

**PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013 AND 2012

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
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We, the undersigned:

1. Name : Budi Gunadi Sadikin
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Duta 4 Blok EE No.7 RT. 001 RW.022
Kelurahan Bojong Rawalumbu, Kecamatan Rawalumbu,
Kotamadya Bekasi
Phone number : 021 – 5245649
Title : President Director

2. Name : Pahala N. Mansury
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Empu Sendok No.23 RT.008 RW.003
Kelurahan Selong, Kecamatan Kebayoran Baru,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245577
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, 10 February 2014



METERAI
TEMPEL
PAJAK MEMBANGUN BANGSA
Rp. 6.000
9473 AF653180234
DJP

Budi G. Sadikin
President Director

Pahala N. Mansury
Director



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. (the "Bank") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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 these 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 the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 at 31 December 2013, the consolidated financial performance, and its consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

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Other matters

Our audit of the accompanying consolidated financial statements of the Bank and its subsidiaries as at 31 December 2013 and for the year then ended was conducted to form an opinion on the consolidated financial statements taken as a whole. The supplementary financial information of PT Bank Mandiri (Persero) Tbk. (parent entity only) which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended (collectively referred to as "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 consolidated financial statements prepared in accordance with the Indonesian Financial Accounting Standards. Management is responsible for the Parent Entity Financial Information, which 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 auditing procedures applied in the audit of the consolidated financial statements in accordance with the Standards of 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 consolidated financial statements taken as a whole.

JAKARTA
10 February 2014

A handwritten signature in blue ink, appearing to read 'H. Sahari', is written over a vertical line.

Drs. Haryanto Sahari, CPA
License of Public Accountant No. AP.0223

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012**

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012 *)</u>	<u>1 January 2012 *)</u>
ASSETS				
Cash	2c, 2g	19,051,934	15,482,025	11,572,429
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	43,904,419	38,272,155	36,152,674
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5			
Related parties	55	39,388	16,079	44,516
Third parties		<u>14,008,687</u>	<u>9,635,693</u>	<u>9,783,153</u>
		14,048,075	9,651,772	9,827,669
Less: Allowance for impairment losses		<u>(11,591)</u>	<u>(6,268)</u>	<u>(10,841)</u>
Current Accounts with Other Banks - net		14,036,484	9,645,504	9,816,828
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6			
Related parties	55	916,782	1,343,968	785,494
Third parties		<u>44,302,651</u>	<u>46,979,515</u>	<u>50,754,297</u>
		45,219,433	48,323,483	51,539,791
Less: Allowance for impairment losses		<u>(105,599)</u>	<u>(85,258)</u>	<u>(146,729)</u>
Placements with Bank Indonesia and Other Banks - net		45,113,834	48,238,225	51,393,062
Marketable Securities	2c, 2f, 2j, 7			
Related parties	55	8,937,255	4,190,754	6,398,232
Third parties		<u>18,451,995</u>	<u>16,376,099</u>	<u>14,451,931</u>
		27,389,250	20,566,853	20,850,163
Less: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses		<u>(586,702)</u>	<u>(243,000)</u>	<u>(330,481)</u>
Marketable Securities - net		26,802,548	20,323,853	20,519,682
Government Bonds - Related party	2c, 2f, 2k, 8, 55	82,227,428	79,072,173	78,661,519
Other Receivables - Trade Transactions	2c, 2f, 2l, 9			
Related parties	55	3,904,858	3,784,548	2,752,711
Third parties		<u>5,043,525</u>	<u>2,889,870</u>	<u>3,138,579</u>
		8,948,383	6,674,418	5,891,290
Less: Allowance for impairment losses		<u>(1,424,454)</u>	<u>(1,125,015)</u>	<u>(1,079,302)</u>
Other Receivables - Trade Transactions - net		7,523,929	5,549,403	4,811,988
Securities Purchased under Resale Agreements	2c, 2f, 2m, 10			
Related parties	55	-	-	758,703
Third parties		<u>3,737,613</u>	<u>14,515,235</u>	<u>11,611,182</u>
Securities Purchased under Resale Agreements - net		3,737,613	14,515,235	12,369,885
Derivative Receivables	2c, 2f, 2n, 11			
Related parties	55	2,792	231	4,391
Third parties		<u>168,086</u>	<u>86,912</u>	<u>109,266</u>
Derivative Receivables - net		170,878	87,143	113,657
Loans	2c, 2f, 2o, 12			
Related parties	55	57,315,200	45,952,610	36,846,173
Third parties		<u>409,855,249</u>	<u>338,629,096</u>	<u>274,247,133</u>
Total loans		467,170,449	384,581,706	311,093,306
Less: Allowance for impairment losses		<u>(16,535,651)</u>	<u>(14,011,350)</u>	<u>(12,105,048)</u>
Loans - net		450,634,798	370,570,356	298,988,258

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012 *)</u>	<u>1 January 2012 *)</u>
ASSETS (continued)				
Consumer Financing Receivables	2c, 2f, 2p, 13			
Related parties	55	5,738	5,197	5,876
Third parties		<u>4,639,163</u>	<u>3,913,949</u>	<u>3,242,684</u>
		4,644,901	3,919,146	3,248,560
Less: Allowance for impairment losses		<u>(133,356)</u>	<u>(90,777)</u>	<u>(62,990)</u>
Consumer Financing Receivables - net		4,511,545	3,828,369	3,185,570
Net Investment in Lease Financing - net of allowance for impairment losses of Rp7,537 Rp1,767 and Rp197 as at 31 December 2013 and 2012 and 1 January 2012	2c, 2q, 14	612,154	327,680	38,785
Acceptance Receivables	2c, 2f, 2u, 15			
Related parties	55	779,807	1,505,031	892,184
Third parties		<u>9,398,563</u>	<u>6,452,481</u>	<u>5,658,919</u>
		10,178,370	7,957,512	6,551,103
Less: Allowance for impairment losses		<u>(63,481)</u>	<u>(37,041)</u>	<u>(40,667)</u>
Acceptance Receivables - net		10,114,889	7,920,471	6,510,436
Investments in Shares - net of allowance for impairment losses of Rp3,224, Rp3,044 and Rp829 as at 31 December 2013 and 2012 and 1 January 2012	2s, 16	4,667	4,306	6,498
Prepaid Expenses	17	1,489,010	1,435,757	1,404,758
Prepaid Taxes	2ad, 33a	1,126,549	28,174	21,540
Fixed Assets - net of accumulated depreciation of Rp5,612,651, Rp4,938,075 and Rp4,346,115 as at 31 December 2013 and 2012 and 1 January 2012	2r, 18	7,645,598	7,002,690	6,049,246
Intangible Assets - net of amortisation of Rp1,354,113, Rp1,213,891 and Rp1,125,502 as at 31 December 2013 and 2012 and 1 January 2012	2r.i, 2s, 19	1,160,255	860,702	698,713
Other Assets - net of allowance for possible losses of Rp289,412, Rp276,769 and Rp300,005 as at 31 December 2013 and 2012 and 1 January 2012	2c, 2t, 2v, 20	8,908,732	8,487,874	5,775,764
Deferred Tax Assets	2ad, 33e	<u>4,322,498</u>	<u>3,966,613</u>	<u>3,800,412</u>
TOTAL ASSETS		<u>733,099,762</u>	<u>635,618,708</u>	<u>551,891,704</u>

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2013	31 December 2012 *)	1 January 2012 *)
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY				
LIABILITIES				
Obligation due Immediately	2w	762,130	1,694,231	1,301,472
Deposits from Customers				
Demand deposits	2c, 2f, 2x, 21			
Related parties	55	26,507,150	25,554,282	23,327,168
Third parties		<u>96,920,499</u>	<u>88,353,574</u>	<u>69,203,418</u>
Total Demand deposits		<u>123,427,649</u>	<u>113,907,856</u>	<u>92,530,586</u>
Saving deposits	2c, 2f, 2x, 22			
Related parties	55	202,205	928,851	748,157
Third parties		<u>215,815,405</u>	<u>183,040,905</u>	<u>149,120,176</u>
Total Saving deposits		<u>216,017,610</u>	<u>183,969,756</u>	<u>149,868,333</u>
Time deposits	2c, 2f, 2x, 23			
Related parties	55	27,976,500	21,604,790	28,651,516
Third parties		<u>141,574,497</u>	<u>123,355,461</u>	<u>113,678,168</u>
Total Time deposits		<u>169,550,997</u>	<u>144,960,251</u>	<u>142,329,684</u>
Total Deposits from Customers		<u>508,996,256</u>	<u>442,837,863</u>	<u>384,728,603</u>
Deposits from Other Banks				
Demand and saving deposits	2c, 2f, 2y, 24			
Related parties	55	63,613	141,996	214,580
Third parties		<u>2,989,406</u>	<u>2,103,494</u>	<u>2,353,571</u>
Total Demand and saving deposits		<u>3,053,019</u>	<u>2,245,490</u>	<u>2,568,151</u>
Inter-bank call money - Third parties	2c, 2y, 25	<u>1,280,850</u>	<u>327,100</u>	<u>58,281</u>
Time deposits	2c, 2y, 26			
Third parties		<u>8,109,444</u>	<u>11,444,247</u>	<u>9,691,453</u>
Total Deposits from Other Banks		<u>12,443,313</u>	<u>14,016,837</u>	<u>12,317,885</u>
Liability to Unit-Linked Holders	2z, 27	12,002,997	11,034,239	9,044,266
Securities sold under Repurchase Agreements	2c, 2f, 2m, 28			
Related parties	55	1,509,324	-	-
Third parties		<u>3,146,825</u>	<u>-</u>	<u>-</u>
Securities sold under Repurchase Agreements		<u>4,656,149</u>	<u>-</u>	<u>-</u>
Derivative Payables	2c, 2f, 2n, 11			
Related parties	55	372	333	3,880
Third parties		<u>225,796</u>	<u>112,924</u>	<u>161,498</u>
Total Derivative Payables		<u>226,168</u>	<u>113,257</u>	<u>165,378</u>
Acceptance Payables	2c, 2f, 2u, 29			
Related parties	55	445,929	262,481	286,007
Third parties		<u>9,732,441</u>	<u>7,695,031</u>	<u>6,265,096</u>
Total Acceptance Payables		<u>10,178,370</u>	<u>7,957,512</u>	<u>6,551,103</u>
Marketable Securities Issued	2c, 2f, 2aa, 30			
Related parties	55	328,000	205,000	158,000
Third parties		<u>1,454,862</u>	<u>1,343,076</u>	<u>2,056,177</u>
		1,782,862	1,548,076	2,214,177
Less: Unamortised issuance cost		<u>(3,265)</u>	<u>(2,200)</u>	<u>(2,589)</u>
Total Marketable Securities Issued		<u>1,779,597</u>	<u>1,545,876</u>	<u>2,211,588</u>

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012 *)</u>	<u>1 January 2012 *)</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Estimated Losses on Commitment and Contingencies	31c	200,501	189,085	234,364
Accrued Expenses	2c, 2af, 32	3,326,475	2,344,762	2,267,167
Taxes Payable	2ad, 33b			
Current Income Tax		1,673,030	2,110,829	761,737
Other Taxes		453,834	551,592	529,326
Total Current Tax Payable		<u>2,126,864</u>	<u>2,662,421</u>	<u>1,291,063</u>
Employee Benefit Liabilities	2ai, 34, 50	4,585,069	3,813,318	2,829,919
Provision		822,582	746,821	728,094
Other Liabilities	2c, 35	14,166,214	13,780,041	10,153,552
Fund Borrowings	2c, 2f, 2ab, 36			
Related parties	55	778,314	934,868	1,104,665
Third parties		15,218,874	10,673,964	10,598,833
Total Fund Borrowings		<u>15,997,188</u>	<u>11,608,832</u>	<u>11,703,498</u>
Subordinated Loans	2c, 2f, 2ac, 37			
Related parties	55	1,939,800	1,936,800	1,895,000
Third parties		2,525,815	3,201,150	3,956,798
Total Subordinated Loans		<u>4,465,615</u>	<u>5,137,950</u>	<u>5,851,798</u>
TOTAL LIABILITIES		<u>596,735,488</u>	<u>519,483,045</u>	<u>451,379,750</u>
TEMPORARY SYIRKAH FUNDS				
Deposits from Customers	2f, 2ae, 38			
Related parties	55			
Saving Deposits - Restricted Investment and <i>Mudharabah</i> Saving Deposits - Unrestricted Investment	38a.2a	94,833	30,105	9,127
<i>Mudharabah</i> Time Deposits - Unrestricted Investment	38a.3	931,213	1,948,412	2,371,249
Total related parties		<u>1,026,046</u>	<u>1,978,517</u>	<u>2,380,376</u>
Third parties				
Demand Deposits - Restricted Investments and <i>Mudharabah Musytarakah</i>	38a.1	17,875	3,158	85,602
Saving Deposits - Restricted Investment and <i>Mudharabah</i> Saving Deposits - Unrestricted Investment	38a.2a	20,398,444	18,216,348	13,902,360
<i>Mudharabah</i> Time Deposits - Unrestricted Investment	38a.3	25,903,040	19,878,232	21,153,463
Total third parties		<u>46,319,359</u>	<u>38,097,738</u>	<u>35,141,425</u>
Total Deposits from Customers		<u>47,345,405</u>	<u>40,076,255</u>	<u>37,521,801</u>
Deposits from Other Banks				
Third parties				
<i>Mudharabah</i> saving deposit - Unrestricted investment	38b	144,876	181,054	162,546
<i>Mudharabah</i> time deposit - Unrestricted investment	38b	83,397	122,765	173,199
Total Deposits from Other Banks		<u>228,273</u>	<u>303,819</u>	<u>335,745</u>
TOTAL TEMPORARY SYIRKAH FUNDS		<u>47,573,678</u>	<u>40,380,074</u>	<u>37,857,546</u>

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012 *)</u>	<u>1 January 2012 *)</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)				
EQUITY				
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2013 and 2012 and 1 January 2012	40a	11,666,667	11,666,667	11,666,667
Additional Paid-in Capital/Agio	40b	17,316,192	17,195,760	17,195,760
Differences Arising from Translation of Financial Statements in Foreign Currencies	2e	221,620	47,677	56,794
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	2j, 2k, 2s	(1,417,240)	(409,449)	(631,529)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi- reorganisation as at 30 April 2003)				
- Appropriated	40c	7,431,162	5,927,268	5,927,268
- Unappropriated		<u>52,200,836</u>	<u>40,152,197</u>	<u>27,578,259</u>
Total Retained Earnings		59,631,998	46,079,465	33,505,527
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2d, 39	<u>1,371,359</u>	<u>1,175,469</u>	<u>861,189</u>
TOTAL EQUITY		<u>88,790,596</u>	<u>75,755,589</u>	<u>62,654,408</u>
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		<u>733,099,762</u>	<u>635,618,708</u>	<u>551,891,704</u>

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Sharia Income	2f, 2af, 41, 55	50,208,842	42,550,442
Interest Expense and Sharia Expense	2f, 2af, 42, 55	<u>(17,432,216)</u>	<u>(15,019,850)</u>
NET INTEREST AND SHARIA INCOME		<u>32,776,626</u>	<u>27,530,592</u>
Premium Income	2ag	6,446,149	5,664,495
Claims Expense	2ag	<u>(3,820,143)</u>	<u>(3,501,423)</u>
NET PREMIUM INCOME		<u>2,626,006</u>	<u>2,163,072</u>
NET INTEREST, SHARIA AND PREMIUM INCOME			
		<u>35,402,632</u>	<u>29,693,664</u>
Other Operating Income			
Other fees and commissions	2ah	8,704,095	7,400,355
Foreign exchange gains - net	2e	1,853,099	1,094,476
Others	43	<u>4,129,443</u>	<u>3,402,991</u>
Total Other Operating Income		<u>14,686,637</u>	<u>11,897,822</u>
Allowance for Impairment Losses	2c, 44	(4,871,442)	(3,423,067)
Reversal for Impairment			
Losses on Commitments and Contingencies	2c, 31c	10,784	43,937
Allowance/(reversal) for Possible Losses	2t, 45	4,324	(13,090)
Unrealised (Losses)/Gains from (Decrease)/Increase in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 46	(219,353)	42,470
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 47	39,116	296,739
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 48, 50, 55	(9,431,337)	(8,045,716)
General and administrative expenses	2r, 49	(9,898,400)	(8,253,902)
Others - net	51	<u>(2,171,250)</u>	<u>(2,613,410)</u>
Total Other Operating Expenses		<u>(21,500,987)</u>	<u>(18,913,028)</u>
INCOME FROM OPERATIONS		<u>23,551,711</u>	<u>19,625,447</u>
Non Operating Income - Net	52	<u>510,126</u>	<u>878,821</u>
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST			
		<u>24,061,837</u>	<u>20,504,268</u>
Income Tax Expense			
Current	2ad, 33c, 33d	(5,288,489)	(4,640,513)
Deferred	2ad, 33c, 33e	<u>56,586</u>	<u>179,863</u>
Income Tax Expense - Net		<u>(5,231,903)</u>	<u>(4,460,650)</u>
NET INCOME		<u>18,829,934</u>	<u>16,043,618</u>

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Other Comprehensive Income			
Difference Arising from Translation of Financial Statements in Foreign Currencies	2e	173,943	(9,117)
Net Unrealised (Losses)/Gains from (Decrease)/increase in Fair Value of Available for Sale Financial Assets	2j, 2k	(1,259,738)	277,581
Income Tax related to other comprehensive income		251,947	(55,501)
Other Comprehensive Income - Net of Tax		<u>(833,848)</u>	<u>212,963</u>
TOTAL COMPREHENSIVE INCOME		<u>17,996,086</u>	<u>16,256,581</u>
Net Income Attributable to:			
Parent Entity		18,203,753	15,504,067
Non Controlling Interest	2d	<u>626,181</u>	<u>539,551</u>
		<u>18,829,934</u>	<u>16,043,618</u>
Comprehensive Income Attributable to:			
Parent Entity		17,369,905	15,717,030
Non Controlling Interest	2d	<u>626,181</u>	<u>539,551</u>
		<u>17,996,086</u>	<u>16,256,581</u>
EARNING PER SHARE			
Basic (full amount)	2aj	780.16	664.46
Diluted (full amount)		780.16	664.46

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Non Controlling Interest in Net Assets of Consolidated Subsidiaries **)	Total Equity
					Appropriated	Unappropriated	Total		
Balance as at 1 January 2013	11,666,667	17,195,760	47,677	(409,449)	5,927,268	40,152,197	46,079,465	1,175,469	75,755,589
Dividends allocated from 2012 net income	40c	-	-	-	-	(4,651,220)	(4,651,220)	-	(4,651,220)
The establishment of specific reserves from net profit in 2012	40c	-	-	-	1,503,894	(1,503,894)	-	-	-
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	-	-	(430,291)	(430,291)
Comprehensive income for the year ended 31 December 2013		-	173,943	(1,007,791)	-	18,203,753	18,203,753	626,181	17,996,086
Gain from sale of Subsidiaries to entities under common control and others	1g, 40b	-	120,432	-	-	-	-	-	120,432
Balance as at 31 December 2013	11,666,667	17,316,192	221,620	(1,417,240)	7,431,162	52,200,836	59,631,998	1,371,359	88,790,596

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003.

**) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Non Controlling Interest in Net Assets of Consolidated Subsidiaries **)	Total Equity
					Appropriated	Unappropriated	Total		
Balance as at 1 January 2012	11,666,667	17,195,760	56,794	(631,529)	5,927,268	27,578,259	33,505,527	861,189	62,654,408
Dividends allocated from 2011 net income	40c	-	-	-	-	(2,449,209)	(2,449,209)	-	(2,449,209)
Fund allocated to cooperative and community development programs from net income of 2011	40c	-	-	-	-	(491,675)	(491,675)	-	(491,675)
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	10,755	10,755	552,005	562,760
Comprehensive income for the year ended 31 December 2012		-	(9,117)	222,080	-	15,504,067	15,504,067	539,551	16,256,581
Reclassification of non-controlling interest of Subsidiary mutual fund	64	-	-	-	-	-	-	(777,276)	(777,276)
Balance as at 31 December 2012	11,666,667	17,195,760	47,677	(409,449)	5,927,268	40,152,197	46,079,465	1,175,469	75,755,589

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003.

**) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2013</u>	<u>2012*)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income and sharia income		48,006,235	41,306,034
Receipts from fees, commissions and premium - net		11,330,101	9,563,427
Payments of interest expense and sharia expense		(17,291,592)	(15,061,545)
Receipts from the sale of Government Bonds - fair value through profit or loss		26,689,634	63,020,694
Acquisition of Government Bonds - fair value through profit or loss		(26,364,288)	(63,299,911)
Foreign exchange gains/(losses) - net		(1,684,990)	542,860
Operating income - others		1,126,887	878,819
Operating expenses - others		(1,295,075)	(2,449,179)
Salaries and employee benefits		(8,659,586)	(7,062,317)
General and administrative expenses		(8,935,985)	(7,543,342)
Non-operating income		523,356	878,821
Cash flow from operating activities before changes in operating assets and liabilities		23,444,697	20,774,361
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(975,057)	43,263
Marketable securities - fair value through profit or loss		(743,827)	1,021,680
Other receivables - trade transactions		(2,273,965)	(783,128)
Loans		(85,610,294)	(74,972,786)
Securities purchased under resale agreements		10,777,622	(2,145,350)
Consumer financing receivable		(833,329)	(762,916)
Net investment in lease financing		(291,229)	(290,465)
Prepaid taxes		(1,098,375)	(6,634)
Prepaid expenses		(53,253)	(30,999)
Other assets		172,342	(2,466,353)
Proceeds from collection of financial assets already written-off		3,002,556	2,550,099
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional Banking			
Demand deposits		10,098,878	20,800,328
Saving deposits		32,276,298	34,355,704
Time deposits		21,255,943	4,383,361
Inter-bank call money		953,750	268,819
Obligation due immediately		(932,101)	392,759
Liability to unit – Linked Holders		968,758	1,989,973
Other taxes payable		(211,620)	10,573
Payment of corporate income tax		(5,911,725)	(3,266,066)
Other liabilities		1,523,844	4,659,131
Sharia Banking - Temporary <i>Syirkah</i> Funds			
Demand deposit - restricted investment and demand deposit - <i>mudharabah musytarakah</i>		14,717	(82,444)
Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		2,210,646	4,353,474
<i>Mudharabah</i> time deposit - unrestricted investment		4,968,241	(1,748,502)
Net cash provided by operating activities		12,733,517	9,047,882

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012*)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - available for sale and held to maturity		(6,410,209)	(97,314)
(Increase)/decrease in Government Bonds - available for sale and held to maturity		(4,642,580)	376,925
Proceeds from sale of fixed assets		119,287	94,547
Acquisition of fixed assets	18	(1,584,388)	(1,668,666)
Acquisition of intangible assets	19	(439,775)	(251,873)
Sale of investment in PT Bumi Daya Plaza	1g	264,000	-
Sale of investment in PT Usaha Gedung Mandiri	1g	132,000	-
Net cash used in investing activities		(12,561,665)	(1,546,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease/(increase) of investment in subsidiaries		98,830	(1,002,251)
Increase/(decrease) in marketable securities issued		233,721	(665,712)
Increase/(decrease) in fund borrowings		6,688,977	(185,754)
Payment of Subordinated Loans		(672,335)	(713,848)
Increase liabilities sold with repo agreements to repurchase (Repo)	28	4,656,149	-
Payments of dividends, partnership program and community development program	40c	(4,651,220)	(2,940,884)
Net cash provided by/(used in) financing activities		6,354,122	(5,508,449)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,525,974	1,993,052
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		2,993,395	642,083
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		111,503,789	108,868,654
CASH AND CASH EQUIVALENTS AT END OF YEAR		121,023,158	111,503,789
Cash and cash equivalents at end of year consist of:			
Cash		19,051,934	15,482,025
Current accounts with Bank Indonesia	4	43,904,419	38,272,155
Current accounts with other banks	5	14,048,075	9,651,772
Placements with Bank Indonesia and other banks		44,018,730	48,097,837
Total Cash and Cash Equivalents		121,023,158	111,503,789
Supplemental Cash Flows Information			
Activities not affecting cash flows:			
Unrealised losses from decrease in fair value of available for sale marketable securities and Government Bonds - net of deferred tax		(1,417,240)	(409,449)
Acquisition of fixed assets - payable		(812,181)	(570,233)

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on 2 October 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated 1 October 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 2 October 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated 4 December 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 1 August 1999.

