination and/or Remuneration Committee members; 2. Independency of Nomination and/or Remuneration Committee members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of Nomination and/or Remuneration Committee members in the fiscal year; 5. Frequency of meetings and attendance rate of Nomination and/or Remuneration Committee members; 6. Statement about the existence of guidelines for Nomination and/or Remuneration Committee; and 7. Policy relating to Board of Directors' succession.	522-533
Other committees under the Board of Commissioners owned by the company	Containing, among others: 1. Name, position, and brief CV of other committee members; 2. Independency of other committee members; 3. Description of duties and responsibilities; 4. Description of the implementation of activities of other committees in the fiscal year; and 5. Frequency of meetings and attendance rate of other committees.	533-553
Description of duties and function of Corporate Secretary	Containing among others: 1. Name and brief CV of the corporate secretary; 2. Domicile; 3. Description of the duties and responsibilities; and 4. Descriptions on the implementation of Corporate Secretary's duties in fiscal year.	553-557

CRITERIA	DESCRIPTIONS	PAGE
Description on internal audit unit	Containing, among others: 1. Name of internal audit unit head; 2. Number of employees (internal auditors) in internal audit unit; 3. Certification for internal audit professions; 4. Internal audit unit position in corporate structure; 5. Brief report on internal audit unit's implementation of activities; and 6. Parties appointing and dismissing head of internal audit unit.	577-585
Public Accountant	The information encloses, among others: 1. Number of periods in which a public accountant has conducted annual audit on financial statements for the last five (5) years; 2. Name and the year in which a Public Accounting Firm has conducted annual audit on financial statements for the last five (5) years; 3. Amount of fee for each service provided by public accountant in the last fiscal year; and 4. Other services provided by the accountant apart from annual audit on financial statements in the last fiscal year. Note: explanation shall be given in the event that any services are nonexistent.	589-592
Description on company risk management	Containing, among others: 1. Explanation on risk management system applied by the company; 2. Explanation on review on risk management system in the fiscal year; 3. Explanation on risks faced by the company; and 4. Risk management efforts.	592-619
Description on internal control system	Covering, among others: 1. Brief explanation on internal control system, among others concerning financial and operational control; 2. Explanation on compliance with internal control system with internationally- recognized framework (COSO – internal control framework); and 3. Explanation on review conducted on internal control system implementation in the fiscal year.	619-623
Description of corporate social responsibility related to social responsibility management covers these following matters	1. Information on commitment to social responsibility 2. Information on due diligence methods and scope on the social, economic and environmental impacts of company activities 3. Information on important stakeholders affected or influenced by the impact of company activities 4. Information on important socio-economic and environmental issues related to the impact of company activities 5. Information about the scope of corporate social responsibility both as obligation and as excessive obligation 6. Information about the company's strategies and work programs in handling social, economic and environmental issues in stakeholder engagement and increasing value for stakeholders and shareholders 7. Information about various programs that exceeds the company's minimum responsibilities relevant to the implemented business 8. Information about financing and social responsibility budgets	631-637
Description of corporate social responsibility related to Human Rights includes these following matters	1. Information on the commitment and policy of social responsibility related to Human Rights as a core subject 2. Information on the formulation of the company's scope of social responsibility related to Human Rights as a core subject 3. Information about corporate social responsibility planning in the aspect of Human Rights 4. Information about implementing CSR initiatives in the aspect of human rights 5. Information about achievements and awards for CSR initiatives in the aspect of human rights	637-643
Description of corporate social responsibility related to fair operations covets these following matters	1. Information on social responsibility commitments and policies in the aspect of fair operations as a core subject 2. Information about company's formulation of CSR in the aspect of fair operations as a core subject 3. Information about planning corporate social responsibility in the field of fair operations 4. Information about implementing CSR initiatives on the aspect of fair operations 5. Information about achievements and awards CSR initiatives on the aspect of fair operations	643-647

CRITERIA	DESCRIPTIONS	PAGE
Description of corporate social responsibility related to the environment includes these following matters	<ol style="list-style-type: none"> 1. Information about environmental commitments and policies 2. Information about important environmental impacts and risks that are directly or indirectly related to the company 3. Information about the target / plan of activities in 2018 determined by management; 4. Information about activities implemented and related to environmental programs related to the company's operational activities 5. Information about the implementation of CSR initiatives related to the environment 6. Information about the achievement of quantitative impacts on these activities such as the use of environmentally friendly and recycled-able materials and energy, the company's waste treatment system, complaints mechanism for environmental problems, consideration of environmental aspects in providing credit to customers, and others. 7. Environmental certification owned by the company. 	651-655
Description of corporate social responsibility related to employment, health and work safety covers the information about	<ol style="list-style-type: none"> 1. Labor policies and corporate social responsibility core commitments 2. Information on the scope and formulation of social responsibility in the field of employment 3. Information regarding the 2018 target / plan of activities determined by management; and 4. implemented Activities and quantitative impacts on the activities 5. Information related to employment, health and safety and security practices, such as gender equality and employment opportunities, work facilities and safety, employee turnover rates, work accident rates, remuneration, complaints mechanism, labor issues, and others. 	702-709
Description of corporate social responsibility related to responsibility to consumers includes these following matters	<p>Covering, among others:</p> <ol style="list-style-type: none"> 1. 2018 Target / plan of activities determined by management 2. Activities implemented and impacts on the activities 3. Related to product responsibility, such as consumer health and safety, product information, facilities, number and countermeasures for consumer complaints, and others. 	719-723
Description of corporate social responsibility related to social and community development includes information about	<ol style="list-style-type: none"> 1. Policies and commitments of corporate social responsibility as a core subject to social and community development 2. Information about social issues that are relevant to the company 3. Information about social risks managed by the company 4. Information on the scope and formulation of social responsibility in the aspect of social and community development 5. 2018 Target / plan of activities determined by management; 6. implemented Activities and the impacts on the activities; and 7. Cost expense related to social development and communities, such as the use of local labor, empowerment of communities around the company, improvement of social facilities and infrastructure, other forms of donations, communication about anti-corruption policies and procedures, training on anti-corruption, and others. 	710 - 718
Significant cases currently faced by the company, subsidiaries, and Board of Directors and/ or Board of Commissioners member(s) serving during the annual report period	<p>Covering, among others:</p> <ol style="list-style-type: none"> 1. Principal case/lawsuit; 2. Dispute/lawsuit settlement status; 3. Risk faced by the company and amount of dispute/lawsuit settlement; and 4. Administrative sanctions imposed to the company, Board of Commissioners and Board of Directors members, by relevant authorities (capital market, banking, and others) for the latest fiscal year (or if any statement confirming no imposition of administrative sanction exists). <p>Note: explanation shall be given in the event that any significant cases faced by the company, subsidiaries, Board of Commissioners and Board of Directors members are nonexistent.</p>	631-637

CRITERIA	DESCRIPTIONS	PAGE
Access to company information and data	Description on the availability of company information and data to public, such as through website (in Bahasa Indonesia and English), mass media, mailing list, bulletin, analyst meeting, etc.	637-643
Discussion on code of conduct	Consisting description, among others on: 1. Code of conduct contents; 2. Disclosure that the code of conduct applies to all levels of organization; 3. Dissemination of the code of conduct; 4. Types of sanction for each code of conduct violation; and 5. Number of code of conduct violation and the sanctions imposed in the last fiscal year. Note: explanation shall be given in the event that any codes of conduct violations are nonexistent in the last fiscal year.	643-647
Disclosure of whistleblowing system	Consisting of description on whistleblowing system mechanism, among others: 1. Whistleblowing delivery; 2. Whistleblower protection; 3. Handling of complaints; 4. Parties handling the complaints; and 5. Number of complaints received and processed in the last fiscal year; and 6. Sanction/follow-ups for the complaints which are settled in the fiscal year. Note: explanation shall be given in the event that any incoming complaints are nonexistent in the last fiscal year.	651-655
Policy on the diversity of Board of Commissioners and Board of Directors composition	Description of Company policy on the diversity of Board of Commissioners and Board of Directors composition by education (field of study), work experience, age, and gender. Note: explanation and basis of consideration shall be given in the event that concerned policy is non-existent	443-444 and 479-481
Financial Statements		
Statements from Board of Directors and/or Board of Commissioners on the Accountability on Financial Statements	Financial Statements Page Directors' Statement	FR Page 2
Independent auditor's opinion on the financial statements		Financial Statements Page Auditor's Report Independent
Independent auditor's description on the opinion	The description includes: 1. Names and signatures; 2. Date of Audit Report; and 3. Public Accounting Firm's and Public Accountant's License Numbers.	Financial Statements Page Auditor's Report Independent
Comprehensive financial statements	Comprehensively consisting elements of the financial statements, such as: 1. Statement of financial position; 2. Statement of income and comprehensive income; 3. Statement of changes in equity; 4. Statement of cash flows; 5. Notes to the financial statements; 6. Comparative information on the previous period; and 7. Statements of financial position at the beginning of the previous period presented when an entity applies an accounting policy retrospectively or makes restatement of financial statements posts, or when an entity reclassifies posts in the financial statements (if relevant).	Financial Statements Page 6 -320
Comparison of profitability level	Comparison between profit (loss) in current year and the previous year.	Financial Statements Page 11-13
Statement of Cash Flow	Fulfilling the following requirements: 1. Classification in three categories of activity: operating, investing, and funding; 2. The use of direct method in reporting the cash flow from operating activities; 3. Separation of presentation between cash receipts and/or cash expenses for the current year in operating, investing, and funding activities; and 4. Disclosure of non-cash transaction must be included in the notes to the financial statements.	Financial Statements Page 16 - 18

CRITERIA	DESCRIPTIONS	PAGE
Accounting Policy Highlights	Consisting at least: 1. Statement of compliance with Financial Accounting Standards (SAK); 2. Basis for the measurement and preparation of financial statements; 3. Income tax; 4. Employee benefits; and 5. Financial instruments.	Financial Statements Page 40 -81
Disclosure of transactions with related parties	Items disclosed among others are: 1. Names of related parties and the nature of relationship with these parties; 2. Transactional value and its percentage against total revenue and relevant expenses; and 3. Total balance and its percentage against total assets or liabilities.	Financial Statements Page 213 - 235
Disclosure of matters relating to taxation	Matters need to be disclosed: 1. Fiscal reconciliation and current tax expense calculation; 2. Explanation of relationship between tax expense (income) and accounting profit; 3. Statement acknowledging that Taxable Profits (LKP) from the reconciliation serves as the basis for Corporate Income Tax's Annual Tax Returns (SPT) of 2018; 4. Details of assets and deferred tax liabilities recognized in the financial position statement for each presenting period, and the amount of deferred tax (income) expenses recognized in the income statements if the amount is not visible in the total assets or liabilities of deferred tax recognized in the statements of financial position; and 5. Disclosure of any tax disputes	Financial Statements Page 156 - 163
Disclosure of matters relating to fixed assets	Matters need to be disclosed: 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate fixed assets' fair value (for revaluation model) or disclosure of fixed assets' fair value (for cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and the end of period by presenting: addition, reduction, and reclassification.	Financial Statements Page 131 - 135
Disclosure of operational segment	Matters need to be disclosed: 1. General information covering the factors used to identify reported segment; 2. Information regarding profit and loss, assets, and liabilities of the reported segment; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segment, and other material elements of the segment against relevant amount in the entity; and 4. Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customers.	Financial Statements Page 235 - 241
Disclosure relating to Financial Instruments	Matters need to be disclosed: 1. Detailed of financial instruments by classification; 2. Fair value and hierarchy of each group of financial instruments; 3. Explanation of risks relating to financial instruments: market risks, credit risks, and liquidity risks; 4. Risk management policies; and 5. Quantitative risk analysis relating to financial instruments.	Financial Statements Page 42 - 56 and 246 - 302
Publication of financial statements	Items disclosed among others are: 1. Authorized publication date of the financial statements; and 2. The party responsible for the financial statements authorization.	Financial Statements Page 5

Conformity of the Application of Corporate Governance to the ASEAN Corporate Governance Scorecard

No.	Principles and recommendations	Description	No.	Principles and recommendations	Description
A	Right of Shareholder		A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	419-420
A.1	Basic Shareholder Rights		A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	421, 428, 434
A.1.1	Does the company pay (interim and final/ annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?	337-338	A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/ EGM for all resolutions?	421, 427-428, 433-434
A.2	Right to Participate in decisions concerning fundamental corporate changes		A.3.13	Do companies provide at least 21 days notice for all AGMs and EGMs?	421, 427-428, 433-434
A.2.1	Amendments to the company's constitution?	Website Bank Mandiri	A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	421, 427-428, 433-434
A.2.2	The authorisation of additional shares?	Website Bank Mandiri	A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	419
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	Website Bank Mandiri	A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.	
A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.		A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	331-334
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	417-419	A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.	
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/ commissioners?	419	A.5.1	Does the company disclose its practices to encourage shareholders to engage the company beyond AGM?	417-419
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	417-419	B	Equitable Treatment of Shareholders	
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	420	B.1	Shares and voting rights	
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	422-437	B.1.1	Do the company's ordinary or common shares have one vote for one share?	418
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	422-437	B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	418
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	422, 428-429, 434	B.2	Notice of AGM	
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	422, 428-429, 434	B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	420-421, 427-428, 433
A.3.9	Does the company allow for voting in absentia?	417-419	B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	422-437
				Does the notice of AGM/ circulars have the following details:	

No.	Principles and recommendations	Description
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	92-111
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	420-421, 427-428, 433
B.2.5	Were the proxy documents made easily available?	420-421, 427-428, 433
B.3	Insider trading and abusive self-dealing should be prohibited.	
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	446, 484
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	126
B.4	Related party transactions by directors and key executives.	
B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	446, 484
B.4.2	Does the company have a policy requiring a committee of independent directors/ commissioners to review material/ significant RPTs to determine whether they are in the best interests of the company and shareholders?	359
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	449, 485
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No.	Principles and recommendations	Description
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No.	Principles and recommendations	Description
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Financial Report





**PT Bank Mandiri (Persero) Tbk.
and Subsidiaries**

Consolidated financial statements
as of December 31, 2018
and for the year then ended
with independent auditors' report

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.
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We, the undersigned:

1. Name : Kartika Wirjoatmodjo
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Duren Tiga Selatan No.14 RT. 004 RW. 002
Kelurahan Duren Tiga, Kecamatan Pancoran,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245653
Title : President Director
2. Name : Panji Irawan
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Cipete VII/89 A. RT/RW 003/004
Kelurahan Cipete Selatan, Kecamatan Cilandak,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245580
Title : Director

in the above positions acted as and on behalf of the Board of Directors of PT Bank Mandiri (Persero) Tbk. declare that:

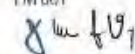
1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been disclosed in a complete and truthful manner;
b. The consolidated financial statements of the Bank and Subsidiaries do not contain any incorrect information or material facts, nor do they omit information or material fact;
4. We are responsible for the Bank and Subsidiaries' internal control system.

Thus this statement is made truthfully.

Jakarta, 13 January 2019

President Director  Director 
Kartika Wirjoatmodjo  Panji Irawan

FM 001



These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. 00034/2.1032/AU.1/07/0685-1/1/I/2019

The Shareholders Boards of Commissioners and Directors PT Bank Mandiri (Persero) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. 00034/2.1032/AU.1/07/0685-1/1/2019 (continued)

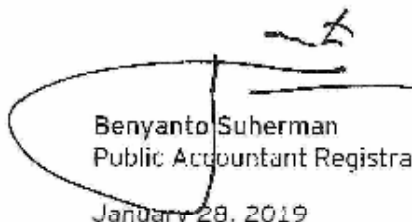
Opinion

In our 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 of December 31, 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2018 and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2018, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja



Benyanto Suherman
Public Accountant Registration No. AP.0685
January 28, 2019

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
ASSETS				
Cash	2c,2g,62.B.(viii)	27,348,914	24,268,563	22,906,775
Current accounts with Bank Indonesia	2c,2g,2h,4	59,852,761	50,188,118	52,484,974
Current accounts with other banks	2c,2f,2g,2h,5			
Related parties	56	8,476	27,533	25,861
Third parties		14,827,485	12,305,856	10,337,353
		14,835,961	12,333,389	10,363,214
Less: allowance for impairment losses		(5,189)	(3,442)	(3,049)
Net		14,830,772	12,329,947	10,360,165
Placements with Bank Indonesia and other banks	2c, 2f, 2i,6			
Related parties	56	1,162,378	3,152,167	1,725,571
Third parties		21,403,656	71,498,349	71,974,664
		22,566,034	74,650,516	73,700,235
Less: allowance for impairment losses		(50,338)	(49,713)	(83,308)
Net		22,515,696	74,600,803	73,616,927
Marketable securities	2c,2f,2j,7,66			
Related parties	56	21,562,800	20,775,463	18,571,548
Third parties		42,569,876	38,784,589	38,272,191
		64,132,676	59,560,052	56,843,739
(Less)/add: unamortised discounts, unrealised (losses)/gains from (decrease)/increase in fair value and allowance for impairment losses		(296,776)	78,271	(270,836)
Net		63,835,900	59,638,323	56,572,903
Government bonds - related parties	2c,2f,2k,8,56	114,284,518	103,411,188	98,933,278
Other receivables - trade transactions	2c,2f,2l,9			
Related parties	56	10,724,084	10,517,587	5,934,300
Third parties		15,688,973	14,921,890	9,989,818
		26,413,057	25,439,477	15,924,118
Less: allowance for impairment losses		(1,603,598)	(1,349,349)	(1,756,847)
Net		24,809,459	24,090,128	14,167,271
Securities purchased under agreements to resell	2c,2m,10	2,097,629	2,629,315	5,054,488
Derivative receivables	2c,2f,2n,11,66			
Related parties	56	149,832	23,824	3,660
Third parties		1,648,725	793,468	466,583
Total		1,798,557	817,292	470,243
Loans and sharia loan/financing	2c,2f,2o,12			
Related parties	56	160,729,702	113,611,412	100,201,483
Third parties		638,827,486	598,426,453	549,121,470
Total		799,557,188	712,037,865	649,322,953
Less: allowance for impairment losses		(31,796,093)	(33,745,345)	(32,616,760)
Net		767,761,095	678,292,520	616,706,193

¹⁾ Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
ASSETS (continued)				
Consumer financing receivables	2c,2f,2p,13			
Related parties	56	8,278	7,957	10,532
Third parties		17,189,878	15,137,262	11,844,684
		17,198,156	15,145,219	11,855,216
Less: allowance for impairment losses		(371,291)	(362,887)	(323,378)
Net		16,826,865	14,782,332	11,531,838
Net investment finance leases	2c,2q,14			
Third parties		3,328,389	2,364,629	834,483
Less: allowance for impairment losses		(9,286)	(7,739)	(4,538)
Net		3,319,103	2,356,890	829,945
Acceptance receivables	2c,2f,2u,15			
Related parties	56	2,183,157	1,049,343	415,848
Third parties		11,705,705	11,495,151	14,373,396
		13,888,862	12,544,494	14,789,244
Less: allowance for impairment losses		(296,453)	(254,234)	(241,041)
Net		13,592,409	12,290,260	14,548,203
Investments in shares	2f,2s,16			
Related parties	56	322,617	297,420	250,071
Third parties		129,476	48,816	5,338
		452,093	346,236	255,409
Less: allowance for impairment losses		(30,589)	(12,924)	(10,273)
Net		421,504	333,312	245,136
Prepaid expenses	17	2,858,186	2,784,234	2,751,081
Prepaid taxes	2ad,33a	1,236,027	2,688,049	2,612,707
Fixed assets	2r.i,2r.ii,18	50,075,628	46,991,375	44,736,920
Less: accumulated depreciation		(11,632,932)	(10,372,622)	(9,073,630)
Net		38,442,696	36,618,753	35,663,290
Intangible assets	2r.iii, 2s,19	5,963,706	5,102,247	4,213,322
Less: accumulated amortization		(3,198,980)	(2,700,780)	(2,257,826)
Net		2,764,726	2,401,467	1,955,496
Other assets	2c,2t,2v,2af,20,66	19,256,317	15,232,824	11,819,441
Less: allowance for possible losses		(598,662)	(617,790)	(514,446)
Net		18,657,655	14,615,034	11,304,995
Deferred tax assets - net	2ad,33e	4,997,622	5,564,319	5,990,101
TOTAL ASSETS		1,202,252,094	1,124,700,847	1,038,706,009

¹⁾ Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY				
LIABILITIES				
Obligations due immediately	2w	3,843,194	2,838,567	1,569,911
Deposits from customers				
Demand deposits and <i>wadiah</i> demand deposits	2c,2f,2x,21			
Related parties	56	51,161,488	46,108,385	48,729,926
Third parties		148,662,268	156,756,475	138,253,402
Total		199,823,756	202,864,860	186,983,328
Saving deposits and <i>wadiah</i> saving deposits	2c,2f,2x,22			
Related parties	56	3,537,033	3,548,205	1,973,087
Third parties		303,745,320	305,163,703	275,196,737
Total		307,282,353	308,711,908	277,169,824
Time deposits	2c,2f,2x,23			
Related parties	56	40,762,862	35,491,966	46,271,999
Third parties		218,139,922	202,515,248	191,635,079
Total		258,902,784	238,007,214	237,907,078
Total deposits from customers		766,008,893	749,583,982	702,060,230
Deposits from other banks				
Demand deposits, <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24			
Related parties	56	787,013	252,785	45,912
Third parties		3,051,371	3,985,605	4,254,853
Total		3,838,384	4,238,390	4,300,765
Interbank call money				
Related parties	2c,2f,2y,25	-	-	40,000
Third parties		8,472,197	1,007,655	1,240,952
Total		8,472,197	1,007,655	1,280,952
Time deposits	2c,2f,2y,26			
Related parties	56	116,958	108,473	286,210
Third parties		4,066,276	2,994,989	3,471,269
Total		4,183,234	3,103,462	3,757,479
Total deposits from other banks		16,493,815	8,349,507	9,339,196
Liabilities to unit-linked policyholders	2z,27	22,357,802	23,254,035	19,602,950
Securities sold under agreements to repurchase	2c,2f,2m,28			
Related parties	56	102,234	-	230,024
Third parties		16,509,294	3,592,883	3,123,018
Total		16,611,528	3,592,883	3,353,042
Derivative payables	2c,2f,2n,11,66			
Related parties	56	19,126	16,582	10,058
Third parties		1,098,551	628,383	739,371
Total		1,117,677	644,965	749,429
Acceptance payables	2c,2f,2u,29			
Related parties	56	4,688,800	602,894	2,481,708
Third parties		9,200,062	11,941,600	12,307,536
Total		13,888,862	12,544,494	14,789,244
Debt securities issued	2c,2f,2aa,30			
Related parties	56	10,071,700	8,546,200	3,662,000
Third parties		9,055,200	8,341,088	5,398,035
		19,126,900	16,887,288	9,060,035
Less: unamortised debt issuance cost		(37,977)	(43,693)	(34,041)
Net		19,088,923	16,843,595	9,025,994

¹⁾ Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Estimated losses on commitment and contingencies	2c,31c	125,729	381,771	207,401
Accrued expenses	2c,2af,32,66	4,835,467	3,938,471	3,496,536
Taxes payable	2ad,33b	1,087,949	1,009,832	1,258,792
Employee benefit liabilities	2ai,34,51	7,987,887	8,277,388	6,763,068
Provision	63b	370,525	375,770	435,880
Other liabilities	2c,35	15,795,137	20,496,377	15,810,036
Fund borrowings				
Related parties	2c,2f,2ab,36	423,686	-	-
Third parties	56	51,230,296	35,703,679	35,882,757
Total		51,653,982	35,703,679	35,882,757
Subordinated loans and marketable securities	2c,2f,2ac,37			
Related parties	56	136,750	-	-
Third parties		550,040	191,501	215,432
		686,790	191,501	215,432
Less: unamortised subordinated loans and marketable securities		(1,060)	-	-
Net		685,730	191,501	215,432
TOTAL LIABILITIES		941,953,100	888,026,817	824,559,898
TEMPORARY SYIRKAH FUNDS				
Deposits from customers	2f,2ae,38			
Related parties	56			
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	144,810	34,784	28,047
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	2,132,346	939,315	886,344
Total related parties		2,277,156	974,099	914,391
Third parties				
Demand deposits - restricted investments and <i>mudharabah musytarakah - musyarakah</i> demand deposits	38a.1	682,242	525,285	68,925
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	38a.2a	31,173,610	28,165,952	25,129,743
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	40,772,071	36,557,273	34,327,415
Total third parties		72,627,923	65,248,510	59,526,083
Total deposits from customers		74,905,079	66,222,609	60,440,474
Deposits from Other Banks				
Third parties				
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	277,312	316,574	258,325
<i>Mudharabah</i> time deposit - unrestricted investment	38b	156,298	128,715	77,589
Total deposits from other banks		433,610	445,289	335,914
TOTAL TEMPORARY SYIRKAH FUNDS		75,338,689	66,667,898	60,776,388

¹⁾ Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	December 31, 2017	January 1, 2017
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)				
EQUITY				
Attributable equity of the Parent Entity				
Share capital - Rp250 (full amount) par value per share as of December 31, 2018 and December 31, 2017, and Rp500 (full amount) par value per share as of January 1, 2017.				
Authorised Capital - 1 share				
Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2018 and December 31, 2017, and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of January 1, 2017.				
Issued and fully paid-in capital				
- 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2018 and December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of January 1, 2017				
	40a	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	40b	17,316,192	17,316,192	17,316,192
Differences arising from translation of financial statements in foreign currencies	2e	112,171	168,412	202,363
Unrealised (losses)/gain from (decrease)/increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	2j,2k	(1,638,088)	1,117,864	(759,364)
Effective portion of cash flow hedges	2n,11	(17,030)	(6,436)	-
Net differences in fixed assets revaluation	2r.i,18	26,435,307	25,666,631	25,140,523
Net actuarial gain/(loss) from defined benefit program after deducting deferred tax	2ai,34,51	348,613	(462,008)	49,515
Difference in transactions with non controlling parties	1g	(106,001)	(106,001)	(92,751)
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation on April 30, 2003)				
- Appropriated	40c	5,380,268	5,380,268	5,380,268
- Unappropriated		121,704,418	105,977,254	91,550,525
Total retained earnings		<u>127,084,686</u>	<u>111,357,522</u>	<u>96,930,793</u>
Noncontrolling interests in net assets of consolidated subsidiaries	2d,39	181,202,517	166,718,843	150,453,938
		<u>3,757,788</u>	<u>3,287,289</u>	<u>2,915,785</u>
TOTAL EQUITY		<u>184,960,305</u>	<u>170,006,132</u>	<u>153,369,723</u>
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		<u>1,202,252,094</u>	<u>1,124,700,847</u>	<u>1,038,706,009</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017 ¹⁾
INCOME AND EXPENSES FROM OPERATIONS			
Interest income and sharia income	2f,2af,41,56		
Interest income	66	74,454,382	71,055,102
Sharia income		6,538,188	6,229,546
Total interest income and sharia income		80,992,570	77,284,648
Interest expense and sharia expense	2af,42,66		
Interest expense		(23,710,628)	(22,755,157)
Sharia expense		(2,659,310)	(2,541,130)
Total interest expense and sharia expense		(26,369,938)	(25,296,287)
NET INTEREST AND SHARIA INCOME		54,622,632	51,988,361
Premium income	2ag	10,342,487	10,325,187
Claims expense	2ag	(7,635,354)	(7,860,112)
NET PREMIUM INCOME		2,707,133	2,465,075
NET INTEREST, SHARIA AND PREMIUM INCOME		57,329,765	54,453,436
Other operating income			
Other fees and commissions	2ah,66	13,013,786	12,448,315
Trading income - net	2c,2e,2n,43	3,657,290	3,471,667
Others	44,66	11,000,989	6,910,425
Total other operating income		27,672,065	22,830,407
Allowance for impairment losses	2c,45	(14,394,973)	(15,646,385)
Reversal/(provision for) impairment losses on commitments and contingencies	2c,31c	270,973	(173,402)
Provision for other allowances	2t,46	(61,498)	(132,050)
Unrealised (loss)/gain from (decrease)/increase in fair value of policyholders investment in unit-link contracts	2j,2k,2z,47,66	(18,483)	46,849
Gains on sale of marketable securities and government bonds	2j,2k,48,66	674,087	779,993

¹⁾ Reclassified, see Note 66

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017 ¹⁾
Other operating expenses	2f,2ai,		
Salaries and benefits	49,51,56	(16,322,769)	(14,858,642)
General and administrative expenses	2r,50	(16,587,005)	(15,405,579)
Others - net	52,66	(4,656,365)	(4,724,876)
Total other operating expenses		(37,566,139)	(34,989,097)
INCOME FROM OPERATION		33,905,797	27,169,751
Non operating income/(expense) - net	53	37,572	(12,888)
INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST		33,943,369	27,156,863
Tax expense			
Current	2ad,33c,33d		
Current year		(5,918,708)	(5,593,293)
Prior year	33f	(1,313,347)	-
Deferred	2ad,33c,33e	(859,377)	(120,528)
Total tax expense - net		(8,091,432)	(5,713,821)
NET INCOME FOR THE YEAR		25,851,937	21,443,042
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on fixed asset revaluation	2r.i	768,681	526,108
Actuarial gain/(loss) from defined benefit program	2ai	1,023,174	(641,569)
Income tax related to items that will not be reclassified to profit or loss		(206,373)	125,139
		1,585,482	9,678
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	2e	(55,547)	(32,750)
Changes in fair value of available for sale financial assets	2j,2k	(3,585,763)	2,364,089
Effective portion of cash flow hedge		(27,695)	(16,826)
Income tax related to items that will be reclassified to profit or loss		766,774	(446,198)
		(2,902,231)	1,868,315
Other comprehensive income for the year - net of income tax		(1,316,749)	1,877,993
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,535,188	23,321,035

¹⁾ Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017
Net income for the year attributable to:			
Parent Entity		25,015,021	20,639,683
Noncontrolling interest	2d	836,916	803,359
		25,851,937	21,443,042
Total comprehensive income for the year attributable to:			
Parent Entity		23,771,531	22,491,109
Noncontrolling interest	2d	763,657	829,926
		24,535,188	23,321,035
EARNINGS PER SHARE			
Basic (full amount of Rupiah)	2aj	536.04	442.28
Diluted (full amount of Rupiah)		536.04	442.28

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and for premium capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised (loss)/unrealised (decrease)/increase in fair value on available for sale marketable securities and government bonds of deferred tax	Effective changes in cash flow hedge	Net differences in assets revaluation	Net actuarial gain/(loss) defined benefit pensions of deferred tax	Difference on arising from transaction with noncontrolling interest	Retained earnings		Noncontrolling interests in net assets of Subsidiaries	Total Equity
										Appropriated	Unappropriated		
Balance as of January 1, 2018		11,666,667	17,316,192	168,412	1,117,864	(6,436)	25,666,631	(462,008)	(106,001)	5,390,268	105,977,254	3,287,289	170,006,132
Dividend payment from 2017 net income	40c	-	-	-	-	-	-	-	-	-	(9,287,857)	-	(9,287,857)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	(293,158)	(293,158)
Income for the current year		-	-	-	-	(10,594)	768,676	810,621	-	-	25,015,021	836,916	25,851,937
Comprehensive income for the current year		-	-	(66,241)	(2,755,932)	(10,594)	768,676	810,621	-	-	25,015,021	(75,259)	(1,316,749)
Balance as of December 31, 2018		11,666,667	17,316,192	112,171	(1,638,068)	(17,030)	26,435,307	348,613	(106,001)	5,390,268	121,704,418	3,757,788	184,960,305

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and forfeited paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements into Indonesian currency	Net unrealised gain from increase in fair value on available for sale marketable securities and government securities of deferred tax	Effective current cash flow hedge	Net differences in assets revaluation	Net actuarial gain/(loss) defined benefit instruments of deferred tax	Difference on arising from transaction with noncontrolling interest	Retained earnings		Noncontrolling interests in net assets of Subsidiaries	Total Equity
									Appropriated	Unappropriated		
Balance as of January 1, 2017	11,666,667	17,316,192	202,363	(759,364)	-	25,140,523	49,515	(92,751)	5,380,268	91,550,525	2,915,785	153,369,723
Dividend payment from 2016 net income	-	-	-	-	-	-	-	-	-	(6,212,954)	-	(6,212,954)
Difference arising from transaction with noncontrolling interest	-	-	-	-	-	-	-	(13,250)	-	-	-	(13,250)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	-	-	-	-	-	-	-	-	-	-	(458,422)	(458,422)
Income for the current year	-	-	-	-	-	-	-	-	20,639,693	20,639,693	803,359	21,443,042
Comprehensive income for the current year	-	-	(33,951)	1,877,228	(6,438)	526,108	(511,523)	-	-	-	26,567	1,877,993
Balance as of December 31, 2017	11,666,667	17,316,192	168,412	1,117,864	(6,438)	25,666,631	(462,008)	(106,001)	5,380,268	105,977,254	3,287,288	170,006,132
Balance as of January 1, 2018	11,666,667	17,316,192	202,363	(759,364)	-	25,140,523	49,515	(92,751)	5,380,268	91,550,525	2,915,785	153,369,723
Balance as of December 31, 2018	11,666,667	17,316,192	168,412	1,117,864	(6,438)	25,666,631	(462,008)	(106,001)	5,380,268	105,977,254	3,287,288	170,006,132

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017 ^{*)}
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income		70,439,495	67,671,722
Receipts from sharia income		6,583,301	6,247,610
Receipts from provision, commissions and premium income - net		15,720,919	14,913,390
Payments of interest expense		(23,124,701)	(22,969,621)
Payments of sharia expense		(2,674,047)	(2,520,782)
Receipts from the sale of government bonds - fair value through profit or loss		56,455,307	53,544,382
Acquisition of government bonds - fair value through profit or loss		(56,865,888)	(53,824,395)
Foreign exchange gains - net		6,058,853	2,390,138
Trading income - net		547,986	462,542
Other operating income - others		4,307,755	2,417,018
Other operating expenses - others		(4,544,296)	(4,133,604)
Salaries and employee benefits		(15,801,649)	(13,855,845)
General and administrative expenses		(14,771,162)	(13,573,478)
Non-operating income/(expense) - net		15,682	(57,665)
Payment of corporate income tax		(7,200,860)	(5,968,499)
Cash flows from operating activities before changes in operating assets and liabilities		35,146,695	30,742,913
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		1,743,348	(624,042)
Marketable securities - fair value through profit or loss		1,823,982	(1,932,792)
Other receivables - trade transactions		(973,579)	(9,515,359)
Loans		(93,514,200)	(69,117,327)
Sharia financing/receivables		(9,187,208)	(7,521,377)
Securities purchased under agreements to resell		531,686	2,425,173
Consumer financing receivables		(2,834,995)	(3,961,788)
Net investment finance lease		(966,751)	(1,533,591)
Prepaid taxes		1,452,022	(59,783)
Prepaid expenses		(73,952)	(33,153)
Other assets		(3,296,918)	(2,841,128)
Recovery of written-off financial assets		6,845,434	4,565,412
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		(3,467,776)	15,766,883
Saving deposits		(1,402,889)	31,594,358
Time deposits		21,975,342	(553,881)
Interbank call money		7,464,542	(273,297)
Obligations due immediately		1,004,627	1,268,656
Liability to unit - linked policyholders	27	(896,233)	3,651,085

^{*)} Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017 ^{*)}
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Other taxes payable		46,922	110,687
Other liabilities		(2,053,360)	6,931,895
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit <i>mudharabah musytarakah - musyarakah</i>		156,957	456,360
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		3,078,422	3,101,195
- <i>Mudharabah</i> time deposit - unrestricted investment		5,435,412	2,333,955
Net cash (used in)/provided by operating activities		(31,962,470)	4,981,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - other than fair value through profit or loss		(5,290,469)	(1,111,443)
Increase in government bonds - other than fair value through profit or loss		(12,544,614)	(1,540,676)
Proceeds from sale of fixed assets		87,908	51,269
Acquisition of fixed assets		(2,432,966)	(1,786,436)
Acquisition of intangible assets		(861,048)	(888,925)
Net cash used in investing activities		(21,041,189)	(5,276,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of investment in Subsidiaries		(474,552)	(497,153)
Increase in debt securities issued		2,170,723	7,827,253
Increase/(decrease) in fund borrowings		12,105,048	(630,913)
Increase/(decrease) in subordinated loans and marketable securities		484,358	(23,931)
Increase in securities sold under agreements to repurchase	28	12,153,318	239,841
Payments of dividends	40c	(9,287,857)	(6,212,954)
Net cash provided by financing activities		17,151,038	702,143

^{*)} Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2018	2017 ^{*)}
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(35,852,621)	406,986
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		1,754,511	808,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		158,775,796	157,560,107
CASH AND CASH EQUIVALENTS AT END OF YEAR		124,677,686	158,775,796

Cash and cash equivalents at end of year consists of:

Cash	62.B.(viii)	27,348,914	24,268,563
Current accounts with Bank Indonesia	4	59,852,761	50,188,118
Current accounts with other banks	5	14,835,961	12,333,389
Short-term investments are liquid with maturity period of three months or less since the date of acquisition		22,640,050	71,985,726
Total cash and cash equivalents		124,677,686	158,775,796

Changes in liabilities arising from financing activities in the consolidated statement of cash flow are as follow:

	January 1, 2018	Cash Flow	Non-cash flow		December 31, 2018
			Differences due to exchange rate	Others	
Debt securities issued	16,843,595	2,170,723	-	74,605	19,088,923
Fund borrowing	35,703,679	12,105,048	3,834,890	10,365	51,653,982
Subordinated loans and marketable securities	191,501	484,358	10,931	(1,060)	685,730
Securities sold under agreements to repurchase	3,592,883	12,153,318	865,327	-	16,611,528
Total liabilities from funding activities	56,331,658	26,913,447	4,711,148	83,910	88,040,163

^{*)} Reclassified, see Note 66

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2018 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-16561.HT.01.01.TH.98 dated October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”).

Based on Article 3 of the Bank’s Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on August 1, 1999.

The Bank’s Articles of Association of Bank Mandiri has been amended several times, the latest amendment under Deed of Annual General Meeting of Shareholders No. 21, dated April 11, 2018 stated under Notary Ashoya Ratam SH, Mkn, in South Jakarta, in regards to the Ministry of State Owned Enterprises’s (“BUMN”) Program to implement the standardization of the BUMN’s Articles of Association. This amendment has been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia, in its decision letter No. AHU-AH.01.03-0172245 regarding the Acceptance on Notification of the changes of the Bank’s Articles of Association of PT Bank Mandiri (Persero) Tbk dated April 30, 2018 and registered on NO. AHU-0061310.AH.01.11 year 2018, dated April 30, 2018.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as “Government”) announced its plan to restructure the Merged Banks. In connection with the restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government’s shares of stock of the Merged Banks (Notes 40a and 40b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

The above mentioned restructuring plan was designed for the merger of the Merged Banks into Bank Mandiri on July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks into Bank Mandiri also covered the following:

- Restructuring of loans
- Restructuring of non-loan assets
- Rationalisation of domestic and overseas offices
- Rationalisation of human resources

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2018 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

b. Merger (continued)

Based on the notarial deed of Sutjipto, S.H., No. 100 dated July 24, 1999, the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalised by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C-13.781.HT.01.04.TH.99 dated July 29, 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated July 29, 1999. The merger was declared effective by the Chief of the South Jakarta Ministry of Industry and Trade Office in its Decision Letter No. 09031827089 dated July 31, 1999.

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the Surviving Bank;
- All operations and business activities of the Merged Banks were transferred and operated by Bank Mandiri;
- Bank Mandiri received additional paid-in capital amounted to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share representing the remaining shares owned by the Government in the Merged Banks (Notes 40a and 40b).

On the effective date, the Merged Banks were legally dissolved without liquidation process and Bank Mandiri, as the surviving bank, received all the rights and obligations from the Merged Banks.

c. Recapitalisation

In response to the effects of the adverse economic conditions on the banking sector in Indonesia, on December 31, 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio ("CAR"). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated February 8, 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of "Taken Over Bank", by the Indonesian Bank Restructuring Agency (Badan Penyehatan Perbankan Nasional or "BPPN").

On May 28, 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 is set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated July 29, 1999 of the Ministry of Finance and the Governor of Bank Indonesia.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri has accounted the bonds as "Due from the Government" amounted to Rp137,800,000 in accordance with the Government's Commitment through the Ministry of Finance's letter No. S-360/MK.017/1999 dated September 29, 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

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1. GENERAL INFORMATION (continued)

c. Recapitalisation (continued)

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated October 11, 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of Republic of Indonesia's investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri's core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as of July 31, 1999 through September 30, 1999, with a condition that not later than October 15, 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated December 24, 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounted to Rp180,000,000.

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on October 13, 1999 and Rp75,000,000 on December 28, 1999 so that as of December 31, 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounted to Rp178,000,000.

Based on the Management Contract dated April 8, 2000 between Bank Mandiri and the Government, the total amount of recapitalisation required by Bank Mandiri was Rp173,931,000, or less than the amount of the Government Recapitalisation Bonds. The excess of Rp1,412,000 was used as additional paid-in capital and the remaining balance of Rp2,657,000 was returned to the Government on July 7, 2000 in the form of Government Recapitalisation Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated April 24, 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounted to Rp1,412,000 were returned to the Government on April 25, 2003 (Note 40b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003 and KMK-RI No. 420/KMK-02/2003 dated September 30, 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri amounted to Rp173,801,315 (Note 40b).

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which has been held with notarial deed of Sutjipto, S.H., No. 2 dated June 1, 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 that was published in the State Gazette No. 63 dated August 8, 2003, Supplement State Gazette No. 6590.

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1. GENERAL INFORMATION (continued)

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation (continued)

Initial Public Offering of Bank Mandiri (continued)

On July 14, 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 40a).

On July 14, 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated July 8, 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated July 10, 2003.

Quasi-Reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Meeting of Shareholders ("RUPS-LB") on May 29, 2003.

The quasi-reorganisation adjustments were booked on April 30, 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital.

Bank Mandiri's Articles of Association were amended due to the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated September 29, 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-25309.HT.01.04.TH.2003 dated October 23, 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated October 23, 2003.

On October 30, 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as of April 30, 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated October 30, 2003.

e. Divestment of Government Share Ownership

On March 11, 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 40a).

f. Public offering of subordinated bonds, public offering of sustainable bonds, limited public offering of shares and changes in share capital of Bank Mandiri

Public Offering of Bank Mandiri Subordinated Bonds

On December 3, 2009, Bank Mandiri received the effective approval from the Chairman of Capital Market Supervisory Board and Financial Institution through its letter No. S-10414/BL/2009 dated December 3, 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On December 14, 2009, the aforementioned Bond was listed on Indonesia Stock Exchange.

Public Offering of Bank Mandiri Sustainable Bonds

On September 21, 2018, Bank Mandiri issued Bank Mandiri Sustainable Bonds I Phase III 2018 ("Sustainable Bonds I Phase III") with a nominal value of Rp3,000,000.

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1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of sustainable bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

On September 30, 2016, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase I 2016 ("Sustainable Bonds I Phase I") with nominal amount of Rp5,000,000 and on June 15, 2017, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase II 2017 ("Sustainable Bonds I Phase II") with nominal amount of Rp6,000,000 (Note 30).

Limited public offering of Bank Mandiri shares

To strengthen the capital structure, the Bank increased its issued and paid up capital through the Limited Public Offering ("LPO") with Pre-emptive Rights ("Rights"). Bank Mandiri submitted the first and second registration statement of this LPO to OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

Total number of Pre-emptive Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp5,000 (full amount) per share determined on January 25, 2011 and the execution period of pre-emptive rights trading started from February 14, 2011 until February 21, 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government's ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of pre-emptive rights, to 60.00% after the execution of the pre-emptive rights.

Changes in share capital of Bank Mandiri

The details of changes in issued and paid-in-share capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135

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1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of sustainable bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

The details of changes in issued and paid-in-share capital (Note 40a) are as follows: (continued)

	<u>Number of shares</u>
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with pre-emptive Rights in 2011	2,336,838,591
Decrease of par value of stock from Rp500 (full amount) to Rp250 (full amount) per stock through stock split in 2017	23,333,333,333
Total	46,666,666,666

Stock split of Bank Mandiri:

Based on the decision of the Extraordinary General Meeting of Shareholders (RUPS-LB) dated August 21, 2017 as in the notarial deed of Ashoya Ratam, SH, M.Kn. No. 36 dated August 24, 2017, the shareholders of Bank Mandiri, among others, approved the stock split of the Bank from Rp500 (full amount) per share to Rp250 (full amount) per share so that the capital was placed into 46,666,666,666 shares consisting of 1 (one) Dwiwarna share series A and 46,666,666,665 shares series B.

g. Subsidiaries

Subsidiaries included in the consolidated financial statements as of December 31, 2018 and 2017, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2018	2017
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	Commercial Banking	Denpasar	51.08 ¹⁾	59.44
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance service	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	20.00 ²⁾	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	80.00	80.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.98	99.98

¹⁾ from December 19, 2018, Bank Mandiri's ownership becomes 51.08%

²⁾ from November 21, 2018, Bank Mandiri's ownership becomes 20.00% and Financial Statement for PT MAGI is no longer consolidated

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

The Subsidiaries' total assets as of December 31, 2018 and 2017 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2018	December 31, 2017
PT Bank Syariah Mandiri	1955	98,341,119	87,939,774
Bank Mandiri (Europe) Limited	1999	2,504,393	2,126,531
PT Mandiri Sekuritas	1992	1,877,046	3,284,779
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	20,943,935	13,687,703
PT Mandiri Tunas Finance	1989	17,481,843	14,739,458
Mandiri International Remittance Sendirian Berhad	2009	16,751	14,958
PT AXA Mandiri Financial Services	1991	29,576,153	30,228,537
PT Mandiri AXA General Insurance	1962	-	1,616,120
PT Asuransi Jiwa InHealth Indonesia	2008	2,146,355	2,224,965
PT Mandiri Utama Finance	2015	4,569,489	4,197,567
PT Mandiri Capital Indonesia	2015	406,047	490,038
Total		177,863,131	160,550,430

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with sharia banking principles, was established under the name PT Bank Industri Nasional ("PT Bina") on June 15, 1955. On October 4, 1967, the subsidiary's name was changed from PT Bina to PT Bank Maritim Indonesia which subsequently changed to PT Bank Susila Bhakti on August 10, 1973 which is a subsidiary of BDN. The latest change of the subsidiary's name to PT Bank Syariah Mandiri (BSM) is based on Notarial Deed of Sutjipto, S.H, No. 23 dated September 8, 1999. BSM obtained an operating license based on the Decree of the Governors of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on sharia principles and began operating on November 1, 1999.

On January 9, 2009, Bank Mandiri increase its capital in cash at the Subsidiary, amounted to Rp100,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On December 31, 2008, Bank Mandiri increase its capital of Rp199,871 at the Subsidiary, in the form of cash and inbreng (non-cash/exchange). Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On March 18, 2011, Bank Mandiri increase its capital in form of cash of Rp200,000 at the Subsidiary. Bank Mandiri has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated February 28, 2011 with Notarial Deed No. 19 dated March 21, 2011 on the capital increase.

On December 29, 2011, Bank Mandiri increase its capital in form of at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 27, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the capital increase.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Syariah Mandiri (continued)

On December 21, 2012, Bank Mandiri increase its capital in form of cash at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 21, 2012 and Circular Resolution of Shareholders dated December 21, 2012 with Notarial Deed No. 38 dated December 28, 2012 on the capital increase.

On December 30, 2013, Bank Mandiri increase its capital in form of non-cash “*inbreng*” of land and buildings at the Subsidiary for Rp30,778. Bank Mandiri has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 20 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the capital increase.

On November 24, 2015, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from the Bank Indonesia through letter dated November 4, 2015 and Circular Resolution of Shareholder dated November 18, 2015 with Notarial Deed No. 33 dated November 25, 2015 on the capital increase.

On November 14, 2016, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from OJK through letter dated November 3, 2016 and Circular Resolution of Shareholders dated November 25, 2016, that has been notarized with Deed No. 09 dated December 7, 2016 on such additional capital investment. OJK approval related to the capital increase has been received on January 24, 2017.

On December 11, 2017, Bank Mandiri increase its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from Ministry of State-Owned Enterprises through letter No. S-536/MBU/09/2017 dated September 22, 2017, OJK through letter No. S-129/PB.31/2017 dated December 5, 2017, and Circular Resolution of Shareholder dated December 6, 2017 with Notarial Deed No. 22 dated December 12, 2017 on the capital increase. The capital increase will be effective after Bank Mandiri obtained OJK approval related changes in BSM’s share capital. The Subsidiary has been received approval from OJK concerning the changes in BSM’s share capital dated January 15, 2018.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited (“BMEL”) was established in London, United Kingdom on June 22, 1999 under “The Companies Act 1985 of the United Kingdom”. It was established from the conversion of Bank Exim London branch to a Subsidiary and operate effectively on July 31, 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, S.H. Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") is accomplished by means of merging BDS and ES into the MSI. MSI obtained a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, S.H., which was approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of total shares of PT Mandiri Manajemen Investasi, a Subsidiary that was established on October 26, 2004 and is engaged in investment management and advisory. Mandiri Sekuritas also owns 100% of the total shares of Mandiri Securities Pte. Ltd., a company engaged in securities business and Advising Corporate Finance and Monetary Authority of Singapore, which was established in 2016.

On December 28, 2012, Bank Mandiri increase its capital in form of cash at Mandiri Sekuritas, amounted to Rp29,512. Bank Mandiri has obtained approval from Bank Indonesia through its letter dated October 31, 2012 and the circular resolution of shareholders dated December 27, 2012 on the capital increase. After the implementation of the additional capital investment, the Bank's ownership at Mandiri Sekuritas increased from 95.69% to 99.99% of the total shares issued by Mandiri Sekuritas.

PT Bank Mandiri Taspen

PT Bank Sinar Harapan Bali ("BSHB") was established as the Micro Banking on February 23, 1970 under the name MAI Bank Pasar Sinar Harapan Bali, then on November 3, 1992 the Bank transformed into Limited Liability Company based on Deed No. 4 made by Ida Bagus Alit Sudiarmika, S.H., Notary in Denpasar and obtained a business license as a commercial bank under the decree of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 dated March 10, 1994. On May 3, 2008, shareholders of BSHB and Bank Mandiri signed the acquisition deed as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, S.H., Notary in Denpasar. This signing shows Bank Mandiri ownership of 80.00% shares of BSHB. Furthermore, BSHB operated as stand-alone Bank which mainly focusses on Small and Micro Business Financing.

On October 22, 2009, the Bank increase its capital in BSHB amounted to 1.46% of the total shares issued and fully paid, or at Rp1,460,657,000 (full amount) by purchasing all shares of BSHB owned by the President Director for 2,921,314 shares, as stated in the Deed of Sale and Purchase of Shares No. 52 dated October 22, 2009 of Notary Ni Wayan Widadstri, S.H., Notary in Denpasar, Bali.

Bank increase its capital at BSHB in order to comply with Bank Indonesia regulation on Good Corporate Governance which requires the President Director of Bank should come from an independent party. Capital increase of the Bank at BSHB has been approved by Bank Indonesia as stated in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

After increase its capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued by BSHB with a total investment amounting to Rp81,461 from Rp80,000.

On May 28, 2013, the Bank increase its capital at BSHB amounted to 11.77% of the total shares issued and fully paid at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by BSHB minority shareholders with a total of 23,546,962 shares (full amount). Capital increase of the Bank at BSHB has been approved by Bank Indonesia as stated in the letter of Bank Indonesia No. 15/33/DPB1/PB1-1 dated May 6, 2013.

On December 22, 2014, BSHB held an Extraordinary General Meeting of Shareholders approving the issuance of 800,000,000 (full amount) of new shares to be purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). Changes in the composition of ownership has been effective on May 28, 2015 with the approval from OJK, with the composition of the final ownership is Bank Mandiri (58.25%), PT Taspen (20.2%), PT Pos (20.2%) and individual shareholders (1.35%). OJK also approved Taspen and PT Pos as new shareholders as well as the additional capital injection of the Bank in BSHB amounted to Rp198,000.

On July 24, 2015, the OJK has approved the name changes of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos and given permission to conduct business under the name of Bank Mantap. Name and logo changes are approved by OJK on July 31, 2015 and announced to public on August 7, 2015.

On November 24, 2016, the Bank get approval from the OJK related to capital injection plan at PT Bank Mandiri Taspen Pos amounted to Rp257,036 through letter No. S-125/PB.31/2016 regarding Approval for Bank Mandiri capital injection at Bank Mandiri Taspen Pos. This capital increase also increase the Bank's ownership in Bank Mandiri Taspen Pos from 58.25% to 59.44% of the total shares issued by Bank Mantap. The capital injection effective in 2017 based on approval from OJK Bali through letter No. S-07/KR.081/2017 and registered OJK. There are any differences on book value amounted to Rp13,250.

On October 9, 2017, Bank Mandiri Taspen Pos held an Extraordinary General Meeting of Shareholders which approved the changes in the composition of shareholders to Bank Mandiri (59.44%), PT Taspen (40.00%) and individual shareholders (0.56%). The Extraordinary General Meeting of Shareholders also approved the changes of company's name, formerly PT Bank Mandiri Taspen Pos to PT Bank Mandiri Taspen.

On December 6, 2017, the Bank has received approval from OJK related to the planned additional capital injection at PT Bank Mandiri Taspen Pos amounted to Rp210,000 through letter No. S-131/PB.31/2017 regarding Approval for capital injection to PT Bank Mandiri Taspen. The application has been approved by the Ministry of State-Owned Enterprises as stated in the letter No. S-504/MBU/09/2017 dated September 7, 2017. Approval from OJK Bali was obtained in January 2018.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in Bank Mantap remains 59.44% of the total stock issued by Bank Mantap.

On November 30, 2018, PT Bank Mandiri Taspen held an Extraordinary General Meeting of Shareholders as stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No.12 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extraordinary General Meeting of Shareholders No.34 dated December 14, 2018 approved the transfer part of PT Bank Mandiri Taspen's shares portion owned by PT Bank Mandiri (Persero) Tbk to PT Taspen (Persero), therefore the ownership of PT Bank Mandiri (Persero) in PT Bank Mandiri Taspen, increase from 59.44% to 51.05%, PT Taspen 48.39% and individual ownership 0.56%. The changes of the percentage shareholders composition was approved by OJK on January 11, 2019.

Based on the Extraordinary General Meeting of Shareholders stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 112 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extraordinary General Meeting of Shareholders No. 42 dated December 19, 2018, also approved the issuance of 140,492,748 shares (full amount) which have been taken over by Bank Mandiri and PT Taspen, by changes the shares portion, the shareholders composition owned by Bank Mandiri 51.08%, PT Taspen 48.42% and individual ownership 0.50%.

On December 8, 2018, the Bank has received approval from OJK, concerning plan of divestment and additional share capital to PT Bank Mandiri Taspen through decision letter No. S-35/PB.3/2018 regarding the Divestment Initiative and the Bank's Additional Share Capital in PT Bank Mandiri Taspen. The Bank has obtained approval from the Ministry of State Owned Enterprises through decision letter No. S-772/MBU/11/2018 dated November 16, 2018.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounting to Rp19,219 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment on annually basis. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The outstanding goodwill on December 31, 2018 and 2017 each amounted to Rp21,043.

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated May 17, 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated June 1, 1989 and published in State Gazette No. 57, Supplement No. 1369 dated July 18, 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated September 7, 1989, No. 54/KMK.013/1992 dated January 15, 1992 and No. 19/KMK.017/2001 dated January 19, 2001. Based on notarial deed of Dr. A. Partomuan Pohan, S.H., LLM, dated February 6, 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounted to Rp290,000.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Tunas Finance (continued)

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated February 6, 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its Letter No. AHU-AH.01.10-01575 dated March 11, 2009.

This acquisition has been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated January 8, 2009.

The amendment of the TFS's name to become MTF was undertaken on June 26, 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated June 26, 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-4056.AH.01.02.TH.09 dated August 26, 2009.

Prior to January 1, 2011, goodwill arising from the acquisitions of MTF amounted to Rp156,807 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2018 and 2017 amounted to Rp96,697.

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR"), a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on March 17, 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained an approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated November 14, 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services (“AXA Mandiri”) is a joint venture company between PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”) and National Mutual International Pty Ltd (“NMI”) that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on September 30, 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated October 28, 1991. The Company obtained its life insurance license through General Directorate of Finance Institution decision letter No. KEP.605/KM.13/1991 and officially commenced its operations on December 4, 1991. The Company’s name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its decision letter No. C-28747.HT.01.04.TH.2003 dated December 10, 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated August 10, 2004 with shareholders composed of NMI for 51.00% and Bank Mandiri for 49.00%.

The shareholders of Bank Mandiri, at the Annual General Meeting held on May 17, 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On August 20, 2010, Bank Mandiri signed a Sale and Purchase Agreement (AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred forty four) shares (for an amount of Rp48,427) or 2.00% of issued and fully paid-in capital of AXA Mandiri from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of shares in AXA Mandiri was approved by Bank Indonesia through its letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. After this acquisition, the Bank’s percentage of ownership in AXA Mandiri increased to become 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounted to Rp40,128 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), “Business Combinations”, goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, “Impairment of Assets” (see Note 2s). The balance of goodwill on December 31, 2018 and 2017 amounted to Rp37,194.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance (“MAGI”) is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI was formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated July 28, 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated January 20, 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated December 17, 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

In Bank Mandiri’s General Shareholder Meeting dated May 23, 2011, Bank Mandiri’s shareholders approved the Bank’s plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank’s investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated July 28, 2011.

On October 11, 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated October 11, 2011. After this acquisition, Bank Mandiri became the shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ratified in the General Shareholders Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated October 11, 2011. The notarial deed has been received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa’s Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated October 25, 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance’s Article of Association.

In conducting its business, MAGI has been granted a license from the Insurance Bureau of Bapepam and LK Ministry of Finance of the Republic of Indonesia (*Biro Perasuransian Bapepam dan LK Kementerian Keuangan*) through letter No. S-12583/BL/2011 dated November 22, 2011 regarding the Activation of General Insurance Business License and Change of the Company’s name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance. The shares composition owned by PT Bank Mandiri (Persero) Tbk 120,000 shares amounting to Rp60,000,000,000 (full amount) and AXA S.A owned 80,000 shares amounting to Rp40,000,000,000 (full amount). In 2014, shares of AXA S.A were sold to AXA ASIA in accordance with the Notary Deed of Mala Mukti S.HLM dated January 6, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received by letter No. AHU-AH.01.10.01330 dated January 10, 2014.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance (continued)

The OJK through its letter No. S-42/PB.31/2014 dated May 14, 2014 and letter No. 5-94/PB.31/2014 dated October 31, 2014 has approved the Additional Capital Investment of PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounting to Rp24,000 and Rp63,000. The additional capital investment has been approved by circularised decision of the General Meeting of Shareholders (RUPS). As documented in Notarial Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment did not change the percentage of share ownership whereas Bank Mandiri owned 60% and AXA S.A owned 40% MAGI.

Based on the letter of approval from the OJK No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment of PT Mandiri AXA General Insurance, the OJK expressed no objection to the plan of the Bank to make additional capital investments in MAGI amounting to Rp30,000. On July 9, 2015, the Bank has carried out the execution of the additional investment to MAGI amounting to Rp30,000. The total increase in capital in PT MAGI amounted to Rp50,000 equal to the additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A of Rp20,000. The increase in capital did not change the percentage of share ownership in the overall MAGI-owned by Bank Mandiri of 60% and AXA S.A of 40%.

Based on the letter of approval from the OJK No. S-72/PB.31/2016 dated August 3, 2016 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the OJK expressed no objection to the plan of the Bank to make additional capital investments to MAGI amounting to Rp30,000. On August 9, 2016, the Bank has made the additional investment transaction execution to MAGI amounting to Rp30,000. The total additional investment to MAGI is Rp50,000 with the amount of additional capital injection in proportion to its percentage shareholding of the Bank in MAGI by 60% and AXA SA by 40%, therefore the Bank increased its investment of Rp30,000 and AXA SA by Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

On October 31, 2018, the Bank has obtained approval from OJK regarding to the divestment plan on PT Mandiri AXA General Insurance through decision letter No. S-122/PB.31/2018 regarding the Divestment Initiative of the Bank's Share Investment in PT Mandiri AXA General Insurance. The Bank has obtained approval from the Ministry of State Owned Enterprises in its decision letter No. S-635/MBU/09/2018 dated September 26, 2018.

On November 21, 2018, AXA ASIA purchased 276,000 (two hundreds and seventy six thousands) shares owned by PT Bank Mandiri (Persero) Tbk which has been issued by PT Mandiri AXA General Insurance and registered in the Share Transfer Deed of Mala Mukti SH L.L.M. No. 52 dated November 21, 2018. After shares purchasing, Bank Mandiri owned 20.00% shares of PT Mandiri AXA General Insurance which was ratified in General Shareholder's Meeting as covered in the Notarial Deed of Mala Mukti SH., L.L.M No. 54 dated November 21, 2018 and was submitted to Ministry of Law and Human Rights of Republic Indonesia in its decision letter No. AHU-AH.01.03-10-0268916 dated November 28, 2018. PT Mandiri AXA General Insurance has submitted the changes of the shareholder's composition to OJK and has been approved on December 12, 2018. Since the changed ownership of Bank Mandiri in MAGI became 20%, MAGI's financial statements was no longer consolidated to Bank Mandiri.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth (“InHealth”) was established on October 6, 2008 based on the notarial deed No. 2 of NM Dipo Nusantara Pua Upa, S.H. InHealth has obtained its license based on the Minister of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-90399.AH.01.01 dated November 26, 2008. InHealth obtained its license to operate in life insurance based on the decision letter of the Minister of Finance of the Republic of Indonesia No. KEP-381KM.1012009 dated March 20, 2009.

On December 23, 2013, Bank Mandiri, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers and the Social Security Agency of Health (BPJS Kesehatan; formerly PT Askes (Persero)) and the Cooperative Bhakti Askes as the sellers have signed a Conditional Share Purchase Agreement on PT Asuransi Jiwa InHealth Indonesia (“InHealth”) where the execution of transactions will be conducted in two phases as follows:

1. Phase 1, namely the acquisition of 80% ownership in InHealth, whereas the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) are 10%, respectively, and BPJS Kesehatan still has 20%; and
2. Phase 2, namely the acquisition of 20% ownership of BPJS in InHealth by the Bank so that the total ownership of Bank Mandiri is 80%. The composition of shareholders after the transaction InHealth stage 2 resulted in the following percentage ownership Bank Mandiri, 80%; PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) have 10%, respectively, of the total shares issued and fully paid of InHealth.

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, Bank Mandiri also has received the approval of the proposed acquisition from OJK in accordance with Letter No. S-37/PB/31/2014 dated April 17, 2014 regarding the Application for Approval for Equity Investment of PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On May 2, 2014, Bank Mandiri with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers with BPJS Kesehatan (formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the sellers have signed a Sale and Purchase agreement of InHealth’s shares as recorded in Notarial deed of sale and purchase agreement No. 01 dated May 2, 2014 by Notary Mala Mukti S.H., LL.M.

With the signing of the Sale and Purchase Agreements, Bank Mandiri has effectively become the majority shareholder in InHealth with ownership of 60% (Rp990,000), PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) of 10% respectively (Rp165,000) and BPJS Kesehatan of 20% (Rp330,000). Change in share ownership has been approved by the General Meeting of Shareholders of InHealth by Notary Mala Mukti S.H., LL.M. No. 19 dated May 5, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received through letter No. AHU-06507.40.22.2014 dated May 5, 2014 regarding the Company’s Receipt of Notification of Data Change of PT Asuransi Jiwa InHealth Indonesia.

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on December 23, 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LL.M No. 20 dated May 5, 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated May 6, 2014.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on December 23, 2013.

On March 30, 2015, the Bank carried out additional investment in InHealth shares by buying 200,000 shares owned by BPJS Kesehatan through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, S.H., LL.M., Notary in Jakarta, which is 20% of the total shares issued by InHealth. Total purchase price amounted to Rp330,000. The addition of these investments has been approved by the OJK as mentioned in its letter No. S-19/PB.31/2015 dated February 20, 2015. The difference in the balance of recorded non-controlling interest in the fair value of consideration paid for the additional shares of to 20% of InHealth shares amounting to Rp92,751 is recorded as "Difference in transactions with non-controlling interest".

Since the signing date of the Sale and Purchase Deed, Bank Mandiri has effectively become the majority shareholder of InHealth with ownership of 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. It has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti S.H., LL.M. No. 109 dated March 30, 2015 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-AH.01.03-0020238 dated March 30, 2015 regarding Acceptance Notification of the Data Change of PT Asuransi Jiwa InHealth Indonesia.

Bank Mandiri acquired 80% of total shares issued by Inhealth amounted to Rp1,320,000. As of December 31, 2018 and 2017 goodwill each amounted to Rp268,181, respectively. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (Note 2s).

PT Mandiri Utama Finance

On April 16, 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI"), have signed an agreement of signing a preliminary agreement to set up a finance company to be able to accelerate Bank Mandiri finance portfolio, especially in the segment of vehicle financing.

On October 22, 2014, Bank Mandiri with ASCO and TURI have signed a shareholders' agreement on the establishment of a finance company with an authorized capital of Rp100,000 and an ownership composition as follows: the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, the Bank obtained a principle license of equity participation in the new company financing from Bank Supervision OJK.

On January 21, 2015, the deed of incorporation of a new subsidiary of Bank Mandiri named PT Mandiri Utama Finance ("MUF") has been signed as outlined in the notarial deed Ashoya Ratam, SH, M.Kn. No. 19 dated January 21, 2015 and was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decree No. AHU-0003452.AH.01.01. Year 2015 dated January 26, 2015. Concurrent with the signing of the deed of incorporation, the Bank also made capital injection amounting to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, which such changes have been registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Utama Finance (continued)

After the signing of the deed, MUF submitted application of financing company business license to OJK - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the OJK No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516 /NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

Based on the Letter of Approval from the OJK No. S-86/PB.31/2016 dated August 25, 2016, regarding the Application for Approval of the Increase in the Share Capital of PT Mandiri Utama Finance, the OJK expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done gradually with a nominal value of Rp51,000 for each stage. On August 29, 2016, the execution of the first stage in increasing the share capital of MUF, with a nominal value of Rp51,000, has been completed. The next stage of issuing additional share capital amounting to Rp51,000 has been carried out on December 16, 2016. The increase in capital did not change the percentage of ownership over MUF as follows Bank Mandiri, 51%; ASCO, 37%; and TURI, 12%.

Based on the Letter of Approval from the OJK No. S-68/PB.31/2017 dated July 26, 2017, regarding the Application for Approval of the Increase in the Share Capital of the Bank to MUF, OJK expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done for two phases with nominal value Rp51,000 for each phase. On July 28, 2017, the execution of the first phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed and documented on notarial deed of Ashoya Ratam S.H., M.Kn, No. 56 dated August 29, 2017 and approved by Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0169081 year 2017 dated September 6, 2017. On October 30, 2017, the execution of the second phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed. The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in MUF amounting to 51%, ASCO amounting to 37% and TURI amounting to 12%.

PT Mandiri Capital Indonesia

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas have established new subsidiary engaged in venture capital under the name of PT Mandiri Capital Indonesia ("MCI").

Establishment of the Company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounting Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounting to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Capital Indonesia (continued)

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the OJK per its letter No. S-48/PB.31/2015 regarding Application for Approval of Equity Participation of PT Bank Mandiri (Persero) Tbk. for the establishment of Venture Capital Company on June 11, 2015.

As of June 26, 2015, the establishment of MCI was approved by the Minister of Law and Human Rights through letter No. AHU-2445684.AH.01.01 year 2015. MCI has obtained a license to carry out business activities in the venture capital sector on November 10, 2015 through the OJK letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

Based on the Letter of Approval from the OJK No. S-1/PB.31/2016 dated January 7, 2016, regarding the Application for Approval of the Bank's investment in PT Mandiri Capital Indonesia (MCI), the OJK expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On January 21, 2016, the transaction of additional equity investment to MCI amounting to Rp340,000 has been carried out and therefore MCI's authorized share capital has become Rp350,000.

The additional equity investment to MCI was done through the issuance of 3,400 (full amount) new shares in MCI, each share has a nominal value of Rp100,000,000 (full amount) in which all such new and all shares were executed by Bank Mandiri (100%).

With the additional share capital issued amounting to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which has become owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounting to 0.03%.

Based on the agreement letter from OJK No. S-69/PB.31/2017 dated July 26, 2017 regarding the Application for Approval of the Bank's investment to PT Mandiri Capital Indonesia (MCI), the OJK expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On July 28, 2017, the additional investment transaction executed by MCI amounting to Rp200,000 making the authorized capital of MCI aggregate to Rp550,000 was documented on notarial deed from Muhammad Hanafi No. 8 dated September 7, 2017 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-AH.01.03-0171170 year 2017 dated September 13, 2017. The additional equity investment is conducted by issuing 2,000 new shares worth Rp100,000,000 (full amount) and all new shares were executed by Bank Mandiri (100%).

This additional share capital amounted to Rp200,000 which all executed by Bank Mandiri impacted to the percentage of ownership in MCI of Bank Mandiri became 99.98% and Mandiri Sekuritas became 0.02%.

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1. GENERAL INFORMATION (continued)

h. Structure and Management

Bank Mandiri's head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia. As of December 31, 2018 and 2017, Bank Mandiri's domestic and overseas offices are as follows:

	December 31, 2018	December 31, 2017
Domestic regional offices	12	12
Domestic branches:		
Area	84	83
Community Branches	1,310	1,293
Mandiri Mitra Usaha offices	1,066	1,078
Cash Outlets	172	177
Total domestic branches	2,632	2,631
Overseas branches	6	6

As of December 31, 2018, Bank Mandiri has 6 overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza, and 1 Remittance Office in Hong Kong.

To support Bank Mandiri's vision "Indonesia's Best, ASEAN's Prominent", Bank Mandiri divided its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units responsible for the Bank's main business development consists of 2 (two) segments namely Corporate Banking which consists of Large Corporate and Middle Corporate, Government Institutional, Treasury (Treasury, International Banking & Financial Institutions) and Retail banking which consists of Small & Medium Enterprise, Micro, Consumer Loans and Micro Development & Agent Banking.
2. Support Function is responsible for supporting units that provide overall support to Bank's operations consisting of Special Asset Management, Wholesale Risk, Retail Risk, Information Technology & Operation that supervises Operation, Compliance, Finance, Internal Audit and Corporate Transformation.
3. Small Business & Distribution are responsible for selling products and goods unit to all segments of Bank's customers, consisting of 12 (twelve) Regional Offices that are spread out across Indonesia and wealth management.

Bank Mandiri has made changes in its organizational structure which became effective on March 29, 2018, as stated in the Decree (SK) Board No. KEP.DIR/22/2018 dated March 29, 2018, on the Organizational Structure. Changes in the organizational structure of Bank Mandiri was done through rearranging the organization and forming a new structural and functional working unit to meet the needs and development of the Bank.

These consolidated financial statements are originally issued in the Indonesian language.

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2018 and 2017, the members of Bank Mandiri's Boards of Commissioners are as follows:

	December 31, 2018	December 31, 2017
<u>Board of Commissioners</u>		
President Commissioner	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Deputy Chief Commissioner	: Imam Apriyanto Putro	Imam Apriyanto Putro
Independent Commissioner	: Goei Siau Hong	Goei Siau Hong
Independent Commissioner	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Independent Commissioner	: Makmur Keliat	Makmur Keliat
Commissioner	: Askolani	Askolani
Commissioner	: Ardan Adiperdana	Ardan Adiperdana
Commissioner	: R. Widyo Pramono	R. Widyo Pramono

As of December 31, 2018 and 2017, the members of Bank Mandiri's Board of Directors are as follows:

	December 31, 2018
<u>Board of Directors</u>	
President Director	: Kartika Wirjoatmodjo
Deputy of President Director	: Sulaiman Arif Arianto
Director of Corporate Banking	: Royke Tumilaar
Director of Micro Business and Networking	: Hery Gunardi
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology and Operation	: Rico Usthavia Frans
Director of Treasury and International Banking	: Darmawan Junaidi
Director of Government Institutional	: Alexandra Askandar
Director of Compliance	: Agus Dwi Handaya
Director of Finance	: Panji Irawan
Director of Retail Banking	: Donsuwan Simatupang

	December 31, 2017
<u>Board of Directors</u>	
President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director of Operations	: Ogi Prastomiyono ¹⁾
Director of Wholesale Banking	: Royke Tumilaar
Director of Distributions	: Hery Gunardi
Director of Retail Banking	: Tardi ¹⁾
Director of Risk Management & Compliance	: Ahmad Siddik Badruddin
Director of Institutional	: Kartini Sally ¹⁾
Director of Digital Banking & Technology	: Rico Usthavia Frans
Director of Treasury	: Darmawan Junaidi

¹⁾ The working period was ended effectively on March 21, 2018 in accordance to the decision of the Annual General Meeting of Shareholders of Bank Mandiri for 2017 on March 21, 2018.

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2018 and 2017, the members of Bank Mandiri's Audit Committee are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Makmur Keliat	Makmur Keliat
Member	: Budi Sulistio	Budi Sulistio
Member	: Bambang Ratmanto	Lista Irna

As of December 31, 2018 and 2017, Bank Mandiri's Remuneration and Nomination Committee consists of:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and member	: Hartadi Agus Sarwono	Hartadi Agus Sarwono
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Askolani
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Ardan Adiperdana	Ardan Adiperdana
Member	: Makmur Keliat	Makmur Keliat
Member	: R. Widyo Pramono	R. Widyo Pramono
Secretary (ex-officio)	: Group Head Human Capital Service	SEVP Human Capital

As of December 31, 2018 and 2017, Bank Mandiri's Risk Oversight Committee consists of:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Chairman and Member	: Goei Siau Hong	Goei Siau Hong
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Ardan Adiperdana
Member	: R. Widyo Pramono	R. Widyo Pramono
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Lista Irna	Lista Irna

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1. GENERAL INFORMATION (continued)

h. Structure and management (continued)

As of December 31, 2018 and 2017, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2018	December 31, 2017
Chairman and Member	: Goei Siau Hong	Goei Siau Hong
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Askolani
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat	Makmur Keliat
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Budi Sulistio	-
Member	: Edhi Chrystanto (Bank Mandiri Taspen)	Edhi Chrystanto (Bank Mandiri Taspen)
Member	: Frans A. Wiyono (Mandiri AXA General Insurance)	Frans A. Wiyono (Mandiri AXA General Insurance)
Member	: D. Cyril Noerhadi (Mandiri Sekuritas)	D. Cyril Noerhadi (Mandiri Sekuritas)
Member	: Wihana Kirana Jaya (AXA Mandiri Financial Services)	Wihana Kirana Jaya (AXA Mandiri Financial Services)
Member	: Ravik Karsidi (Mandiri Tunas Finance)	Ravik Karsidi (Mandiri Tunas Finance)
Member	: Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)	Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)
Member	: Mulya E. Siregar (Bank Syariah Mandiri)	Ramzi A. Zuhdi (Bank Syariah Mandiri)
Member	: M. Syafii Antonio (Bank Syariah Mandiri)	M. Syafii Antonio (Bank Syariah Mandiri)

As of December 31, 2018 and 2017, the Chairman of the Internal Audit of Bank Mandiri is Mustaslimah.

As of December 31, 2018 and 2017, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2018 and 2017 are 39,809 and 38,307 people, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements were completed and authorised for issuance by the Board of Directors on January 28, 2019.

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards which comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Capital Market Supervisory Agency and Financial Institution ("Bapepam and LK") regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK's decree No. KEP-347/BL/2012 dated June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit or loss and all derivative instruments which have been measured at fair value and land assets measured at fair value since April 1, 2016. The consolidated financial statement are prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating, investing and financing activities.

Items within Other Comprehensive Income are classified separately, separating between accounts which will be reclassified to Profit or Loss and accounts which will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2016), "Presentation of Financial Statements for Sharia Banking", SFAS No. 102 (Amendments 2016) "Accounting for *Murabahah*", SFAS No. 104 (Amendments 2016) "Accounting for *Istishna*", SFAS No. 105 "Accounting for *Mudharabah*", SFAS No. 106 "Accounting for *Musyarakah*", SFAS No. 107 (Amendments 2016) "Accounting for *Ijarah*", SFAS No. 110 (Revised 2015) "Accounting for *Sukuk*", SFAS No. 111 "Accounting for *Wa'd*" and other prevailing Statements of Financial Accounting Standards, as long as it does not contradict with Sharia principle on Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

The preparation of financial statements in accordance with Indonesian Financial Accounting Standards requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the accounting policies of the Group. The area that is complex or requires a higher level of consideration or areas where assumptions and estimates could have a significant impact on the consolidated financial statements are disclosed in Note 3.

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

b. Changes in accounting policies

On January 1, 2018, the Group adopted new and revised or amendment of financial accounting standards that are relevant to the Group's and are mandatory for application from that date:

- Amendments of SFAS No. 2: "Statement of Cash Flow regarding Disclosure Initiatives"
- Annual improvement of SFAS No. 15: "Investment in Associated Entities and Joint Ventures"
- Amendment of SFAS No. 46: "Recognition of Deferred Tax Assets for Unrealized Losses"
- Amendment of SFAS No. 53: "Classification and Measurement of Share-Based Payment Transactions"
- Annual improvement of SFAS No. 67: "Disclosure of Interest Other Entities"
- Annual improvement of SFAS No. 13: "Property Investment"
- SFAS No. 111: "Accounting for *Wa'd*"

The Group assessed that the adoption of these new and revised or amendment standards and interpretations which were effective from January 1, 2018 had no material impact to the Group's consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit or loss, (b) loans and receivables, (c) financial assets held-to-maturity, and (d) financial assets available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as of fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

A financial asset designated as fair value through profit or loss at inception are held to reserve the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of profit or loss and other comprehensive income. Gains and losses arising from changes in fair value, sales of financial instruments and interest income from financial instruments are included directly in the consolidated statement of profit or loss and other comprehensive income which since January 1, 2018 recorded in "Trading income - net" prior recorded in "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments", "Gains/(losses) from sale of financial instruments", and "Interest income".

Presentation of consolidated financial statements as of and for the year ended December 31, 2017 has been reclassified to conform the presentation since January 1, 2018, refer to Note 66.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group upon initial recognition designates as available for sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of loans and receivables deterioration.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(b) Loans and receivables (continued)

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of profit or loss and other comprehensive income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement profit or loss and other comprehensive income as "Allowance for impairment losses".

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to held to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on financial assets held-to-maturity is included in the consolidated statement of profit or loss and other comprehensive income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value are recognised as other comprehensive income, except for impairment losses and foreign exchange gains or losses for debt instrument. For equity instrument, foreign exchange gains or losses is recognised in the consolidated statement of profit or loss and other comprehensive income, until the financial assets is derecognised. If available-for-sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised as other comprehensive income is recognised in the profit or loss. Interest income is calculated using the effective interest method.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

d) Available-for-sale financial assets (continued)

Recognition

The Bank uses trade date accounting for regular way contracts when recording marketable securities and government bonds transactions. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated statement of financial position as "other assets - receivables from marketable securities and government bonds pledged as collateral", if the transferee has the right to sell or repledged them.

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Since January 1, 2018, gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the consolidated statement of profit or loss and other comprehensive income as "Trading income - net" (prior recorded as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Interest expenses"). Furthermore, since January 1, 2018, interest expense for financial liability classified as trading are recorded as "Trading income - net" (prior recorded as "Interest expense").

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS No. 55, the fair value option is applied on debt securities which consists of debt host and embedded derivatives that must otherwise be separated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities (continued)

(a) Financial liabilities at fair value through profit or loss (continued)

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Trading income - net" since January 1, 2018 (prior recorded as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments", "Gain/(loss) from sales of financial instrument" and "Interest Income"). The presentation of consolidated financial statements as of and for the year ended December 31, 2017 has been reclassified to conform with the presentation since January 1, 2018, refer to Note 66.

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value less transaction costs.

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest rate method. Effective interest rate amortisation is recognised as "Interest expense".

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral that is submitted by the Group under the agreement of securities sold under agreements to repurchase and securities lending and borrowing transactions is not derecognised because the Group substantially has all the risks and benefits of the collateral, based on the requirement that the repurchase price has been determined at the beginning, so that the criteria for derecognition are not met.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

C. Derecognition (continued)

Write-offs

In the case of financial assets' write-off is a continuation of the financial assets' settlement by taking over collaterals, the written-off amount is approximately equal to the difference between the fair value of repossessed assets after taking into account the financial assets' cost of sales and carrying amount.

Financial assets can be written off when the allowance for impairment losses have been 100% established.

Full write-off is done to the financial assets' carrying amount by debiting the allowance for impairment losses.

D. Reclassification of financial assets

The Group shall not reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

The Group shall not classify any financial assets as held-to-maturity if the Group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity financial assets before maturity (more than insignificant in relation to the total amount of held-to-maturity financial assets), other than sales or reclassifications that:

- (a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- (b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- (c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealised gains or losses are recorded in other comprehensive income component and shall be recognised in the consolidated statement of profit or loss and other comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income shall be recognised in consolidated statement of profit or loss and other comprehensive income under gain/loss from sale of financial assets.

Reclassification of financial assets available for sale to held to maturity recorded at book value. Unrealized gains or losses must be amortized using the effective interest rate until the maturity date of the instrument.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments

The Group classifies the financial instruments into classes that reflects the nature of information and takes into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

	Category	Class	Sub-classes
Financial assets	At fair value through profit or loss financial assets	Financial assets held for trading	Marketable securities
			Government bonds
			Derivative receivables - Non hedging related
	Loans and receivables		Current accounts with Bank Indonesia
			Current accounts with other banks
			Placements with Bank Indonesia and other banks
			Other receivables - trade transaction
			Securities purchased under agreements to resell
			Loans and sharia loan/financing
			Consumer financing receivables
			Investment in lease financing
			Acceptance receivables
			Other assets
	Receivables from customer transactions		
	Receivables from sale of marketable securities		
	Receivables from policyholders		
	Receivables from transaction related to ATM and credit card		
	Receivables on government bonds pledged as collateral		
	Held-to-maturity financial assets		Marketable securities
			Government bonds
Available-for-sale financial assets		Marketable securities	
		Government bonds	
		Investments in shares - less than 20%	
Hedge derivatives		Cash flow hedging	Derivative receivables - cash flow hedge related

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments (continued)

The Group classifies the financial instruments into classes that reflects the nature of information and takes into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below (continued):

	Category	Class	Sub-classes
Financial liabilities	At fair value through profit or loss financial liabilities	Financial liabilities held for trading	Derivative payables - non hedging related
		Deposits from customers	Demand deposits and <i>wadiah</i> demand deposits
	Saving deposits and <i>wadiah</i> saving deposits		
	Time deposits		
	Deposits from other banks	Demand deposits and <i>wadiah</i> demand deposits and saving deposits and <i>wadiah</i> saving deposits	
		Interbank call money	
		Time deposits	
	At amortised cost financial liabilities	Securities sold under agreements to repurchase	
		Acceptance payables	
		Debt securities issued	
		Accrued expenses	
		Fund borrowings	
		Other liabilities	Payable to customers
			Guarantee deposits
Payable from purchase of marketable securities			
Liabilities related to ATM and credit card transaction			
Customers transaction			
Other liabilities for UPAS transaction			
Subordinated loans and marketable securities			
Hedge derivatives	Cash flow hedging	Derivative payables - cash flow hedge related	
Off-balance sheet accounts	Committed unused loan facilities		
	Outstanding irrevocable letters of credit		
	Bank guarantees issued		
	Standby letters of credit		

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This means that the right to set off:

- a. Must not be contingent on a future event, and
- b. Must be legally enforceable in all of the following circumstances:
 - i. The normal course of business
 - ii. The event of default
 - iii. The event of insolvency or bankruptcy

G. Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of impairment loss include:

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract, such as a default or delinquency in interest or principal payments;
3. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4. There is a probability that the borrower will enter bankruptcy or other financial reorganisation;
5. The disappearance of an active market for that financial asset because of financial difficulties; or
6. Observable data indicating that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Substandard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

The Group has determined specific objective evidence of an impairment loss for loans including: (continued)

2. All restructured loans.

The Group initially assesses whether objective evidence of impairment for financial asset exists as described above. The individual assessment is performed for the individually significant impaired financial asset, using discounted cash flows method.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, the financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed but not impaired are still classified as financial assets that are assessed individually. However, the Group provides allowance for impairment losses based on probability of default generated for each segment by evaluating impairment of loans collectively.

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and where impairment occurred will have material impact to the consolidated financial statements, i.e. loans with Gross Annual Sales (GAS) Large Corporate and Middle Corporate, as well as loans with GAS outside Large Corporate and Middle Corporate with outstanding balance of more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Business, Micro and Consumer with outstanding balance of less than or equal to Rp5,000; and
3. Restructured loans.

The Bank determines loans to be evaluated for impairment through individual assessment if one of the following conditions is met:

1. Loans which individually has a significant value and has objective evidence of impairment; or
2. Restructured loans which individually has significant value.

The Bank determines loans to be evaluated for impairment through collective assessment if one of the following conditions is met:

1. Loans which individually have significant value and there are no objective evidence of impairment; or
2. Loans which individually have insignificant value; or
3. Restructured loans which individually have insignificant value.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Individual impairment calculation

The amount of the impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Bank uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

Collective impairment calculation

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics such as by considering credit segmentation and past-due status. Those characteristics are relevant to the estimation of future cash flows for groups of such assets which indicate debtors or counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The Group uses statistical model analysis methods, consists of roll rates analysis method and migration analysis method for financial assets impairment which are collectively assessed using minimum of 3 (three) years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occurring for each identified portfolio, except for Micro banking segment in which the loss identification period used is 9 months.

When a loan is uncollectible, it is written off against the related allowance for loan impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into "allowance for impairment losses".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Collective impairment calculation (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Subsequent recoveries of loans written off in prior year, are recognised as other operating income.

Allowance for possible losses on earning assets of Subsidiary based on sharia

1. Earning assets consist of current account and placements with Bank Indonesia in the form of Bank Indonesia Sharia Certificate (Sertifikat Bank Indonesia Syariah (SBIS)), Bank Indonesia Sharia Deposit Facility (Fasilitas Bank Indonesia Syariah (FASBIS)), Reverse Repo Receivables State Sharia Certificates (Surat Berharga Syariah Negara (SBSN)) BI, Term Deposit Foreign Currency Sharia BI, current accounts with other sharia banks, placement with other sharia banks, investment in marketable securities, *istishna* receivables, *ijarah* receivables, funds of *qardh*, *musyarakah* financing, *mudharabah* financing, *ijarah* assets, and commitments and contingencies with credit risk, such as bank guarantees, irrevocable letters of credit (LC) and standby letters of credit.

Allowance for impairment losses of earning assets and non-earning assets for commercial bank conducting business based on sharia principles is based on Financial Services Authority Regulation ("POJK") No. 19/POJK.03/2018 dated September 20, 2018 on "Asset Quality Assessment for Sharia Commercial Banks and Business Units", and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy".

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned OJK's Regulation are as follows:

- a) General reserve, shall be no less than 1% of total earning assets classified as current, excluding Bank Indonesia Sharia Certificates and debt securities issued by the Government based on sharia principles, and part of earning assets guaranteed by government and cash collateral in the form of demand deposits, saving deposits, time deposits, guarantee deposits, and/or gold which are pledged accompanied with the power of attorney to liquidate.
- b) Special reserve shall be at least:
 - 5% of earning assets classified as Special Mention after deducting collateral value;
 - 15% of earning assets classified as Substandard after deducting collateral value;
 - 50% of earning assets classified as Doubtful after deducting collateral value;
 - 100% of earning assets classified as Loss after deducting collateral value.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Allowance for possible losses on earning assets of Subsidiary based on sharia (continued)

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned OJK's Regulation are as follows (continued):

- c) The requirement to establish allowance for impairment losses shall not be applicable for earning assets under leasing transactions in the form of *ijarah* or leasing transaction with transfer of ownership of leasing object in the form of *ijarah muntahiyah bittamlik*. The Bank is required to depreciate/amortize the assets of *ijarah muntahiyah bittamlik*.

For marketable securities and placements to the bank, the quality rating is classified into 3 (three) classifications: current, substandard, and loss. Quality rating of equity investment is determined into 4 (four) categories: current, substandard, doubtful and loss.

2. For *murabahah*, the Subsidiary evaluates whether there is an objective evidence that the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event that occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated.

The allowance for impairment on *murabahah* is calculated using collective according to SFAS No. 55, "Financial Instruments: Recognition and Measurement".

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.(G).(a) for the criteria of objective evidence of impairment.

In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of profit or loss and other comprehensive income is removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income.

If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher amount between the initial amount, less amortisation of fees recognised, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is amortised over the period of guarantees using the straight-line method.

The Bank determines impairment losses on financial guarantee contracts that have credit risk based on the value that is higher between the amortised value (carrying value) and the present value of the liabilities that are expected to occur (when payment under the guarantee has become probable) or impairment losses are calculated based on historical loss data for a collective evaluation of impairment.

H. Investment in sukuk

Before the initial recognition, the Group determines the classification of investment in sukuk based on the Group's investment objective. Investment in sukuk can be measured as follows:

- Acquisition cost
If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. The acquisition cost for sukuk *ijarah* and sukuk *mudharabah* are included in the transaction cost. The difference between acquisition cost and nominal value is amortized using straight-line method during the period of the sukuk instrument.
- Measured at fair value through other comprehensive income
If the investment is held within a business model whose primary purpose is to obtain contractual cash flows and sell off sukuk and the contractual requirements determined by specific date of payment of principal and/or results. The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are included as transaction costs. The difference between the acquisition cost and nominal value is amortized on straight-line basis over the terms of sukuk. The changes in fair value are recognised in other comprehensive income. At the time of derecognition, the changes in fair value in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.
- Measured at fair value through profit or loss
The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are measured at fair value through profit or loss excluding transaction costs. For investments in sukuk which are measured at fair value through profit or loss, the difference between the fair value and the carrying amount is recognised in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

I. Sukuk *mudharabah* issued

Sukuk *mudharabah* issued is recognized at nominal. Transaction costs are recognised as deferred expense and presented as "Other asset" and amortized using straight-line following the period of sukuk *mudharabah*.

J. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability should be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial instruments traded in active markets, such as marketable securities and government bonds, is determined based on quoted market prices at the statement of financial position date from credible sources such as quoted market prices from Bloomberg, Reuters or broker's quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For government bonds with no quoted market prices, a reasonable estimate of the fair value is determined using the internal model based on the present value of expected future cash flows using next-repricing method with deflator factor.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries in which the majority shareholding are owned or controlled by the Bank.

Where the Subsidiaries either began or ceased to be controlled during the year, the results of operations of those subsidiaries are included in the consolidated financial statements only from the date that the control has commenced or up to the date that the control has ceased.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

The Bank controls the Subsidiaries if and only if the Bank acquires these rights:

- a) Power over the Subsidiaries (has existing rights that give it the current ability to direct the relevant activities, that significantly affect the Subsidiaries' returns);
- b) Exposure, or rights, to variable returns from its involvement with the subsidiaries;
- c) The ability to use its power over the Subsidiaries to affect the amount of the Bank's returns

In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of Subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation are presented as part of liabilities in the consolidated statement of financial position.

The consolidated financial statements are prepared using a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

If the control on an entity is obtained or ends in the current year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date the control ceased.

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause any change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

Changes in the Bank's ownership interest in Subsidiaries that do not result in a loss of control is accounted for as an equity transaction, in this case a transaction with owners in their capacity as owners. Any difference between the amount by when the non-controlling interest are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the parent.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation (continued)

The entity that accepts/releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/share premium.

e. Foreign currency transactions and balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas Subsidiaries of Bank Mandiri denominated in foreign currencies are translated into Rupiah based on the following bases:

- (1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
- (2) Revenues, expenses, income and losses - using the average middle rates during each month when the transaction occurs.
- (3) Shareholders' equity accounts - using historical rates on the date of transaction.
- (4) Statements of cash flows - using the Reuters spot rates at the reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The differences arising from the translation adjustment is presented as "Differences arising from translation of foreign currency financial statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2018 and 2017. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

The exchange rates used against the Rupiah at the dates of the consolidated statement of financial position are as follows (amounts in full Rupiah):

	December 31, 2018	December 31, 2017
Great Britain Poundsterling 1/Rp	18,311.50	18,325.62
European Euro 1/Rp	16,440.66	16,236.23
United Stated Dollar 1/Rp	14,380.00	13,567.50
Japanese Yen 100/Rp	13,062.00	12,052.00

Other foreign currencies are not disclosed as above since it is considered not material in the translation of transaction in foreign currencies of the Bank and Subsidiaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with related parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures" and Regulation of Bapepam and LK No. KEP-347/BL/2012, dated June 25, 2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies".

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

- 1) A person who a) has control or joint control over the reporting entity; b) has significant influence over the reporting entity; or c) the key management personnel of the reporting entity or the parent of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following:
 - a) The entity and the reporting entity are members of the same group;
 - b) An entity is an associate or joint venture of the entity;
 - c) Both entities are joint ventures from the same third party;
 - d) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e) The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
 - f) The entity is controlled or jointly controlled by a person identified as referred to in point 1); or
 - g) A person identified as referred to point 1) letter a) has significant influence over the entity or the entity's key management personnel;
 - h) The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the local governments which are the shareholders of the entity.
- 3) Parties which are not related parties are as follows:
 - a) Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
 - b) Two joint venturers simply because they share joint control of a joint venture;
 - c) Fund provider, trade unions, public service, and ministry and agencies of government that does not control, jointly control or significantly influence the reporting entity, solely in the execution of normal dealings with the entity;
 - d) Customers, suppliers, franchisor, distributor or general agent with whom an entity enter into transaction with significant volumes of business solely because economic dependence due to circumstances.

All significant transactions with related parties have been disclosed in Note 56.

g. Cash and cash equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia, current accounts with other banks and other short term liquid investments with original maturities of 3 (three) months or less since the date of acquisition.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

The Minimum Statutory Reserve

Based on Bank Indonesia Regulation (PBI) No. 20/3/PBI/2018 regarding Statutory Reserves in Rupiah and Foreign Currencies for Conventional Commercial Banks, Sharia Commercial Banks and Sharia Business Units, Banks and Subsidiaries under Sharia Principle is required to maintain Minimum Statutory Reserves (GWM) at Bank Indonesia in Rupiah and Foreign Exchange.

GWM in Rupiah should be maintained of 6.50% of the Bank's Third Party Funds in Rupiah during certain period which should be maintained on daily of 4.5% and on average of 2%. The Subsidiaries's GWM in Rupiah under Sharia principle should be maintained of 5% of the Subsidiaries's Third Party Funds in Rupiah, during certain period should be maintained on daily of 3% and on average of 2%.

GWM in foreign currency should be maintained on average of 8% of the Bank's Third Party Funds in foreign currency, during a certain period which should be maintained on daily of 6% and on average of 2%. Subsidiaries's GWM in foreign currency under Sharia principle should be maintained 1% of the Subsidiaries's Third Party Funds in foreign currency.

Based on *Anggota Dewan Gubernur* Regulation (PADG) No. 20/30/PADG/2018 on the changes of its regulation No. 20/10/PADG/2018 on Minimum Statutory Reserve in Rupiah and foreign currency for Conventional Banking, Sharia Commercial Banks and Sharia Business Units, GWM for Conventional Banking should be maintained on daily of 6.5% of the Bank's Third Party Funds in Rupiah, during certain period should be maintained on daily of 3.5% and on average of 3% and GWM for Sharia Commercial Banks and Sharia Business Units in Rupiah should be maintained on 5% of the Bank and Unit's TPF in Rupiah during certain period should be maintained on daily of 2% and on average of 3%.

Based on PBI No. 20/4/PBI/2018 dated March 29, 2018, the term of Loan to Funding Ratio (LFR) changed to the Macroprudential Intermediation Ratio (RIM) and RIM Current Account with Bank Indonesia effective on July 16, 2018. the RIM is the additional reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia of certain percentage of Third Party Funds which resulted from the difference between RIM held and RIM targeted by Bank Indonesia. It's applied if the Bank's RIM is below the minimum RIM targeted by Bank Indonesia (80%) or if the Bank's RIM is above the RIM targeted by Bank Indonesia (92%) and the Capital Adequacy Ratio (CAR) is below Bank Indonesia requirement of 14%. The Macroprudential Liquidity Buffer (PLM) is the minimum reserves that should be maintained by the Conventional Banking in the form of marketable securities with certain requirement. The PLM minimum reserves stipulated in PBI No. 20/4/PBI/2018 of 4% of the Bank's Third Party Funds in Rupiah. PLM which comprised the marketable securities and sharia securities in Rupiah. PLM calculation stipulated on PBI No. 20/4/PBI/2018 Art 20 (3).

Based on Bank Indonesia Regulation (PBI) No. 15/15/PBI/2013 dated December 24, 2013 regarding the Bank's Minimum Statutory Reserves in Bank Indonesia in Rupiah and foreign currency which have been further amended with PBI No. 19/6/PBI/2017 dated April 17, 2017 regarding the fifth changes on PBI No. 15/15/PBI/2013. Minimum Statutory Reserves in Rupiah consist of Primary GWM, secondary GWM and GWM LFR.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks (continued)

The Minimum Statutory Reserve (continued)

Primary GWM in Rupiah is set at 6.50% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LFR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LFR and target LFR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting November 1, 2010 and GWM LDR is applied effectively starting March 1, 2011. GWM LFR is applied effectively on August 3, 2015 to replace GWM LDR.

GWM in foreign currency is set at 8.00% of foreign currency third party fund.

The subsidiary company that is engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with PBI No. 6/21/PBI/2004 dated August 3, 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that is engaged in business operation based on Sharia principle, which amended by PBI No. 8/23/PBI/2006 dated October 5, 2006 and the latest amendment using PBI No. 10/23/PBI/2008 dated October 16, 2008 and subsequently replaced by PBI No. 15/16/PBI/2013 dated December 24, 2013, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah and foreign currencies at 5.00% and 1.00% from third party fund in Rupiah and foreign currencies.

i. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (Fasilitas Simpanan Bank Indonesia (FASBI)), sharia FASBI (Fasilitas Simpanan Bank Indonesia Syariah (FASBIS)), call money, "fixed-term" placements, time deposits and others.

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placement with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

j. Marketable securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (Sertifikat Bank Indonesia (SBI)), Sharia Certificates of Bank Indonesia (Sertifikat Bank Indonesia Syariah (SBIS)), Government Treasury Bills (Surat Perbendaharaan Negara (SPN)), Negotiable Certificates of Deposits, Medium Term Notes, Treasury Bills issued by government of other country and Government of Republic of Indonesia, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including sharia corporate bonds.

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Marketable securities (continued)

Investments in mutual funds units are stated at market value, in accordance with the net value of assets of the mutual funds as at the date of the consolidated statement of financial position.

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent impairment in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year's consolidated statement of profit or loss and other comprehensive income.

Reclassification of marketable securities to held to maturity classification from available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the maturity date of the marketable securities using the effective interest rate method to consolidated statement of profit or loss and other comprehensive income.

k. Government bonds

Government bonds represent bonds issued by the Government of the Republic of Indonesia. Government bonds consist of Government Bonds from the recapitalisation program and government bonds purchased from the market.

Government bonds are classified as financial assets at fair value through profit or loss, available for sale, held to maturity and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity and at cost.

l. Other receivables - trade transactions

Other receivables - trade transactions represent receivables resulting from contracts for trade-related facilities given to customers, which will be reimbursed on maturity.

Other receivables - trade transactions are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

m. Securities purchased/sold under resale/repurchase agreements

Securities purchased under agreements to resell are presented as assets in the consolidated statement of financial position at the agreed resale price less unamortised interest income and allowance for impairment losses. The difference between the purchase price and the agreed resale price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date using the effective interest rate method.

Securities purchased under agreements to resell are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Securities purchased/sold under resale/repurchase agreements (continued)

Securities sold under agreements to repurchase are presented as liabilities in the consolidated statement of financial position at the agreed repurchase price net of the unamortised prepaid interest. The difference between the selling price and the agreed repurchase price is treated as prepaid interest and recognised as interest expense over the period, commencing from the selling date to the repurchase date using effective interest rate method.

Securities sold under agreements to repurchase are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

On January 1, 2018, the Subsidiaries recognized the reverse repo sharia in accordance to SFAS 111 regarding to "Accounting Wa'd" which applied prospectively. At initial recognition, Subsidiaries classified sharia securities as measured at fair value through other comprehensive income. Gains or losses arising from changes in fair value are recognized in other comprehensive income.

Prior January 1, 2018, securities purchased under agreements to resell presented as asset in the consolidated statement of financial position at the agreed purchase price and deferred income, deducted with the allowance for impairment losses, if any. At initial recognition the difference between the purchase price and resale price recognized as deferred income and amortised straight line as income over the period from initial purchasing up to resale.

n. Derivative receivables and derivative payables

All derivative instruments (including foreign currency transactions for funding and trading purposes) are recognised in the consolidated statement of financial position at their fair values. Fair value is determined based on market value using Reuters rate at reporting date or discounted cash flow method.

Derivative receivables are presented at the amount of unrealised gain from derivative contracts. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

Gains or losses from derivative contracts are presented in the consolidated financial statements based on its purpose designated upon acquisition, as (1) fair value hedge, (2) cash flow hedge, (3) net investment in a foreign operation hedge, and (4) trading instruments as follows:

1. Gain or loss on a derivative contract designated and qualifies as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in current year.
2. The effective portion arising from gain or loss of derivative contracts, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective portion is recognised as a gain or loss in the current year.
3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.
4. Gain or loss arising from derivative contract that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative receivables and derivative payables (continued)

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial assets and liabilities at fair value through profit or loss.

o. Loans and sharia loan/financing

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

Syndicated loans, direct financing and joint financing, and channeling loans are stated at their outstanding balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are financing by PT Bank Syariah Mandiri (“BSM”), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (*malik, shahibul mal* or Subsidiary) as owner of fund and second party (*amil, mudharib* or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared based on the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* financing is *musyarakah* in which the fund portion of each partner is stated explicitly in the contract and remains the same until the contract expires. Declining *musyarakah (musyarakah mutanaqisha)* financing is *musyarakah* in which the fund portion of the one of the partner will be transferred in several stages to the other partner, resulting in the declining of fund portion of the one of the partner, and at the end of contract, the other partner will become the sole owner of the business. *Musyarakah* financing is stated at the outstanding financing balance less allowance for possible losses.

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. *Ijarah muntahiyah bittamlik* is an agreement on the availability of fund in relation to transferring the right of use and benefit of a good or service based on rental transaction with an option to transfer the ownership of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah contract are the financing of goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* are the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer.

Murabahah financing is classified as financial assets under loans and receivables according to SFAS No. 55 “Financial Instruments: Recognition and Measurements”.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia loan/financing (continued)

Murabahah initially are stated at fair value plus transaction cost/directly attributable administration fee and additional acquisition cost to acquire those financial assets and after initial recognition are measured at amortised cost using the effective interest rate method less the allowance for impairment losses.

Murabahah are stated at the balance of the receivable less deferred margin and allowance for possible losses. The Bank calculates the allowance for impairment loss according to the *murabahah* financing quality according to each of financing balance.

Istishna are the financing of goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* are presented based on the outstanding billings less allowance for possible losses.

Qardh are borrowings at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a fee (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (Subsidiary) which obligate to be borne or paid.

Rahn represents the pledge of goods or assets owned by the customer to the Subsidiary for an equivalent amount of money. Assets or goods pledged are appraised based on market value, less a certain deduction percentage. The Subsidiary will obtain a fee (*ujrah*), which is recognised upon receipt. *Qardh* are stated at its outstanding balance less allowance for possible losses.

Loans and sharia loan/financing are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Loan restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Losses on loan restructurings due to modification of the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

For loan restructurings which involve a conversion of loans into share/stock or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

The Bank formed internal regulation regarding the debtors that are eligible to be removed from the list of restructured loans, i.e. when the loan/debtor has met the following criterias:

- i. Credit quality has been categorized Current (Collectibility 1) according to the review results by three (3) pillars of based on credit quality of Bank Indonesia;
- ii. The interest rate charged on the current loan facility is the commercial interest rates to debtors in accordance with the relevant credit segments above the base lending rate;
- iii. There are no Deferred Delinquency Interest (TBYD) and Deferred Interest (BYDT) which were not yet collected.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer financing receivables

The Subsidiary's consumer financing receivables are recognised initially at fair value, plus directly attributable transaction costs and deducted by yield enhancing income, and subsequently measured at amortised cost using the effective interest rate method.

The Subsidiary's consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Early termination is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year's consolidated statement of profit or loss and other comprehensive income at the transaction date.

Credit restructuring can be done by transfer of financing, continue to finance, repay back, change the due date, change the tenor and/or increase the down payment.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers bears credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

Joint financing receivables that are jointly financed with other parties, bears credit risk in accordance with their financing portion (without recourse) and presented on a net basis in the consolidated statement of financial position. Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of profit or loss and other comprehensive income.

For joint financing without recourse, the Subsidiary has the right to set higher interest rates to customers than those as stated in the joint financing agreements with joint financing providers. The difference is recognised as revenue and disclosed as "Consumer financing income".

q. Net investment finance leases

Net investment finance leases represent lease receivable plus the residual value which is earned at the end of the lease period and net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognised as unearned lease income. Unearned lease income is allocated to current year consolidated statement profit or loss and other comprehensive income based on a constant rate of return on net investment using the effective interest rate.

The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is recognised in the current year consolidated statement of profit or loss and other comprehensive income.

Net investment finance leases are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed assets, leased assets and intangible assets

i. Fixed assets and software

On April 1, 2016, the Group changed their accounting policy relating to land from cost model into revaluation model. Subsequently, land is stated at fair value.

Appraisal of the land is carried out by a certified external independent appraiser. Assessment of these assets are conducted regularly to ensure that the fair value of the revaluated asset is not materially different from its carrying value.

If the fair value of the revalued asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revalued asset does not change significantly, it is necessary to revalue at a minimum every 3 years.

The increase in the carrying value arising from the revaluation of land is recorded as "Difference arising from the revaluation of fixed assets" and is presented as "Other comprehensive income". Any impairment arising from the revaluation is recorded as expense of the current year. If the asset had a balance of "Difference arising from the revaluation of fixed assets" that is presented as "Other Comprehensive Income", then the impairment difference recorded is charged against "Difference arising from the revaluation of fixed assets" and the rest is recognised as expense of the current year.

The entity performs revaluation for accounting and tax purposes in the period the entity receives approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of profit or loss and other comprehensive incomes as incurred. Software is recognised as intangible assets.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of fixed assets and intangible assets. The estimated useful lives and percentage of depreciation and amortization per annum are as follows:

	<u>Years</u>	<u>Percentage</u>
Buildings	20	5%
Furniture and fixtures, office equipment, computer and vehicles	4-5	20%-25%
Software	5	20%

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed assets, leased assets and intangible assets (continued)

i. Fixed assets and software (continued)

Construction in progress is stated at cost and presented as part of fixed assets. Accumulated costs are reclassified to the appropriate fixed assets account when the assets are substantially complete and ready for their intended use.

In accordance with SFAS No. 16 (Revised 2011) regarding "Fixed Assets" and ISAK No. 25 regarding "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognised as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

Land rights in the form of right to cultivate, right to build and use rights are not amortized, unless there is evidence to indicate that the extension or renewal of land rights is likely to or definitely not obtained.

SFAS No. 48 (Revised 2014) regarding "Impairment of Assets" states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. If the carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

ii. Leased assets

Under SFAS No. 30 (Revised 2011) regarding "Lease", the determination of whether an agreement is, or contains a lease is based on the substance of the agreement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and benefit related to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits related to ownership of assets.

Under finance leases, the Group recognises assets and liabilities in its consolidated statement of financial position as the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance expense is recorded in the consolidated statement of income. Leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that Bank Mandiri will obtain ownership by the end of the lease term.

Under an operating lease, the Group recognises lease payments as an expense on a straight-line basis over the lease term.

If a rental agreement contains elements of land and buildings, the Group assesses the classification of each element as a finance lease or an operating lease separately.

iii. Intangible assets

Intangible assets are recognised if, and only if its cost can be measured reliably and it is probable that expected future benefits that are attributable to it will flow to the Bank and

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed assets, leased assets and intangible assets (continued)

iii. Intangible assets (continued)

Subsidiaries. Intangible assets consist of goodwill and computer software that are purchased by the Bank and Subsidiaries.

Software purchased by the Bank and subsidiaries is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization method, estimated useful life and residual value are reviewed at end of reporting period and adjusted if necessary.

Refer to Note 2s for the accounting treatment of goodwill.

s. Investments in shares

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans to equity.

Investments in shares in associated company represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting from the acquisition date net of allowance for impairment losses.

Temporary investment is written-off from the consolidated statement of financial position if it is more than 5 years in accordance to the PBI No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investments in shares with ownership below 20.00% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of available for sale financial assets.

Goodwill is recognised when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the acquisition date. Goodwill is presented as other assets. The Bank conducts an assessment of goodwill impairment regularly.

t. Allowance for possible losses on non-earning assets

Non-earning assets of Bank Mandiri and the Subsidiaries consist of repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

The Bank provides an allowance for impairment of repossessed assets and abandoned property equivalent to the difference between the carrying amount of the asset and the fair value less costs to sell. As for the inter-office account and suspense account, the allowance is equivalent to difference between the carrying value and the recovery value.

u. Acceptances receivables and payables

Acceptances receivables are classified as financial assets under loans and receivables category. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-office accounts and others.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral when the debtor could not fulfil their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in the form of properties which were not used for Bank and Subsidiaries' business operational activity.

Repossessed assets and abandoned properties are presented at their net realizable values. Net realizable value is the fair value of the repossessed assets less estimated costs to sale the repossessed assets. Differences between the net realizable value and the proceeds from disposal of the repossessed assets are recognised as current year's gain or loss at the year of disposal.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of profit or loss and other comprehensive income as incurred. Any permanent impairment loss that occurred will be charged to the current year's consolidated statement of profit or loss and other comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. Obligations due immediately

Obligations due immediately are recorded at the time the obligations occurred from customer or other banks. Obligations due immediately are classified as financial liabilities at amortised cost.

x. Deposits from customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank and Subsidiaries which operate in banking industry based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, Automated Teller Machine card (ATM) or by overbooking through *bilyet giro* or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand deposits and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand deposits and saving deposits earn bonus based on Subsidiary's policy. *Wadiah* saving and demand deposits are stated at the Subsidiary's liability amount.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from customers (continued)

Deposits from customers are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits from customers are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

y. Deposits from other banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, saving deposits, interbank call money with original maturities of 90 days or less, time deposits and negotiable certificate of deposits. Deposits from other banks are recorded as liability to other banks.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates *Mudharabah* Investment Bank (Sertifikat Investasi *Mudharabah* Antarbank(SIMA)).

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

z. Insurance contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiaries issue insurance contracts that accepted significant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event of at least 10% more than the benefits payable if the insured event did not occur. When an insurance contract does not have significant insurance risk, it is classified as investment contracts.

The Subsidiaries issues insurance contracts for traditional insurance product and investment-linked insurance product. Both of these products have significant insurance risk.

The Subsidiaries's products are divided into the following main categories:

- Traditional non-participating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-linked, is the insurance product with single and regular premium payment which is linked to investment products, and provides a combined benefit of protection and investment.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

The Subsidiary unbundles the deposit component of unit-linked contract as required by SFAS No. 62 when both the following conditions are met:

- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary’s accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.

The Subsidiary does not separate the deposit component because only one of the above condition is met.

Liability adequacy test

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary’s method of acquiring, servicing and measuring the profitability of its insurance contracts.

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow including all guaranteed benefit and guaranteed additional benefit, non-guaranteed participation benefit feature (if any), all expenses for policies issuance and maintenance, as well as reflecting the future cash inflow, i.e. future premium receipt. The liabilities are calculated based on discounted cash flow basis for all related cash flows i.e. both of cash outflows and cash inflows as mentioned above using a set of most recent best estimate assumptions set by the Subsidiary’s appointed actuary, included discount rate assumptions, mortality/morbidity assumptions, lapsed assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions. Subsidiary operates in life insurance use Gross Premium Reserve with best estimate and margin for adverse deviation therefore liability adequacy test is not required.

Reinsurance

The Subsidiaries reinsure a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Recovery amount from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiaries presents separately reinsurance asset of future policy benefit liabilities, unearned premium, and estimated claim liabilities.

If a reinsurance asset is impaired, the Subsidiaries deducted the carrying amount accordingly and recognises that impairment loss in the consolidated statement of profit or loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability for future policy benefits

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary's actuary or registered independent actuary.

The Subsidiaries calculate the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt.

Increase/(decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of profit or loss and other comprehensive income.

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

Funds received from customers for non-sharia unit-linked products are reported as gross premium income in the consolidated statements of profit or loss and other comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from insurance cost of mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to unit-linked policyholders in the statements of profit or loss and other comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for sharia unit-linked products is recognised as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-linked product income.

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Debt securities issued

Debt securities issued by the Bank and its Subsidiaries, include bonds, subordinated notes, medium term notes and travellers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently, transactions costs are amortised using the effective interest rate up to the maturity of debt securities issued.

Debt securities issued are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ab. Fund borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with the obligation of repayment in accordance with the requirements of the loan agreement.

Fund borrowings are initially measured at fair value minus directly attributable transaction costs. Fund borrowings are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ac. Subordinated loans and marketable securities

Subordinated loans and marketable securities are initially measured at fair value minus directly attributable transaction costs. Subsequently, transactions costs are amortised using the effective interest rate up to the maturity of subordinated loans and marketable securities.

Subordinated loans and marketable securities are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ad. Income tax

Bank Mandiri and Subsidiaries apply SFAS No. 46 (Revised 2014) regarding "Income Tax" which requires Bank Mandiri and Subsidiaries to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in the consolidated statement of financial position; and transactions and other events of the current period.

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

Bank Mandiri and subsidiaries applies the balance sheet liability method to determine income tax expense. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated statement of financial position at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income tax (continued)

Deferred tax assets are recognised only to the extent that is probable that future taxable income will be sufficient against which the temporary differences can be utilized.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realized or the liability is settled. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's assessment as of the date of consolidated statement of financial position. Assumptions and estimation used in the calculation of provision may involve element of uncertainty.

The estimated corporate income tax of Bank Mandiri and Subsidiaries is calculated for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities can not be set-off in the consolidated financial statements. Corporate tax payables and other tax payables of Bank Mandiri and Subsidiaries are presented as taxes payable in the consolidated statement of financial position.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ae. Temporary *syirkah* funds

Temporary *syirkah* funds represent investment received by a Subsidiary. The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah*, *mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah*, *mudharabah muqayyadah* and other similar accounts.

- 1) *Mudharabah muthlaqah* represents *mudharabah* in which the fund owner (*shahibul maal*) entrusts to fund manager (*mudharib*/Subsidiary) in managing its investment.
- 2) *Mudharabah muqayyadah* represents *mudharabah* in which the fund owner sets restrictions against fund manager regarding, among others, the place, the means and/or the object of investment.

Temporary *syirkah* funds cannot be classified as liability because the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realised gain from current asset and other non-investment accounts.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *syirkah* funds (continued)

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to combine the funds with the other funds.

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

af. Interest and sharia income and expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised as “interest income” and “interest expense” in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all commissions, provision and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiary's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

Murabahah income through deferred payment or installment is recognised during the period of the contract based on effective method (annuity).

According to SFAS No. 102 (Revised 2016), *murabahah* income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *Ijarah* is recognised proportionally during the contract period.

Profit sharing for passive partner in *musyarakah* is recognised in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *mudharabah* is recognised in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

Any payment from non performing debtors recognized is recognized as the repayment cost or loan/financing. Excess payment over the cost or loan/financing recognized as income when cash received. Especially for *Ijarah* transactions, any payment from non performing debtors recognized as the settlement.

(iii) Third parties' share on return of temporary *syirkah* funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *mudharabah mutlaqah*, *mudharabah muqayyadah* and *mudharabah musytarakah* principles. The profit sharing is determined on the earned income.

Distribution of profit sharing is based on profit sharing principle which is calculated from the Subsidiary's gross profit margin.

Total margin income and profit sharing on financing and other productive assets will be distributed to the fund owner and subsidiary, calculated proportionally according to the allocation of fund owner and subsidiary that were used in the financing and other productive assets.

Further, margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and depositor as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined profit sharing with *nisbah* portion. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium income and claims expenses

Premium income received from short-term insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long-term contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ag. Premium income and claims expenses (continued)

Claims and benefits consist of settled claims, claims that are still in process of completion and estimates of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as deduction from claims expenses consistent in the same period with the claim expenses recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

ah. Fees and commissions income

Fees and commissions income and transaction costs that are directly attributable to lending, consumer financing activities and investment in lease financing, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortisation using effective interest rate method.

The directly attributable unamortised fees and commissions balances relating to loans, consumer financing receivables and investment in lease financing which is settled prior to maturity are recognised upon settlement date of such loans, consumer financing and investment in lease financing.

Other fees and commissions income which are not directly related to lending activities or a specific period are recognised as revenue on the transaction date.

ai. Employee benefits

Pension liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from August 1, 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund's management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law No. 13/2003, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined contribution plan is a pension plan that defines an amount of pension contribution based on pension Fund Regulation and all contribution including investment return are recorded in its account's member as pension benefit as stated in Pension Fund Law No. 11 year 1992 dated April 20, 1992 regarding Pension Fund.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discounting rate zero coupon bond that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The accumulated unrecognised actuarial gains or losses incurred are recognised as “Other Comprehensive Income” and is presented in the equity section. Past service cost is directly charged to profit or loss.

The post-employment benefits expense recognised during the current year consists of service cost in profit or loss, net interest on the net defined benefit liability in profit and loss or re-measurement of the net defined benefit liabilities in other comprehensive income.

Net interest on the net defined benefit liabilities is the interest income component of plan assets, interest expense of defined benefit liabilities and interest on the effect of asset ceiling.

Remeasurements of the net defined benefit liability consists of:

- Actuarial gains and losses;
- Return on plan assets, excluding amount included in net interest on the net defined benefit liability; and
- Any change in effect of the asset ceiling, excluding amount including in net interest on the net defined benefit liability.

Actuarial gains and losses may arise from the adjustments made based on the experience and changes in actuarial assumption.

Other long-term employment benefit obligations

The entitlement of these benefits is provided to the employees until reaching the retirement age and the completion of a minimum service period. The costs estimation for these benefits are accrued over the period of employment calculated using similar methodology used for defined benefit pension plans but simplified. These obligations are calculated annually by independent qualified actuaries.

Tantien distribution

Bank Mandiri records tantien on an accrual basis and charges it to the consolidated statement of profit or loss and other comprehensive income during the year.

aj. Earnings per share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Earnings per share (continued)

The weighted-average number of outstanding shares used in computing basic and diluted earnings per share as of December 31, 2018 and 2017 are 46,666,666,666 shares.

ak. Operating segment

An operating segment is a component of an entity:

- (a) that is involved in business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
- (b) whose operating results are reviewed regularly by chief decision maker for decision making on allocation of resources and performance evaluation on works; and
- (c) for which separate financial information is available.

In accordance with SFAS No. 5 regarding "Operating Segment", the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The decision maker is the Board of Directors.

Segment Information as of December 31, 2018 onwards presents in accordance to the Board of Directors Decree No. KEP.DIR/22/2018 dated March 29, 2018 on Organizational Structure, the operating segments are divided into the following business segments: Wholesale (Large Corporate and Middle Corporate), Institutional, Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; Subsidiary - Insurance and Other Subsidiaries.

Segment Information as of December 31, 2017 onwards presents in accordance to the Board of Directors Decree No. KEP.DIR/209/2017 dated September 13, 2017 effective September 4, 2017 on Organizational Structure operating segments: Wholesale (Corporate and Commercial), Institutional, Retail (including Wealth), Treasury, Head Office, Subsidiary - Sharia; Subsidiary - Insurance and other Subsidiaries.

A geographical segments represents a component of the Bank and its Subsidiaries that provides services in different economic environment and has a different risk and reward compared to others operating in different economic environment. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong, Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

Fund allocation for partnership program and community development program are no longer allocated from retained earning approved by General Shareholders Meeting instead, it is accrued and charged directly to the current year consolidated statement of profit or loss and other comprehensive income of respective year.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Several estimates and assumptions are required in the preparation of the consolidated financial statements in which management judgment is required in determining the methodology in the valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with Statements of Financial Accounting Standard are the best estimates undertaken in accordance with the applicable standards. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Although these estimates and assumptions are based on management's best knowledge of current events and activities, actual results may differ from those estimates and assumptions.

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Evaluation of impairment losses on financial assets carried at amortized cost and debt securities classified as available for sale are described in Note 2c.

Allowance for impairment losses related to a specific counterparty as part of the entire allowance for impairment losses are established for receivables that are individually evaluated for impairment based on Management's best estimate of the present value of cash flows expected to be received. In calculating the allowance for impairment losses, management considers of the financial condition of the counterparty and the net realizable value of the collateral received. Each impaired asset is evaluated, and its settlement strategy and estimation of cash flows considered recoverable are independently approved by the Credit Risk Management Unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics when there is objective evidence to suggest the impairments are exist within the portfolio, but the individual impaired items cannot yet be identified. In determining the need to establish allowance for collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required allowance, the assumptions made to determine default and loss model and to determine the required input parameters which are based on historical experience and current economic conditions. The accuracy of this allowance depends on how precise the estimated future cash flows to determine the individual allowance and the model assumptions and parameters used in determining collective allowance.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and limited available price, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

c. Pension programs

Pension programs are determined based on actuarial valuation. The actuarial valuation use assumptions such as discount rate, expected rate of return on investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 51). Any changes in those assumptions will impact the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

d. Insurance liabilities on insurance contracts

Technical reserves of Subsidiaries which recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions which are the best estimate assumption and margin for any adverse deviations. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, Unexpired Risk Reserve (URR) and liability to policyholders.

e. Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be utilised. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognised, based on utilisation and the level of taxable income and future tax planning strategies. The Bank does not take into account some of the benefits of deferred tax assets as management believes that deferred tax assets will not be recoverable in the future.

f. Depreciation and estimated useful life of fixed assets

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank's management estimates the useful lives of the assets between 4 (four) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of the Bank's fixed assets is disclosed in Note 18.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

g. Impairment of non-financial assets

Bank Mandiri and its subsidiaries assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value of non-financial assets cannot be recovered. Important factors that could cause impairment of non-financial assets are as follows:

- a) Performance is not achieved significantly against expectations of historical or projected operating results in the future;
- b) A significant change in the way the use of the asset or the overall business strategy; and
- c) Industry or economic trends are significantly negative.

The Management of the Bank and its Subsidiaries recognize an impairment loss if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher value between the fair value minus costs of disposal and the value in use of the asset (or cash-generating unit). Recoverable amount is estimated for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

h. Revaluations of land

The Group engaged independent valuation specialists to assess fair value of revalued land. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as location and condition of land.

Significant accounting judgements

Accounting judgements that are important in applying accounting policies of the Bank and its Subsidiaries include:

a. Going concern

The Management of the Bank and its Subsidiaries has assessed the ability of the Bank and its Subsidiaries to continue its business and believes that the Bank and Subsidiaries have the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank and Subsidiaries to maintain its viability. Therefore, the consolidated financial statements have been prepared on the basis of a going concern.

b. Classification of financial assets and liabilities

The Management of the Bank and its Subsidiaries determine the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set under SFAS No. 55 have been met. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 2.c.E.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2018	December 31, 2017
Rupiah	41,937,965	39,951,760
United States Dollar (Note 62B.(v))	17,914,796	10,236,358
	59,852,761	50,188,118

As of December 31, 2018 and 2017, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currencies which has been amended several times with No. 18/3/PBI/2016 dated March 10, 2016 and No. 18/14/PBI/2016 dated August 18, 2016 and No. 19/6/PBI/2017 dated April 17, 2017, and PBI No. 20/3/PBI/2018 dated March 29, 2018 and PADG No. 20/30/PADG/2018 dated November 30, 2018 which are as follows:

	December 31, 2018	December 31, 2017
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	6.50%
(i) Daily Minimum Statutory Reserve	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.00%	1.50%
- PLM (Secondary Minimum Statutory Reserve)	4.00%	4.00%
Foreign currencies	8.00%	8.00%
(i) Daily Minimum Statutory Reserve	6.00%	-
(ii) Average Minimum Statutory Reserve	2.00%	-

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the form of Current Accounts with Bank Indonesia. Macropudential Liquidity Reserve (PLM) is the minimum reserves that should be maintained by the Bank, in form of of Certificates of Bank Indonesia (Sertifikat Bank Indonesia (SBI)), Certificate of Bank Indonesia Deposit (Sertifikat Deposito Bank Indonesia (SDBI)), Treasury Bills (SBN), which is determined by Bank Indonesia percentage of third party funds (DPK). Micropudential Intermediation Ratio (RIM) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia at a certain percentage of third party fund calculated based on the difference between the Bank's RIM and the targeted RIM. RIM deposit is imposed if the Bank's RIM is below the minimum of RIM targeted by Bank Indonesia (80%) or if the Bank's RIM is above the maximum of RIM targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio (CAR) is below BI Incentive CAR's requirement of 14%.

RIM is the ratio of the results of the comparison between:

- a) Loans given to third parties in Rupiah and foreign currencies, and
- b) Corporate securities in Rupiah and foreign currencies owned by the Bank that meet certain requirement, to:
 - i. DPK Banks in the form of demand deposits, savings deposits and time deposits / deposits in rupiah and foreign currencies, excluding interbank funds; and
 - ii. Marketable Securities in rupiah and foreign currencies that meet certain requirements, issued by the Bank for funding sources

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

Based on PBI No.20/4/PBI/2018 dated March 29, 2018, the mention of the Loan to Funding Ratio (LFR) has changed to the Macroprudential Intermediation Ratio (RIM) and the RIM Demand Deposit requirement is effective on July 16, 2018.

As of December 31, 2018 and 2017, the Bank has fulfilled the ratio as mentioned above, the Statutory Reserves Ratio for Rupiah and foreign currencies accounts (Bank Mandiri only), are as follows:

	December 31, 2018	December 31, 2017
Rupiah		
- Primary Minimum Statutory Reserve	6.92%	6.78%
(i) Daily Minimum Statutory Reserve	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.42%	1.78%
- PLM (Secondary Minimum Statutory Reserve)	10.14%	8.91%
Foreign currencies	8.10%	8.10%
(i) Daily Minimum Statutory Reserve	6.00%	-
(ii) Average Minimum Statutory Reserve	2.10%	-

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	7,735	26,664
Third parties	258,361	1,608,469
Total	266,096	1,635,133
Foreign currencies:		
Related parties (Note 56)	741	869
Third parties	14,569,124	10,697,387
Total (Note 62B.(v))	14,569,865	10,698,256
Total	14,835,961	12,333,389
Less: Allowance for impairment losses	(5,189)	(3,442)
Net	14,830,772	12,329,947

Included in foreign currencies are mainly Great Britain Poundsterling, European Euro, United States Dollar, Japanese Yen, Australian Dollar, Hong Kong Dollar, Chinese Yuan and Singapore Dollar.