Bank Mandiri’s Articles of Association have been amended several times. The latest amendment were relating to loan written off and changes of Bank’s management in relation to resignation and appointment of the Bank’s Board of Commisioners and Directors. The changes of Articles of Association has been notarised in notarial deed of Ashoya Ratam, S.H., M.kn, No. 19 dated 28 August 2013, which has been reported to the Ministry of Law and Human Rights of Republic of Indonesia through a report No. AHU-AH.01.10-36868 dated 5 September 2013 and has been registered in company listing No. AHU-0083558.AH.01.09.Year 2013 dated 5 September 2013.

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 that 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 as 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 in July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks and Bank Mandiri also covered the following:

- Restructuring of loans
- Restructuring of non-loan assets
- Rationalisation of domestic and overseas offices
- Rationalisation of human resources

Based on the notarial deed of Sutjipto, S.H., No. 100 dated 24 July 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 29 July 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated 29 July 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 31 July 1999.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Merger (continued)

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 to and operated by Bank Mandiri,
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share represented 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 31 December 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 8 February 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 ("IBRA").

On 28 May 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 29 July 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" amounting 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 29 September 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated 29 September 1999.

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated 11 October 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of the 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 at 31 July 1999 through 30 September 1999, with a condition that not later than 15 October 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated 24 December 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 amounting to Rp180,000,000.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

c. Recapitalisation (continued)

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 13 October 1999 and Rp75,000,000 on 28 December 1999 so that as at 31 December 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

Based on the Management Contract dated 8 April 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 7 July 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 24 April 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on 25 April 2003 (Note 40b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003 and KMK-RI No. 420/KMK-02/2003 dated 30 September 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri was amounting to Rp173,801,315 (Note 40b).

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to Financial Service Authority (OJK), previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on 2 June 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated 27 June 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 been held with notarial deed of Sutjipto, S.H., No. 2 dated 1 June 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 6 June 2003 that was published in the State Gazette No. 63 dated 8 August 2003, Supplement No. 6590.

On 14 July 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 14 July 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 8 July 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated 10 July 2003.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Limited Public Offering of Bank Mandiri

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 Financial Service Authority (OJK), previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on 26 December 2010 and 18 January 2011 and received the effective notification from Bapepam and LK on 27 January 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 Shareholder Meeting dated 28 January 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated 25 February 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 10 March 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 Year 2011 dated 10 March 2011.

Number of Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp5,000 (full amount) per share determined on 25 January 2011 and the execution period of pre-emptive rights trading started from 14 February 2011 until 21 February 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
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
	23,333,333,333

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Public Offering of Bank Mandiri Subordinated Bonds

On 3 December 2009, Bank Mandiri received the effective approval from the Chairman of Bapepam and LK through in its letter No. S-10414/BL/2009 dated 3 December 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On 14 December 2009, the aforementioned Bond was listed on Indonesia Stock Exchange (Note 37).

e. 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 Shareholders' Meeting ("RUPS-LB") on 29 May 2003.

The quasi-reorganisation adjustments were booked on 30 April 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio.

Bank Mandiri's Articles of Association were amended to due the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated 29 September 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 23 October 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated 23 October 2003.

On 30 October 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as at 30 April 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated 30 October 2003.

f. Divestment of Government Share Ownership

On 11 March 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).

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2013 and 2012, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2013	2012
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
PT Usaha Gedung Mandiri	Property Management	Jakarta	- ***)	99.00
PT Bumi Daya Plaza	Property Management	Jakarta	- ***)	93.33
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99*)
PT Bank Sinar Harapan Bali (BSHB)	Commercial Banking	Denpasar	93.23**)	81.46
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	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	60.00	60.00

*) Effective starting from 27 December 2012
 **) Effective starting from 28 May 2013
 ***) Condolidated up to date 19 December 2013

The Subsidiaries' total assets as at 31 December 2013 and 2012 (before elimination) amounting to Rp94,293,194 and Rp78,782,852 or 12.86% and 12.39% of the total consolidated assets, respectively.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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(Expressed in millions of Rupiah, unless otherwise stated)

1. **GENERAL** (continued)

g. Subsidiaries and Associates (continued)

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities in accordance with sharia banking principles. BSM was established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Then PT Bina changed its name to PT Bank Maritim Indonesia on 12 September 1968 which then subsequently changed the name to become PT Bank Susila Bhakti on 6 June 1974, a Subsidiary of BDN. Subsequently it became PT Bank Syariah Mandiri based on notarial deed of Sutjipto, S.H., No. 23 dated 8 September 1999. BSM obtained a license as a commercial bank based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated 19 December 1995 and officially commenced its sharia operations in 1999.

On 18 March 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp200,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 31 January 2011 and from shareholders through the shareholder circular resolution letter dated 28 February 2011 on the increase in capital.

On 29 December 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 27 December 2011 and from shareholders through the shareholder circular resolution letter dated 29 December 2011 on the increase in capital.

On 21 December 2012, Bank made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 21 December 2012 and from shareholders through the shareholder circular resolution letter dated 21 December 2012 on the increase in capital.

On 30 December 2013, Bank Mandiri made an additional capital contribution in form of non cash, land and building (*inbreng*), to Subsidiary amounted to Rp30,778. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 19 December 2013 and from shareholders through the shareholder circular resolution letter dated 27 December 2013 on the increase in capital.

PT Usaha Gedung Mandiri

PT Usaha Gedung Mandiri ("UGM", formerly PT Usaha Gedung Bank Dagang Negara ("UGBDN")) is engaged in property management and office rental activities. UGBDN was established in Jakarta based on notarial deed No. 104 of Abdul Latief, S.H., dated 29 October 1971 and officially commenced its operations in that year. The Company's Article of Association has been amended several times. The latest amendment as notarised by Hadijah, SH number 11 dated 9 May 2011 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia No. AHU-32285.AHA.01.02 Year 2011 dated 28 June 2011. UGBDN owns 25.00% of PT Pengelola Investama Mandiri ("PIM") share capital, a company which was initially established to manage ex-legacy banks' share investments that have now been transferred to PIM.

The amendment of the UGBDN's name to become UGM was undertaken on 9 November 2012, in accordance with a resolution on notarial deed No. 44 dated 26 September 2012, notarised by notarial Hadijah, S.H., MKn regarding changes in entity's logo and entity's name from PT Usaha Gedung Bank Dagang Negara to become PT Usaha Gedung Mandiri. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-57420.AH.01.02 dated 9 November 2012.

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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Usaha Gedung Mandiri (continued)

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp132,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to (Rp5,429) and Rp46,468 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (note40b).

PT Bumi Daya Plaza

PT Bumi Daya Plaza (“BDP”) is engaged in property management and office rental activities. BDP was established in Jakarta, Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H., dated 22 December 1978 and officially commenced its operations in that year. The Company’s Articles of Association has been amended several times, where the latest amendment has been approved by the Ministry of Justice of the Republic of Indonesia based on its decision letter No. AHU-27050.AH.01.02 Year 2010, dated 26 May 2010. The amendment has been registered in the company listing of Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-0040061.AH.01.09 Year 2010 dated 26 May 2010. BDP owns 75.00% of PIM’s share capital.

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp264,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to Rp119,246 and Rp227,464 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (note40b).

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited (“BMEL”) was established in London, United Kingdom on 22 June 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 31 July 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

PT Mandiri Sekuritas

PT Mandiri Sekuritas was established in Jakarta on 31 July 2000 based on notarial deed of Ny. Vita Buena, S.H., replacing Sutjipto, S.H., No. 116 It was established through the merger of PT Bumi Daya Sekuritas (“BDS”), PT Exim Sekuritas (“ES”) and PT Merincorp Securities Indonesia (“MSI”), whereby BDS and ES merged into MSI. MSI obtained its brokerage and underwriting licenses from the Chairman of the Capital Market Supervisory Agency through decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and officially commenced its operations dated 23 January 1992. The merger was approved by the Ministry of Law and Legislation of the Republic of Indonesia on 25 August 2000 based on decision letter No. C-18762.HT.01.01-TH.2000 and the business license that was previously obtained by MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of the total share capital of PT Mandiri Manajemen Investasi, a Subsidiary established on 26 October 2004 and engaged in investment management and advisory activities.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Sekuritas (continued)

On 28 December 2012, the Bank made additional equity investments in Subsidiary, amounted to Rp29,512. The Bank has obtained an approval from Bank Indonesia through a letter dated 31 October 2012 and the approval from Decision Out of Meeting of Shareholder (circular resolution) dated 27 December 2012 on the increase in capital. Through this additional capital, the share ownership of Bank Mandiri in Mandiri Sekuritas increased from 95.69% to 99.99% of the total issued shares in Mandiri Sekuritas.

PT Bank Sinar Harapan Bali

PT Bank Sinar Harapan Bali ("BSHB") was established on 3 November 1992 based on the notarial deed No. 4 of Ida Bagus Alit Sudiarmika, S.H., in Denpasar. BSHB obtained its license based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 and officially commenced its operations on 10 March 1999. On 3 May 2008, the signing of the acquisition deed was made between the shareholders of BSHB and Bank Mandiri as covered in the acquisition deed No. 4 dated 3 May 2008 of I Wayan Sugitha, S.H., in Denpasar. The signing deed marked the beginning of the Bank's 80.00% ownership of BSHB whereby subsequently, BSHB was managed separately and independently from Bank Mandiri. BSHB is treated as a stand alone bank in order to predominantly focus on the expansion of Micro Business and Small Business.

On 22 October 2009, the Bank increased its share ownership in BSHB by 1.46% of the total issued and fully paid shares or equivalent to Rp1,460,657,000 (full amount) by purchasing all of the shares owned by BSHB's President Director of 2,921,314 shares as documented in Shares Sales-Purchase Agreement No. 52 of notary Ni Wayan Widastri, S.H., dated 22 October 2009 in Denpasar, Bali.

The increase of Bank Mandiri's share ownership in BSHB was conducted in order to meet Bank Indonesia's requirements regarding Good Corporate Governance, as the BSHB's President Director must be an independent party of BSHB. Bank Mandiri has obtained an approval from Bank Indonesia through its letter No. 11/103/DPB1/TPB1-1 dated 21 August 2009 for the additional capital in BSHB.

Through this additional capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total issued shares by BSHB with a total investment value increased to Rp81,461 from Rp80,000.

On 28 May 2013, the Bank made an additional investment in BSHB, of 11.77% from the total shares issued and fully paid or amounted to Rp32,377,072,750 (full amount), by purchasing BSHB's shares owned by several minority shareholders amounted to 23,546,962 shares (full amount). Bank Mandiri has obtained an approval from Bank Indonesia through its letter No.15/33/DPB1/PB1-1 dated 6 May 2013 for the additional capital in BSHB.

Goodwill arising from the acquisition of BSHB amounted to Rp19,219 was amortised over 5 (five) years on a straight line basis as it represented the estimated economic life. As at 31 December 2010, the unamortised goodwill balance amounted to Rp8,969. With the additional capital in May 2013, the goodwill balance of BSHB becomes Rp21,043. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly assess and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

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 17 May 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and published in State Gazette No. 57, Supplement No. 1369 dated 18 July 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 7 September 1989, No. 54/KMK.013/1992 dated 15 January 1992 and No. 19/KMK.017/2001 dated 19 January 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., LL.M., dated on 6 February 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 amounting to Rp290,000.

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 6 February 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 11 March 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 8 January 2009.

The amendment of the TFS's name to become MTF was undertaken on 26 June 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated 26 June 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 26 August 2009.

Goodwill arising from acquisition of MTF amounted to Rp156,807 was amortised over 5 (five) years on a straight line basis as its represented the estimate economic life. The unamortised goodwill balance as at 31 December 2010 amounted to Rp96,697. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR") is a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on 17 March 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 14 November 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated 18 November 2009. MIR officially commenced its operations on 29 November 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 (continued)

g. Subsidiaries and Associates (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 30 September 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 28 October 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 4 December 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 10 December 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated 10 August 2004 with composition shareholder 51.00% of NMI and 49.00% of Bank Mandiri.

The shareholders of Bank Mandiri, at the Annual General Meeting held on 17 May 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 20 August 2010, the Bank 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 AXA Mandiri issued and fully paid in capital from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of 2.00% shares in AXA Mandiri was approved by Bank Indonesia through its letter No. 12/71/DPB1/TPB1-1 dated 22 July 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri is 51.00%.

Goodwill arising from acquisition of AXA Mandiri amounting to Rp40,128 was amortised using the straight-line method over 5 (five) years in line with the estimation of economic benefits of the goodwill. The balance of unamortised goodwill as at 31 December 2010 amounted to Rp37,194. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly assess and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

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 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 28 July 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated 20 January 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 17 December 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated 26 March 1998.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

In Bank Mandiri's General Shareholder Meeting dated 23 May 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 28 July 2011.

On 11 October 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 11 October 2011. After this acquisition, Bank Mandiri became the controlling shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ractified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated 11 October 2011. The notarial deed had been submitted and 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 17 October 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 18 October 2011. The notarial deed had been submitted and 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 25 October 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI already obtained 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 22 November 2011 concerning the Activation of General Insurance Business License and Change of the Company Name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance.

h. Structure and Management

Bank Mandiri's head office is located on Jl. Jend. Gatot Subroto Kav. 36-38, South Jakarta, Indonesia. As at 31 December 2013 and 2012, Bank Mandiri's domestic and overseas offices are as follows:

	<u>2013*)</u>	<u>2012*)</u>
Domestic Regional Offices	12	12
Domestic Branches:		
Area	70	68
Community Branches	992	949
Mandiri Mitra Usaha offices	687	502
Cash Outlets	<u>301</u>	<u>291</u>
	2,050	1,810
Overseas Branches	5	5

*) Unaudited

As at 31 December 2013 and 2012, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Timor Leste and Shanghai (People's Republic of China).

Bank Mandiri has obtained branch establishment license from China Banking Regulatory Commission on 3 November 2010. The Shanghai branch commenced its operations on 17 November 2011.

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1. GENERAL (continued)

h. Structure and Management (continued)

To support Bank Mandiri's vision to be Indonesia's most admired and progressive financial institution, Bank Mandiri has amended 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 7 (seven) Directorates namely Institutional Banking, Corporate Banking, Commercial & Business Banking, Consumer Finance, Micro & Retail Banking, Treasury, Financial Institution & Special Asset Management and Transaction Banking;
2. Corporate Center, responsible for the management of the Bank's critical resources and providing support for the Bank's policies, consisting of 6 (six) Directorates which are Risk Management, Compliance & Human Capital, Finance & Strategy, Retail Risk, Change Management Office and Internal Audit;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

As at 31 December 2013 and 2012, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	2013	2012
<u>Board of Commissioners</u>		
Chairman and Independent Commissioner	: Edwin Gerungan	Edwin Gerungan
Deputy Chairman	: -	Muchayat
Commissioner	: -	Cahyana Ahmadjayadi
Commissioner	: Wahyu Hidayat	Wahyu Hidayat
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: Gunarni Soeworo	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya
Commissioner	: Agus Suprijanto	-
Commissioner	: Abdul Aziz	-
	2013	2012
<u>Board of Directors</u>		
President Director	: Budi Gunadi Sadikin	Zulkifli Zaini
Deputy President Director	: Riswinandi	Riswinandi
Institutional Banking Director	: Abdul Rachman	Abdul Rachman
Risk Management Director	: Sentot A. Sentausa	Sentot A. Sentausa
Compliance & Human Capital Director	: Ogi Prastomiyono	Ogi Prastomiyono
Finance & Strategy Director	: Pahala N. Mansury	Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok	Fransisca N. Mok
Commercial & Business Banking Director	: Sunarso	Sunarso
Technology & Operations Director	: Kresno Sediarsi	Kresno Sediarsi
Treasury, Financial Institution & Special Asset Management Director	: Royke Tumilaar	Royke Tumilaar
Micro & Retail Banking Director	: Hery Gunardi	Budi Gunadi Sadikin

As at 31 December 2013 and 2012, the members of Bank Mandiri's Audit Committees are as follows:

	2013	2012
Chairman, concurrently as member	: Gunarni Soeworo	Gunarni Soeworo
Member	: Krisna Wijaya	Krisna Wijaya
Member	: -	Cahyana Ahmadjayadi
Member	: Wahyu Hidayat	Wahyu Hidayat
Member	: Agus Suprijanto	-
Member	: Zulkifli Djaelani	Zulkifli Djaelani
Member	: Imam Soekarno	Imam Soekarno

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2013 and 2012, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

	<u>2013</u>	<u>2012</u>
Chairman, concurrently as member	: Edwin Gerungan	Edwin Gerungan
Member	: Pradjoto	Pradjoto
Member	: -	Muchayat
Member	: Gunarni Soeworo	Gunarni Soeworo
Member	: Krisna Wijaya	Krisna Wijaya
Member	: -	Cahyana Ahmadjayadi
Member	: Wahyu Hidayat	Wahyu Hidayat
Member	: Agus Suprijanto	-
Member	: Abdul Aziz	-
Secretary (ex-officio)	: Alex Denni	Alex Denni

As at 31 December 2013 and 2012, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

	<u>2013</u>	<u>2012</u>
Chairman, concurrently as member	: Pradjoto	Pradjoto
Member	: Edwin Gerungan	Edwin Gerungan
Member	: -	Muchayat
Member	: -	Cahyana Ahmadjayadi
Member	: Krisna Wijaya	Krisna Wijaya
Member	: Tama Widjaja	Tama Widjaja
Secretary (ex-officio)	: Lisana Irianiwati	Lisana Irianiwati

As at 31 December 2013 and 2012, Head of Internal Audit Bank Mandiri is Riyani T. Bondan.

As at 31 December 2013, Corporate Secretary Bank Mandiri is Nixon L.P. Napitupulu (2012: Sukoriyanto Saputro).

As at 31 December 2013 and 2012 Bank Mandiri has a total of 33,982 employees and 30,762 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Bank and Subsidiaries ("Group") were authorised to be issued by the Board of Directors on 10 February 2014.

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 in accordance with Indonesian Financial Accounting Standards, 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 25 June 2012, "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

a. Basis of Preparation of the Consolidated Financial Statements

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. The consolidated financial statements are prepared under the accrual basis of accounting, except for the consolidated statements of cash flows.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements (continued)

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating activities, investing and financing activities.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) 101, "Presentation of Financial Statement for Sharia Banking", SFAS 102 "Accounting for *Murabahah*", SFAS 104 "Accounting for *Istishna*", SFAS 105 "Accounting for *Mudharabah*", SFAS 106 "Accounting for *Musyarakah*", SFAS 107 "Accounting for *Ijarah*", SFAS 110 "Accounting for *Sukuk*" Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and other Statements of Financial Accounting Standards established by the Indonesian Institute of Accountants and also accounting and reporting guidelines prescribed by the Indonesian banking regulatory authority and Bapepam and LK.

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 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 as 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 1 January 2013, the Group implemented new statements of financial accounting standards ("SFAS") and the withdrawal of SFAS and revision, effective starting on that date. Changes to the Group's accounting policies has been made, in accordance with the transitional provisions in the respective standards and interpretations.

Implementation of the new or revised standards, which are relevant to the Group's operations and have impacts on the consolidated financial statements, are as follows:

b.i. SFAS 60 - Financial Instruments: Disclosures

On 19 October 2012, Financial Accounting Standard Board of Indonesian Accountant Institute (DSAK-IAI) issued enhancement to the SFAS 60 which became effective on 1 January 2013. Early implementation of the enhancements was permitted. The Group has decided to early adopt SFAS 60 in the financial year ended 31 December 2012, and therefore it has no impact to the financial statements for the year ended 31 December 2013.

The enhancements mainly relate to the disclosure of financial assets, including the withdrawal of requirements to disclose:

- 1) Fair value of collateral held as security for financial assets both "past due but not yet impaired" and "impaired"; and,
- 2) Carrying amount of financial asset that are neither past due nor impaired whose terms have been renegotiated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

b.ii. SFAS 38 - Entities Under Common Control

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 a change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

The entity that accepts or 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/agio.

b.iii. Unearned Premium Reserves (UPR)

Since 1 January 2013, the Bank's subsidiary (AXA Mandiri Financial Services) change its accounting policy in calculating unearned premium reserve from aggregate method at a minimum 40% of net premiums into daily basis method. The impact of changes in accounting policy is not significant to the Group's consolidated financial statements, therefore it is charged to current year statement of comprehensive income, and the consolidated financial statements for the year ended 31 December 2012 were not restated.

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 and loss, (b) loans and receivables, (c) held-to-maturity financial assets, and (d) available-for-sale financial assets. The classification depends on the purpose for which the financials 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 at 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 back the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of comprehensive income and are reported respectively as “Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments” and “Gains/(losses) from sale of financial instruments”. Interest income on financial instruments held for trading are included in “Interest income”.

(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.

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 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 of income as “Allowance for impairment losses”.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold 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 held-to-maturity financial assets is included in the consolidated statement of 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 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.

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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)

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 being recognised in the consolidated statement of 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 as part of equity, until the financial assets is derecognised. If an 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 in the consolidated statement of comprehensive income is recognised in the consolidated statement of income. Interest income is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available for-sale are recognised in the consolidated statement of comprehensive income.

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 "Pledged assets", if the transferee has the right to sell or repledge 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. Financial liabilities are derecognised from the consolidated statement of financial position when redeemed or otherwise extinguished.

(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.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statement of income and are reported as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments". Interest expenses on financial liabilities held for trading are included in "Interest expenses".

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 55, the fair value option is applied on the debt securities consists of debt host and embedded derivatives that must otherwise be separated.

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Gains/(losses) from changes in fair value of financial instruments".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities (continued)

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value minus transaction costs.

After initial recognition, Group measures all financial liabilities at amortised cost using effective interest rates 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 furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

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 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 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 income under gain/loss from sale of financial assets .

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument

The Group classifies the financial instruments into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

	Category as defined by SFAS 55	Class (as determined by the Bank and Subsidiaries)	Sub-classes			
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Marketable securities			
			Government Bonds			
			Derivative receivables - Non hedging related			
	Loans and receivables	Loans and receivables	Cash			
			Current accounts with Bank Indonesia			
			Current accounts with other banks			
			Placements with Bank Indonesia and other banks			
			Marketable securities			
			Other receivables- trade transactions			
			Securities purchased under resale agreements			
			Loans			
			Consumer financing receivables			
			Net investment in lease financing			
			Acceptance receivables			
			Other assets	Other assets	Accrued income	
					Receivables from customer transactions	
	Receivables from sale of marketable securities					
	Receivables from transactions related to ATM and credit card					
	Receivables to policyholder					
	Held-to-maturity investments	Held-to-maturity investments	Marketable securities			
Government Bonds						
Available-for-sale financial assets	Available-for-sale financial assets	Marketable securities				
		Government Bonds				
		Investments in shares				

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

	Category as defined by SFAS 55	Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related
	Financial liabilities at amortised cost	Deposits from customers	Demand deposits
			Saving deposits
		Deposits from other banks	Time deposits
			Demand and saving deposits
			Inter-bank call money
		Time deposits	
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
		Other liabilities	Payable to customer
			Guarantee deposits
			Payable from purchase of marketable securities
			Claim payable
Liability related to ATM and credit card transaction			
Other liabilities related with UPAS transactions			
Fund Borrowings			
Subordinated loans			
Off-balance sheet financial instruments	Committed unused loan facilities granted		
	Outstanding irrevocable letters of credit		
	Bank Guarantees issued		
	Standby letters of credit		

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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. 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 Sub-standard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks.
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 on the individually significant impaired financial asset, using discounted cash flows method. The insignificant impaired financial assets and non-impaired financial assets are included in group of financial asset with similar credit risk characteristics and collectively assessed.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, hence the account of financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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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)

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and if impairment occurred will have material impact to the consolidated financial statements, i.e. loans with Gross Annual Sales (GAS) Corporate and Commercial, as well as loans with GAS outside Corporate and Commercial with outstanding balance more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Business, Micro and Consumer with outstanding balance is less or equal to Rp5,000; and
3. Restructured loans.

Bank determines loans to be evaluated for impairment through individual evaluation if one of the following condition is met:

1. Loans which individually have significant value and objective evidence of impairment; or
2. Restructured loans which individually have significant value.

Bank determines loans to be evaluated for impairment through collective evaluation if one of the following condition 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 loan which individually have insignificant value.

Individual impairment calculation

The amount of the loss 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 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.

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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 (continued)

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 evaluation of impairment, financial asset are grouped on the basis of similar credit risk characteristics such 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 evaluated 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, namely roll rates analysis method and migration analysis method for financial assets impairment which collectively assessed, using at the 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 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".

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 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)

(a) Financial assets carried at amortised cost (continued)

Collective impairment calculation (continued)

Subsequent recoveries of loans written off in the current year are credited to the allowance account.

Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

Allowance for possible losses on earning assets of Sharia's Subsidiary

Subsidiary engaged in sharia business calculated allowance for possible losses of earning assets in accordance with Bank Indonesia Regulation (PBI) No. 8/21/PBI/2006 dated 5 October 2006 regarding The Quality Rating of assets of Commercial Banks Conducting Business Based on Sharia principles, which has been amended with PBI No. 9/9/PBI/2007 dated 18 June 2007, PBI No. 10/24/PBI/2008 dated 16 October 2008 and the latest amendment PBI No. 13/13/PBI/2011 dated 24 March 2011, as follows:

- a. General reserve shall be no less than 1% of total earning asset classified as Current;
- b. Specific reserve shall be at least:
 - 5% of earning assets classified as Special Mention after deducted by collateral value;
 - 15% of earning assets classified as Substandard after deducted by collateral value;
 - 50% of earning assets classified as Doubtful after deducted by collateral value;
 - 100% of earning asset classified as Loss after deducted by collateral value.
- c. The requirement to establish allowance for possible losses shall not be applicable for *ijarah* leasing or *ijarah muntahi'yah bittamlik*.

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated statements 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 statements of comprehensive income - is removed from equity and recognised in the consolidated statement of 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 profit or loss, the impairment loss is reversed through the consolidated statement of 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 of 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.

Increase in the liability relating to guarantees is reported as other operating expense in consolidated statement of comprehensive income.

Bank determines impairment losses on financial assets of financial guarantee contracts that have credit risk and commitment based on the value of the higher of the amortised value (carrying value) and the present value of the payment of liabilities that are expected to occur (when payment under the guarantee has become probable) or value impairment losses were calculated based on historical loss data for a collective evaluation of impairment.

H. Determination of fair value

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 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 calculated based on the present value of expected future cash flows using next-repricing method with deflator adjustment.

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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. Control is presumed to exist where more than 50.00% of a Subsidiary's voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary's Board of Directors. 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 based on 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 of the control is ceased.

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 subsidiary of Bank Mandiri denominated in foreign currency 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, gains 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 resulting net 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 currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on 31 December 2013 and 28 December 2012. The resulting gains or losses are credited or charged to the current year's consolidated statements of comprehensive income.

The exchange rates used against the Rupiah at the dates of the consolidated statements of financial position are as follows (amounts in full Rupiah):

	<u>2013</u>	<u>2012</u>
Great Britain Pound Sterling 1/Rp	20,110.93	15,514.93
Euro 1/Rp	16,759.31	12,731.62
United States Dollar 1/Rp	12,170.00	9,637.50
Japanese Yen 100/Rp	11,575.00	11,177.00

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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 Financial Services Authority (formerly Bapepam and LK) No. KEP-347/BL/2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies", which are defined, among others, as:

- I. entities under the control of the Bank and Subsidiaries;
- II. associated companies;
- III. investors with an interest in the voting that gives them significant influence;
- IV. entities controlled by investors under Note III above;
- V. key employees and family members; and
- VI. entity that is controlled, jointly controlled or significantly influenced by Government, which is defined as the Minister of Finance or Provincial Government who has share ownership in the entity.

All significant transactions with related parties have been disclosed in Note 55.

g. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks and other short term highly liquid investments with original maturities of 3 (three) months or less.

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.

Subsidiary that engages in sharia banking presents current accounts with Bank Indonesia and Other Banks at their outstanding balance net of allowance for impairment losses.

The Minimum Statutory Reserve

Based on Bank Indonesia Regulation No.10/19/PBI/2008 dated 14 October 2008 concerning Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by Bank Indonesia Regulation No. 10/25/PBI/2008 dated 23 October 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated 4 October 2010 as amended by Bank Indonesia Regulation No. 13/10/PBI/2011 dated 9 February 2011 which has been amended with PBI No. 15/15/PBI/2013 dated 24 December 2013, the Bank should comply with a minimum reserve requirement (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Deposit Ratio GWM.

Primary GWM in Rupiah is set at 8.00% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LDR in Rupiah is calculated by multiplying the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LDR and target LDR 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 1 November 2010 and GWM LDR is applied effectively starting 1 March 2011.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current Accounts with Bank Indonesia and Other Banks (continued)

Starting from 1 March 2011 up to 31 May 2011, GWM in foreign currency is set at 5.00% of foreign currency third party fund and starting 1 June 2011 GWM in foreign currency is set at 8.00% of foreign currency third party fund.

Subsidiary company that engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with Bank Indonesia Regulation No. 6/21/PBI/2004 dated 3 August 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that engaged in business operation based on Sharia principle, which amended by Bank Indonesia Regulation No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using Bank Indonesia Regulation No. 10/23/PBI/2008 dated 16 October 2008, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in 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 (FASBI), sharia FASBI, 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 (SBI), Sharia Certificates of Bank Indonesia (SBIS), *Surat Perbendaharaan Negara* (SPN), Negotiable Certificates of Deposits, medium term notes, floating rate notes, promissory 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 and loan and receivables. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

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.

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 decline 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 comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Marketable Securities (continued)

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 remaining live of the marketable securities using the effective interest rate method to consolidated statement of comprehensive income.

k. Government Bonds

Government Bonds represent bonds issued by the Government of the Republic of Indonesia. Government Bonds consists 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 and held to maturity. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

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 resale agreements 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 selling 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 resale agreements are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Securities sold under repurchase agreements 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 repurchase agreements are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative Receivables and Derivative Payables (continued)

Derivative receivables are presented at the amount of unrealised gain from derivative contracts, less allowance for impairment losses. 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 qualifying 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 the consolidated statement of income in current year.
2. The effective portion arising from gain or loss of derivative contracts, which are both designated and qualify as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffectiveness portion is recognised as a gain or loss in the current year consolidated statement of income.
3. Gain or loss arising from derivative contract that is designated, qualifies as a net investment hedge in a foreign operation and that is highly effective 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 not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised in the current year consolidated statement of income.

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

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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

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 in the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* 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*) is *musyarakah* in which the fund portion of the Bank will be transferred in several stages to the other partner, resulting in the declining of fund portion of the Bank 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 use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of it lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah receivables are the financing such goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses.

Istishna receivables are the financing such 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* receivables are presented based on the outstanding billings less allowance for possible losses.

Qardh receivables are a borrowing at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a free (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* receivables included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (subsidiary) which obligate to bear or paid.

Rahn represents the mortgage of goods or assets owned by the customer for an equivalent amount of money. Assets or goods mortgaged are appraised based on market value, less a certain deduction percentage. The Subsidiary will obtain a fee (*ujrah*), which is recognised upon receipt. *Qardh* receivables is stated at its outstanding balance less allowance for possible losses.

Loans are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of 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 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 equity or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses only 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Loan Restructuring (continued)

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised proportionately based on the amount of capitalised interest relative to the loan principal upon collection. Losses on loan restructuring are presented as part of allowance for impairment losses.

p. Consumer Financing Receivables

Subsidiary's consumer financing receivables are recognised initially at fair value, added with directly attributable transaction costs and deducted by yield enhancing income, and subsequently measured at amortised cost using the effective interest rate method.

Subsidiary's consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of 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 comprehensive income at the transaction date.

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 bear credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

Joint financing receivables where jointly financed with other parties, bear 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 comprehensive income.

For joint financing without recourse, 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 in Finance Lease

Net investment in finance lease represent lease receivable plus the residual value at the end of the lease period and stated 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 of 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 credited or charged to the current year consolidated statement of comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Net Investment in Finance Lease (continued)

Net investment in finance leases are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

r. Fixed Assets and Leased Assets

i. Fixed assets and Software

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 repairs and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of income as incurred. Software is recognised as intangible assets.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	20
Furniture, fixtures, office equipment and computer and vehicles	4-5
Software	5

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 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.

Construction in progress is stated at cost and is presented as part of fixed assets. Accumulated costs are reclassified to the appropriate fixed assets account when the assets are substantially complete and are ready for their intended use.

Prior to January 1, 2012, the land assets are recorded in accordance with SFAS 47, "Accounting for Land", all costs and expenses incurred in connection with the acquisition of land rights, among others, the cost, the cost of survey and measurement, notary fees and taxes associated with it, are deferred and presented separately from the cost of land acquisition. Cost of acquiring land rights are deferred are presented as part of "Other Assets" in the consolidated statements of financial position and is amortised over the useful life of the relevant land rights using the straight-line method.

In addition, SFAS 47 also states that the right to land is not amortised unless it meets certain conditions specific.

Starting 1 January 2012, SFAS 47 has been revoked and replaced by PSAK 16 "Fixed Assets".

Starting 1 January 2012, in accordance with IAS 16 "Fixed Assets" and ISAK 25 "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 depreciated, unless there is evidence to indicate that the extension or renewal of land is likely to or definitely not obtained.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

i. Fixed assets and Software (continued)

SFAS No. 48 (Revised 2009), "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 and, when carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

Effective 1 January 2008, Bank Mandiri applied SFAS No. 16 (Revised 2007) "Fixed Assets". Bank Mandiri and Subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time adoption of SFAS No. 16 (Revised 2007), which were presented in the shareholders' equity section amounting to Rp3,046,936 in the consolidated statement of financial position, were reclassified to appropriated retained earnings in 2008.

ii. Leased assets

The Group apply SFAS No. 30 (Revised 2011) of the Lease, effective beginning on or after 1 January 2008. Under SFAS No. 30 (Revised 2011), determination of whether an agreement is a lease agreement or lease agreement containing the substance of the agreement based on the inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and rewards incidental 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 incidental to ownership of assets.

Based on SFAS No. 30 (Revised 2011), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated statement of financial position at amounts equal to 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 charge 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 charges are reflected in the consolidated statement of income. Capitalised 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 the Bank will obtain ownership by the end of the lease term.

Under an operating lease, the Bank recognise 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 Bank assessed the classification of each element as a finance lease or an operating lease separately.

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 representing ownership interests of 20.00% to 50.00% are accounted for using the equity method. Under this method, investments are stated at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting the acquisition date net of by allowance for impairment losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in Shares (continued)

Temporary investment is written-off from the consolidated statement of financial position if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated 24 October 2012 Regarding "Asset Quality Rating for Commercial Banks".

Investment in shares with ownership below 20% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of financial assets available for sale.

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. Starting 1 January 2011, with the effective implementation of SFAS No. 22 "Business Combination", Goodwill arising from acquisition prior to 1 January 2011 is not amortised but subject to regular impairment assessment. Prior to 1 January 2011, Goodwill is amortised as expense over the period using the straight-line method, unless there is other method considered more appropriate in certain conditions. The Goodwill amortisation period is 5 (five) years, but a longer amortisation period may be applied (with maximum 20 years period) with appropriate basis.

t. Allowance for Possible Losses on Non-Earning Assets

Non-earning assets of Bank Mandiri and the Subsidiaries' assets consist of repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

The Bank provided an allowance for impairment of collateral confiscated and abandoned property to the value of the lower of carrying amount and fair value net of costs to sell. As for the inter-office account and suspense account, the value of the lower of carrying value and the recovery value.

u. Acceptance Receivables and Payables

Acceptance receivables are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of 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.

v. Other Assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-branch 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 where the debtor could not fulfill their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral acquired in settlement of loans and is included in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in form of property which were not used for Bank and Subsidiaries' business operational activity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other Assets (continued)

Reposessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the reposessed assets less estimated costs of liquidating the reposessed assets. Any excess of the loan balance over the value of the reposessed assets, which is not recoverable from the borrower, is charged to the allowance for impairment losses. Differences between the estimated realisable value and the proceeds from sale of the reposessed assets are recognised as current year's gain or loss at the time of sale.

Expenses for maintaining reposessed assets and abandoned properties are recognised in the current year's consolidated statement of comprehensive income. The carrying amount of the reposessed assets is impaired to recognise a permanent decrease in value of the reposessed asset. Any impairment occurred will be charged to the current year's consolidated statement of comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on reposessed assets and abandoned properties.

w. Obligation due Immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation 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 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 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 and saving deposits earn bonus based on Bank's policy. *Wadiah* saving and demand deposits are stated at the Bank's liability amount.

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, inter-bank call money with original maturities of 90 days or less and time deposits. Deposits from other banks are recorded as liability to other banks.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from Other Banks (continued)

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the BSM which adopts profit sharing practice and in form of placement among banks. SIMA financing period ranges from 1 - 6 months.

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 Subsidiary issues 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.

Investment contracts are those contracts without significant insurance risk.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

The Subsidiary unbundles the deposit component of unit-linked contract when required by SFAS 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.

No such condition currently exists within the Subsidiary. In accordance with SFAS 62, the Subsidiary continues to use the accounting principles previously applied by the Subsidiary related to unit-linked contracts.

Liability adequacy tests

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary's manner 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 include all benefit guaranteed and guaranteed embedded additional benefit, non guaranteed participation benefit feature (if any), all the expense for policies issuance and maintaining the policies, as well as reflecting the future cash inflow, i.e. premium receipt in the future. The liabilities are calculated based on discounted cash flow basis for all related cash flow i.e. both of cash outflow and cash inflow as mentioned above using a set of most recent best estimate actuarial assumptions which is set by the Subsidiary's appointed actuary, include discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability adequacy tests (continued)

For loss insurance, Subsidiary performs liability adequacy testing on the reporting date by using present value of future cash flow based on insurance contracts.

If the testing shows deficiency between insurance liabilities (deducted with deferred acquisition lost for loss insurance) and estimation of future cash flow, the deficiency will be recorded to the consolidated statement of comprehensive income.

Reinsurance

The Subsidiary reinsures 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. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiary presents separately reinsurance asset as asset of the insurance liability.

If a reinsurance asset is impaired, the Subsidiary reduces the carrying amount accordingly and recognises that impairment loss in the statement of 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.

Liability for future policy benefit

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.

Starting 1 January 2013, the Subsidiary calculates 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. Prior to 1 January 2013, the Subsidiary used Net Level Premium to calculate liabilities for future policy benefits. This change is deemed as a change in accounting estimates, therefore applied prospectively.

Increase (decrease) in future policy benefits is recognised in the current year's statement of comprehensive income.

Liability to unit-linked policyholders classified as insurance liability.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability for future policy benefit (continued)

Funds received from customers for non-sharia unit-linked products are reported as gross premiums in the consolidated statements of 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 the cost of insurance to cover mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders. Prior to 1 January 2013, the liabilities to unit-linked policyholders are recognised in the statements of financial position computed based on unearned premium reserves using aggregate basis at a minimum 40% of the cost of insurance to cover 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 in liability to unit-linked policyholders in the consolidated statements of comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for 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's fees in managing the unit-linked product revenue.

aa. Marketable Securities Issued

Marketable securities issued by the Bank and its Subsidiaries, include bonds, subordinated notes, medium term notes and travelers' 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 marketable securities issued.

Marketable 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

Subordinated loans 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.

Subordinated loans 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)

ad. Income Tax

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of 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.

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.

The balance sheet liability method is applied to determine income tax expense in Bank Mandiri and Subsidiaries. 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.

Currently enacted or substantially enacted tax rates at the time deferred tax assets has been realised or deferred tax liabilities has been settled are used in the determination of deferred income tax. 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 shareholders' 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 amount that will be payable to the tax office on probable tax exposure, based on assessment as at the date of consolidated statement of financial position. Assumptions and estimation used in the provisioning calculation 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 tax assets are presented net of deferred tax liabilities in the consolidated statements of financial position.

ae. Temporary *Syirkah* Funds

Temporary *syirkah* funds represent investment received by Subsidiary (PT Bank Syariah Mandiri). 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*, *mudharabah musytarakah* 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.
- 3) *Mudharabah musytarakah* represents *mudharabah* in which fund manager also submits its capital or fund in the investment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *Syirkah* Funds (continued)

Temporary *syirkah* funds cannot be classified as liability. This is due to 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.

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 mixing 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 within "interest income" and "interest expense" in the consolidated statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of 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 fees, commissions 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 the purpose of measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiaries'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 by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(ii) Sharia income (continued)

Subsidiary determine risk policy based on the internal requirement. Subsidiary ceases the amortisation of deferred income when the financing were classified as non performing.

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.

(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 a cash basis.

Distribution of profit sharing is based on profit sharing principle which calculated from the Subsidiary's gross profit margin.

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Subsidiary based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined ratio. 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 received from short duration insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long duration 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 estimated 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 cost that are directly attributable to lending and consumer financing activities, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortising the carrying value of loan and consumer financing receivables with effective interest rate method.

The unamortised fees and commissions balances relating to loans and consumer financing receivables which settled prior to maturity are recognised upon settlement date.

Other fees and commissions income which are not directly related to lending activities or a specific periods 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 1 August 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 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 20 April 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 statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet 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 interest rates of high quality corporate bonds 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions. Should the actuarial gains/losses is exceeding 10.00% of defined benefit or 10.00% of fair value program's asset are charged or credited to income or expense over the average remaining service lives of the related employees.

Other Post-Employment Benefit Obligations

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar but simplified to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Tantiem Distribution

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statements of comprehensive income.

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.

The weighted-average number of outstanding shares used in computing earnings per share as at 31 December 2013 and 2012 are 23,333,333,333 shares and 23,333,333,333 shares, respectively.

ak. Segment Information

An operating segment is a component of entity which:

- (a) involves with business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
- (b) operations result is observed regularly by chief decision maker to make decisions regarding the allocation of resources and to evaluate the works; and
- (c) separate financial information is available.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Segment Information (continued)

The Group presents operating segment based on internal reports that are presented to the group decision-making operations in accordance with SFAS 5 - Operating Segment. Operating decision maker is the Board of Directors. The operating segments have been divided into the following segments: corporate, commercial and business; micro and retail; consumer, Treasury, Financial Institution and Special Asset Management (SAM), Institutional banking, head office, Subsidiaries: Subsidiary - sharia, Subsidiary – insurance and Subsidiary - others.

A geographical segment is a distinguishable component of the Bank and its Subsidiaries that is engaged in providing services within a particular economic environment and that is subject to risks and returns that are different from those operating in other economic environments. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong and Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

Since 2013, fund allocation for partnership program and community development program approved by General shareholders meeting, are not allocated from retained earning instead, it is accrued and charged directly to the current year consolidated statement of comprehensive income at respective year.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates and assumption are made in the preparation of the consolidated financial statements. These often require management judgement in determining the appropriate methodology for 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 IFAS are best estimates undertaken in accordance with the applicable standard. 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 assumption are based on management's best knowledge of current events and activities, actual result may differ from those estimates and assumption.

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 2c.

The specific condition of impaired counterparty is considered in calculating allowances for impairment applies to financial assets and evaluated individually for impairment based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired financial assets is assessed on its merits, and the workout strategy and estimated cash flows considered recoverable are independently accepted and approved by the Credit Risk Management Unit.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

a. Allowances for impairment losses of financial assets (continued)

Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality and type of product. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

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 a lack of price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c. Employee benefit

Pension programs are determined based on actuarial valuation. The actuary valuation involves making assumptions about discount rate, expected rate of return investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact to 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 the 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 recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions. 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. Since 1 January 2013, the Subsidiary uses Gross Premium Reserve method in calculating liability for future policy benefits which are based on best estimate assumptions and margin for adverse risk.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA

	<u>2013</u>	<u>2012</u>
Rupiah	34,292,655	31,699,458
United States Dollar (Note 61B.(v))	9,611,764	6,572,697
	<u>43,904,419</u>	<u>38,272,155</u>

As at 31 December 2013 and 2012, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated 9 February 2011, latest amended by BI Regulation No. 15/15/PBI/2013 dated 24 Desember 2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	<u>2013</u>	<u>2012</u>
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	2.50%
Foreign Currencies	8.00%	8.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia, Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (SBI), Certificate of Bank Indonesia Deposit (SDBI), Treasury Bills and/or Excess Reserve, which represent the excess balance of the Bank's Current Accounts in Rupiah over the Primary Minimum Statutory Reserve and the Minimum Statutory Reserve on Loan to Deposit Ratio (LDR). The Minimum Statutory Reserve on LDR ratio is the additional reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia, if the Bank's LDR below the minimum of LDR targeted by Bank Indonesia (78%) and if the Bank's LDR above the maximum of LDR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is above BI requirement of 14%.

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as at 31 December 2013 and 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	18.08%	24.96%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.00%	0.00%
Foreign currencies	8.10%	8.01%

*) The additional minimum reserve calculated based on difference between Bank's LDR with the minimum or the maximum Bank Indonesia's Loan to Deposit Ratio Target. Difference between Bank's LDR with the minimum Bank Indonesia's LDR target multiply by 10%, whereas difference between Bank's LDR with the maximum Bank Indonesia's LDR target multiply by 20%. Effective starting 1 March 2011.