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Rupiah:		
Current	266,096	1,635,133
Foreign currencies:		
Current	14,566,391	10,694,825
Loss	3,474	3,431
Total (Note 62B.(v))	14,569,865	10,698,256
	14,835,961	12,333,389
Less: Allowance for impairment losses	(5,189)	(3,442)
	14,830,772	12,329,947

c. The average interest rate (yield) per annum:

	December 31, 2018	December 31, 2017
Rupiah	0.01%	0.01%
Foreign currencies	1.04%	0.02%

d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	December 31, 2018	December 31, 2017
Beginning balance	3,442	3,049
Reversal/(allowance) during the year (Note 45)	1,703	(44)
Others ¹⁾	44	437
Ending balance	5,189	3,442

¹⁾ Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" are disclosed in Note 62A.

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By type, currency, maturity and Bank Indonesia's collectibility:

				December 31, 2018			
		Maturity	Current	Loss			Total
Rupiah:							
Bank Indonesia	< 1 month		6,980,573	-			6,980,573
Call money	< 1 month		4,520,000	-			4,520,000
	≥ 1 month ≤ 3 months		20,000	-			20,000
Time Deposits	< 1 month		1,081,040	-			1,081,040
	≥ 1 month ≤ 3 months		166,300	-			166,300
	> 3 months ≤ 6 months		100,500	-			100,500
	> 6 months ≤ 12 months		12,500	-			12,500
Total			12,880,913	-			12,880,913
Foreign currencies:							
Bank Indonesia	< 1 month		1,725,600	-			1,725,600
	≥ 1 month ≤ 3 months		2,157,000	-			2,157,000
Call money	< 1 month		2,486,302	-			2,486,302
	≥ 1 month ≤ 3 months		71,900	-			71,900
	> 12 months		-	49,204			49,204
Fixed Term Placement	< 1 month		2,133,436	-			2,133,436
	≥ 1 month ≤ 3 months		62,717	-			62,717
	> 3 months ≤ 6 months		203,189	-			203,189
	> 6 months ≤ 12 months		129,420	-			129,420
Time Deposits	> 12 months		-	1,134			1,134
	< 1 month		590,047	-			590,047
	> 12 months		75,172	-			75,172
Total (Note 62B.(v))			9,634,783	50,338			9,685,121
							22,566,034
Dikurangi: Allowance for impairment losses							(50,338)
Net							22,515,696

				December 31, 2018			
		Maturity	Current	Loss			Total
Rupiah:							
Bank Indonesia	< 1 month		22,240,876	-			22,240,876
Call money	< 1 month		3,451,000	-			3,451,000
	≥ 1 month ≤ 3 months		295,000	-			295,000
	> 3 months ≤ 6 months		240,000	-			240,000
Time deposits	< 1 month		1,495,840	-			1,495,840
	≥ 1 month ≤ 3 months		1,238,560	-			1,238,560
	> 3 months ≤ 6 months		611,600	-			611,600
	> 6 months ≤ 12 months		110,000	-			110,000
Saving	> 12 months		124,890	-			124,890
	no maturity		901	-			901
Total			29,808,667	-			29,808,667

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a. By type, currency, maturity and Bank Indonesia's collectibility (continued):

December 31, 2017				
	Maturity	Current	Loss	Total
Foreign currencies:				
Bank Indonesia	< 1 month	26,090,303	-	26,090,303
	≥ 1 month ≤ 3 months	6,105,375	-	6,105,375
Call money	< 1 month	7,707,458	-	7,707,458
	>3 months < 6 months	274,743	-	274,743
	> 12 months	-	48,593	48,593
Fixed-term placement	< 1 month	3,919,572	-	3,919,572
	≥ 1 month ≤ 3 months	198,184	-	198,184
	> 3 months ≤ 6 months	123,871	-	123,871
	> 12 months	-	1,120	1,120
Time deposits	< 1 month	255,440	-	255,440
	> 1 month < 3 months	117,190	-	117,190
Total (Note 62B.(v))		44,792,136	49,713	44,841,849
				74,650,516
Less: Allowance for impairment losses				(49,713)
Net				74,600,803

b. By related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	255,000	751,020
Third parties	12,625,913	29,057,647
Total	12,880,913	29,808,667
Foreign currencies:		
Related parties (Note 56)	907,378	2,401,147
Third Parties	8,777,743	42,440,702
Total (Notes 62B.(v))	9,685,121	44,841,849
	22,566,034	74,650,516
Dikurangi: Allowance for impairment losses	(50,338)	(49,713)
Net	22,515,696	74,600,803

c. Average interest rate (yield) per annum:

	December 31, 2018	December 31, 2017
Rupiah	1.83%	2.38%
Foreign currencies	1.82%	1.09%

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

d. Movements of allowance for impairment losses on placements with other banks:

	December 31, 2018	December 31, 2017
Beginning balance	49,713	83,308
Allowance/(reversal) during the year (Note 45)	115	(53,290)
Others ^{*)}	510	19,695
Balance at end of year	50,338	49,713

^{*)} Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 62A.

f. Bank Mandiri has a placement with a financial institution (in liquidation), which has been classified as loss or “impaired”. Bank Mandiri’s claims that have been approved by the Trustee based on the creditors meeting on November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a net-off with the balance of demand deposit, interbank call money and L/C UPAS payable of the Subsidiary to the financial institution, the balance of Bank Mandiri’s placement with the financial institution (in liquidation) as of December 31, 2018 and 2017 were EUR3,061,829 (full amount), respectively. As of December 31, 2018 and 2017, Bank Mandiri has established full allowance for impairment losses on the remaining outstanding balance of placement with the financial institution.

g. As of December 31, 2018, placements with a balance of USD5,227,520.08 (full amount) (December 31, 2017: USDNil) guaranteed for loan facilities received from other banks (Note 36c and 36e).

7. MARKETABLE SECURITIES

a. By purpose, related parties and third parties:

	December 31, 2018	December 31, 2017
<u>Marketable securities</u>		
Related parties (Note 56):		
Fair value through profit or loss	119,807	1,834,067
Available for sale	8,422,061	8,221,431
Held to maturity	3,802,269	2,116,345
At cost ^{*)}	1,104,833	632,808
	13,448,970	12,804,651

^{*)} Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

a. By purpose, related parties and third parties (continued):

	December 31, 2018	December 31, 2017
<u>Marketable securities (continued)</u>		
Third parties:		
Fair value through profit or loss	3,627,578	1,674,105
Available for sale	21,616,313	17,335,737
Held to maturity	4,152,400	6,146,605
At cost ^{*)}	1,552,166	518,153
	<u>30,948,457</u>	<u>25,674,600</u>
<u>Investments in unit-link contracts ^{**)}</u>		
Related parties (Note 56):		
Fair value through profit or loss	8,113,830	7,970,812
Third parties:		
Fair value through profit or loss	11,621,419	13,109,989
Total	<u>64,132,676</u>	<u>59,560,052</u>
Less:		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	<u>(296,776)</u>	<u>78,271</u>
Net	<u>63,835,900</u>	<u>59,638,323</u>

^{*)} Marketable securities owned by Subsidiary.

^{**)} Investments in unit-link contracts are investments owned by policyholders of unit-link contracts of Subsidiary's which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility:

	December 31, 2018						
	Cost/ nominal value/ fair value ¹⁾	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost ²⁾			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	245,745	-	518	241,305	4,958	-	246,263
Investments in mutual fund units	381,993	-	-	381,993	-	-	381,993
Certificates of Bank Indonesia	187,222	-	3,005	190,227	-	-	190,227
Shares	207,401	-	-	207,401	-	-	207,401
	<u>1,022,361</u>	<u>-</u>	<u>3,523</u>	<u>1,020,926</u>	<u>4,958</u>	<u>-</u>	<u>1,025,884</u>
<u>Investments in unit-link contracts ³⁾</u>							
Shares	19,407,553	-	-	19,407,553	-	-	19,407,553
Investments in mutual fund units	317,811	-	-	317,811	-	-	317,811
Bonds	9,885	-	-	9,885	-	-	9,885
	<u>19,735,249</u>	<u>-</u>	<u>-</u>	<u>19,735,249</u>	<u>-</u>	<u>-</u>	<u>19,735,249</u>
	<u>20,757,610</u>	<u>-</u>	<u>3,523</u>	<u>20,756,175</u>	<u>4,958</u>	<u>-</u>	<u>20,761,133</u>
Available for sale							
Investments in mutual fund units	9,918,487	-	56,849	9,975,336	-	-	9,975,336
Bonds	6,459,498	-	(80,479)	6,379,019	-	-	6,379,019
Certificates of Bank Indonesia	719,537	-	(854)	718,683	-	-	718,683
Negotiable Certificate of Deposit	521,612	-	393	522,005	-	-	522,005
Medium term notes	45,000	-	(4)	44,996	-	-	44,996
	<u>17,664,134</u>	<u>-</u>	<u>(24,095)</u>	<u>17,640,039</u>	<u>-</u>	<u>-</u>	<u>17,640,039</u>
Held to maturity							
Bonds	4,528,115	(3)	-	4,528,112	-	-	4,528,112
Export bills	1,318,185	-	-	1,318,185	-	-	1,318,185
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>6,091,300</u>	<u>(3)</u>	<u>-</u>	<u>6,091,297</u>	<u>-</u>	<u>-</u>	<u>6,091,297</u>
At cost ⁴⁾							
Sharia Corporate bonds	2,528,000	-	-	2,528,000	-	-	2,528,000
Export bills	128,999	-	-	128,999	-	-	128,999
	<u>2,656,999</u>	<u>-</u>	<u>-</u>	<u>2,656,999</u>	<u>-</u>	<u>-</u>	<u>2,656,999</u>
Total	47,170,043	(3)	(20,572)	47,144,510	4,958	-	47,149,468
Foreign currencies:							
Fair value through profit or loss							
Bonds	768,832	-	7,603	776,435	-	-	776,435
Treasury bills	594,836	-	2,856	597,692	-	-	597,692
Certificates of Bank Indonesia	1,361,356	-	7,438	1,368,794	-	-	1,368,794
	<u>2,725,024</u>	<u>-</u>	<u>17,897</u>	<u>2,742,921</u>	<u>-</u>	<u>-</u>	<u>2,742,921</u>
Available for sale							
Bonds	4,819,474	-	(173,006)	4,646,468	-	-	4,646,468
Treasury bills	2,370,483	-	(29,011)	2,341,472	-	-	2,341,472
Certificates of Bank Indonesia	1,855,861	-	(5,840)	1,850,021	-	-	1,850,021
Investment in the mutual fund units	3,328,422	-	13,983	3,342,405	-	-	3,342,405
	<u>12,374,240</u>	<u>-</u>	<u>(193,874)</u>	<u>12,180,366</u>	<u>-</u>	<u>-</u>	<u>12,180,366</u>
Held to maturity							
Bonds	301,980	(3,650)	-	298,330	-	-	298,330
Export bills	1,561,389	-	-	1,561,389	-	-	1,561,389
	<u>1,863,369</u>	<u>(3,650)</u>	<u>-</u>	<u>1,859,719</u>	<u>-</u>	<u>-</u>	<u>1,859,719</u>
Total (Note 62B.(v))	16,962,633	(3,650)	(175,977)	16,783,006	-	-	16,783,006
	<u>64,132,676</u>	<u>(3,653)</u>	<u>(196,549)</u>	<u>63,927,516</u>	<u>4,958</u>	<u>-</u>	<u>63,932,474</u>
Less: Allowance for impairment losses							(96,574)
Net							63,835,900

¹⁾ Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

²⁾ Held to maturity securities are presented at amortised cost.

³⁾ Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2017						
	Cost/ nominal value/ fair value ¹⁾	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost ²⁾			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,612,046	-	14,081	1,621,127	5,000	-	1,626,127
Investments in mutual fund units	526,680	-	1,106	527,786	-	-	527,786
Certificates of Bank Indonesia	291,304	-	3,351	294,655	-	-	294,655
Shares	215,580	-	(787)	214,793	-	-	214,793
Negotiable certificate of deposit	126,255	-	209	126,464	-	-	126,464
	<u>2,771,865</u>	<u>-</u>	<u>17,960</u>	<u>2,784,825</u>	<u>5,000</u>	<u>-</u>	<u>2,789,825</u>
<u>Investments in unit-link contracts ³⁾</u>							
Shares	20,783,990	-	-	20,783,990	-	-	20,783,990
Investments in mutual fund units	262,331	-	-	262,331	-	-	262,331
Bonds	34,480	-	-	34,480	-	-	34,480
	<u>21,080,801</u>	<u>-</u>	<u>-</u>	<u>21,080,801</u>	<u>-</u>	<u>-</u>	<u>21,080,801</u>
	<u>23,852,666</u>	<u>-</u>	<u>17,960</u>	<u>23,865,626</u>	<u>5,000</u>	<u>-</u>	<u>23,870,626</u>
Available for sale							
Investments in mutual fund units	9,352,800	-	47,508	9,400,308	-	-	9,400,308
Bonds	4,108,430	-	54,775	4,163,205	-	-	4,163,205
Negotiable Certificate of Deposit	510,334	-	2,949	513,283	-	-	513,283
Medium term notes	195,000	-	(66)	194,934	-	-	194,934
Certificates of Bank Indonesia	123,356	-	-	123,356	-	-	123,356
Shares	19,573	-	-	19,573	-	-	19,573
	<u>14,309,493</u>	<u>-</u>	<u>105,166</u>	<u>14,414,659</u>	<u>-</u>	<u>-</u>	<u>14,414,659</u>
Held to maturity							
Bonds	2,349,201	-	-	2,349,201	-	-	2,349,201
Certificates of Bank Indonesia	2,830,000	(7,771)	-	2,822,229	-	-	2,822,229
Export bills	735,654	-	-	735,654	-	-	735,654
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>6,159,855</u>	<u>(7,771)</u>	<u>-</u>	<u>6,152,084</u>	<u>-</u>	<u>-</u>	<u>6,152,084</u>
At cost ⁴⁾							
Sharia Corporate bonds	1,121,000	-	-	1,121,000	-	-	1,121,000
Export bills	29,961	-	-	29,961	-	-	29,961
	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>
Total	45,472,975	(7,771)	123,126	45,583,330	5,000	-	45,588,330
Foreign currencies:							
Fair value through profit or loss							
Bonds	135,537	-	135	135,672	-	-	135,672
Treasury bills	600,770	-	119	600,889	-	-	600,889
	<u>736,307</u>	<u>-</u>	<u>254</u>	<u>736,561</u>	<u>-</u>	<u>-</u>	<u>736,561</u>
Available for sale							
Bonds	4,434,647	-	57,984	4,492,631	-	-	4,492,631
Treasury bills	1,673,445	-	(11,848)	1,661,597	-	-	1,661,597
Certificates of Bank Indonesia	4,408,498	-	(2,515)	4,405,983	-	-	4,405,983
Investment in the mutual fund units	731,085	-	2,309	733,394	-	-	733,394
	<u>11,247,675</u>	<u>-</u>	<u>45,930</u>	<u>11,293,605</u>	<u>-</u>	<u>-</u>	<u>11,293,605</u>
Held to maturity							
Bonds	312,053	(1,534)	-	310,519	-	-	310,519
Export bills	1,791,042	-	-	1,791,042	-	-	1,791,042
	<u>2,103,095</u>	<u>(1,534)</u>	<u>-</u>	<u>2,101,561</u>	<u>-</u>	<u>-</u>	<u>2,101,561</u>
Total (Note 62B.(v))	14,087,077	(1,534)	46,184	14,131,727	-	-	14,131,727
	<u>59,560,052</u>	<u>(9,305)</u>	<u>169,310</u>	<u>59,715,057</u>	<u>5,000</u>	<u>-</u>	<u>59,720,057</u>
Less: Allowance for impairment losses							(81,734)
Net							59,638,323

¹⁾ Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

²⁾ Held to maturity securities are presented at amortised cost.

³⁾ Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

c. By remaining period to maturity:

	December 31, 2018	December 31, 2017
<u>Marketable securities</u>		
Rupiah:		
No maturity date	729,742	1,576,834
< 1 year	13,612,063	8,127,491
> 1 < 5 years	10,245,088	13,583,882
> 5 < 10 years	2,847,901	1,103,967
Total	27,434,794	24,392,174
Foreign currencies:		
No maturity date	287,310	-
< 1 year	6,918,008	7,725,992
> 1 < 5 years	6,762,609	2,483,729
> 5 < 10 years	2,988,689	3,877,356
> 10 years	6,017	-
Total	16,962,633	14,087,077
<u>Investments in unit-link *)</u>		
Rupiah:		
No maturity date	19,725,364	21,046,321
< 1 year	9,885	34,480
Total	19,735,249	21,080,801
	64,132,676	59,560,052
Less:		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	(296,776)	78,271
Net	63,835,900	59,638,323

*) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts, which are presented at fair value.

d. By issuer:

	December 31, 2018	December 31, 2017
<u>Marketable securities</u>		
Corporate	27,286,754	21,482,803
Banks	8,563,445	5,814,264
Central Bank	4,718,811	7,938,652
Government	3,828,417	3,243,532
	44,397,427	38,479,251

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7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2018	December 31, 2017
<u>Investments in unit-link contracts ^{*)}</u>		
Corporate	13,492,055	14,685,867
Bank	6,243,194	6,394,934
	<u>19,735,249</u>	<u>21,080,801</u>
Total	<u>64,132,676</u>	<u>59,560,052</u>
Less:		
Unamortised discounts	(3,653)	(9,305)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(196,549)	169,310
Allowance for impairment losses	(96,574)	(81,734)
	<u>(296,776)</u>	<u>78,271</u>
Net	<u>63,835,900</u>	<u>59,638,323</u>

^{*)} Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

e. Details of bonds by rating:

	Rating Agencies	Rating ^{*)}		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Rupiah					
Fair value through profit or loss					
<u>Marketable securities</u>					
Bonds					
State Treasury Notes ^{**)}	-	-	-	216,760	1,258,471
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	-	idAAA	-	41,341
PT Federal International Finance	Pefindo	-	idAAA	-	25,661
PT Adira Dinamika Multifinance Tbk.	Pefindo	-	idAAA	-	7,209
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAAA	-	20,851
PT Bank OCBC NISP Tbk.	Pefindo	-	idAAA	-	5,089
Others	Various	Various	Various	29,503	267,505
				<u>246,263</u>	<u>1,626,127</u>

^{*)} Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Perneringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

^{**) Has no rating.}

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7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

	Rating Agencies	Rating ¹⁾		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Rupiah (continued)					
Fair value through profit or loss (continued)					
<u>Investments in unit-link^{***)}</u>					
PT Surya Artha Nusantara Finance	Pefindo	idAA-	-	4,623	-
Others	Various	Various	Various	5,262	34,480
				<u>9,885</u>	<u>34,480</u>
				<u>256,148</u>	<u>1,660,607</u>
Available for sale					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Indofood Sukses Makmur Tbk.	Pefindo	-	idAA+	-	10,447
PT Telekomunikasi Indonesia Tbk.	Pefindo	idAAA	idAAA	293,205	260,825
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	216,133	213,642
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	155,802	158,882
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	380,036	175,733
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa3	695,735	366,081
PT Bank Tabungan Negara (Persero) Tbk.	Moody's	Baa2	Baa3	700,822	463,545
PT Hutama Karya (Persero)	Pefindo	idAAA	idA-	308,756	326,844
Perum Pegadaian	Pefindo	idAAA	idAAA	233,941	264,917
Others	Various	Various	Various	3,394,589	1,922,289
				<u>6,379,019</u>	<u>4,163,205</u>
Held to maturity					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Hutama Karya (Persero)	Pefindo	idAAA	idA-	650,000	650,000
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	105,000	-
PT Tunas Baru Lampung Tbk.	Pefindo	idBBB	-	426,000	-
PT Surya Artha Nusantara Finance	Pefindo	-	idAA-	-	300,000
Jakarta Lingkar Barat	Pefindo	idA+	-	460,000	-
PT Mayora Indah Tbk.	Pefindo	idAA	idAA	74,000	74,000
Others	Various	Various	Various	2,813,112	1,325,201
				<u>4,528,112</u>	<u>2,349,201</u>
At cost^{**)}					
<u>Marketable securities</u>					
<u>Sharia Corporate Bonds</u>					
PT Perusahaan Listrik Negara (Persero)	Pefindo	-	idAAA	-	200,000
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA(sy)	idAAA(sy)	300,000	300,000
PT Indosat Tbk.	Pefindo	idAAA(sy)	idAAA(sy)	185,000	185,000
Others	Various	Various	Various	2,043,000	436,000
				<u>2,528,000</u>	<u>1,121,000</u>
Total				<u>13,691,279</u>	<u>9,294,013</u>

¹⁾ Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

^{**)} Marketable securities owned by Subsidiary.

^{***)} Investments in unit-link contracts are investments owned by policyholder of Subsidiary's unit link unit contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

	Rating Agencies	Rating ¹⁾		Fair value/at cost/amortised cost	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Foreign currencies					
Fair value through profit and loss					
Marketable Securities					
Bonds					
Agricultural Bank of China, HK	Moody's	A2	A2	143,128	135,672
Bank of East Asia Limited	Moody's	Ba2 _(hyb)	-	430,538	-
Others	Various	Various	-	202,769	-
				776,435	135,672
Available for sale					
Marketable securities					
Bonds					
PT Pertamina (Persero)	Moody's	Baa2	Baa3	3,671,069	3,678,954
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	591,512	501,657
Bank of China	Fitch	A- (Idn)	A- (Idn)	42,643	135,088
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa3	213,543	122,123
Others	Various	Various	Various	127,701	54,809
				4,646,468	4,492,631
Held to maturity					
Marketable securities					
Bonds					
PT Pelindo (Persero)	Moody's	Baa2	Baa3	69,618	65,337
PT Soechi Lines Tbk	Moody's	Baa3	Baa3	71,900	135,675
PT Pertamina (Persero)	Moody's	Baa2	Baa3	43,944	41,668
Others	Various	Various	Various	112,868	67,839
				298,330	310,519
Total				5,721,233	4,938,822

¹⁾ Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Perneringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2018	December 31, 2017
Rupiah	7.34%	9.01%
Foreign currencies	5.36%	3.47%

g. Movements of allowance for impairment losses on marketable securities:

	December 31, 2018	December 31, 2017
Beginning balance	81,734	238,944
Allowance during the year (Note 45)	20,263	8,420
Write-offs	-	(137,000)
Others ¹⁾	(5,423)	(28,630)
Balance at end of year	96,574	81,734

¹⁾ Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on marketable securities is adequate.

h. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

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7. MARKETABLE SECURITIES (continued)

i. Investment in mutual fund of the Bank are classified as available for sale:

	December 31, 2018	December 31, 2017
Mutual Fund Syailendra USD 3	2,561,727	-
Protected Mutual Fund BNP Paribas Selaras IV	2,512,978	2,510,237
Protected Mutual Fund Schroder IDR Income Plan I	1,005,116	1,004,018
Protected Mutual Fund Manulife Dana Utama	1,000,876	1,000,238
Protected Mutual Fund Emco VII	905,172	903,789
Mutual Fund Trimegah VI	786,565	-
Mutual Fund Syailendra USD 2	780,678	733,394
Protected Mutual Fund Trimegah I	656,657	655,022
Protected Mutual Fund Schroder IDR Income Plan II	656,188	654,862
Protected Mutual Fund Emco VIII	603,493	602,719
Protected Mutual Fund Emco XVI	484,772	-
Protected Mutual Fund Emco XI	456,894	-
Protected Mutual Fund Trimegah IV	227,131	225,990
Mutual Fund Indopremier XI	225,825	225,470
Protected Mutual Fund Trimegah II	197,040	196,475
Protected Mutual Fund SAM Sejahtera 3	136,099	-
Protected Mutual Fund Emco	-	412,161
Protected Mutual Fund Sucorinvest Protection 23	-	197,568
	13,197,211	9,321,943

j. As of December 31, 2018, marketable securities with total nominal amount of Rp359,500 (December 31, 2017: Rp420,591) were sold under repurchase agreements (Note 28).

k. As of December 31, 2018, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2017: USD65,000,000 (full amount)) are being pledged as collateral for funds borrowing from other banks (Note 36c).

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2018 and 2017, with details as follows:

	December 31, 2018	December 31, 2017
Related party (Note 56)		
<u>Government bonds</u>		
Fair value through profit or loss	3,372,637	2,183,356
Available for sale ^{***)}	78,265,244	89,073,724
Held to maturity	17,977,222	2,585,950
At cost ^{*)}	13,468,806	8,262,937
<u>Investments in unit-link contracts^{**)}</u>		
Fair value through profit or loss	1,200,609	1,305,221
	114,284,518	103,411,188

^{*)} Government bonds owned by Subsidiary.

^{**)} Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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

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8. GOVERNMENT BONDS (continued)

a. By maturity

The government bonds, by remaining period of maturity, are as follows:

	December 31, 2018	December 31, 2017
Rupiah		
Fair value through profit or loss		
<u>Government bonds</u>		
Less than 1 year	527,768	52,129
1 - 5 years	483,099	380,830
5 - 10 years	1,730,859	930,280
Over 10 years	538,044	408,294
	<u>3,279,770</u>	<u>1,771,533</u>
<u>Investments in unit-link **)</u>		
Less than 1 year	486,722	162,620
1 - 5 years	137,027	139,777
5 - 10 years	416,132	427,886
Over 10 years	160,728	574,938
	<u>1,200,609</u>	<u>1,305,221</u>
	<u>4,480,379</u>	<u>3,076,754</u>
Available for sale***)		
Less than 1 year	15,060,493	11,138,974
1 - 5 years	28,907,326	39,734,215
5 - 10 years	9,974,175	9,670,265
Over 10 years	2,912,801	5,460,700
	<u>56,854,795</u>	<u>66,004,154</u>
Held to maturity		
Less than 1 year	95,205	58,547
1 - 5 years	15,270,849	25,055
5 - 10 years	293,456	133,387
Over 10 years	124,003	256,911
	<u>15,783,513</u>	<u>473,900</u>
At cost*)		
Less than 1 year	7,198,947	3,868,179
1 - 5 years	6,125,245	4,254,474
	<u>13,324,192</u>	<u>8,122,653</u>
Total	<u><u>90,442,879</u></u>	<u><u>77,677,461</u></u>

*) Government bonds owned by Subsidiary.

**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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

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8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	December 31, 2018	December 31, 2017
Foreign currencies		
Fair value through profit or loss		
1 - 5 years	15,398	34,953
5 - 10 years	39,563	303,591
Over 10 years	37,906	73,279
	<u>92,867</u>	<u>411,823</u>
Available for sale		
Less than 1 year	2,803,201	161,735
1 - 5 years	11,240,079	12,743,703
5 - 10 Years	7,338,016	9,346,317
Over 10 years	29,153	817,815
	<u>21,410,449</u>	<u>23,069,570</u>
Held to maturity		
1 - 5 years	1,382,155	977,963
5 - 10 years	811,554	1,134,087
	<u>2,193,709</u>	<u>2,112,050</u>
At cost¹⁾		
Less than 1 year	144,614	-
1 - 5 years	-	140,284
	<u>144,614</u>	<u>140,284</u>
Total (Note 62B.(v))	<u>23,841,639</u>	<u>25,733,727</u>
	<u>114,284,518</u>	<u>103,411,188</u>

¹⁾ Government bonds owned by Subsidiary.

b. By type

	December 31, 2018				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	<u>3,255,785</u>	5.45% - 12.90%	<u>3,279,770</u>	10/03/2019 - 15/05/2048	1 and 6 months
Investments in unit-link contracts ^{**)}					
Fixed rate bonds	<u>1,200,609</u>	5.45% - 11.00%	<u>1,200,609</u>	04/01/2019 - 15/05/2038	1 and 6 months

^{**)} Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah (continued)					
Available for sale^{*)}					
Fixed rate bonds	33,886,453	5.45% - 12.90%	33,602,793	10/03/2019 - 15/02/2044	1 and 6 months
Variable rate bonds	23,427,461	SPN 3 months	23,252,004	25/08/2019 - 25/07/2020	3 months
	57,313,914		56,854,797		

December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
Held to maturity					
Fixed rate bonds	16,700,803	5.45% - 11.75%	15/04/2019 - 15/05/2037	6 months	
At cost^{*)}					
Fixed rate bonds	13,337,979	5.45% - 8.63%	04/01/2019 - 15/1/2022	1 and 6 months	

December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	94,836	3.38% - 6.75%	92,867	29/03/2021 - 11/02/2049	6 months
Available for sale					
Fixed rate bonds	21,423,890	0.65% - 11.63%	21,410,449	04/03/2019 - 24/04/2028	6,8 and 12 months

December 31, 2018					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
Foreign Currencies					
Held to maturity					
Fixed rate bonds	2,159,373	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months	
At cost^{*)}					
Fixed rate bonds	144,614	6.13%	15/03/2019	6 months	

^{*)} Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	1,605,714	5.25% - 12.90%	1,771,533	25/01/2018 - 15/05/2048	1 and 6 months
Investments in unit-link contracts^{*)}					
Fixed rate bonds	1,305,221	5.25% - 11.00%	1,305,221	04/01/2018 - 15/05/2038	1 and 6 months
Rupiah (continued)					
Available for sale^{**)}					
Fixed rate bonds	32,930,013	5.25% - 12.90%	35,438,787	25/01/2018 - 15/02/2044	1 and 6 months
Variable rate bonds	30,796,790	SPN 3 months	30,565,367	25/08/2018 - 25/07/2020	3 months
	63,726,803		66,004,154		

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
Rupiah					
Held to maturity					
Fixed rate bonds	5.63% - 473,900	11.75%	15/09/2018 - 15/05/2037	6 months	
At cost^{*)}					
Fixed rate bonds	8,122,653	6.25% - 8.63%	05/01/2018 - 15/09/2020	1 month and 6 months	

^{*)} Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

^{**)} Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	<u>408,533</u>	2.25% - 7.75%	<u>411,823</u>	15/03/2019 - 11/01/2048	6 months
Available for sale					
Fixed rate bonds	<u>21,824,443</u>	0.65% - 11.63%	<u>23,069,570</u>	17/01/2018 - 11/01/2028	6 months
December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment	
Foreign Currencies					
Held to maturity					
Fixed rate bonds	<u>2,112,050</u>	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months	
At cost¹⁾					
Fixed rate bonds	<u>140,284</u>	6.13%	15/03/2019	6 months	

c. Other information

As of December 31, 2018, Government Bonds with total nominal amount of Rp17,593,546 were sold under repurchase agreements (December 31, 2017: Rp3,742,551) (Note 28).

As of December 31, 2018, Government Bonds with total nominal amount of Rp944,322 and USD356,795,000 (full amount) (December 31, 2017: Rp944,322 and USD356,795,000 (full amount)) are being pledged as collateral for fund borrowings from other banks (Note 36c).

As of December 31, 2018 and 2017, Bank Indonesia's collectibility for government bonds are current.

¹⁾ Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By type, currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)		
Usance L/C payable at sight	319,854	1,276,347
Others	9,928,956	8,255,790
	<u>10,248,810</u>	<u>9,532,137</u>
Third parties		
Usance L/C payable at sight	1,251,371	926,575
Others	5,373,616	5,456,673
	<u>6,624,987</u>	<u>6,383,248</u>
Total	<u>16,873,797</u>	<u>15,915,385</u>
Foreign currencies:		
Related parties (Note 56)		
Usance L/C payable at sight	468,622	534,782
Others	6,652	450,668
	<u>475,274</u>	<u>985,450</u>
Third parties		
Usance L/C payable at sight	2,678,664	2,720,441
Others	6,385,322	5,818,201
	<u>9,063,986</u>	<u>8,538,642</u>
Total (Note 62B.(v))	<u>9,539,260</u>	<u>9,524,092</u>
	26,413,057	25,439,477
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
Net	<u>24,809,459</u>	<u>24,090,128</u>

b. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	25,086,403	24,062,284
Special mention	137,627	241,666
Doubtful	-	2,322
Loss	1,189,027	1,133,205
	<u>26,413,057</u>	<u>25,439,477</u>
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
Net	<u>24,809,459</u>	<u>24,090,128</u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	3,994,285	6,068,662
1 - 3 months	5,904,816	6,148,258
3 - 6 months	5,205,590	3,308,151
6 - 12 months	1,495,306	244,370
Over 12 months	273,800	145,944
Total	16,873,797	15,915,385
Foreign currencies:		
Less than 1 month	1,679,594	1,900,057
1 - 3 months	4,005,307	3,351,420
3 - 6 months	2,855,355	2,812,789
6 - 12 months	-	517,268
Over 12 months	999,004	942,558
Total (Note 62B.(v))	9,539,260	9,524,092
	26,413,057	25,439,477
Less: Allowance for impairment losses	(1,603,598)	(1,349,349)
Net	24,809,459	24,090,128

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	December 31, 2018	December 31, 2017
Beginning balance	1,349,349	1,756,847
Allowance/(reversal) during the year (Note 45)	178,324	(425,563)
Others ^{*)}	75,925	18,065
Balance at end of year	1,603,598	1,349,349

^{*)} Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on other receivables - trade transactions is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

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10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

a. Securities purchased under agreements to resell

Type of securities	December 31, 2018		Resale amount	Unamortised interest	Carrying amount
	Starting date	Maturity date			
Third parties					
Rupiah					
Bond FR0075	21/12/2018	04/01/2019	505,245	295	504,950
Bond FR0064	26/12/2018	09/01/2019	502,119	779	501,340
Bond FR0070	20/12/2018	03/01/2019	458,372	184	458,188
Bond FR0040	19/12/2018	02/01/2019	168,370	29	168,341
Bond FR0047	21/12/2018	04/01/2019	164,722	85	164,637
Bond IDSD280619361S	05/12/2018	07/01/2019	87,608	105	87,503
Bond FR0064	27/07/2018	25/01/2019	87,807	340	87,467
Shares	31/08/2018	27/02/2019	52,050	36	52,014
Bond FR0071	19/12/2018	16/01/2019	51,155	135	51,020
Shares	19/02/2018	19/02/2019	22,194	25	22,169
Total			2,099,642	2,013	2,097,629

Type of securities	December 31, 2017		Resale amount	Unamortised interest	Carrying amount
	Starting date	Maturity date			
Third parties					
Rupiah					
Bond FR0071	14/12/2017	04/01/2018	527,249	221	527,028
Bond FR0068	06/12/2017	03/01/2018	482,532	122	482,410
Bond FR0066	13/12/2017	15/01/2018	453,140	895	452,245
Bond FR0054	20/12/2017	17/01/2018	298,656	608	298,048
Bond FR0061	08/12/2017	08/01/2018	187,671	183	187,488
Bond FR0069	20/12/2017	03/01/2018	139,739	41	139,698
Bond FR0054	22/12/2017	05/01/2018	108,409	66	108,343
SPN03180215	27/12/2017	03/01/2018	94,412	22	94,390
Bond IDSD080618182S	27/12/2017	04/01/2018	88,007	33	87,974
Shares	28/07/2017	24/01/2018	53,250	446	52,804
Bond FR0065	06/12/2017	03/01/2018	45,894	12	45,882
Bond FR0070	08/12/2017	09/03/2018	43,301	386	42,915
Shares	25/01/2017	25/01/2018	34,563	334	34,229
Shares	12/05/2017	03/05/2018	26,125	805	25,320
Shares	12/07/2017	03/07/2018	26,125	830	25,295
Shares	12/11/2017	03/12/2018	26,138	892	25,246
Total			2,635,211	5,896	2,629,315

b. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	2,097,629	2,629,315

As of December 31, 2018 and 2017, there was no impairment therefore the allowance for impairment losses on securities purchased under agreements to resell was not provided.

c. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

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11. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2018, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 56)			
<u>Foreign currencies related</u>			
1. Forward - sell United States Dollar	5,279,020	78,593	-
2. Swap - buy United States Dollar	307,460	-	19,126
3. Swap - sell United States Dollar	3,347,330	38,521	-
<u>Interest rate related</u>			
1. Swap - interest rate United States Dollar		32,718	-
Total related parties		149,832	19,126
Third parties			
<u>Foreign currencies related</u>			
1. Forward - buy United States Dollar Others	8,629,804 1,441,671	224 5,550	110,197 7,450
2. Forward - sell United States Dollar Others	6,857,148 36,885	116,081 527	1,926 25
3. Swap - buy United States Dollar Other	10,126,846 413,134	2,008 1,487	150,581 151
4. Swap - sell United States Dollar Others	58,581,199 5,256,413	780,903 2,133	86,955 6,696
5. Option - buy United States Dollar		61,176	52,033
6. Option - sell United States Dollar Others		7,752 64,768	- -
<u>Interest rate related</u>			
1. Swap - interest rate United States Dollar Others		421,324 184,792	181,154 501,383
Total third parties		1,648,725	1,098,551
Total		1,798,557	1,117,677

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2017, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 56)			
<u>Foreign currencies related</u>			
1. Forward - buy United States Dollar	393,506	3,256	-
2. Forward - sell United States Dollar	5,639,641	3,515	2,364
3. Swap - buy United States Dollar	747,940	526	688
4. Swap - sell United States Dollar	4,428,368	13,314	1,307
5. Option - buy United States Dollar Others	- -	3,213 -	- 6,216
<u>Interest rate related</u>			
1. Swap - interest rate Others		-	6,007
Total related parties		23,824	16,582
Third parties			
<u>Foreign currencies related</u>			
1. Forward - buy United States Dollar Others	2,725,088 6,307,773	11,995 59,527	2,712 26,133
2. Forward - sell United States Dollar Others	6,857,671 77,022	8,550 295	27,817 142
3. Swap - buy United States Dollar Other	10,858,769 206,027	8,720 1,205	13,648 -
4. Swap - sell United States Dollar Others	67,896,411 4,611,905	189,057 -	31,576 82,652
5. Option - buy United States Dollar Others	- -	10,197 26,710	- 18,205
6. Option - sell United States Dollar Others	- -	- -	1 13
<u>Interest rate related</u>			
1. Swap - interest rate Others	-	477,212	425,484
Total third parties		793,468	628,383
Total		817,292	644,965

As of December 31, 2018 and 2017, the Subsidiary has cross currency and interest rate swap contract which meet the criteria and effectively applied as cashflow hedge. The losses from fair value changes related to effective portion of cashflow hedge are recognized as other comprehensive income.

As of December 31, 2018 and 2017, Bank Indonesia's collectibility for derivative receivables is current.

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12. LOANS AND SHARIA LOAN/FINANCING

A. Details of loans and sharia loan/financing:

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	114,429,946	90,072,204
Third parties	549,997,225	512,095,941
Total	664,427,171	602,168,145
Foreign currencies:		
Related parties (Note 56)	46,299,756	23,539,208
Third parties	88,830,261	86,330,512
Total (Note 62B.(v))	135,130,017	109,869,720
	799,557,188	712,037,865
Less: Allowance for impairment losses	(31,796,093)	(33,745,345)
Net	767,761,095	678,292,520

b.1 By type:

	December 31, 2018		
	Non-impaired ^{*)}	Impaired ^{*)}	Total
Rupiah:			
Working capital	233,360,288	31,657,758	265,018,046
Consumer	177,409,563	3,790,506	181,200,069
Investment	131,313,323	18,155,276	149,468,599
Syndicated	25,307,327	1,476,315	26,783,642
Government Program	23,066,410	207,169	23,273,579
Employees	11,712,249	147,632	11,859,881
Export	6,093,271	730,084	6,823,355
Total	608,262,431	56,164,740	664,427,171
Foreign currencies:			
Investment	41,413,074	5,996,633	47,409,707
Working capital	32,111,701	5,960,198	38,071,899
Syndicated	19,856,732	4,796,171	24,652,903
Export	23,159,700	1,214,746	24,374,446
Consumer	620,379	-	620,379
Government Program	683	-	683
Total (Catatan 62B.(v))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488 ¹⁾	799,557,188
Less: Allowance for impairment losses	(6,371,943)	(25,424,150) ²⁾	(31,796,093)
Net	719,052,757	48,708,338³⁾	767,761,095

^{*)} Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

^{**)} Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

¹⁾ Loans evaluated by using individual and collective assessment are amounting to Rp58,027,272 and Rp16,105,216, respectively.

²⁾ Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp22,645,180 and Rp2,778,970, respectively.

³⁾ Loans - net evaluated by using individual and collective assessment are amounting to Rp35,382,092 and Rp13,326,246, respectively.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan financing:

b.1 By type (continued):

	December 31, 2017		
	Non-impaired ^{**})	Impaired ^{**})	Total
Rupiah:			
Working capital	230,474,941	31,140,291	261,615,232
Consumer	150,442,096	3,723,343	154,165,439
Investment	124,912,378	16,875,090	141,787,468
Syndicated	20,427,339	1,858,879	22,286,218
Employees	8,764,182	59,078	8,823,260
Government Program	7,164,506	56,305	7,220,811
Export	6,194,715	75,002	6,269,717
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Investment	42,036,195	6,314,678	48,350,873
Working capital	21,584,261	6,246,397	27,830,658
Syndicated	21,930,718	4,859,111	26,789,829
Export	4,606,960	1,893,195	6,500,155
Consumer	397,904	-	397,904
Employees	301	-	301
Total (Note 62B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 ¹⁾	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) ²⁾	(33,745,345)
Net	632,874,007	45,418,513³⁾	678,292,520

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

- 1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.
 2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.
 3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

b.2 By type and Bank Indonesia's collectibility:

	December 31, 2018					Total
	Current	Special mention	Sub-standard	Doubtful	Loss	
Rupiah:						
Working capital	238,146,500	13,044,574	2,707,959	1,169,522	9,949,491	265,018,046
Consumer	170,373,712	8,113,075	568,210	620,413	1,524,659	181,200,069
Investment	140,632,728	4,888,739	850,925	253,477	2,842,730	149,468,599
Syndicated	26,713,803	69,839	-	-	-	26,783,642
Government program	22,538,372	550,225	38,778	51,271	94,933	23,273,579
Employees	11,692,194	154,407	2,838	923	9,519	11,859,881
Export	6,494,631	262,886	6,380	480	58,978	6,823,355
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

b.2 By type and Bank Indonesia's collectibility (continued):

	December 31, 2018					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Foreign currencies:						
Investment	44,866,921	1,899,148	38,260	224,623	380,755	47,409,707
Working capital	35,497,934	2,156,743	-	-	417,222	38,071,899
Syndicated	24,157,854	-	176,353	-	318,696	24,652,903
Export	24,359,860	12,920	-	-	1,666	24,374,446
Consumer	620,379	-	-	-	-	620,379
Government program	683	-	-	-	-	683
Total (Notes 62B.(v))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	746,095,571	31,152,556	4,389,703	2,320,709	15,598,649	799,557,188
Less: allowance for impairment losses	(9,411,102)	(5,880,775)	(1,971,463)	(1,259,469)	(13,273,284)	(31,796,093)
Net	736,684,469	25,271,781	2,418,240	1,061,240	2,325,365	767,761,095
	December 31, 2017					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	234,186,202	11,530,753	4,724,581	2,876,390	8,297,306	261,615,232
Consumer	143,815,793	7,786,979	592,463	690,773	1,279,431	154,165,439
Investment	132,825,660	4,504,165	1,792,686	666,804	1,998,153	141,787,468
Syndicated	21,841,708	-	326,386	-	118,124	22,286,218
Employees	8,622,457	188,593	1,945	969	9,296	8,823,260
Government program	7,172,501	31,050	1,522	1,367	14,371	7,220,811
Export	6,023,571	171,149	19,460	21,299	34,238	6,269,717
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145
Foreign currencies:						
Investment	45,981,474	1,916,704	-	-	452,695	48,350,873
Working capital	25,122,098	2,066,624	63,155	26,849	551,932	27,830,658
Syndicated	26,332,091	-	71	-	457,667	26,789,829
Export	6,428,391	50,913	9,715	-	11,136	6,500,155
Consumer	397,746	158	-	-	-	397,904
Employees	301	-	-	-	-	301
Total (Note 62B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	646,390,520	23,440,739	4,879,766	2,240,512	1,340,983	678,292,520

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.1 By economic sector:

	December 31, 2018		
	Non-impaired ^{**})	Impaired ^{**})	Total
Rupiah:			
Manufacturing	91,100,136	19,803,807	110,903,943
Trading, restaurant & hotel	90,829,947	10,317,079	101,147,026
Agriculture	65,507,696	9,407,745	74,915,441
Business services	52,592,217	3,232,859	55,825,076
Construction	42,699,251	2,916,697	45,615,948
Transportation, warehouse & communication	24,833,658	4,558,017	29,391,675
Electricity, gas and water	24,548,168	645,136	25,193,304
Social services	18,388,029	379,064	18,767,093
Mining	3,512,658	802,826	4,315,484
Others	194,250,671	4,101,510	198,352,181
Total	608,262,431	56,164,740	664,427,171
Foreign currencies:			
Mining	52,992,036	1,114,183	54,106,219
Manufacturing	16,064,714	11,376,829	27,441,543
Trading, restaurant & hotel	12,548,464	1,970,608	14,519,072
Electricity, gas and water	9,335,844	683,300	10,019,144
Social services	9,085,276	71,897	9,157,173
Agriculture	8,178,120	49,191	8,227,311
Transportation, warehouse & communication	4,110,145	2,119,334	6,229,479
Business services	3,464,213	565,345	4,029,558
Construction	129,286	16,976	146,262
Others	1,254,171	85	1,254,256
Total (Notes 62B.(v))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488 ¹⁾	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150) ²⁾	(31,796,093)
Net	719,052,757	48,708,338 ³⁾	767,761,095

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp58,027,272 and Rp16,105,216, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp22,645,180 and Rp2,778,970, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp35,382,092 and Rp13,326,246, respectively.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.1 By economic sector (continued):

	December 31, 2017		
	Non-impaired ^{**})	Impaired ^{*)} **)	Total
Rupiah:			
Manufacturing	98,526,920	17,344,207	115,871,127
Trading, restaurant and hotel	85,142,761	13,218,809	98,361,570
Agriculture	61,432,699	7,350,245	68,782,944
Business services	47,357,939	3,472,851	50,830,790
Construction	28,081,708	2,406,928	30,488,636
Electricity, gas and water	25,192,462	784,760	25,977,222
Transportation, warehousing and communications	20,587,393	3,272,299	23,859,692
Social services	12,497,952	384,696	12,882,648
Mining	4,923,734	1,656,365	6,580,099
Others	164,636,589	3,896,828	168,533,417
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Manufacturing	24,092,591	12,007,564	36,100,155
Mining	30,594,613	1,455,530	32,050,143
Trading, restaurant and hotel	7,011,450	2,076,382	9,087,832
Agriculture	8,744,158	118,516	8,862,674
Social services	8,178,234	123,335	8,301,569
Electricity, gas and water	5,665,988	808,332	6,474,320
Transportation, warehousing and communications	3,070,827	2,339,367	5,410,194
Business services	1,876,998	376,506	2,253,504
Construction	339,651	2,714	342,365
Others	981,829	5,135	986,964
Total (Note 62B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 ¹⁾	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) ²⁾	(33,745,345)
Net	632,874,007	45,418,513³⁾	678,292,520

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

***) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

	December 31, 2018					Total
	Current	Special mention	Sub- standard	Doubtful	Loss	
Rupiah:						
Manufacturing	96,180,356	7,428,554	1,539,259	176,351	5,579,423	110,903,943
Trading, restaurant, and hotel	91,290,111	4,550,181	1,309,211	856,715	3,140,808	101,147,026
Agriculture	73,693,294	944,488	36,055	27,950	213,654	74,915,441
Business service	52,841,271	1,040,246	72,989	50,032	1,820,538	55,825,076
Construction	43,361,518	1,184,873	52,356	50,540	966,661	45,615,948
Transportation, warehousing and communications	25,549,420	3,058,286	281,207	89,447	413,315	29,391,675
Electricity, gas and water	24,571,444	302,672	204,275	1,128	113,785	25,193,304
Social service	18,309,019	192,109	14,994	16,880	234,091	18,767,093
Mining	3,561,131	117,861	17	191,107	445,368	4,315,484
Others	187,234,376	8,264,475	664,727	635,936	1,552,667	198,352,181
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171
Foreign currencies:						
Mining	53,336,837	310,000	-	-	459,382	54,106,219
Manufacturing	24,802,972	2,354,958	-	18,360	265,253	27,441,543
Trading, restaurant, and hotel	14,510,270	8,802	-	-	-	14,519,072
Electricity, gas and water	8,886,881	448,962	214,538	206,263	262,500	10,019,144
Social service	9,085,276	-	-	-	71,897	9,157,173
Agriculture	8,227,311	-	-	-	-	8,227,311
Transportation, warehousing and communications	5,417,429	811,975	75	-	-	6,229,479
Business service	3,839,248	134,114	-	-	56,196	4,029,558
Construction	143,236	-	-	-	3,026	146,262
Others	1,254,171	-	-	-	85	1,254,256
Total (Noted 62B.(v))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	746,095,571	31,152,556	4,389,703	2,320,709	15,598,649	799,557,188
Less: allowance for impairment losses	(9,411,102)	(5,880,775)	(1,971,463)	(1,259,469)	(13,273,284)	(31,796,093)
Net	736,684,469	25,271,781	2,418,240	1,061,240	2,325,365	767,761,095

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12. LOANS AND SHARIA LOAN/FINANCING(continued)

A. Details of loans and sharia loan/financing(continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

	December 31, 2017					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	101,199,412	6,733,871	3,265,980	956,798	3,715,066	115,871,127
Trading, restaurant and hotel	85,508,876	4,515,525	2,176,081	1,493,189	4,667,899	98,361,570
Agriculture	67,103,494	1,087,041	139,948	32,608	419,853	68,782,944
Business services	49,506,841	805,632	176,547	63,725	278,045	50,830,790
Construction	29,238,274	399,264	344,776	264,207	242,115	30,488,636
Electricity, gas and water	25,475,475	377,364	90,682	28,461	5,240	25,977,222
Transportation, warehousing and communications	20,874,469	1,769,104	452,928	213,722	549,469	23,859,692
Social services	12,407,591	168,594	23,913	161,130	121,420	12,882,648
Mining	5,361,585	259,986	152,692	345,023	460,813	6,580,099
Others	157,811,875	8,096,308	635,496	698,739	1,290,999	168,533,417
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145
Foreign currencies:						
Manufacturing	33,363,964	2,542,405	2,367	-	191,419	36,100,155
Mining	31,169,876	229,602	58,099	-	592,566	32,050,143
Trading, restaurant and hotel	8,805,759	141,005	7,348	-	133,720	9,087,832
Agriculture	8,792,353	-	-	-	70,321	8,862,674
Social services	8,178,234	-	-	-	123,335	8,301,569
Electricity, gas and water	5,924,439	281,342	-	-	268,539	6,474,320
Transportation, warehousing and communications	4,488,577	804,032	-	24,135	93,450	5,410,194
Business services	2,217,578	35,855	71	-	-	2,253,504
Construction	339,651	-	-	2,714	-	342,365
Others	981,670	158	5,056	-	80	986,964
Total (Note 62B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	646,390,520	23,440,739	4,879,766	2,240,512	1,340,983	678,292,520

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

d. By period:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 year	117,486,386	85,387,279
1 - 2 years	77,603,964	29,276,098
2 - 5 years	124,183,732	134,148,240
Over 5 years	345,153,089	353,356,528
Total	664,427,171	602,168,145
Foreign currencies:		
Less than 1 year	41,717,911	18,728,551
1 - 2 years	4,837,152	2,857,838
2 - 5 years	21,940,923	23,417,112
Over 5 years	66,634,031	64,866,219
Total (Note 62B.(v))	135,130,017	109,869,720
	799,557,188	712,037,865
Less: Allowance for impairment losses	(31,796,093)	(33,745,345)
Net	767,761,095	678,292,520

The ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2018 and 2017, were 2.75% and 3.46%, respectively (the ratios for Bank Mandiri only were 2.79% and 3.45% as of December 31, 2018 and 2017, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2018 and 2017, were 0.73% and 1.18%, respectively (the ratios for Bank Mandiri only were 0.67% and 1.06% as of December 31, 2018 and 2017, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer financing receivables and net investment finance leases of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2018 and 2017 are in accordance with Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 with regards to Transparency and Published Report for Commercial Banks, is calculated from the loan amount, excluding loan to other banks amounting to Rp3,762,120 and Rp1,469,906 as of December 31, 2018 and 2017, respectively.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing:

- a. Included in loans are sharia receivables/financing granted by Subsidiaries amounting to Rp67,144,433 and Rp59,893,437 as of December 31, 2018 and 2017, respectively which consist of:

	December 31, 2018	December 31, 2017
Receivables from <i>murabahah</i> and <i>istishna</i>	38,355,494	36,236,881
<i>Musarakah</i> financing	21,449,077	17,640,213
Other sharia financing	7,339,864	6,016,343
Total	67,144,435	59,893,437
Less: allowance for impairment losses	(2,243,878)	(1,928,733)
Net	64,900,557	57,964,704

- b. Average interest rates (yield) and range of profit sharing per annum are as follows:

	December 31, 2018	December 31, 2017
Average interest rates (yield) per annum:		
Rupiah	10.02%	10.55%
Foreign currencies	4.29%	4.23%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	0.27% - 13.28%	0.47% - 13.53%
<i>Musarakah</i> financing	3.15% - 10.06%	5.22% - 11.73%
Other sharia financing	9.08% - 11.27%	6.81% - 13.72%

- c. Loan collaterals

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and its Subsidiaries. Deposits from customers and deposits from other banks that were pledged as cash collateral for loans and blocked for other purposes as of December 31, 2018 and 2017 amounted to Rp39,274,366 and Rp54,913,925, respectively (Notes 21c, 22c, 23e, 24c and 26d).

- d. Government program loans

Government program loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Liquidity Facility of House Financing*) which can be partially and/or fully funded by the Government.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

e. Syndicated loans

Syndicated loans represent loans granted to debtors through joint financing agreements with other banks. The total percentage share of Bank Mandiri as lead arranger in syndicated loans as of December 31, 2018 is in the range of 16.10% to 88.61% (unaudited) of the total syndicated loans. For the percentage of Bank Mandiri as an agent in syndicated loans as of December 31, 2018 and 2017 each ranged from 3.71% to 88.61% and 13.80% to 88.61% (unaudited) of the total all syndicated loans. While the percentage of Bank Mandiri's share if only as a syndicated member as of December 31, 2018 and December 31, 2017 are ranging from 0.32% to 93.75% and 6.67% to 98.67% (unaudited) respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Extension of loan maturity dates	48,165,419	49,605,548
Extension of loan maturity dates and reduction of interest rates	2,751,544	2,223,460
Extension of loan maturity dates and other restructuring schemes ⁾	3,896,067	5,806,788
Total	54,813,030	57,635,796

⁾ Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Below are the amount of restructured loans based on collectibility:

	December 31, 2018	December 31, 2017
Current	21,759,122	24,853,561
Special mention	18,581,507	16,435,496
Substandard	3,141,824	5,772,873
Doubtful	1,197,101	2,128,789
Loss	10,133,476	8,445,077
Total	54,813,030	57,635,796

Total restructured loans under non-performing loans (NPL) category as of December 31, 2018 and 2017 are amounted to Rp14,472,401 and Rp16,346,739, respectively.

g. Loans to related parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Note 56.

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing amounting to 4.30% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

h. Legal Lending Limit (LLL)

As of December 31, 2018 and 2017, there are no breach or violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 61).

j. Movements of allowance for impairment losses on loans and sharia loan/financing:

	December 31, 2018	December 31, 2017
Beginning balance ¹⁾	33,745,345	32,616,760
Allowance during the year (Note 45)	13,481,957	15,458,493
Write-offs ²⁾	(15,182,085)	(13,885,013)
Others ³⁾	(249,124)	(444,895)
Ending balance³⁾	31,796,093	33,745,345

¹⁾ Including written back and conversion of written-off loans, effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 41).

1) Beginning balance as of December 31, 2018 and 2017 is amounting to Rp24,048,237 and Rp23,054,786, respectively, which were calculated using individual assessment and Rp9,661,108 and Rp9,561,974, respectively, which were calculated using collective assessment.

2) Write-off as of December 31, 2018 and 2017 is amounting to Rp6,546,341 and Rp4,478,412, respectively, which are calculated using individual assessment and Rp8,635,744 and Rp9,406,601, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2018 and 2017 is amounting to Rp22,645,180 and Rp24,084,237, respectively, which were calculated using individual assessment and Rp9,150,913 and Rp9,661,108, respectively, which were calculated using collective assessment.

Management believes that the allowance for impairment losses on loans is adequate.

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses are as follows:

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2018	December 31, 2017
Rupiah:		
Manufacturing	7,295,033	7,937,844
Trading, restaurant and hotel	5,306,734	8,337,169
Business services	1,943,559	518,317
Construction	1,069,557	851,098
Transportation, warehousing and communications	783,969	1,216,119
Mining	636,492	958,528
Agriculture	277,659	592,409
Social services	265,965	306,463
Electricity, gas and water	319,188	124,383
Others	2,853,330	2,625,234
	20,751,486	23,467,564

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2018	December 31, 2017
Foreign currencies:		
Electricity, gas and water	683,301	268,539
Mining	459,382	650,665
Manufacturing	283,613	193,786
Social services	71,897	123,335
Business services	56,196	71
Construction	3,026	2,714
Transportation, warehousing and communications	75	117,585
Trading, restaurant and hotel	-	141,068
Agriculture	-	70,321
Others	85	5,136
	1,557,575	1,573,220
Total	22,309,061	25,040,784

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum allowance for impairment losses	
	December 31, 2018	December 31, 2017
Rupiah:		
Manufacturing	5,898,487	4,683,362
Trading, restaurant and hotel	3,765,547	5,740,906
Business services	1,856,502	336,390
Constructions	999,784	425,935
Mining	540,924	656,228
Transportation, warehousing and communication	500,220	724,269
Social services	244,780	205,572
Agriculture	233,037	457,149
Electricity, gas and water	144,990	33,073
Others	1,970,344	1,735,693
	16,154,615	14,998,577

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows (continued):

	Minimum allowance for impairment losses	
	December 31, 2018	December 31, 2017
Foreign currencies:		
Mining	459,382	601,281
Manufacturing	274,433	191,774
Electricity, gas and water	397,813	268,539
Social services	71,897	123,335
Business services	56,196	11
Construction	3,026	1,357
Transportation, warehousing and communications	11	105,518
Trading, restaurant and hotel	-	134,822
Agriculture	-	70,321
Others	85	838
	1,262,843	1,497,796
Total	17,417,458	16,496,373

l. Write-off of "Loss" category loans

For the year ended December 31, 2018 and 2017, Bank Mandiri written-off loans in the "loss" category amounting to Rp13,230,972 and Rp11,586,223 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

- a. Loan facility has been classified as loss;
- b. Loan facility has been provided with 100.00% (one hundred percent) provision from the loan principal;
- c. Collection and recovery efforts have been performed, but the result is unsuccessful;
- d. The debtors' business has no prospect or performance is bad or they do not have the loan repayment ability; and
- e. The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

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12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

m. Written-off loans are recorded in extra-comptable. The Bank continues pursuing for collection of the written-off loans. These loans are not reflected in the consolidated statement of financial position. A summary of movements of extra-comptable loans for the year ended December 31, 2018 and 2017 are as follows (Bank Mandiri only):

	December 31, 2018	December 31, 2017
Beginning balance	57,444,008	48,807,587
Write-offs	13,230,972	11,586,223
Cash recoveries from write-off loans	(5,070,394)	(3,737,599)
Others ⁾	1,200,375	787,797
Ending balance	66,804,961	57,444,008

⁾ Represents effect of foreign currency translation, writeback of assets and others

n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2018 and 2017 amounted to Rp6,493,534 and Rp8,436,672, respectively.

o. The carrying amount of loans and sharia loan/receivables at amortised cost are as follows:

	December 31, 2018	December 31, 2017
Loans (Note 12A)	799,557,188	712,037,865
Accrued interest receivables	3,135,393	2,675,342
Deferred income (directly attributable) (Note 35)	(748,908)	(726,669)
Allowance for impairment losses (Note 12A and 12B.j)	(31,796,093)	(33,745,345)
	770,147,580	680,241,193

13. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	December 31, 2018	December 31, 2017
Consumer financing receivables - gross		
Direct financing - Rupiah	59,794,999	51,924,674
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(36,408,208)	(31,075,505)
Total consumer financing receivables	23,386,791	20,849,169

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13. CONSUMER FINANCING RECEIVABLES (continued)

a. Details of Subsidiary's consumer financing receivables are as follows (continued):

	December 31, 2018	December 31, 2017
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(10,296,967)	(9,423,320)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	4,108,332	3,719,370
Unearned income on consumer financing	(6,188,635)	(5,703,950)
Total	17,198,156	15,145,219
Less: Allowance for impairment losses	(371,291)	(362,887)
Net	16,826,865	14,782,332

Installments of consumer financing receivables - gross as of December 31, 2018 and 2017 which will be received from customers based on the maturity dates are as follows:

	December 31, 2018	December 31, 2017
<u>Year</u>		
2018	-	21,193,501
2019	24,876,743	15,740,084
2020	17,989,307	9,570,393
2021	10,635,860	4,186,541
2022 and later	6,293,089	1,234,155
Total	59,794,999	51,924,674

On February 6, 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with total facility amounting to Rp2,000,000, which the MTF bears the credit risk in accordance to its financing portion (without recourse).

The agreement was amended several times, the latest amendment dated April 17, 2018, which increases the of facility amounting to Rp24,000,000 with the portion of joint financing facility at minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On August 29, 2013, Bank Mandiri and MTF signed a Consumer Financing Asset Purchase Agreement with a total facility amounting to Rp1,100,000, which MTF bears the credit risk in accordance with its financing portion (without recourse). This agreement has been extended to February 28, 2019.

On April 13, 2016, Mandiri Utama Finance (MUF) and the Bank signed a Vehicle Join Financing Agreement with a total facility amounting to Rp1,630,000, in which MUF bears credit risk in accordance with its financing portion (without recourse). The latest amendment of the Agreement between MUF and the Bank dated June 7, 2017, which increased the facility to Rp5,530,000 with joint financing facilities share at least 1.00% from the Company and a maximum of 99.00% from joint financing providers.

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13. CONSUMER FINANCING RECEIVABLES (continued)

- a. Details of Subsidiary's consumer financing receivables are as follows (continued):

On November 4, 2016, MUF and the Bank entered into a Consumer Financing Asset Purchase Agreement with a total financing facility of Rp1,630,000 in accordance with the Joint Financing Agreement, which the Subsidiary bears credit risk in accordance with its financing portion (without recourse), this Agreement has been extended to March 31, 2019.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 96 months.

Included in consumer financing receivables transactions are related parties transactions amounting to Rp8,278 and Rp7,957 as of December 31, 2018 and 2017, respectively (refer to Note 56).

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current	15,469,432	13,551,826
Special mention	1,511,464	1,375,809
Substandard	89,415	88,702
Doubtful	120,444	116,457
Loss	7,401	12,425
Total	17,198,156	15,145,219
Less: allowance for impairment losses	(371,291)	(362,887)
Net	16,826,865	14,782,332

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Car	15.16%	14.10%
Motorcycle	24.70%	21.88%

- d. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	December 31, 2018	December 31, 2017
Beginning balance	362,887	323,378
Allowance during the year (Note 45)	638,849	640,151
Cash recoveries from write-offs	151,613	71,142
Write-offs	(782,058)	(671,784)
Ending balance	371,291	362,887

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

- e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

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13. CONSUMER FINANCING RECEIVABLES (continued)

- f. Consumer financing receivables as collateral for debt securities issued on December 31, 2018 and 2017 are Rp1,643,197 and Rp2,003,301 respectively (Note 30).
- g. Consumer financing receivables as collateral for loans received on December 31, 2018 and 2017 are Rp10,284,416 and Rp8,016,751, respectively (Note 36f).
- h. As collateral for customer financing receivables, the Subsidiary receives a guarantee from consumer such as Certificate of Ownership of Motor Vehicles (*Bukti Kepemilikan Kendaraan Bermotor* or "BPKB") for vehicles financed by the Subsidiary.

14. NET INVESTMENT FINANCE LEASES

- a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2018	December 31, 2017
Net investment finance leases		
Rupiah		
Gross lease financing receivables	5,160,930	2,756,597
Finance lease receivables jointly funded other parties without recourse - gross	(1,243,484)	-
Guaranteed residual value	1,631,185	796,442
Deferred lease income	(589,057)	(391,968)
Security deposit	(1,631,185)	(796,442)
Total net investment finance leases	3,328,389	2,364,629
Less: allowance for impairment losses	(9,286)	(7,739)
Net	3,319,103	2,356,890

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 60 months.

Based on maturity date, details of finance leases receivables are as follows:

	December 31, 2018	December 31, 2017
<u>Year</u>		
2018	-	1,224,643
2019	2,473,702	949,452
2020 and later	2,687,228	582,502
	5,160,930	2,756,597
Finance lease receivables jointly funded by other parties without recourse - gross	(1,243,484)	-
Guaranteed residual value, deferred lease income and security deposit	(589,057)	(391,968)
Finance leases receivable	3,328,389	2,364,629

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14. NET INVESTMENT FINANCE LEASES (continued)

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current	3,136,371	2,315,141
Special mention	167,720	38,815
Substandard	6,077	5,676
Doubtful	9,840	4,317
Loss	8,381	680
Total	3,328,389	2,364,629
Less: Allowance for impairment losses	(9,286)	(7,739)
Net	3,319,103	2,356,890

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2018 and 2017, are as follows:

	December 31, 2018	December 31, 2017
Car	12.40%	11.98%
Heavy equipment	12.53%	12.10%
Machine	11.25%	14.65%

- d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	December 31, 2018	December 31, 2017
Beginning balance	7,739	4,538
Allowance during the year (Note 45)	3,950	5,784
Write-offs	(2,991)	(3,445)
Cash recoveries from write-offs finance leases	588	862
Ending balance	9,286	7,739

Management believes that the allowance for impairment losses on net investment finance lease is adequate.

- e. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 62A.
f. Net investment finance leases as collateral for debt securities issued on December 31, 2018 and 2017 amounted to Rp66,803 and Rp201,699, respectively (Note 30).
g. As of December 31, 2018 and 2017, net investment finance lease pledged as collateral for fund borrowing were amounting to Rp468,553 and Rp1,126,406, respectively (Note 36f).

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15. ACCEPTANCES RECEIVABLE

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Receivables from other banks		
Related parties (Note 56)	363,414	163,142
Third parties	737,239	218,183
	<u>1,100,653</u>	<u>381,325</u>
Receivables from debtors		
Related parties (Note 56)	1,336,016	258,003
Third parties	6,261,338	5,917,973
	<u>7,597,354</u>	<u>6,175,976</u>
Total	<u>8,698,007</u>	<u>6,557,301</u>
Foreign currencies:		
Receivables from other banks		
Related parties (Note 56)	335	-
Third parties	308,165	204,377
	<u>308,500</u>	<u>204,377</u>
Receivables from debtors		
Related parties (Note 56)	483,392	628,198
Third parties	4,398,963	5,154,618
	<u>4,882,355</u>	<u>5,782,816</u>
Total (Note 62B.(v))	<u>5,190,855</u>	<u>5,987,193</u>
	13,888,862	12,544,494
Less: allowance for impairment losses	(296,453)	(254,234)
Net	<u>13,592,409</u>	<u>12,290,260</u>

b. By maturity:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	1,872,875	1,639,619
1 - 3 months	3,798,051	3,411,192
3 - 6 months	3,026,255	1,506,490
6 - 12 months	826	-
Total	<u>8,698,007</u>	<u>6,557,301</u>
Foreign currencies:		
Less than 1 month	1,308,948	1,420,703
1 - 3 months	2,263,324	2,511,765
3 - 6 months	1,606,715	1,846,407
6 - 12 months	11,868	167,809
More than 12 months	-	40,509
Total (Note 62B.(v))	<u>5,190,855</u>	<u>5,987,193</u>
	13,888,862	12,544,494
Less: allowance for impairment losses	(296,453)	(254,234)
Net	<u>13,592,409</u>	<u>12,290,260</u>

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15. ACCEPTANCES RECEIVABLE (continued)

c. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	13,844,220	12,524,856
Special mention	44,642	18,378
Substandard	-	1,260
	13,888,862	12,544,494
Less: allowance for impairment losses	(296,453)	(254,234)
Net	13,592,409	12,290,260

d. Movements of allowance for impairment losses on acceptance receivables:

	December 31, 2018	December 31, 2017
Beginning balance	254,234	241,041
Allowance during the year (Note 45)	49,878	9,783
Others ¹⁾	(7,659)	3,410
Ending balance	296,453	254,234

¹⁾ Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

e. Information in respect to classification of "non-impaired" and "impaired" is disclosed in Note 62A.

16. INVESTMENTS IN SHARES

a. The detail of investments in shares are as follows:

	December 31, 2018	December 31, 2017
Investments in shares		
Related Parties (Note 56)	322,617	297,420
Third Parties	129,476	48,816
Total	452,093	346,236
Less: allowance for impairment losses	(30,589)	(12,924)
Net	421,504	333,312

The detail of investments in shares as of December 31, 2018 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	149
Cost and equity method:			
PT Mitra Transaksi Indonesia ¹⁾	Acquiring Aggregator	51.00%	152,642
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
PT Amarnya Mikro Fintek	Fintech Lending	9.45%	31,437
PT Mandiri AXA General Insurance (MAGI)	Insurance	20.00%	77,865
Sleekr	HR and Accounting Platform	5.11%	20,299
Others (each less than Rp20,000)	Various	0.00015% - 17.50%	80,591
			452,093
Less: allowance for impairment losses			(30,589)
Net			421,504

¹⁾ The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

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16. INVESTMENTS IN SHARES (continued)

- a. The detail of investments in shares are as follows (continued):

The detail of investments in shares as of December 31, 2017 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	216
Cost and equity method:			
PT Mitra Transaksi Indonesia ¹⁾	Acquiring Aggregator	51.00%	205,310
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
Others (each less than Rp20,000)	Various	0.00015% - 34.00%	51,600
			346,236
Less: Allowance for impairment losses			(12,924)
Net			333,312

¹⁾ The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

- b. Investments in shares by Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	399,658	293,734
Substandard	50,331	50,331
Loss	2,104	2,171
	452,093	346,236
Less: Allowance for impairment losses	(30,589)	(12,924)
Net	421,504	333,312

- c. Movements of allowance for impairment losses on investments in shares:

	December 31, 2018	December 31, 2017
Beginning balance	12,924	10,273
Allowance during the year (Note 45)	19,934	2,651
Write Off	(2,278)	-
Others ¹⁾	9	-
Ending balance	30,589	12,924

¹⁾ Including effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares are adequate.

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17. PREPAID EXPENSES

	December 31, 2018	December 31, 2017
Prepaid rent	1,662,531	1,616,410
Building maintenance	556,571	611,027
Others	639,084	556,797
Total	2,858,186	2,784,234

Prepaid rent mostly consists of rentals on buildings which are used as the Group branch's offices and official residence across Indonesia.

18. FIXED ASSETS

The details of fixed assets were as follows:

	December 31, 2018				
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	Ending Balance ^{**)}
At cost/revaluation value					
Direct ownership					
Land	29,518,735	831,546	(30,440)	21,061	30,340,902
Building	5,226,222	134,224	(7,434)	620,171	5,973,183
Furniture and fixtures, office equipment and computer	10,564,407	287,844	(33,133)	435,004	11,254,122
Vehicles	234,181	15,816	(36,199)	69	213,867
Construction in progress	1,435,335	1,932,212	(10,183)	(1,076,305)	2,281,059
	46,978,880	3,201,642	(117,389)	-	50,063,133
Leased assets	12,495	-	-	-	12,495
	46,991,375	3,201,642	(117,389)	-	50,075,628
Accumulated depreciation (Note 50)					
Direct ownership					
Building	2,100,675	288,410	(5,091)	-	2,383,994
Furniture and fixtures, office equipment and computer	8,099,984	1,004,417	(10,260)	-	9,094,141
Vehicles	167,953	18,229	(36,020)	-	150,162
	10,368,612	1,311,056	(51,371)	-	11,628,297
Leased assets	4,010	625	-	-	4,635
	10,372,622	1,311,681	(51,371)	-	11,632,932
Net book value					
Direct ownership					
Land					30,340,902
Building					3,589,189
Furniture and fixtures, office equipment and computer					2,159,981
Vehicles					63,705
Construction in progress					2,281,059
					38,434,836
Leased assets					7,860
					38,442,696

*) Including reclassification of abandoned properties.

**) As of December 31, 2018 there was a revaluation of fixed assets of amounted to Rp27,251,706 which from the Bank amounted to Rp26,849,767 and BSM amounted to Rp401,939

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18. FIXED ASSETS (continued)

The details of fixed assets were as follows (continued):

	December 31, 2017				Ending Balance ^{*)}
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	
At cost/revaluation value					
Direct ownership					
Land	28,823,175	566,305	-	129,255	29,518,735
Building	4,653,532	217,433	(2)	355,259	5,226,222
Furniture and fixtures, office equipment and computer	9,578,648	220,980	(8,184)	772,963	10,564,407
Vehicles	300,298	7,320	(88,043)	14,606	234,181
Construction in progress	1,368,772	1,339,064	(418)	(1,272,083)	1,435,335
	44,724,425	2,351,102	(96,647)	-	46,978,880
Leased assets	12,495	-	-	-	12,495
	44,736,920	2,351,102	(96,647)	-	46,991,375
Accumulated depreciation (Note 50)					
Direct ownership					
Building	1,828,825	271,852	(2)	-	2,100,675
Furniture and fixtures, office equipment and computer	7,012,151	1,095,338	(7,505)	-	8,099,984
Vehicles	229,269	21,332	(82,648)	-	167,953
	9,070,245	1,388,522	(90,155)	-	10,368,612
Leased assets	3,385	625	-	-	4,010
	9,073,630	1,389,147	(90,155)	-	10,372,622
Net book value					
Direct ownership					
Land					29,518,735
Building					3,125,547
Furniture and fixtures, office equipment and computer					2,464,423
Vehicles					66,228
Construction in progress					1,435,335
					36,610,268
Leased assets					8,485
					36,618,753

^{*)} Including reclassification from abandoned property.

^{**)} As of December 31, 2017 included in the addition is the revaluation of fixed assets amounted to Rp26,468,142, consists of Bank amounted to Rp26,115,095 and BSM amounted to Rp353,047.

Construction in progress as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Buildings	1,232,826	778,290
Computers and other hardware that have not been installed	687,815	459,656
Land	245,506	84,894
Office equipment and inventory	106,412	110,306
Vehicles	381	449
Others	8,119	1,740
	2,281,059	1,435,335

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18. FIXED ASSETS (continued)

The estimated percentage of completion of construction in progress as of December 31, 2018 and 2017 for computers and other hardwares that have not been installed was ranging between 10.00% - 90.00%.

Others

- a. Bank Mandiri had an Agreement on Build, Operate and Transfer (“BOT Agreement”) with PT Duta Anggada Realty Tbk. (“Duta Anggada”) based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by the Deed No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower of 27 floors of offices by Duta Anggada, which the land is owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ended on May 15, 2014 and May 15, 2016, respectively.

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding Temporary Utilization Agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

On May 11, 2016, the Bank has signed transfer agreement of Menara Mandiri 2 and its management of Menara Mandiri 1 from PT Duta Anggada Realty Tbk. to PT Bank Mandiri (Persero) Tbk. Currently, building management of Menara Mandiri 1 and Menara Mandiri 2 is performed by PT Bumi Daya Plaza in the form of Temporary Utilization Agreement (*Kerjasama Pemanfaatan Sementara*) from 2016 until 2021.

- b. Based on Minister of Finance of the Republic of Indonesia Regulation (*Peraturan Menteri Keuangan* (PMK)) No. PMK/191 dated October 15, 2015, the Group assigned registered independent appraisers to assess (revalue) its fixed asset (land).

The valuations of land are performed by the external independent appraisers, Public Appraiser Company (Kantor Jasa Penilai Publik (KJPP)) Amin, Nirwan, Alfiantori and Partners (ANA) and KJPP Muttaqin, Bambang, Purwanto, Rozak, Uswatun and Partners (MBPRU). Appraisals are performed based on the Concept and General Principles of Appraisers article 17 in Indonesian Appraisal Standards year 2015.

In the fair value measurement of the land, the KJPP takes into account a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the KJPP are market approach and cost approach.

Based on the Assessment Report of the KJPP MBPRU dated April 11, 2016 and KJPP ANA dated April 13, 2016, the value of fixed assets and its increase are as follows:

Fixed assets	Fair value	Book value	Increase in value (before tax)
Land	28,822,150	2,880,116	25,942,034

To determine the fair value, KJPP ANA and KJPP MBPRU use the assessment methodology from Market Approach SPI 2015-KPUP 17 with direct comparison methodology.

The results of revaluation of fixed assets of the Bank was approved by the Directorate General of Taxes (DGT) through the Head of Regional Office Large Tax payer through Decree No. KEP-418/WPJ.19/2016 dated May 25, 2016.

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18. FIXED ASSETS (continued)

Others (continued)

- c. Assessment in the fair value of assets owned by the Bank on December 31, 2018 and 2017 using revaluation for lands and sales value of taxable object for buildings. As of December 31, 2018, the revaluation value of land and sales value of taxable object of buildings owned by the Bank are Rp30,299,138 and Rp4,839,211, respectively. As of December 31, 2017, the revaluation value of land and sales value of taxable object of buildings owned by the Bank are Rp29,515,573 and Rp4,850,331, respectively.
- d. The value of land based on cost model as of December 31, 2018 amounted to Rp3,047,431.

The table below presents non-financial instruments recognised at fair value based on the hierarchy used by the Bank to determine and disclose the fair value of non-financial instruments:

- (i) Level 1: Quoted prices on active markets for identical assets or liabilities;
(ii) Level 2: Valuation technique in which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
(iii) Level 3: Valuation techniques in which all inputs which have a significant effect on the recorded fair value that can not be observed from market data.

	December 31, 2018			Fair Value
	Level 1	Level 2	Level 3	
Land	-	30,299,138	-	30,299,138

	December 31, 2017			Fair Value
	Level 1	Level 2	Level 3	
Land	-	29,515,573	-	29,515,573

The fair value of Land for level 2 is calculated using the comparison of market price approach and estimation of income and expenses generated by the asset. The market price of the land that most closely adjusted for differences in the primary attributes such as asset size, location and usage of assets. The most significant input in this assessment approach is the assumption of the price per meter.

- e. Land rights acquired through Leasehold Certificate (“HGB”) that can be renewed will expire between 2019 and 2042. Based on past experience, the Group believes that they can extend the HGB.

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18. FIXED ASSETS (continued)

Others (continued)

- f. As of December 31, 2018, the Bank has insured fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disasters to PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk, PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967, PT Asuransi Astra Buana, PT Asuransi Bangun Askrida, PT Asuransi Bintang, PT Asuransi Tugu Pratama, PT Central Asia Raya, PT Asuransi Bina Dana Artha and PT. Asuransi Parolamas, entirety are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri and PT Asuransi Jasaraharja Putera, entirety are related parties, with total sum insured approximately Rp16,425,126 (December 31, 2017: Rp12,732,909). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.
- g. The fixed assets that have been fully depreciated but still in use by the Bank i.e., office machines and printing equipment and office equipment and housing.
- h. Management believes that there is no impairment of fixed assets as of December 31, 2018 and 2017.

19. INTANGIBLE ASSETS

	December 31, 2018	December 31, 2017
Software	2,341,611 ^{*)}	1,978,352 ^{*)}
Goodwill	423,115	423,115
	2,764,726	2,401,467

^{*)} Net of amortisation of Rp3,189,980 and Rp2,700,780, respectively as of December 31, 2018 and 2017.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As of December 31, 2018 and 2017, included in the software balance are construction in progress for software amounting to Rp956,490 and Rp858,663, respectively. The estimated percentage of completion of software as of December 31, 2018 was ranging between 5.00% - 95.00% (December 31, 2017: 5.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2018 and 2017, there are no impairment of goodwill.

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20. OTHER ASSETS

	December 31, 2018	December 31, 2017
Rupiah:		
Accrued income	4,300,584	3,390,004
Receivables from government bonds pledged as collateral	1,659,116	594,534
Receivables from customer transactions	1,017,064	2,181,205
Receivables from sales of marketable securities	677,840	120,019
Receivables from transactions related to ATM and credit card <i>ljarah</i> assets	573,310	699,709
Receivables from policyholders	498,709	621,697
Receivables from mutual fund	475,184	709,789
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2018 and 2017	306,986	221,639
Abandoned properties - net of allowance for decrease in net realizable value amounting to Rp615 as of December 31, 2018 and 2017, respectively	295,237	292,530
Others	90,679	108,366
Total	5,009,235	3,639,772
Foreign currencies:		
Receivables from government bonds pledged as collateral(Note 62B.(v))	1,840,188	-
Accrued income (Note 62B.(v))	950,739	935,204
Receivable from sale of marketable securities (Note 62B.(v))	153,497	81,339
<i>ljarah</i> assets	108,391	166,072
Receivables from customer transactions (Note 62B.(v))	8,110	9,535
Receivables from policyholder (Note 62B.(v))	1,857	3,260
Receivables from transactions related to ATM and credit card (Note 62B.(v))	628	116
Others	1,288,963	1,457,994
Total	4,352,373	2,653,520
	19,256,317	15,232,824
Less: allowance for possible losses	(598,662)	(617,790)
Net	18,657,655	14,615,034

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans and fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2018 and 2017, included in receivables from customer transactions is an impaired portfolio amounting to Rp12,602 and Rp110,614, respectively.

Receivables from mutual fund is related to receivable from securities portfolio transactions of unit-link contracts in Subsidiary's mutual fund.

Receivables related to ATM and credit card transactions consist of receivable arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa and Master Card as a result of credit card transactions.

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20. OTHER ASSETS (continued)

Receivables from of government bonds pledged as collateral represent repo to maturity transactions with third parties, where Bank Mandiri has transferred VR0031 with total value Rp600,000, FR0031 with total value Rp1,000,000, ROI 23NN with nominal value of USD37,000,000, ROI 24 with nominal of value USD40,940,000 and ROI 25 with nominal value of USD50,000,000 and recorded receivables equivalent to the cash value of VR0031, ROI 23NN, ROI 24 and ROI 25 (Note 36e). The receivables will be settled at net basis with settlement of Bank's liabilities to the counterparty amounted to Rp600,000 at due date on July 25, 2020, USD58,810,428 at due on November 15, 2020, USD24,926,000 at due date on January 11, 2023, USD31,270,000 at due date on January 15, 2024 and USD34,782,000 at due date on January 15, 2025.

Receivables from policyholders represent the Subsidiary's receivables from policyholders related to policyholders' premium of non unit-link products.

Receivables from sales of marketable securities are receivables from sale of marketable securities with maturity date on January 4, 2019 and January 3, 2018.

Others mainly consist of inter-office accounts, various form of receivables from transaction with third parties, including clearing transactions and others.

Movement of allowance for possible losses of other assets are as follows:

	December 31, 2018	December 31, 2017
Beginning balance	617,790	514,446
Allowance during the year (Note 46)	56,222	98,739
Others ^{*)}	(75,350)	4,605
Ending balance	598,662	617,790

^{*)} Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND WADIAH DEMAND DEPOSITS

a. By currencies, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)	37,761,744	34,072,028
Third parties	109,703,494	106,915,524
Total	147,465,238	140,987,552
Foreign currencies:		
Related parties (Note 56)	13,399,744	12,036,357
Third parties	38,958,774	49,840,951
Total (Note 62B.(v))	52,358,518	61,877,308
	199,823,756	202,864,860

Included in demand deposits were *wadiah* deposits amounting to Rp8,704,173 and Rp8,435,776 as of December 31, 2018 and 2017, respectively.

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21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND WADIAH DEMAND DEPOSITS (continued)

- b. Average interest rates (cost of funds) and range of profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2018	December 31, 2017
Rupiah	2.13%	2.18%
Foreign currencies	0.40%	0.42%

Range of profit sharing per annum on *wadiah* deposits:

	December 31, 2018	December 31, 2017
Rupiah	0.36% - 0.78%	0.70% - 0.83%
Foreign currencies	0.09% - 0.25%	0.10% - 0.83%

- c. As of December 31, 2018 and 2017, demand deposits pledged as collateral and blocked for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) and other purposes were amounted to Rp6,201,073 and Rp5,987,012, respectively (Notes 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS AND WADIAH SAVING DEPOSITS

- a. By currencies, type, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)		
Mandiri Saving Deposits	2,521,396	2,345,204
Third parties		
Mandiri Saving Deposits	277,179,232	278,234,808
Hajj Mandiri Saving Deposits	361,914	439,227
Total	<u>280,062,542</u>	<u>281,019,239</u>
Foreign currencies:		
Related parties (Note 56)		
Mandiri Saving Deposits	1,015,637	1,203,001
Third parties		
Mandiri Saving Deposits	26,204,174	26,489,668
Total (Note 62B.(v))	<u>27,219,811</u>	<u>27,692,669</u>
	<u>307,282,353</u>	<u>308,711,908</u>

Included in saving deposits were *wadiah* deposits amounted to Rp3,751,591 and Rp3,193,558 as of December 31, 2018 and 2017, respectively.

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22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS AND WADIAH SAVING DEPOSITS (continued)

b. Average interest rates (*cost of funds*) per annum:

	December 31, 2018	December 31, 2017
Rupiah	1.13%	1.11%
Foreign currencies	0.33%	0.20%

c. As of December 31, 2018 and 2017, total saving deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp6,153,268 and Rp18,568,122 respectively (Note 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By currencies, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah		
Related parties (Note 56)	33,786,152	34,240,765
Third parties	188,213,027	181,973,864
Total	221,999,179	216,214,629
Foreign currencies		
Related parties (Note 56)	6,976,710	1,251,201
Third parties	29,926,895	20,541,384
Total (Note 62B.(v))	36,903,605	21,792,585
	258,902,784	238,007,214

Include in deposits from customers - time deposits are negotiable certificate of deposit amounted to Rp336,838 and Rp409,134 as of December 31, 2018 and 2017, respectively.

Total of unamortized interest expense on the certificate of time deposits as of December 31, 2018 and 2017 amounting to Rp23,162 and Rp50,866, respectively.

b. By maturity date:

	December 31, 2018	December 31, 2017
Rupiah:		
1 month	83,035,879	69,666,250
3 months	128,897,885	118,909,758
6 months	5,805,798	18,664,039
12 months	3,196,865	4,345,784
Over 12 months	1,062,752	4,628,798
Total	221,999,179	216,214,629

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

b. By maturity date (continued):

	December 31, 2018	December 31, 2017
Foreign currencies:		
1 month	17,757,452	13,175,307
3 months	9,283,648	3,973,470
6 months	7,625,821	3,417,081
12 months	1,931,902	981,445
Over 12 months	304,782	245,282
Total (Note 62B.(v))	36,903,605	21,792,585
	258,902,784	238,007,214

c. By remaining period to maturity date:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	114,738,061	104,901,708
1 - 3 months	97,681,724	97,075,006
3 - 6 months	4,716,025	8,432,108
6 - 12 months	4,112,310	3,373,897
Over 12 months	751,059	2,431,910
Total	221,999,179	216,214,629
Foreign currencies:		
Less than 1 month	22,398,379	15,142,207
1 - 3 months	9,087,378	4,624,224
3 - 6 months	3,982,255	1,494,313
6 - 12 months	1,081,019	514,632
Over 12 months	354,574	17,209
Total (Note 62B.(v))	36,903,605	21,792,585
	258,902,784	238,007,214

d. Average interest rates (cost of funds) per annum:

	December 31, 2018	December 31, 2017
Rupiah	5.49%	5.87%
Foreign currencies	1.38%	0.70%

e. As of December 31, 2018 and 2017, total time deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp30,367,572 and Rp33,139,017, respectively (Note 12B.c).

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24. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS, WADIAH DEMAND DEPOSITS AND SAVING DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Demand deposits and <i>wadiah</i> demand deposits		
Related parties (Note 56)		
Rupiah	7,074	2,742
Foreign currencies (Note 62B.(v))	779,939	250,043
	<u>787,013</u>	<u>252,785</u>
Third parties		
Rupiah	1,238,888	1,855,631
Foreign currencies (Note 62B.(v))	779,557	1,123,714
	<u>2,018,445</u>	<u>2,979,345</u>
Total	<u>2,805,458</u>	<u>3,232,130</u>
Saving deposits		
Third parties		
Rupiah	1,032,913	1,006,247
Foreign currencies (Note 62B.(v))	13	13
	<u>1,032,926</u>	<u>1,006,260</u>
Total	<u>3,838,384</u>	<u>4,238,390</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounted to Rp78,245 and Rp69,383 as of December 31, 2018 and 2017, respectively.

b. Average interest rates (cost of funds) and profit sharing per annum:

	December 31, 2018	December 31, 2017
Average interest rates (cost of funds) per annum:		
Demand deposits and <i>wadiah</i> demand deposits		
Rupiah	2.13%	2.18%
Foreign currencies	0.40%	0.42%
Saving deposits		
Rupiah	1.13%	1.11%
Foreign currencies	0.33%	0.20%
Range of profit sharing per annum on <i>wadiah</i> demand deposits:		
Rupiah	0.36% - 0.78%	0.70% - 0.79%

c. As of December 31, 2018 and 2017, total demand deposits, *wadiah* demand deposits and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp5,083 and Rp7,275, respectively (Notes 12B.c and 31e).

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25. DEPOSITS FROM OTHER BANKS - INTERBANK CALL MONEY

a. By currencies:

	December 31, 2018	December 31, 2017
Third Parties:		
Rupiah	2,300,000	-
Foreign currencies (Notes 62B.(v))	6,172,197	1,007,655
Total	8,472,197	1,007,655

b. By remaining period to maturity date:

	December 31, 2018	December 31, 2017
Rupiah		
Less than 1 month	2,300,000	-
Total	2,300,000	-
Foreign currencies		
Less than 1 month	5,388,030	198,184
More than 1 month	784,167	809,471
Total (Note 62B.(v))	6,172,197	1,007,655
	8,472,197	1,007,655

c. Average interest rates (cost of funds) per annum:

	December 31, 2018	December 31, 2017
Rupiah	5.12%	5.15%
Foreign currencies	1.87%	0.97%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2018	December 31, 2017
Rupiah		
Related parties (Note 56)	116,958	108,473
Third parties	2,946,642	2,580,856
Total	3,063,600	2,689,329
Foreign currencies		
Third parties	1,119,634	414,133
Total (Note 62B.(V))	1,119,634	414,133
	4,183,234	3,103,462

Included in deposits from customers - time deposits are negotiable certificate of deposit amounted to Rp491,222 and Rp1,168,780 as of December 31, 2018 and 2017, respectively.

Total of unamortized interest expenses on certificates of deposits for the year ended December 31, 2018 and 2017 amounting to Rp33,779 and Rp106,220, respectively.

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26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)

b. By period:

	December 31, 2018	December 31, 2017
Rupiah:		
1 month	1,913,526	884,287
3 months	634,891	614,281
6 months	8,935	5,781
12 months	15,025	16,200
More than 12 months	491,223	1,168,780
Total	3,063,600	2,689,329
Foreign currencies		
1 month	832,033	7,108
3 month	287,601	-
More than 12 months	-	407,025
Total (Note 62B.(v))	1,119,634	414,133
	4,183,234	3,103,462

c. Average interest rates (cost of funds) per annum:

	December 31, 2018	December 31, 2017
Rupiah	5.49%	5.87%
Foreign currencies	1.38%	0.70%

d. As of December 31, 2018 and 2017, time deposits from other banks pledged as collateral on loans amounting Rp332,516 and Rp281,948, respectively (Note 12B.c).

27. LIABILITY TO UNIT-LINK HOLDERS

This account represents Subsidiary's liabilities to unit-link holders placed in unit-link investment, with details as follows:

	December 31, 2018	December 31, 2017
Non-Sharia	21,250,821	22,105,476
Sharia	1,106,981	1,148,559
	22,357,802	23,254,035

Underlying assets of the above policyholders' investment in unit-link contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2018 and 2017, the investment of policyholders were recorded based on each type of the underlying financial assets in the consolidated statement of financial position.

Included in the unit-link policyholders' investments in are policyholders' fund in foreign currency as of December 31, 2018 and 2017, amounted to USD11,065,072 (full amount) and USD2,731,085 (full amount), respectively.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

The details of non-sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2018	December 31, 2017
Dynamic Money	12,615,791	11,811,629
Attractive Money	5,148,311	6,214,079
Progressive Money	1,997,742	2,305,255
Excellent Equity	740,172	937,799
Protected Money	273,944	327,661
Active Money	158,092	186,368
Secure Money	82,901	90,286
Equity Fund Offshore	82,300	-
Fixed Money	62,814	71,719
Money Market	42,392	110,662
Balance Fund Offshore	38,301	-
Prime Equity	4,502	2,936
Money Market CS	2,721	47,082
Mandiri Equity Mone	838	-
	21,250,821	22,105,476

Dynamic money

This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Prestasi Dinamis.

Attractive money

This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Saham Atraktif.

Progressive money

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Campuran Progresif.

Excellent equity

This is an equity fund with underlying exposures in small cap equities (exclude top 20, largest capitalisation shares) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Protected money

This is a placement of funds based on combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities less than 1 year.

Active money

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Aktif.

Money Market

This is money market fund with underlying exposures in money market instrument including term deposits and fixed income securities listed in Indonesia Stock Exchange through mutual fund Mandiri Investa Pasar Uang.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Secure money

Secure Money Rupiah is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Obligasi Mantap. Funding in USD has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund Investa Dana Dollar Mandiri.

Fixed money

This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund Mandiri Investa Dana Obligasi II.

Money Market CS

This is a fixed income fund with underlying exposures in money market instrument, especially for term deposits based on sharia principles.

Prime Equity

Placement of funds based on combination with the investment in stocks traded in Indonesia Stock Exchange and money market instruments through mutual fund AXA Maestro Saham.

Balance Fund Offshore

Mutual funds whose composition is a mixture of equity and bonds from foreign markets managed by AXA Mandiri.

Equity Fund Offshore

Equity-based mutual funds from foreign markets managed by AXA Mandiri.

Mandiri Equity Money

Fund placements with LQ45 domestic equity investment instruments through the LQ45 Mandiri Index mutual fund managed by Mandiri Investment Management.

The details of sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2018	December 31, 2017
Attractive Money Sharia	918,212	970,630
Active Money Sharia	120,446	112,389
Amanah Equity Sharia	43,444	38,858
Advanced Commodity Sharia	24,879	26,682
Total	1,106,981	1,148,559

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2018 and 2017 amounted to Rp20,000 and RpNil, respectively.

Attractive Money Sharia

This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Saham Syariah Atraktif.

Active Money Sharia

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Berimbang Syariah Aktif.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Amanah Equity Sharia

This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund BNP Paribas Pesona Amanah.

Advanced Commodity Sharia

This is an equity fund with underlying exposures mainly in commodity and commodity - related stocks that listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Komoditas Syariah Plus.

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

December 31, 2018							
	Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Rupiah							
Related Parties							
	FR0061	115,000	03/10/2018	03/01/2019	102,275	41	102,234
Third Parties							
	VR0030	1,700,000	07/12/2018	04/01/2019	1,635,388	947	1,634,441
	VR0031	1,700,000	19/12/2018	03/01/2019	1,612,657	586	1,612,071
	VR0031	1,500,000	07/12/2018	04/01/2019	1,423,890	825	1,423,065
	VR0030	1,300,000	07/12/2018	04/01/2019	1,250,591	725	1,249,866
	VR0031	1,300,000	19/12/2018	03/01/2019	1,233,208	448	1,232,760
	VR0031	1,250,000	19/12/2018	03/01/2019	1,185,777	431	1,185,346
	FR0059	1,300,000	31/12/2018	07/01/2019	1,159,918	1,214	1,158,704
	FR0063	1,200,000	31/12/2018	07/01/2019	1,053,684	1,103	1,052,581
	FR0061	1,000,000	21/12/2018	18/01/2019	935,861	3,072	932,789
	FR0063	1,000,000	26/12/2018	02/01/2019	876,442	153	876,289
	FR0070	500,000	31/12/2018	07/01/2019	494,281	517	493,764
	FR0061	500,000	31/12/2018	07/01/2019	466,933	489	466,444
	FR0053	250,000	12/12/2018	09/01/2019	249,318	386	248,932
	FR0061	150,000	26/12/2018	02/01/2019	140,188	24	140,164
		14,650,000			13,718,136	10,920	13,707,216
Total Rupiah		14,765,000			13,820,411	10,961	13,809,450
Foreign currencies							
Third Parties							
	Obligasi ROI 20	1,619,188	31/12/2018	29/03/2019	1,449,495	11,122	1,438,373
	Obligasi SIGB-010619	359,500	01/10/2018	02/01/2019	268,788	20	268,768
	Obligasi INDOIS 25	129,420	09/10/2018	09/01/2019	127,791	75	127,716
	Obligasi INDON-110224	143,800	26/12/2018	26/03/2019	124,184	947	123,237
	Obligasi INDOIS 24	125,106	09/10/2018	09/01/2019	123,132	72	123,060
	Obligasi INDOIS-100924	129,420	28/12/2018	28/03/2019	111,331	836	110,495
	Obligasi INDOIS 26	100,660	09/10/2018	09/01/2019	98,055	58	97,997
	Obligasi ROI 23 NEW	71,900	09/10/2018	09/01/2019	76,099	45	76,054
	Obligasi INDOIS-290322	86,280	28/12/2018	28/03/2019	72,875	547	72,328
	Obligasi INDON-130320	71,900	26/12/2018	26/03/2019	64,415	491	63,924
	Obligasi INDOIS-211122	71,900	26/12/2018	26/03/2019	60,022	458	59,564
	Obligasi INDON-150125	57,520	28/12/2018	28/03/2019	49,332	370	48,962
	Obligasi INDOIS-280525	57,520	28/12/2018	28/03/2019	48,738	366	48,372
	Obligasi INDOIS-290327	43,140	28/12/2018	28/03/2019	35,853	269	35,584
	Obligasi INDOIS 27	28,760	09/10/2018	09/01/2019	27,275	16	27,259
	Obligasi INDON-171023	28,760	28/12/2018	28/03/2019	25,972	195	25,777
	Obligasi INDON-110229	28,760	26/12/2018	26/03/2019	25,056	191	24,865
	Obligasi INDON-250422	28,760	28/12/2018	28/03/2019	24,518	184	24,334
	Obligasi ROI 27	5,752	09/10/2018	09/01/2019	5,412	3	5,409
Total foreign currencies (Notes 62B.(v))		3,188,046			2,818,343	16,265	2,802,078
Total		17,953,046			16,638,754	27,226	16,611,528

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28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (continued)

December 31, 2017							
Rupiah	Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Related Parties							
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	205,955	535,605
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
	Bonds FR0059	5,000	28/12/2017	02/01/2018	4,714	-	4,714
Total Rupiah		3,077,742			3,502,714	975,778	2,526,936
Foreign currencies							
Third Parties							
	Bonds KSA-261021	149,242	18/12/2017	05/01/2018	138,819	51	138,768
	Bonds ADGB-030521	135,675	18/12/2017	05/01/2018	127,103	47	127,056
	Bonds INDOIS-100924	94,973	07/11/2017	07/02/2018	95,934	167	95,767
	Bonds INDOIS-290322	81,405	07/11/2017	07/02/2018	79,394	139	79,255
	Bonds INDON-130320	67,837	07/11/2017	07/02/2018	70,693	123	70,570
	Bonds INDOIS-211122	67,838	07/11/2017	07/02/2018	66,615	116	66,499
	Bonds ADGB-030526	67,837	18/12/2017	05/01/2018	63,938	23	63,915
	Bonds KSA-261026	67,837	18/12/2017	05/01/2018	63,680	23	63,657
	Bonds INDON-171023	54,270	07/11/2017	07/02/2018	58,419	102	58,317
	Bonds INDOIS-280525	54,270	07/11/2017	07/02/2018	55,104	96	55,008
	Bonds INDON-150125	54,270	07/11/2017	07/02/2018	54,845	96	54,749
	Bonds INDON-050521	40,703	07/11/2017	07/02/2018	41,717	73	41,644
	Bonds INDOIS-290327	40,703	07/11/2017	07/02/2018	40,008	70	39,938
	Bonds INDON-171023	27,135	07/11/2017	07/02/2018	29,209	51	29,158
	Bonds INDOIS-290326	27,135	07/11/2017	07/02/2018	27,461	48	27,413
	Bonds INDOIS-100924	27,135	07/11/2017	07/02/2018	27,410	48	27,362
	Bonds INDON-250422	27,135	07/11/2017	07/02/2018	26,918	47	26,871
Total foreign currencies (Note 62B.(v))		1,085,400			1,067,267	1,320	1,065,947
Total		4,163,142			4,569,981	977,098	3,592,883

29. ACCEPTANCES PAYABLE

a. By currency, related parties and third parties:

	December 31, 2018	December 31, 2017
Rupiah:		
Payable to other banks		
Related parties (Note 56)	4,205,778	352,826
Third parties	3,380,566	5,751,664
Payable to debtors		
Related parties (Note 56)	475,412	79,599
Third parties	636,251	373,212
Total	8,698,007	6,557,301
Foreign currencies:		
Payable to other banks		
Related parties (Note 56)	-	160,786
Third parties	4,882,355	5,622,030
Payable to debtors		
Related parties (Note 56)	7,610	9,683
Third parties	300,890	194,694
Total (Note 62B.(v))	5,190,855	5,987,193
	13,888,862	12,544,494

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29. ACCEPTANCES PAYABLE (continued)

b. By maturity:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	1,872,875	1,639,619
1 - 3 months	3,798,051	3,411,192
3 - 6 months	3,026,255	1,506,490
6 - 12 months	826	-
Total	8,698,007	6,557,301
Foreign currencies:		
Less than 1 month	1,308,948	1,420,703
1 - 3 months	2,263,324	2,511,765
3 - 6 months	1,606,715	1,846,407
6 - 12 months	11,868	167,809
More than 12 months	-	40,509
Total (Note 62B.(v))	5,190,855	5,987,193
	13,888,862	12,544,494

30. DEBT SECURITIES ISSUED

By type and currencies:

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties (Note 56)		
Bonds	10,013,700	8,488,200
Subordinated notes sharia <i>mudharabah</i>	58,000	58,000
Total	10,071,700	8,546,200
Third parties		
Bonds	8,672,082	7,956,693
Subordinated notes sharia <i>mudharabah</i>	317,000	317,000
Mandiri travelers' cheques	66,118	67,395
Total	9,055,200	8,341,088
	19,126,900	16,887,288
Less: Unamortised debt issuance cost	(37,977)	(43,693)
Net	19,088,923	16,843,595

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30. DEBT SECURITIES ISSUED (continued)

By type and currencies (continued):

Bonds

On September 21, 2018, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase III 2018 ("Bond I Phase III") with total nominal value Rp3,000,000 as below:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Sustainable Bond I Phase III	3,000,000	8.50%	September 21, 2023

Sustainable bond I phase III is offered at 100% (one hundred percent) of the principal amount of bonds. The Interest is paid on quarterly basis with the first interest payment was made on December 21, 2018, while the last interest payment and due date of the bonds principal on September 21, 2023 which is also the due date of the principal amount of bonds. The trustee of the bond issuance is PT Bank Permata Tbk.

On June 15, 2017, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase II 2017 ("Bond I Phase II") with total nominal value of Rp6,000,000, which consist of 4 (four) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,000,000	8.00%	June 15, 2022
Series B	3,000,000	8.50%	June 15, 2024
Series C	1,000,000	8.65%	June 15, 2027
Series D	1,000,000	7.80%	June 15, 2020

Sustainable Bond I Phase II Series A, Series B and Series C are offered at 100% (one hundred percent) of the principal amount of the bonds. The interest of the bond is paid on quarterly basis, with the first payment made on September 15, 2017 while the last interest payment date of the interest and due date of the bonds principal on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C which falls due at the maturity of each series of the bond. Sustainable Bond I Phase II Series D are offered without interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the bonds, which due on June 15, 2020. The payments of the bonds will fully paid by the due date. The trustee of the Continuous Bonds I Phase II issuance is PT Bank Tabungan Negara (Persero) Tbk.

On September 30, 2016, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase I 2016 ("Sustainable Bonds I Phase I") with total nominal value of Rp5,000,000 which consist of 3 (three) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,100,000	7.95%	September 30, 2021
Series B	1,500,000	8.50%	September 30, 2023
Series C	2,400,000	8.65%	September 30, 2026

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30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

The interest of Sustainable Bonds I Phase I is paid on quarterly basis, with the first interest payment was made on December 30, 2016 while the last interest payment and due date of the bonds' principal will fall on September 30, 2021 for series A; September 30, 2023 for series B; and September 30, 2026 for series C. The Trustee for Sustainable Bonds I Phase I issuance is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorized as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

Bank Mandiri, without a written approval from the Trustee will not: (i) reducing the Bank's issued and fully paid up capital except such a reduction is conducted based on regulations from the Government of Indonesia or Bank Indonesia; (ii) changing in its main business; (iii) conducting merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

The bonds are not guaranteed by special collateral, not guaranteed referred and in accordance with to Article 1131 and Article 1132 of the Indonesian Civil Law, all the assets of the Bank, either moving objects and objects that are not moving, present or future, shall be regarded as securities for the Bank's agreements including those bonds.

As of December 31, 2018 and 2017, the Pefindo's rating of Sustainable Bonds I Phase I and Phase II was rated idAAA (triple A). Rating for Sustainable Bond I Phase III, based on Pefindo's Rating as of December 31, 2018 was rated idAAA (triple A).

On July 11, 2017, The Subsidiary (Bank Mandiri Taspen) issued and registered the Sustainable Bond I Bank Mantap year 2017 to Indonesia Stock Exchange with total nominal value of Rp2,000,000 in which comprised of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Seri A	1,500,000	8.50%	July 11, 2020
Seri B	500,000	8.75%	July 11, 2022

Bonds interest were paid on quarterly basis, with the first interest payment was made on October 11, 2017, while the last interest payment and maturity of the bonds on July 11, 2020 for Series A and July 11, 2022 for Series B that also the date for principal repayment for each bonds.

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30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Trustee for Bond I Bank Mantap on 2017 is PT Bank Tabungan Negara (Persero) Tbk, on December 31, 2018 and 2017, rank of Bond I Bank Mantap on 2017 according to PT Fitch Rating Indonesia is AA (idn).

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorized as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

On June 6, 2017 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase II 2017 ("Sustainable Bonds III phase II") to the Indonesia Stock Exchange with total nominal value of Rp850,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	610,000	8.50%	June 6, 2020
Series B	240,000	8.85%	June 6, 2022

The trustee for Sustainable Bonds III Phase II issuance is PT Bank Mega Tbk.

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase I 2016 ("Sustainable Bonds III phase I") to the Indonesia Stock Exchange with total nominal value of Rp500,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	400,000	8.20%	October 7, 2019
Series B	100,000	8.55%	October 7, 2021

The trustee for Sustainable Bonds III Phase I is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

As of December 31, 2018 and 2017, based on Pefindo's rating, the Sustainable Bonds III Phase II and I was rated idAA+ (double A plus).

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30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

On June 1, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Mandiri Tunas Finance Phase II 2016 ("Sustainable Bonds II Phase II") to the Indonesia Stock Exchange with total nominal value of Rp1,400,000, which comprise of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	720,000	8.95%	June 1, 2019
Series B	680,000	9.25%	June 1, 2021

The trustee for Sustainable Bonds II Phase II issuance is PT Bank Mega Tbk.

On December 18, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Phase I 2015 ("Sustainable Bonds II Phase I") to the Indonesia Stock Exchange with total nominal value of Rp600,000, which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Series A	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Sustainable Bonds II Phase I issuance is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

The Sustainable Bonds II Phase I and II based on Pefindo's rating as of December 31, 2018 and 2017 are rated idAA+ (double A plus).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Sustainable Bonds I phase III Year 2015 ("Sustainable Bonds I phase III") at the Indonesian Stock Exchange with total nominal value of Rp150,000 as follows:

<u>Bonds</u>	<u>Nominal value</u>	<u>Fixed interest rate per annum</u>	<u>Maturity date</u>
Sustainable Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for the Sustainable Bonds I Mandiri Tunas Finance Phase III issuance is PT Bank Mega Tbk.

On May 23, 2014, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds I Mandiri Tunas Finance Phase II 2014 ("Sustainable Bonds I Phase II") to the Indonesia Stock Exchange with total nominal value of Rp600,000, which consist of 2 (two) series:

<u>Bonds</u>	<u>Nominal Value</u>	<u>Fixed Interest rate per annum</u>	<u>Maturity Date</u>
Series A	425,000	10.70%	May 23, 2017
Series B	175,000	10.85%	May 23, 2018

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30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

The trustee for the Sustainable Bonds I Phase II issuance is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

Sustainable Bond I Phase II Series A at principal value amounting to at Rp425,000, Sustainable Bond I Phase II Series B at principal value amounting to Rp175,000 and Sustainable Bond I Phase III at principal value amounting to Rp150,000 was fully paid on due date.

Rank of Sustainable Bond I Phase III and Phase II series B based on Pefindo's rating on December 31, 2017 are rated idAA+ (double A plus).

On December 31, 2018, all debt securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounting to Rp1,643,197 (December 31, 2017: Rp2,003,301) (Note 13f) and net investment finance leases amounting to Rp66,803 (December 31, 2017: Rp201,699) (Note 14f).

Subordinated sukuk *mudharabah*

On December 22, 2016, the Subsidiary (PT Bank Syariah Mandiri, "BSM") has issued subordinated sukuk *mudharabah* ("sukuk *mudharabah*") BSM 2016 with total nominal value of Rp375,000. Sukuk *Mudharabah* are long term securities debt with tenor 7 years the following terms and conditions as follow:

- Profit sharing is calculated by multiplying at the revenue-sharing portion of the *mudharabah* sukuk holders and revenue which can be shared and based on the available last-quarter unaudited financial statements and approved by BSM's Directors not later than 10 (ten) days before the due date of the profit sharing.
- The profit sharing was generated from the revenue of BSM's portfolio in Rupiah (blended) amounting to 7 (seven) times of sukuk *mudharabah* Funds denominated in rupiah which held by the issuer, which generated from one (1) quarter as stated in BSM's unaudited financial statements.
- The *Nisbah* of the sukuk *mudharabah* holders' is 27.07% per annum of the profit sharing which is paid on quarterly basis.

Sukuk *mudharabah* is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and is not included in the Bank guarantee program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation article 17 paragraph (1) letter f of OJK's Regulation No. 21/POJK.03/2014 dated November 18, 2014 concerning the minimum capital requirement for sharia banks. Sukuk *mudharabah* are subordinated Subsidiary's liability.

During the validity period of sukuk *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) at minimum 12% (twelve percent); (ii) ensure sukuk *mudharabah* holders at maximum 50 (fifty) investors; (iii) submit to the trustee as follows: the financial statements (audited) at maximum the 4th month after the date of financial statements, quarterly financial statements (unaudited) at maximum the 1st month after the date of financial statements, the financial statements which used to calculate the profit sharing and BSM's soundness rating report and self-assessment of Good Corporate Governance implementation to the OJK.

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30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Subordinated notes sharia *mudharabah* (continued)

BSM without written approval from the monitoring agent, will not do the following: (i) reduce the issued and paid-in capital; (ii) undergo a change in its main business; (iii) undergo a merger, consolidation, reorganization, except such changes are in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) conduct a merger, consolidation, acquisition with another entity that will result in the dissolution of BSM.

Acting as the trustee of subnotes *mudharabah* is PT Bank Mandiri (Persero) Tbk. The rating of subordinated notes as of December 31, 2018 and 2017, based on Pefindo's rating is idAA- (double A minus sharia).

Bank Mandiri and the subsidiaries have paid the interest of debt securities issued in accordance to schedule interest payment during the year ended December 31, 2018 and 2017.

During the year ended December 31, 2018 and 2017, Bank Mandiri and the subsidiaries have fulfilled the requirements as set out in the agreement of issued marketable securities.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a. Transactions of commitments and contingencies in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	December 31, 2018	December 31, 2017
Rupiah:		
Bank guarantees issued (Note 54)	51,577,755	49,154,361
Committed unused loan facilities	21,557,890	20,185,442
Outstanding irrevocable letters of credit (Note 54)	8,262,298	4,727,760
Standby letters of credit (Note 54)	1,772,782	1,447,980
Total	83,170,725	75,515,543
Foreign currencies:		
Bank guarantees issued (Note 54)	30,536,330	30,533,617
Committed unused loan facilities	15,370,389	15,427,279
Outstanding irrevocable letters of credit (Note 54)	11,483,630	11,094,762
Standby letters of credit (Note 54)	11,358,907	10,830,638
Total	68,749,256	67,886,296
	151,919,981	143,401,839

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2018	December 31, 2017
Current	151,436,895	142,507,867
Special mention	433,564	639,362
Substandard	23,487	207,574
Doubtful	5,204	3,127
Loss	20,831	43,909
Total	151,919,981	143,401,839
Less: Allowance for impairment losses	(125,729)	(381,771)
Commitments and contingencies - net	151,794,252	143,020,068

c. Movements of allowance for impairment losses on commitments and contingencies:

	December 31, 2018	December 31, 2017
Beginning balance	381,771	207,401
(Reversal)/allowance during the year	(270,973)	173,402
Others*	14,931	968
Ending balance	125,729	381,771

*) Including the effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as of December 31, 2018 and 2017 were amounted to Rp3,785,146 and Rp3,069,449, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2018	December 31, 2017
Fixed asset and software procurement	1,700,712	1,267,246
Interest expense	1,555,932	1,419,253
Outsourcing expenses	401,594	359,249
Promotions	352,394	295,548
Employee related costs: training, uniform, recreation and others	43,718	60,842
Professional service costs	37,756	50,984
Others	743,361	485,349
Total	4,835,467	3,938,471

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32. ACCRUED EXPENSES (continued)

Included in the fixed asset and software procurement are payables to vendors related with operational and maintenance activities for buildings, equipments, software, ATM machines and Group IT System.

Others consists of accrued expenses related to fees to be paid to OJK and Bank's operational activities, such as data communication costs and costs of electricity, water and gas.

33. TAXATION

a. Prepaid taxes

	December 31, 2018	December 31, 2017
Bank Mandiri	1,091,292	2,403,973
Subsidiaries	144,735	284,076
Total	1,236,027	2,688,049

b. Taxes payable

	December 31, 2018	December 31, 2017
Current income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	183,320	114,149
Subsidiaries		
Corporate Income Tax - Article 29	149,175	187,151
	<u>332,495</u>	<u>301,300</u>
Others income taxes payable		
Bank Mandiri		
Income Tax		
Article 21	161,721	159,344
Article 4 (2)	297,794	263,387
Others	131,796	129,662
	<u>591,311</u>	<u>552,393</u>
Subsidiaries	164,143	156,139
	<u>755,454</u>	<u>708,532</u>
Total	1,087,949	1,009,832

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33. TAXATION (continued)

c. Tax expense/(benefit)

	Year ended December 31,	
	2018	2017
Tax expense - current:		
Bank Mandiri		
Current year	5,022,275	4,903,592
Prior year	1,313,347	-
Subsidiaries	896,433	689,701
	<u>7,232,055</u>	<u>5,593,293</u>
Tax expense/(benefit) - deferred:		
Bank Mandiri	905,622	183,757
Subsidiaries	(46,245)	(63,229)
	<u>859,377</u>	<u>120,528</u>
Total	<u>8,091,432</u>	<u>5,713,821</u>

As explained in Note 2ad, income tax for Bank Mandiri and its Subsidiaries are calculated for each company as a separate legal entity.

d. Tax expense - current

The reconciliation between income before tax as shown in the consolidated statements of comprehensive income and income tax calculation and the related estimate of the current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	Year ended December 31,	
	2018	2017
Consolidated income before tax expense and non-controlling interests	33,943,369	27,156,863
Less:		
Income before tax expense of Subsidiaries - after elimination	(3,559,469)	(2,687,765)
Impact of changes in presenting investment from equity method to cost method	936,182	628,967
	<u>31,320,082</u>	<u>25,098,065</u>
Income before tax expense and non-controlling interests - Bank Mandiri only	31,320,082	25,098,065
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(2,290,412)	328,999
Others	9,817	9,682

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33. TAXATION (continued)

d. Tax expenses - current (continued)

The reconciliation between income before tax as shown in the consolidated statements of comprehensive income and income tax calculations and the related estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows (continued):

	Year ended December 31,	
	2018	2017
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(4,453,592)	(1,230,105)
Allowance for impairment losses on financial assets other than loans	405,181	(409,240)
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	361,542	732,945
Allowance for estimated losses arising from legal cases	(6,789)	(78,150)
Provision for estimated losses on commitments and contingencies	(236,168)	156,265
Allowance for possible losses of repossessed assets	42,087	-
Depreciation of fixed assets	(40,307)	(41,970)
Unrealised losses/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	17,629	(10,780)
Allowance for possible losses of abandoned properties	(17,693)	(37,750)
Estimated taxable income	<u>25,111,377</u>	<u>24,517,961</u>
Estimated tax expense - current		
Bank Mandiri only		
Tax expense - current: current year	5,022,275	4,903,592
Tax expense - current: prior year	1,313,347	-
Subsidiaries	896,433	689,701
Total	<u>7,232,055</u>	<u>5,593,293</u>

The tax on Bank Mandiri and Subsidiaries (Group's) profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities are follows:

	Year ended December 31,	
	2018	2017
Consolidated income before tax expense and noncontrolling interest	33,943,369	27,156,863
Tax calculated at applicable tax rates	7,153,884	5,691,555
Income tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax income	(263,599)	(246,346)
- Expense not deductible for tax purposes	68,187	312,146
- Prior year tax audit result	1,313,347	-
Estimated taxable income	<u>1,117,935</u>	<u>65,800</u>
Subsidiaries	<u>(180,387)</u>	<u>(43,534)</u>
Total tax effect	937,548	22,266
Income tax expense	<u>8,091,432</u>	<u>5,713,821</u>

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33. TAXATION (continued)

d. Tax expense - current (continued)

According to the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the Annual Corporate Income Tax Returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fulfilling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated June 10, 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated March 9, 2010 and Regulation of the Minister of Finance No. 207/PMK.010/2015 dated November 20, 2015.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No. 56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate Tax payers, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements which are at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the tax payer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

Tax payer should include the certificate from Securities Administration Agency in the Annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No. X.H.1 for each respective fiscal year.

Based on Certificate No. DE//2019-0139 dated January 4, 2019 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 2, 2019 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, OJK (formerly "Bapepam-LK") will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank's corporate income tax for the year ended December 31, 2018 are calculated using the tax rate of 20%.

The Bank believes that it can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2018.

The calculation of income tax for the year ended December 31, 2018 as described above will be used as the basis for filling the Annual Tax Return (SPT) of Corporate Income Tax.

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33. TAXATION (continued)

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax are as follows:

	December 31, 2018			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	2,061,470	(811,715)	-	1,249,755
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,534,811	72,308	(197,681)	1,409,438
Loans write-off until 2008	1,160,148	(199,003)	-	961,145
Unrealized gain/(loss) from increase/(decrease) Marketable securities and government bonds - available to sale	(152,976)	-	709,603	556,627
Allowance for impairment losses on financial assets other than loans	362,759	81,036	-	443,795
Estimated losses on commitments and contingencies	69,882	(47,234)	-	22,648
Allowance for estimated losses arising from legal cases	35,450	(1,357)	-	34,093
Allowance for possible losses on abandoned properties	21,628	(3,539)	-	18,089
Unrealised gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	1,348	3,526	-	4,874
Allowance for possible losses on repossessed assets	1,994	8,418	-	10,412
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	(1)	-	1,968
Accumulated losses arising from difference in net realisable value of abandoned properties	123	-	-	123
Deferred tax assets	5,098,606	(897,561)	511,922	4,712,967
Deferred tax liabilities:				
Net book value of fixed assets	(128,880)	(8,061)	-	(136,941)
Deferred tax assets - Bank Mandiri only	4,969,726	(905,622)	511,922	4,576,026
Deferred tax assets - Subsidiaries	594,593			421,596
Total consolidated deferred tax assets - net	5,564,319			4,997,622

	December 31, 2017			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	2,261,427	(199,957)	-	2,061,470
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,247,207	146,589	141,015	1,534,811
Loans write-off until 2008	1,206,212	(46,064)	-	1,160,148
Allowance for impairment losses on financial assets other than loans	444,607	(81,848)	-	362,759
Estimated losses on commitments and contingencies	38,629	31,253	-	69,882

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2017 (continued)			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri (continued)				
Deferred tax assets (continued):				
Allowance for estimated losses arising from legal cases	51,080	(15,630)	-	35,450
Allowance for possible losses on abandoned properties	29,127	(7,499)	-	21,628
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	3,504	(2,156)	-	1,348
Accumulated losses arising from difference in net realisable value of abandoned properties	174	(51)	-	123
Deferred tax assets	5,285,930	(175,363)	141,015	5,251,582
Deferred tax liabilities:				
Net book value of fixed assets	(120,486)	(8,394)	-	(128,880)
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds - available for sale	270,145	-	(423,121)	(152,976)
Deferred tax assets - Bank Mandiri only	5,435,589	(183,757)	(282,106)	4,969,726
Net deferred tax assets - Subsidiaries	554,512			594,593
Total consolidated deferred tax assets - net	5,990,101			5,564,319

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available to be utilised against the temporary difference, which results in deferred tax assets.

f. Tax assessment letter

Fiscal year 2010

According to the tax audit result by Tax Office on December 6, 2012, the Bank received Underpayment Tax Assessment Letters (SKPKB) which stated underpayment of corporate income tax related to loan written-offs and Value Added Tax (VAT) including Tax Collection Letter (STP) for fiscal year 2010 totalled to Rp1,108,071.

Management disagree with the Underpayment Tax Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the underpayment tax amount and recorded it as prepaid tax as of December 31, 2018 and 2017.

In December 2013, the Tax Office has issued a decision letter to the Bank's objection letters on VAT and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to VAT. The Bank disagreed with the above decision letter and has submitted an appeal on the above decision letter to the Tax Court in March 2014.

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33. TAXATION (continued)

f. Tax assessment letter (continued)

Fiscal year 2010 (continued)

On February 21, 2014, Tax Office has issued a decision letter to the Bank's objection letters on underpayment tax on corporate income tax and Tax Office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on May 19, 2014.

In April and May 2016, the Tax Court has uttered their decision to approve majority of the appeal submitted on the letter of objection on VAT and reject the appeal submitted for the letter of objection on income tax. The Bank disagrees with the decision and has requested for a judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. On May 17, 2018 Supreme Court of Republic of Indonesia accepted the judicial review's request on the Tax Court's decision on the income tax.

The Tax Office has submitted an appeal to the Supreme Court on Tax Court's decision to approve majority of Bank's appeal on VAT objection result. Until the date of this consolidated financial statements, the result has not been known yet.

On November 15, 2018, Bank has submitted a letter No.KEU/1328/2018 to the Tax Office to request for compensating the tax payment of Rp1,080,790 for installment of tax payment for month March, April and May 2019. Until the date of this consolidated financial statements the Bank is still waiting for the approval.

Fiscal year 2013

According to the tax audit result by Tax office, on December 16, 2014, Tax Office has issued Underpayment Tax Assessment Letter (SKPKB) which stated underpayment of corporate tax expense in relation to the use of tax rate for 2013 fiscal year of Rp1,313,347 (including penalties).

Management disagree with the Underpayment Tax Assessment Letter and has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the underpayment tax amount and recorded it as prepaid tax.

On March 7, 2016 the Tax Office has issued an objection letter rejecting the Bank's objection. The Bank has submitted an appeal over the objection letter issued to Tax Court on June 2, 2016.

On October 30, 2017, the Tax Court has uttered their decision to reject the Bank's objection. The Bank disagreed and has submitted a request for judicial review on the Tax Court's decision to the Supreme Court of the Republic of Indonesia on February 7, 2018. On July 31, 2018, the Supreme Court rejected the Bank's judicial review request on the Tax Court's decision. Because of the result on 31 December 2018, has charged the tax payment which was previously recorded as prepaid tax to current tax expense - prior year in the current year consolidated statement of profit or loss amounted to Rp1,313,347.

Fiscal year 2016

As of the date of this consolidated financial statements, the Bank is currently in the review process for all types of taxes by the tax office and the result has not been known yet.

34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2018	December 31, 2017
Rupiah		
Provision for post-employment benefit (Note 51)	3,563,484	4,030,761
Provisions for bonuses, leave and holiday entitlements	4,424,403	4,246,627
Total	7,987,887	8,277,388

These consolidated financial statements are originally issued in the Indonesian language.

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34. EMPLOYEE BENEFIT LIABILITIES (continued)

Accordance provision for post-employment benefit such as pension fund and other long term remuneration is in according to Bank and Subsidiaries' policy which had been calculated using actuarial calculation.

35. OTHER LIABILITIES

	December 31, 2018	December 31, 2017
Rupiah:		
Liability to policy holders	4,162,783	4,752,207
Payable to customers	1,081,030	2,285,484
Liability related to ATM and credit card transactions	980,463	2,215,373
Guarantee deposits	879,759	909,499
Deferred income (directly attributable)	743,065	693,670
Deferred income (not directly attributable)	638,105	494,919
Liabilities related to unit-link	273,546	281,493
Payable from purchase of marketable securities	395,957	120,724
Customers transfer transaction	228,339	103,155
Others	3,094,329	4,681,004
Total	12,477,376	16,537,528
Foreign currencies:		
Customers transfer transactions	1,249,349	1,379,912
Other liabilities related to UPAS transactions	632,896	586,311
Guarantee deposits	515,537	598,017
Deferred income (not directly attributable)	238,156	259,811
Payable from purchase of marketable securities	92,413	88,154
Deferred income (directly attributable)	5,843	32,999
Others	583,567	1,013,645
Total (Note 62B.(v))	3,317,761	3,958,849
	15,795,137	20,496,377

Liabilities to policyholders consist of liabilities of the Subsidiaries (AXA Mandiri Financial Services, Mandiri AXA General Insurance (only for December 31, 2017) and PT Asuransi Jiwa Indonesia InHealth) as follows:

	December 31, 2018	December 31, 2017
Future policy benefits from non unit-link products	3,380,188	3,062,182
Unearned premiums	438,968	1,202,818
Estimated claim liabilities	234,369	375,892
Claim payables	109,259	111,315
Total	4,162,784	4,752,207

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

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35. OTHER LIABILITIES (continued)

Liability related to ATM and credit card transactions consist of liabilities from ATM transactions within ATM Bersama, ATM Link and ATM Prima and liabilities to Visa and Master Card for credit card transactions.

Liabilities related to unit-link represents unit-link liabilities to third parties and liabilities to unit-link policyholders' of subsidiary (AXA Mandiri Financial Services).