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5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah		
Related parties (Note 55)	38,982	15,693
Third parties	<u>162,747</u>	<u>125,988</u>
Total Rupiah	<u>201,729</u>	<u>141,681</u>
Foreign currencies (Note 61B.(v))		
Related parties (Note 55)	406	386
Third parties	<u>13,845,940</u>	<u>9,509,705</u>
Total foreign currencies	<u>13,846,346</u>	<u>9,510,091</u>
Total	14,048,075	9,651,772
Less: Allowance for impairment losses	<u>(11,591)</u>	<u>(6,268)</u>
	<u>14,036,484</u>	<u>9,645,504</u>

Included in foreign currencies are mainly Pound Sterling, Euro, United States Dollar, Yen, Australian Dollar, Hong Kong Dollar and Singapore Dollar.

b. By Bank Indonesia's Collectibility:

	<u>2013</u>	<u>2012</u>
Rupiah - Current	<u>201,729</u>	<u>141,681</u>
Foreign currencies		
Current	13,841,687	9,506,551
Loss	<u>4,659</u>	<u>3,540</u>
Total foreign currencies	<u>13,846,346</u>	<u>9,510,091</u>
Total	14,048,075	9,651,772
Less: Allowance for impairment losses	<u>(11,591)</u>	<u>(6,268)</u>
	<u>14,036,484</u>	<u>9,645,504</u>

c. The Average Interest Rate (yield) per Annum:

	<u>2013</u>	<u>2012</u>
Rupiah	0.02%	0.20%
Foreign currencies	0.06%	0.16%

d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	6,268	10,841
Allowance/(reversal) during the year (Note 44)	3,726	(4,938)
Others*)	<u>1,597</u>	<u>365</u>
Balance at end of year	<u>11,591</u>	<u>6,268</u>

*) Includes 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" is disclosed in Note 61A.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility:

2013				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	18,795,721	-	18,795,721
Call Money	< 1 month	2,785,000	-	2,785,000
Time Deposit	< 1 month	1,045,652	-	1,045,652
	≥ 1 month ≤ 3 months	604,000	-	604,000
	> 3 months ≤ 6 months	451,449	-	451,449
	> 6 months ≤ 12 months	5,000	-	5,000
Saving	no maturity	1,373	-	1,373
Total Rupiah		<u>23,688,195</u>	-	<u>23,688,195</u>
Foreign currencies:				
Bank Indonesia	< 1 month	15,821,000	-	15,821,000
Call Money	< 1 month	3,741,791	-	3,741,791
	≥ 1 month ≤ 3 months	9,736	-	9,736
	> 12 months	-	66,079	66,079
Fixed-Term Placement	< 1 month	1,757,734	-	1,757,734
	≥ 1 month ≤ 3 months	122,235	-	122,235
	> 12 months	-	1,521	1,521
Time Deposit	< 1 month	7,851	-	7,851
	≥ 1 month ≤ 3 months	3,291	-	3,291
Total foreign currencies (Note 61B.(v))		<u>21,463,638</u>	<u>67,600</u>	<u>21,531,238</u>
Total				45,219,433
Less: Allowance for impairment losses				<u>(105,599)</u>
				<u>45,113,834</u>
2012				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	26,386,019	-	26,386,019
	≥ 1 month ≤ 3 months	991,185	-	991,185
Call Money	< 1 month	3,170,000	-	3,170,000
	≥ 1 month ≤ 3 months	200,000	-	200,000
Time Deposit	< 1 month	1,113,960	-	1,113,960
	≥ 1 month ≤ 3 months	433,200	-	433,200
	> 3 months ≤ 6 months	67,802	-	67,802
	> 6 months ≤ 12 months	18,500	-	18,500
Saving	no maturity	824	-	824
Total Rupiah		<u>32,381,490</u>	-	<u>32,381,490</u>
Foreign currencies:				
Bank Indonesia	< 1 month	9,637,500	-	9,637,500
Call Money	< 1 month	4,013,557	-	4,013,557
	> 12 months	-	50,198	50,198
Fixed-Term Placement	< 1 month	2,050,462	-	2,050,462
	≥ 1 month ≤ 3 months	289	-	289
	> 3 months ≤ 6 months	87,990	-	87,990
	> 12 months	-	1,156	1,156
Time Deposit	< 1 month	100,841	-	100,841
Total foreign currencies (Note 61B.(v))		<u>15,890,639</u>	<u>51,354</u>	<u>15,941,993</u>
Total				48,323,483
Less: Allowance for impairment losses				<u>(85,258)</u>
				<u>48,238,225</u>

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b. By Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)	668,504	665,511
Third parties	<u>23,019,691</u>	<u>31,715,979</u>
Total Rupiah	<u>23,688,195</u>	<u>32,381,490</u>
Foreign currencies:		
Related parties (Note 55)	248,278	678,457
Third parties	<u>21,282,960</u>	<u>15,263,536</u>
Total foreign currencies (Note 61B.(v))	<u>21,531,238</u>	<u>15,941,993</u>
Total	45,219,433	48,323,483
Less: Allowance for impairment losses	<u>(105,599)</u>	<u>(85,258)</u>
	<u>45,113,834</u>	<u>48,238,225</u>

c. Average Interest Rate (yield) per Annum:

	<u>2013</u>	<u>2012</u>
Rupiah	3.50%	3.64%
Foreign currencies	0.16%	0.22%

d. As at 31 December 2013 and 2012, there were no placements pledged as cash collateral.

e. Movements of allowance for impairment losses on placements with other banks:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	85,258	146,729
Allowance/(reversal) during the year (Note 44)	8,548	(75,272)
Others*)	<u>11,793</u>	<u>13,801</u>
Balance at end of year	<u>105,599</u>	<u>85,258</u>

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

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 5 November 2009 amounted to EUR16,395,092 (full amount) for the placement. On 10 March 2010, 24 November 2010 and 6 September 2012, the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a set-off with the balance of demand deposit, inter-bank call money and L/C UPAS obligation of the Subsidiary to the financial institution. The balance of Bank Mandiri's placement with the financial institution (in liquidation) as at 31 December 2013 and 2012 amounted to EUR4,033,599 (full amount) and EUR4,033,599 (full amount), respectively. As at 31 December 2013 and 2012, Bank Mandiri has established full reserve for impairment losses on the remaining outstanding balance of placement with the financial institution.

f. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

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7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	939,437	225,002
Available for sale	3,661,685	417,019
Held to maturity	334,199	228,041
At cost*)	<u>423,000</u>	<u>283,000</u>
	<u>5,358,321</u>	<u>1,153,062</u>
Third parties:		
Fair value through profit or loss	1,644,183	1,709,545
Available for sale	6,764,572	5,625,547
Held to maturity	2,831,050	1,994,635
At cost*)	316,778	519,169
Loans and Receivables	<u>13,210</u>	<u>10,817</u>
	<u>11,569,793</u>	<u>9,859,713</u>
<u>Investments in unit-linked contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	<u>3,578,934</u>	<u>3,037,692</u>
Third parties:		
Fair value through profit or loss	<u>6,882,202</u>	<u>6,516,386</u>
Total	27,389,250	20,566,853
Add/(less):		
Unamortised discounts	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(271,132)	37,889
Allowance for impairment losses	<u>(317,066)</u>	<u>(281,513)</u>
	<u>(586,702)</u>	<u>(243,000)</u>
	<u>26,802,548</u>	<u>20,323,853</u>

*) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

b. By Type, Currency and Bank Indonesia's Collectibility:

	2013						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,400,328	-	(12,645)	1,387,683	-	-	1,387,683
Investments in mutual fund units	969,861	-	1,089	970,950	-	-	970,950
Shares	<u>695</u>	-	<u>(216)</u>	<u>479</u>	-	-	<u>479</u>
	<u>2,370,884</u>	-	<u>(11,772)</u>	<u>2,359,112</u>	-	-	<u>2,359,112</u>
<u>Investments in unit-linked contracts ***)</u>							
Shares	10,155,646	-	-	10,155,646	-	-	10,155,646
Bonds	205,139	-	-	205,139	-	-	205,139
Investments in mutual fund units	<u>100,351</u>	-	-	<u>100,351</u>	-	-	<u>100,351</u>
	<u>10,461,136</u>	-	-	<u>10,461,136</u>	-	-	<u>10,461,136</u>
	<u>12,832,020</u>	-	<u>(11,772)</u>	<u>12,820,248</u>	-	-	<u>12,820,248</u>

*) Held to maturity securities are presented at nominal value.

**) Held to maturity securities are presented at amortised cost.

***) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	2013						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)			
				Current	Substandard	Loss	Total
Rupiah (continued):							
Available for sale							
Investments in mutual fund units	5,427,000	-	32,446	5,459,446	-	-	5,459,446
Bonds	1,655,854	-	(15,826)	1,640,028	-	-	1,640,028
Medium term notes	600,058	-	982	601,040	-	-	601,040
Certificates of Bank Indonesia	4,928	-	-	4,928	-	-	4,928
	<u>7,687,840</u>	<u>-</u>	<u>17,602</u>	<u>7,705,442</u>	<u>-</u>	<u>-</u>	<u>7,705,442</u>
Held to maturity							
Bonds	1,077,000	(1,183)	-	989,049	-	86,768	1,075,817
Export bills	168,985	-	-	168,985	-	-	168,985
Certificates of Bank Indonesia	130,000	(162)	-	129,838	-	-	129,838
	<u>1,375,985</u>	<u>(1,345)</u>	<u>-</u>	<u>1,287,872</u>	<u>-</u>	<u>86,768</u>	<u>1,374,640</u>
At cost***)							
Sharia Corporate bonds	728,000	2,841	-	593,841	-	137,000	730,841
Export bills	11,778	-	-	11,778	-	-	11,778
	<u>739,778</u>	<u>2,841</u>	<u>-</u>	<u>605,619</u>	<u>-</u>	<u>137,000</u>	<u>742,619</u>
Total Rupiah	<u>22,635,623</u>	<u>1,496</u>	<u>5,830</u>	<u>22,419,181</u>	<u>-</u>	<u>223,768</u>	<u>22,642,949</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	212,736	-	(65)	212,671	-	-	212,671
Available for sale							
Bonds	2,617,430	-	(270,645)	2,346,785	-	-	2,346,785
Treasury bills	120,879	-	(6,252)	114,627	-	-	114,627
Shares	108	-	-	-	-	108	108
	<u>2,738,417</u>	<u>-</u>	<u>(276,897)</u>	<u>2,461,412</u>	<u>-</u>	<u>108</u>	<u>2,461,520</u>
Held to maturity							
Export bills	1,789,264	-	-	1,789,264	-	-	1,789,264
Loans and receivables bond	13,210	-	-	-	-	13,210	13,210
Total foreign currencies (Note 61B.(v))	<u>4,753,627</u>	<u>-</u>	<u>(276,962)</u>	<u>4,463,347</u>	<u>-</u>	<u>13,318</u>	<u>4,476,665</u>
Total	<u>27,389,250</u>	<u>1,496</u>	<u>(271,132)</u>	<u>26,882,528</u>	<u>-</u>	<u>237,086</u>	<u>27,119,614</u>
Less: Allowance for impairment losses							<u>(317,066)</u>
Net							<u>26,802,548</u>

*) Held to maturity securities are presented at nominal value.

**) Held to maturity securities are presented at amortised cost.

***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

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7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	2012					
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)		
				Current	Loss	Total
Rupiah:						
Fair value through profit or loss						
<u>Marketable securities</u>						
Investments in mutual fund units	1,046,698	-	21,717	1,068,415	-	1,068,415
Bonds	608,446	-	3,161	611,607	-	611,607
Shares	21,486	-	(5,449)	16,037	-	16,037
	<u>1,676,630</u>	<u>-</u>	<u>19,429</u>	<u>1,696,059</u>	<u>-</u>	<u>1,696,059</u>
<u>Investments in unit-linked contracts ****)</u>						
Shares	8,984,158	-	-	8,984,158	-	8,984,158
Bonds	480,265	-	-	480,265	-	480,265
Investments in mutual fund units	89,655	-	-	89,655	-	89,655
	<u>9,554,078</u>	<u>-</u>	<u>-</u>	<u>9,554,078</u>	<u>-</u>	<u>9,554,078</u>
	<u>11,230,708</u>	<u>-</u>	<u>19,429</u>	<u>11,250,137</u>	<u>-</u>	<u>11,250,137</u>
Available for sale						
Investments in mutual fund units	5,040,770	-	18,783	5,059,553	-	5,059,553
Bonds	526,924	-	350	527,274	-	527,274
Medium term notes	290,114	-	(101)	290,013	-	290,013
	<u>5,857,808</u>	<u>-</u>	<u>19,032</u>	<u>5,876,840</u>	<u>-</u>	<u>5,876,840</u>
Held to maturity						
Bonds	1,092,000	(3,358)	-	1,002,115	86,527	1,088,642
Export bills	112,415	-	-	112,415	-	112,415
Certificates of Bank Indonesia	40,000	(746)	-	39,254	-	39,254
	<u>1,244,415</u>	<u>(4,104)</u>	<u>-</u>	<u>1,153,784</u>	<u>86,527</u>	<u>1,240,311</u>
At cost***)						
Sharia Corporate bonds	779,000	4,728	-	646,728	137,000	783,728
Export bills	23,169	-	-	23,169	-	23,169
	<u>802,169</u>	<u>4,728</u>	<u>-</u>	<u>669,897</u>	<u>137,000</u>	<u>806,897</u>
Total Rupiah	<u>19,135,100</u>	<u>624</u>	<u>38,461</u>	<u>18,950,658</u>	<u>223,527</u>	<u>19,174,185</u>
Foreign currencies:						
Fair value through profit or loss						
Treasury bills	257,917	-	(138)	257,779	-	257,779
Available for sale						
Treasury bills	95,724	-	(434)	95,290	-	95,290
Shares	89	-	-	-	89	89
Export bills	88,945	-	-	88,945	-	88,945
	<u>184,758</u>	<u>-</u>	<u>(434)</u>	<u>184,235</u>	<u>89</u>	<u>184,324</u>
Held to maturity						
Export bills	978,261	-	-	978,171	90	978,261
Loans and receivables bond	10,817	-	-	-	10,817	10,817
Total foreign currencies (Note 61B.(v))	<u>1,431,753</u>	<u>-</u>	<u>(572)</u>	<u>1,420,185</u>	<u>10,996</u>	<u>1,431,181</u>
Total	<u>20,566,853</u>	<u>624</u>	<u>37,889</u>	<u>20,370,843</u>	<u>234,523</u>	<u>20,605,366</u>
Less: Allowance for impairment losses						<u>(281,513)</u>
Net						<u>20,323,853</u>

*) Held to maturity securities are presented at nominal value.

**) Held to maturity securities are presented at amortised cost.

***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

****) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	<u>2013</u>	<u>2012</u>
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,064,557	1,175,955
< 1 year	2,747,514	589,670
≥ 1 < 5 years	7,878,416	7,602,397
≥ 5 ≤ 10 years	<u>484,000</u>	<u>213,000</u>
Total Rupiah	<u>12,174,487</u>	<u>9,581,022</u>
Foreign currencies:		
No maturity date	108	89
< 1 year	2,002,001	1,142,053
≥ 1 < 5 years	250,652	173,517
≥ 5 ≤ 10 years	2,500,866	106,541
> 10 years	<u>-</u>	<u>9,553</u>
Total foreign currencies	<u>4,753,627</u>	<u>1,431,753</u>
<u>Investments in unit-linked contracts *)</u>		
Rupiah:		
No maturity date	10,255,997	9,073,813
< 1 year	93,421	304,982
≥ 1 < 5 years	58,001	94,373
≥ 5 ≤ 10 years	<u>53,717</u>	<u>80,910</u>
Total Rupiah	<u>10,461,136</u>	<u>9,554,078</u>
Total	27,389,250	20,566,583
Add/(less):		
Unamortised discounts	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(271,132)	37,889
Allowance for impairment losses	<u>(317,066)</u>	<u>(281,513)</u>
	<u>(586,702)</u>	<u>(243,000)</u>
	<u>26,802,548</u>	<u>20,323,853</u>

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

d. By Issuer:

	<u>2013</u>	<u>2012</u>
<u>Marketable securities</u>		
Corporate	13,292,637	9,169,558
Central Bank	322,558	95,150
Banks	2,598,377	1,449,576
Government	<u>714,542</u>	<u>298,491</u>
	<u>16,928,114</u>	<u>11,012,775</u>
<u>Investments in unit-linked contracts *)</u>		
Banks	2,514,009	1,986,700
Corporate	<u>7,947,127</u>	<u>7,567,378</u>
	<u>10,461,136</u>	<u>9,554,078</u>
Total	27,389,250	20,566,853
Add/(less):		
Unamortised premiums/(discounts)	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(271,132)	37,889
Allowance for impairment losses	<u>(317,066)</u>	<u>(281,513)</u>
	<u>(586,702)</u>	<u>(243,000)</u>
	<u>26,802,548</u>	<u>20,323,853</u>

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating:

	Rating Agencies	Rating*)		Fair Value/Amortised Cost**)	
		2013	2012	2013	2012
Rupiah					
Fair value through profit or loss					
Marketable securities					
Bonds					
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	149,625	94
PT Federal International Finance	Pefindo	idAA+	idAA+	74,411	10,070
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	58,702	-
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	idAA	54,964	55,236
PT BCA Finance Tbk.	Pefindo	idAA+	idAA+	24,820	65,033
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAA+	idAA+	13,911	15,406
PT Bank International Indonesia Tbk.	Pefindo	idAAA	idAAA	10,863	61,111
PT Aneka Tambang (Persero) Tbk.	Pefindo	idAA-	idAA	6,531	7,335
PT Sumberdaya Sewartama	Pefindo	idA	idA	967	101,169
PT Verena Multi Finance Tbk.	Pefindo	-	idA	-	100,227
PT Lautan Luas Tbk.	Pefindo	-	idA-	-	2,028
Others ***)	Various	idA- - idAAA AA- (idn)	idAA- - idAAA	992,889	193,898
				<u>1,387,683</u>	<u>611,607</u>
Investments in unit-linked contracts *****)					
PT Astra Sedaya Finance	Pefindo	idAA+	idAA+	53,520	68,235
PT AKR Corporindo Tbk.	Pefindo	idAA-	idAA-	52,617	58,307
PT Bank CIMB Niaga Tbk.	Pefindo	idAAA	idAAA	22,281	24,097
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	-	14,486	-
PT Bank Pan Indonesia Tbk.	Pefindo	idAA	idAA	13,435	14,485
PT Toyota Astra Financial Services	Pefindo	idAA	idAA	11,817	9,328
PT Adira Dinamika Multi Finance Tbk.	Pefindo	idAA+	idAA+	4,942	145,858
Others	Pefindo	idA - idAAA	idA - idAAA	32,041	159,955
				<u>205,139</u>	<u>480,265</u>
				<u>1,592,822</u>	<u>1,091,872</u>
Available for sale					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	316.638	100.000
PT Wijaya Karya (Persero) Tbk.	Pefindo	idA+	-	300.000	-
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	199.580	14.100
PT Astra Sedaya Finance	Pefindo	idAA+	idAA+	198.750	75.015
PT Bank Internasional Indonesia Tbk.	Pefindo	idAAA	idAAA	120.183	100.050
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	idAA	100.025	100.000
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	97.350	-
PT Medco Energi Internasional Tbk.	Pefindo	idAA-	-	68.600	-
PT Panorama Sentrawisata Tbk.	Pefindo	idA-	-	50.260	-
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA- idA- - idAAA	idAA-	49.062	50.000
Others	Various	AA- (idn)	idA- - idAA-	139.580	88.109
				<u>1,640,028</u>	<u>527,274</u>

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7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

	Rating Agencies	Rating ^{*)}		Fair Value/Amortised Cost ^{**)}	
		2013	2012	2013	2012
Rupiah (continued)					
Held to maturity					
Bonds					
PT Tunas Baru Lampung Tbk.	Pefindo	idA	idA	500,000	500,000
PT Medco Energi International Tbk.	Pefindo	idAA-	idAA-	223,000	223,000
PT Indosat Tbk.	Pefindo	idAA+	idAA+	211,049	224,115
PT Arpeni Pratama Ocean Line Tbk.	Pefindo	idD	idD	86,768	86,527
PT Mayora Indah Tbk.	Pefindo	idAA-	idAA-	55,000	55,000
				<u>1,075,817</u>	<u>1,088,642</u>
At cost^{*****)}					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAA+	316,581	117,591
PT Indosat Tbk.	Pefindo	idAA+	idAA+	108,007	168,040
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
PT Salim Ivomas Pratama Tbk.	Pefindo	idAA	idAA	60,000	60,000
Others	Various	A+ (idn) idD – idA+	BBB+(idn) - A+ (idn), idD - idAAA-	<u>159,253</u>	<u>351,097</u>
				<u>730,841</u>	<u>783,728</u>
				<u>1,806,658</u>	<u>1,872,370</u>
Total Rupiah				<u>5,039,508</u>	<u>3,491,516</u>
Foreign currencies					
Available for sale					
Bonds					
PT Pertamina (Persero)	Fitch	BBB-	-	2,071,368	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	-	114,094	-
Lembaga Pembiayaan Ekspor Indonesia	Moody's	Baa3	-	72,473	-
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	-	36,528	-
Bank Of East Asia	S&P	A-	-	26,588	-
Bank of China Hongkong	S&P	A+	-	<u>25,734</u>	-
				<u>2,346,785</u>	-
Loan and Receivable					
Bond					
Advance SCT ^{****)}	-	-	-	<u>13,210</u>	<u>10,817</u>
Total foreign currencies				<u>2,359,995</u>	<u>10,817</u>

^{*)} 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, and Fitch Ratings.

^{**)} Held to maturity securities are stated at amortised costs.

^{****)} The bonds with fair value through profit or loss classification mainly comprise of treasury bills (Surat Perbendaharaan Negara) which has no rating.

^{*****)} The bond is not rated.

^{*****)} Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

^{*****)} Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2013	2012
Rupiah	5.25%	4.52%
Foreign currencies	6.02%	7.72%

g. Movements of allowance for impairment losses on marketable securities:

	2013	2012
Balance at beginning of year	281,513	251,093
Allowance during the year (Note 44)	30,199	29,411
Others*)	5,354	1,009
Balance at end of year	317,066	281,513

*) Includes effect of foreign exchange 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 61A.

As at 31 December 2013 and 2012, the Bank has investment in mutual fund units classified as available for sale, which consist of Reksa Dana Terproteksi BNP Paribas Selaras, Reksa Dana Terproteksi BNP Paribas Selaras 2, Reksa Dana Terproteksi Schroder Regular Income Plan X, Reksa Dana Terproteksi Schroder Regular Income Plan XI, Reksa Dana Terproteksi Schroder Regular Income Plan XII and Reksa Dana EMCO Terproteksi with fair value as at 31 December 2013 amounting to Rp1,507,088, Rp1,008,918, Rp803,804, Rp807,095, Rp901,011 and Rp405,124 respectively (2012: amounting to Rp1,504,461, Rp1,006,583, Rp802,353, Rp804,945 and Rp900,089 and RpNil), respectively.

i. In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of marketable securities from “held to maturity” into “available for sale” classification with nominal value of Rp194,720. The reclassification was not more than insignificant amount of the “held to maturity” portfolio in the consolidated financial statements, therefore, it did not result to a breach of tainting rule in the consolidated financial statements.