Customers transfer transactions represent transfer funds in various currencies that need to be settled to customers accounts.

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

Other liabilities related to UPAS transaction is a liability to the issuing bank in foreign currency in relation to UPAS receivable to importers.

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortised loan granted.

Payable from purchase of marketable securities represent payable arising from securities's purchase transaction which have been paid respectively on January 4, 2019 and January 3, 2018 for December 31, 2018 and 2017.

Non directly attributed unearned income consists of deferred fees/commissions that are not directly related to the unamortised loan granted.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

36. FUND BORROWINGS

	December 31, 2018	December 31, 2017
Rupiah:		
Related Party		
(f) Others (Note 56)	423,686	-
Third parties		
(e) Repo to maturity	494,301	494,301
(a) Ministry of Public Work and Housing (Kemenpupera)	218,192	135,401
(f) Others	7,530,934	6,106,886
Total	8,667,113	6,736,588
Foreign currencies:		
Third parties		
(b) Direct off-shore loans	17,505,088	13,602,722
(d) Trade financing facilities	12,868,015	7,318,310
(c) Bilateral loans	5,750,503	5,424,830
(e) Repo to Maturity	2,153,958	-
(f) Others	4,709,305	2,621,229
Total (Note 62B.(v))	42,986,869	28,967,091
	51,653,982	35,703,679

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36. FUND BORROWINGS (continued)

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents Housing Financing Liquidity Facility (*Fasilitas Likuiditas Pembiayaan Perumahan*) (FLPP) with financing sharing of 70.00% from *Kementerian Pekerjaan Umum dan Perumahan Rakyat* and 30.00% from Bank Mandiri in accordance to mutual agreement with *Kementerian Perumahan Rakyat* No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 on February 15, 2012 about amendment of mutual agreement between *Kementerian Perumahan Rakyat* No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 about distribution of housing Financing Liquidity Facility (FLPP) for the provision of housing through Home Ownership Financing. The Mutual Agreement was followed up by Operational Mutual Agreement between *Badan Layanan Umum Pusat Pembiayaan Perumahan Kementerian Perumahan Rakyat* Republic of Indonesia year 2012, that has been renewed in 2017 with Operational Mutual Agreement No.HK.02.03-Sg.DL/67/2017 and No. DIR.PKS/119/2017 on December 21, 2017 about funding FLPP Funds for home ownership for Low-Income Communities (MBR) and there is a change in composition of the financing to become 90% funds from kemenpupera and 10% funds from PT Bank Mandiri (Persero) Tbk.

In 2018 there was a change of funding sharing composition to become 75% from PPDPP Kemenpupera and 25% from PT Bank Mandiri (Persero) Tbk. Based on Operational Mutual Agreement No. 51/PKS/Sg/2018 and DIR.PKS/45/2018 about distribution of (FLPP) through home credit for Low-income Community on August 14, 2018, updated with the Operational Cooperation Agreement No. 118/PKS/Sg/2018 and No. DIR.PKS/60/2018 date December 21, 2018 concerning Distribution of FLPP Funds for home ownership for Low-Income Communities (MBR).

Outstanding balance as of December 31, 2018 and 2017 are Rp218,192 and Rp135,401, respectively. These facilities are subject to a certain rate by the Government. The period of loan and repayment schedule are maximum of 240 months (20 years) with the first installment starting in the next month (for disbursement date 1st to 10th) and starting the next two months for disbursement starting 11th until the end of the month), repayment of principal and interest to Kemenpupera should be implemented no later than the 10th of each month.

(b) Direct off-shore loans

The details of direct off-shore loans are as follows:

	December 31, 2018	December 31, 2017
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,366,975	9,464,055
- Tranche B	3,711,915	3,961,828
United Overseas Bank Limited, Singapore	2,876,000	-
Oversea-Chinese Banking Corporation Limited, Singapore	1,438,000	-
Agence Française de Développement, France	112,198	176,839
Total	17,505,088	13,602,722

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China

December 31, 2018						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	653,333,333	9,394,933
Less:						
Unamortised issuance costs					(1,944,200)	(27,958)
					651,389,133	9,366,975
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,781,192,000	3,723,707
Less:						
Unamortised issuance costs					(5,640,699)	(11,792)
					1,775,551,301	3,711,915
December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,497,250
Less:						
Unamortised issuance costs					(2,446,686)	(33,195)
					697,553,314	9,464,055
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,976,460
Less:						
Unamortised issuance costs					(7,022,446)	(14,632)
					1,901,397,554	3,961,828

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral loan agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) which will be matured in 10 (ten) years since the agreement date with an interest rate of LIBOR 6 (six) months plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing in 10 (ten) years since the agreement date with SHIBOR interest rate of 6 (six) months plus a certain margin. The loan was disbursed on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015. Until December 31, 2018 the Bank has already paid for this loan amounted to USD46,666,667 (full amount) and CNY127,228,000 (full amount).

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

United Overseas Bank Limited, Singapore

December 31, 2018

Type	Arranger	Maturity date	rate per annum	Nominal amount	
				Interest currency (full amount)	Foreign Rupiah equivalent
<i>Bilateral loan</i>	United Overseas Bank Limited, Singapore	January 9, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
<i>Bilateral loan</i>	United Overseas Bank Limited, Singapore	February 19, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				200,000,000	2,876,000

On January 19, 2018 and February 20, 2018, Bank Mandiri obtained a loan facility without collateral from United Overseas Bank Limited, Singapore each amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facilities have a tenor less than 1 (one) year and will be due on January 9, 2019 and February 19, 2019. Bank Mandiri made withdrawal from each of these loan facilities amounted to USD100,000,000 (full amount) on January 19, 2018 and February 28, 2018.

Oversea-Chinese Banking Corporation Limited, Singapore

December 31, 2018

Type	Arranger	Maturity date	rate per annum	Nominal amount	
				Interest currency (full amount)	Foreign Rupiah equivalent
<i>Bilateral loan</i>	Oversea-Chinese Banking Corporation Limited, Singapore	August 7, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				100,000,000	1,438,000

On August 13, 2018, Bank Mandiri obtained a loan facility without collateral from Oversea-Chinese Banking Corporation Limited, Singapore amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facility have a tenor less than 1 (one) year and Bank Mandiri made withdrawal from this loan facility amounted to USD100,000,000 (full amount) on August 20, 2018. This loan facility will be due on August 7, 2019.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France

December 31, 2018

Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	785,714	11,298
Less:						
Unamortised issuance costs					(239)	(3)
					785,475	11,295
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	7,142,857	102,715
Less:						
Unamortised issuance costs					(125,997)	(1,812)
					7,016,860	100,903
					7,802,335	112,198

December 31, 2017

Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	2,285,714	31,012
Less:						
Unamortised issuance costs					(1,374)	(19)
					2,284,340	30,993
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	2,357,143	31,980
Less:						
Unamortised issuance costs					(2,150)	(29)
					2,354,993	31,951
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	8,571,429	116,293
Less:						
Unamortised issuance costs					(176,728)	(2,398)
					8,394,701	113,895
					13,034,034	176,839

On June 17, 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) amounted to USD100,000,000 (full amount) in order to financing the projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6 (six) months LIBOR plus a certain margin and will be used to finance the projects related to the carbon emission reduction.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On December 15, 2010, the Bank drawdown the borrowing from AFD amounted to USD30,000,000 (full amount), which have been matured on June 30, 2016. This borrowing was already fully paid on the maturity date.

On February 16, 2012, May 30, 2012 and May 31, 2012, the Bank drawdown the borrowing amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which have been or will be matured on December 31, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounting to USD40,000,000 (full amount) and USD16,000,000 (full amount) was already paid on the maturity date.

The drawdown of the above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

On November 8, 2013, Bank Mandiri signed a new second loan facility agreement or second line of credit with AFD amounted to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank drawdown the loan amounted to USD10,000,000 (full amount), which will be matured on September 30, 2023.

(c) Bilateral loans

JP Morgan, Jakarta

The details of bilateral loans are as follows:

	December 31, 2018	December 31, 2017
JP Morgan, Jakarta	5,750,503	5,424,830

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan, Jakarta (continued)

December 31, 2018						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,157,000
Less:						
Unamortised issuance costs					(40,599)	(584)
					149,959,401	2,156,416
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,595,000
Less:						
Unamortised issuance costs					(63,509)	(913)
					249,936,491	3,594,087
					399,895,892	5,750,503
December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount	
					Interest currency (full amount)	Foreign Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,035,125
Less:						
Unamortised issuance costs					(60,417)	(820)
					149,939,583	2,034,305
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,391,875
Less:						
Unamortised issuance costs					(99,553)	(1,350)
					249,900,447	3,390,525
					399,840,030	5,424,830

On November 15, 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (full amount) with an interest rate at 3 (three) months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will be matured on November 21, 2020.

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan, Jakarta (continued)

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2018	December 31, 2017
FR0053 ^{*)}	284,375	284,375
INDOIS 22 ^{**)}	60,000,000	60,000,000
ROI 21 ^{**)}	36,500,000	36,500,000
ROI 24 ^{**)}	30,000,000	30,000,000
ROI 22 ^{**)}	18,000,000	18,000,000
ROI 23 ^{**)}	17,500,000	17,500,000

^{*)} In million rupiah

^{**)} In USD (full amount)

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and have been matured on September 5, 2017. Bank Mandiri has drawdown on the loan facility amounted to USD250,000,000 (full amount) on September 2, 2014. This loan facility has been extended on October 5, 2016 and will be matured on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount	
	December 31, 2018	December 31, 2017
INDOIS 22 ^{**)}	98,500,000	98,500,000
PERTAMINA 23 ^{**)}	65,000,000	65,000,000
ROI 23 ^{**)}	37,000,000	37,000,000
ROI 21 ^{**)}	32,000,000	32,000,000
ROI 19 ^{**)}	27,295,000	27,295,000
FR0053 ^{*)}	659,947	659,947

^{*)} In million rupiah

^{**)} In USD (full amount)

(d) Trade financing facilities (bankers' acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 30 days to 365 days and bears interest at LIBOR or SIBOR plus a certain margin. The balance as of December 31, 2018 and 2017 are as follows:

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36. FUND BORROWINGS (continued)

(d) Trade financing facilities (bankers' acceptance) (continued)

	December 31, 2018	December 31, 2017
United Overseas Bank Limited, Singapore	3,147,782	1,356,750
CO Bank US, United States	2,689,060	1,356,750
Bank of Montreal, Canada	2,631,540	1,831,612
Sumitomo Mitsui Banking Corporation, Singapore	1,721,286	1,212,935
Standard Chartered Bank, Hong Kong	1,283,487	-
Citibank NA, Hong Kong	532,060	1,017,563
CO Bank, ACB	431,400	-
Landesbank Baden-Wuerttemberg, Singapore	431,400	-
Bank of Tokyo Mitsubishi UFJ, Singapore	-	542,700
Total	12,868,015	7,318,310

(e) Repo to Maturity

Rupiah

On October 31, 2014, Bank Mandiri signed a loan agreement amounted to Rp600,000 with the scheme of repo to maturity with Bank of America, Singapore Limited (BOA). In this transaction, Bank Mandiri transferred Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which amounted to Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognised receivables amounted to cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on July 25, 2020, which match with the maturity date of VR0031. On the maturity date, the settlement will be made at net of loan and receivable between Bank Mandiri and BOA.

On November 19, 2014, BOA sent transfer notice which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha.

Foreign Currencies

On May 25, 2018, Bank Mandiri entered into borrowing transaction amounted to USD24,926,000, USD31,270,000 and USD34,782,000 through repo to maturity scheme with Nomura Singapore Limited (NSL). In this repo to maturity transactions, Bank Mandiri transferred government bonds ROI 23NN, ROI 24 and ROI 25 to NSL. Upon the transfer of government bonds ROI 23NN, ROI 24 and ROI 25, Bank Mandiri recognised receivables at the amount of cash value of ROI 23NN, ROI 24, and ROI 25 to NSL. This loan facilities have 5 (five), 6 (six) and 7 (seven) years tenor and will be due in at the same date of the maturity date of ROI23 NN, ROI 24 and ROI 25 on January 11, 2023, January 15, 2024 and January 15, 2025. On the maturity date, the settlement of the transaction will be at net basis between borrowing and receivables of Bank Mandiri and NSL.

On November 15, 2018, Bank Mandiri entered into borrowing transaction of USD58,810,427.91 (full amount) through the cross currency repo to maturity scheme with JP Morgan Chase (JPM) Jakarta. Bank Mandiri transferred FR0031 government bonds to JPM. For the transfer of Rupiah denominated FR0031 government bonds, Bank Mandiri recognized receivables at cash value of FR0031 to JPM. This loan facility has a tenor of 2 (two) years which will mature at the same date of to maturity of FR0031 at November 15, 2020. On the maturity date, JPM submit cash value (IDR) to Bank Mandiri at the amount of underlying face value plus the last underlying coupon, and Bank Mandiri will send the cash value (USD) to JPM at the borrowing amount plus the last borrowing interest payment.

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36. FUND BORROWINGS (continued)

(f) Others

	December 31, 2018	December 31, 2017
Rupiah:		
Related parties		
PT Bank Negara Indonesia Tbk.	224,486	-
PT Bank Rakyat Indonesia (Persero) Tbk.	199,200	-
	423,686	-
Third parties		
PT Bank Pan Indonesia Tbk.	2,632,355	2,540,738
PT Bank Central Asia Tbk.	1,184,063	626,268
Bank of Tokyo - Mitsubishi UFJ	700,000	-
PT Bank DKI	643,550	546,015
PT Bank Permata Tbk.	395,109	50,000
PT Bank Maybank Indonesia Tbk.	374,308	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	334,526	685,138
PT Bank KEB Hana Indonesia	311,809	378,863
PT Bank UOB Indonesia	223,144	-
PT Bank Danamon Indonesia Tbk.	162,397	117,617
PT Bank HSBC Indonesia	150,000	-
PT Bank Tabungan Pensiunan Nasional Tbk.	150,000	-
PT Bank CIMB Niaga Tbk.	146,183	25,000
PT Bank Ina Perdana Tbk.	99,926	148,675
PT Bank BPD DIY	23,564	40,275
PT Bank Mega Tbk.	-	798,297
PT Bank Sumut	-	100,000
PT Bank MNC Internasional Tbk.	-	50,000
	7,530,934	6,106,886
Total	7,954,620	6,106,886
Foreign currencies:		
Third parties		
Bank of Tokyo-Mitsubishi UFJ	4,116,308	2,586,004
Bank of China	579,240	-
PT Bank UOB Indonesia	13,757	-
PT Bank ANZ Indonesia	-	35,225
Total	4,709,305	2,621,229
	12,663,925	8,728,115
Rupiah		

PT Bank Pan Indonesia Tbk.

On November 12, 2012 and the latest amendment on October 13, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provide several non revolving term loan facilities with a total limit of Rp4,580,000 and bears a fixed interest rate. These facilities have various maturity dates ranging from October 2018 until March 2021.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Pan Indonesia Tbk. (continued)

On May 26, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provides non revolving working capital facilities with total limit of Rp400,000 and revolving money market line facility with a limit of Rp100,000. These facilities bears an 9% - 9.75% of interest rate of the drawdown for the working capital facility and market interest rates of the drawdown for the money market line facility. The working capital facility will be mature on December 31, 2021 and money market line facility was matured on May 26, 2018. The money market line facility was matured on May 26, 2018 was extended up to June 25, 2018, therefore this facility will mature on May 26, 2019.

On March 21, 2018, The Subsidiary (PT Mandiri Utama Finance) obtained an extra non revolving working capital loan facility amounted to Rp1,000,000, this facility is subject to interest rate of 8.5% - 9% at the time of withdrawal, the facility is due on August 21, 2022.

As of December 31, 2018 and 2017, borrowing from Panin was amounted to Rp2,632,355 and Rp2,540,738, respectively.

PT Bank Central Asia Tbk.

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement which BCA provides a revolving overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and latest amendment of this facility was on March 8, 2016. This facility will be matured on March 12, 2019.

On July 19, 2013 and the latest updated on January 17, 2018, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered several loan agreements which BCA provides some non revolving term loan facilities with a total limit of Rp1,500,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between February 2020 until June 2021.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement which BCA provides revolving money market facility with a limit of Rp300,000 and bears a floating interest rate. This agreement has been amended by signing the agreement on March 24, 2017 which the money market facility has been switched to non revolving term loan facilities and bears a fixed interest rate. The facility has various maturity dates which ranging between July 2020 until August 2020.

As of December 31, 2018 and 2017, borrowing from BCA amounted to Rp1,184,063 and Rp626,268, respectively.

PT Bank DKI

On September 17, 2013 and the latest updated on March 6, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement and Bank DKI provides several non revolving term loan with total facility amounting to Rp775,000 and subject to a fixed rate of interest, these facilities have various maturity dates which ranging between December 2018 until May 2021.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank DKI (continued)

On March 24, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank DKI (Bank DKI) signed a loan agreement which Bank DKI provides revolving money market line facility with a total maximum limit of Rp300,000 and bears market interest rate. The facility was matured on March 23, 2018. On March 22, 2018, the facility was extended up to June 23, 2018. This facility has been repaid on maturity date.

On June 8, 2018, the subsidiary (PT Mandiri Utama Finance) and Bank DKI signed a revolving loan agreement of money market line amounted to of Rp100,000 which bears to market interest rate at the time of withdrawal, and non revolving executing working capital amounted to Rp300,000 and bears interest rate of 8.75%. The money market line facility will mature on June 8, 2019 and the executing working capital will mature on December 8, 2021.

As of December 31, 2018 and 2017, borrowing from Bank DKI was amounted to Rp643,550 and Rp546,015, respectively.

PT Bank UOB Indonesia

On November 21, 2017, the subsidiary (PT Mandiri Tunas Finance) and PT Bank UOB Indonesia (Bank UOB) signed a loan agreement which Bank UOB provides non revolving term loan facility with total facility up to Rp300,000 and bears fixed interest fixed rate and revolving loan facility with total facility up to Rp300,000 and bears floating interest rate. These facilities have various maturity date a ranging from October 2018 to March 2021.

As of December 31, 2018 and 2017, borrowing from Bank UOB amounted to Rp223,144 and RpNil, respectively.

PT Bank Negara Indonesia Tbk.

On October 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Negara Indonesia (Persero) Tbk ("BNI") with a maximum loan limit of Rp250,000, which bears interest rate of 8.75% - 9.25%. The facility is a recurring working capital loan. The period of withdrawal of loan facilities is up to October 8, 2019.

As of December 31, 2018 and 2017, loans from BNI amounted to Rp224,486 and RpNil, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk

On November 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Rakyat Indonesia (Persero) Tbk ("BRI") with a maximum loan limit of Rp300,000. The facility is a revolving working capital loan, and will be mature in 12 months after the contract is signed with interest rates according to the bank's treasury recommendation.

As of December 31, 2018 and 2017, loans from BRI amounted to Rp199,200 and RpNil, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Maybank Indonesia Tbk

On December 21, 2017, the subsidiary (PT Mandiri Tunas Finance) and PT Bank Maybank Indonesia Tbk. (Maybank) signed a non revolving loan agreement with total facility up to Rp500,000 and bears fixed interest rate. This facility will mature on March 12, 2021.

As of December 31, 2018 and 2017, borrowing from Maybank was amounted to Rp374,308 and RpNil, respectively.

PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.

On April 22, 2014 and the latest updated on October 27, 2017, the subsidiary (PT Mandiri Tunas Finance) and PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. (BJB) signed a loan agreement which BJB provides several non revolving term loan facilities with total limit amounted to Rp950,000 and subject to fixed interest rate. The facility has maturity date ranging from December 2018 to December 2020.

As of December 31, 2018 and 2017, loans from BJB amounted to Rp334,526 and Rp685,138, respectively.

PT Bank KEB Hana Indonesia

On March 19, 2015 and the latest updated on September 3, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (KEB Hana) signed a loan agreement where KEB Hana provides several non revolving term loan facilities with a total facility up to Rp850,000 and bears a fixed interest rate. These facilities have various maturity dates which is ranging from May 2019 until June 2019.

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (KEB Hana) signed a loan agreement where KEB Hana provides non revolving working capital facility with a total limit of Rp200,000 and bears a 9% fixed interest rate. The facility will mature on September 7, 2020.

On February 8, 2018, The subsidiary (PT Mandiri Utama Finance) and KEB Hana signed a loan agreement that KEB Hana provides additional non revolving working capital loan facility up to Rp200,000 with 9% interest rate. This facility will mature on July 8, 2021.

As of December 31, 2018 and 2017, loans from KEB Hana amounted to Rp311,809 and Rp378,863, respectively.

PT Bank Mega Tbk.

On May 4, 2017, the subsidiary (PT Mandiri Utama Finance) and PT Bank Mega Tbk. (Bank Mega) signed a loan agreement that Bank Mega provides non revolving working capital loan facility up to Rp125,000 and bears to 9% - 10% interest rate, this facility was matured on May 4, 2018 and fully paid.

On July 21, 2017, the subsidiary (PT Mandiri Utama Finance) and Bank Mega signed a loan agreement that Bank Mega provides additional non revolving working capital loan facility up to Rp875,000 and bears to 9% - 10% interest rate. With this facility, the total of facilities provided up to Rp1,000,000. This facility was matured on December 8, 2018.

As of December 31, 2018 and 2017, loans from Bank Mega amounted to RpNil and Rp798.297, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Permata Tbk.

On November 15, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Permata Tbk. (Bank Permata) signed a loan agreement where Bank Permata provides a non revolving working capital facility with total limit amounted to Rp200,000 bears a 9% of interest rate for one year, and revolving money market line facility with total limit Rp100,000 which bears an interest rate ranging between 7.00% - 7.25%. These facilities will mature on February 15, 2021.

As of December 31, 2018 and 2017, loans from Bank Permata amounted to Rp395,109 and Rp50,000, respectively.

PT Bank HSBC Indonesia

On October 23, 2000 and the latest updated on May 31, 2016, The subsidiary (PT Mandiri Tunas Finance) and PT Bank HSBC Indonesia (Bank HSBC) signed a loan agreement that Bank HSBC provides revolving working capital loan facility with total facility up to Rp150,000 and subject to floating interest rate. This facility was matured on October 2018.

As of December 31, 2018 and 2017, loans from Bank HSBC Indonesia amounted to Rp150,000 and RpNil, respectively.

PT Bank CIMB Niaga Tbk.

On November 21, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank CIMB Niaga Tbk. (Bank CIMB Niaga) signed a loan agreement that Bank CIMB Niaga provides non revolving working capital loan facility with total limit up to Rp200,000 with 9% interest rate at withdrawal date. This facility will mature on March 4, 2021.

As of December 31, 2018 and 2017, loans from Bank CIMB Niaga amounted to Rp146,183 and Rp25,000, respectively.

PT Bank Ina Perdana Tbk.

On December 28, 2016, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement that Bank Ina provides non revolving working capital loan facility amounted to Rp85,000 and bears to 9% interest rate. This facility will mature on December 29, 2020.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and Bank Ina signed a additional plafond loan agreement for working capital credit facility with additional limit up to Rp85,000 and bears to 8.5% interest rated. This facility will mature on December 20, 2020.

As of December 31, 2018 and 2017, loans from Bank Ina Perdana amounted to Rp99,926 and Rp148,675, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Danamon Indonesia Tbk.

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement which Danamon provides revolving term loan facility up to Rp240,556 which bears fixed interest rate and working capital loan facility up to Rp100,000 bears and bears floating interest rate. These facilities have various maturity dates which are ranging from November 2019 to June 2020.

As of December 31, 2018 and 2017, loans from Danamon Indonesia amounted to Rp162,397 and Rp117,617, respectively.

PT Bank BPD DIY

On May 18, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank BPD DIY (BPD DIY) signed a loan agreement which BPD DIY provide a non revolving working capital facility up to Rp50,000 and bears a 9% of interest rate. This facility will mature on May 22, 2020.

As of December 31, 2018 and 2017, loans from Bank BPD DIY amounted to Rp23,564 and Rp40,275, respectively.

PT Bank MNC Internasional Tbk.

On March 22, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank MNC International Tbk. (Bank MNC) signed a loan agreement which Bank MNC provides revolving money market line facility amounted to Rp120,000 and bears a market interest rate at the withdrawal date. This facility was matured on March 22, 2018 and on April 11, 2018 was extended to February 20, 2019 and increase its plafond up to Rp150,000.

As of December 31, 2018 and 2017, loans from Bank MNC amounted to RpNil and Rp50,000, respectively.

PT Bank Sumut

The Subsidiary (PT Mandiri Sekuritas) granted loan facilities from PT Bank Sumut (Bank Sumut) amounted to Rp100,000 with tenor 3 (three) months. Floating interest rate will be effective at the withdrawal date. This loan facilities is granted for the Subsidiary's working capital purposes. This facility was matured on January 3, 2018. These loan facilities was fully paid.

As of December 31, 2018 and 2017, loans from Bank Sumut amounted to RpNil and Rp100,000, respectively.

PT Bank Tabungan Pensiunan Nasional Tbk.

On June 25, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) signed a loan agreement revolving money market line facility amounted to Rp150,000 and bears floating interest rates. The facility will mature on January 7, 2019 and January 11, 2019.

As of December 31, 2018 and 2017, loans from Bank Tabungan Pensiunan Nasional amounted to Rp150,000 dan RpNil, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

Bank of Tokyo Mitsubishi UFJ

On February 11, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo Mitsubishi UFJ (BTMU) signed a loan agreement which BTMU revolving uncommitted short-term loan / money market line facility amounted to Rp724,050 and subject to floating interest rates. The facility will mature on January 11, 2019.

As of December 31, 2018 and 2017, loans from Bank of Tokyo Mitsubishi UFJ amounted to Rp700,000 and RpNil, respectively.

Foreign currencies

Bank of Tokyo-Mitsubishi UFJ

On July 19, 2017 and the latest updated on April 26, 2018, the subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo-Mitsubishi UFJ (BTMU) signed a loan agreement which BTMU provides several syndication credit facilities in USD and JPY with total limit of Rp5,127,003 and bears fixed interest rate. These facilities will mature from September 2020 to August 2021.

As of December 31, 2018 and 2017, loans from BTMU amounted to equivalent Rp4,116,308 and Rp2,586,004, respectively.

Bank of China

On March 29, 2018 the Subsidiary (PT Mandiri Tunas Finance) and PT Bank of China (BOC) signed a loan agreement where BOC provide a term loan facility with a total limit equivalent to Rp575,000 which is non-revolving and bears interest rate of 9.25%. The facility will mature on December 24, 2021.

As of December 31, 2018 and 2017, loans from PT Bank of China amounted to Rp579,240 and RpNil, respectively.

PT Bank UOB Indonesia

On September 29, 2011, the Subsidiary (PT Mandiri Sekuritas) and PT Bank UOB Indonesia ("UOB") entered into a revolving loan facility at the maximum of Rp200,000 in IDR and equivalent to Rp100,000 in USD, the sub limit facility as uncommitted bank guarantee at the maximum of Rp200,000 and foreign exchange line facility up to USD5,000,000. The maximum validity period up to September 29, 2012 and continuously extended up to February 1, 2019. According to the loan agreement, interest rate is determined by the bank.

As of December 31, 2018 and 2017, loans from Bank UOB amounted to Rp13,757 and RpNil, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Foreign currencies (continued)

PT Bank ANZ Indonesia

On April 13, 2010, the Subsidiary (PT Mandiri Sekuritas) and PT Bank ANZ Indonesia (ANZ) signed a loan agreement which the ANZ provides a working capital facility equivalent up to Rp130,000 and the Bank Guarantee facility equivalent up to Rp50,000 for Indonesia Clearing and Guarantee Institution ("KPEI") as transaction limit indicator for Subsidiary or for OJK purposes to guarantee the underwriting process.

Working capital facility is provided in Rupiah ("Original Currency") it can be provided in USD ("Foreign Currency") which equivalent once it is required by the Subsidiary with equivalent in original currency from the working capital loan. The working capital loan interest rate as agreed on the agreement date. The facility was re-reviewed on January 31, 2018. This loan has fully paid by the subsidiary.

As of December 31, 2018 and 2017, loans from ANZ amounted to equivalent RpNil and Rp35,225, respectively.

The loan facilities received by the Subsidiary (PT Mandiri Tunas Finance) from several banks require PT Mandiri Tunas Finance to provide written notice in terms of dividend distribution, changes in capital and shareholders, changes of directors and commissioners, changes in main business, investment and borrowing new from another bank. Under the loan agreements, PT Mandiri Tunas Finance is also required to meet the financial requirements such as the ratio of total debt to equity interest does not exceed a ratio of 10:1 and other reporting obligations.

The loan facilities which disbursed to subsidiary (PT Mandiri Utama Finance) from some banks requires Mandiri Utama Finance meet the financial requirements e.g. ratio of debt and equity shall no more than 10:1, percentage of the write-off shall less than 2% for car and 5% for motorcycle, the maximum gearing ratio 10x, minimal current ratio 1.1x, minimal consumer financing 40% from all total assets, the maximum aging of account receivable for consumer financing more than 90 days shall only 3% and other reports.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounting to Rp10,284,416 as of December 31, 2018 (December 31, 2017: Rp8,016,751) (Note 13g) and net investment finance leases amounted to Rp468,553 as of December 31, 2018 (December 31, 2017: Rp1,126,406) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the year ended December 31, 2018 and 2017.

During the year ended December 31, 2018 and 2017, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

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37. SUBORDINATED LOANS AND MARKETABLE SECURITIES

By type and currency:

	December 31, 2018	December 31, 2017
Rupiah:		
Medium Term Notes Subordinated I Bank Mandiri		
Related parties (Note 56)	136,750	-
Third parties	363,250	-
Total	500,000	-
Foreign currencies:		
Two-Step Loans (TSL)		
Third parties		
Asian Development Bank (ADB) (Note 62B.(v))	186,790	191,501
	686,790	191,501
Less: unamortised issuance cost	(1.060)	-
Net	685,730	191,501

Medium Term Notes Subordination I Bank Mandiri

In order to strengthen the capital structure and long-term funding structure, as well as support the credit expansion, on July 31, 2018, Bank Mandiri issued Subordinated Medium Term Notes I Bank Mandiri 2018 (the "Subordinated MTN I") amounted to Rp500,000. On December 31, 2018, the unamortised issuance cost of Subordinated MTN I amounted to Rp1,060.

Subordinated MTN I for a period of 5 (five) years that will mature on July 31, 2023, issued scriptless with a fixed rate of 8.50% per annum. The Trustee of the Subordinated MTN I issuance is PT Bank Permata Tbk.

Interest of Subordinated MTN I is paid on quarterly basis, starting from October 31, 2018, while the last interest payments which is also the maturity date and settlement date of subordinated MTN I is on July 31, 2023. The principal of MTN I will be fully repaid on the maturity date.

Subordinated MTN I can be treated as supplementary capital components (Tier 2) according to approval from financial services authority through letter No. S-109/PB.31/2018 dated September 20, 2018.

Prior to fully repayment of the MTN, Bank Mandiri is obliged to: (i) maintain at all times soundness financial condition in accordance to OJK regulation; (ii) maintain a minimum level of soundness composite rating of 3 (three) which is categorized as "fair", according to internal assessment based on OJK regulation and/or Bank Indonesia; (iii) obtain to comply with all requirements and exercise all necessary things to keep the authority, license and approval (from government or other authorities) comply with requirement in accordance to Republic of Indonesia's law.

Bank Mandiri without written permission from Trustee shall not: (i) reduce authorized, issued and paid in capital, except required by government, authorized by the Authorities or Bank Indonesia; (ii) change the core business; (iii) perform merger, heither take over by other entity which lead to dissolution of Bank Mandiri.

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37. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

Medium Term Notes Subordination I Bank Mandiri (continued)

Subordinated MTN I is not guaranteed by a special collateral, except guarantee which refer to article 1131 and 1132 of Indonesian civil law (UU hukum perdata) which is cover all the Bank's either moving objects and objects that are not moving, present or future.

There was no breach of the Trustee restrictions agreement on Subordinated MTN I during the year ended on December 31, 2018.

As of December 31, 2018, rating of MTN Subordinated I based on Pefindo was idAA (*double A*).

Two-step loans - Asian Development Bank

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are relent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	Funding Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1 st installment on January 15, 2005.

The details of credit facilities from ADB are as follows:

	December 31, 2018	December 31, 2017
ADB Loan 1327 - INO (SF)	186.790	191,501

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 2004, has been approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every January 15 and July 15, with the first installment paid on January 15, 2005 and will end on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15 and July 15, every year starting from its drawdown.

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38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2018	December 31, 2017
Rupiah		
Third parties		
Demand deposits - restricted investment	674,923	518,963
Demand deposits - <i>Mudharabah Musytarakah</i>	7,319	6,322
	682,242	525,285

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

2) Saving Deposits

a. Based on type:

	December 31, 2018	December 31, 2017
Related parties (Note 56)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	144,132	34,012
<i>Berencana</i> BSM saving deposits	457	482
<i>Mabrur</i> saving deposits	158	104
<i>Investa Cendekia</i> saving deposits	63	186
	144,810	34,784
Third parties		
Saving deposits - restricted investment	908,012	1,331,247
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	24,651,395	21,847,528
<i>Mabrur</i> saving deposits	4,531,105	4,063,954
Retirement saving deposits	547,837	404,566
<i>Investa Cendekia</i> saving deposits	387,273	369,442
<i>Berencana</i> BSM saving deposits	147,704	148,896
<i>Qurban</i> saving deposits	284	319
	31,173,610	28,165,952
Total	31,318,420	28,200,736

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38. TEMPORARY SYIRKAH FUNDS (continued)

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the annual profit sharing ratio (*nisbah*) for *mudharabah* saving deposits - unrestricted investment:

	December 31, 2018	December 31, 2017
Profit sharing ratio (<i>nisbah</i>)	0.69% - 4.71%	0.61% - 4.97%

3) *Mudharabah* Time Deposit - unrestricted investment

	December 31, 2018	December 31, 2017
Rupiah		
Related parties (Note 56)	2,127,451	931,490
Third parties	36,969,676	33,172,990
Total	39,097,127	34,104,480
Foreign currency		
Related parties (Note 56)	4,895	7,825
Third parties	3,802,395	3,384,283
Total	3,807,290	3,392,108
	42,904,417	37,496,588

b. Deposits from Other Banks

	December 31, 2018	December 31, 2017
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	277,312	316,574
<i>Mudharabah</i> time deposits - unrestricted investment	156,298	128,715
Total	433,610	445,289

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38. TEMPORARY SYIRKAH FUNDS (continued)

- c. Other significant information related to the time deposits for deposits from customers and deposits from other banks

- 1) By contract period:

	December 31, 2018	December 31, 2017
Rupiah:		
1 month	30,129,639	27,430,422
3 months	4,618,576	2,819,012
6 months	1,646,362	1,390,061
12 months	2,858,848	2,593,700
Total	39,253,425	34,233,195
Foreign currency:		
1 month	3,402,932	2,912,949
3 months	195,471	182,305
6 months	47,537	43,257
12 months	161,350	253,597
Total	3,807,290	3,392,108
	43,060,715	37,625,303

- 2) By remaining period until maturity date:

	December 31, 2018	December 31, 2017
Rupiah:		
Less than 1 month	31,127,591	28,666,786
1 - 3 months	4,901,920	2,709,869
3 - 6 months	1,531,852	1,345,104
6 - 12 months	1,692,062	1,511,436
Total	39,253,425	34,233,195
Foreign currency:		
Less than 1 month	3,522,633	2,923,800
1 - 3 months	131,423	332,626
3 - 6 months	39,054	35,438
6 - 12 months	114,180	100,244
Total	3,807,290	3,392,108
	43,060,715	37,625,303

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38. TEMPORARY SYIRKAH FUNDS (continued)

- c. Other significant information related to the time deposits for deposits from customers and deposits from other banks (continued)

- 2) By remaining period until maturity date (continued):

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio (*nisbah*) arranged in *Mudharabah Muthlaqah* agreement.

- 3) Ranging of the Annual Profit Sharing Ratio (*nisbah*) for *Mudharabah* Time Deposits:

	December 31, 2018	December 31, 2017
Rupiah	3.98% - 5.89%	4.00% - 6.21%
Foreign currency	0.62% - 1.57%	0.61% - 1.66%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp5,403,876 and Rp8,422,310 as of December 31, 2018 and 2017, respectively.

39. NONCONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents noncontrolling interests in net assets of consolidated Subsidiaries are as follows:

	December 31, 2018	December 31, 2017
PT AXA Mandiri Financial Services	1,116,480	1,063,407
PT Bank Mandiri Taspen	1,088,584	617,375
PT Mandiri Tunas Finance	1,047,216	866,487
PT Asuransi Jiwa InHealth Indonesia	257,883	285,625
PT Mandiri Utama Finance	247,318	242,438
PT Mandiri Sekuritas	239	195
PT Mandiri Capital Indonesia	68	84
PT Mandiri AXA General Insurance ^{*)}	-	211,678
Total	3,757,788	3,287,289

^{*)} PT Mandiri AXA General Insurance was no longer Subsidiary since November 21, 2018 (see Note 1.g)

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

As of December 31, 2018, there was a change of ownership of the stock owned by the Board of Commissioners of Bank Mandiri, where the ownership of shares in the prior year was nil. The share ownership was related to the implementation of OJK regulation No. 45/POJK.03/2015, about the application of corporate governance in granting of remuneration for commercial banks, where as non independent Board of Directors and Board of Commissioners of are entitled to variable remuneration in form of Bank's share for 2017 financial performance.

Shares owned by the Board of Commissioners and Board of Directors for the year ended December 31, 2018 and 2017 respectively, amounted to 4,327,958 shares and 4,152,658 shares, or 0.01% and 0.01% of the total number of authorized shares.

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated October 2, 1998, the authorised capital of Bank Mandiri is amounted to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share.

The determination of issued and fully paid capital amounted to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 2003, the shareholders approved these following matters:

- (i) Execution of Initial Public Offering.
- (ii) Changes in capital structure of Bank Mandiri.
- (iii) Changes in articles of association of Bank Mandiri.

In relation to the shareholders decision to change the capital structure, Bank Mandiri increased its issued and fully paid capital to Rp10,000,000 and split the share price (stock split) from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorised shares increased from 16,000,000 shares to 32,000,000,000 shares, and the number of issued and fully paid shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 shares with a nominal value of Rp500 (full amount) which consists of 1 Dwiwarna share Series A and 19,999,999,999 Common shares Series B which owned by the Republic of Indonesia. In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounting to Rp168,801,315 as share premium.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

The changes of capital structure that mentioned above became effective started from May 23, 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the Extraordinary General Meeting of Shareholders.

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003.

The increase in issued and fully paid capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation No. 26 year 2003 dated May 29, 2003, regarding the Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero), and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated October 29, 2002.
2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated May 23, 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation ("ESA") Program (ESA) and a Management Stock Option Plan ("MSOP"). The ESA program consists of a Share Plan and a Share Purchase at Discount program. MSOP is designated for Directors and Senior Management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/share premium.

The Annual General Meeting of Shareholders on May 22, 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

Management Stock Option Plan (continued)

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated February 14, 2011 until February 21, 2011. The unexercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution (Bapepam and LK)) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The Limited Public Offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

Based on the extraordinary annual meeting held on August 21, 2017, shareholders of Bank Mandiri approved to split Bank Mandiri's stock from Rp500 (full amount) per share to Rp250 (full amount) per share which made Bank Mandiri's equity amounted to 46,666,666,666 shares consist of 1 share series A Dwiwarna and 46,666,666,665 common share series B. There are no changes for Bank Mandiri's authorised, issued and fully paid capital which caused by the stock split. The stock split effective started from September 13, 2017.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/share premium as of December 31, 2018 and 2017 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

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40. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Share Premium (continued)

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree (KMK-RI) No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

- a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
- b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of net income

Based on the Annual General Shareholders' Meeting held on March 21, 2018 and March 14, 2017, the shareholders approved the distribution of the 2017 and 2016 net income as follows:

	2017	2016
Dividends	9,287,857	6,212,954
Retained Earnings Unappropriated	11,351,826	7,593,611
	20,639,683	13,806,565
Dividend per share (full amount)	199.025516	266.26947

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40. SHARE CAPITAL (continued)

c. Distribution of net income (continued)

Dividends from 2017 net income amounted to Rp9,287,857 were paid on April 20, 2018 and dividends from 2016 net income amounted to Rp6,212,954 were paid on April 13, 2017. Payment of dividends were recorded in the consolidated statement of changes in equity at the year the payment was made.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	Year ended December 31,	
	2018	2017
<u>Interest income</u>		
Loans	61,997,206	59,116,422
Government bonds	5,109,443	5,176,335
Consumer financing income	3,339,294	2,636,441
Marketable securities	2,003,041	1,962,392
Placements with Bank Indonesia and other banks	1,273,910	1,570,139
Others	731,488	593,373
	74,454,382	71,055,102
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,565,821	4,336,028
<i>Musyarakah</i> income	1,616,886	1,384,132
<i>Mudharabah</i> income	330,120	363,818
<i>Ijarah</i> income - net	25,361	145,568
	6,538,188	6,229,546
Total	80,992,570	77,284,648

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended December 31, 2018 and 2017 amounted to Rp589,769 and Rp761,192 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2018 and 2017 amounted to Rp2,647,879 and Rp2,245,554, respectively.

Included in interest income is interest income from financial asset that measures in fair values through profit and loss amounted to Rp438,709 and Rp476,064 for the year ended on December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017 included in interest income and sharia income was income from transaction with related parties on government bonds and treasury bills amounted to Rp5,109,695 and Rp5,300,754, respectively (refer to Note 56).

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42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2018	2017
<u>Interest expense</u>		
Time deposits	12,993,991	13,701,237
Saving deposits	3,283,606	2,885,522
Fund borrowings	2,998,149	1,902,168
Demand deposits	2,969,636	2,839,300
Debt securities issued	1,415,414	1,316,516
Subordinated loans and marketable securities	2,931	2,775
Others	46,901	107,639
	23,710,628	22,755,157
<u>Sharia expense</u>		
Mudharabah deposits	2,079,279	1,989,111
Mudharabah saving deposits	505,173	453,491
Restricted Investments	74,779	98,476
Musyarakah - mudharabah musytarakah	35	51
Certificate of interbank mudharabah investment	44	1
	2,659,310	2,541,130
	26,369,938	25,296,287

43. TRADING INCOME - NET

	Year ended December 31,	
	2018	2017
Interest income	377,916	285,921
Unrealised gain/(loss) from increase/(decrease) in fair value - net	(241,168)	121,043
Gain from derivatives transactions - net	3,397,330	2,951,126
Gain from sales - net	123,212	113,577
Total	3,657,290	3,471,667

44. OTHER OPERATING INCOME - OTHERS

	Year ended December 31,	
	2018	2017
Recoveries from write-offs loans and sharia loan/financing	5,485,853	4,206,354
Income from mutual fund dividend	477,303	414,699
Income from penalty	286,371	219,224
Income from loan written off	202,829	211,062
Safety deposit box	41,764	42,037
Stamp duty income	37,969	41,750
Others	4,468,900	1,775,299
Total	11,000,989	6,910,425

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45. ALLOWANCE FOR IMPAIRMENT LOSSES

	Year ended December 31,	
	2018	2017
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	(1,703)	44
Placements with other banks (Note 6d)	(115)	53,290
Marketable securities (Note 7g)	(20,263)	(8,420)
Other receivables - trade transactions (Note 9d)	(178,324)	425,563
Loans (Note 12B.j)	(13,481,957)	(15,458,493)
Consumer financing receivables (Note 13d)	(638,849)	(640,151)
Net investment finance leases (Note 14d)	(3,950)	(5,784)
Acceptance receivables (Note 15d)	(49,878)	(9,783)
Investments in shares (Note 16c)	(19,934)	(2,651)
Total	(14,394,973)	(15,646,385)

46. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES

	Year ended December 31,	
	2018	2017
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	18	(58,785)
Estimated losses arising from legal cases	7,568	33,099
Losses from operational risk external fraud	(5,580)	(7,625)
Losses from other operational	(7,282)	-
Other assets (Note 20)	(56,222)	(98,739)
Total	(61,498)	(132,050)

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

	Year ended December 31,	
	2018	2017
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in market value of policyholders' investment	1,802,602	3,311,638
- Increase in liability in unit-link contracts	(1,802,602)	(3,311,638)
Others	(18,483)	46,849
Total	(18,483)	46,849

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48. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	Year ended December 31,	
	2018	2017
Available for sale		
Marketable securities	229,509	35,471
Government bonds	444,578	744,522
Total	674,087	779,993

49. SALARIES AND EMPLOYEE BENEFITS

	Year ended December 31,	
	2018	2017
Salaries, wages, pension and tax allowances	9,518,261	8,634,555
Holidays allowance, leave and related entitlements	1,700,249	1,497,603
Employee benefits in kind	1,245,430	1,029,001
Training and education	708,193	650,741
Provision for post-employment benefit expenses	608,573	466,422
Provision of tantiem	222,595	198,282
Bonuses and others	2,319,468	2,382,038
Total	16,322,769	14,858,642

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,295,170 and Rp1,153,809 (Note 56) for the year ended December 31, 2018 and 2017, respectively, as follows:

	Year ended December 31, 2018			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	49,776	89,171	6,128	145,075
Directors	175,845	272,537	27,169	475,551
Audit Committee and Risk Monitoring Committee	5,824	129	18	5,971
Sharia Supervisory Board	2,266	496	-	2,762
Senior Executive Vice Presidents and Senior Vice President	417,077	228,414	20,320	665,811
Total	650,788	590,747	53,635	1,295,170

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49. SALARIES AND EMPLOYEE BENEFITS (continued)

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,295,170 and Rp1,153,809 (Note 56) for the year ended December 31, 2018 and 2017, respectively, as follows (continued):

	Year ended December 31, 2017			Total
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	
The Board of Commissioners	50,089	71,983	5,049	127,121
Directors	151,721	196,428	18,394	366,543
Audit Committee and Risk Monitoring Committee	4,744	-	-	4,744
Sharia Supervisory Board	1,669	253	300	2,222
Senior Executive Vice Presidents and Senior Vice President	439,683	184,027	29,469	653,179
Total	647,906	452,691	53,212	1,153,809

50. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2018	2017
Professional fees	4,123,776	3,728,299
Rent	2,132,616	2,043,611
Goods/services provided by third parties	1,728,393	1,544,818
Repairs and maintenance	1,483,710	1,401,012
Depreciation of fixed assets (Note 18)	1,311,681	1,389,147
Communication	1,191,526	1,092,507
Promotion	1,055,052	1,092,363
Office supplies	576,906	535,331
Electricity, water and gas	537,431	530,165
Amortisation of intangible assets	505,608	442,954
Transportations	441,454	409,895
Traveling expenses	208,139	189,770
Insurance expenses	79,224	73,725
Others	1,211,489	931,982
	16,587,005	15,405,579

For the year ended December 31, 2018 and 2017, promotions expenses include the reward/prize expenses of third party funds amounted to Rp63,868 and Rp59,486, respectively.

51. PENSION PLAN AND SEVERANCE PAY

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as religious holiday allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance and post-employment benefits in accordance with prevailing Labor Law.

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51. PENSION PLAN AND SEVERANCE PAY(continued)

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans (DPPK) as follows:

- a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Fund (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on August 1, 1999 based on Board of Directors's resolution No. 004/KEP.DIR/1999 dated April 26, 1999 regarding pension plan of Bank Mandiri's pension fund. The DPBM's plans were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated July 14, 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999.

The pension plan of Bank Mandiri's pension fund has been amended several times to comply with prevailing law, as follow:

1. Based on resolution of Board of Directors of Bank Mandiri No. 068/KEP.DIR/2005 dated June 28, 2005, the pension plan of Bank Mandiri's pension fund was amended to increase the pension benefits for the members who already deceased, disable and changed in retirement age of the members. The amended pension plan has been approved by Ministry of Finance through its letter No. KEP-213/KM.5/2005 dated July 22, 2005 and published in supplement of the State Gazette of Republic Indonesia No. 77 dated September 27, 2005.
2. Based on resolution of Board of Directors of Bank Mandiri No. KEP.DIR/415A/2016 dated December 7, 2016, the pension plan of Bank Mandiri's pension fund was amended to adjust the retirement age of the employees based on amendment of Collective Labor Agreement for period 2015 - 2017 and prevailing policy in PT Bank Mandiri (Persero) Tbk. The amended pension plan has been approved by Otoritas Jasa Keuangan (OJK) No. KEP-24/NB.1/2017 dated May 17, 2017 and published in Supplement of the State Gazzate of Republic of Indonesia No. 60 dated July 28, 2017.
3. Based on resolution Board of Directors No. KEP.DIR/005/2018 dated February 28, 2018, the pension plan of Bank Mandiri's pension fund was amended to comply with OJK regulation No. 5/POJK.05/2017 regarding contribution, pension benefits and other benefits provided by the pension fund. The amended pension plan has been approved by OJK through its letter No. KEP-125/NB.11/2018 dated March 12, 2018.

The pension contribution is recorded for each members, which jointly borneby the employer and the members:

1. The member is obliged to contribute 5% (five per hundred) of basic pension income.
2. The employer is obliged to contribute 10% (ten per hundred) of basic pension income.

The Bank Mandiri's pension funds invest their financial resources in time deposits and deposits on call at Bank Mandiri. Balance on time deposits and deposit on call as of December 31, 2018 and 2017 amounted to Rp37,000 and RpNil, respectively. The interest rate of the deposits are the same with interest rate for third party deposits.

For the year ended December 31, 2018 and 2017, Bank has paid pension contribution of Rp431,438 and Rp405,245, respectively.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

- b. Four employer's pension funds provide defined benefits program (DPPK-PPMP), which from merger of four (4) the legacy banks, namely:
1. Dana Pensiun Bank Mandiri One (Bank Bumi Daya),
 2. Dana Pensiun Bank Mandiri Two (Bank Dagang Negara),
 3. Dana Pensiun Bank Mandiri Three (Bank Exim) and
 4. Dana Pensiun Bank Mandiri Four (Bank Pembangunan Indonesia),

The members of the pension funds are employees from legacy bank with working period of 3 years or more at the merger date which were active employees (resigned but did not transfer his/her right to other pension fund) and retired members.

The pension plans for each pension funds have been approved by Minister of Finance of the Republic of Indonesia through letter No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated November 15, 1999. Based on shareholder's approval No. S-923/M-MBU/2003 dated March 6, 2003, Bank Mandiri has adjusted the pension benefits of each of the Pension Fund One to Pension Fund Four. The plan decision has been stated in the Pension Fund Plan (PDP) and have been approved by the Minister of Finance through letter No. KEP/115/KM.6/2003 for PDP Pension Fund Bank Mandiri One, No. KEP/116/KM.6/2003 for Bank Mandiri Pension Fund Two, No. KEP/117/KM.6/2003 for Bank Mandiri Pension Fund Three and No. KEP/118/KM.6/2003 for Bank Mandiri Pension Fund Four, all dated March 31, 2003.

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were:

1. Based on resolution of General Meeting of Shareholders (GMS) on May 28, 2007, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-144/KM.10/2007 (Pension Fund One); No. KEP-145/KM.10/2007 (Pension Fund Two); No. KEP-146/KM.10/2007 (Pension Fund Three) and No. KEP-147/KM.10/2007 (Pension Fund Four), all dated July 20, 2007.
2. Based on resolution of General Meeting of Shareholders (GMS) on May 17, 2010, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-441/KM.10/2010 (Pension Fund One); No. KEP-442/KM.10/2010 (Pension Fund Two); No. KEP-443/KM.10/2010 (Pension Fund Three) and No. KEP-444/KM.10/2010 (Pension Fund Four), all dated August 10, 2010.
3. Based on resolution of General Meeting of Shareholders (GMS) on May 23, 2011, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-588/KM.10/2011 (Pension Fund One); No. KEP-589/KM.10/2011 (Pension Fund Two); No. KEP-590/KM.10/2011 (Pension Fund Three) and No. KEP-591/KM.10/2011 (Pension Fund Four), all dated July 20, 2011.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were (continued):

4. Based on resolution of General Meeting of Shareholders (GMS) on April 2, 2013, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-349/NB.1/2013 (Pension Fund One); No. KEP-350/NB.1/2013 (Pension Fund Two); No. KEP-351/NB.1/2013 (Pension Fund Three) and No. KEP-352/NB.1/2013 (Pension Fund Four), all dated June 14, 2013.

The GMS also approved additional other benefit and delegate an authority to Board of Commisioners to decide the increase of pension benefit and other benefits as long as it was in line with prevailing regulation which were after the increase of benefits or other benefit, the Adequacy of Funds Ratio (RKD) of Pension Funds One to Four were minimum at 115%.

5. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on July 2, 2014, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-1773/NB.1/2014 (Pension Fund One), No. KEP-1774/NB.1/2014 (Pension Fund Two), No. KEP-1775/NB.1/2014 (Pension Fund Three) and No. KEP-1776/NB.1/2014 (Pension Fund Four), all dated July 17, 2014.
6. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 3, 2015, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-525/NB.1/2015 (Pension Fund One), No. KEP-526/NB.1/2015 (Pension Fund Two), No. KEP-527/NB.1/2015 (Pension Fund Three) and No. KEP-528/NB.1/2015 (Pension Fund Four), all dated June 29, 2015.
7. Based on resolution of General Meeting of Shareholders (GMS) dated March 21, 2016, it was approved to change the minimum Ratio of Adequacy of Funds (RKD) for all Pension Fund One to Pension Fund Four, from intial of 115% to become 105%, and delegation authority to Board of Commisioners (BoC) to take decision on increase of pension benefits or other benefits as long as in accordance with prevailing regulation therefore after increase of pension benefits of other benefits, it should comply with minimum requirements:
 - a. The ratio of Adequacy of Funds (RKD) after increase in pension benefit and or other benefits minimum at 105% based on mortality table set by the Founder.
 - b. Still in surplus and would not trigger obligation for additional contribution or accounting obligation under SFAS 24.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were (continued):

8. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 22, 2016, Bank Mandiri provided increase in Pension Fund Three and provided other benefits to all pension funds and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-40/NB.1/2016 (Pension Fund One), No. KEP-41/NB.1/2016 (Pension Fund Two), No. KEP-42/NB.1/2016 (Pension Fund Three) and No. KEP-43/NB.1/2016 (Pension Fund Four), all dated June 29, 2016.
9. Based on resolution of Board of Directors No. KEP.DIR/415B/2016 (Pension Fund One), No. KEP.DIR/415C/2016 (Pension Fund Two), No. KEP.DIR/415D/2016 (Pension Fund Three) and No. KEP.DIR/415E/2016 (Pension Fund Four), all dated December 7, 2016 there were additional of clauses to the Pension Fund Plan of Pension Fund One to Pension Fund Four, as approved by Annual General Shareholders Meeting of Founder on April 2, 2013 and on March 21, 2016 regarding change of RKD to become 105%. The Pension Fund Plans have been approved by Board of Commisioners of OJK through letters No. KEP-81/NB.1/2016 (Pension Fund One), No. KEP-80/NB.1/2016 (Pension Fund Two), No. KEP-79/NB.1/2016 (Pension Fund Three) and No. KEP-78/NB.1/2016 (Pension Fund Four), all dated December 23, 2016.
10. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on May 3, 2017, Bank Mandiri increase the Pension Benefit and provided other benefit in form of additional benefits to all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-30/NB.1/2017 (Pension Fund One), No. KEP-31/NB.1/2017 (Pension Fund Two), No. KEP-32/NB.1/2017 (Pension Fund Three) and No. KEP-33/NB.1/2017 (Pension Fund Four), all dated June 9, 2017.

With respect to the adjustment to the Pension Fund's Plan in form of increament of Pension Benefit and Provision of other benefit to each Pension Fund, this also to align the Pension Fund's Plan with OJK regulation No. 5/POJK.05/2017 dated March 1, 2017, regarding Contribution, Pension Benefits and Other Benefits provided by the Pension Funds.

11. Based on resolution of Board of Commisioner (BoC) of Bank Mandiri's meeting on March 28, 2018, BoC approved provision of other benefit in form of additional benefit to all Pension Funds. This decision to provide other benefit in form of additional benefit were included in each Pension Funds Plan and have been approved by OJK through letter No. KEP-22/NB.1/2018 (Pension Fund One), No. KEP-23/NB.1/2018 (Pension Fund Two), No. KEP-24/NB.1/2018 (Pension Fund Three), No. KEP-25/NB.1/2018 (Pension Fund One), all dated April 16, 2018.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The actuarial calculation on pension benefits liability for Bank only as of December 31, 2018 and 2017 were based on estimated actuarial calculation for the year ended December 31, 2018 and 2017 as stated in report of PT Bestama Aktuarial dated January 7, 2019 and January 12, 2018 with method of "Projected Unit Credit".

The assumptions used for the year ended December 31, 2018 and 2017 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	8.30% per annum (2017: 7.40% per annum)	8.30% per annum (2017: 7.40% per annum)	8.30% per annum (2017: 7.40% per annum)	8.30% per annum (2017: 7.40% per annum)
Expected rate of return on pension plan assets	9.50% per annum	9.50% per annum	9.50% per annum	9.50% per annum
Working period used	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	80% UN 2010	80% UN 2010	80% UN 2010	80% UN 2010
Turnover rate	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80.00% of PhDP	80.00% of PhDP	62.50% of PhDP	75.00% of PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	2.00% per year
Tax rates - average	3.00% of benefit	3.00% of benefit	3.00% of benefit	3.00% of benefit

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as of December 31, 2018, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,436,183)	(1,672,113)	(726,850)	(495,946)
Fair value of plan assets (unaudited)	1,570,732	1,691,473	734,258	540,969
Funded Status Asset ceiling ¹⁾	134,549 (134,549)	19,360 (19,360)	7,408 (7,408)	45,023 (45,023)
Pension Plan Program Assets recognised in consolidated statement of financial position ²⁾	-	-	-	-

¹⁾ There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

²⁾ There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as of December 31, 2017 based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,441,936)	(1,748,902)	(759,429)	(510,283)
Fair value of plan assets (unaudited)	1,606,801	1,826,762	803,529	566,038
Funded Status Asset ceiling ¹⁾	164,865 (164,865)	77,860 (77,860)	44,100 (44,100)	55,755 (55,755)
Pension Plan Program Assets recognised in consolidated statement of financial position ²⁾	-	-	-	-

¹⁾ There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

²⁾ There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the year ended December 31, 2018 and 2017 are as follows:

December 31, 2018 (unaudited)				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	5%	7%	4%	15%
Bonds	36%	46%	21%	40%
Direct placement	7%	18%	29%	18%
Land and building	29%	3%	21%	5%
Shares	4%	3%	1%	1%
Treasury Bills	18%	20%	20%	6%
Others	1%	3%	4%	15%
Total	100%	100%	100%	100%

December 31, 2017 (unaudited)				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	3%	5%	8%	12%
Bonds	32%	47%	20%	40%
Direct placement	6%	16%	26%	15%
Land and building	24%	4%	21%	10%
Shares	6%	3%	0%	1%
Treasury Bills	23%	21%	20%	6%
Others	6%	4%	5%	16%
Total	100%	100%	100%	100%

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As of December 31, 2018 and 2017, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp3,563,484 (including compensation benefits of Rp8,240 for resigned employees which have not yet been paid and excluded from actuarial calculation) and Rp4,030,761 (including compensation for resigned employees which have not yet been paid and excluded from actuarial calculation of Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as of December 31, 2018 and 2017 are estimated using the employees service entitlements calculation for the year ended December 31, 2018 and 2017 as included in the independent actuarial report of PT Bestama Aktuaria dated January 7, 2019 and January 12, 2018, respectively. The assumptions used by the actuary for the year ended December 31, 2018 and 2017 are as follows:

- a. Discount rate is 8.0% per annum (2017: 7.0%)
- b. Expected rate of annual salary increase is 9.50% per annum (2017: 9.50%)
- c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
- d. Turnover rate is 5% for employee's age of 25 and decreasing linearly up to 0% at age 55.
- e. Actuarial method is projected unit credit method.
- f. Normal retirement age between 36 to 56 years according to the grades.
- g. Disability rate is 10% of TMI III.

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

Labor Law No. 13/2003 (continued)

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	December 31, 2018	December 31, 2017
Provision for post employment benefits presented in statement of financial position	2,988,260	3,512,601

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2018	December 31, 2017
Beginning balance of present value of obligation	3,512,601	2,434,892
Current service cost	301,428	266,966
Interest cost	253,260	206,474
Benefit paid	(90,625)	(100,808)
Actuarial (gain)/losses	(988,404)	705,077
Ending balance of present value of obligation	2,988,260	3,512,601

The amounts recognised in the statement of profit or loss and other comprehensive income based on independent actuarial report are as follows (Bank Mandiri only):

	Year ended December 31,	
	2018	2017
Current service cost	301,428	266,966
Interest cost	253,260	206,474
Cost of pension benefits	554,688	473,440

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Reconciliations of provision for post employment benefits are as follows:

	Year ended December 31,	
	2018	2017
Bank Mandiri		
Beginning balance of provision for post employment benefits	3,512,601	2,434,892
Expenses during the year	554,688	473,440
Payments of benefits	(90,625)	(100,808)
Recognition of actuarial (gains)/losses in other comprehensive income	(988,404)	705,077
Provision for post employment benefits (Bank Mandiri)	2,988,260	3,512,601
Subsidiaries		
Provision for post employment benefits	566,984	509,920
Total provision for post employment benefits	3,555,244^{*)}	4,022,521^{*)}

^{*)} As of December 31, 2018 and 2017, the amount does not include unpaid severance for resigned employees amounting to Rp8,240, which was excluded from actuarial computation.

The present value of funded benefit obligations, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri only):

	December 31 ¹⁾				
	2018	2017	2016	2015	2014
Present value of defined benefit obligations	2,988,260	3,512,601	2,434,892	1,976,724	1,924,202
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	2,988,260	3,512,601	2,434,892	1,976,724	1,924,202
Experience adjustments on plan liabilities	389,056	(89,944)	152,490	62,579	95,820
Experience adjustments on asset program	-	-	-	-	-

Reconciliation of PVDBO:

	December 31, 2018				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,441,936	1,748,902	759,429	510,283	3,512,601
Current service cost	-	-	-	-	301,428
Interest cost of PVDBO	100,310	122,296	53,018	35,838	253,260
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)	(90,625)
Actuarial losses from PVDBO:					
Losses on change of assumption in economic	(3,391)	(6,480)	(3,775)	(3,546)	(599,348)
Losses on experience adjustment	70,107	(92)	4,104	5,353	(389,056)
Ending balances of PVDBO	1,436,183	1,672,113	726,850	495,946	2,988,260

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Reconciliation of PVDBO (continued):

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892
Current service cost	-	-	-	-	266,966
Interest cost of PVDBO	110,960	134,577	57,256	38,715	206,474
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)	(100,808)
Actuarial losses from PVDBO:					
Losses on change of assumption in economic	-	-	-	-	615,133
Losses on experience adjustment	114,136	120,996	72,396	40,205	89,944
Ending balances of PVDBO	1,441,936	1,748,902	759,429	510,283	3,512,601

Reconciliation of plan assets:

	December 31, 2018			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,606,801	1,826,762	803,529	566,038
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)
Interest Income in plan assets	112,510	128,057	56,281	39,963
Result of plan assets (exclude interest income)	24,200	(70,833)	(39,626)	(13,050)
Ending fair value plan assets	1,570,732	1,691,473	734,258	540,969

	December 31, 2017			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,620,439	1,810,473	827,718	575,742
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)
Interest Income in plan assets	130,209	146,246	66,631	46,888
Result of plan assets (exclude interest income)	33,289	49,909	(3,181)	(8,372)
Ending fair value plan assets	1,606,801	1,826,762	803,529	566,038

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the year ended December 31, 2018 and 2017 as follows:

	December 31, 2018				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	(614,751)
Actuarial losses of the current year	-	-	-	-	988,404
Accumulated of actuarial gains on ending year	-	-	-	-	373,653

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51. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Movements in other comprehensive income (continued):

Movements in other comprehensive income for the Bank only for the year ended December 31, 2018 and 2017 as follows (continued):

	December 31, 2017				UUK No. 13/2003
	DPBMS	DPBMD	DPBMT	DPBME	
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	90,326
Actuarial losses of the current year	-	-	-	-	(705,077)
Accumulated of actuarial gains on ending year	-	-	-	-	(614,751)

Employee benefits liabilities maturing on December 31, 2018 and 2017 related to UUK No. 13/2003 are as follows:

	December 31, 2018	December 31, 2017
Year 1	321,803	123,992
Year 2	368,388	192,717
Year 3	431,517	296,357
Year 4	448,975	402,733
Year 5	607,729	505,457
Year 6 and others	53,441,408	39,225,590
Total	55,619,820	40,746,846

The average duration of the defined benefit obligation is 10.42 years and the defined contribution obligation is 15.08 years as of December 31, 2018.

Actuarial calculation on employee pension benefits for Subsidiaries as of December 31, 2018 and 2017 were based on estimated actuarial calculation for the year ended December 31, 2018 and 2017.

Provision for employee service entitlements of Subsidiaries as of December 31, 2018 were calculated by independent actuarial as included in the independent actuarial report as follows:

Subsidiaries	Independent Actuary	2018	2017
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 30, 2018	November 28, 2017
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	December 27, 2018	December 28, 2017
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 7, 2019	January 4, 2018
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 2, 2019	January 2, 2018
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 14, 2019	January 12, 2018
PT Mandiri AXA General Insurance ⁾	PT Dayamandiri Dharmakonsilindo	January 3, 2019	January 11, 2018
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 5, 2019	January 5, 2018
PT Mandiri Utama Finance	PT Kompujasa Aktuarial Indonesia	January 3, 2019	January 5, 2018

⁾ PT Mandiri AXA General Insurance was no longer subsidiary since November 28, 2018 (see Note 1.g)

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51. PENSION PLAN AND SEVERANCE PAY (continued)

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri only) (unaudited):

	Year ended December 31,	
	2018	2017
Changes of assumptions:		
1% increase in discount rate	(2,532,393)	(2,987,626)
1% decrease in discount rate	3,587,607	4,146,100

52. OTHER OPERATING EXPENSES - OTHERS - NET

	Year ended December 31,	
	2018	2017
Insurance premiums on third party funds guarantee program	1,626,089	1,526,574
Fees and commissions expenses	666,452	627,445
Fees related to credit card and ATM transaction	539,556	536,160
Insurance sales force compensation	565,274	486,710
Bancassurance fee	316,511	512,496
Fees from RTGS, remittance and clearing transactions	78,709	70,952
Group insurance commissions	149,176	4,381
Others	714,598	960,158
	4,656,365	4,724,876

53. NON-OPERATING INCOME/(EXPENSE) - NET

	Year ended December 31,	
	2018	2017
Gain on sale of fixed assets	21,890	44,777
Others - net	15,682	(57,665)
Net	37,572	(12,888)

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54. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2018	December 31, 2017
COMMITMENTS		
Commitment payables:		
Unused loan facilities ^{*)}		
Related parties (Note 56)	(55,668,817)	(50,456,815)
Third parties	(103,488,612)	(92,747,364)
	<u>(159,157,429)</u>	<u>(143,204,179)</u>
Outstanding irrevocable letters of credit (Note 31):		
Related parties (Note 56)	(11,195,881)	(5,904,249)
Third parties	(8,550,047)	(9,918,273)
	<u>(19,745,928)</u>	<u>(15,822,522)</u>
Commitment payables - net	<u>(178,903,357)</u>	<u>(159,026,701)</u>
^{*)} Including committed and uncommitted unused loan facilities.		
CONTINGENCIES		
Contingent receivables:		
Guarantees received from other banks	15,016,138	16,223,496
Interest receivable on non-performing assets	8,811,005	8,088,139
Others	32,729	32,729
	<u>23,859,872</u>	<u>24,344,364</u>
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties (Note 56)	(26,849,223)	(25,912,130)
Third parties	(55,264,862)	(53,775,848)
	<u>(82,114,085)</u>	<u>(79,687,978)</u>
Standby letters of credit (Note 31)		
Related parties (Note 56)	(7,673,903)	(6,171,176)
Third parties	(5,457,786)	(6,107,442)
	<u>(13,131,689)</u>	<u>(12,278,618)</u>
Others	(816,766)	(603,302)
Total	<u>(96,062,540)</u>	<u>(92,569,898)</u>
Contingent payables - Net	<u>(72,202,668)</u>	<u>(68,225,534)</u>
	<u>(251,106,025)</u>	<u>(227,252,235)</u>

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55. FOREIGN CURRENCY TRANSACTIONS

The fair value of forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) as of December 31, 2018 and 2017 are as follows:

Original Currency	December 31, 2018			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	242,520,000	3,487,438	287,258,500	4,130,777
Others ^{*)}		272,720		612,119
		3,760,158		4,742,896
Original Currency	December 31, 2017			
	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	147,761,000	2,004,748	125,485,000	1,702,518
Others ^{*)}		135,469		349,675
		2,140,217		2,052,193

^{*)} Consist of various currencies.

56. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- Related party relationship as the controlling shareholder:**

The Government of the Republic of Indonesia through Ministry of Finance.

- Related parties relationship by ownership and/or management:**

No.	Related parties	Nature of relationship
1.	PT Kustodian Sentral Efek Indonesia	Associate Company
2.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
3.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
6.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
7.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship by ownership and/or management (continued):**

No.	Related parties	Nature of relationship
8.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
11.	PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
12.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
13.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
14.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
15.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
16.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri
17.	PT Mitra Transaksi Indonesia	Significantly influenced by Subsidiary
18.	PT Mandiri AXA General Insurance	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, debt securities issued, subordinated loans and marketable securities, loans, customer deposits and bank guarantees.

• **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	PT Abuki Jaya Stainless	Subsidiary of State Owned Enterprise
2.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
3.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
4.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
5.	PT Administrasi Medika	Subsidiary of State Owned Enterprise
6.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise
7.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
8.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
9.	PT Aerojasa Cargo	Subsidiary of State Owned Enterprise
10.	PT Aerojasa Perkasa	Subsidiary of State Owned Enterprise
11.	PT AeroTRANS Service Indonesia	Subsidiary of State Owned Enterprise
12.	PT Aero Wisata	Subsidiary of State Owned Enterprise
13.	PT Agro Sinergi Nusantara	Subsidiary of State Owned Enterprise
14.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
15.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise
16.	PT Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
17.	PT Aneka Jasa Grhadika	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
18.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
19.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
20.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
22.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
23.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
24.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
25.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
26.	PT Antam Energi Indonesia	Subsidiary of State Owned Enterprise
27.	PT Antam Niterra Haltim	Subsidiary of State Owned Enterprise
28.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
29.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
30.	PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
31.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
32.	PT Askrindo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
33.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
34.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
35.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
36.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
37.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
38.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
39.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
40.	PT Bahana Securities	Subsidiary of State Owned Enterprise
41.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
42.	PT Balai Lelang Artha Gasia	Subsidiary of State Owned Enterprise
43.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
44.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
45.	PT Bank BNI Syariah	Subsidiary of State Owned Enterprise
46.	PT Bank BRI Syariah Tbk	Subsidiary of State Owned Enterprise
47.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise
48.	PT Belitung Intipermai	Subsidiary of State Owned Enterprise
49.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
50.	PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
51.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
52.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
53.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
54.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
55.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
56.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
57.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
58.	PT BNI Asset Management	Subsidiary of State Owned Enterprise
59.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
60.	PT BNI Sekurities	Subsidiary of State Owned Enterprise
61.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
62.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
63.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
64.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
65.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
66.	PT Brantas Energi	Subsidiary of State Owned Enterprise
67.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
68.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
69.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
70.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
71.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
72.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
73.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
74.	PT Asuransi BRI Life	Subsidiary of State Owned Enterprise
75.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
76.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
77.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
78.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
79.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
80.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
81.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
82.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
83.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise
84.	PT Cibaliung Sumber Daya	Subsidiary of State Owned Enterprise
85.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
86.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
87.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
88.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
89.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
90.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
91.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
92.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
93.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
94.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
95.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
96.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
97.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
98.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
99.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
100.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
101.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
102.	PT Daya Laut Utama	Subsidiary of State Owned Enterprise
103.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
104.	PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
105.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
106.	PT Dok dan Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
107.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
108.	PT Dwimitra Enggang Khatulistiwa	Subsidiary of State Owned Enterprise
109.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
110.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
111.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
112.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
113.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
114.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
115.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise
116.	PT Feni Haltim	Subsidiary of State Owned Enterprise
117.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
118.	PT Gadang Hidro Energi	Subsidiary of State Owned Enterprise
119.	PT GAG Nikel	Subsidiary of State Owned Enterprise
120.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise
121.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
122.	PT Garuda Maintenance Facility Aero Asia	Subsidiary of State Owned Enterprise
123.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
124.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
125.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
126.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
127.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
128.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
129.	PT Graha Niaga Tata Utama	Subsidiary of State Owned Enterprise
130.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
131.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
132.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
133.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
134.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
135.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
136.	PT Hakaaston	Subsidiary of State Owned Enterprise
137.	PT Haleyora Power	Subsidiary of State Owned Enterprise
138.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
139.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
140.	PT HK Infrastruktur	Subsidiary of State Owned Enterprise
141.	PT HK Realtindo	Subsidiary of State Owned Enterprise
142.	PT Utama Prima	Subsidiary of State Owned Enterprise
143.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise
144.	PT Igarar	Subsidiary of State Owned Enterprise
145.	PT Indo Japan Steel Center	Subsidiary of State Owned Enterprise
146.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
147.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
148.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
149.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
150.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
151.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
152.	PT Indonesia Power	Subsidiary of State Owned Enterprise
153.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
154.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
155.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
156.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
157.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
158.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
159.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise
160.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
161.	PT Inhutani I	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
162.	PT Inhutani II	Subsidiary of State Owned Enterprise
163.	PT Inhutani III	Subsidiary of State Owned Enterprise
164.	PT Inhutani IV	Subsidiary of State Owned Enterprise
165.	PT Inhutani V	Subsidiary of State Owned Enterprise
166.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
167.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
168.	PT International Mineral Capital	Subsidiary of State Owned Enterprise
169.	PT Inti Bagas Perkasa	Subsidiary of State Owned Enterprise
170.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
171.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
172.	PT ITCI Kayan Hutani	Subsidiary of State Owned Enterprise
173.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
174.	PT Jakarta Industrial Estate Pulogadung (JIEP)	Subsidiary of State Owned Enterprise
175.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
176.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
177.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
178.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise
179.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
180.	PT Jasa Layanan Pemeliharaan	Subsidiary of State Owned Enterprise
181.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
182.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
183.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise
184.	PT Jasa Marga Japek Selatan (JJS)	Subsidiary of State Owned Enterprise
185.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
186.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
187.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
188.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
189.	PT Jasa Marga Probolinggo Banyuwangi	Subsidiary of State Owned Enterprise
190.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
191.	PT Jasa Marga Tollroad Operator (JMTO)	Subsidiary of State Owned Enterprise
192.	PT Jasa Marga Transjawa Tol (JTT)	Subsidiary of State Owned Enterprise
193.	PT Jasamarga Semarang Batang	Subsidiary of State Owned Enterprise
194.	PT Jasamarga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
195.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
196.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
197.	PT Jasaraharja Putera	Subsidiary of State Owned Enterprise
198.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
199.	PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
200.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
201.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
202.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
203.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
204.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
205.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
206.	PT Kaltim Kariangau Terminal	Subsidiary of State Owned Enterprise
207.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
208.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
209.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
210.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
211.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
212.	PT Kerismas Witikco Makmur (PT Kerismas)	Subsidiary of State Owned Enterprise
213.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
214.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise
215.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
216.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
217.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
218.	PT Kimia Farma Diagnostika	Subsidiary of State Owned Enterprise
219.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
220.	PT Kimia Farma Trading & Distribution	Subsidiary of State Owned Enterprise
221.	PT Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
222.	PT Koba Tin	Subsidiary of State Owned Enterprise
223.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
224.	PT Komipo Pembangunan Jawa Bali	Subsidiary of State Owned Enterprise
225.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
226.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
227.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
228.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
229.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
230.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
231.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
232.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
233.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
234.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
235.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
236.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
237.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
238.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
239.	PT Krakatau Posco Chemtech Calcination	Subsidiary of State Owned Enterprise
240.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
241.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
242.	PT Krakatau Semen Indonesia	Subsidiary of State Owned Enterprise
243.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
244.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
245.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
246.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
247.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
248.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
249.	PT Kukuh Tangguh Sandang Mills	Subsidiary of State Owned Enterprise
250.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
251.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
252.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
253.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
254.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
255.	PT Madu Baru	Subsidiary of State Owned Enterprise
256.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
257.	PT Marga Kunci Cengkareng	Subsidiary of State Owned Enterprise
258.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
259.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
260.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise
261.	PT Mega Citra Utama	Subsidiary of State Owned Enterprise
262.	PT Mega Eltra	Subsidiary of State Owned Enterprise
263.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
264.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
265.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
266.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
267.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
268.	PT MetraNet	Subsidiary of State Owned Enterprise
269.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
270.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
271.	PT Mitra Cipta Polasarana	Subsidiary of State Owned Enterprise
272.	PT Mitra Dagang Madani	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
273.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
274.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
275.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
276.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
277.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
278.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
279.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
280.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
281.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
282.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
283.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
284.	PT Multi Nitrotama Kimia (MNK)	Subsidiary of State Owned Enterprise
285.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
286.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
287.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
288.	PT Ngawi Kertosono Jaya	Subsidiary of State Owned Enterprise
289.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
290.	PT Nindya Beton	Subsidiary of State Owned Enterprise
291.	PT Nindya Karya	Subsidiary of State Owned Enterprise
292.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
293.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
294.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
295.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
296.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
297.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise
298.	PT Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
299.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
300.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
301.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
302.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
303.	PT Patra Jasa	Subsidiary of State Owned Enterprise
304.	PT Patra Logistik	Subsidiary of State Owned Enterprise
305.	PT Patra Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
306.	PT Patra Trading	Subsidiary of State Owned Enterprise
307.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
308.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
309.	PT Pejagan Pemalang Tol Road	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
310.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
311.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
312.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
313.	PT Pelat Timah Nusantara Tbk (PT Latinusa)	Subsidiary of State Owned Enterprise
314.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
315.	PT Pelayanan Bahtera Adiguna	Subsidiary of State Owned Enterprise
316.	PT Pelindo Energi Logistik	Subsidiary of State Owned Enterprise
317.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
318.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
319.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
320.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
321.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
322.	PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
323.	PT Pembangunan Perumahan Properti Tbk	Subsidiary of State Owned Enterprise
324.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
325.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
326.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
327.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
328.	PT Perjaya Bravo Energi	Subsidiary of State Owned Enterprise
329.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
330.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
331.	PT Perkebunan Nusantara I (Persero)	Subsidiary of State Owned Enterprise
332.	PT Perkebunan Nusantara II (Persero)	Subsidiary of State Owned Enterprise
333.	PT Perkebunan Nusantara IV (Persero)	Subsidiary of State Owned Enterprise
334.	PT Perkebunan Nusantara V (Persero)	Subsidiary of State Owned Enterprise
335.	PT Perkebunan Nusantara VI (Persero)	Subsidiary of State Owned Enterprise
336.	PT Perkebunan Nusantara VII (Persero)	Subsidiary of State Owned Enterprise
337.	PT Perkebunan Nusantara VIII (Persero)	Subsidiary of State Owned Enterprise
338.	PT Perkebunan Nusantara IX (Persero)	Subsidiary of State Owned Enterprise
339.	PT Perkebunan Nusantara X (Persero)	Subsidiary of State Owned Enterprise
340.	PT Perkebunan Nusantara XI (Persero)	Subsidiary of State Owned Enterprise
341.	PT Perkebunan Nusantara XII (Persero)	Subsidiary of State Owned Enterprise
342.	PT Perkebunan Nusantara XIII (Persero)	Subsidiary of State Owned Enterprise
343.	PT Perkebunan Nusantara XIV (Persero)	Subsidiary of State Owned Enterprise
344.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
345.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
346.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
347.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
348.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
349.	PT Perta Daya Gas	Subsidiary of State Owned Enterprise
350.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
351.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
352.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
353.	PT Pertamina East Natuna	Subsidiary of State Owned Enterprise
354.	PT Pertamina EP	Subsidiary of State Owned Enterprise
355.	PT Pertamina EP Cepu	Subsidiary of State Owned Enterprise
356.	PT Pertamina EP Cepu Alas Dara dan Kemuning	Subsidiary of State Owned Enterprise
357.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
358.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
359.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
360.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
361.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
362.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
363.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
364.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
365.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
366.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
367.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise
368.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
369.	PT Peruri Properti	Subsidiary of State Owned Enterprise
370.	PT Pesonna Indonesia Jaya	Subsidiary of State Owned Enterprise
371.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
372.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
373.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
374.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
375.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
376.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
377.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
378.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
379.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
380.	PT Petronika	Subsidiary of State Owned Enterprise
381.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
382.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
383.	PT PG Rajawali II	Subsidiary of State Owned Enterprise
384.	PT PGAS Solution	Subsidiary of State Owned Enterprise
385.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
386.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
387.	PT Phapros Tbk	Subsidiary of State Owned Enterprise
388.	PT PHE Abar	Subsidiary of State Owned Enterprise
389.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
390.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
391.	PT PHE ONWJ	Subsidiary of State Owned Enterprise
392.	PT PHE OSES Ltd	Subsidiary of State Owned Enterprise
393.	PT PHE Semai II	Subsidiary of State Owned Enterprise
394.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
395.	PT PINS Indonesia	Subsidiary of State Owned Enterprise
396.	PT PJB Investasi	Subsidiary of State Owned Enterprise
397.	PT PLN Batam	Subsidiary of State Owned Enterprise
398.	PT PLN Batubara	Subsidiary of State Owned Enterprise
399.	PT PLN Enjinering	Subsidiary of State Owned Enterprise
400.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
401.	PT PNM Investment Management	Subsidiary of State Owned Enterprise
402.	PT Portek Indonesia	Subsidiary of State Owned Enterprise
403.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
404.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
405.	PT PP Energi	Subsidiary of State Owned Enterprise
406.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
407.	PT PP Presisi (formerly PT PP Peralatan)	Subsidiary of State Owned Enterprise
408.	PT PP Properti	Subsidiary of State Owned Enterprise
409.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
410.	PT PP Urban (formerly PT PP Pracetak)	Subsidiary of State Owned Enterprise
411.	PT PPA Finance	Subsidiary of State Owned Enterprise
412.	PT PPA Kapital	Subsidiary of State Owned Enterprise
413.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
414.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
415.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
416.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
417.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
418.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
419.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
420.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
421.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
422.	PT Prima Terminal Peti Kemas	Subsidiary of State Owned Enterprise
423.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
424.	PT Pupuk Agro Nusantara	Subsidiary of State Owned Enterprise
425.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise
426.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
427.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
428.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
429.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
430.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
431.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
432.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
433.	PT Puspetindo	Subsidiary of State Owned Enterprise
434.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
435.	PT Railink	Subsidiary of State Owned Enterprise
436.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
437.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
438.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise
439.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
440.	PT Ratah Timber	Subsidiary of State Owned Enterprise
441.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
442.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
443.	PT Rekadaya Elektriika	Subsidiary of State Owned Enterprise
444.	PT Rekadaya Elektriika Consult	Subsidiary of State Owned Enterprise
445.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
446.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
447.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
448.	PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
449.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
450.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
451.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
452.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
453.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
454.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

<u>No.</u>	<u>Related parties</u>	<u>Nature of relationship</u>
455.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
456.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
457.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
458.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
459.	PT Saka Eksplorasi Baru	Subsidiary of State Owned Enterprise
460.	PT Saka Eksplorasi Timur	Subsidiary of State Owned Enterprise
461.	PT Saka Eksplorasi Ventura	Subsidiary of State Owned Enterprise
462.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise
463.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
464.	PT Saka Energi Sepinggan	Subsidiary of State Owned Enterprise
465.	PT Sampico Adhi Abbatoir	Subsidiary of State Owned Enterprise
466.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
467.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
468.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
469.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
470.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise
471.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
472.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
473.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
474.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
475.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
476.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
477.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
478.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
479.	PT Sarana Multigriya Finansial	Subsidiary of State Owned Enterprise
480.	PT Sarana NTT Ventura	Subsidiary of State Owned Enterprise
481.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise
482.	PT Sarana Riau Ventura	Subsidiary of State Owned Enterprise
483.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
484.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
485.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
486.	PT Sarana Usaha Sejahtera Insanpalapa	Subsidiary of State Owned Enterprise
487.	PT Sari Arthamas (Sari Pan Pacific Hotel)	Subsidiary of State Owned Enterprise
488.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
489.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
490.	PT Segara Indochen	Subsidiary of State Owned Enterprise
491.	PT Semen Gresik	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
492.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
493.	PT Semen Indonesia Beton (formerly PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
494.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
495.	PT Semen Indonesia Logistik (formerly PT Varia Usaha)	Subsidiary of State Owned Enterprise
496.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
497.	PT Semen Padang	Subsidiary of State Owned Enterprise
498.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
499.	PT Semesta Marga Raya	Subsidiary of State Owned Enterprise
500.	PT Senggigi Pratama internasional	Subsidiary of State Owned Enterprise
501.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
502.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
503.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
504.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
505.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
506.	PT Sigma Utama	Subsidiary of State Owned Enterprise
507.	PT Sinergi Informatika Semen Indonesia	Subsidiary of State Owned Enterprise
508.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
509.	PT Sinergi Perkebunan Nusantara	Subsidiary of State Owned Enterprise
510.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
511.	PT Solo Ngawi Jaya	Subsidiary of State Owned Enterprise
512.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
513.	PT Sri Melamin Rejeki	Subsidiary of State Owned Enterprise
514.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
515.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
516.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
517.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
518.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
519.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
520.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
521.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
522.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
523.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
524.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
525.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
526.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
527.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
528.	PT Telkom Akses	Subsidiary of State Owned Enterprise
529.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
530.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
531.	PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
532.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
533.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
534.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
535.	PT Timah Industri	Subsidiary of State Owned Enterprise
536.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise
537.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
538.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
539.	PT Tracon Industri	Subsidiary of State Owned Enterprise
540.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
541.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
542.	PT Trans Mayapada	Subsidiary of State Owned Enterprise
543.	PT Transmarga Jatim Pasuruan	Subsidiary of State Owned Enterprise
544.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
545.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
546.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
547.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
548.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
549.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
550.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
551.	PT United Tractors Semen Gresik	Subsidiary of State Owned Enterprise
552.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise
553.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
554.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
555.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
556.	PT Waru Abadi	Subsidiary of State Owned Enterprise
557.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
558.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
559.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
560.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
561.	PT Waskita Sangir Energi	Subsidiary of State Owned Enterprise
562.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
563.	PT Widar Mandripa Nusantara	Subsidiary of State Owned Enterprise
564.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
565.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
566.	PT Wijaya Karya Gedung	Subsidiary of State Owned Enterprise
567.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
568.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
569.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
570.	PT Wijaya Karya Rekayasa Konstruksi	Subsidiary of State Owned Enterprise
571.	PT WIKA Komponen Beton	Subsidiary of State Owned Enterprise
572.	PT WIKA Krakatau Beton	Subsidiary of State Owned Enterprise
573.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
574.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
575.	Saka Energi Muriah Limited	Subsidiary of State Owned Enterprise
576.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise
577.	Saka Indonesia Pangkah Limited	Subsidiary of State Owned Enterprise
578.	Saka Pangkah LLC	Subsidiary of State Owned Enterprise
579.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
580.	PT Asuransi Jasindo Syariah	Subsidiary of State Owned Enterprise
581.	PT Bahana TCW Investment Management	Subsidiary of State Owned Enterprise
582.	PT Jaminan Pembiayaan Askrindo Syariah	Subsidiary of State Owned Enterprise
583.	PT Kaltim Karingau Terminal	Subsidiary of State Owned Enterprise
584.	Perum BULOG	State Owned Enterprise
585.	Perum DAMRI	State Owned Enterprise
586.	Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
587.	Perum Jasa Tirta I	State Owned Enterprise
588.	Perum Jasa Tirta II	State Owned Enterprise
589.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
590.	Perum LKBN Antara	State Owned Enterprise
591.	Perum Pegadaian	State Owned Enterprise
592.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
593.	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
594.	Perum Perhutani	State Owned Enterprise
595.	Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
596.	Perum Perumnas	State Owned Enterprise
597.	Perum Pengangkutan Djakarta	State Owned Enterprise
598.	Perum Produksi Film Negara	State Owned Enterprise
599.	PT Adhi Karya (Persero) Tbk	State Owned Enterprise
600.	PT Amarta Karya	State Owned Enterprise
601.	PT Aneka Tambang	State Owned Enterprise
602.	PT Angkasa Pura I (Persero)	State Owned Enterprise
603.	PT Angkasa Pura II (Persero)	State Owned Enterprise
604.	PT ASABRI	State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
605.	PT ASDP Indonesia Ferry	State Owned Enterprise
606.	PT Asuransi Jasa Indonesia	State Owned Enterprise
607.	PT Asuransi Jasa Raharja	State Owned Enterprise
608.	PT Asuransi Jiwasraya	State Owned Enterprise
609.	PT Asuransi Kredit Indonesia (PT Askrindo)	State Owned Enterprise
610.	PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
611.	PT Balai Pustaka	State Owned Enterprise
612.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
613.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
614.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
615.	PT Barata Indonesia	State Owned Enterprise
616.	PT Berdikari	State Owned Enterprise
617.	PT Bhandha Ghara Rekza	State Owned Enterprise
618.	PT Bina Karya	State Owned Enterprise
619.	PT Bio Farma	State Owned Enterprise
620.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
621.	PT Boma Bisma Indra	State Owned Enterprise
622.	PT Brantas Abipraya	State Owned Enterprise
623.	PT Primissima	State Owned Enterprise
624.	PT Dahana	State Owned Enterprise
625.	PT Danareksa	State Owned Enterprise
626.	PT Dirgantara Indonesia	State Owned Enterprise
627.	PT Djakarta Lloyd	State Owned Enterprise
628.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
629.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
630.	PT Energy Management Indonesia	State Owned Enterprise
631.	PT Garam	State Owned Enterprise
632.	PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
633.	PT Hotel Indonesia Natour	State Owned Enterprise
634.	PT Hutama Karya	State Owned Enterprise
635.	PT Iglas	State Owned Enterprise
636.	PT Indah Karya	State Owned Enterprise
637.	PT Indofarma (Persero) Tbk.	State Owned Enterprise
638.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
639.	PT Indra Karya	State Owned Enterprise
640.	PT Industri Kapal Indonesia	State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
641.	PT Industri Kereta Api (INKA)	State Owned Enterprise
642.	PT Industri Nuklir Indonesia (Persero)	State Owned Enterprise
643.	PT Industri Sandang Nusantara	State Owned Enterprise
644.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
645.	PT Istaka Karya	State Owned Enterprise
646.	PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
647.	PT Kawasan Berikat Nusantara	State Owned Enterprise
648.	PT Kawasan Industri Makasar	State Owned Enterprise
649.	PT Kawasan Industri Medan	State Owned Enterprise
650.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
651.	PT Kereta Api Indonesia	State Owned Enterprise
652.	PT Kertas Kraft Aceh	State Owned Enterprise
653.	PT Kertas Leces	State Owned Enterprise
654.	PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
655.	PT Kliring Berjangka Indonesia	State Owned Enterprise
656.	PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
657.	PT Len Industri	State Owned Enterprise
658.	PT Merpati Nusantara Airlines	State Owned Enterprise
659.	PT PAL Indonesia	State Owned Enterprise
660.	PT Pann Multi Finance (Persero)	State Owned Enterprise
661.	PT Pelabuhan Indonesia I	State Owned Enterprise
662.	PT Pelabuhan Indonesia II	State Owned Enterprise
663.	PT Pelabuhan Indonesia III	State Owned Enterprise
664.	PT Pelabuhan Indonesia IV	State Owned Enterprise
665.	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
666.	PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
667.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
668.	PT Perusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
669.	PT Perikanan Nusantara	State Owned Enterprise
670.	PT Perkebunan Nusantara III	State Owned Enterprise
671.	PT Permodalan Nasional Madani	State Owned Enterprise
672.	PT Pertamina	State Owned Enterprise
673.	PT Pertani	State Owned Enterprise
674.	PT Perusahaan Gas Negara Tbk	State Owned Enterprise
675.	PT Perusahaan Listrik Negara	State Owned Enterprise
676.	PT Perusahaan Pengelola Aset	State Owned Enterprise
677.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
678.	PT Pindad	State Owned Enterprise
679.	PT Pos Indonesia	State Owned Enterprise
680.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
681.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
682.	PT Reasuransi Indonesia Utama	State Owned Enterprise
683.	PT Sang Hyang Seri	State Owned Enterprise
684.	PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
685.	PT Sarinah	State Owned Enterprise
686.	PT Semen Baturaja (Persero)	State Owned Enterprise
687.	PT Semen Indonesia (Persero) Tbk.	State Owned Enterprise
688.	PT Semen Kupang	State Owned Enterprise
689.	PT Sucofindo	State Owned Enterprise
690.	PT Survai Udara Penas	State Owned Enterprise
691.	PT Surveyor Indonesia	State Owned Enterprise
692.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
693.	PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
694.	PT Taspen	State Owned Enterprise
695.	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
696.	PT Timah (Persero) Tbk.	State Owned Enterprise
697.	PT Varuna Tirta Prakasya	State Owned Enterprise
698.	PT Virama Karya	State Owned Enterprise
699.	PT Waskita Karya (Persero)	State Owned Enterprise
700.	PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
701.	PT Yodya Karya	State Owned Enterprise
702.	PT Djakarta Lloyd (Persero)	State Owned Enterprise
703.	BPJS Kesehatan	State Owned Enterprise
704.	BPJS Ketenagakerjaan	State Owned Enterprise
705.	Lembaga Pembiayaan Ekspor Indonesia	Financial Institution
706.	PT Indonesia Infrastruktur Finance	Financial Institution
707.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
708.	Pusat Investasi Pemerintah	Financial Institution

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bonds, other receivables - trade transaction, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, liabilities on securities sold under agreements to repurchase, debt securities issued, fund borrowings, subordinated loans and marketable securities, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

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56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Executive Vice President and Senior Vice President (Note 49) for the year ended December 31, 2018 and 2017 amounted to Rp1,295,170 and Rp1,153,809 or 3.44% and 3.30% of total consolidated operating expenses - others, respectively.

Details of significant transactions with related parties as of December 31, 2018 and 2017, are as follows:

	December 31, 2018	December 31, 2017
Assets		
Current accounts with other banks (Note 5a)	8,476	27,533
Placements with Bank Indonesia and other banks (Note 6b)	1,162,378	3,152,167
Marketable securities (Note 7a) ⁾	21,562,800	20,775,463
Government bonds (Note 8)	114,284,518	103,411,188
Other receivables - trade transactions (Note 9a)	10,724,084	10,517,587
Derivative receivables (Note 11)	149,832	23,824
Loans (Note 12A.a)	160,729,702	113,611,412
Consumer financing receivables (Note 13a)	8,278	7,957
Acceptance receivables (Note 15a)	2,183,157	1,049,343
Investments in shares (Note 16a)	322,617	297,420
Total assets with related parties	311,135,842	252,873,894
Total consolidated assets	1,202,252,094	1,124,700,847
Percentage of total assets with related parties to total consolidated assets	25.88%	22.48%
Liabilities		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits (Note 21a)	51,161,488	46,108,385
Saving deposits and <i>wadiah</i> saving deposit (Note 22a)	3,537,033	3,548,205
Time deposits (Note 23a)	40,762,862	35,491,966
Deposits from other banks		
Demand and saving deposits (Note 24a)	787,013	252,785
Time deposits (Note 26a)	116,958	108,473
Liabilities for securities sold under agreements to repurchase (Note 28)	102,234	-
Derivative payables (Note 11)	19,126	16,582
Acceptance payables (Note 29a)	4,688,800	602,894

* Stated at gross before unamortized discount and unrealised (losses)/gains from (decrease)/increase in securities.

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56. RELATED PARTY TRANSACTIONS (continued)

	December 31, 2018	December 31, 2017
<u>Liabilities (continued)</u>		
Debt securities issued (Note 30)	10,071,700	8,546,200
Fund borrowings (Note 36)	423,686	-
Subordinated loans and marketable securities (Note 37)	136,750	-
Total liabilities with related parties	111,807,650	94,675,490
Total consolidated liabilities	941,953,100	888,026,817
Percentage of total liabilities with related parties to total consolidated liabilities	11.87%	10.66%
Temporary <i>syirkah</i> funds (Note 38)	2,277,156	974,099
Percentage to total temporary <i>syirkah</i> funds	3.02%	1.46%
	Year ended December 31,	
	2018	2017
<u>Statements of profit or loss and other comprehensive income</u>		
Interest income from government bonds and treasury bills (Note 41)	5,109,695	5,176,335
Percentage to interest income and sharia income	6.29%	6.70%
	December 31, 2018	December 31, 2017
<u>Commitments and contingencies (Note 54)</u>		
Unused loan facilities	55,668,817	50,456,815
Outstanding irrevocable letters of credit	11,195,881	5,904,249
Guarantees issued in the form of bank guarantee	26,849,223	25,912,130
Guarantees issued in the form of Standby letters of credit	7,673,903	6,171,176
Total commitments and contingencies for related parties	101,387,824	88,444,370
Total consolidated commitments and contingencies	251,106,025	227,252,235
Percentages of total commitments and contingencies with related parties to consolidated assets	40.38%	38.92%

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57. SEGMENT INFORMATION

The Group has presented its operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The Group's operating segments as of December 31, 2018 is as follow:

- Corporate Banking consists of
 - Large Corporate : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.
 - Middle Corporate : including loans to medium scale and automotive sector, customer deposits and other transactions belong to middle corporate customers (commercial).
- Government Institutional : including loans, customer deposits and other transactions belong to government entities and pension plan of state-owned enterprises.
- Retail Banking (consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belong to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belong to individual customers.
- Treasury & International Banking : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Overseas Branches.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - Sharia : including all transactions conducted by a Subsidiary engaged in sharia banking.
- Subsidiaries - Insurance : including all transactions conducted by Subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

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57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2017:

- Wholesale consists of:
 - Corporate : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.
 - Commercial : including loans to medium scale and automotive sector, customer deposits and other transactions belong to commercial customers.
- Government & Institutional : including loans, customer deposit and other transactions belong to government entity and pension plan from state-owned enterprises.
- Retail (in 2017 consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belong to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belong to individual customers, including priority customers.
- Treasury & Markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Overseas Branches.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - sharia : including all transactions conducted by a Subsidiary engaged in sharia banking.
- Subsidiaries - insurance : including all transactions conducted by Subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

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57. SEGMENT INFORMATION (continued)

December 31, 2018 ¹⁾											
Description	Corporate Banking					Head Office	Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
	Large Corporate	Middle Corporate	Government & Institution	Retail Banking	Treasury & Inter-national Banking						
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income ³⁾	26,862,763	16,533,360	4,566,025	62,185,942	7,500,469	995,335	7,688,793	319,644	5,599,161	(51,258,922)	80,992,570
Interest and sharia expense ³⁾	(18,808,096)	(10,703,047)	(2,929,697)	(27,912,560)	(2,027,738)	(2,796,865)	(2,659,310)	-	(2,620,048)	44,087,423	(26,369,938)
Net interest and sharia income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	319,644	2,979,113	(7,171,499)	54,622,632
Net premium income	-	-	-	-	-	-	-	3,002,535	-	(295,402)	2,707,133
Net interest and sharia and premium income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	3,322,179	2,979,113	(7,466,901)	57,329,765
Other operating income:											
Other fees and commission	1,997,226	884,780	250,044	5,714,177	396,190	2,532,931	1,068,768	-	824,525	(654,855)	13,013,786
Other	520,110	136,217	11,874	3,446,308	3,879,281	4,606,577	672,979	666,376	1,308,902	(590,345)	14,658,279
Total	2,517,336	1,020,997	261,918	9,160,485	4,275,471	7,139,508	1,741,747	666,376	2,133,427	(1,245,200)	27,672,065
Reversal of/(allowance for) impairment losses on financial assets and others	1,079,449	(6,863,828)	(6,977)	(6,718,458)	(304)	1,174,311	(2,300,574)	-	(650,977)	101,860	(14,185,498)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	-	31,187	-	(87,363)	595	37,098	(18,483)
Gain on sale of marketable securities and government bonds	-	-	-	-	-	962,444	-	(7,004)	16,002	(297,355)	674,087
Other operating expenses:											
Salaries and employee benefit	(166,345)	(287,663)	(89,051)	(2,298,746)	(137,841)	(9,411,630)	(1,805,975)	(522,730)	(1,898,190)	295,402	(16,322,769)
General and administrative expense	(115,844)	(103,426)	(169,598)	(2,660,865)	(126,972)	(9,888,450)	(1,541,306)	(875,050)	(1,105,494)	-	(16,587,005)
Other	(250,861)	(117,771)	(116,408)	(1,273,128)	(285,557)	(1,550,601)	(304,302)	(1,056,527)	(367,905)	666,695	(4,656,365)
Total	(533,050)	(508,860)	(375,057)	(6,232,739)	(550,370)	(20,850,681)	(3,651,583)	(2,454,307)	(3,371,589)	962,097	(37,566,139)
Non-operating income/(expense) - net	-	-	-	-	-	43,205	(3,341)	(10,779)	8,487	-	37,572
Tax expense	-	-	-	-	-	(7,241,244)	(210,520)	(327,951)	(311,717)	-	(8,091,432)
Net income	11,118,402	(521,378)	1,516,212	30,482,670	9,197,528	(20,542,800)	605,212	1,101,151	803,341	(7,908,401)	25,851,937
Net income attributable to:											
Noncontrolling interest											836,916
Parent Entity											25,015,021
Consolidated statement of financial position											
Loans - gross	302,625,449	142,581,578	21,864,053	246,570,935	3,998,638	1,326,193	67,144,434	-	15,903,575	(2,457,667)	799,557,188
Total assets	329,959,329	134,408,647	22,025,637	245,746,843	135,834,856	169,102,494	98,341,119	33,178,563	47,799,504	(14,144,898)	1,202,252,094
Demand deposits and wadiah demand deposits	(79,923,964)	(33,262,301)	(20,358,667)	(55,389,473)	(2,477,319)	-	(8,704,173)	-	(115,135)	407,276	(199,823,756)
Saving deposits and wadiah saving deposits	(6,533,237)	(9,324,378)	(965,360)	(283,926,092)	(39,079)	-	(3,751,592)	-	(2,742,615)	-	(307,282,353)
Time deposits	(41,192,536)	(17,188,326)	(42,831,341)	(141,195,569)	(4,878,892)	-	-	-	(12,320,962)	704,842	(258,902,784)
Total deposit from customers	(127,649,737)	(59,775,005)	(64,155,368)	(480,511,134)	(7,395,290)	-	(12,455,765)	-	(15,178,712)	1,112,118	(766,008,893)
Total liabilities	(136,545,244)	(64,018,485)	(64,008,099)	(482,438,146)	(32,166,632)	(84,790,075)	(14,852,265)	(29,125,723)	(40,665,368)	6,656,937	(941,953,100)

¹⁾ In accordance with operating segments of Bank Mandiri (Note 2ak).

²⁾ Include component of internal transfer pricing among operating segments.

³⁾ Include elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

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57. SEGMENT INFORMATION (continued)

December 31, 2017 ¹⁾											
Description	Wholesale					Head Office	Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
	Corporate	Commercial	Government & Institution	Retail	Treasury & Markets						
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income ³⁾	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678	1,169,202	7,286,674	538,264	4,115,123	(50,467,700)	77,284,648
Interest and sharia expense ³⁾	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)	(956,168)	(2,541,130)	-	(1,963,422)	42,985,823	(25,296,287)
Net interest and sharia income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	538,264	2,151,701	(7,481,877)	51,988,361
Net premium income	-	-	-	-	-	-	-	2,737,654	-	(272,579)	2,465,075
Net interest and sharia and premium income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	3,275,918	2,151,701	(7,754,456)	54,453,436
Other operating income:											
Other fees and commission	1,890,196	1,005,460	257,721	5,579,995	279,082	2,412,928	907,763	-	719,675	(604,505)	12,448,315
Other	387,453	123,825	11,460	2,731,572	3,449,100	1,623,389	714,521	525,588	1,200,376	(385,192)	10,382,092
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	4,036,317	1,622,284	525,588	1,920,051	(989,697)	22,830,407
Reversal of/(allowance for) impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,360)	1,768,041 ⁴⁾	(2,516,484)	-	(646,282)	23,836	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of policyholders' investment in unit-link contracts	-	-	-	-	-	2,489	-	164,568	836	(121,044)	46,849
Gain on sale of marketable securities and government bonds	-	-	-	-	-	850,383	-	12,544	30,643	(113,577)	779,993
Other operating expenses:											
Salaries and employee benefit	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	(8,628,262)	(1,599,262)	(485,449)	(1,411,379)	272,581	(14,858,642)
General and administrative expense	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)	(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
Other	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)	(2,118,947)	(305,420)	(1,039,960)	(212,448)	734,776	(4,724,876)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	(19,641,602)	(3,393,626)	(2,472,971)	(2,541,892)	1,007,357	(34,989,097)
Non-operating income/(expense) - net	-	-	-	-	411	1,826	29,343	(14,583)	(29,885)	-	(12,888)
Tax expense	-	-	-	-	-	(5,087,348)	(121,892)	(261,976)	(242,605)	-	(5,713,821)
Net income	8,992,347	913,066	1,528,165	26,543,468	7,033,613	(17,856,860)	365,169	1,229,088	642,567	(7,947,581)	21,443,042
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	803,359
Parent Entity	-	-	-	-	-	-	-	-	-	-	20,639,683
Consolidated statement of financial position											
Loans - gross	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623	1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
Total assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331	218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
Demand deposits and wadiah demand deposits	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)	-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
Saving deposits and wadiah saving deposits	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)	-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
Time deposits	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)	-	-	-	(7,845,403)	698,920	(238,007,214)
Total deposit from customers	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)	-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
Total liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)	(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

¹⁾ In accordance with operating segments of Bank Mandiri (Note 2ak).

²⁾ Including component of internal transfer pricing among operating segments.

³⁾ Including elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

⁴⁾ Including unallocated impact of exchange rate to each operating segment.

⁵⁾ For the year ended December 31, 2017.

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57. SEGMENT INFORMATION (continued)

Geographical segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended December 31, 2018:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	79,214,322	1,241,290	83,478	453,480	80,992,570
Interest and sharia expense	(25,785,645)	(468,004)	(38,625)	(77,664)	(26,369,938)
Net interest and sharia income	53,428,677	773,286	44,853	375,816	54,622,632
Net premium income	2,707,133	-	-	-	2,707,133
Net interest and sharia and premium income	56,135,810	773,286	44,853	375,816	57,329,765
Other operating income:					
Others fees and commissions	12,729,924	268,379	-	15,483	13,013,786
Others	14,511,948	91,014	3,212	52,105	14,658,279
Total	27,421,872	359,393	3,212	67,588	27,672,065
(Allowance for)/reversal of impairment losses on financial assets and others	(14,360,828)	73,068	-	102,262	(14,185,498)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	(38,084)	16,634	-	2,967	(18,483)
Gain on sale of marketable securities and government bonds	652,465	21,622	-	-	674,087
Other operating expenses:					
Salaries and employee benefit	(16,123,887)	(162,803)	(23,563)	(12,516)	(16,322,769)
General, administrative expenses and others	(21,076,461)	(125,510)	(16,532)	(24,867)	(21,243,370)
Total	(37,200,348)	(288,313)	(40,095)	(37,383)	(37,566,139)
Non operating income/(expense) - net	137,547	(74,294)	-	(25,681)	37,572
Tax expense	(7,990,983)	(100,449)	-	-	(8,091,432)
Net income	24,577,451	780,947	7,970	485,569	25,851,937
Net income attributable to:					
Noncontrolling interest	-	-	-	-	836,916
Parent Entity	-	-	-	-	25,015,021
Consolidated statement of financial position					
Loans	773,786,108	18,214,990	377,607	7,178,483	799,557,188
Total assets	1,146,220,500	38,255,104	2,504,393	15,272,097	1,202,252,094
Demand deposits and <i>wadiah</i> demand deposits	(195,023,476)	(4,732,582)	(67,698)	-	(199,823,756)
Saving deposits and <i>wadiah</i> saving deposits	(305,138,353)	(2,144,000)	-	-	(307,282,353)
Time deposits	(257,673,582)	(1,229,202)	-	-	(258,902,784)
Total deposit from customers	(757,835,411)	(8,105,784)	(67,698)	-	(766,008,893)
Total liabilities	(887,836,702)	(37,474,157)	(1,796,022)	(14,846,219)	(941,953,100)

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57. SEGMENT INFORMATION (continued)

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2017:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	75,911,639	915,243	64,473	393,293	77,284,648
Interest and sharia expense	(25,082,825)	(171,728)	(19,206)	(22,528)	(25,296,287)
Net interest and sharia income	50,828,814	743,515	45,267	370,765	51,988,361
Net premium income	2,465,075	-	-	-	2,465,075
Net interest and sharia and premium income	53,293,889	743,515	45,267	370,765	54,453,436
Other operating income:					
Others fees and commissions	12,023,544	373,393	-	51,378	12,448,315
Others	10,301,925	57,022	3,317	19,828	10,382,092
Total	22,325,469	430,415	3,317	71,206	22,830,407
(Allowance for)/reversal of impairment losses on financial assets and others	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	47,057	(217)	-	9	46,849
Gain on sale of marketable securities and government bonds	731,586	23,953	-	24,454	779,993
Other operating expenses:					
Salaries and employee benefit	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General, administrative expenses and others	(19,975,024)	(113,494)	(19,152)	(22,785)	(20,130,455)
Total	(34,646,586)	(271,143)	(37,737)	(33,631)	(34,989,097)
Non operating income/(expense) - net	102,555	(86,166)	-	(29,277)	(12,888)
Tax expense	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net income	20,296,681	644,249	8,061	494,051	21,443,042
Net income attributable to:					
Noncontrolling interest	-	-	-	-	803,359
Parent Entity	-	-	-	-	20,639,683
Consolidated statement of financial position¹⁾					
Loans	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total assets	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Demand deposits and <i>wadiah</i> demand deposits	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving deposits and <i>wadiah</i> saving deposits	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Time deposits	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total deposit from customers	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total liabilities	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

¹⁾ For the year ended December 31, 2017.

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58. CAPITAL ADEQUACY RATIO

Capital risk management

Bank Mandiri's capital policy is prudently complied with the regulatory capital requirement, diversifying its capital resources to anticipate long-term strategic plans and efficiently allocate capital to business segments that have the potential to provide an optimal risk-return profile, including placement and investment in Subsidiaries in order to meet stakeholder's expectations including investors and regulators.

Bank Mandiri ensures it has sufficient capital to meet credit risk, market risk and operational risk, both in supporting business growth in normal conditions and anticipating stress conditions.

The Capital Adequacy Ratio (CAR) calculated in accordance with OJK's Regulation No. 34/POJK.03/2016 dated September 22, 2016 on Amendments to the OJK's Regulation No. 11/POJK.03/2016 regarding the Minimum Capital Requirement for Commercial Banks.

For Risk Weighted Assets, Bank uses Basel II Standardized Approach¹ for credit risk and has included external rating component. In addition, the Bank has gradually carried out a simulation using Internal Ratings-Based Approach. For Market Risk, the Bank uses Basel II Standardized Measurement Method² and internally uses Value at Risk. For Operational Risk, the Bank refers to Basel II Basic Indicator Approach³.

The calculation of Risk Weighted Assets (Credit, Operational and Market) and Capital Adequacy Ratio (CAR) (Bank Mandiri only) as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Capital:		
Core capital	158,442,446	145,616,420
Supplementary capital	9,115,536	7,561,895
Total capital for credit risk, operational risk and market risk	167,557,982	153,178,315
Risk-Weighted Assets for credit	677,717,804	589,631,509
Risk-Weighted Assets for operational	115,067,839	104,792,639
Risk-Weighted Assets for market	6,449,454	13,367,349
Total Risk-Weighted Assets for credit, operational and market risk	799,235,097	707,791,497

¹ Referring to SE OJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of Risk-Weighted Assets ("RWA") for Credit Risk by Using a Standard Approach, OJK SE No.48/SEOJK.03/2017 regarding Guidelines for Calculation of net receivables for derivative transactions in Calculating Risk Weighted Assets for Credit Risk by Using a Standard Approach and SEOJK Approach No.11/SEOJK.03/2018 regarding Amendments to SEOJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of RWA for Credit Risk by Using a Standard Approach.

² Referring to OJK SE No.38/SEOJK.03/2016 regarding Guidelines for Using Standard Methods in Calculating Minimum Capital Requirements for Commercial Banks to calculate market risk.

³ Referring to OJK SE No.24/SEOJK.03/2016 regarding Risk-Weighted Assets Calculation for Operational Risk by Using a Basic Indicator Approach.

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58. CAPITAL ADEQUACY RATIO (continued)

Capital risk management (continued)

	December 31, 2018	December 31, 2017
CAR for core capital	19.82%	20.57%
CAR for credit risk	24.72%	25.98%
CAR for credit risk and operational risk	21.14%	22.06%
CAR for credit risk and market risk	24.49%	25.40%
CAR for credit risk, operational risk and market risk	20.96%	21.64%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile ⁴	9.56%	9.5%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2018 and 2017 including credit, operational and market risk is 20.46% and 21.03%, respectively, taking into account credit and operational risk is 20.62% and 21.39%, respectively.

59. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS FULFILLMENT RATIO, SMALL-SCALE AND MICRO LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio (including off-balance sheet) as of December 31, 2018 and 2017 (Bank Mandiri only) are 1.88% and 2.14%, respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as of December 31, 2018 and 2017 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2018 and 2017 are 115.23% and 130.82%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the year ended as of December 31, 2018 and 2017 are 6.04% and 6.14%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2018 and 2017 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 2006.

⁴ The minimum CAR for the main risks of Pillar 1 and additional risks of Pillar 2 (capital add-on) is based on the Internal Capital Adequacy Assessment Process (ICAAP) method.

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60. CUSTODIAN SERVICES AND TRUST OPERATIONS

Custodian services

Bank Mandiri started providing custodian services since 1995. The operating license for custodian services was renewed based on Decree of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated October 4, 1999. Bank Mandiri's Custodian, which is the part of International Banking and Financial Institution Group, provides a full range of custodian services as follows:

- a. Settlement and handling services for script and scripless trading transactions;
- b. Safekeeping and administration of marketable securities and other valuable assets;
- c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
- d. Proxy services for its customers' in General Meeting of Shareholders and General Meeting of bond holders;
- e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administered by Bank Mandiri's custodian.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodian facilitate it through provisions of various services as follow:

- a. General custodian which provide services for investors who are investing in capital market or money market in Indonesia;
- b. Local custodian for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and Bank Indonesia Certificates (Sertifikat Bank Indonesia (SBI));
- d. Custodian for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodian of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
- f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
- g. Custodian for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange;
- h. Custodian for Asset Backed Securities (*Efek Beragun Aset* (EBA)) in the form of collective investment contract (*Kontrak Investasi Kolektif* (KIK)) which was issued by the investment manager and custodian bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2018 and 2017, Bank Mandiri's Custodian Operations has 3,279 and 1,822 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio by currencies as of December 31, 2018 are amounting to Rp476,857,329, USD2,218,416,860 (full amount), and EUR141,336 (full amount) and as of December 31, 2017 are amounting to Rp445,624,581, USD1,754,110,142 (full amount), and EUR106,333 (full amount) (unaudited). Assets kept in custodian services activities are not included in the consolidated financial statements of Bank Mandiri and its Subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the OJK's regulation.

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60. CUSTODIAN SERVICES AND TRUST OPERATIONS (continued)

Trustee Agent Operations

Bank Mandiri rendered trustee agent operations services since 1983. The operating license for trust services was renewed and re-registered in OJK as stipulated on its Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The type of services are as follows:

- a. Trustee agent for bonds and MTN
- b. Escrow agent
- c. Paying agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security agent

As of December 31, 2018, Bank Mandiri manage 116 customers with the total value of bonds and MTN issued amounting to Rp111,941,100 and USD5,000,000 (full amount) and as of December 31, 2017 manage 115 customers with the total value of bonds and MTN issued amounting to Rp95,077,750 and USD105,300,000 (full amount) (unaudited).

Both Bank Mandiri's Trustee operations and Custodian Services have received Quality Certification ISO 9001:2015.

Trust services

Bank's trust service is the custodian services of customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No. 15/30/DPB1/PB1-1 dated April 26, 2013 and No. 15/32/DPB1/PB1-1 dated August 28, 2013.

Functions of Mandiri trust service are:

- a. "Paying Agent" which receives and transfers money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agent" involves in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

Bank's trust service include managing customers from various segments, including oil & gas company, large corporate and middle corporate, non-profit organization customers for activities among others, distribution of gas sales results, sale and purchase/acquisition of companies, and pooling of funds for foreign aid and others.

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61. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	December 31, 2018	December 31, 2017
Government:		
Agriculture	261,272	286,949
Manufacturing	14,543	14,543
	275,815	301,492

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia through several existing schemes as follows:

1. Channeling loans from the Ministry of Finance in various currencies from several bilateral and multilateral financial institutions to finance Government projects through State Owned Enterprises, Region Owned Enterprises and Regional Government, such as: Asian Development Bank, Banque Française & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Netherlands Urban Sector Loan & De Nederlandse Investeringsbank voor Ontwikkelingslanden NV, Swiss Government, RDI - KI, Spain, UB Denmark, US Export Import Bank and Overseas Economic Cooperation Fund. However, based on the Regulation of the Minister of Finance No.40/PMK.05/2015 dated March 6, 2015, stated starting from October 1, 2015 the administration of overseas loans are managed by the Ministry of Finance, except loans in the form of BI Project Aid.
2. Channeling loans from former of PIR Plantations to farmers for community plantation development which includes the Nucleus Estate Smallholder (NES) ADB project, Special PIR and Local PIR. Bank Mandiri as the administrator for the repayment of receivables to PIR Plantation Farmers, whereas the Ministry of Finance is managing the repayment of receivables to farmers and the Ministry of Agriculture is managing the technical execution of the PIR Plantation Project. The distribution of PIRBUN loans has stopped.
3. Channeling loans of Industrial Plantation Forest Reforestation (DR HTI) from the Ministry of Environment and Forestry (KLHK). Since 1999, the Ministry of Environment and Forestry has stopped distributing the Reforestation Loans for Industrial Plantation Forests, therefore the DRHTI loans which currently managed by PT Bank Mandiri (Persero) Tbk are existing DRHTI Loans which were inherited from ex legacy Bank.

Channeling loans are not presented in the consolidated statement of financial position since the credit risk are not borne by the Bank and its Subsidiaries. In accordance to the agreement mentioned above, Bank Mandiri is responsible to collect from the debtors and made payments to the Government not only the principal, but also the interest and other charges including manage loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.50% - 2.00%.

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62. RISK MANAGEMENT

Bank Mandiri implements independent risk management and according to OJK's and Bank Indonesia's regulation and international banking best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which is customised with the Bank's business and operational needs. ERM implementation provides value added benefits to the Bank's and its stakeholders.

ERM is a risk management process embedded in business strategies and operations that are integrated in the Bank's daily business decision making processes. With ERM, the Bank establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes with the risks in holistic approach. In addition, ERM also applies integrated risk management for the Subsidiaries, to maximise the effectiveness of supervision and value creation to the Bank based on OJK's Regulation No. 17/POJK.03/2014 regarding implementation of integrated risk management for financial conglomerates which are appropriate for the whole financial industries.

The Bank's risk management framework is based on OJK's Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is included in Risk Management Policy (KMNR), which consists of various policies to support risk management function as a business enabler for business growth within the corridor of prudential principle by adopting the ideal risk management processes (identification - measurement - monitoring - risk control) at all organisation levels.

As part of the ERM process, Bank Mandiri applies a Risk Appetite Statement (RAS). RAS represents, type and level of risk that the Bank is able to take/face in order to achieve business objectives. The application of RAS is also synchronized with monitoring of Bank Mandiri's Recovery Plan indicators (refer to POJK No. 14/POJK.03/2017 regarding Bank Systemic Recovery Plans).

All risks that faced by the Bank are measured and monitored on regular basis through internal measurement method quarterly risk profile report and semiannually Bank's soundness report in order to describe all the embedded risks in the Bank's business activities, including consolidated Subsidiaries risks.

Active supervision by the Board of Directors and the Board of Commissioners on risk management activities, directly and indirectly, is implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring Committee, Integrated Governance Committee, Remuneration and Nomination Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Asset & Liability Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC), Capital & Subsidiaries Committee (CSC), Business Committee, Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) and Credit Committee.

From 9 Executive Committees, there are 4 committees that are directly involved in managing risk management, i.e RMC, IRC, ALCO and PPC. RMC is the committee that discusses and recommends policies and procedures as well as monitoring risks profile and managing all the Bank's risks. IRC is the committee that provides recommendation on the integrated risk management policy including the application of risk management in Subsidiaries. IRC is based on the application of OJK's Regulation No. 17/POJK.03/2014 regarding integrated risk management for financial conglomerates. IRC has members from subsidiaries that discusses as well as recommends the policy and application of integrated risk management. ALCO is the committee that manages Bank's asset and liability management, interest rate and liquidity stipulation and other areas that are related to the asset and liability management of the Bank. Furthermore, ALCO also has function and responsibility to monitor over financial and risk indicator which already stated in recovery plan and also recommend recovery plan activation in which those indicators have already breach the limit that had been already stated before. PPC is the committee that discusses and recommends the adjustment or improvement in the Bank's policies and procedures so those policies will conform with Bank's policies.

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62. RISK MANAGEMENT (continued)

Committees formed under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which have task and responsibility to review and evaluate the policy and implementation of Bank's risk management, as well as providing inputs and recommendations to the Board of Commissioners for their monitoring of rules.

At operational level, the Directorate of risk management together with business units are responsible to manage 10 risks faced by the Bank, also discuss and propose a guidance for risk management. The organization structure of risk management consist of 1) Risk Taking Unit who run the four eye principles which are Wholesale Risk and Retail Risk each led by Senior Executive Vice President (SEVP) and 2) Independent Risk Management Unit who responsible directly to Risk Management Director, which are Credit Portfolio Risk Group, Market Risk Group, Operational Risk Group, Credit Control & Supervision Group and Policy & Procedure Group.

A. Credit risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and prudent loan management to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation by identifying business unit, segment, product, region which contributes to value added for the Bank.

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market target, loan analysis, approval, documentation, disbursement, monitoring and settlement process for non-performing/restructuring loans.

To improve the Bank's social role and care for the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending granting which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia Regulation regarding the Quality of Asset Assessment on Commercial Bank regulating that the assessment prospect link with debtor in taking care the environment. Moreover, in order to environment preservation, Bank has already established sustainable financial action plan which stated in OJK's regulation regarding sustainable financial implementation for financial services institution, Issuers, and Public Companies.

In principle, credit risk management is implemented at transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles concept, which each loan approval involves Business Unit and Credit Risk Management Unit which work independently to achieve objective credit decision. The four-eye principles are executed by Credit Committee according to the authority limit and the loan approval process conducted through Credit Committee Meeting mechanism.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

Executive Credit Officer as the Credit Committee member, must be highly competent as well as has strong capacity and high integrity so the loan granting process can be performed objectively, comprehensively and prudently. To monitor the performance of the credit authorization holders in approving the loans, the Bank has developed a monitoring database system for the credit authorization holder. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authorization holders, so the performance of the Executive Credit Officer can be monitored from time to time.

To mitigate credit risk, Credit Committee sets loan structure for every debtor including appropriate covenants, which align with debtor's needs and conditions, to ensure loan granting is effective and meet the interest of the Bank and debtor. Guidelines for determining the structure of collateral regarding to credit risk mitigation policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

Collateral type that can be accepted by the Bank includes moving objects (including cash, receivables, inventories, and marketable securities), objects that are not moving (including land, building, and machine), and personal/corporate guarantee. The criteria of collateral adequacy coverage (unaudited) for each segment are divided as follows:

Segment	Collateral	Minimum Coverage Amount ^{*)}
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

^{*)} Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor.

To guarantee the credit facility, fixed assets such as land and building are preferable than other types of collateral. Bank uses value of collateral based on appraisal value by internal appraiser (Credit Operation Unit) and external appraiser who are business partner of the Bank or non business partner but approved by authorized person in business unit or Recovery Unit.

Collateral can be replaced as long as the new collateral fulfills marketability aspect and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

To identify and measure risk at transactional level as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which includes Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum. At portfolio level, control is performed through master limit, ICLS (Integrated Credit Liabilities System) and name clearance.

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attrition).

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

BMRS that has been developed by the Bank consists of Rating System for Corporate Banking, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for *Bank Perkreditan Rakyat* (BPR).

With the use of Rating System for Financial Institutions/Banks, Bank can identify and measure risk level of Bank's Counterpart which can be tolerated in granting Credit Line facilities.

To improve the measurement of transactional risk for the Oversea Offices, currently BMRS has been implemented in Overseas Office. To support the development of Rating and Scoring model, the Bank has a guideline for the development of Credit Rating and Credit Scoring model, which is a complete guidance for the Bank in developing credit rating and credit scoring model. In addition, to monitor the performance of credit rating and credit scoring model, the Bank conducts a review on the scoring and rating results performed by Business Units. In addition, the Bank already has a guidance to form probability of default (PD) model to support implementation of internal rating based approach. In order to monitor the performance of rating and scoring managed in the database, report of credit scoring review and rating review outlook are prepared periodically.

Currently the Bank is in the process of developing and enhancing further the internal rating and internal scoring to be in line with Advanced Internal Rating Based Approach (A-IRB Approach), which with development of Basel II Risk Parametas model Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for wholesale, retail and consumer segment. This also serves as preparation of model of components for Expected Credit Loss for implementation of IFRS 9 (SFAS 71) for impairment calculation.

The models that have been developed by the Bank are validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is performed to minimize error in assessing credit risk, in particular in assessing rating and scoring of debtor and PD score. Moreover, Risk Model Validator has a role to managing risk model through inventarisasi, determining model rating by using risk index model and independent monitoring through on-going validation.

Aside from Credit Rating and Scoring, another tools used by the Bank is the loan monitoring system, which uses to identify debtors who potentially experience difficulty in repaying their loan. The Bank conducts early warning analysis called Watch List analysis (Early Warning Analysis) for all large and middle corporate loans with collectibility 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and action plan to prevent NPL.