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 at 31 December 2013 and 2012. With details as follows:

	2013	2012
Related party (Note 55)		
<u>Government Bonds</u>		
Fair value through profit or loss, at fair value	1,381,747	2,176,870
Available for sale, at fair value	57,213,114	53,367,029
Held to maturity, at amortised cost	22,467,976	22,341,536
At cost*)	712,585	1,050,321
<u>Investments in unit-linked contracts **)</u>		
Fair value through profit or loss, at fair value	452,006	136,417
	82,227,428	79,072,173

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”, which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

a. By Maturity

The Government Bonds, by remaining period of maturity, are as follow:

	<u>2013</u>	<u>2012</u>
Rupiah		
Fair value through profit or loss		
Government Bond		
Less than 1 year	77,856	573,861
1 - 5 years	363,993	374,982
5 - 10 years	226,558	143,498
Over 10 years	<u>651,622</u>	<u>713,561</u>
	<u>1,320,029</u>	<u>1,805,902</u>
Investments in unit-linked contracts **)		
Less than 1 year	8,523	30,934
1 - 5 years	17,578	12,803
5 - 10 years	7,963	12,194
Over 10 years	<u>417,942</u>	<u>80,486</u>
	<u>452,006</u>	<u>136,417</u>
	<u>1,772,035</u>	<u>1,942,319</u>
Available for sale		
Less than 1 year	1,091,145	-
1 - 5 years	13,791,159	4,004,180
5 - 10 years	<u>33,997,367</u>	<u>45,983,525</u>
	<u>48,879,671</u>	<u>49,987,705</u>
Held to maturity		
Less than 1 year	1,190,166	108,481
1 - 5 years	20,722,372	21,856,910
5 - 10 years	55,851	78,913
Over 10 years	<u>80,743</u>	<u>111,161</u>
	<u>22,049,132</u>	<u>22,155,465</u>
At cost*)		
Less than 1 year	-	339,151
1 - 5 years	<u>712,585</u>	<u>711,170</u>
	<u>712,585</u>	<u>1,050,321</u>
Total Rupiah	<u>73,413,423</u>	<u>75,135,810</u>
Foreign currency		
Fair value through profit or loss		
5 - 10 years	61,718	216,941
Over 10 years	<u>-</u>	<u>154,027</u>
	<u>61,718</u>	<u>370,968</u>
Available for sale		
Less than 1 year	3,621,881	-
1 - 5 years	1,602,618	-
5 - 10 Years	3,108,944	1,564,500
Over 10 years	<u>-</u>	<u>1,814,824</u>
	<u>8,333,443</u>	<u>3,379,324</u>
Held to maturity		
Less than 1 year	212,599	-
1 - 5 years	24,331	186,071
5 - 10 years	<u>181,914</u>	<u>-</u>
	<u>418,844</u>	<u>186,071</u>
Total foreign currency (Note 61B.(v))	<u>8,814,005</u>	<u>3,936,363</u>
	<u>82,227,428</u>	<u>79,072,173</u>

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By Type

		2013			
	Nominal	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>1,378,823</u>	5.25% - 12.80%	<u>1,320,029</u>	23/02/2014 – 15/02/2044	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	<u>452,006</u>	6.00% - 11.60%	<u>452,006</u>	23/2/2014 – 15/03/2034	1 and 6 months
Available for sale					
Fixed rate bonds	4,910,875	5.25% - 6.25%	4,578,589	21/09/2015 – 15/5/2018	1 and 6 months
Variable rate bonds	<u>44,874,774</u>	SPN 3 months	<u>44,301,082</u>	25/12/2014 – 25/07/2020	3 months
	<u>49,785,649</u>		<u>48,879,671</u>		
Rupiah					
Held to maturity					
Fixed rate bonds	304,534	9.00% - 11.75%		15/10/2014 – 15/05/2037	6 months
Variable rate bonds	21,744,598	SPN 3 months		25/12/2014 – 25/09/2017	3 months
	<u>22,049,132</u>				
At cost**)					
Fixed rate bonds	<u>712,585</u>	9.25% - 11.80%		15/08/2015 – 15/09/2015	6 months
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	<u>60,850</u>	3.50%	<u>61,718</u>	15/05/2017	6 months
Available for sale					
Fixed rate bonds	<u>8,705,603</u>	3.30% - 10.38%	<u>8,333,443</u>	10/3/2014 – 17/10/2023	6 months
Foreign currency					
Held to maturity					
Fixed rate bonds	<u>418,844</u>	5.38% - 10.38%		10/03/2014 – 17/10/2023	6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	2012				
	Nominal	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>1,613,545</u>	5.63% - 14.28%	<u>1,805,902</u>	10/02/2013- 15/04/2042	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	<u>136,417</u>	5.63% - 14.28%	<u>136,417</u>	15/08/2013- 15/05/2033	1 and 6 months
Available for sale					
Fixed rate bonds	1,800,875	6.25%	1,859,403	21/09/2015 - 15/10/2015	1 month
Variable rate bonds	<u>48,740,774</u>	SPN 3 bulan	<u>48,128,302</u>	25/12/2014 - 25/07/2020	3 months
	<u>50,541,649</u>		<u>49,987,705</u>		
	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment	
Rupiah					
Held to maturity					
Fixed rate bonds	410,867	9.00% - 14.28%	20/02/2013 - 15/05/2037	6 months	
Variable rate bonds	<u>21,744,598</u>	SPN 3 bulan	25/12/2014 - 25/09/2017	3 months	
	<u>22,155,465</u>				
At cost*)					
Fixed rate bonds	<u>1,050,321</u>	9.00% -11.80%	15/10/2013 - 15/09/2015	6 months	
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	<u>342,950</u>	3.30% - 5.25%	<u>370,968</u>	21/11/2018 - 17/01/2042	6 months
Available for sale					
Fixed rate bonds	<u>3,213,856</u>	3.30% - 5.88%	<u>3,379,324</u>	21/11/2018 - 21/11/2022	6 months
	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment	
Foreign currency					
Held to maturity					
Fixed rate bonds	<u>186,071</u>	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 months	

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

c. Other Information

During 2013, Government Bonds with total nominal amount of Rp5,482,742 was sold under repurchase agreements, whereas during 2012 it was RpNil (Note 28).

In 2012, the Bank participated in debt switching program, which was arranged by the Ministry of Finance of the Republic of Indonesia. Through this program, the Bank switched variable rate Government Bonds, which were classified as Available For Sale, with total nominal amount of Rp3,700,000 with fixed rate Government Bonds.

As at 31 December 2013, Government Bonds with total nominal amount of IDR14,012,379 and USD158,300,000 (full amount) (2012: Rp12,063,884) had been pledged as collateral for funds borrowing from other banks and subordinated loans (Note 36d and 37).

In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of Government Bonds from "held to maturity" into "available for sale" classification with nominal value of Rp121.700. This reclassification was not more than insignificant amount of the "held to maturity" portfolio in the consolidated financial statements, therefore, it did not result to a breach of tainting rule in the consolidated financial statements. On 18 December 2013, the Subsidiary sold a portion of these Government Bonds amounting to Rp129,565 and recognised gains of Rp7,865.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type, Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	19,533	57,581
Others	2,815,817	2,064,178
	<u>2,835,350</u>	<u>2,121,759</u>
Third parties		
Usance L/C payable at sight	681,186	346,107
Others	965,060	576,190
	<u>1,646,246</u>	<u>922,297</u>
Total Rupiah	<u>4,481,596</u>	<u>3,044,056</u>
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	988,190	1,628,031
Others	81,318	34,758
	<u>1,069,508</u>	<u>1,662,789</u>
Third parties		
Usance L/C payable at sight	1,426,719	1,122,512
Others	1,970,560	845,061
	<u>3,397,279</u>	<u>1,967,573</u>
Total foreign currencies (Note 61B.(v))	<u>4,466,787</u>	<u>3,630,362</u>
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	(1,424,454)	(1,125,015)
	<u><u>7,523,929</u></u>	<u><u>5,549,403</u></u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	<u>2013</u>	<u>2012</u>
Current	7,497,681	5,465,807
Special mention	459,251	393,133
Loss	<u>991,451</u>	<u>815,478</u>
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	<u>(1,424,454)</u>	<u>(1,125,015)</u>
	<u>7,523,929</u>	<u>5,549,403</u>

c. By Maturity:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Less than 1 month	1,340,698	908,480
1 - 3 months	2,105,976	1,486,727
3 - 6 months	882,676	486,802
6 - 12 months	6,302	15,869
Over 12 months	<u>145,944</u>	<u>146,178</u>
Total Rupiah	<u>4,481,596</u>	<u>3,044,056</u>
Foreign currencies:		
Less than 1 month	794,118	822,177
1 - 3 months	1,312,949	1,105,616
3 - 6 months	1,477,670	1,032,123
6 - 12 months	36,579	912
Over 12 months	<u>845,471</u>	<u>669,534</u>
Total foreign currencies (Note 61B.(v))	<u>4,466,787</u>	<u>3,630,362</u>
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	<u>(1,424,454)</u>	<u>(1,125,015)</u>
	<u>7,523,929</u>	<u>5,549,403</u>

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	1,125,015	1,079,302
Allowance/(reversal) during the year (Note 44)	39,848	(13,263)
Others*)	<u>259,591</u>	<u>58,976</u>
Balance at end of year	<u>1,424,454</u>	<u>1,125,015</u>

*) Includes effect of foreign exchange 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 61A.

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

Type of Securities	2013		Resale Amount	Unamortised Interest	Carrying Amount
	Starting Date	Maturity Date			
Third parties					
Rupiah					
Obligasi SR005	31/12/2013	07/01/2014	501,962	614	501,348
Obligasi FR0045	19/12/2013	03/01/2014	488,205	183	488,022
Obligasi SPN87-310714	18/12/2013	08/01/2014	390,243	523	389,720
Obligasi SPN85-030714	18/12/2013	08/01/2014	339,934	456	339,478
Obligasi FR0040	20/12/2013	06/01/2014	324,974	304	324,670
Obligasi SR005	31/12/2013	07/01/2014	302,908	371	302,537
Obligasi ORI008	23/12/2013	06/01/2014	247,914	235	247,679
Obligasi FR0068	23/12/2013	06/01/2014	215,017	204	214,813
Obligasi FR0044	20/12/2013	06/01/2014	179,971	168	179,803
Obligasi FR0044	19/12/2013	03/01/2014	115,323	43	115,280
SBSN	27/12/2013	24/01/2014	99,306	412	98,894
Saham	11/11/2013	08/05/2014	84,474	9,161	75,313
Saham	17/10/2013	15/04/2014	58,300	1,907	56,393
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	27/12/2013	24/01/2014	49,529	205	49,324
SBSN	13/12/2013	10/01/2014	46,049	81	45,968
Saham	13/12/2013	11/06/2014	47,700	2,415	45,285
Saham	12/12/2013	10/06/2014	32,100	1,867	30,233
SBSN	06/12/2013	03/01/2014	24,925	13	24,912
Obligasi SR004	29/11/2013	28/01/2014	5,197	57	5,140
Saham	30/10/2013	28/04/2014	2,170	111	2,059
Obligasi SR003	29/11/2013	28/01/2014	1,466	16	1,450
Total			3,757,185	19,572	3,737,613
Allowance for impairment losses					-
Net					3,737,613

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

Type of Securities	2012		Resale Amount	Unamortised Interest	Carrying Amount
	Starting Date	Maturity Date			
Third parties					
Rupiah					
Obligasi FR0058	09/11/2012	08/02/2013	1,080,592	5,188	1,075,404
Obligasi FR0043	28/12/2012	29/01/2013	914,813	3,140	911,673
Obligasi FR0059	09/10/2012	08/01/2013	854,775	752	854,023
Obligasi FR0047	22/11/2012	02/01/2013	685,924	84	685,840
Obligasi FR0054	19/12/2012	26/03/2013	686,278	7,307	678,971
Obligasi FR0054	21/11/2012	19/02/2013	678,814	4,202	674,612
Obligasi FR0020	27/12/2012	29/01/2013	642,559	2,413	640,146
Obligasi FR0061	13/12/2012	12/02/2013	612,549	3,192	609,357
Obligasi FR0056	12/12/2012	19/03/2013	606,952	5,924	601,028
Obligasi FR0056	26/12/2012	28/01/2013	589,386	2,091	587,295
Obligasi FR0059	19/12/2012	26/02/2013	535,562	3,733	531,829
Obligasi FR0040	28/12/2012	29/01/2013	475,887	1,633	474,254
Obligasi FR0057	30/11/2012	05/03/2013	444,834	3,546	441,288
Obligasi FR0053	13/12/2012	12/02/2013	443,213	2,309	440,904
Obligasi FR0027	12/12/2012	19/02/2013	409,746	2,499	407,247
Obligasi FR0056	14/12/2012	15/02/2013	401,756	2,247	399,509
Obligasi FR0060	17/12/2012	17/01/2013	257,106	541	256,565
Obligasi FR0043	09/10/2012	08/01/2013	249,674	220	249,454
Obligasi FR0054	30/11/2012	05/03/2013	235,232	1,875	233,357
Obligasi FR0058	20/12/2012	03/01/2013	221,491	57	221,434
Obligasi FR0054	18/12/2012	18/02/2013	211,193	1,349	209,844
Obligasi FR0058	17/12/2012	18/01/2013	203,104	454	202,650
Obligasi FR0059	26/12/2012	25/01/2013	200,181	631	199,550
Obligasi FR0054	18/12/2012	18/02/2013	199,460	1,274	198,186
Obligasi FR0058	17/12/2012	18/01/2013	192,688	430	192,258
Obligasi FR0035	14/12/2012	15/02/2013	188,964	1,057	187,907
Obligasi FR0057	26/12/2012	25/01/2013	187,196	590	186,606
Obligasi FR0053	12/12/2012	19/02/2013	158,201	965	157,236
Obligasi FR0058	03/12/2012	03/01/2013	157,028	41	156,987
Obligasi FR0058	03/12/2012	03/01/2013	130,857	34	130,823
Obligasi FR0050	17/12/2012	17/01/2013	128,656	271	128,385
Obligasi FR0047	26/12/2012	25/01/2013	127,146	401	126,745
Obligasi FR0058	09/11/2012	08/02/2013	120,065	576	119,489
Obligasi FR0057	17/12/2012	17/01/2013	119,302	251	119,051
Obligasi FR0058	03/12/2012	03/01/2013	115,154	30	115,124
Saham	12/10/2012	10/04/2013	116,600	3,630	112,970
Obligasi FR0056	20/12/2012	03/01/2013	111,480	28	111,452
Obligasi FR0044	17/12/2012	18/01/2013	110,677	247	110,430
Obligasi FR0058	03/12/2012	04/01/2013	110,083	43	110,040
Obligasi FR0058	03/12/2012	03/01/2013	104,686	28	104,658
Obligasi FR0035	13/12/2012	12/02/2013	100,898	526	100,372
Obligasi FR0058	03/12/2012	04/01/2013	99,599	39	99,560
Obligasi FR0057	18/12/2012	18/02/2013	95,975	613	95,362
Obligasi FR0053	14/12/2012	15/02/2013	57,608	322	57,286
Obligasi FR0059	09/10/2012	08/01/2013	44,656	39	44,617
Obligasi FR0064	09/10/2012	08/01/2013	43,731	39	43,692
SBSN	27/12/2012	23/01/2013	31,256	89	31,167
SBSN	27/12/2012	23/01/2013	24,844	70	24,774
Obligasi FR0064	26/12/2012	25/01/2013	23,332	74	23,258
Saham	30/11/2012	29/05/2013	21,200	1,417	19,783
Obligasi FR0054	09/10/2012	08/01/2013	16,618	14	16,604
Saham	06/06/2012	03/05/2013	2,312	115	2,197
SBSN	27/12/2012	23/01/2013	<u>1,988</u>	<u>6</u>	<u>1,982</u>
Total			14,583,881	68,646	14,515,235
Allowance for impairment losses					-
Net					<u>14,515,235</u>

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's Collectibility:

	2013	2012
Current	3,737,613	14,515,235
Less: Allowance for impairment losses	-	-
	3,737,613	14,515,235

As at 31 December 2013 and 2012, there is no securities purchased under resale agreements classified as impaired.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2013, the summary of derivative transactions are as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value	
		Derivative Receivables	Derivative Payables
Related parties (Note 55)			
<u>Foreign Exchange Related</u>			
1. Forward - buy			
United States Dollar	10,962	55	42
2. Forward - sell			
United States Dollar	79,379	46	135
3. Swap - sell			
United States Dollar	489,910	2,691	195
Total related parties		2,792	372
Third parties			
<u>Foreign Exchange Related</u>			
1. Forward - buy			
United States Dollar	1,812,261	71,351	1,497
Others	29,898	-	56
2. Forward - sell			
United States Dollar	3,479,371	11,531	48,697
Others	30,991	30	82
3. Swap - buy			
United States Dollar	6,142,524	33,040	38,150
4. Swap - sell			
United States Dollar	12,619,832	28,819	131,164
Others	205,783	551	694
<u>Interest Rate Related</u>			
1. Swap - interest rate			
Others	-	22,764	5,456
Total third parties		168,086	225,796
Total		170,878	226,168
Less: Allowance for impairment losses		-	-
		170,878	226,168

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2012, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value	
		Derivative Receivables	Derivative Payables
Related parties (Note 55)			
<u>Foreign Exchange Related</u>			
1. Swap - buy			
United States Dollar	48,835	-	333
2. Swap - sell			
United States Dollar	38,944	231	-
Total related parties		231	333
Third parties			
<u>Foreign Exchange Related</u>			
1. Forward - buy			
United States Dollar	3,395,783	568	15,108
Others	390,354	8,490	-
2. Forward - sell			
United States Dollar	379,606	4,610	687
3. Swap - buy			
United States Dollar	2,129,324	4,067	16,662
Others	950,855	722	1,905
4. Swap - sell			
United States Dollar	10,699,005	67,841	26,427
Others	1,425,147	614	22,160
<u>Interest Rate Related</u>			
1. Swap - interest rate			
Others	-	-	29,975
Total third parties		86,912	112,924
Total		87,143	113,257
Less: Allowance for impairment losses		-	-
		87,143	113,257

As at 31 December 2013 and 2012, Bank Indonesia's collectibility for derivative receivables are as follows:

	2013	2012
Current	170,878	87,143
Less: Allowance for impairment losses	-	-
	170,878	87,143

As at 31 December 2013 and 2012, there is no derivative receivables classified as impaired.

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12. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)	41,242,751	35,419,722
Third parties	<u>355,526,631</u>	<u>297,223,297</u>
Total Rupiah	<u>396,769,382</u>	<u>332,643,019</u>
Foreign currencies:		
Related parties (Note 55)	16,072,449	10,532,888
Third parties	<u>54,328,618</u>	<u>41,405,799</u>
Total foreign currencies (Note 61B.(v))	<u>70,401,067</u>	<u>51,938,687</u>
Total	467,170,449	384,581,706
Less: Allowance for impairment losses	<u>(16,535,651)</u>	<u>(14,011,350)</u>
	<u>450,634,798</u>	<u>370,570,356</u>

b.1 By Type:

	<u>2013</u>		
	<u>Non-impaired^{*)}</u>	<u>Impaired^{**)}</u>	<u>Total</u>
Rupiah:			
Working capital	151,686,333	7,571,323	159,257,656
Investment	113,068,612	3,953,663	117,022,275
Consumer	92,986,516	1,676,538	94,663,054
Export	12,128,811	560,005	12,688,816
Syndicated	9,748,668	252,648	10,001,316
Government program	1,498,009	196,973	1,694,982
Employees	<u>1,434,988</u>	<u>6,295</u>	<u>1,441,283</u>
Total Rupiah	<u>382,551,937</u>	<u>14,217,445</u>	<u>396,769,382</u>
Foreign currencies:			
Working capital	18,312,562	2,026,443	20,339,005
Investment	21,786,906	2,443,768	24,230,674
Consumer	69,591	-	69,591
Export	13,923,589	866,077	14,789,666
Syndicated	9,330,277	1,640,183	10,970,460
Employees	<u>1,671</u>	<u>-</u>	<u>1,671</u>
Total foreign currencies (Note 61B.(v))	<u>63,424,596</u>	<u>6,976,471</u>	<u>70,401,067</u>
Total	445,976,533	21,193,916 ¹⁾	467,170,449
Less: Allowance for impairment losses	<u>(4,335,050)</u>	<u>(12,200,601) ²⁾</u>	<u>(16,535,651)</u>
	<u>441,641,483</u>	<u>8,993,315 ³⁾</u>	<u>450,634,798</u>

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (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.

1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp8,141,182, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	2012		
	Non-impaired^{**)}	Impaired^{*)}	Total
Rupiah:			
Working capital	143,311,676	7,384,278	150,695,954
Investment	87,089,010	2,062,063	89,151,073
Consumer	76,901,955	1,199,442	78,101,397
Syndicated	7,107,450	313,249	7,420,699
Export	3,202,967	10,440	3,213,407
Government program	2,581,525	172,066	2,753,591
Employees	<u>1,301,370</u>	<u>5,528</u>	<u>1,306,898</u>
Total Rupiah	<u>321,495,953</u>	<u>11,147,066</u>	<u>332,643,019</u>
Foreign currencies:			
Working capital	12,560,268	2,759,895	15,320,163
Investment	20,290,887	3,146,313	23,437,200
Consumer	47,099	727	47,826
Syndicated	4,169,939	475,029	4,644,968
Export	7,972,839	369,224	8,342,063
Government program	77,405	-	77,405
Employees	2,048	-	2,048
Others	<u>65,568</u>	<u>1,446</u>	<u>67,014</u>
Total foreign currencies (Note 61B.(v))	<u>45,186,053</u>	<u>6,752,634</u>	<u>51,938,687</u>
Total	366,682,006	17,899,700 ¹⁾	384,581,706
Less: Allowance for impairment losses	<u>(3,678,313)</u>	<u>(10,333,037)²⁾</u>	<u>(14,011,350)</u>
	<u>363,003,693</u>	<u>7,566,663³⁾</u>	<u>370,570,356</u>

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (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.

1) Loans evaluated by using individual and collective assessment are amounting to Rp12,103,790 and Rp5,795,910, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp8,302,030 and Rp2,031,007, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility:

	2013					<u>Total</u>
	<u>Current</u>	<u>Special Mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Loss</u>	
Rupiah:						
Working capital	149,785,619	5,472,865	493,497	481,525	3,024,150	159,257,656
Investment	112,892,363	2,556,822	355,970	196,596	1,020,524	117,022,275
Consumer	85,972,562	7,141,053	300,837	315,956	932,646	94,663,054
Export	12,673,053	926	4,396	-	10,441	12,688,816
Syndicated	9,881,343	-	-	-	119,973	10,001,316
Government program	1,395,028	102,981	33,400	24,253	139,320	1,694,982
Employees	<u>1,423,515</u>	<u>11,473</u>	<u>218</u>	<u>948</u>	<u>5,129</u>	<u>1,441,283</u>
Total Rupiah	<u>374,023,483</u>	<u>15,286,120</u>	<u>1,188,318</u>	<u>1,019,278</u>	<u>5,252,183</u>	<u>396,769,382</u>
Foreign currencies:						
Working capital	18,452,181	1,212,181	-	-	674,643	20,339,005
Investment	23,171,139	814,008	-	-	245,527	24,230,674
Consumer	69,387	204	-	-	-	69,591
Export	14,223,512	106,628	-	-	459,526	14,789,666
Syndicated	10,879,925	-	63	-	90,472	10,970,460
Employees	<u>1,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,671</u>
Total foreign currencies (Note 61B.(v))	<u>66,797,815</u>	<u>2,133,021</u>	<u>63</u>	<u>-</u>	<u>1,470,168</u>	<u>70,401,067</u>
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	<u>(5,791,666)</u>	<u>(4,487,182)</u>	<u>(347,632)</u>	<u>(529,934)</u>	<u>(5,379,237)</u>	<u>(16,535,651)</u>
	<u>435,029,632</u>	<u>12,931,959</u>	<u>840,749</u>	<u>489,344</u>	<u>1,343,114</u>	<u>450,634,798</u>

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12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility (continued):

	2012					Total
	Current	Special Mention	Sub- standard	Doubtful	Loss	
Rupiah:						
Working capital	142,293,608	4,817,838	493,969	461,093	2,629,446	150,695,954
Investment	86,588,997	1,697,023	162,532	37,143	665,378	89,151,073
Consumer	71,523,094	5,378,866	276,644	245,934	676,859	78,101,397
Syndicated	7,107,450	192,291	120,958	-	-	7,420,699
Export	3,194,921	8,046	-	-	10,440	3,213,407
Government program	2,420,123	161,402	88,799	22,389	60,878	2,753,591
Employees	1,295,218	6,152	234	114	5,180	1,306,898
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Working capital	13,524,071	1,231,383	50	-	564,659	15,320,163
Investment	22,259,165	901,072	-	-	276,963	23,437,200
Consumer	47,099	-	-	-	727	47,826
Syndicated	4,431,212	139,915	-	15,022	58,819	4,644,968
Export	7,954,823	18,016	3,320	-	365,904	8,342,063
Government program	77,405	-	-	-	-	77,405
Employees	2,048	-	-	-	-	2,048
Others	65,568	-	-	-	1,446	67,014
Total foreign currencies (Note 61B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	10,674,971	717,077	359,037	681,433	370,570,356

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12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector:

	2013		
	Non-impaired^{**}	Impaired^{*) **}	Total
Rupiah:			
Trading, restaurant and hotel	73,442,892	3,268,693	76,711,585
Manufacturing	70,819,381	4,963,701	75,783,082
Business services	55,785,529	1,206,601	56,992,130
Agriculture	47,745,815	873,158	48,618,973
Transportation, warehousing and communications	20,758,151	792,508	21,550,659
Construction	15,349,089	891,278	16,240,367
Electricity, gas and water	10,694,714	462,004	11,156,718
Mining	4,983,708	20,642	5,004,350
Social services	4,563,173	147,086	4,710,259
Others	78,409,485	1,591,774	80,001,259
Total Rupiah	382,551,937	14,217,445	396,769,382
Foreign currencies:			
Trading, restaurant and hotel	9,609,759	581,515	10,191,274
Manufacturing	11,424,281	5,355,385	16,779,666
Business services	3,239,216	364,183	3,603,399
Agriculture	4,338,076	-	4,338,076
Transportation, warehousing and communications	3,972,526	266,072	4,238,598
Construction	2,079,637	19,684	2,099,321
Electricity, gas and water	2,593,870	389,520	2,983,390
Mining	24,078,215	-	24,078,215
Social services	125,950	112	126,062
Others	1,963,066	-	1,963,066
Total foreign currencies (Note 61B.(v))	63,424,596	6,976,471	70,401,067
Total	445,976,533	21,193,916 ¹⁾	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601) ²⁾	(16,535,651)
	441,641,483	8,993,315 ³⁾	450,634,798

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (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.