In assessing and monitoring credit quality, Bank Mandiri always refers to Bank Indonesia regulation by prioritizing prudential principles by reviewing business prospects, as well as assessing the debtors performance and repayment ability. Credit monitoring on large corporate and middle corporate segments are performed at debtor level through Loan Monitoring System (ALERT System) that has been integrated into the IPS system. Loan monitoring system includes two functions, namely as an early detection tool through analysis of Watch List (Early Warning Analysis) and collectibility review based on 3 pillars. Loan Monitoring System is a standardized, structured and comprehensive method of debtor's performance monitoring, therefore action plan can be done immediately to prevent the deterioration of debtor credit quality. Monitoring is performed at the minimum on quarterly basis to identify any debtor who potentially experiencing difficulties to meet their obligations. Meanwhile, monitoring on retail segments (SME, micro and consumer segment) is performed at portfolio level through portfolio analysis from various aspects as outlined in credit risk report.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

As prevention (early warning signal), Bank Mandiri also performs simulation and stress testing on portfolio on regular basis to identify changing of portfolio quality by segment or industry, whereas the result will become a guidance for Bank Mandiri in monitoring the specific sector or debtor that potentially experiencing deterioration of quality more closely to prevent unexpected events.

At portfolio level, risk management uses the active portfolio management approach which proactively maintain the portfolio diversification at optimum level with risk exposure at risk appetite determined by the Bank. In practice, the Bank uses Portfolio Guideline (PG) tools. PG consists of three parts, industry classification, industry acceptance criteria and industry limit.

Industry Classification (IC) classifies industrial sectors into 4 categories based on the prospects and the corresponding risks. The Bank uses IC in determining the industry market target. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which determines maximum exposure limit for a particular industrial sector.

PG harmonizes the credit concept whereas the Bank now proactively prioritize to industries with economic value added and select the best companies and individuals within those industries (winner players) as targeted customers. With this proactive approach, the Bank has successfully attracted profitable companies and prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry limit and debtor limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is periodically reviewed and subject to back testing to ensure its always relevant and up-to-date and has predictive value at an acceptable level. Currently, the Bank has already reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

The Bank also issues Portfolio Outlook at ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is preventive as an early warning before changes in economic condition as mentioned above can affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take preventive action and risk mitigation in both individual and portfolio level.

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62. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To monitor quality and test the elasticity of portfolio quality (NPL and yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and at ad hoc basis conducts a stress test on the credit portfolio by large debtors group, business segment, industry and products based on various scenarios. With this stress test, Bank will be able to understand the possibility of negative impact to the business performance of Bank Mandiri, as well as earlier anticipate and take actions to manage the portfolio and identify the most optimal solution for short-term and long-term strategies therefore quality of the Bank's portfolio and capital adequacy can be well maintained.

To comply with OJK Regulation 14/POJK.03/2017 regarding Recovery Plans for Systemic Banks, Article 31 of POJK, Bank Mandiri as a Systemic Bank (Domestic Systemically Important Bank) is required to update its Recovery Plans to overcome possible financial stress and report to OJK no later than the end of November each year. In 2018, Bank Mandiri has updated the Recovery Plan which has been approved at the Board of Directors Meeting dated November 21, 2018.

In order to continuously develop the quality of human resources in risk management, the Bank has risk management academy which issued several risk management modules, both tailored to improve knowledge and skills as well as to generally increase employee risk awareness.

(i) Maximum exposure to credit risk before considering collateral held and other credit supports

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current accounts with Bank Indonesia	59,852,761	50,188,118
Current accounts with other banks	14,830,772	12,329,947
Placement with Bank Indonesia and other banks	22,515,696	74,600,803
Marketable securities**)		
Government		
Fair value through profit or loss	216,760	1,644,649
Available for sale	3,583,165	1,590,710
Non-government		
Fair value through profit or loss	3,547,087	1,876,737
Available for sale	26,236,035	24,109,437
Held to maturity	7,887,279	8,196,823
At cost	2,630,325	1,139,166
Government bonds***)		
Fair value through profit or loss	3,372,637	2,183,356
Available for sale	78,265,244	89,073,724
Held to maturity	17,977,222	2,585,950
At cost	13,468,806	8,262,937
Other receivables - trade transactions	24,809,459	24,090,128
Securities purchased under agreements to resell	2,097,629	2,629,315
Derivatives receivables	1,798,557	817,292

***) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2018 and 2017 are as follows (continued):

	December 31, 2018	December 31, 2017
Loans and sharia loan/financing ^{*)}		
Corporate	325,034,885	258,204,300
Commercial	122,341,005	135,630,079
Retail	255,484,648	226,493,437
Sharia	64,900,557	57,964,704
Consumer financing receivables	16,826,865	14,782,332
Net investment finance leases	3,319,103	2,356,890
Acceptances receivables	13,592,409	12,290,260
Other assets		
Accrued income	5,251,323	4,325,248
Receivables from customer transactions	1,025,174	2,095,568
Receivables from transactions related to ATM and credit card	573,938	699,825
Receivable from policyholders	477,041	713,049
Receivable from sale of marketable securities	831,337	201,358
Receivables from government bonds pledged as collateral	3,499,304	594,534
	1,096,247,023	1,021,670,676

^{*)} In accordance with the operating segments of Bank Mandiri

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Bank guarantees issued	82,023,611	79,485,919
Committed unused loan facilities	36,911,030	35,534,577
Outstanding irrevocable letters of credit	19,734,769	15,729,990
Standby letter of credit	13,124,842	12,269,582
	151,794,252	143,020,068

The above table represents the maximum financial assets exposure on credit risk for Bank Mandiri and Subsidiaries as of December 31, 2018 and 2017, without taking into account any collateral held or other credit support. For financial assets in the consolidated statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2018 and 2017. In the following table, Bank Mandiri and Subsidiaries have allocated exposures based on the geographical area where the transactions are recorded.

	December 31, 2018					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	11,366,295	10	591	-	3,469,065	14,835,961
Placement with Bank Indonesia and other banks	19,978,618	-	-	-	2,587,416	22,566,034
Marketable securities**)						
Government						
Fair value through profit or loss	216,760	-	-	-	-	216,760
Available for sale	1,241,693	-	-	-	2,341,472	3,583,165
Non Government						
Fair value through profit or loss	805,125	-	-	-	2,742,920	3,552,045
Available for sale	25,896,647	-	-	-	340,593	26,237,240
Held to maturity	6,986,043	-	-	-	964,973	7,951,016
At cost	2,656,999	-	-	-	-	2,656,999
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	13,468,806
Other receivables-trade transactions	25,773,022	-	-	-	640,035	26,413,057
Securities purchased under agreements to resell	2,097,629	-	-	-	-	2,097,629
Derivatives receivables	1,792,260	-	-	-	6,297	1,798,557
Loans ¹⁾						
Corporate	254,594,975	42,244,420	5,301,452	2,805,441	25,195,404	330,141,692
Commercial	100,893,567	25,651,946	9,126,898	3,762,200	739,299	140,173,910
Retail	173,384,331	45,512,289	18,863,253	19,201,965	5,135,313	262,097,151
Sharia	43,693,479	12,673,157	5,777,586	3,168,728	1,831,485	67,144,435
Consumer financing receivables	11,662,094	2,531,303	1,237,901	1,723,855	43,003	17,198,156
Net investment						
finance leases	3,258,110	43,280	18,419	6,883	1,697	3,328,389
Acceptances receivables	13,647,115	-	-	-	241,747	13,888,862
Other assets						
Accrued income	4,343,110	396,961	121,243	132,900	257,109	5,251,323
Receivables from customer transactions	936,139	46,633	19,880	20,260	2,262	1,025,174
Receivables from transactions related to ATM and credit card	573,938	-	-	-	-	573,938
Receivable to policyholders	477,041	-	-	-	-	477,041
Receivable from sale of marketable securities	807,245	-	-	-	24,092	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	-	-	-	3,499,304
	883,522,209	129,099,999	40,467,223	30,822,232	46,564,182	1,130,475,845

¹⁾ In accordance with Bank Mandiri's debtors segment.

***) Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.

****) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

****) Others include portfolios in Papua and overseas branches.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	December 31, 2017					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	9,558,317	10	619	-	2,774,443	12,333,389
Placement with Bak						
Indonesia and other banks	70,689,182	-	-	-	3,961,334	74,650,516
Marketable securities**)						
Government						
Fair value through profit or loss	1,258,471	-	-	-	386,178	1,644,649
Available for sale	-	-	-	-	1,590,710	1,590,710
Non Government						
Fair value through profit or loss	1,531,355	-	-	-	350,382	1,881,737
Available for sale	23,767,343	-	-	-	350,211	24,117,554
Held to maturity	7,276,144	-	-	-	977,501	8,253,645
At cost	1,150,961	-	-	-	-	1,150,961
Government Bonds***)						
Fair value through profit or loss	2,183,356	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	8,262,937
Other receivables-trade transactions	23,549,287	-	-	-	1,890,190	25,439,477
Securities purchased under agreements to resell	2,629,315	-	-	-	-	2,629,315
Derivatives receivables	816,968	-	-	-	324	817,292
Loans ¹⁾						
Corporate	184,556,500	42,362,161	8,685,445	2,902,157	27,269,691	265,775,954
Commercial	107,414,648	29,484,409	10,489,104	4,846,050	529,385	152,763,596
Retail	151,567,405	40,189,567	18,489,800	18,148,092	5,210,014	233,604,878
Sharia	38,237,293	11,123,873	6,131,260	2,845,779	1,555,232	59,893,437
Consumer financing receivables	10,846,826	2,152,598	876,636	1,243,655	25,504	15,145,219
Net investment						
finance leases	2,332,438	4,116	2,146	25,929	-	2,364,629
Acceptances receivables	12,052,865	-	-	-	491,629	12,544,494
Other assets						
Accrued income	3,482,692	371,061	127,934	118,272	225,289	4,325,248
Receivables from customer transactions	2,019,368	27,786	12,953	12,343	118,290	2,190,740
Receivables from transactions related to ATM and credit card	699,825	-	-	-	-	699,825
Receivable to policyholders	699,816	6,782	3,093	3,358	-	713,049
Receivable from sale of marketable securities	174,243	-	-	-	27,115	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	-	-	594,534
	809,199,881	125,722,363	44,818,990	30,145,635	47,733,422	1,057,620,291

¹⁾ In accordance with Bank Mandiri's debtors segment.

²⁾ Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.

³⁾ Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

⁴⁾ Others include portfolios in Papua and overseas branches.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2018					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	79,965,400	42,005	19,056	27,885	2,059,739	82,114,085
Committed unused loan facilities	16,605,448	5,344,977	807,442	564,991	13,605,421	36,928,279
Outstanding irrevocable letters of credit	18,827,004	5,464	-	-	913,460	19,745,928
Standby letter of credit	12,354,127	-	-	-	777,562	13,131,689
	127,751,979	5,392,446	826,498	592,876	17,356,182	151,919,981

	December 31, 2017					Total
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	77,843,320	-	-	-	1,844,658	79,687,978
Committed unused loan facilities	19,450,470	5,653,897	606,480	335,162	9,566,712	35,612,721
Outstanding irrevocable letters of credit	14,806,837	-	-	-	1,015,685	15,822,522
Standby letter of credit	12,102,240	-	-	-	176,378	12,278,618
	124,202,867	5,653,897	606,480	335,162	12,603,433	143,401,839

****) Others included portfolio of Papua and overseas branches

b) Industry sectors

The following table describe Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by industry sectors as of December 31, 2018 and 2017.

	December 31, 2018						Total
	Government	Financial institution/Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	-	14,835,961	-	-	-	-	14,835,961
Placement with Bank Indonesia and other banks	-	22,566,034	-	-	-	-	22,566,034
Marketable securities**)							
Government							
Fair value through profit or loss	216,760	-	-	-	-	-	216,760
Available for sale	3,583,165	-	-	-	-	-	3,583,165
Non Government							
Fair value through profit or loss	-	3,424,494	73,558	16	42,051	11,926	3,552,045
Available for sale	-	20,121,852	269,696	85,897	2,020,685	3,739,110	26,237,240
Held to maturity	-	3,699,419	684,000	466,968	2,676,418	424,211	7,951,016
At cost	-	1,957,999	200,000	-	485,000	14,000	2,656,999
Government Bonds****)							
Fair value through profit or loss	3,372,637	-	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	-	13,468,806
Other receivables-trade transactions	-	4,931,505	9,028,789	1,072,811	140,776	11,239,176	26,413,057
Securities purchased under resale agreements	-	2,045,615	-	-	-	52,014	2,097,629
Derivatives receivables	-	1,289,346	-	-	-	509,211	1,798,557

**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

****) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2018 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans ¹⁾							
Corporate	10,854,590	3,458,808	81,004,446	42,762,353	31,237,637	160,823,858	330,141,692
Commercial	-	47,780	47,607,621	23,232,449	15,268,593	54,017,467	140,173,910
Retail	-	78,423	6,327,728	13,619,769	10,287,144	231,784,087	262,097,151
Sharia	35,446	6,320,254	3,389,077	3,528,178	4,253,634	49,617,846	67,144,435
Consumer financing receivables	182,554	424	319,164	9,511	137,648	16,548,855	17,198,156
Net investment finance leases	160,985	107	93,318	10,010	388,841	2,675,128	3,328,389
Acceptances receivables	-	1,513,403	1,835,153	-	1,277	10,539,029	13,888,862
Other assets							
Accrued income	502,266	1,266,925	609,384	132,343	300,492	2,439,913	5,251,323
Receivables from customer transactions	-	298,767	-	-	-	726,407	1,025,174
Receivables from transactions related to ATM and credit card	-	-	-	-	-	573,938	573,938
Receivable to policyholders	-	477,041	-	-	-	-	477,041
Receivable from sale of marketable securities	-	831,337	-	-	-	-	831,337
Receivables from Government Bonds pledged as collateral	-	3,499,304	-	-	-	-	3,499,304
	128,619,675	152,517,559	151,441,934	84,920,305	67,240,196	545,736,176	1,130,475,845

	December 31, 2017						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	-	12,333,389	-	-	-	-	12,333,389
Placement with Bank Indonesia and other banks	-	74,650,516	-	-	-	-	74,650,516
Marketable securities ²⁾							
Government							
Fair value through profit or loss	1,644,649	-	-	-	-	-	1,644,649
Available for sale	1,590,710	-	-	-	-	-	1,590,710
Non Government							
Fair value through profit or loss	-	1,632,483	122,520	16	56,912	69,806	1,881,737
Available for sale	-	18,189,194	241,209	149,948	1,721,951	3,815,252	24,117,554
Held to maturity	-	6,136,187	684,000	-	1,101,850	331,608	8,253,645
At cost	-	746,961	-	-	390,000	14,000	1,150,961
Government Bonds ³⁾							
Fair value through profit or loss	2,183,356	-	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	-	8,262,937
Other receivables-trade transactions	-	4,730,694	6,191,365	507,731	2,318,433	11,691,254	25,439,477
Securities purchased under resale agreements	-	2,466,421	-	-	-	162,894	2,629,315
Derivatives receivables	-	488,062	-	-	-	329,230	817,292

¹⁾ In accordance with debtors segment of Bank Mandiri.

²⁾ Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

³⁾ Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

⁴⁾ Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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62. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- b) Industry sectors (continued)

	December 31, 2017 (continued)						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Loans ⁾							
Corporate	9,884,329	1,077,407	88,799,814	40,394,180	25,317,921	100,302,303	265,775,954
Commercial	-	145,230	53,840,563	22,104,144	16,517,447	60,156,212	152,763,596
Retail	-	55,327	5,843,514	10,997,009	6,675,902	210,033,126	233,604,878
Sharia	81,879	5,619,988	3,463,745	4,107,529	5,226,525	41,393,771	59,893,437
Consumer financing receivables	42,306	-	3,175	1,787	133,351	14,964,600	15,145,219
Net investment finance leases	15,407	-	861	13,718	392,662	1,941,981	2,364,629
Acceptances receivables	-	636,774	738,790	-	15,548	11,153,382	12,544,494
Other assets							
Accrued income	766,003	975,884	333,533	109,994	238,837	1,900,997	4,325,248
Receivables from customer transactions	-	112,051	-	-	-	2,078,689	2,190,740
Receivables from transactions related to ATM and credit card	-	-	-	-	-	699,825	699,825
Receivable to policyholders	-	713,049	-	-	-	-	713,049
Receivable from sale of marketable securities	-	201,358	-	-	-	-	201,358
Receivables from Government	-	-	-	-	-	-	-
Bonds pledged as collateral	-	594,534	-	-	-	-	594,534
	116,131,250	181,693,627	160,263,089	78,386,056	60,107,339	461,038,930	1,057,620,291

⁾ In accordance with operating of segment of Bank Mandiri.

^{****)} Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2018						Net
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others⁾	
Administrative accounts							
Bank guarantees issued	25,500	18,702,787	21,450,815	123,509	640,740	41,170,734	82,114,085
Committed unused loan facilities	11,524,977	4,414,458	6,722,183	1,321,292	-	12,945,369	36,928,279
Outstanding irrevocable letters of credit	58,320	2,489	3,193,793	203,825	5,176,380	11,111,121	19,745,928
Standby letter of credit	-	-	1,064,217	-	1,979,523	10,087,949	13,131,689
	11,608,797	23,119,734	32,431,008	1,648,626	7,796,643	75,315,173	151,919,981

	December 31, 2017						Net
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others⁾	
Administrative accounts							
Bank guarantees issued	59,163	22,324,226	19,212,425	130,307	642,744	37,319,113	79,687,978
Committed unused loan facilities	9,366,349	5,800	9,404,247	1,443,187	2,226,114	13,167,024	35,612,721
Outstanding irrevocable letters of credit	55,024	5,757	2,624,525	32,512	1,067,974	12,036,730	15,822,522
Standby letter of credit	-	-	197,475	-	802,118	11,279,025	12,278,618
	9,480,536	22,335,783	31,438,672	1,606,006	4,738,950	73,801,892	143,401,839

⁾ Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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62. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As of December 31, 2018 and 2017, exposure to credit risk on financial assets are as follows:

	December 31, 2018					Net
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	
Current account with Bank Indonesia	59,852,761	-	-	59,852,761	-	59,852,761
Current account with other bank	14,832,487	-	3,474	14,835,961	(5,189)	14,830,772
Placement with Bank Indonesia and others bank	22,515,696	-	50,338	22,566,034	(50,338)	22,515,696
Marketable securities **)						
Government						
Fair value through profit or loss	216,760	-	-	216,760	-	216,760
Available for sale	3,583,165	-	-	3,583,165	-	3,583,165
Non-government						
Fair value through profit or loss	3,547,087	-	4,958	3,552,045	(4,958)	3,547,087
Available for sale	26,237,240	-	-	26,237,240	(1,205)	26,236,035
Held to maturity	7,774,351	-	176,665	7,951,016	(63,737)	7,887,279
At cost	2,656,999	-	-	2,656,999	(26,674)	2,630,325
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	3,372,637	-	3,372,637
Available for sale	78,265,245	-	-	78,265,245	-	78,265,245
Held to maturity	17,977,222	-	-	17,977,222	-	17,977,222
At cost	13,468,806	-	-	13,468,806	-	13,468,806
Other receivables						
trade transactions	19,013,796	5,237,222	2,162,039	26,413,057	(1,603,598)	24,809,459
Securities purchased under resale agreements	2,097,629	-	-	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	-	1,798,557	-	1,798,557
Loans ¹⁾						
Corporate	306,084,556	129,220	23,927,916	330,141,692	(5,106,807)	325,034,885
Commercial	100,155,689	1,398,272	38,619,949	140,173,910	(17,832,905)	122,341,005
Retail	245,233,861	9,503,653	7,359,637	262,097,151	(6,612,503)	255,484,648
Shariah	61,983,723	935,726	4,224,986	67,144,435	(2,243,878)	64,900,557
Consumer financing receivables	15,469,441	1,511,455	217,260	17,198,156	(371,291)	16,826,865
Net Investment finance leases	3,136,371	167,720	24,298	3,328,389	(9,286)	3,319,103
Acceptances receivables	12,521,588	-	1,367,274	13,888,862	(296,453)	13,592,409
Other assets						
Accrued income	5,251,323	-	-	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	-	1,025,174	(12,600)	1,012,574
Receivables from transactions related to ATM and credit card	573,938	-	-	573,938	-	573,938
Receivable to policyholders	477,041	-	-	477,041	-	477,041
Receivables from sale of marketable securities	831,337	-	-	831,337	-	831,337
Receivables from Government						
Bonds pledged as collateral	3,499,304	-	-	3,499,304	-	3,499,304
	1,033,453,784	18,838,268	78,138,794	1,130,475,846	(34,241,422)	1,096,234,424

¹⁾ In accordance with operating of segment of Bank Mandiri.

^{**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.}

^{***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.}

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	50,188,118	-	-	50,188,118	-	50,188,118
Current account with other bank	12,329,958	-	3,431	12,333,389	(3,442)	12,329,947
Placement with Bank Indonesia and others bank	74,600,803	-	49,713	74,650,516	(49,713)	74,600,803
Marketable securities ^{*)}						
Government						
Fair value through profit or loss	1,644,649	-	-	1,644,649	-	1,644,649
Available for sale	1,590,710	-	-	1,590,710	-	1,590,710
Non-government						
Fair value through profit or loss	1,876,737	-	5,000	1,881,737	(5,000)	1,876,737
Available for sale	24,117,554	-	-	24,117,554	(8,117)	24,109,437
Held to maturity	8,152,337	-	101,308	8,253,645	(56,822)	8,196,823
At cost	1,150,961	-	-	1,150,961	(11,795)	1,139,166
Government Bonds ^{**)}						
Fair value through profit or loss	2,183,356	-	-	2,183,356	-	2,183,356
Available for sale	89,073,724	-	-	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	-	2,585,950	-	2,585,950
At cost	8,262,937	-	-	8,262,937	-	8,262,937
Other receivables						
trade transactions	19,880,909	4,005,148	1,553,420	25,439,477	(1,349,349)	24,090,128
Securities purchased under resale agreements	2,629,315	-	-	2,629,315	-	2,629,315
Derivatives receivables	817,292	-	-	817,292	-	817,292
Loans ^{*)}						
Corporate	244,461,233	333,342	20,981,379	265,775,954	(7,571,654)	258,204,300
Commercial	115,351,282	999,423	36,412,891	152,763,596	(17,133,517)	135,630,079
Retail	214,723,748	9,241,165	9,639,965	233,604,878	(7,111,441)	226,493,437
Sharia	52,427,492	1,398,811	6,067,134	59,893,437	(1,928,733)	57,964,704
Consumer financing receivables	13,551,826	1,375,809	217,584	15,145,219	(362,887)	14,782,332
Net Investment finance leases	2,315,141	38,815	10,673	2,364,629	(7,739)	2,356,890
Acceptances receivables	11,837,972	-	706,522	12,544,494	(254,234)	12,290,260
Other assets						
Accrued income	4,325,248	-	-	4,325,248	-	4,325,248
Receivables from customer transactions	2,080,126	-	110,614	2,190,740	(95,172)	2,095,568
Receivables from transactions related to ATM and credit card	699,825	-	-	699,825	-	699,825
Receivable to policyholders	713,049	-	-	713,049	-	713,049
Receivables from sale of marketable securities	201,358	-	-	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	594,534	-	594,534
	964,396,144	17,392,513	75,859,634	1,057,620,291	(35,949,615)	1,021,670,676

^{*)} In accordance with operating of segment of Bank Mandiri.

^{**)} Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

^{***)} Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, exposure to credit risk on administrative accounts are as follows:

	December 31, 2018					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	81,358,345	-	755,740	82,114,085	(90,474)	82,023,611
Committed unused loan facilities	36,780,386	12,002	135,891	36,928,279	(17,249)	36,911,030
Outstanding irrevocable letters of credit	18,811,111	-	934,817	19,745,928	(11,159)	19,734,769
Standby letter of credit	13,063,421	-	68,268	13,131,689	(6,847)	13,124,842
	150,013,263	12,002	1,894,716	151,919,981	(125,729)	151,794,252

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	78,728,032	-	959,946	79,687,978	(202,059)	79,485,919
Committed unused loan facilities	35,420,546	6,102	186,073	35,612,721	(78,144)	35,534,577
Outstanding irrevocable letters of credit	15,084,319	-	738,203	15,822,522	(92,532)	15,729,990
Standby letter of credit	12,260,646	-	17,972	12,278,618	(9,036)	12,269,582
	141,493,543	6,102	1,902,194	143,401,839	(381,771)	143,020,068

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2018		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	59,852,761	-	59,852,761
Current accounts with other banks	14,832,487	-	14,832,487
Placement with Bank Indonesia and other banks	22,515,696	-	22,515,696
Marketable securities ^{*)}			
Government			
Fair value through profit or loss	216,760	-	216,760
Available for sale	3,583,165	-	3,583,165
Non Government			
Fair value through profit or loss	3,542,129	4,958	3,547,087
Available for sale	26,237,240	-	26,237,240
Held to maturity	7,587,328	187,023	7,774,351
At cost	2,656,999	-	2,656,999
Government Bonds ^{***)}			
Fair value through profit or loss	3,372,637	-	3,372,637
Available for sale	78,265,245	-	78,265,245
Held to maturity	17,977,222	-	17,977,222
At cost	13,468,806	-	13,468,806
Other receivables-trade transactions	16,613,237	2,400,559	19,013,796
Securities purchased under agreements to resell	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	1,798,557
Loans ¹⁾			
Corporate	247,760,241	58,324,315	306,084,556
Commercial	57,815,167	42,340,522	100,155,689
Retail	244,400,684	833,177	245,233,861
Sharia	61,983,723	-	61,983,723
Consumer financing receivables	15,469,441	-	15,469,441
Net Investment finance leases	3,136,371	-	3,136,371
Acceptances receivables	10,919,922	1,601,666	12,521,588
Other assets			
Accrued income	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	1,025,174
Receivables from transactions			
related to ATM and credit card	573,938	-	573,938
Receivable to policyholders	477,041	-	477,041
Receivable from sale of marketable securities	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	3,499,304
Total	927,761,564	105,692,220	1,033,453,784

^{*)} In accordance with operating of segment of Bank Mandiri.

^{**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.}

^{***)} Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

¹⁾ Not under monitoring, there is no doubt on the recovery of the financial assets;

²⁾ Under monitoring.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the quality of financial assets that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2017		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	50,188,118	-	50,188,118
Current accounts with other banks	12,329,958	-	12,329,958
Placement with Bank Indonesia and other banks	74,600,803	-	74,600,803
Marketable securities ^{*)}			
Government			
Fair value through profit or loss	1,644,649	-	1,644,649
Available for sale	1,590,710	-	1,590,710
Non Government			
Fair value through profit or loss	1,876,737	-	1,876,737
Available for sale	24,117,554	-	24,117,554
Held to maturity	7,891,566	260,771	8,152,337
At cost	1,150,961	-	1,150,961
Government Bonds ^{****)}			
Fair value through profit or loss	2,183,356	-	2,183,356
Available for sale	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	2,585,950
At cost	8,262,937	-	8,262,937
Other receivables-trade transactions	15,203,691	4,677,218	19,880,909
Securities purchased under agreements to resell	2,629,315	-	2,629,315
Derivatives receivables	817,292	-	817,292
Loans ¹⁾			
Corporate	219,050,214	25,411,019	244,461,233
Commercial	66,543,639	48,807,643	115,351,282
Retail	214,310,003	413,745	214,723,748
Sharia	52,427,492	-	52,427,492
Consumer financing receivables	13,551,826	-	13,551,826
Net investment finance leases	2,315,141	-	2,315,141
Acceptances receivables	7,144,747	4,693,225	11,837,972
Other assets			
Accrued income	4,325,248	-	4,325,248
Receivables from customer transactions	2,080,126	-	2,080,126
Receivables from transactions			
related to ATM and credit card	699,825	-	699,825
Receivable to policyholders	713,049	-	713,049
Receivable from sale of marketable securities	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	594,534
Total	880,104,523	84,263,621	964,368,144

^{*)} In accordance with operating of segment of Bank Mandiri.

^{****)} Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.

^{****)} Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

¹⁾ Not under monitoring, there is no doubt on the recovery of the financial assets;

²⁾ Under monitoring.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2018 and 2017, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2018		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	72,689,053	8,669,292	81,358,345
Committed unused loan facilities	34,011,530	2,768,856	36,780,386
Outstanding irrevocable letters of credit	15,305,430	3,505,681	18,811,111
Standby letters of credit	12,242,298	821,123	13,063,421
	134,248,311	15,764,952	150,013,263
	December 31, 2017		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	67,080,816	11,647,216	78,728,032
Committed unused loan facilities	31,248,455	4,172,091	35,420,546
Outstanding irrevocable letters of credit	11,085,608	3,998,711	15,084,319
Standby letters of credit	10,957,352	1,303,294	12,260,646
	120,372,231	21,121,312	141,493,543

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- 1) Not under monitoring, there is no doubt on the recovery of the financial assets;
- 2) Under monitoring.

Bank Mandiri:

There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to December 31, 2018 and 2017, there was no late payment in terms of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility at two (special mention) but with no overdue as of December 31, 2018 and 2017.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as of December 31, 2018 and 2017.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- c) Credit quality of financial assets (continued)

Aging analysis of financial assets that were past due, but not impaired as of December 31, 2018 and 2017 are as follows:

	December 31, 2018			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	5,237,222	-	-	5,237,222
Loans				
Corporate	129,220	-	-	129,220
Commercial	1,290,131	108,141	-	1,398,272
Retail	6,552,704	1,640,165	1,310,784	9,503,653
Sharia	305,966	223,199	406,561	935,726
Consumer financing receivables	1,130,254	231,125	150,076	1,511,455
Net investment finance leases	71,190	28,355	68,175	167,720
	14,716,687	2,230,985	1,935,596	18,883,268
	December 31, 2017			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	4,005,148	-	-	4,005,148
Loans				
Corporate	85,282	118,056	130,004	333,342
Commercial	627,019	91,373	281,031	999,423
Retail	6,213,163	1,641,966	1,386,036	9,241,165
Sharia	483,574	361,171	554,066	1,398,811
Consumer financing receivables	1,019,068	213,049	143,692	1,375,809
Net investment finance leases	19,148	6,300	13,367	38,815
	12,452,402	2,431,915	2,508,196	17,392,513

- (ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2018 and 2017, are summarised in the tables below:

	December 31, 2018 ⁾				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	22,272,850	32,789,762	1,155,771	1,808,889	58,027,272
Allowance for impairment losses	(4,740,890)	(16,136,681)	(743,484)	(1,024,125)	(22,645,180)
Carrying amount	17,531,960	16,653,081	412,287	784,764	35,382,092

⁾ In accordance with debtors segment of Bank Mandiri

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(ii) Loans (continued)

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2018 and 2017, are summarised in the tables below:

	December 31, 2018 ¹⁾ (continued)				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed collectively)					
Gross amount	1,655,066 ²⁾	5,830,187 ²⁾	6,203,866	2,416,097	16,105,216
Allowance for impairment losses	(4,634)	(443,222)	(1,911,912)	(419,202)	(2,778,970)
Carrying amount	1,650,432	5,386,965	4,291,954	1,996,895	13,326,246
Total gross amount	23,927,916	38,619,949	7,359,637	4,224,986	74,132,488
Allowance for impairment losses	(4,745,524)	(16,579,903)	(2,655,396)	(1,443,327)	(25,424,150)
Total carrying amount	19,182,392	22,040,046	4,704,241	2,781,659	48,708,338

¹⁾ In accordance with debtors segments of Bank Mandiri.

²⁾ Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2017 ¹⁾				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	19,595,272	31,492,507	1,051,194	2,685,890	54,797,863
Allowance for impairment losses	(7,241,600)	(15,541,992)	(541,246)	(759,399)	(24,084,237)
Carrying amount	12,353,672	15,950,515	509,948	1,899,491	30,713,626
Impaired (assessed collectively)					
Gross amount	1,386,107 ²⁾	4,920,384 ²⁾	8,588,771	3,408,244	18,303,506
Allowance for impairment losses	(1,847)	(379,854)	(2,675,751)	(541,167)	(3,598,619)
Carrying amount	1,384,260	4,540,530	5,913,020	2,867,077	14,704,887
Total gross amount	20,981,379	36,412,891	9,639,965	6,067,134	73,101,369
Allowance for impairment losses	(7,243,447)	(15,921,846)	(3,216,997)	(1,300,566)	(27,682,856)
Total carrying amount	13,737,932	20,491,045	6,422,968	4,766,568	45,418,513

¹⁾ In accordance with debtors segments of Bank Mandiri.

²⁾ Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2018		
	Non-impaired ¹⁾	Impaired	Total
Rupiah	266,096	-	266,096
Foreign currencies	14,566,391	3,474	14,569,865
Total	14,832,487	3,474	14,835,961
Less: Allowance for impairment losses	(1,715)	(3,474)	(5,189)
Net	14,830,772	-	14,830,772
	December 31, 2017		
	Non-impaired ¹⁾	Impaired	Total
Rupiah	1,635,133	-	1,635,133
Foreign currencies	10,694,825	3,431	10,698,256
Total	12,329,958	3,431	12,333,389
Less: Allowance for impairment losses	(11)	(3,431)	(3,442)
Net	12,329,947	-	12,329,947

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks

	December 31, 2018		
	Non-impaired ¹⁾	Impaired	Total
Rupiah:			
Bank Indonesia	6,980,573	-	6,980,573
Call money	4,540,000	-	4,540,000
Time deposits	1,360,340	-	1,360,340
	<u>12,880,913</u>	<u>-</u>	<u>12,880,913</u>
Foreign currencies:			
Bank Indonesia	3,882,600	-	3,882,600
Call money	2,558,202	49,204	2,607,406
Placement "Fixed Term"	2,528,762	1,134	2,529,896
Time deposits	665,219	-	665,219
	<u>9,634,783</u>	<u>50,338</u>	<u>9,685,121</u>
Total	<u>22,515,696</u>	<u>50,338</u>	<u>22,566,034</u>
Less: allowance for impairment losses	-	(50,338)	(50,338)
Net	<u>22,515,696</u>	<u>-</u>	<u>22,515,696</u>
	December 31, 2017		
	Non-impaired ¹⁾	Impaired	Total
Rupiah:			
Bank Indonesia	22,240,876	-	22,240,876
Call money	3,986,000	-	3,986,000
Time deposits	3,580,890	-	3,580,890
Saving deposits	901	-	901
	<u>29,808,667</u>	<u>-</u>	<u>29,808,667</u>
Foreign currencies:			
Bank Indonesia	32,195,678	-	32,195,678
Call money	7,982,201	48,593	8,030,794
Placement "Fixed Term"	4,241,627	1,120	4,242,747
Time deposits	372,630	-	372,630
	<u>44,792,136</u>	<u>49,713</u>	<u>44,841,849</u>
Total	<u>74,600,803</u>	<u>49,713</u>	<u>74,650,516</u>
Less: allowance for impairment losses	-	(49,713)	(49,713)
Net	<u>74,600,803</u>	<u>-</u>	<u>74,600,803</u>

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities

	December 31, 2018		
	Non-impaired ¹⁾	Impaired ²⁾	Total
Government			
Rupiah:			
Bonds	1,458,453	-	1,458,453
Foreign currencies:			
Treasury bills	2,341,472	-	2,341,472
Total	3,799,925	-	3,799,925
Non-government			
Rupiah:			
Investments in mutual fund	10,602,330	-	10,602,330
Bonds	9,689,983	4,958	9,694,941
Sharia corporation bonds	2,528,000	-	2,528,000
Export bills	1,299,709	147,474	1,447,183
Certificates of Bank Indonesia	908,910	-	908,910
Negotiable certificate of deposit	522,005	-	522,005
Shares	207,401	-	207,401
Medium term notes	44,996	-	44,996
Total	25,803,334	152,432	25,955,766
Foreign currencies:			
Certificates of Bank Indonesia	5,721,233	-	5,721,233
Investing in mutual fund	3,342,405	-	3,342,405
Bonds	3,218,815	-	3,218,815
Export bills	1,532,198	29,191	1,561,389
Treasury bills	597,692	-	597,692
Total	14,412,343	29,191	14,441,534
Total	40,215,677	181,623	40,397,300
	44,015,602	181,623	44,197,225
Less: Allowance for impairment losses	(91,616)	(4,958)	(96,574)
Net	43,923,986	176,665	44,100,651

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

²⁾ Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2017		
	Non-impaired ¹⁾	Impaired ²⁾	Total
Government			
Rupiah:			
Bonds	1,258,471	-	1,258,471
Foreign currencies:			
Treasury bills	1,976,888	-	1,976,888
Total	3,235,359	-	3,235,359
Non-government			
Rupiah:			
Investments in mutual fund	10,173,094	-	10,173,094
Bonds	6,875,062	5,000	6,880,062
Certificates of Bank Indonesia	3,240,240	-	3,240,240
Sharia corporation bonds	1,121,000	-	1,121,000
Export bills	706,952	58,663	765,615
Negotiable certificate of deposit	639,747	-	639,747
Shares	234,366	-	234,366
Medium term notes	194,934	-	194,934
Total	23,185,395	63,663	23,249,058
Foreign currencies:			
Bonds	4,938,822	-	4,938,822
Certificates of Bank Indonesia	4,405,983	-	4,405,983
Export bills	1,748,397	42,645	1,791,042
Investing in mutual fund	733,394	-	733,394
Treasury bills	285,598	-	285,598
Total	12,112,194	42,645	12,154,839
Total	35,297,589	106,308	35,403,897
	38,532,948	106,308	38,639,256
Less; Allowance for impairment losses	(37,594)	(44,140)	(81,734)
Net	38,495,354	62,168	38,557,522

¹⁾ Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

²⁾ Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vi) Other receivables - trade transactions

	December 31, 2018		
	Non-impaired ^{*)}	Impaired	Total
Rupiah:			
Usance L/C payable at sight	1,108,810	462,415	1,571,225
Others	14,935,753	366,819	15,302,572
Total	16,044,563	829,234	16,873,797
Foreign currencies:			
Usance L/C payable at sight	2,825,668	321,618	3,147,286
Others	5,380,787	1,011,187	6,391,974
Total	8,206,455	1,332,805	9,539,260
	24,251,018	2,162,039	26,413,057
Less: Allowance for impairment losses	(83,914)	(1,519,684)	(1,603,598)
Net	24,167,104	642,355	24,809,459
	December 31, 2017		
	Non-impaired ^{*)}	Impaired	Total
Rupiah:			
Usance L/C payable at sight	2,135,011	67,911	2,202,922
Others	13,413,545	298,918	13,712,463
Total	15,548,556	366,829	15,915,385
Foreign currencies:			
Usance L/C payable at sight	3,020,456	234,767	3,255,223
Others	5,317,045	951,824	6,268,869
Total	8,337,501	1,186,591	9,524,092
	23,886,057	1,553,420	25,439,477
Less: Allowance for impairment losses	(139,706)	(1,209,643)	(1,349,349)
Net	23,746,351	343,777	24,090,128

^{*)} Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	7,447,222	1,250,785	8,698,007
Foreign currencies	5,074,366	116,489	5,190,855
	12,521,588	1,367,274	13,888,862
Less: allowance for impairment losses	(52,506)	(243,947)	(296,453)
Net	12,469,082	1,123,327	13,592,409

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vii) Acceptances receivable (continued)

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	6,040,869	516,432	6,557,301
Foreign currencies	5,797,103	190,090	5,987,193
	11,837,972	706,522	12,544,494
Less: allowance for impairment losses	(62,894)	(191,340)	(254,234)
Net	11,775,078	515,182	12,290,260

(viii) Consumer financing receivables

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	16,980,896	217,260	17,198,156
Less: Allowance for impairment losses	(305,615)	(65,676)	(371,291)
Net	16,675,281	151,584	16,826,865

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	14,927,635	217,584	15,145,219
Less: Allowance for impairment losses	(277,121)	(85,766)	(362,887)
Net	14,650,514	131,818	14,782,332

(ix) Securities purchased under agreements to resell

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah Securities purchased under agreements to resell	2,097,629	-	2,097,629

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah Securities purchased under agreements to resell	2,629,315	-	2,629,315

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(x) Net investment finance leases

	December 31, 2018		
	Non-impaired	Impaired	Total
Rupiah	3,304,091	24,298	3,328,389
Less: Allowance for impairment losses	(7,938)	(1,348)	(9,286)
Net	3,296,153	22,950	3,319,103
	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	2,353,956	10,673	2,364,629
Less: Allowance for impairment losses	(6,948)	(791)	(7,739)
Net	2,347,008	9,882	2,356,890

(xi) Estimated losses on commitments and contingencies

	December 31, 2018		
	Non-impaired ^{*)}	Impaired	Total
Rupiah:			
Bank guarantees issued	50,996,868	580,887	51,577,755
Committed unused loan facilities	21,434,102	123,788	21,557,890
Outstanding irrevocable letters of credit	7,919,714	342,584	8,262,298
Standby letters of credit	1,756,282	16,500	1,772,782
Total	82,106,966	1,063,759	83,170,725
Foreign currencies:			
Bank guarantees issued	30,361,477	174,853	30,536,330
Committed unused loan facilities	15,358,286	12,103	15,370,389
Outstanding irrevocable letters of credit	10,891,397	592,233	11,483,630
Standby letters of credit	11,307,139	51,768	11,358,907
Total	67,918,299	830,957	68,749,256
	150,025,265	1,894,716	151,919,981
Less: Allowance for impairment losses	(19,928)	(105,801)	(125,729)
Net	150,005,337	1,788,915	151,794,252

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp60,693 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp19,928.

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62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2017		
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	48,668,927	485,434	49,154,361
Committed unused loan facilities	20,003,256	182,186	20,185,442
Outstanding irrevocable letters of credit	4,248,004	479,756	4,727,760
Standby letters of credit	1,430,008	17,972	1,447,980
Total	74,350,195	1,165,348	75,515,543
Foreign currencies:			
Bank guarantees issued	30,059,105	474,512	30,533,617
Committed unused loan facilities	15,423,392	3,887	15,427,279
Outstanding irrevocable letters of credit	10,836,315	258,447	11,094,762
Standby letters of credit	10,830,638	-	10,830,638
Total	67,149,450	736,846	67,886,296
	141,499,645	1,902,194	143,401,839
Less: Allowance for impairment losses	(12,794)	(368,977)	(381,771)
Net	141,486,851	1,533,217	143,020,068

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp39,050 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp12,794.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents the Bank's inability to fulfill all financial liabilities when they become due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition.

The Bank's liquidity risk is measured through several indicators, which among others include primary statutory reserve ratio in Bank Indonesia (GWM ratio) and cash, Macroprudential Liquidity Reserve (PLM), liquidity reserve, Macroprudential Intermediation Ratio (RIM), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and dependency on large customer deposits. GWM is a minimum deposits required to be maintained by the Bank in the form of current accounts with Bank Indonesia or marketable securities in which the amount is determined by Bank Indonesia based on certain percentage from total deposits from customers. Macroprudential Liquidity Reserve (PLM) is an ownership percentage in Rupiah marketable securities which can be used in open market operations i.e. SBI, SDBI and SBN.

As of December 31, 2018, the Bank maintained Rupiah primary statutory reserve of 6.92% from total outstanding deposit from customers denominated in Rupiah in accordance with the regulated limit, while for RIM ratio is 0% and PLM ratio of 10.14% from the outstanding deposit from customer denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained average foreign exchange statutory deposits at 8.10% from the outstanding deposits from customer denominated in foreign exchange in accordance with the regulated limit.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

Liquidity reserve is the Bank's liquidity on top of primary reserve as liquidity statutory reserve to anticipate unscheduled liquidity needs. In managing the liquidity reserve, Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for one following month. As of December 31, 2018, the liquidity reserve balance is above the safety level.

RIM is a ratio of loans and qualified marketable securities owned by the Bank to the customer deposits and qualified debt securities issued by the Bank in Rupiah and foreign currencies. As of December 31, 2018, the Bank's RIM is 96.69%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) to estimate total net cash outflow for the next 30 (thirty) days under a crisis scenario. LCR is used to improve the short-term liquidity of the Bank under a crisis conditions. As of December 31, 2018, the Bank's LCR is 179.72%.

Net Stable Funding Ratio (NSFR) is a ratio of the available stable funding to required stable funding, the minimum required NSFR is 100% (one hundred percent). As of December 31, 2018, the Bank's NSFR is 116.87%.

The Bank uses liquidity gap methodology to project its liquidity conditions for the future. Liquidity gap is basically a maturity mismatch between components of assets and liabilities (including off-balance sheet), which are classified into time bucket based on their contractual maturity or behavioral maturity. As of December 31, 2018, the Bank's liquidity forecast up to next 12 months is at a surplus position. Even in the surplus position for the next 12 months, the Bank always prepares for alternative funding to anticipate tight liquidity in the market or the liquidity is not as expected.

To determine the impact of changes in market factors and internal factors under extreme conditions (crisis) to the liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing performed in third quarter of 2018 which was presented to the Management. The stress-testing result showed that the Bank will be able to survive under liquidity crisis conditions.

Even the stress testing result showed liquidity risk is well managed, Bank has Liquidity Contingency Plan (LCP) which cover funding strategy and pricing strategy including money market borrowing, repo, bilateral borrowing, FX swap and wholesale funding in LCP, determination of liquidity situations and funding strategies have consider external and internal conditions.

To anticipate liquidity risks due to volatility of global economic condition, Bank Mandiri monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M and the current market informations.

The maturity profile as of December 31, 2018 and 2017 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. In addition, if there is a need for liquidity, Government Bonds (at fair value through profit or loss and available for sale) can be exercised by utilise as collateral in interbank market.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

December 31, 2018								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Assets								
Current accounts with Bank Indonesia	59,852,761	-	59,852,761	-	-	-	-	-
Current accounts with other banks - gross	14,835,961	-	14,832,487	-	-	3,474	-	-
Placement with Bank Indonesia and other banks - gross	22,566,034	-	19,516,998	2,477,917	303,689	141,920	125,510	-
Marketable securities - gross	63,932,474	20,743,705	4,930,267	2,175,045	3,431,226	10,050,925	6,898,444	15,702,862
Government bonds	114,284,518	-	3,275,004	6,207,923	6,623,600	10,210,423	33,979,797	53,987,771
Other receivables-trade transactions - gross	26,413,057	-	5,673,879	9,910,123	8,060,945	1,495,306	127,856	1,144,948
Securities purchased under resale agreements - gross	2,097,629	-	2,023,446	74,183	-	-	-	-
Derivative receivables - gross	1,798,557	-	803,183	179,571	65,573	147,793	312,614	289,823
Loans - gross	799,557,188	-	116,295,211	46,124,233	57,487,407	60,338,649	179,958,570	339,353,118
Consumer financing receivables-gross	17,198,156	-	539,577	1,238,912	1,436,438	2,769,661	8,575,109	2,638,459
Net investment finance leases - gross	3,328,389	-	129,212	259,022	384,824	746,673	1,713,863	94,795
Acceptance receivables - gross	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Other asset - gross	11,658,117	477,041	4,603,182	270,992	326,564	256,548	756,430	4,967,360
	1,151,411,703	21,220,746	235,657,030	74,979,296	82,753,236	86,174,066	232,448,193	418,179,136
Allowance for impairment losses	(34,241,422)	-	-	-	-	-	-	-
Total	1,117,170,281	-	-	-	-	-	-	-
Liabilities								
Deposits from customers								
Demand deposits	199,823,756	-	199,823,756	-	-	-	-	-
Savings deposits	307,282,353	-	307,282,353	-	-	-	-	-
Time deposits	258,902,784	-	137,136,440	106,769,102	8,698,280	5,193,329	1,105,633	-
Deposits from other banks								
Demand and saving deposits	3,838,384	-	3,838,384	-	-	-	-	-
Interbank call money	8,472,197	-	7,688,030	404,562	145,132	234,473	-	-
Time deposits	4,183,234	-	2,557,333	394,832	728,972	501,497	600	-
Securities sold under agreements to repurchase	16,611,528	-	14,535,713	2,075,815	-	-	-	-
Derivatives liabilities	1,117,677	-	271,390	79,371	17,590	191,684	242,840	312,802
Acceptance liabilities	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	19,088,923	-	66,118	-	719,469	498,916	5,093,646	12,710,774
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	51,653,982	-	3,703,336	7,205,627	3,859,642	3,910,870	16,754,202	16,220,305
Subordinates loans and marketable securities	685,730	-	8,490	-	-	8,490	33,960	634,790
	896,549,879	506,233	688,559,210	124,385,980	19,434,951	10,551,953	23,230,881	29,880,671
Maturity gap	254,861,824	20,714,513	(452,902,180)	(49,406,684)	63,318,285	75,622,113	209,217,312	388,298,465
Net positions, net of allowance for impairment losses	220,620,402	-	-	-	-	-	-	-

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Assets								
Current accounts with Bank Indonesia	50,188,118	-	50,188,118	-	-	-	-	-
Current accounts with other banks - gross	12,333,389	-	12,333,389	-	-	-	-	-
Placement with Bank Indonesia and other banks - gross	74,650,516	901	65,160,489	7,954,309	1,250,215	110,000	174,602	-
Marketable securities - gross	59,691,706	22,625,233	4,233,943	3,894,115	4,961,274	2,788,654	11,468,889	9,719,598
Government bonds	103,411,188	-	4,401,266	1,696,651	3,145,453	6,198,815	42,576,019	45,392,984
Other receivables-trade transactions - gross	25,439,477	-	7,968,719	9,499,678	6,120,940	761,638	-	1,088,502
Securities purchased under resale agreements - gross	2,629,315	-	2,510,539	42,915	25,320	50,541	-	-
Derivative receivables - gross	817,292	-	548,538	96,147	31,067	43,980	61,298	36,262
Loans - gross	712,037,865	-	66,240,201	49,035,087	53,562,174	82,243,812	106,984,540	353,972,051
Consumer financing receivables-gross	15,145,219	-	325,321	644,317	902,687	1,861,412	8,354,425	3,057,057
Net Investment finance leases - gross	2,364,629	-	84,708	170,599	248,690	487,033	1,305,560	68,039
Acceptance receivables - gross	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Other asset - gross	8,724,754	713,050	4,915,351	223,332	181,710	256,985	743,333	1,690,993
	1,079,977,962	23,339,184	221,970,904	79,180,107	73,782,427	94,970,679	171,709,175	415,025,486
Allowance for impairment losses	(35,949,615)	-	-	-	-	-	-	-
Total	1,044,028,347	-	-	-	-	-	-	-
Liabilities								
Deposits from customers		-	-	-	-	-	-	-
Demand deposits	202,864,860	-	202,864,860	-	-	-	-	-
Savings deposits	308,711,908	-	308,711,908	-	-	-	-	-
Time deposits	238,007,214	-	120,043,915	101,699,230	9,926,421	3,888,529	2,449,119	-
Deposits from other banks		-	-	-	-	-	-	-
Demand and saving deposits	4,238,390	-	4,238,390	-	-	-	-	-
Interbank call money	1,007,655	-	198,184	140,765	261,681	407,025	-	-
Time deposits	3,103,462	-	1,129,421	448,162	650,381	400,238	475,260	-
Securities sold under agreements to repurchase	3,592,883	-	398,110	672,551	2,522,222	-	-	-
Derivatives liabilities	644,965	-	499,534	50,812	17,793	7,173	58,830	10,823
Acceptance liabilities	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Debt securities issued	16,843,595	-	67,395	-	324,837	496,543	4,135,656	11,819,164
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	35,703,679	-	678,644	2,199,599	5,140,350	1,341,155	12,623,293	13,720,638
Subordinates loans and marketable securities	191,501	-	7,979	-	-	7,979	31,915	143,628
	838,307,954	500,318	650,157,865	112,641,592	22,782,893	6,716,451	19,814,582	25,694,253
Maturity gap	241,670,008	22,838,866	(428,186,961)	(33,461,485)	50,999,534	88,254,228	151,894,593	389,331,233
Net positions, net of allowance for impairment losses	205,720,393	-	-	-	-	-	-	-

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2018 and 2017 as follows:

December 31, 2018								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Liabilities								
Deposit from customers								
Demand deposits	200,068,620	-	200,068,620	-	-	-	-	-
Saving deposits	307,568,602	-	307,568,602	-	-	-	-	-
Time deposits	261,050,071	-	95,303,421	142,461,661	14,977,589	7,238,831	1,068,569	-
Deposits from other banks								
Demand and saving deposits	3,841,388	-	3,841,388	-	-	-	-	-
Interbank call money	8,497,205	-	7,421,078	480,444	595,683	-	-	-
Time deposits	4,203,651	-	2,195,786	1,053,945	292,744	512,417	148,759	-
Securities sold under agreements to repurchase	16,638,754	-	14,546,963	2,091,791	-	-	-	-
Derivative payables	985,603	-	298,640	402,778	42,816	202,472	266,062	72,835
Acceptances payable	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	26,734,754	-	66,118	303,662	995,148	1,176,042	7,612,566	16,581,218
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	55,102,628	-	4,042,668	7,407,155	4,045,327	3,585,184	17,954,201	18,068,093
Subordinated loans and marketable securities	905,358	-	20,675	-	21,075	20,634	123,980	718,994
Total	910,485,965	506,233	647,021,826	161,358,107	26,236,248	12,748,274	27,174,137	35,441,140
December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Liabilities								
Deposit from customers								
Demand deposits	203,082,083	-	203,082,083	-	-	-	-	-
Saving deposits	309,013,156	-	308,999,277	1,572	2,534	2,859	4,204	2,710
Time deposits	240,049,076	-	120,907,072	102,538,661	10,060,693	3,986,582	2,556,068	-
Deposits from other banks								
Demand and saving deposits	4,241,508	-	4,241,508	-	-	-	-	-
Interbank call money	1,019,328	-	200,675	144,218	265,524	408,911	-	-
Time deposits	3,125,803	-	1,138,563	452,095	657,863	402,022	475,260	-
Securities sold under agreements to repurchase	4,569,981	-	398,254	673,727	3,498,000	-	-	-
Derivative payables	1,071,346	-	498,507	77,383	56,376	98,102	333,737	7,241
Acceptances payable	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Debt securities issued	23,025,755	-	172,569	248,022	461,497	954,003	6,209,468	14,980,196
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	38,657,524	-	742,478	2,980,353	5,346,395	1,366,732	12,539,711	15,681,855
Subordinated loans and marketable securities	225,253	-	8,218	479	718	9,415	37,660	168,763
Total	851,478,655	500,318	651,708,729	114,546,983	24,288,808	7,396,435	22,196,617	30,840,765

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2018 and 2017 are as follows:

December 31, 2018								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 year - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	82,114,085	-	82,114,085	-	-	-	-	-
Committed unused loan facilities	36,928,279	-	36,928,279	-	-	-	-	-
Outstanding irrevocable letters of credit	19,745,928	-	3,811,624	5,620,647	3,616,076	4,903,922	1,793,659	-
Standby letter of credit	13,131,689	-	13,131,689	-	-	-	-	-
	151,919,981	-	135,985,677	5,620,647	3,616,076	4,903,922	1,793,659	-
December 31, 2017								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 year - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	79,687,978	-	79,687,978	-	-	-	-	-
Committed unused loan facilities	35,612,721	-	35,612,721	-	-	-	-	-
Outstanding irrevocable letters of credit	15,822,522	-	3,334,244	7,609,931	993,418	2,610,135	1,274,794	-
Standby letter of credit	12,278,618	-	12,278,618	-	-	-	-	-
	143,401,839	-	130,913,561	7,609,931	993,418	2,610,135	1,274,794	-

(ii) Interest rate risk management on banking book portfolio

Market risk is the risk of balance sheet position and administrative accounts, including derivative transactions, resulted from changes in market conditions, including changes in option price risk.

Managing market risk on banking book is performed by optimising the structure of the Bank's statement of financial position to obtain maximum yield of return at acceptable risk level to the Bank. The monitoring of market risk on banking book is performed by setting a limit which is refer to the regulator requirements and the internal policies, which are monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book's interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in shape and slope of the yield curve) and the option risk (loan repayment or redeem of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

a. Sensitivity of net interest income

The table below shows the sensitivity of net income for the next 1 year to interest rate movement of interest bearing assets and liabilities of Bank Mandiri as of December 31, 2018 and 2017 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
December 31, 2018 *)		
Increase/(decrease) net interest income (Rp billion)	1,999.35	(1,653.54)
December 31, 2017		
Increase/(decrease) net interest income (Rp billion)	(1,459.86)	224.33

*) There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank.

The above projections assumed that all other variables are held constant at reporting date.

b. Sensitivity of interest income from available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's interest income from available for sale marketable securities to movement of interest rates as of December 31, 2018 and 2017 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
December 31, 2018 *)		
Increase/(decrease) interest income (Rp billion)	184.32	(184.32)
December 31, 2017		
Increase/(decrease) interest income (Rp billion)	243.57	(243.58)

*) There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank.

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of interest income from available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	December 31, 2018 ¹⁾									Total
	Interest bearing								Non interest bearing	
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years		
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	59,852,761	59,852,761
Current accounts with other banks	13,382,143	-	-	-	-	-	-	-	1,453,818	14,835,961
Placements with Bank Indonesia and other banks	14,030,626	2,669,008	74,000	-	-	-	-	-	5,792,400	22,566,034
Marketable securities	1,417,392	1,877,849	3,666,559	1,524,613	3,128,378	3,142,836	5,337,893	2,473,272	41,363,682	63,932,474
Government bonds	3,147,144	6,207,923	16,834,024	23,446,731	10,533,066	13,910,745	15,670,638	24,406,387	127,860	114,284,518
Other receivables - trade transactions	5,570,479	9,857,974	9,436,079	127,856	-	-	-	1,144,948	275,721	26,413,057
Securities purchased under resale agreements	2,023,446	74,183	-	-	-	-	-	-	-	2,097,629
Derivative receivables	216,276	260,227	154,441	153,333	8,549	40,629	83,229	-	881,873	1,798,557
Loans	211,342,725	231,759,031	165,267,151	36,691,388	19,273,035	8,120,750	6,014,832	53,943,842	67,144,434 ²⁾	799,557,188
Consumer financing receivables	539,577	1,238,912	4,206,099	4,972,715	3,602,395	1,973,982	640,007	24,469	-	17,198,156
Net investment finance leases	129,339	257,641	1,130,974	1,211,075	504,473	86,024	8,863	-	-	3,328,389
Acceptances receivable	-	-	-	-	-	-	-	-	13,888,862	13,888,862
Other assets	-	-	-	-	-	-	-	11,658,117	-	11,658,117
	251,799,147	254,202,748	200,769,327	68,127,711	37,049,896	27,274,966	27,755,462	93,651,035	190,781,411	1,151,411,703
Deposits from customers										
Demand deposits and wadiah demand deposits	25,776,740	10,094,457	26,488,985	28,085,097	20,608,153	15,628,331	11,893,465	52,544,355	8,704,173	199,823,756
Saving deposits and wadiah saving deposits	30,072,126	12,503,394	32,050,698	36,037,765	28,397,490	23,304,007	19,913,884	121,251,397	3,751,592	307,282,353
Time deposits	140,865,039	102,649,136	14,467,322	921,287	-	-	-	-	-	258,902,784
Deposits from other banks										
Demand and saving deposits	412,891	332,147	927,847	834,314	502,517	281,318	115,419	353,685	78,246	3,838,384
Interbank call money	6,797,758	1,674,439	-	-	-	-	-	-	-	8,472,197
Time deposits	2,885,437	707,500	295,564	294,733	-	-	-	-	-	4,183,234
Securities sold under agreements to repurchase	14,535,713	2,075,815	-	-	-	-	-	-	-	16,611,528
Derivative payables	97,294	103,170	189,385	10,202	97,915	23,764	51,654	-	544,293	1,117,677
Acceptances payable	-	-	-	-	-	-	-	-	13,888,862	13,888,862
Debt securities issued	-	-	699,470	3,401,352	1,852,703	1,825,959	4,514,221	6,420,218	375,000	19,088,923
Accrued expenses	-	-	-	-	-	-	-	-	4,835,467	4,835,467
Other liabilities	-	-	-	-	-	-	-	6,165,002	-	6,165,002
Fund borrowings	7,503,617	12,217,357	24,841,584	4,693,299	648,840	1,559,438	-	189,847	-	51,653,982
Subordinated loans and marketable securities	-	-	-	-	-	-	498,939	186,791	-	685,730
	228,946,615	142,357,415	99,960,855	74,278,049	52,107,618	42,622,817	36,987,582	187,111,295	32,177,633	896,549,879
Total interest repricing gap	22,852,532	111,845,333	100,808,472	(6,150,338)	(15,057,722)	(15,347,851)	(9,232,120)	(93,460,260)	158,603,778	254,861,824

¹⁾ There was a change in the calculation following SEOJK regarding Interest Rate Risk in Banking Book (IRBB) No. 12/SEOJK.03/2018 dated August 21, 2018.

²⁾ Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap) (continued)

	December 31, 2017*									Total
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	50,188,118	50,188,118
Current accounts with other banks	11,697,430	88,245	47,744	-	-	-	-	-	499,970	12,333,389
Placements with Bank Indonesia and other banks	65,512,388	1,236,990	703,100	40,000	-	-	-	-	7,158,038	74,650,516
Marketable securities	1,106,762	641,960	6,878,061	8,372,723	3,803,432	1,126,646	5,640,330	6,000,606	26,121,186	59,691,706
Government bonds	8,617,446	30,762,971	4,303,940	8,991,611	5,434,025	9,203,482	3,841,202	23,775,308	8,481,203	103,411,188
Other receivables - trade transactions	1,050,327	1,993,457	1,831,394	-	-	-	-	-	20,564,299	25,439,477
Securities purchased under resale agreements	181,423	2,372,031	25,320	50,541	-	-	-	-	-	2,629,315
Derivative receivables	523,323	92,784	74,407	55,875	57,776	2,927	10,200	-	-	817,292
Loans	53,977,645	445,400,966	56,557,393	21,858,452	12,365,791	2,815,222	6,842,430	52,326,511	59,893,455**)	712,037,865
Consumer financing receivables	441,255	891,982	3,635,966	4,541,004	3,355,200	1,711,662	567,984	166	-	15,145,219
Net investment finance leases	84,708	170,599	735,722	829,833	475,727	61,286	6,754	-	-	2,364,629
Acceptances receivable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Other assets	-	-	-	-	-	-	-	8,724,754	-	8,724,754
	143,192,707	484,252,110	86,656,163	44,740,039	25,491,951	14,921,225	16,908,900	90,827,345	172,987,522	1,079,977,962
Deposits from customers										
Demand deposits and wadiah demand deposits	24,333,668	10,032,793	26,265,172	27,900,210	20,605,365	15,747,704	12,104,458	57,439,714	8,435,776	202,864,860
Saving deposits and wadiah saving deposits	29,452,728	12,758,657	32,810,802	36,762,123	28,889,203	23,640,760	20,146,360	121,057,718	3,193,557	308,711,908
Time deposits	128,420,994	92,667,736	14,866,618	2,051,866	-	-	-	-	-	238,007,214
Deposits from other banks										
Demand and saving deposits	464,661	350,924	999,954	886,924	540,522	309,588	136,387	480,047	69,383	4,238,390
Interbank call money	383,144	89,216	535,295	-	-	-	-	-	-	1,007,655
Time deposits	1,736,571	45,890	839,739	481,262	-	-	-	-	-	3,103,462
Securities sold under agreements to repurchase	-	-	3,592,883	-	-	-	-	-	-	3,592,883
Derivative payables	462,712	41,202	62,837	33,033	40,722	1,233	3,226	-	-	644,965
Acceptances payable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Debt securities issued	-	10,871,270	821,374	1,117,149	2,187,618	748,638	722,546	-	375,000	16,843,595
Accrued expenses	41,327	146,377	5,927	6,127	-	-	-	-	3,738,713	3,938,471
Other liabilities	-	-	-	-	-	-	-	6,914,877	-	6,914,877
Fund borrowings	1,104,791	1,263,274	9,111,526	3,375,494	1,658,119	25,000	50,000	19,115,475	-	35,703,679
Subordinated loans and marketable securities	-	-	-	-	-	-	-	191,501	-	191,501
	186,400,596	128,867,464	101,775,243	72,614,188	53,921,549	40,472,923	33,162,977	205,199,332	15,893,682	838,307,954
Total interest repricing gap	(43,207,889)	355,384,646	(15,119,080)	(27,874,149)	(28,429,598)	(25,551,698)	(16,254,077)	(114,371,987)	157,093,840	241,670,008

* Modelling assumption in accordance with Consultative Paper IRRBB issued by OJK.

** Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conducts stress testing on the market risk of banking book regularly.

(iii) Pricing management

The Bank implements pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by considering the competition condition.

The Bank consistently manages to apply the strategy as market leader in terms of fund pricing. However, considering the liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iii) Pricing management (continued)

In determine interest rates, the Bank implements risk-based pricing by providing a range of interest rate of loan to customers based on credit risk level. In order to minimize interest rate risk, the loan interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, loan interest rates are determined with consideration to overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Interest rates for loan can be either a floating or a fixed rate for certain tenors.

(iv) Market risk management

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applies segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the settlement process transaction).

Market risk analysis over treasury trading activity is performed on a daily basis using best practice approach and inline with the applicable internal and external conditions.

(v) Foreign exchange risk management

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currencies due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

The calculation of the net open position as of December 31, 2018 and 2017 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010 which amended by Bank Indonesia's Regulation No. 17/5/PBI/2015 dated on May 29, 2015 regarding removal implementation NOP 30 minutes. In accordance with Bank Indonesia Regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position which presented in Rupiah add with the net difference between receivables and payables of commitments and contingencies for each foreign currency recorded in administrative which presented stated in Rupiah. The net open position for the statement of financial position is the net difference between total assets and liabilities for each foreign currency which presented in Rupiah.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

a. Net open position

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2018 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)^{****)}			
United States Dollar	357,819,308	358,484,699	665,391
European Euro	11,690,220	11,507,187	183,033
Singapore Dollar	3,360,108	3,367,849	7,741
Japanese Yen	1,131,321	1,156,294	24,973
Australian Dollar	362,260	375,973	13,713
Great Britain Poundsterling	501,326	492,088	9,238
Hong Kong Dollar	42,715	55,004	12,289
Others	6,625,771	6,770,780	213,409 ⁾
Total			1,129,787

STATEMENT OF FINANCIAL POSITION

United State Dollar	209,629,248	161,491,889	48,137,359
European Euro	9,936,668	3,904,530	6,032,138
Singapore Dollar	3,088,014	1,705,275	1,382,739
Japanese Yen	883,353	741,477	141,876
Australian Dollar	328,216	173,379	154,837
Great Britain Poundsterling	197,355	460,896	(263,541)
Hong Kong Dollar	42,715	21,946	20,769
Others	2,698,741	5,459,222	(2,760,481) ^{*)}
Total			52,845,696

Total Tier I and Tier II Capital
less investments in Subsidiaries (Note 58) **167,557,982**

NOP ratio (statement of financial position) 31.51%
NOP ratio (overall) 0.67%

Net Open Position ratio as of December 31, 2018 if calculated using November 2018 capital as follows:

November 2018 Capital 163,809,795
NOP ratio (Statement of financial position) 32.26%
NOP ratio (overall)^{****)} 0.69%

⁾ Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

^{*)} Represents total amount of difference between assets and liabilities from other foreign currencies.

^{****)} The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

a. Net open position (continued)

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2017 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)^{***)}			
United States Dollar	243,170,253	241,795,535	1,374,718
European Euro	15,960,885	15,651,107	309,778
Singapore Dollar	3,185,692	3,208,152	22,460
Japanese Yen	1,463,819	1,508,826	45,007
Australian Dollar	495,541	489,828	5,713
Great Britain Poundsterling	497,032	477,789	19,243
Hong Kong Dollar	90,851	67,459	23,392
Others	4,400,697	4,890,924	632,137 ⁾
Total			2,432,448

STATEMENT OF FINANCIAL POSITION

United State Dollar	207,896,743	136,560,162	71,336,581
European Euro	9,095,032	6,589,444	2,505,588
Singapore Dollar	2,687,497	1,736,676	950,821
Japanese Yen	1,270,577	852,881	417,696
Australian Dollar	396,818	190,239	206,579
Great Britain Poundsterling	284,999	403,898	(118,899)
Hong Kong Dollar	58,731	63,659	(4,928)
Others	1,120,700	4,715,826	(3,595,126) ^{**))}
Total			71,698,312

Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)	153,178,315
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NOP ratio (Statement of financial position)	46.81%
NOP ratio (overall)	1.59%

Net Open Position ratio as of December 31, 2017 if calculated using November 2017 capital as follows:

November 2017 Capital	152,860,162
NOP ratio (Statement of financial position)	46.90%
NOP ratio (overall) ^{***)}	1.59%

⁾ Represents total absolute amount of difference between assets and liabilities from other foreign currencies.

^{**))} Represents total amount of difference between assets and liabilities from other foreign currencies.

^{***)} The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk

The table below summaries the Group's exposure of foreign currency exchange rate risk as of December 31, 2018 and 2017. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2018								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	Total
Assets									
Cash	1,377,201	165,625	934,813	44,448	259,982	6,346	13,965	259,073	3,061,453
Current accounts with Bank Indonesia	17,914,796	-	-	-	-	-	-	-	17,914,796
Current accounts with other banks	11,544,142	704,502	143,509	231,232	44,503	23,812	168,575	1,709,590	14,569,865
Placement with Bank Indonesia and other banks	9,572,066	50,338	-	-	-	-	-	62,717	9,685,121
Marketable securities	15,799,820	19,294	962,453	1,439	-	-	-	-	16,783,006
Government bonds	17,512,032	5,846,313	-	483,294	-	-	-	-	23,841,639
Other receivables- trade transactions	9,361,314	88,315	-	37,366	-	-	12,264	40,001	9,539,260
Derivative receivables	1,539,301	7,597	-	2,250	18	-	1,570	472	1,551,208
Loans	131,074,000	2,066,764	938,938	1,189	4,664	-	-	1,044,462	135,130,017
Acceptances receivable	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Other assets	2,859,622	84,864	4,543	525	-	-	15	5,450	2,955,019
Total asset	222,614,285	10,023,568	3,009,047	886,137	312,906	30,158	200,687	3,145,451	240,222,239
Liabilities									
Deposits from customers									
Demand deposits and wadiah demand deposits	49,594,934	815,923	414,547	451,301	33,921	4,289	304,379	739,224	52,358,518
Saving deposits and wadiah saving deposits	25,407,014	801,409	724,959	33,690	94,167	7,427	136,556	14,589	27,219,811
Time deposits	35,357,214	1,131,144	353,790	6,706	20,911	-	5,421	28,419	36,903,605
Deposits from other banks									
Demand deposits, wadiah demand deposits and saving deposits	1,549,629	635	8,521	535	-	-	-	189	1,559,509
Interbank call money	5,255,890	-	-	-	-	-	-	916,307	6,172,197
Time deposits	1,119,634	-	-	-	-	-	-	-	1,119,634
Securities sold under agreements to repurchase	2,802,078	-	-	-	-	-	-	-	2,802,078
Derivative payable	601,972	14,022	-	25	275	-	-	-	616,294
Acceptances payable	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Accrued expenses	617,287	-	38,115	175	134	6,883	65	88,580	751,239
Other liabilities	2,831,003	136,985	60,257	164,007	19,985	3,452	9,738	92,334	3,317,761
Fund borrowings	38,698,319	-	-	576,636	-	-	-	3,711,914	42,986,869
Subordinated loans and marketable securities	186,790	-	-	-	-	-	-	-	186,790
Total liabilities	168,081,755	3,890,074	1,624,980	1,317,469	173,132	22,051	460,457	5,615,242	181,185,160
Net statement of financial position	54,532,530	6,133,494	1,384,067	(431,332)	139,774	8,107	(259,770)	(2,469,791)	59,037,079
Administrative accounts - net	(49,338,947)	(5,849,105)	(1,390,480)	(261,121)	(168,550)	(33,058)	272,779	2,615,472	(54,153,010)

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	December 31, 2017								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	Total
Assets									
Cash	1,162,014	264,084	677,224	75,015	187,524	10,695	38,668	235,092	2,650,316
Current accounts with Bank Indonesia	10,236,358	-	-	-	-	-	-	-	10,236,358
Current accounts with other banks	8,164,603	1,135,115	221,916	503,190	50,908	33,419	220,814	368,291	10,698,256
Placement with Bank Indonesia and other banks	44,577,230	49,712	-	-	-	-	-	214,907	44,841,849
Marketable securities	13,786,132	4,753	338,070	2,772	-	-	-	-	14,131,727
Government bonds	21,058,127	4,229,676	-	445,924	-	-	-	-	25,733,727
Other receivables-trade transactions	9,317,053	106,632	-	50,038	1,945	-	11,978	36,446	9,524,092
Derivative receivables	312,546	63,365	112	28	5,354	-	614	117	382,136
Loans	105,002,051	2,639,172	1,173,768	1,669	89,741	-	-	963,319	109,869,720
Acceptances receivable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Other assets	954,272	66,427	1,980	419	777	-	13	5,566	1,029,454
Total asset	219,953,151	8,947,324	2,425,502	1,231,041	337,509	44,114	275,965	1,870,222	235,084,828
Liabilities									
Deposits from Customers									
Demand deposits and wadiah demand deposits	59,444,991	818,924	529,970	576,876	59,996	6,373	251,723	188,455	61,877,308
Saving deposits and wadiah saving deposits	26,525,184	347,242	563,353	34,601	88,834	8,121	116,136	9,198	27,692,669
Time deposits	16,680,400	4,609,164	425,560	7,014	24,474	16,494	16,832	12,647	21,792,585
Deposits from other banks									
Demand and saving deposits	1,322,556	40,961	9,767	486	-	-	-	-	1,373,770
Interbank call money	610,537	-	-	-	-	-	-	397,118	1,007,655
Time deposits	414,133	-	-	-	-	-	-	-	414,133
Securities sold under agreements to repurchase	1,065,947	-	-	-	-	-	-	-	1,065,947
Derivative payable	107,808	106,827	-	87	1,620	-	6	387	216,735
Acceptances payable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Accrued expenses	505,350	-	30,156	162	140	5,627	55	60,535	602,025
Other liabilities	2,417,913	320,431	99,942	80,556	282,358	62,784	593,588	101,277	3,958,849
Fund borrowings	25,005,263	-	-	-	-	-	-	3,961,828	28,967,091
Subordinated loans and marketable securities	191,501	-	-	-	-	-	-	-	191,501
Total liabilities	139,674,348	6,631,937	1,671,180	851,768	458,682	99,399	982,218	4,777,929	155,147,461
Net statements of consolidated financial position	80,278,803	2,315,387	754,322	379,273	(121,173)	(55,285)	(706,253)	(2,907,707)	79,937,367
Administrative accounts - net	4,385,036	(4,278,039)	(973,281)	(454,970)	(200,385)	(3,800)	138,142	3,104,900	1,717,603

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
United States Dollar	1,377,201	95,772
Singapore Dollar	934,813	88,567
Australian Dollar	259,982	25,583
European Euro	165,625	10,074
Chinese Yuan	45,015	21,532
Japanese Yen	44,448	340,285
Great Britain Poundsterling	13,965	763
Hong Kong Dollar	6,346	3,456
Others	214,058	14,885
	3,061,453	600,917
Deposits with Bank Indonesia		
United States Dollar	17,914,796	1,245,813
Deposits with other banks		
United States Dollar	11,544,142	802,792
Chinese Yuan	1,351,991	646,709
European Euro	704,502	42,851
Japanese Yen	231,232	1,770,265
Great Britain Poundsterling	168,575	9,206
Singapore Dollar	143,509	13,596
Australian Dollar	44,503	4,379
Hong Kong Dollar	23,812	12,968
Others	357,599	24,867
	14,569,865	3,327,633
Placement with Bank Indonesia and other banks		
United States Dollar	9,572,066	665,651
European Euro	50,338	3,062
Chinese Yuan	62,717	30,000
	9,685,121	698,713
Marketable securities		
United States Dollar	15,799,820	1,098,736
Singapore Dollar	962,453	91,185
European Euro	19,294	1,174
Japanese Yen	1,439	11,017
	16,783,006	1,202,112
Government bonds		
United States Dollar	17,512,032	1,217,805
European Euro	5,846,313	355,601
Japanese Yen	483,294	3,700,000
	23,841,639	5,273,406

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	9,361,314	650,995
European Euro	88,315	5,372
Chinese Yuan	40,001	19,134
Japanese Yen	37,366	286,066
Great Britain Poundsterling	12,264	670
	9,539,260	962,237
Derivative receivables		
United States Dollar	1,539,301	107,045
European Euro	7,597	462
Japanese Yen	2,250	17,225
Great Britain Poundsterling	1,570	86
Yuan China	351	168
Australian Dollar	18	2
Others	121	8
	1,551,208	124,996
Loan and sharia loan/financing		
United States Dollar	131,074,000	9,115,021
European Euro	2,066,764	125,711
Chinese Yuan	1,043,355	499,077
Singapore Dollar	938,938	88,957
Australian Dollar	4,664	459
Japanese Yen	1,189	9,103
Others	1,107	77
	135,130,017	9,838,405
Acceptances receivable		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Great Britain Poundsterling	4,298	235
Australian Dollar	3,739	368
	5,190,855	1,002,935
Other assets		
United States Dollar	2,859,622	198,861
European Euro	84,864	5,162
Chinese Yuan	5,450	379
Singapore Dollar	4,543	430
Japanese Yen	525	4,019
Great Britain Poundsterling	15	-
	2,955,019	208,851
Total asset	240,222,239	24,486,018

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits		
United States Dollar	49,594,934	3,448,883
European Euro	815,923	49,628
Singapore Dollar	414,547	39,275
Japanese Yen	451,301	3,455,068
Great Britain Poundsterling	304,379	16,622
Chinese Yuan	548,506	262,372
Australian Dollar	33,921	3,338
Hong Kong Dollar	4,289	2,336
Others	190,718	13,263
	52,358,518	7,290,785
Saving deposits and <i>wadiah</i> saving deposits		
United States Dollar	25,407,014	1,766,830
European Euro	801,409	48,746
Singapore Dollar	724,959	68,685
Great Britain Poundsterling	136,556	7,457
Australian Dollar	94,167	9,266
Japanese Yen	33,690	257,924
Chinese Yuan	13,684	6,546
Hong Kong Dollar	7,427	4,045
Others	905	63
	27,219,811	2,169,562
Time deposits		
United States Dollar	35,357,214	2,458,777
European Euro	1,131,144	68,802
Singapore Dollar	353,790	33,519
Chinese Yuan	28,419	13,594
Australian Dollar	20,911	2,058
Japanese Yen	6,706	51,340
Great Britain Poundsterling	5,421	296
	36,903,605	2,628,386
Deposits from other banks		
Demand deposits, <i>wadiah</i> demand deposits and saving deposits		
United States Dollar	1,549,629	107,762
Singapore Dollar	8,521	807
European Euro	635	39
Japanese Yen	535	4,096
Chinese Yuan	189	13
	1,559,509	112,717
Interbank call money		
United States Dollar	5,255,890	365,500
Chinese Yuan	916,307	438,305
	6,172,197	803,805

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Deposits from other banks (continued)		
Time deposits		
United States Dollar	1,119,634	77,861
Securities sold under agreements to repurchase		
United States Dollar	2,802,078	194,859
Derivative payables		
United States Dollar	601,972	41,862
European Euro	14,022	853
Australian Dollar	275	27
Japanese Yen	25	190
	616,294	42,932
Acceptances payable		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Australian Dollar	3,739	368
Great Britain Poundsterling	4,298	235
	5,190,855	1,002,935
Accrued expenses		
United States Dollar	617,287	42,927
Chinese Yuan	88,572	42,367
Singapore Dollar	38,115	3,611
Hong Kong Dollar	6,883	3,748
Japanese Yen	175	1,340
Australian Dollar	134	13
Great Britain Poundsterling	65	4
Others	8	1
	751,239	94,011
Other liabilities		
United States Dollar	2,831,003	196,871
Japanese Yen	164,007	1,255,604
European Euro	136,985	8,331
Singapore Dollar	60,257	5,708
Australian Dollar	19,985	1,967
Hong Kong Dollar	3,452	1,880
Great Britain Poundsterling	9,738	532
Others	92,334	6,421
	3,317,761	1,477,314
Fund borrowings		
United States Dollar	38,698,319	2,691,121
Chinese Yuan	3,711,914	1,775,551
Japanese Yen	576,636	4,414,610
	42,986,869	8,881,282

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Subordinated loans and marketable securities		
United States Dollar	186,790	12,990
Total Liabilities	181,185,160	24,789,439
	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
United States Dollar	1,162,014	85,647
Singapore Dollar	677,224	66,692
European Euro	264,084	16,265
Australian Dollar	187,524	17,701
Japanese Yen	75,015	622,428
Chinese Yuan	39,490	18,952
Great Britain Poundsterling	38,668	2,110
Hong Kong Dollar	10,695	6,160
Others	195,602	14,417
	2,650,316	850,372
Deposits with Bank Indonesia		
United States Dollar	10,236,358	754,476
Deposits with other banks		
United States Dollar	8,164,603	601,777
European Euro	1,135,115	69,912
Japanese Yen	503,190	4,175,158
Chinese Yuan	260,319	124,935
Singapore Dollar	221,916	21,854
Great Britain Poundsterling	220,814	12,049
Australian Dollar	50,908	4,805
Hong Kong Dollar	33,419	19,248
Others	107,972	7,958
	10,698,256	5,037,696
Placement with Bank Indonesia and other banks		
United States Dollar	44,577,230	3,285,589
Chinese Yuan	214,907	103,140
European Euro	49,712	3,062
	44,841,849	3,391,791
Marketable securities		
United States Dollar	13,786,132	1,016,114
Singapore Dollar	338,070	33,292
European Euro	4,753	293
Japanese Yen	2,772	23,000
	14,131,727	1,072,699
Government bonds		
United States Dollar	21,058,127	1,552,101
European Euro	4,229,676	260,509
Japanese Yen	445,924	3,700,000
	25,733,727	5,512,610

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	9,317,053	686,718
European Euro	106,632	6,568
Japanese Yen	50,038	415,184
Chinese Yuan	36,446	17,492
Great Britain Poundsterling	11,978	654
Australian Dollar	1,945	184
	9,524,092	1,126,800
Derivative receivables		
United States Dollar	312,546	23,036
European Euro	63,365	3,903
Australian Dollar	5,354	505
Great Britain Poundsterling	614	34
Yuan China	117	56
Singapore Dollar	112	11
Japanese Yen	28	232
	382,136	27,777
Loan and sharia loan/financing		
United States Dollar	105,002,051	7,739,234
European Euro	2,639,172	162,548
Singapore Dollar	1,173,768	115,590
Chinese Yuan	963,319	462,325
Australian Dollar	89,741	8,471
Japanese Yen	1,669	13,848
	109,869,720	8,502,016
Acceptances receivable		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Japanese Yen	151,986	1,261,085
Chinese Yuan	46,484	22,309
Singapore Dollar	12,432	1,224
Great Britain Poundsterling	3,878	212
Australian Dollar	1,260	119
	5,987,193	1,705,610
Other assets		
United States Dollar	954,272	70,334
European Euro	66,427	4,091
Chinese Yuan	5,566	2,671
Singapore Dollar	1,980	195
Australian Dollar	777	73
Japanese Yen	419	3,477
Great Britain Poundsterling	13	1
	1,029,454	80,842
Total asset	235,084,828	28,062,689

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits and <i>wadiah</i> demand deposits		
United States Dollar	59,444,991	4,385,045
European Euro	818,924	47,912
Japanese Yen	576,876	4,786,558
Singapore Dollar	529,970	51,493
Great Britain Poundsterling	251,723	13,681
Chinese Yuan	179,401	86,100
Australian Dollar	59,996	5,663
Hong Kong Dollar	6,373	3,671
Others	9,054	667
	61,877,308	9,380,790
Saving deposits and <i>wadiah</i> saving deposits		
United States Dollar	26,525,184	1,955,053
Singapore Dollar	563,353	55,478
European Euro	347,242	21,387
Great Britain Poundsterling	116,136	6,337
Australian Dollar	88,834	8,385
Japanese Yen	34,601	287,098
Hong Kong Dollar	8,121	4,677
Chinese Yuan	8,098	3,886
Others	1,100	81
	27,692,669	2,342,382
Time deposits		
United States Dollar	16,680,400	1,229,438
European Euro	4,609,164	283,881
Singapore Dollar	425,560	41,908
Japanese Yen	7,014	58,198
Australian Dollar	24,474	2,310
Hong Kong Dollar	16,494	9,500
Great Britain Poundsterling	16,832	918
Chinese Yuan	12,647	6,070
	21,792,585	1,632,223
Deposits from other banks		
Demand deposits, <i>wadiah</i> demand deposits and saving deposits		
United States Dollar	1,322,556	97,480
European Euro	40,961	2,523
Singapore Dollar	9,767	962
Japanese Yen	486	4,033
	1,373,770	104,998
Interbank call money		
United States Dollar	610,537	45,000
Chinese Yuan	397,118	190,589
	1,007,655	235,589

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Deposits from other banks (continued)		
Time deposits		
United States Dollar	414,133	23,890
Securities sold under agreements to repurchase		
United States Dollar	1,065,947	78,566
Derivative payables		
United States Dollar	107,808	7,946
European Euro	106,827	6,580
Japanese Yen	87	722
Australian Dollar	1,620	153
Great Britain Poundsterling	6	1
Chinese Yuan	387	29
	216,735	15,431
Acceptances payable		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Poundsterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
Accrued expenses		
United States Dollar	505,350	37,247
Singapore Dollar	30,156	2,970
Japanese Yen	162	1,344
Australian Dollar	140	13
Hong Kong Dollar	5,627	3,241
Great Britain Poundsterling	55	3
Chinese Yuan	60,528	29,049
Others	7	1
	602,025	73,868
Other liabilities		
United States Dollar	2,417,913	171,716
European Euro	320,431	19,736
Singapore Dollar	99,942	9,842
Japanese Yen	80,556	668,404
Australian Dollar	282,358	26,652
Hong Kong Dollar	62,784	36,162
Great Britain Poundsterling	593,588	32,391
Chinese Yuan	85,236	40,911
Others	16,041	1,182
	3,958,849	1,006,996
Fund borrowings		
United States Dollar	25,005,263	1,843,027
Chinese Yuan	3,961,828	1,901,398
	28,967,091	3,744,425

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign currencies (in thousand)
Subordinated loans and marketable securities		
United States Dollar	191,501	14,115
Total Liabilities	155,147,461	20,358,883

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2018 and 2017:

	Increased by 5%	Decreased by 5%
December 31, 2018		
Increase/(decrease) net income	2,406,868	(2,406,868)
December 31, 2017		
Increase/(decrease) net income	3,566,829	(3,566,829)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the major foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed for all trading book position including marketable securities owned by the Group in available for sale portfolio.

The table below shows analysis of financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices (not adjusted) from active market for asset or liability which are the same/identical (Level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2018 and 2017:

	December 31, 2018			Fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	20,454,770	3,049,284	-	23,504,054
Available for sale	6,176,157	23,644,248	-	29,820,405
Government bonds				
Fair value through profit or loss	4,416,186	157,060	-	4,573,246
Available for sale	16,886,369	61,378,875	-	78,265,244
Derivative receivables	-	1,798,557	-	1,798,557
Assets disclosed at fair value				
Held to maturity				
Marketable securities	4,817,038	3,062,579	-	7,879,617
Government bonds	13,006,226	5,122,689	-	18,128,915
Loans	-	254,049,118	511,947,028	765,996,146
Consumer financing receivables	-	18,851,376	-	18,851,376
Net investment finance leases	-	3,858,711	-	3,858,711
Liabilities measured at fair value				
Derivative payables	-	1,117,677	-	1,117,677
Liabilities disclosed at fair values				
Debt securities issued	-	18,814,887	-	18,814,887
Fund borrowings	-	51,280,848	-	51,280,848
Subordinated loans and marketable securities	-	676,205	-	676,205

	December 31, 2017			Fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	22,830,106	1,748,730	-	24,578,836
Available for sale	4,314,784	21,393,480	-	25,708,264
Government bonds				
Fair value through profit or loss	3,052,552	436,025	-	3,488,577
Available for sale	30,163,217	58,910,507	-	89,073,724
Derivative receivables	-	817,292	-	817,292
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,684,721	5,538,711	-	8,223,432
Government bonds	387,557	2,292,625	-	2,680,182
Loans	-	211,676,573	451,364,967	663,041,540
Consumer financing receivables	-	14,768,169	-	14,768,169
Net investment finance leases	-	2,571,662	-	2,571,662
Liabilities measured at fair value				
Derivative payables	-	644,965	-	644,965
Liabilities disclosed at fair values				
Debt securities issued	-	17,220,606	-	17,220,606
Fund borrowings	-	35,644,899	-	35,644,899
Subordinated loans and marketable securities	-	191,501	-	191,501

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

As of December 31, 2018 and 2017, for assets and liabilities held at year end are recurring measured at fair value, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid as of December 31, 2018 and 2017 amounted to Rp23,252,004 (25.83% of total assets measured at fair value level 2) and Rp30,565,367 (36.85% of total assets measured at fair value level 2), respectively, represent government bonds with variable interest rates and classified as available for sale.

The fair value of financial instruments traded in active markets (such as marketable securities which are measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily obtained and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects actual and regular market transactions at a fair value. Quoted market price for financial assets owned by the Group are using current offering price. These instruments are included in level 1. The instruments included in level 1 generally include investments in shares in IDX and debt securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive government bonds) is determined by internal valuation techniques.

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable from market, therefore the instrument is included in level 2. Instead, if one or more data is not based on observable market data, these instrument are included in level 3.

As of December 31, 2018 and 2017, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Marketable securities				
Held to maturity	7,887,729	7,879,617	8,196,823	8,223,432
At cost ¹⁾	2,656,999	2,655,320	1,139,166	1,152,390
Government bonds				
Held to maturity	17,977,222	18,128,915	2,585,950	2,680,182
At cost ¹⁾	13,468,806	12,243,849	8,262,937	8,259,914
Loans	767,761,095	765,996,146	678,292,520	663,041,540
Consumer financing receivable	16,826,865	18,851,376	14,782,332	14,768,169
Net Investment finance leases	3,319,103	3,858,711	2,356,890	2,571,662
	829,897,819	829,613,934	715,616,618	700,697,289
Liabilities				
Debt securities issued	19,088,923	18,814,887	16,843,595	17,220,606
Fund borrowings	51,653,982	51,280,848	35,703,679	35,644,899
Subordinated loans and marketable securities	685,730	676,205	191,501	191,501
	71,428,635	70,771,940	52,738,775	53,057,006

¹⁾ Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

- (i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under agreements to resell, acceptances receivables and other assets.

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, "fixed-term" placements, time deposits and others.

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptances receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptances receivables and other assets is a reasonable approximation of fair value.

- (ii) Marketable securities (held to maturity) and government bonds (held to maturity)

The fair value for held to maturity marketable securities and government bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation method.

- (iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

- (iv) Deposits from customers and other banks, securities sold under agreements to repurchase, acceptances payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the payable amount/carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under agreements to repurchase, acceptances payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptances payables and other liabilities is a reasonable approximation of fair value.

- (v) Debt securities issued, fund borrowings and subordinated loans and marketable securities

The aggregate fair values are calculated based on quoted market prices. When information is not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vii) Value at Risk (VaR)

The Bank calculates VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank (Bank only) as a result of market volatility that affects the Bank's trading exposure in normal conditions with a confidence level of 99%. VaR calculation method used by the Bank is Historical Simulation method which does not require assumption of market factors are normally distributed. Bank calculate VaR based on 250 days historical market factor data.

VaR realisation as of December 31, 2018 and 2017 (unaudited) are as follows:

	December 31, 2018 ¹⁾			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	21,426	35,131	7,100	14,256
Foreign exchange risk	10,846	35,831	1,845	23,528
Total	36,457	66,154	12,480	12,480

	December 31, 2017 ¹⁾			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	14,857	25,479	1,398	13,546
Foreign exchange risk	6,031	26,006	823	4,740
Total	18,651	33,481	4,117	27,004

¹⁾ Only trading book position

The Bank performs backtesting to ensure the accuracy of the VaR calculation method in predicting the profit/loss of treasury activities. Backtesting compares the daily profit/loss with the VaR calculated by the Bank.

Backtesting result for the period December 2018 shows that the VaR calculation has been performed accurately, where the number of irregularities of P/L to the daily VaR is still acceptable.

(viii) Cash management

Details of cash are as follows:

	December, 31 2018		December, 31 2017	
	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah
Rupiah	-	24,287,461	-	21,618,247
Foreign currencies				
United States dollar	95,772	1,377,201	85,647	1,162,014
Singapore dollar	88,567	934,813	66,692	677,224
Australia dollar	25,583	259,982	17,701	187,524
European euro	10,074	165,625	16,265	264,084

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62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(viii) Cash management (continued)

Details of cash are as follows: (continued)

	December, 31 2018		December, 31 2017	
	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah
Foreign currencies (continued)				
Chinese yuan	21,532	45,015	18,952	39,490
Japanese yen	340,285	44,448	622,428	75,015
Great Britain Poundsterling	763	13,965	2,110	38,668
Hong Kong dollar	3,456	6,346	6,160	10,695
Others	14,885	214,058	14,417	195,602
	600,917	27,348,914	850,372	24,268,563

As of December 31, 2018 and 2017, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp9,464,278 and Rp7,962,487, respectively.

C. Operational risk

Operational risk is a risk which resulting from inadequacy and/or dysfunctional of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the achieve effectiveness of Operational Risk Management, the Bank has established a framework based on Bank Indonesia and OJK regulations, Basel and best practice either in local or global. The Bank has implemented Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

Managing risk through operation

In managing operational risk through operation, the Bank has:

- (i) Established risk governance of operational risk management.
- (ii) Established policies and procedures and conducts periodic review.
- (iii) Established operational risk appetite.
- (iv) Designed methodologies and tools for operational risk management.
- (v) Provided Operational Risk Management System for all units.
- (vi) Established Risk Awareness across organizations including Risk Culture in the Bank's business activities.
- (vii) Implemented the operational risk management to the all units Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system.
- (viii) Performed monitoring and reporting for internal and external (regulator).
- (ix) Developed standard competencies for employees involved in the implementation of operational risk management framework activities.

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62. RISK MANAGEMENT (continued)

C. Operational risk (continued)

Managing risk through operation (continued)

The implementation of operational risk governance begins with:

- (i) Active monitoring by Board of Commissioners and Directors
- (ii) The implementation of risk management through three line of defense models where:
 - Business unit as risk owner is the first line of defense that is directly responsible for operational risk management;
 - Risk Management Unit is the second line of defense who performs oversight function; and
 - Internal Audit is the third line of defense which performs independent assurance function.

The Bank has established internal policies and procedures for Operational Risk Management referred to as Bank Mandiri Risk Management Policy (KMRBM), which is the basis of risk management implementation.

The ORM Tools used by the Bank are:

- (i) Risk & Control Self Assessment (RCSA), is a register on risk and main control which resulted inherent and residual risk assessment.
- (ii) Loss Event Database, is operational risk incidents database as a lesson learned, future improvement monitoring and operational risk capital calculation recommendation.
- (iii) Key indicator (KI) is an indicator prepared to monitor applicable risks on risk based approach to ensure follow-up action are promptly taken before the risks are happened.
- (iv) Issue & Action Management (IAM), is a tool to monitor follow-up action that have been designed on identified issues.
- (v) Capital Modeling, an operational capital calculation model (regulatory capital charge) that complies with applicable regulations, as part of mitigating operational risk.

As the output of Operational Risk Management process, each unit generates operational risk profile reviewed by Internal Audit unit and presented to the Board of Commissioners and reported to regulators periodically also use to determine Banks's soundness ratio in Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is an operational risk management reports that are submitted to management as a monitoring tool and consideration for priority decision making.

Managing risk through capital

In accordance with the regulation, the Bank uses the Basic Indicator Approach to calculate the operational risk capital charge. The Basic Indicator Approach calculation is based on Gross Income of the Bank for the last 3 (three) years.

The results of operational risk capital charge of Bank Mandiri (Bank only) is Rp9,205,427 (unaudited), meanwhile for the consolidation is amounted to Rp10,787,919 (unaudited). Based on balance of operational risk capital charge, the RWA of operational risk is amounted to Rp115,067,839 (Bank only) and Rp134,848,983 (unaudited) (consolidated).

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63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated banking system agreement with vendor

On November 22, 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounted to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounted to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounted to USD2,056,125 (full amount, after VAT). On December 31, 2018, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded fixed asset based on the realization value of USD977,900 (full amount, after VAT), therefore estimated completion as of December 31, 2018 was 90.27%.

On September 3, 2013, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application's agreement 2013 with blanket order system with a maximum contract value of USD2,583,700 (full amount, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor for additional features of eMAS. As of December 31, 2018, the contract value based on the realisation payment was equal to USD2,443,000 (full amount) and the Bank has recorded the payment as fixed asset of USD2,333,800 (full amount) therefore the estimated project completion as of December 31, 2018 is 95.53%.

On September 15, 2014, the Bank entered into an agreement with vendors to enhance eMAS features related to Management application 2014 with blanket order system with a maximum contract value of USD3,550,000 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor for additional features of eMAS. As of December 31, 2018, the contract value based on the realisation payment was equal to USD3,442,435 (full amount) and the Bank has recorded the payment as fixed asset of USD3,291,560 (full amount) therefore the estimated project completion as of December 31, 2018 is 95.62%.

On January 7, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2015 with the blanket order system with a maximum contract value of 6,000 mandays. As of December 31, 2018, the contract value based on realisation payment was equal to USD3,506,511.25 (full amount) and the Bank has recorded the payment realisation as fixed asset of USD2,708,683 (full amount), therefore the estimated project completion as of December 31, 2018 was 77.25%.

On December 14, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2016 with the system blanket order with a maximum contract value of 5,256 mandays. As of December 31, 2018, the contract value using the realisation payment approach is equal to USD2,545,116.75 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,067,324.50 (full amount), so that the estimated project completion as of December 31, 2018 was 81.23%.

On January 25, 2018, Bank Mandiri entered into an agreement with vendors to enhance eMAS features related to Management Application 2017 with the blanket order system with a maximum contract value of 8,592 mandays. On December 31, 2018 the payment realisation was equal to USD759,507.75 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD114,289 (full amount), therefore the estimated project completion as of December 31, 2018 was 15.05%.

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63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Legal matters

Currently, the Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners due to disputes that had been decided by the Court where the Bank was convicted by the Court to pay compensation amounted to Rp121 (December 31, 2017: Rp121). Currently, the Bank is still in the legal process to appeal against the decision.

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2018 and 2017 amounted to Rp607,836 and Rp681,269, respectively. As of December 31, 2018 and 2017, the Bank has provided a provision amounted to Rp171,367 and Rp178,062, respectively and believes that the provision is adequate.

c. Trade Financing with Asian Development Bank

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) which are Confirmation Bank Agreement (CBA) and Issuing Bank Agreement (IBA)

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for export import transactions of its customers with Letter of Credit (L/C) arrangement. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries with low trade volume with Indonesia.

Based on RCA, Bank Mandiri granted revolving loan facility amounted to USD25,000,000 (full amount). This facility bears interest equal to total margin and LIBOR during interest period.

64. GOVERNMENT GUARANTEE FOR PAYMENT OBLIGATIONS OF COMMERCIAL BANKS

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 2004, the Government of Republic Indonesia has established an independent agency called Deposit Insurance Agency (LPS). LPS guarantee public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent deposits.

Based on the LPS No. 2/PLPS/2014 dated September 22, 2014 regarding amendment of LPS Regulation No. 2/PLPS/2010 regarding the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000 (full amount).

The interest rate of LPS as of December 31, 2018 and 2017 is 6.75% and 5.75%, respectively, for deposits denominated in Rupiah, and 2.00% and 0.75%, respectively, for deposits denominated in foreign currencies.

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65. NEW (REVISED) FINANCIAL ACCOUNTING STANDARDS

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK) - Institute of Indonesia Chartered Accountants (IAI), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective from January 1, 2019:

- a. SFAS 22 (2018 Improvement): "Business Combinations" adds a condition that when a party in a joint arrangement obtains control of business which is a joint operation (as defined in SFAS 66), and has rights to assets and liabilities above liabilities related to the joint operation shortly before the acquisition date, the transaction is a business combination carried out in stages, the acquirer applies the requirements for business combinations that are carried out in stages, including the re-measurement of previously owned interests in joint operations in the manner described in paragraph 42. Thus, the acquirer measures again all previously held interests in the joint operation.
- b. SFAS 24 (2018 Amendments): "Employee Benefits" provide clearer guidance for entities in recognizing past service costs, gain or loss on settlement, current service costs and net interest after amendments, curtailments, or completion of programs because they use the latest actuarial assumptions (previously using actuarial assumptions at the beginning of the annual reporting period). In addition, the Amendment to SFAS 24 also clarifies how the accounting requirements for amendments, curtailments, or program completion can affect the asset boundary requirements as seen from the reduction in surplus which causes the impact of the upper limit of assets to change.
- c. SFAS 26 (2018 Improvement): "Borrowing Costs" clarifies that capitalization rate of borrowing costs are the weighted average of borrowing costs for all borrowing of the entity during the period but, exclude the borrowing costs that are specifically obtain a qualifying asset until the qualifying asset are ready to use or sale from calculation.
- d. SFAS 46 (2018 Improvement): "Income Taxes" confirms the consequences of income tax on dividends by deleting paragraph 52B and adding paragraph 57A. The consequence of income tax on dividends (as defined in SFAS 71: Financial Instruments) arises when the entity recognizes liabilities for pay dividends, the consequences of income tax are more directly related to past transactions or events that generate profits that can be distributed rather than distribution to the owner. Therefore, the entity recognizes the income tax consequences in profit or loss, other comprehensive income or equity in accordance with the entity's initial recognition of past transactions or events.
- e. SFAS 66 (2018 Improvement): "Joint Arrangements" clarifying that the parties participating in, but not having joint control over, a joint operation can obtain joint control over joint operations in the event that joint operating activities are a business (as defined in SFAS 22: Business Combinations). In such cases, previously held interests in joint operations are not remeasured.
- f. IFRIC No. 33: "Foreign exchange transactions and advanced benefit" clarifies the use of transaction dates to determine the exchange rate used in the initial recognition of assets, related expenses or income when the entity has received or paid compensation in advance in foreign currency.
- g. IFRIC No. 34: "Uncertainty in income tax treatment" clarifies and provides guidance in reflecting uncertainty about income tax treatment in financial statements.

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65. NEW (REVISED) FINANCIAL ACCOUNTING STANDARDS (continued)

Effective on January 1, 2020:

- a. Amendments to SFAS 15: "Investments in associates and joint ventures" stipulates that the entity also applies SFAS No. 71 on financial instruments in associates or joint ventures where equity methods are not applied. This includes long-term interests which the substance forms part of the entity's net investment in an associate or joint venture as referred to in SFAS No. 15 paragraph 38.
- b. Amendments to SFAS 62: "Insurance Contract" on Applying SFAS 71 Financial Instruments with SFAS 62 "Insurance" fulfills certain criteria to apply temporary exemptions from SFAS No. 71 (deferral approach) or chooses to apply a layered approach (overlay approach) to a defined financial asset
- c. SFAS 71: "Financial Instruments", adopted from IFRS 9 regulates the classification and measurement of financial instruments based on the characteristics of the contractual cash flows and the entity's business model; the expectation credit loss method for impairment that produces information that is more timely, relevant and understood by users of financial statements; accounting for hedges that reflects entity risk management is better by introducing more general requirements based on management considerations
- d. Amendments to SFAS 71: "Financial Instruments" regulates that financial assets with accelerated repayment features that can produce negative compensation qualify as contractual cash flows from payments of principal and interest from the amount owed
- e. SFAS 72: "Revenue from contract with customers" this SFAS regulates the model of recognition of income from contracts with customers
- f. SFAS 73: "Leases", adopted from IFRS 16 establishes the principle of recognizing, measuring, presenting and disclosing leases by introducing a single accounting model by requiring recognition of right-of-assets assets and lease liabilities. There are 2 optional exceptions in recognition of lease assets and liabilities, namely for: (1) short-term leases and (2) the underlying assets of the leased asset have low value.

The Group is currently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

66. RECLASSIFICATION ACCOUNTS

Some of accounts in the consolidated financial statements and financial information of Parent Entity as of and for the year ended December 31, 2017 and consolidated and parent entity statement of financial position as of January 1, 2017 have been reclassified to conform with the presentation of the consolidated financial statements and financial information of Parent Entity as of and for the year ended December 31, 2018.

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66. RECLASSIFICATION ACCOUNTS (continued)

The reclassifications are to reclassify interest income, interest expense, gain/(loss) from derivative transactions, gain/(loss) from sales of marketable securities and government bonds and other operating expenses from financial assets in trading classification including derivatives other than hedging, whereas in 2018 are recorded in 1 (one) account of "trading income - net". The corresponding accounts in the consolidated and Parent Entity's statement of financial position have been reclassified as well in relation to the above matter.

	December 31, 2017		
	Before Reclassification	Reclassification	After Reclassification
Consolidated Statement of Financial Position			
Assets			
Marketable securities - net	59,609,972	28,351	59,638,323
Derivative receivables	446,459	370,833	817,292
Other assets - net	15,014,218	(399,184)	14,615,034
Liabilities			
Derivative payables	276,243	368,722	644,965
Accrued expenses	4,307,193	(368,722)	3,938,471
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Income and expenses from operation			
Interest income and sharia income			
Interest income	73,271,984	(2,216,882)	71,055,102
Interest expense and sharia expense			
Interest expense	(24,633,241)	1,878,084	(22,755,157)
Other operating income			
Other fees and commissions	12,483,134	(34,819)	12,448,315
Trading income - net	-	3,471,667	3,471,667
Foreign Exchange gains and derivative transactions - net	2,888,082	(2,888,082)	-
Unrealised (loss)/gain from (decrease)/increase in fair value of policyholders' investment in unit-link contracts	167,892	(121,043)	46,849
Gain on sales of marketable securities and government bonds	893,570	(113,577)	779,993
Other operating expenses			
Others - net	(4,749,528)	24,652	(4,724,876)
Consolidated Statement of Cashflow			
Cash flow from operating activities			
Receipts from interest income	69,888,604	(2,216,882)	67,671,722
Receipts from provision, commissions, premium income - net	14,948,209	(34,819)	14,913,390
Payment of interest expenses	(24,478,983)	1,509,362	(22,969,621)
Receipts from the sale of government bonds - fair value through profit or loss	53,656,513	(112,131)	53,544,382
Acquisition of government bonds - fair value through profit or loss	(53,707,496)	(116,899)	(53,824,395)
Foreign exchange gains - net	2,392,249	(2,111)	2,390,138
Trading income - net	-	462,542	462,542
Other operating expenses - others	(4,158,256)	24,652	(4,133,604)
Decrease/(increase) in operating assets:			
Marketable securities - fair value through profit or loss	(2,048,245)	115,453	(1,932,792)
Other assets	(3,240,312)	399,184	(2,841,128)

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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66. RECLASSIFICATION ACCOUNTS (continued)

	December 31, 2017 (continued)		
	Before Reclassification	Reclassification	After Reclassification
<u>Consolidated Statement of Cashflow</u>			
<u>(continued)</u>			
Cash flow from investing activities			
Increase in marketable securities other than fair value through profit or loss	(1,083,092)	(28,351)	(1,111,443)
<u>Parent Entity Statement of Financial</u>			
<u>Position</u>			
Assets			
Marketable securities - net	31,033,240	2,946	31,036,186
Derivative receivables	423,257	370,833	794,090
Other assets - net	9,424,686	(373,779)	9,050,907
Liabilities			
Derivative payables	256,702	368,722	625,424
Accrued expenses	3,243,235	(368,722)	2,874,513
<u>Parent Entity Statement of Profit or Loss and</u>			
<u>Other Comprehensive Income</u>			
Income and expenses from operation			
Interest income	67,878,151	(2,102,464)	65,775,687
Interest expense	(22,986,499)	1,878,084	(21,108,415)
Other operating income			
Other fees and commissions	11,425,382	(34,819)	11,390,563
Trading income - net	-	3,190,024	3,190,024
Foreign exchange gains and derivative transactions - net	2,837,965	(2,837,965)	-
Unrealised gain/(loss) from increase/(decrease) in fair value of marketable securities and government bonds	2,489	(2,489)	-
Gain on sales of marketable securities and government bonds	850,383	(115,023)	735,360
Other operating expenses			
Others - net	(3,901,824)	24,652	(3,877,172)
<u>Parent Entity Statement of Cashflow</u>			
Cash flow from operating activities			
Receipts from interest income	64,541,308	(2,102,464)	62,438,844
Receipts from provision, commissions and premium income - net	11,425,382	(34,819)	11,390,563
Payment of interest expenses	(22,888,494)	1,509,362	(21,379,132)
Acquisition of government bonds - fair value through profit or loss	(52,448,684)	(128,496)	(52,577,180)
Foreign exchange gains - net	2,347,865	(2,111)	2,345,754
Trading income - net	-	349,436	349,436
Other operating expenses - others	(3,512,560)	24,652	(3,487,908)
Decrease/(increase) in operating assets:			
Marketable securities - fair value through profit or loss	769,599	13,607	783,206
Other assets	(2,238,104)	373,779	(1,864,325)
Cash flow from investing activities			
Increase in marketable securities other than fair value through profit or loss	(2,704,364)	(2,946)	(2,707,310)

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66. RECLASSIFICATION ACCOUNTS (continued)

	January 1, 2017		
	Before Reclassification	Reclassification	After Reclassification
<u>Consolidated Statement of Financial</u>			
<u>Position</u>			
Assets			
Marketable securities - net	56,551,643	21,260	56,572,903
Derivative receivables	239,260	230,983	470,243
Other assets - net	11,557,238	(252,243)	11,304,995
Liabilities			
Derivative payables	502,469	246,960	749,429
Accrued expenses	3,743,496	(246,960)	3,496,536
<u>Parent Entity Statement of Financial</u>			
<u>Position</u>			
Assets			
Marketable securities - net	29,245,790	(1,741)	29,244,049
Derivative receivables	239,260	230,983	470,243
Other assets - net	6,923,751	(229,242)	6,694,509
Liabilities			
Derivative payables	502,452	246,960	749,412
Accrued expenses	2,941,711	(246,960)	2,694,751

67. SUBSEQUENT EVENT

Changes in Member of Board of Director

In accordance with Bank Mandiri's Extraordinary General Meeting of Shareholders (RUPS LB) 2019 on January 7, 2019, among others, Mr. Riduan has been appointed as Director of Commercial Banking, the appointment will be effective after obtaining approval from the Financial Services Authority (OJK) for capability and compliance test and fulfillment to the prevailing laws and regulations.

68. ADDITIONAL INFORMATION

Additional Financial Information

The additional information presented in appendix 1 - 4 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent Entity, which presents the Bank's investments in Subsidiaries based on cost method.

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENT OF FINANCIAL POSITION - PARENT ENTITY As of December 31, 2018 (Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
ASSETS			
Cash	24,443,872	22,005,487	21,223,106
Current accounts with Bank Indonesia	55,256,240	43,674,536	48,761,535
Current accounts with other banks			
Related parties	157,510	441	194,320
Third parties	13,031,944	11,724,561	8,401,644
	13,189,454	11,725,002	8,595,964
Less: allowance for impairment losses	(3,474)	(3,431)	(2,995)
Net	13,185,980	11,721,571	8,592,969
Placements with Bank Indonesia and other banks			
Related parties	1,592,578	2,150,449	2,198,674
Third parties	11,234,897	62,025,489	64,158,423
	12,827,475	64,175,938	66,357,097
Less: allowance for impairment losses	(50,338)	(49,713)	(80,108)
Net	12,777,137	64,126,225	66,276,989
Marketable securities			
Related parties	12,246,882	8,724,993	10,141,257
Third parties	25,871,496	22,217,856	19,193,895
	38,118,378	30,942,849	29,335,152
Add/(less): unamortised premium/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	(226,389)	93,337	(91,103)
Net	37,891,989	31,036,186	29,244,049
Government bonds - related parties	93,899,427	90,983,793	90,340,489
Other receivables - trade transactions			
Related parties	10,724,084	10,517,587	5,934,300
Third parties	15,413,252	14,635,602	9,944,879
	26,137,336	25,153,189	15,879,179
Less: allowance for impairment losses	(1,557,202)	(1,302,230)	(1,712,018)
Net	24,580,134	23,850,959	14,167,161
Securities purchased under agreements to resell - third parties	1,639,448	2,329,116	3,746,090
Derivative receivables			
Related parties	149,832	23,824	3,660
Third parties	1,510,313	770,266	466,583
Net	1,660,145	794,090	470,243
Loans			
Related parties	156,575,588	112,793,435	101,100,710
Third parties	562,391,258	531,463,973	491,568,560
	718,966,846	644,257,408	592,669,270
Less: allowance for impairment losses	(29,420,088)	(31,754,535)	(30,762,076)
Net	689,546,758	612,502,873	561,907,194

¹⁾ Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>December 31, 2018</u>	<u>December 31, 2017 ¹⁾</u>	<u>January 1, 2017 ¹⁾</u>
ASSETS (continued)			
Acceptance receivables			
Related parties	2,056,344	1,002,161	385,265
Third parties	11,594,304	11,461,080	14,294,356
	<u>13,650,648</u>	<u>12,463,241</u>	<u>14,679,621</u>
Less: allowance for impairment losses	(293,964)	(253,248)	(239,901)
Net	13,356,684	12,209,993	14,439,720
Investments in shares			
Related parties	7,555,807	7,540,742	6,581,083
Third parties	2,104	2,171	2,120
	<u>7,557,911</u>	<u>7,542,913</u>	<u>6,583,203</u>
Less: allowance for impairment losses	(177,643)	(75,734)	(49,247)
Net	7,380,268	7,467,179	6,533,956
Prepaid expenses	1,917,080	1,984,047	2,031,252
Prepaid taxes	1,091,292	2,403,973	2,421,556
Fixed assets	46,767,089	44,067,921	42,009,451
Less: accumulated depreciation	(9,745,803)	(8,667,610)	(7,550,662)
Net	<u>37,021,286</u>	<u>35,400,311</u>	<u>34,458,789</u>
Intangible assets	5,090,586	4,325,327	3,502,458
Less: accumulated amortization	(2,912,598)	(2,458,868)	(2,066,144)
Net	<u>2,177,988</u>	<u>1,866,459</u>	<u>1,436,314</u>
Other assets	15,058,349	9,359,453	6,974,347
Less: allowance for possible losses	(382,297)	(308,546)	(279,838)
Net	<u>14,676,052</u>	<u>9,050,907</u>	<u>6,694,509</u>
Deferred tax assets - net	<u>4,576,026</u>	<u>4,969,726</u>	<u>5,435,589</u>
TOTAL ASSETS	<u>1,037,077,806</u>	<u>978,377,431</u>	<u>918,181,510</u>

¹⁾ Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued) As of December 31, 2018 (Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2018	December 31, 2017 ¹⁾	January 1, 2017 ¹⁾
LIABILITIES AND EQUITY			
LIABILITIES			
Obligations due immediately	3,843,194	2,838,567	1,569,911
Deposits from customers			
Demand deposits			
Related parties	50,921,083	46,287,627	48,889,558
Third parties	140,490,641	148,960,350	131,669,970
Total	191,411,724	195,247,977	180,559,528
Saving deposits			
Related parties	3,530,435	3,541,392	1,969,759
Third parties	297,257,711	300,127,431	271,802,756
Total	300,788,146	303,668,823	273,772,515
Time deposits			
Related parties	38,471,472	33,362,950	46,479,231
Third parties	208,815,192	197,497,781	187,138,570
Total	247,286,664	230,860,731	233,617,801
Total deposits from customers	739,486,534	729,777,531	687,949,844
Deposits from other banks			
Demand deposits, <i>wadiah</i> demand deposits and saving deposits			
Related parties	1,024,499	460,256	132,782
Third parties	2,958,616	3,896,430	4,199,571
Total	3,983,115	4,356,686	4,332,353
Interbank call money			
Related parties	-	-	440,000
Third parties	8,372,197	1,007,655	1,240,952
Total	8,372,197	1,007,655	1,680,952
Time deposits			
Related parties	116,958	108,473	346,732
Third parties	2,896,425	2,501,964	3,199,043
Total	3,013,383	2,610,437	3,545,775
Total deposits from other banks	15,368,695	7,974,778	9,559,080
Securities sold under agreements to repurchase			
Related parties	-	-	230,024
Third parties	16,120,197	3,592,883	3,123,018
Total	16,120,197	3,592,883	3,353,042
Derivative payables			
Related parties	19,126	16,582	10,058
Third parties	1,008,728	608,842	739,354
Total	1,027,854	625,424	749,412
Acceptance payables			
Related parties	4,595,150	575,595	2,481,708
Third parties	9,055,498	11,887,646	12,197,913
Total	13,650,648	12,463,241	14,679,621

¹⁾ Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>December 31, 2018</u>	<u>December 31, 2017 ^{*)}</u>	<u>January 1, 2017 ^{*)}</u>
LIABILITIES AND EQUITY			
LIABILITIES (continued)			
Debt securities issued			
Related parties	8,430,000	6,712,500	2,570,000
Third parties	<u>5,535,900</u>	<u>4,185,788</u>	<u>2,502,035</u>
	13,965,900	10,898,288	5,072,035
Less: unamortised issuance cost	<u>(28,071)</u>	<u>(27,018)</u>	<u>(24,077)</u>
Net	13,937,829	10,871,270	5,047,958
Estimated losses on commitment and contingencies	113,236	349,404	193,144
Accrued expenses	3,813,671	2,874,513	2,694,751
Taxes payable	774,631	666,542	1,052,740
Employee benefit liabilities	7,047,758	7,674,599	6,236,533
Provision	370,525	375,770	435,880
Other liabilities	8,637,435	11,334,802	8,546,688
Fund borrowings			
Related parties	98,687	169,950	140,774
Third parties	<u>38,990,057</u>	<u>26,975,564</u>	<u>31,687,950</u>
Total	39,088,744	27,145,514	31,828,724
Subordinated loans and marketable securities			
Related parties	131,750	-	-
Third parties	<u>553,980</u>	<u>191,501</u>	<u>215,432</u>
Total	<u>685,730</u>	<u>191,501</u>	<u>215,432</u>
TOTAL LIABILITIES	<u>863,966,681</u>	<u>818,756,339</u>	<u>774,112,760</u>

^{*)} Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued) As of December 31, 2018 (Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2018	December 31, 2017	January 1, 2017
LIABILITIES AND EQUITY (continued)			
EQUITY			
Share capital - Rp250 (full amount) par value per share as of December 31, 2018 and December 31, 2017, and Rp500 (full amount) par value per share as of January 1, 2017.			
Authorised Capital - 1 share			
Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2018 and December 31, 2017, and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of January 1, 2017.			
Issued and fully paid-in capital			
- 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2018 and December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of January 1, 2017	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	(98,046)	1,791	45,441
Unrealised (losses)/gain from (decrease)/increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	(1,640,866)	1,067,962	(768,222)
Differences arising from revaluation of fixed assets	26,039,621	25,322,628	24,796,520
Gain/(losses) from employee benefits program - net after deducting deferred tax	298,923	(491,801)	72,261
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi- reorganisation as at April 30, 2003)			
- Appropriated	5,380,268	5,380,268	5,380,268
- Unappropriated	113,988,250	99,197,269	85,399,507
Total retained earnings	119,368,518	104,577,537	90,779,775
TOTAL EQUITY	173,111,125	159,621,092	144,068,750
TOTAL LIABILITIES AND EQUITY	1,037,077,806	978,377,431	918,181,510

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2018	2017 ¹⁾
INCOME AND EXPENSES FROM OPERATIONS		
Interest income	67,692,623	65,775,687
Interest expense	(21,398,232)	(21,108,415)
NET INTEREST INCOME	46,294,391	44,667,272
Other operating income		
Other fees and commissions	11,603,014	11,390,563
Trading income - net	3,647,192	3,190,024
Others	9,337,474	5,488,834
Total other operating income	24,587,680	20,069,421
Allowance for impairment losses	(11,504,129)	(12,578,904)
Reversal/(provision for) impairment losses on commitments and contingencies	249,320	(155,380)
Provision for other allowances	(80,998)	(78,624)
Gains on sale of marketable securities and government bonds	666,018	735,360
Other operating expenses		
Salaries and employee benefits	(12,391,276)	(11,635,135)
General and administrative expenses	(13,065,155)	(12,051,008)
Others - net	(3,478,975)	(3,877,172)
Total other operating expenses	(28,935,406)	(27,563,315)
INCOME FROM OPERATIONS	31,276,876	25,095,830
Non-operating income - net	43,206	2,235
INCOME BEFORE TAX EXPENSE	31,320,082	25,098,065
Tax expense		
Current		
Current year	(5,022,275)	(4,903,592)
Prior year	(1,313,347)	-
Deferred	(905,622)	(183,757)
Total tax expense - net	(7,241,244)	(5,087,349)
NET INCOME FOR THE YEAR	24,078,838	20,010,716

¹⁾ Reclassified, see Note 66

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
(continued)**

**For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2018	2017
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Gains on fixed assets revaluation	716,993	526,108
Actuarial gains/(losses) on defined benefit plan	988,405	(705,077)
Income tax related to the items that will not be reclassified to profit or loss	(197,681)	141,015
	<u>1,507,717</u>	<u>(37,954)</u>
Items that will be reclassified to profit or loss		
Difference arising from translation of financial statements in foreign currencies	(99,837)	(43,650)
Changes in fair value of available for sale financial assets	(3,418,431)	2,259,305
Income tax related to items that will be reclassified to profit or loss	709,603	(423,121)
	<u>(2,808,665)</u>	<u>1,792,534</u>
Other comprehensive income for the year - net of income tax	<u>(1,300,948)</u>	<u>1,754,580</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>22,777,890</u>	<u>21,765,296</u>
EARNING PER SHARE		
Basic (full amount)	515.98	428.80
Dilluted (full amount)	515.98	428.80

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised (gain)/loss from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial gain/(loss) on defined benefit program - net of deferred tax	Retained earnings		Total equity
							Appropriated	Unappropriated	
Balance as of January 1, 2018	11,666,667	17,476,308	1,791	1,067,962	25,322,628	(491,801)	5,380,268	99,197,269	159,621,092
Dividends payment from 2017 net income	-	-	-	-	-	-	-	(9,287,857)	(9,287,857)
Income for the current year	-	-	-	-	-	-	-	24,078,838	24,078,838
Comprehensive income for the current year	-	-	(99,837)	(2,708,828)	716,993	790,724	-	-	(1,300,948)
Balance as of December 31, 2018	11,666,667	17,476,308	(98,046)	(1,640,866)	26,039,621	298,923	5,380,268	113,988,250	173,111,125

Appendix 3

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised gain from increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial loss on defined benefit program - net of deferred tax	Retained earnings		Total equity
							Appropriated	Unappropriated	
Balance as of January 1, 2017	11,666,667	17,476,308	45,441	(768,222)	24,796,620	72,261	5,380,268	85,399,507	144,068,750
Dividends payment from 2016 net income	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)
Income for the current year	-	-	-	-	-	-	-	20,010,716	20,010,716
Comprehensive income for the current year	-	-	(43,650)	1,836,184	526,108	(564,062)	-	-	1,764,580
Balance as of December 31, 2017	11,666,667	17,476,308	1,791	1,067,962	25,322,628	(491,801)	5,380,268	99,197,269	159,621,092
Balance as of January 1, 2018	11,666,667	17,476,308	1,791	1,067,962	25,322,628	(491,801)	5,380,268	99,197,269	159,621,092

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ENTITY
For the year ended December 31, 2018
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2018	2017 ^{*)}
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	63,919,139	62,438,844
Receipts from provision and commissions income	11,603,014	11,390,563
Payments of interest expense	(20,867,566)	(21,379,132)
Receipts from the sale of government bonds - fair value through profit or loss	56,447,238	52,719,756
Acquisition of government bonds - fair value through profit or loss	(55,358,389)	(52,577,180)
Foreign exchange gains - net	5,083,678	2,345,754
Trading income - net	415,486	349,436
Other operating income - others	4,267,080	1,675,243
Other operating expenses - others	(3,508,692)	(3,487,908)
Salaries and employee benefits	(12,227,393)	(10,761,131)
General and administrative expenses	(11,532,885)	(10,541,336)
Non-operating income - net	43,129	1,044
Payment of corporate income tax	(6,266,451)	(5,347,697)
Cash flows from operating activities before changes in operating assets and liabilities	32,017,388	26,826,256
Decrease/(increase) in operating assets:		
Placements with Bank Indonesia and other banks	7,540	335,342
Marketable securities - fair value through profit or loss	(1,214,565)	783,206
Other receivables - trade transactions	(984,147)	(9,274,010)
Loans	(87,940,410)	(63,213,140)
Securities purchased under agreements to resell	689,668	1,416,974
Prepaid taxes	1,312,681	17,583
Prepaid expenses	66,967	47,205
Other assets	(5,168,610)	(1,864,325)
Proceeds from collection of written-off financial assets	5,070,394	3,813,591
Increase/(decrease) in operating liabilities:		
Demand deposits	(4,243,538)	14,668,699
Saving deposits	(2,846,963)	29,940,391
Time deposits	16,828,878	(3,692,408)
Interbank call money	7,364,543	(673,297)
Obligations due immediately	1,004,627	1,268,656
Taxes payable	38,918	57,907
Other liabilities	(49,488)	5,033,668
Net cash (used in)/provided by operating activities	(38,046,117)	5,492,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities - other than fair value through profit or loss	(5,925,576)	(2,707,310)
Increase in government bonds - other than fair value through profit or loss	(6,047,293)	1,785,664
Proceeds from sale of fixed assets	77	5,713
Acquisition of fixed assets	(1,982,522)	(1,498,326)
Acquisition of intangible assets	(765,259)	(822,869)
Capital injection to PT Bank Syariah Mandiri	-	(500,000)

These supplementary financial information are originally issued in the Indonesian language.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENT OF CASH FLOWS - PARENT ENTITY (continued) For the year ended December 31, 2018 (Expressed in millions of Rupiah, unless otherwise stated)

	Year ended December 31,	
	2018	2017 ^{*)}
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Capital injection to PT Mandiri Capital Indonesia	-	(200,000)
Capital injection to PT Mandiri Utama Finance	-	(102,000)
Capital injection to PT Bank Mandiri Taspen	(255,250)	(118,880)
Divesment of shares ownership in PT Bank Mandiri Taspen	99,908	-
Divesment of shares ownership in PT Mandiri AXA General Insurance	138,000	-
Net cash used in investing activities	(14,737,915)	(4,158,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in debt securities issued	2,998,723	5,826,252
Increase/(decrease) in fund borrowings	9,167,227	(5,120,961)
Increase/(decrease) in subordinated loans and marketable securities	484,358	(23,931)
Increase in marketable securities sold under agreements to repurchase	11,661,987	239,841
Payment of dividend	(9,287,857)	(6,212,954)
Net cash provided by/(used in) financing activities	15,024,438	(5,291,753)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(37,759,594)	(3,957,463)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,656,976	790,409
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,515,108	143,682,162
CASH AND CASH EQUIVALENTS AT END OF YEAR	104,412,490	140,515,108
Cash and cash equivalents at end of year consist of:		
Cash	24,443,872	22,005,487
Current accounts with Bank Indonesia	55,256,240	43,674,536
Current accounts with other banks	13,189,454	11,725,002
Short-term investments with a period of time maturity of three months or less from the date of acquisition	11,522,924	63,110,083
Total cash and cash equivalents	104,412,490	140,515,108

^{*)} Reclassified, see Note 66



Annual Report 2018

PT Bank Mandiri (Persero) Tbk.

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