1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp 8,141,182, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	2012		
	Non-impaired^{**}	Impaired^{*) **}	Total
Rupiah:			
Manufacturing	62,482,173	4,366,331	66,848,504
Trading, restaurant and hotel	60,930,101	2,496,836	63,426,937
Business services	44,868,633	584,070	45,452,703
Agriculture	42,198,274	824,935	43,023,209
Transportation, warehousing and communications	16,135,507	746,302	16,881,809
Construction	12,585,836	832,126	13,417,962
Electricity, gas and water	8,789,960	81,553	8,871,513
Mining	3,567,483	17,080	3,584,563
Social services	4,287,288	62,351	4,349,639
Others	<u>65,650,698</u>	<u>1,135,482</u>	<u>66,786,180</u>
Total Rupiah	<u>321,495,953</u>	<u>11,147,066</u>	<u>332,643,019</u>
Foreign currencies:			
Manufacturing	7,035,386	4,878,390	11,913,776
Trading, restaurant and hotel	5,203,042	620,711	5,823,753
Business services	2,421,227	327,921	2,749,148
Agriculture	4,305,318	14,034	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	3,729,636
Construction	1,728,632	617	1,729,249
Electricity, gas and water	2,098,300	415,714	2,514,014
Mining	18,225,493	247,880	18,473,373
Social services	189,648	-	189,648
Others	<u>496,011</u>	<u>727</u>	<u>496,738</u>
Total foreign currencies (Note 61B.(v))	<u>45,186,053</u>	<u>6,752,634</u>	<u>51,938,687</u>
Total	366,682,006	17,899,700 ¹⁾	384,581,706
Less: Allowance for impairment losses	<u>(3,678,313)</u>	<u>(10,333,037) ²⁾</u>	<u>(14,011,350)</u>
	<u>363,003,693</u>	<u>7,566,663 ³⁾</u>	<u>370,570,356</u>

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (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.

1) Loans evaluated by using individual and collective assessment are amounting to Rp12,103,790 and Rp5,795,910, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp8,302,030 and Rp2,031,007, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility:

	2013					
	<u>Current</u>	<u>Special Mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Rupiah:						
Trading, restaurant and hotel	70,913,582	3,206,214	268,168	373,033	1,950,588	76,711,585
Manufacturing	72,967,003	1,611,505	153,275	18,041	1,033,258	75,783,082
Business services	53,237,718	2,863,698	150,635	193,721	546,358	56,992,130
Agriculture	47,641,918	595,754	93,398	92,885	195,018	48,618,973
Transportation, warehousing and communications	20,781,796	374,447	57,856	13,803	322,757	21,550,659
Construction	15,198,755	697,079	114,036	15,116	215,381	16,240,367
Electricity, gas and water	10,691,184	429,273	360	26,381	9,520	11,156,718
Mining	4,912,969	71,665	2,380	2,254	15,082	5,004,350
Social services	4,414,485	163,856	77,940	12,398	41,580	4,710,259
Others	73,264,073	5,272,629	270,270	271,646	922,641	80,001,259
Total Rupiah	374,023,483	15,286,120	1,188,318	1,019,278	5,252,183	396,769,382
Foreign currencies:						
Trading, restaurant and hotel	9,593,383	45,369	-	-	552,522	10,191,274
Manufacturing	14,256,031	1,683,600	-	-	840,035	16,779,666
Business services	3,525,837	-	63	-	77,499	3,603,399
Agriculture	4,332,179	5,897	-	-	-	4,338,076
Transportation, warehousing and communications	3,950,117	288,481	-	-	-	4,238,598
Construction	2,062,718	36,603	-	-	-	2,099,321
Electricity, gas and water	2,983,390	-	-	-	-	2,983,390
Mining	24,005,348	72,867	-	-	-	24,078,215
Social services	125,950	-	-	-	112	126,062
Others	1,962,862	204	-	-	-	1,963,066
Total foreign currencies (Note 61B.(v))	66,797,815	2,133,021	63	-	1,470,168	70,401,067
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	<u>(5,791,666)</u>	<u>(4,487,182)</u>	<u>(347,632)</u>	<u>(529,934)</u>	<u>(5,379,237)</u>	<u>(16,535,651)</u>
	435,029,632	12,931,959	840,749	489,344	1,343,114	450,634,798

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12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility (continued):

	2012					Total
	Current	Special Mention	Sub- standard	Doubtful	Loss	
Rupiah:						
Manufacturing	63,816,866	1,823,312	269,767	87,717	850,842	66,848,504
Trading, restaurant and hotel	58,896,625	2,566,827	219,295	316,289	1,427,901	63,426,937
Business services	43,627,724	1,385,041	138,787	96,387	204,764	45,452,703
Agriculture	42,141,669	641,991	81,730	27,646	130,173	43,023,209
Transportation, warehousing and communications	16,111,778	345,115	3,581	3,924	417,411	16,881,809
Construction	12,399,610	602,771	167,546	9,478	238,557	13,417,962
Electricity, gas and water	8,783,501	6,459	4,063	1	77,489	8,871,513
Mining	3,479,403	89,406	276	12,170	3,308	3,584,563
Social services	4,108,864	207,363	5,012	7,353	21,047	4,349,639
Others	61,057,371	4,593,333	253,079	205,708	676,689	66,786,180
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Manufacturing	9,493,924	1,638,187	3,320	4,205	774,140	11,913,776
Trading, restaurant and hotel	5,242,854	135,924	-	10,817	434,158	5,823,753
Business services	2,690,222	-	50	-	58,876	2,749,148
Agriculture	4,305,319	14,033	-	-	-	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	-	-	-	3,729,636
Construction	1,728,632	-	-	-	617	1,729,249
Electricity, gas and water	2,514,014	-	-	-	-	2,514,014
Mining	18,225,493	247,880	-	-	-	18,473,373
Social services	189,648	-	-	-	-	189,648
Others	488,289	7,722	-	-	727	496,738
Total foreign currencies (Note 61B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	10,674,971	717,077	359,037	681,433	370,570,356

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12. LOANS (continued)

A. Details of loans (continued):

d. By Period:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Less than 1 year	97,714,585	89,266,985
1 - 2 years	45,596,406	31,043,123
2 - 5 years	111,478,432	103,058,449
Over 5 years	<u>141,979,959</u>	<u>109,274,462</u>
Total Rupiah	<u>396,769,382</u>	<u>332,643,019</u>
Foreign currencies:		
Less than 1 year	26,577,567	14,919,212
1 - 2 years	2,910,791	3,531,242
2 - 5 years	15,877,770	15,892,310
Over 5 years	<u>25,034,939</u>	<u>17,595,923</u>
Total foreign currencies (Note 61B.(v))	<u>70,401,067</u>	<u>51,938,687</u>
Total	467,170,449	384,581,706
Less: Allowance for impairment losses	<u>(16,535,651)</u>	<u>(14,011,350)</u>
	<u>450,634,798</u>	<u>370,570,356</u>

The ratio of non-performing loans of Bank Mandiri and Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as at 31 December 2013 and 2012, were 1.90% and 1.87%, respectively (the ratios for Bank Mandiri only were 1.60% and 1.74% as at 31 December 2013 and 2012, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2013 and 2012, were 0.58% and 0.46%, respectively (the ratios for Bank Mandiri only were 0.37% and 0.37% as at 31 December 2013 and 2012, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2013 and 2012 are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 with regards to Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia, as last amended by Bank Indonesia Circular Letter No. 13/30/DPNP dated 16 December 2011, is calculated from the loan amount excluding loan to other banks amounting to Rp2,530,617 and Rp1,962,925 as at 31 December 2013 and 2012, respectively.

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp50,125,273 and Rp44,427,037, respectively, as at 31 December 2013 and 2012, which consist of:

	<u>2013</u>	<u>2012</u>
Receivables from <i>Murabahah</i> and <i>Istishna</i>	33,265,329	27,617,247
<i>Musyarakah</i> financing	7,338,125	6,336,769
Other sharia financing	<u>9,521,819</u>	<u>10,473,021</u>
Total	50,125,273	44,427,037
Less: Allowance for impairment losses	<u>(1,523,485)</u>	<u>(1,261,929)</u>
	<u>48,601,788</u>	<u>43,165,108</u>

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12. LOANS (continued)

B. Other significant information related to loans (continued):

b. Average interest rates (yield) and range of profit sharing per annum are as follow:

Average interest rates (yield) per annum:

	<u>2013</u>	<u>2012</u>
Rupiah	11.23%	11.47%
Foreign currencies	4.77%	5.02%

Range of profit sharing per annum:

	<u>2013</u>	<u>2012</u>
Receivables from <i>Murabahah</i> and <i>Istishna</i>	5.86% - 14.59%	2.74% - 15.66%
<i>Musarakah</i> financing	2.62% - 14.32%	10.57% - 12.98%
Other sharia financing	11.81% - 29.42%	13.18% - 18.69%

c. Collaterals for Loans

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 Subsidiaries. Deposits from customers and deposits from other banks that pledge as cash collateral for loans as at 31 December 2013 and 2012 amounted to Rp15,181,045 and Rp11,211,743, 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 (*Fasilitas Likuiditas Pembiayaan Perumahan*) which can be partially and/or fully funded by the Government.

e. Syndicated Loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans at 31 December 2013 and 2012 were respectively ranged from 16.67 % to 94.52% and 11.36% to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2013 and 2012 were respectively ranged from 0.02% to 94.33% and 0.02% to 63% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Extension of loan maturity dates	8,220,775	6,876,783
Extension of loan maturity dates and reduction of interest rates	1,181,698	1,779,387
Long-term loans with options to convert debt to equity	346,594	267,589
Additional loan facilities	37,380	57,036
Extension of loan maturity dates and other restructuring schemes*)	5,168,842	4,957,790
	<u>14,955,289</u>	<u>13,938,585</u>

*) Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Total restructured loans under non-performing loans (NPL) category as at 31 December 2013 and 2012 are amounting to Rp2,327,956 and Rp1,627,003 respectively.

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12. LOANS (continued)

B. Other significant information related to loans (continued):

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Notes 55.

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing loans at 4.00% 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.

h. Legal Lending Limit (LLL)

As at 31 December 2013 and 2012, there are no breach and 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 60).

j. Movements of allowance for impairment losses on loans:

The movements of allowance for impairment losses on loans are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year ¹⁾	14,011,350	12,105,048
Allowance during the year (Note 44)	4,635,551	3,414,546
Write back ²⁾	-	1,149,068
Write-offs ³⁾	(3,021,551)	(2,633,454)
Others ⁴⁾	910,301	(23,858)
Balance at end of year⁴⁾	<u>16,535,651</u>	<u>14,011,350</u>

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 44).

1) Beginning balance 2013 and 2012 consists of Rp8,302,030 and Rp7,460,410 which are calculated using individual assessment and Rp5,709,320 and Rp4,644,638 which are calculated using collective assessment.

2) Write back as at 31 December 2013 and 2012 consists of Rp Nil and Rp1,117,154 which are calculated using individual assessment RpNil and Rp31,914 which are calculated using collective assessment.

3) Write-off as at 31 December 2013 and 2012 consists of Rp524,532 and Rp911,936 which are calculated using individual assessment and Rp2,497,019 and Rp1,721,518 which are calculated using collective assessment.

4) Ending balance as at 31 December 2013 and 2012 consists of Rp9,583,003 and Rp8,302,030 which are calculated using individual assessment and Rp6,952,648 and Rp5,709,320 which are calculated using collective assessment.

Management believes that the allowance for impairment losses on loans is adequate.

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12. LOANS (continued)

B. Other significant information related to loans (continued):

k. Summary of non-performing loans based on economic sector and the corresponding allowances for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia regulation)	
	2013	2012
Rupiah:		
Trading, restaurant and hotel	2,591,789	1,963,485
Manufacturing	1,204,574	1,208,326
Business services	890,714	439,938
Others	<u>2,772,702</u>	<u>2,346,241</u>
Total Rupiah	<u>7,459,779</u>	<u>5,957,990</u>
Foreign currencies:		
Trading, restaurant and hotel	552,522	444,975
Manufacturing	840,035	781,665
Business services	77,562	58,926
Others	<u>112</u>	<u>1,344</u>
Total foreign currencies	<u>1,470,231</u>	<u>1,286,910</u>
	<u>8,930,010</u>	<u>7,244,900</u>

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2013	2012
Rupiah:		
Trading, restaurant and hotel	2,095,811	1,480,963
Manufacturing	1,043,989	848,080
Business services	568,316	258,968
Others	<u>1,736,790</u>	<u>1,628,932</u>
Total Rupiah	<u>5,444,906</u>	<u>4,216,943</u>
Foreign currencies:		
Trading, restaurant and hotel	552,522	439,566
Manufacturing	840,035	776,740
Business services	77,508	58,884
Others	<u>112</u>	<u>1,344</u>
Total foreign currencies	<u>1,470,177</u>	<u>1,276,534</u>
	<u>6,915,083</u>	<u>5,493,477</u>

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12. LOANS (continued)

B. Other significant information related to loans (continued):

I. Write-off of "Loss" category Loans

For the year ended 31 December 2013 and 2012, Bank Mandiri written-off loans in the "loss" category amounting to Rp2,304,223 and Rp2,462,911 (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% 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 ability to repay the loan; 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.

m. Written-off loans are recorded in extra-comtable. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the consolidated statement of financial position of the Bank. A summary of movements of extra-comtable loans for the years ended 31 December 2013 and 2012 are as follows (Bank Mandiri only):

	2013	2012
Balance at beginning of year	32,751,370	32,796,549
Write-offs	2,304,223	2,462,911
Cash recoveries and write back	(3,075,755)	(3,739,749)
Others*)	3,163,741	1,231,659
Balance at end of year	35,143,579	32,751,370

*) Includes effect of foreign currency translation.

n. Loans channelled by Bank Mandiri through direct financing (executing) to Multifinance Company and joint financing mechanism as at 31 December 2013 and 2012 were amounted to Rp12,119,550 and Rp10,738,072 respectively.

o. The carrying amount of loans at amortised cost is as follows:

	2013	2012
Loans (Note 12A)	467,170,449	384,581,706
Accrued interest receivables (Note 20)	1,587,351	1,259,493
Deferred income (directly attributable) (Note 35)	(560,814)	(654,504)
Allowance for impairment losses (Note 12A and 12B,j)	(16,535,651)	(14,011,350)
	451,661,335	371,175,345

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13. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	<u>2013</u>	<u>2012</u>
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	5,738	5,197
Third parties	17,844,672	13,127,962
	<u>17,850,410</u>	<u>13,133,159</u>
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(11,858,993)	(8,188,571)
Third parties	-	-
	<u>(11,858,993)</u>	<u>(8,188,571)</u>
Total consumer financing receivables - gross	5,991,417	4,944,588
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(2,842,296)	(2,019,404)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	1,495,780	993,928
Third parties	-	34
	<u>1,495,780</u>	<u>993,962</u>
Total unearned income on consumer financing	<u>(1,346,516)</u>	<u>(1,025,442)</u>
Total consumer financing receivables	4,644,901	3,919,146
Less: Allowance for impairment losses	(133,356)	(90,777)
Net	<u>4,511,545</u>	<u>3,828,369</u>

On 6 February 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the total joint financing facility in the amount of Rp2,000,000, whereby the MTF bears the credit risk in accordance with its financing portion (without recourse). The agreement was amended several times, the latest by the amendment of the Joint Financing agreement between Bank Mandiri and MTF, dated 29 August 2013, which increase the total joint financing facility to Rp12,200,000 and dated 27 December 2013, which increase the portion of joint financing facility to minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On 29 August 2013, PT Bank Mandiri (Persero) Tbk and MTF signed a Consumer Asset Purchase Agreement with a total facility of Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). The periods of this facility started on 29 August 2013 up to 28 February 2014.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 60 months.

Included in the above is consumer financing receivables transactions with related parties of Rp5,738 and Rp5,197 as at 31 December 2013 and 2012, respectively (refer to Note 55).

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13. CONSUMER FINANCING RECEIVABLES (continued)

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Current	4,261,668	3,577,945
Special mention	306,429	283,479
Sub-standard	30,454	23,678
Doubtful	40,038	30,777
Loss	<u>6,312</u>	<u>3,267</u>
Total	4,644,901	3,919,146
Less: Allowance for impairment losses	<u>(133,356)</u>	<u>(90,777)</u>
	<u>4,511,545</u>	<u>3,828,369</u>

- c. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	90,777	62,990
Allowance during the years (Note 44)	150,153	120,117
Cash recoveries	27,290	25,294
Write-offs	<u>(134,864)</u>	<u>(117,624)</u>
Balance at end of year	<u>133,356</u>	<u>90,777</u>

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

- d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

14. NET INVESTMENT IN LEASE FINANCING

- a. Details of Subsidiary's net investment in lease financing are as follows:

	<u>2013</u>	<u>2012</u>
Net investment in lease financing		
Rupiah		
Third parties		
Gross lease financing receivables	713,332	385,316
Guaranteed residual value	173,118	81,789
Deferred lease income	(93,641)	(55,869)
Security deposit	<u>(173,118)</u>	<u>(81,789)</u>
Total net investment in lease financing	619,691	329,447
Less: Allowance for impairment losses	<u>(7,537)</u>	<u>(1,767)</u>
Net	<u>612,154</u>	<u>327,680</u>

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 36 months.

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14. NET INVESTMENT IN LEASE FINANCING (continued)

- b. Details of net investment in lease financing by Bank Indonesia's collectibility as at 31 December 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Current	576,394	308,903
Special mention	29,361	20,544
Substandard	3,568	-
Doubtful	1,253	-
Loss	<u>9,115</u>	<u>-</u>
Total	619,691	329,447
Less: Allowance for impairment losses	<u>(7,537)</u>	<u>(1,767)</u>
	<u>612,154</u>	<u>327,680</u>

- c. Movements of allowance for impairment losses on net investment in lease financing are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	1,767	197
Allowance during the years (Note 44)	6,756	1,570
Write-offs	(1,486)	-
Cash recoveries	<u>500</u>	<u>-</u>
Balance at end of year	<u>7,537</u>	<u>1,767</u>

Management believes that the allowance for impairment losses on net investment in lease financing is adequate.

- d. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 61A.

15. ACCEPTANCE RECEIVABLES

- a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	53,201	46,919
Third parties	241,133	107,676
Receivables from debtors		
Related parties (Note 55)	178,887	223,329
Third parties	<u>258,936</u>	<u>161,973</u>
Total Rupiah	<u>732,157</u>	<u>539,897</u>
Foreign currencies:		
Receivables from other banks		
Third parties	387,330	752,233
Receivables from debtors		
Related parties (Note 55)	547,719	1,234,783
Third parties	<u>8,511,164</u>	<u>5,430,599</u>
Total foreign currencies (Note 61B.(v))	<u>9,446,213</u>	<u>7,417,615</u>
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	<u>(63,481)</u>	<u>(37,041)</u>
	<u>10,114,889</u>	<u>7,920,471</u>

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15. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Less than 1 month	304,786	198,944
1 - 3 months	373,086	324,653
3 - 6 months	54,285	16,300
Total Rupiah	<u>732,157</u>	<u>539,897</u>
Foreign currencies:		
Less than 1 month	2,957,937	1,279,718
1 - 3 months	3,370,377	3,341,951
3 - 6 months	2,805,160	2,144,029
6 - 12 months	312,739	651,917
Total foreign currencies (Note 61B.(v))	<u>9,446,213</u>	<u>7,417,615</u>
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
	<u>10,114,889</u>	<u>7,920,471</u>

c. By Bank Indonesia's Collectibility:

	<u>2013</u>	<u>2012</u>
Current	10,153,572	7,950,387
Special mention	24,798	6,690
Sub-standard	-	435
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
	<u>10,114,889</u>	<u>7,920,471</u>

d. Movements of allowance for impairment losses on acceptance receivables:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	37,041	40,667
Reversal during the year (Note 44)	(3,649)	(51,341)
Others*)	30,089	47,715
Balance at end of year	<u>63,481</u>	<u>37,041</u>

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

16. INVESTMENTS IN SHARES

a. The detail of investments in shares is as follows:

	<u>2013</u>	<u>2012</u>
Investment in shares	7,891	7,350
Less: Allowance for impairment losses	(3,224)	(3,044)
	<u>4,667</u>	<u>4,306</u>

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16. INVESTMENTS IN SHARES (continued)

a. The detail of investments in shares is as follows (continued):

The detail of investments in shares as at 31 December 2013 is as follows:

<u>Investee Companies</u>	<u>Nature of Business</u>	<u>Percentage of Ownership</u>	<u>Carrying Amount</u>
Fair Value Method: Westech Electronics	Trading and retail	5.50%	1,362
Cost and Equity Method: Others (each less than Rp3,000)	Various	3.99% - 34.00%	<u>6,529</u>
Total			7,891
Less: Allowance for impairment losses			<u>(3,224)</u>
			<u>4,667</u>

The detail of investments in shares as at 31 December 2012 is as follows:

<u>Investee Companies</u>	<u>Nature of Business</u>	<u>Percentage of Ownership</u>	<u>Carrying Amount</u>
Fair Value Method: Westech Electronics	Trading and retail	5.50%	1,060
Cost and Equity Method: Others (each less than Rp3,000)	Various	3.99%- 34.00%	<u>6,290</u>
Total			7,350
Less: Allowance for impairment losses			<u>(3,044)</u>
			<u>4,306</u>

b. Investments in shares by Bank Indonesia's collectibility:

	<u>2013</u>	<u>2012</u>
Current	6,528	6,234
Doubtful	1,362	1,060
Loss	<u>1</u>	<u>56</u>
Total	7,891	7,350
Less: Allowance for impairment losses	<u>(3,224)</u>	<u>(3,044)</u>
	<u>4,667</u>	<u>4,306</u>

c. Movements of allowance for impairment losses on investments in shares:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	3,044	829
Allowance during the year (Note 44)	310	2,237
Others*)	<u>(130)</u>	<u>(22)</u>
Balance at end of year	<u>3,224</u>	<u>3,044</u>

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares is adequate.

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17. PREPAID EXPENSES

	2013	2012
- Prepaid rent	789,658	737,746
- Building maintenance	454,705	410,197
- Others	244,647	287,814
	1,489,010	1,435,757

Prepaid rent mostly consists of rent on buildings which are used as the Group branch's offices across Indonesia.

18. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2013 to 31 December 2013	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,783,546	47,715	(27,265)	3,071	2,807,067
Buildings	2,402,634	65,009	(158,851)	282,550	2,591,342
Furnitures, fixtures, office equipment and computer equipment	5,511,558	249,920	(66,842)	680,003	6,374,639
Vehicles	234,601	35,238	(13,109)	3,206	259,936
Construction in progress	995,931	1,186,506	(837)	(968,830)	1,212,770
	11,928,270	1,584,388	(266,904)	-	13,245,754
Leased assets	12,495	-	-	-	12,495
	11,940,765	1,584,388	(266,904)	-	13,258,249
Accumulated Depreciation (Note 49)					
Direct ownership					
Buildings	1,267,706	113,110	(97,327)	-	1,283,489
Furnitures, fixtures, office equipment and computer equipment	3,575,089	669,855	(38,201)	-	4,206,743
Vehicles	94,395	38,603	(12,089)	-	120,909
	4,937,190	821,568	(147,617)	-	5,611,141
Leased assets	885	625	-	-	1,510
	4,938,075	822,193	(147,617)	-	5,612,651
Net book value					
Direct ownership					
Land					2,807,067
Buildings					1,307,853
Furniture, fixtures, office equipment and computer equipment					2,167,896
Vehicles					139,027
Construction in progress					1,212,770
					7,634,613
Leased assets					10,985
					7,645,598

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18. FIXED ASSETS (continued)

The details of fixed assets were as follows: (continued)

Construction in progress as at 31 December 2013 was comprised of:

	Balance
Buildings	638,895
Computers and other hardware that have not been installed	427,977
Office equipment and inventory	106,833
Vehicles	2,746
Others	36,319
	1,212,770

The estimated percentage of completion of construction in progress as at 31 December 2013 for computers and other hardware that have not been installed was ranging between 20% - 97% and 31 December 2012 was ranging between 25% - 95%.

Movements from 1 January 2012 to 31 December 2012	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,780,439	3,111	(4)	-	2,783,546
Buildings	2,036,746	81,395	(1,313)	285,806	2,402,634
Furnitures, fixtures, office equipment and computer equipment	4,179,972	484,295	(104,071)	951,362	5,511,558
Vehicles	202,612	34,261	(12,036)	9,764	234,601
Construction in progress	1,183,097	1,065,604	(5,838)	(1,246,932)	995,931
	10,382,866	1,668,666	(123,262)	-	11,928,270
Leased assets	12,495	-	-	-	12,495
	10,395,361	1,668,666	(123,262)	-	11,940,765
Accumulated Depreciation (Note 49)					
Direct ownership					
Buildings	1,169,521	98,703	(469)	(49)	1,267,706
Furnitures, fixtures, office equipment and computer equipment	3,102,078	490,583	(17,621)	49	3,575,089
Vehicles	74,256	30,764	(10,625)	-	94,395
	4,345,855	620,050	(28,715)	-	4,937,190
Leased assets	260	625	-	-	885
	4,346,115	620,675	(28,715)	-	4,938,075
Net book value					
Direct ownership					
Land					2,783,546
Buildings					1,134,928
Furniture, fixtures, office equipment and computer equipment					1,936,469
Vehicles					140,206
Construction in progress					995,931
					6,991,080
Leased assets					11,610
					7,002,690

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18. FIXED ASSETS (continued)

The details of fixed assets were as follows (continued):

Construction in progress as at 31 December 2012 was comprised of:

	Balance
Computers and other hardware that have not been installed	561,170
Buildings	348,069
Office equipment and inventory	66,816
Vehicles	3,206
Others	16,670
	995,931

Others

- a. On 22 February 1990, the Bank signed a Joint Operation agreement (KSO) with PT Pakuwon Jati, where PT Pakuwon Jati will build a shopping center and office tower with 17 storeys and other supporting facilities on land owned by Bank Mandiri, which located on Jalan Basuki Rachmat No. 2, 4, 6 Surabaya. PT Pakuwon Jati is entitled to utilise the building for 22 years. The KSO agreement has matured on 21 February 2012 and the ownership of building has been transferred to Bank Mandiri.

Through the Temporary utilisation agreement No. 05 dated 21 February 2012, developers can still utilise the building in the form of room rental for one year period until 20 February 2013. As at 20 February 2013, the agreement has been extended until 20 February 2014. However, the Bank has the right to terminate the agreement anytime if the Bank will utilise the building or transfer the rights to third party.

On 14 June 1991, the Bank signed an Amendment I of Joint Operation agreement (KSO) with PT Duta Anggada Realty Tbk., in which PT Duta Anggada Realty Tbk. will build 2 office towers with 32 storeys on land owned by Bank Mandiri which located on Jalan Jenderal Sudirman lot 53-56, Jakarta. The agreement became effective from 14 June 1991 up to 20 years from the date of the construction was completed, but not longer than 23 years starting the construction was completed (the office building will be handed over in May 2014 for the first tower and in May 2016 for the second tower). On the expiry date of the agreements, PT Duta Anggada Realty Tbk. will hand over the ownership of the building to Bank Mandiri.

- b. Estimated fair values of land and buildings owned by the Bank as at 31 December 2013 and 2012 are determined using value of Sales Value of Tax Object (NJOP). NJOP is regarded as the best estimates which reflect the fair value. As at 31 December 2013, the NJOP of land and buildings owned by the Bank are Rp8,832,130 and Rp2,185,870, respectively (2012: Rp8,199,856 and Rp1,859,879, respectively). For assets other than lands and buildings, there is no significant difference between the estimated fair value and carrying value of fixed assets.
- c. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2014 and 2039. Based on past experience, the Group has the confidence to extend the HGB.

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18. FIXED ASSETS (continued)

Others (continued)

- d. As at 31 December 2013, Bank Mandiri have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Adira Dinamika, PT Asuransi Bina Dana Arta Tbk., PT Asuransi Bringin Sejahtera Artamakmur, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Asuransi Jaya Proteksi, PT Asuransi Parolamas, PT Asuransi Raksa Pratikara, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama), PT Asuransi Umum Mega, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Asuransi Raya, PT Asuransi Purna Artanugraha, PT Mandiri AXA General Insurance (formerly PT Asuransi Dharma Bangsa), PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967 and PT Asuransi Astra Buana, with total sum insured of Rp3,931,075 and USD92,520,780 (full amount) (2012: Rp1,721,667 and USD76,357,754 (full amount)). Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.
- e. Management also believes that there is no impairment of fixed assets as at 31 December 2013 and 2012.

19. INTANGIBLE ASSETS

	2013	2012
- Software	1,005,320 ^{*)}	717,842 ^{*)}
- Goodwill	154,935	142,860
	1,160,255	860,702

*) Net of amortisation of Rp1,354,113 and Rp1,213,891 as at 31 December 2013 and 2012.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As at 31 December 2013 and 2012, include in the software balance are construction in progress for software amounting to Rp314,410 and Rp288,621, respectively. The estimated percentage of completion of software as at 31 December 2013 was ranging between 5% - 95% (2012: 15% - 95%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiary's assets acquired. Increase of goodwill balance in 2013 due to the Bank's additional capital contribution to a Subsidiary (PT Bank Sinar Harapan Bali) in May 2013 (refer to Note 1g). Goodwill is assessed regularly for impairment. As at 31 December 2013 and 2012 there is no impairment on the Bank's goodwill.

20. OTHER ASSETS

	2013	2012
Accrued income	2,563,524	1,926,902
Others - net	6,345,208	6,560,972
	8,908,732	8,487,874

Accrued Income

	2013	2012
Rupiah	2,175,900	1,716,630
Foreign currencies (Note 61B.(v))	387,624	210,272
	2,563,524	1,926,902

Accrued income mainly consist of accrued interest receivables from placements, marketable securities, Government Bonds, loans and accrued fees and commissions.

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20. OTHER ASSETS (continued)

Others - net

	<u>2013</u>	<u>2012</u>
Rupiah:		
Receivables from customer transactions	1,860,011	980,166
Receivables from mutual fund	1,000,521	1,370,981
Receivables from transactions related to ATM and credit card	597,376	872,740
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp947 and Rp10,349 as at 31 December 2013 and 2012, respectively	150,376	169,931
Receivables from policyholders	81,735	272,331
Repossessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,850 and Rp9,850 as at 31 December 2013 and 2012, respectively	23,988	23,988
Receivables from sales of marketable securities	254	214,351
Others	<u>2,287,150</u>	<u>2,196,271</u>
Total Rupiah	<u>6,001,411</u>	<u>6,100,759</u>
Foreign currencies:		
Receivables from customer transactions (Note 61B.(v))	5,622	4,996
Receivables to policyholder (Note 61B.(v))	3,046	1,870
Others	<u>624,541</u>	<u>730,116</u>
Total foreign currencies	<u>633,209</u>	<u>736,982</u>
Total	6,634,620	6,837,741
Less: Allowance for possible losses	<u>(289,412)</u>	<u>(276,769)</u>
	<u>6,345,208</u>	<u>6,560,972</u>

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2013 and 2012, included in receivables from customer transactions is an impaired portfolio amounting to Rp89,330 and Rp166,216, respectively.

Receivables from mutual fund related with receivable from securities portfolio transactions of unit-linked contracts, from mutual funds that consolidated by Subsidiary.

Receivables related to ATM and credit card transactions represent receivable arising from ATM transactions within ATM Bersama, Prima and Link network and receivable from Visa and MasterCard on credit card transactions.

Receivables to policyholders represent the Subsidiary's receivables to policyholders related to policyholders' premium of non unit-linked products.

Receivables from sales of marketable securities represent receivables arising from sale of marketable securities which have settlement date on 2 January 2014 and 3 January 2013, respectively for the year 2013 and 2012.

Others mainly consist of inter-office accounts, various receivables from transaction with third parties, including clearing transactions and others.

Movement of allowance for possible losses on other assets are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of the year	276,769	300,005
Reversal during the year (Note 45)	(23,070)	(13,124)
Others*)	<u>35,713</u>	<u>(10,112)</u>
Balance at end of the year	<u>289,412</u>	<u>276,769</u>

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

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21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)	11,183,111	12,876,389
Third parties	<u>62,224,062</u>	<u>64,971,338</u>
Total Rupiah	<u>73,407,173</u>	<u>77,847,727</u>
Foreign currencies:		
Related parties (Note 55)	15,324,039	12,677,893
Third parties	<u>34,696,437</u>	<u>23,382,236</u>
Total foreign currencies (Note 61B.(v))	<u>50,020,476</u>	<u>36,060,129</u>
	<u>123,427,649</u>	<u>113,907,856</u>

Included in demand deposits were *wadiah* deposits amounting to Rp7,507,387 and Rp6,430,911 as at 31 December 2013 and 2012, respectively.

b. Average Interest Rates (Cost of Funds) and Range of Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	<u>2013</u>	<u>2012</u>
Rupiah	1.97%	2.04%
Foreign currencies	0.29%	0.22%

Range of profit sharing per annum on *wadiah* deposits:

	<u>2013</u>	<u>2012</u>
Rupiah	0.72% – 0.87%	0.75% - 1.10%
Foreign currencies	0.17% – 0.87%	0.19% - 0.68%

c. As at 31 December 2013 and 2012, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting to Rp3,392,353 and Rp2,440,972, respectively (Note 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Currency, Type, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)		
Mandiri Saving	194,151	165,577
Third parties		
Mandiri Saving	193,529,509	167,555,465
Mandiri Haji Saving	<u>943,190</u>	<u>938,976</u>
Total Rupiah	<u>194,666,850</u>	<u>168,660,018</u>
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving	8,054	763,274
Third parties		
Mandiri Saving	<u>21,342,706</u>	<u>14,546,464</u>
Total foreign currencies (Note 61B.(v))	<u>21,350,760</u>	<u>15,309,738</u>
	<u>216,017,610</u>	<u>183,969,756</u>

Included in saving deposits were *wadiah* deposits amounting to Rp9,115,337 and Rp7,332,437 as at 31 December 2013 and 2012, respectively.

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22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS (lanjutan)

b. Average Interest Rates (Cost of Funds) per Annum:

	<u>2013</u>	<u>2012</u>
Rupiah	1.54%	1.61%
Foreign currencies	0.21%	0.22%

c. As at 31 December 2013, saving deposits pledged as collateral for loans was amounting to Rp579 (Notes 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah		
Related parties (Note 55)	20,137,578	17,233,023
Third parties	121,540,895	112,839,400
Total Rupiah	<u>141,678,473</u>	<u>130,072,423</u>
Foreign currencies		
Related parties (Note 55)	7,838,922	4,371,767
Third parties	20,033,602	10,516,061
Total foreign currencies (Note 61B.(v))	<u>27,872,524</u>	<u>14,887,828</u>
	<u>169,550,997</u>	<u>144,960,251</u>

b. By Contract Period:

	<u>2013</u>	<u>2012</u>
Rupiah:		
1 month	90,271,968	81,288,822
3 months	29,572,387	30,279,072
6 months	12,436,614	14,657,520
12 months	9,222,714	3,613,750
Over 12 months	174,790	233,259
Total Rupiah	<u>141,678,473</u>	<u>130,072,423</u>
Foreign currencies:		
1 month	25,084,080	13,292,026
3 months	1,295,605	787,908
6 months	966,597	297,357
12 months	507,168	490,862
Over 12 months	19,074	19,675
Total foreign currencies (Note 61B.(v))	<u>27,872,524</u>	<u>14,887,828</u>
	<u>169,550,997</u>	<u>144,960,251</u>

c. By remaining period until maturity dates:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Less than 1 month	98,919,518	92,986,410
1 - 3 months	27,370,781	26,652,009
3 - 6 months	7,276,167	8,271,875
6 - 12 months	7,867,987	1,971,598
Over 12 months	244,020	190,531
Total Rupiah	<u>141,678,473</u>	<u>130,072,423</u>

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By remaining period until maturity dates: (continued)

	<u>2013</u>	<u>2012</u>
Foreign currencies:		
Less than 1 month	25,139,216	13,532,537
1 - 3 months	1,812,614	754,434
3 - 6 months	507,615	403,816
6 - 12 months	404,484	190,147
Over 12 months	8,595	6,894
Total foreign currencies (Note 61B.(v))	<u>27,872,524</u>	<u>14,887,828</u>
	<u>169,550,997</u>	<u>144,960,251</u>

d. Average Interest Rates (Cost of Funds) per Annum:

	<u>2013</u>	<u>2012</u>
Rupiah	5.50%	5.15%
Foreign currencies	0.68%	0.68%

e. As at 31 December 2013 and 2012, total time deposits pledged as collateral on loans were amounting to Rp12,893,916 and Rp9,876,087, respectively (Note 12B.c).

24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Demand Deposits		
Related parties (Note 55)		
Rupiah	63,613	10,056
Foreign currencies (Note 61B.(v))	-	131,940
	<u>63,613</u>	<u>141,996</u>
Third parties		
Rupiah	937,632	721,210
Foreign currencies (Note 61B.(v))	988,034	546,989
	<u>1,925,666</u>	<u>1,268,199</u>
Total Demand Deposits	<u>1,989,279</u>	<u>1,410,195</u>
Saving Deposits		
Third parties		
Rupiah	1,063,740	835,295
Total Saving Deposits	<u>1,063,740</u>	<u>835,295</u>
Total Demand and Saving Deposits	<u>3,053,019</u>	<u>2,245,490</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting to Rp28,199 and Rp37,976 as at 31 December 2013 and 2012, respectively.

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	<u>2013</u>	<u>2012</u>
Demand Deposits		
Rupiah	1.97%	2.04%
Saving Deposits		
Rupiah	1.54%	1.61%

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24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS (continued)

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum: (continued)

Range of profit sharing per annum on *wadiah* demand deposits:

	2013	2012
Rupiah	0.72% – 0.87%	0.75% - 1.10%

- c. As at 31 December 2013 and 2012, total demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp16,446 and Rp8,249, respectively (Note 12B.c and 31e).

25. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By Currency:

	2013	2012
Third parties		
Rupiah	1,220,000	250,000
Foreign currencies (Note 61B.(v))	60,850	77,100
	1,280,850	327,100

b. By Remaining Period Until Maturity Date:

	2013	2012
Rupiah		
Less than 1 month	1,220,000	250,000
Foreign currencies		
Less than 1 month	60,850	28,913
More than 1 month	-	48,187
Total foreign currencies (Note 61B.(v))	60,850	77,100
	1,280,850	327,100

c. Average Interest Rates (Cost of Funds) per Annum:

	2013	2012
Rupiah	6.56%	4.81%
Foreign currencies	1.76%	0.56%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2013	2012
Third parties		
Rupiah	8,109,444	11,203,309
Foreign currencies (Note 61B.(v))	-	240,938
	8,109,444	11,444,247

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26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)

b. By Contract Period:

	<u>2013</u>	<u>2012</u>
Rupiah:		
1 month	6,463,990	11,103,799
3 months	1,542,759	37,600
6 months	35,300	9,115
12 months	13,985	52,795
above 12 months	<u>53,410</u>	<u>-</u>
Total Rupiah	<u>8,109,444</u>	<u>11,203,309</u>
Foreign currencies:		
1 month	<u>-</u>	<u>240,938</u>
Total foreign currencies (Note 61B.(v))	<u>-</u>	<u>240,938</u>
	<u>8,109,444</u>	<u>11,444,247</u>

c. Average Interest Rates (Cost of Funds) per Annum:

	<u>2013</u>	<u>2012</u>
Rupiah	5.50%	5.15%
Foreign currencies	0.68%	0.68%

d. As at 31 December 2013 and 2012, time deposits from other banks pledged as collateral on loans amounting to Rp94,681 and Rp102,415, respectively (Note 12B.c).

27. LIABILITY TO UNIT-LINKED HOLDERS

This account represents Subsidiary's liability to unit-linked holders placed in unit-linked investment, with details as follow:

	<u>2013</u>	<u>2012</u>
Non-Sharia	11,251,409	10,282,995
Sharia	<u>751,588</u>	<u>751,244</u>
	<u>12,002,997</u>	<u>11,034,239</u>

The details of non-sharia unit-linked investments type of contracts are as follow:

	<u>2013</u>	<u>2012</u>
Dynamic Money	5,903,460	6,122,382
Progressive Money	2,022,887	2,150,890
Attractive Money	2,345,304	1,409,386
Excellent Equity	735,400	382,341
Secure Money	77,602	86,409
Active Money	109,912	77,715
Fixed Money	47,821	46,360
Money Market	<u>9,023</u>	<u>7,512</u>
	<u>11,251,409</u>	<u>10,282,995</u>

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As at 31 December 2013 and 2012 the investment of policyholders a were recorded based on each type of the financial assets in the consolidated statement of financial position.

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27. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

The policyholders' funds - non-sharia placed in statutory deposits as of 31 December 2013 and 2012 amounted to Rp177,639 and Rp177,548, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2013 and 2012 amounted to USD2,603,328 (full amount) and USD3,503,323 (full amount), respectively.

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.

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.

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 Attractive.

Excellent Equity

This is an equity fund with underlying exposures in small cap equities (exclude top 20) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Secure Money

Secure Money Rupiah fund 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. The USD fund 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.

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 (2011: mutual fund Mandiri Investa Aktif).

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

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. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

The details of sharia unit-linked investments type of contracts are as follow:

	2013	2012
Attractive Money Syariah	640,873	649,302
Active Money Syariah	77,473	71,487
Advanced Commodity Syariah	21,467	28,549
Amanah Equity Syariah	11,775	1,906
	751,588	751,244

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2013 and 2012 amounted to Rp15,917 and Rp15,235, respectively.

Attractive Money Syariah

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 Attractive.

Active Money Syariah

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.

Advanced Commodity Syariah

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.

Amanah Syariah Equity

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.

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

31 December 2013							
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Related parties	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,548	390	250,158
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,547	389	250,158
Jumlah		1,660,000			1,511,279	1,955	1,509,324
Third parties	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	650,000	21/06/2013	15/05/2018	741,560	201,139	540,421
	Obligasi VR0027	622,742	20/06/2013	20/06/2018	702,888	191,333	511,555
	Sukuk SR004	250,000	30/12/2013	07/01/2014	206,261	251	206,010
	Obligasi ORI009	250,000	30/12/2013	06/01/2014	205,288	206	205,082
	Sukuk SR005	250,000	30/12/2013	08/01/2014	203,579	290	203,289
Total		3,822,742			4,113,128	966,303	3,146,825
		5,482,742			5,624,407	968,258	4,656,149

As at 31 Desember 2012, securities sold under repurchase agreements were RpNil.

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29. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Payable to other banks		
Related parties (Note 55)	138,029	47,371
Third parties	299,794	337,931
Payable to debtors		
Related parties (Note 55)	89,003	22,234
Third parties	<u>205,331</u>	<u>132,361</u>
Total Rupiah	<u>732,157</u>	<u>539,897</u>
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	125,065	101,398
Third parties	8,933,818	6,563,984
Payable to debtors		
Related parties (Note 55)	93,832	91,478
Third parties	<u>293,498</u>	<u>660,755</u>
Total foreign currencies (Note 61B.(v))	<u>9,446,213</u>	<u>7,417,615</u>
	<u>10,178,370</u>	<u>7,957,512</u>

b. By Maturity:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Less than 1 month	304,786	198,944
1 - 3 months	373,086	324,653
3 - 6 months	<u>54,285</u>	<u>16,300</u>
Total Rupiah	<u>732,157</u>	<u>539,897</u>
Foreign currencies:		
Less than 1 month	2,957,937	1,279,718
1 - 3 months	3,370,377	3,341,951
3 - 6 months	2,805,160	2,144,029
6 - 12 months	<u>312,739</u>	<u>651,917</u>
Total foreign currencies (Note 61B.(v))	<u>9,446,213</u>	<u>7,417,615</u>
	<u>10,178,370</u>	<u>7,957,512</u>

30. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	<u>2013</u>	<u>2012</u>
Rupiah :		
Related Party (Note 55)		
Bonds	278,000	155,000
Subordinated Notes Syariah Mudharabah	<u>50,000</u>	<u>50,000</u>
Total Related Party	<u>328,000</u>	<u>205,000</u>
Third Party		
Bonds	699,000	397,000
Subordinated Notes Syariah Mudharabah	450,000	450,000
Medium-Term Notes (MTN)	200,000	200,000
Mandiri travelers' cheques	105,298	295,512
Others	<u>564</u>	<u>564</u>
Total Third Party	<u>1,454,862</u>	<u>1,343,076</u>
	1,782,862	1,548,076
Less: Unamortised issuance cost	<u>(3,265)</u>	<u>(2,200)</u>
	<u>1,779,597</u>	<u>1,545,876</u>

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds

On 7 June 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase I year 2013 ("Continuous bonds") to the Indonesia Stock Exchange with a nominal value of Rp500,000 consisting of 2 (two) series:

<u>Bonds</u>	<u>Nominal Value</u>	<u>Fixed Interest Rate per Annum</u>	<u>Maturity Date</u>
Seri A	425,000	7.75%	5 Juni 2016
Seri B	75,000	7.80%	5 Juni 2017

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 20 May 2011, the Bank's subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Bonds VI Year 2011 ("Bonds VI") on the Indonesian Stock Exchange (formerly the Surabaya Stock Exchange) with a nominal value of Rp600,000 consisting of 4 (four) series:

<u>Bonds</u>	<u>Nominal Value</u>	<u>Fixed Interest Rate per Annum</u>	<u>Maturity Date</u>
Series A	48,000	8.60%	23 May 2012
Series B	52,000	9.60%	19 May 2013
Series C	350,000	10.00%	19 May 2014
Series D	150,000	10.70%	19 May 2015

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000 and Seri B for Rp52,000 had been paid at the time of maturity.

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 31 December 2013, the rating for Continuous Bonds and Bonds VI is idAA (double A).

Subordinated Notes *Syariah Mudharabah*

On 19 December 2011, PT Bank Syariah Mandiri (BSM) conducted a limited offering and sale of Sukuk Subordinated Notes *Syariah Mudharabah* Year 2011 ("BSM subnotes") with a nominal value Rp500,000. The period of these BSM subnotes is 10 (ten) years with call option on the 5th (fifth) year starting the issuance date. The issuance of BSM Subnotes is conducted in 3 (three) phases, as follows:

- Phase I dated 19 December 2011 with a nominal amount of Rp75,000
- Phase II dated 19 December 2011 with a nominal amount of Rp275,000
- Phase III dated 19 December 2011 with a nominal amount of Rp150,000

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30. MARKETABLE SECURITIES ISSUED (continued)

Medium Term Notes (MTN)

In order to support its consumer financing expansion, on 16 February 2010, PT Mandiri Tunas Finance, a Subsidiary, issued Medium Term Notes (MTN) II amounting to Rp350,000, with a fixed interest rate of 11.60% per annum. MTN II has an effective period of 2 (two) years starting from 16 February 2010 and had been paid at the time of maturity on 16 February 2012.

On 24 January 2012, Subsidiary had issued and registered Medium Term Notes (MTN) III amounting to Rp200,000 with a fixed interest rate of 9.95% per annum, at Kustodian Sentral Efek Indonesia (KSEI). MTN III has 3 (three) years effective period starting from 2 February 2012 to 2 February 2015.

2013 and 2012					
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	2 February 2015	36	9.95%	200,000
					<u>200,000</u>

Subsidiary had paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period from 1 January 2013 to 31 December 2013.

For the period from 1 January 2013 to 31 December 2013, Subsidiary had fulfilled the covenants as stipulated in the agreements.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a. Transactions of commitment and contingent in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	<u>2013</u>	<u>2012</u>
Rupiah:		
Bank guarantees issued (Note 53)	23,777,965	20,239,328
Committed unused loan facilities granted (Note 53)	23,503,517	26,705,562
Outstanding irrevocable letters of credit (Note 53)	3,039,253	2,055,455
Standby letters of credit (Note 53)	1,626,837	2,302,326
Total Rupiah	<u>51,947,572</u>	<u>51,302,671</u>
Foreign currencies:		
Bank guarantees issued (Note 53)	32,641,571	20,469,371
Committed unused loan facilities granted (Note 53)	5,405,644	2,674,467
Outstanding irrevocable letters of credit (Note 53)	12,178,877	9,909,283
Standby letters of credit (Note 53)	7,025,509	5,588,537
Total foreign currencies	<u>57,251,601</u>	<u>38,641,658</u>
	<u>109,199,173</u>	<u>89,944,329</u>

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. By Bank Indonesia's collectibility:

	<u>2013</u>	<u>2012</u>
Current	108,786,436	89,692,146
Special mention	352,792	218,654
Sub-standard	383	3,126
Doubtful	509	276
Loss	<u>59,053</u>	<u>30,127</u>
Total	109,199,173	89,944,329
Less: Allowance for impairment losses	<u>(200,501)</u>	<u>(189,085)</u>
Commitments and contingencies - net	<u>108,998,672</u>	<u>89,755,244</u>

c. Movements of allowance for impairment losses on commitments and contingencies:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	189,085	234,364
Reversal during the year	(10,784)	(43,937)
Others*)	<u>22,200</u>	<u>(1,342)</u>
Balance at end of year	<u>200,501</u>	<u>189,085</u>

*) Includes 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 61A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as at 31 December 2013 and 2012 amounting to Rp1,216,930 and Rp1,215,980, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	<u>2013</u>	<u>2012</u>
- Fixed asset and software procurement	1,094,820	778,167
- Interest expenses	699,474	540,525
- Promotions	336,129	215,756
- Outsourcing expenses	225,672	129,468
- Employee related costs: uniform, recreation and others	88,352	107,674
- Others	<u>882,028</u>	<u>573,172</u>
	<u>3,326,475</u>	<u>2,344,762</u>

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 Bank's IT System.

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33. TAXATION

a. Prepaid Taxes

	<u>2013</u>	<u>2012</u>
Bank Mandiri	1,108,430	853
Subsidiaries	18,119	27,321
	<u>1,126,549</u>	<u>28,174</u>

b. Tax Payables

	<u>2013</u>	<u>2012</u>
Current Income tax payables		
Bank Mandiri		
Corporate Income Tax - Article 29	1,515,818	1,919,588
Subsidiaries		
Corporate Income Tax - Article 29	157,212	191,241
	<u>1,673,030</u>	<u>2,110,829</u>
Taxes Payables - Others		
Bank Mandiri		
Income taxes		
Article 25	-	185,437
Article 21	90,059	98,773
Article 4 (2)	196,617	155,275
Others	65,935	49,961
	352,611	489,446
Subsidiaries	101,223	62,146
	<u>453,834</u>	<u>551,592</u>
Total Taxes Payables	<u>2,126,864</u>	<u>2,662,421</u>

c. Tax (Benefit)/Expense

	<u>2013</u>	<u>2012</u>
Tax expense - current:		
Bank Mandiri	4,528,782	3,906,338
Subsidiaries	759,707	734,175
	5,288,489	4,640,513
Tax (benefit)/expense - deferred:		
Bank Mandiri	(70,285)	(158,410)
Subsidiaries	13,699	(21,453)
	(56,586)	(179,863)
	<u>5,231,903</u>	<u>4,460,650</u>

As explained in Note 2ad, income tax for Bank Mandiri and its subsidiaries are calculated for each separate legal entity.

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33. TAXATION (continued)

d. Tax Expense - Current

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of income and income tax calculations and the related estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	<u>2013</u>	<u>2012</u>
Consolidated income before tax expense and non-controlling interests	24,061,837	20,504,268
Less:		
Income before tax expense of Subsidiaries - after elimination	(3,408,523)	(3,656,605)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method)	<u>1,018,151</u>	<u>1,202,166</u>
Income before tax expense and non-controlling interests - Bank Mandiri only	21,671,465	18,049,829
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	626,250	661,014
Losses from overseas branches	-	13,385
Others	(5,229)	15,412
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(762,212)	326,312
Allowance for impairment losses on financial assets other than loans	417,111	(39,224)
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	717,993	904,464
Unrealised gain on BOT transactions	(15,597)	(272,950)
Allowance for estimated losses arising from legal cases	66,412	(11,948)
Provision for estimated losses on commitments and contingencies	11,693	(45,549)
Allowance for possible losses of repossessed assets	-	(1,489)
Depreciation of fixed assets	(61,070)	(74,631)
Unrealised lossess on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	6,052	7,091
Difference in net realisable value of repossessed assets	-	(22)
Allowance for possible losses on other assets	(19,555)	-
Allowance for possible losses of abandoned properties	<u>(9,402)</u>	<u>-</u>
Estimated taxable income	<u>22,643,911</u>	<u>19,531,694</u>
Estimated tax expense-current		
Bank Mandiri only	4,528,782	3,906,338
Subsidiaries	<u>759,707</u>	<u>734,175</u>
Estimated tax expense-current	<u>5,288,489</u>	<u>4,640,513</u>

The calculation of income tax for the year ended 31 December 2013 is a preliminary estimate made for accounting purposes and are subject to change at the time of the Bank submit its annual tax return.

Tax calculation for the year ended 31 December 2012 in accordance with the income tax (SPT) Bank Mandiri.

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33. TAXATION (continued)

d. Tax Expense - Current (continued)

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 as follows:

	<u>2013</u>	<u>2012</u>
Consolidated income before tax expense and minority interest	24,061,837	20,504,268
Tax calculated at applicable tax rates:	5,186,425	4,524,118
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(150,620)	(166,121)
- Expense not deductible for tax purposes	274,824	304,083
	<u>124,204</u>	<u>137,962</u>
Subsidiaries	<u>(78,726)</u>	<u>(201,430)</u>
Total tax effect	<u>45,478</u>	<u>(63,468)</u>
Income tax expense	<u>5,231,903</u>	<u>4,460,650</u>

Under 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 10 June 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated 9 March 2010.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated 28 December 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated 21 November 2013 regarding Reduction of Tax Rate of Income Tax Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated 30 December 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of the Tax Rate of Income Tax Resident Corporate Taxpayers in the Form of Public Listed Company, 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 include 40% of total issued and fully paid in capital shares traded in Indonesia Stock Exchange and must be recorded in depository and settlement institutional and 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 taxpayer at the minimum 183 (one hundred and eighty three) calendar days in a period of (1) one fiscal year.

Based on No.DE/I/2014-0111 Certificate dated 3 January 2014 (2012: Certificate No. DE/I/2013-0098 dated 3 January 2013) regarding Monthly Stock Ownership of Publicly Listed Companies Report and the Recapitulation No.X.H.I-2 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated the Bank has met the requirements to obtain the income tax rate reduction above. In accordance with PMK.238, Financial Service Authority, formerly Bapepam-LK will submit information on the above requirement fulfillment by the Bank to the authorised Tax Office. Until the date of the consolidated financial statements, the implementation guidance of GR No.77 Year 2013 which will be formalised into Minister of Finance Regulation (PMK) has not been issued. As of now, the effective date of GR No.77 Year 2013 is still in discussion therefore the confirmation of the fulfilment of GR No.77 Year 2013 will be clarified by PMK which will be issued. However Management believes that Bank Mandiri has met all requirements to obtain income tax reduction for 2013 fiscal year. Therefore, the Bank's corporate income tax for the year ended 31 December 2013 and 2012 are calculated using the tax rate of 20%.

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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 calculation are as follows:

	2013			Ending balance
	Beginning balance	Credited/ (charged) to consolidated statement of comprehensive income	Charged to equity	
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,707,651	(221,648)	-	1,486,003
Allowance for impairment loan losses	850,527	69,206	-	919,733
Allowance for impairment losses on financial assets other than loans	296,370	83,422	-	379,792
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	720,872	143,599	-	864,471
Allowance for estimated losses arising from legal cases	112,496	13,282	-	125,778
Estimated losses on commitments and contingencies	37,223	2,339	-	39,562
Allowance for possible losses on abandoned properties	33,940	(3,911)	-	30,029
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	(1,880)	-	189
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	101,158	-	246,370	347,528
Deferred tax assets	3,866,269	84,409	246,370	4,197,048
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(54,590)	(3,119)	-	(57,709)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(1,102)	1,210	-	108
Net book value of fixed assets	(33,466)	(12,215)	-	(45,681)
Deferred tax assets - Bank Mandiri only	3,777,111	70,285	246,370	4,093,766
Net deferred tax assets - Subsidiaries	<u>189,502</u>			<u>228,732</u>
Total consolidated deferred tax assets - net	<u>3,966,613</u>			<u>4,322,498</u>

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	2012			Ending balance
	Beginning balance	Credited/ (charged) to consolidated statement of comprehensive income	Charged to equity	
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,883,339	(175,688)	-	1,707,651
Allowance for impairment loan losses	609,577	240,950	-	850,527
Allowance for impairment losses on financial assets other than loans	304,215	(7,845)	-	296,370
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	539,979	180,893	-	720,872
Allowance for estimated losses arising from legal cases	114,886	(2,390)	-	112,496
Estimated losses on commitments and contingencies	46,333	(9,110)	-	37,223
Allowance for possible losses on abandoned properties	33,940	-	-	33,940
Allowance for possible losses on repossessed assets	2,292	(298)	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	-	-	2,069
Accumulated losses arising from difference in net realisable value of repossessed assets	1,973	(4)	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	131,084	-	(29,926)	101,158
Deferred tax assets	3,669,687	226,508	(29,926)	3,866,269
Deferred tax liabilities:				
Unrealised gain on BOT transactions	-	(54,590)	-	(54,590)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(2,520)	1,418	-	(1,102)
Net book value of fixed assets	(18,540)	(14,926)	-	(33,466)
Deferred tax assets - Bank Mandiri only	3,648,627	158,410	(29,926)	3,777,111
Net deferred tax assets - Subsidiaries	151,785	-	-	189,502
Total consolidated deferred tax assets - net	3,800,412	-	-	3,966,613

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 against the temporary difference, which results in deferred tax assets, can be utilised.

f. Tax assessment letters

On 6 December 2012, the Bank received Tax Underpayment Assessment Letters (SKPKB) which stated underpayments of corporate income tax and Value Added Tax (VAT) and Tax Collection Letter penalties (STP) for fiscal year 2010 totalled to Rp1,108,071.

Management disagree with the tax assessment result and on 4 March 2013, Bank has submitted a tax objection letter to the tax office and paid all the tax underpayment which recorded as prepaid tax.

On December 2013, the Tax Office issued a decision letter to the Bank's objection letters above and partially accepted the Bank's objection, therefore the Tax office refunded the prepaid tax related to value added tax. Bank disagreed with the above decision letter and will submit appeal letters on the above decision letter to the Tax Court.

Until the date of this consolidated financial statements, Bank is still waiting on the results of the objection for SKPKB of Income Taxes.

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34. EMPLOYEE BENEFIT LIABILITIES

	<u>2013</u>	<u>2012</u>
Rupiah		
- Provision for post-employment benefit (Note 50)	1,965,656	1,635,427
- Provisions for bonuses, leave and holiday entitlements	2,619,413	2,177,891
	<u>4,585,069</u>	<u>3,813,318</u>

The provision for post-employment benefit such as pension fund and other long term remuneration is according to Bank and Subsidiaries' policy which had been calculated using actuarial calculation.

35. OTHER LIABILITIES

	<u>2013</u>	<u>2012</u>
Rupiah:		
Liability to policyholders	1,955,475	1,342,629
Payable to customers	1,271,409	1,058,361
Liability related to ATM and credit card transaction	1,001,071	1,231,126
Non controlling interest from Subsidiary's mutual fund consolidation	857,009	777,276
Guarantee deposits	744,712	878,283
Deferred income (directly attributable)	555,001	653,656
Deferred income (not directly attributable)	181,831	142,884
Customers transfer transaction	138,046	130,256
Payable from purchase of marketable securities	726	22,940
Others	4,624,750	3,614,293
Total Rupiah	<u>11,330,030</u>	<u>9,851,704</u>
Foreign currencies:		
Guarantee deposits (Note 61B.(v))	1,357,207	1,030,110
Customers transfer transaction	535,090	623,867
Deferred income (not directly attributable)	447,467	313,707
Other liabilities related to UPAS transactions (Note 61B.(v))	283,127	1,075,973
Deferred income (directly attributable)	5,813	848
Others	207,480	883,832
Total foreign currencies	<u>2,836,184</u>	<u>3,928,337</u>
	<u>14,166,214</u>	<u>13,780,041</u>

Liabilities to policyholders consists of Subsidiary's (AXA Mandiri Financial Services and Mandiri AXA General Insurance) liability for future policy benefits for non unit-linked policyholders, claim payables, unearned premium income and estimated claim liabilities, amounting to Rp1,368,306, Rp35,394, Rp399,103 and Rp152,672 as at 31 December 2013 and amounting to Rp1,042,530, Rp33,526, Rp160,266 and Rp106,307 as at 31 December 2012.

Payable to customers are mostly represent payable arising from marketable securities transactions done by PT Mandiri Sekuritas (the Bank's subsidiary).

Liability related to ATM and credit card transactions represents payable arising from ATM transactions via ATM Bersama, ATM Link and ATM Prima network and payable to Visa and MasterCard on credit card transactions.

Non-controlling interest from Subsidiary's mutual funds consolidation represents the portion of non-controlling arises from consolidation of mutual funds controlled by Subsidiary (AXA Mandiri Financial Services).

Guarantee deposits are cash guarantee deposited by the Bank's customers for export and import transaction and bank guarantee issuance.

Deferred income (directly attributable) represents unamortised provision/commissions income directly attributable to loans.

Deferred income (not directly attributable) represents unamortised provision/commissions income not directly attributable to loans.

Payable from purchase of marketable securities represents the Bank's liability related to purchase of marketable securities transactions that have been subsequently settled on 3 January 2014 and 3 January 2013, respectively for the year 2013 and 2012.

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35. OTHER LIABILITIES (continued)

Other liabilities related to UPAS transactions represents liability to the paying bank in foreign currencies in relation to UPAS receivables from importer.

Others mostly consist of inter-office account, liabilities related to import transaction, and suspense such as settlement of customer's financial transaction such as money transfer.

36. FUND BORROWINGS

	<u>2013</u>	<u>2012</u>
Rupiah:		
Related parties (Note 55)		
(a) PT Permodalan Nasional Madani (Persero)	2,369	18,712
(g) Others	<u>775,945</u>	<u>916,156</u>
	778,314	934,868
Third parties		
(b) Bank Indonesia	-	755
(c) Ministry of Public Housing (Kemenpera)	109,021	17,262
(g) Others	<u>3,241,145</u>	<u>1,980,889</u>
	<u>3,350,166</u>	<u>1,998,906</u>
Total Rupiah	<u>4,128,480</u>	<u>2,933,774</u>
Foreign currencies:		
Third parties		
(d) Direct Off-shore Loans	8,121,615	6,828,922
(e) Bilateral Loan	3,041,233	963,750
(f) Trade Financing Facilities	<u>705,860</u>	<u>882,386</u>
Total foreign currencies (Note 61B.(v))	<u>11,868,708</u>	<u>8,675,058</u>
	<u>15,997,188</u>	<u>11,608,832</u>

(a) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowings granted by PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2013 and 2012 for Bank Mandiri are RpNil and Rp9,102, respectively, and for BSHB are Rp2,369 and Rp9,610, respectively. These facilities bear interest rate at 7.00% per annum. The payment schedule of fund borrowing terms depend on the terms of the individual loan agreement, the last in June 2013 for the Bank and for the month of June 2014 for BSHB. Bank Mandiri lent this fund to the members of Primary Cooperation (*Kredit Koperasi Primer kepada Anggotanya* [KKPA]). The Bank has repaid the loan on June 2013. The outstanding balance as at 31 December 2013 was from BSHB.

(b) Bank Indonesia

This account represents credit liquidity facility obtained from Bank Indonesia (BI), which was lent to Bank Mandiri's debtors under the Government Credit Program. The administration and monitoring of the credit facility are performed by PT Permodalan Nasional Madani (Persero), a state-owned enterprise, based on Law No. 23/1999 dated 17 May 1999 regarding BI, BI Regulation No. 2/3/PBI/2000 dated 1 February 2000 and BI Regulation No. 5/20/PBI/2003 dated 17 September 2003 regarding the hand-over of Bank Indonesia's Credit Liquidity Management in relation to Credit Program. This facility bears interest at rates ranging from 3.75% per annum and will be matured on various dates, the latest is at the end of 2013. This facility was already paid at the maturity date. The details of this account are as follows:

	<u>2013</u>	<u>2012</u>
Small-Scale Investment Loans (KIK)	-	<u>755</u>

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36. FUND BORROWINGS (continued)

(c) Ministry of Public Housing (Kemenpera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Housing's fund and 30.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated 15 February 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated 15 February 2012 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan.

The outstanding loan balance as at 31 December 2013 and 2012 was amounted to Rp109,021 and Rp17,262. The facility bears interest at 0.50% per annum. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for fund disbursed from date of 1 until 10), and start the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpera will be made not later than the date of 10 for each month.

(d) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2013	2012
Deutsche Bank AG, Singapore	3,651,000	2,891,250
Standard Chartered Bank, Singapore	3,042,500	2,409,375
Asian Development Bank		
- Tranche A	544,570	574,018
- Tranche B	121,380	191,819
Agence Française de Développement	762,165	762,460
	<u>8,121,615</u>	<u>6,828,922</u>

Deutsche Bank AG, Singapore

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	<u>3,651,000</u>

2012						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	<u>2,891,250</u>

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36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

On 16 June 2011, Bank Mandiri obtained a loan facility from Deutsche Bank AG, Singapore. The agreement has amended by latest addendum of agreement dated 31 July 2013 whereby the Bank has been provided borrowing of USD300,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will be matured on 23 June 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On 27 June 2011, Bank Mandiri exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on 28 September 2011, the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). As at 31 December 2013, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp5,457,447 (2012: Rp4,297,228) (Note 8c).

Standard Chartered Bank, Singapore

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	09 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>3,042,500</u>
2012						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	09 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>2,409,375</u>

On 28 June 2012, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Singapore for USD250,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will mature on 9 July 2015. On 9 July 2012, Bank Mandiri has conducted drawdown on this loan facility amounting to USD250,000,000 (full amount). As at 31 December 2013, this loan facility is secured by Government Bonds VR0030 series with a nominal value of Rp3,000,000 (2012: Rp3,000,000) and VR0031 series with a nominal value of Rp843,746 (2012: Rp343,746) (Note 8c).

Asian Development Bank

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	45,000,000	547,650
Less:						
Unamortised issuance costs					(253,063)	(3,080)
					<u>44,746,937</u>	<u>544,570</u>
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	10,000,000	121,700
Less:						
Unamortised issuance costs					(26,274)	(320)
					<u>9,973,726</u>	<u>121,380</u>
					<u>54,720,663</u>	<u>665,950</u>

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36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Asian Development Bank (continued)

2012						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	60,000,000	578,250
Less:						
Unamortised issuance costs					(439,122)	(4,232)
					59,560,878	574,018
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	20,000,000	192,750
Less:						
Unamortised issuance costs					(96,553)	(931)
					19,903,447	191,819
					79,464,325	765,837

On 30 October 2009, as further amended and restated on 13 November 2009, Bank Mandiri signed a long-term credit agreement with Asian Development Bank (ADB) with a total facility amounting to USD105,000,000 (full amount).

The loan consists of 2 (two) facilities, where Tranche A Facility is a direct loan from ADB with total facility amounting to USD75,000,000 (full amount) and will be matured in 7 (seven) years after the agreement date, whilst Tranche B from ADB as Lender of Record is funded by commercial banks through the Participation Agreements between ADB and the commercial banks with a total facility amounting to USD30,000,000 (full amount) and will be matured in 5 (five) years after the agreement date. The loan was withdrawn on 28 January 2010. Until 31 December 2013, the Bank has repaid this loan amounting to USD50,000,000 (full amount). As at 31 December 2013 and 2012, this loan facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

Agence Française de Développement

2013						
Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount		
				USD (full amount)	Rupiah equivalent	
Bilateral Loan	Agence Française de Développement	31 March 2016		LIBOR (6 months) + certain margin	13,636,364	165,954
Less:						
Unamortised issuance costs					(26,087)	(317)
					13,610,277	165,637
Bilateral Loan	Agence Française de Développement	30 September 2018		LIBOR (6 months) + certain margin	11,428,571	139,086
Less:						
Unamortised issuance costs					(32,786)	(399)
					11,395,785	138,687

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36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

2013					
Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount	
				USD (full amount)	Rupiah equivalent
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	29,090,909	354,036
Less:					
Unamortised issuance costs				(85,653)	(1,042)
				29,005,256	352,994
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	8,642,857	105,184
Less:					
Unamortised issuance costs				(27,688)	(337)
				8,615,169	104,847
				62,626,487	762,165
2012					
Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount	
				USD (full amount)	Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	19,090,909	183,989
Less:					
Unamortised issuance costs				(50,731)	(489)
				19,040,178	183,500
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 months) + certain margin	13,714,286	132,171
Less:					
Unamortised issuance costs				(48,064)	(463)
				13,666,222	131,708
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	36,363,636	350,455
Less:					
Unamortised issuance costs				(132,264)	(1,275)
				36,231,372	349,180
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	10,214,286	98,440
Less:					
Unamortised issuance costs				(38,227)	(368)
				10,176,059	98,072
				79,113,831	762,460

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36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

On 17 June 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of 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 of 6-months LIBOR plus a certain margin and will be used to finance the projects that related to the carbon emission reduction.

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 15 December 2010, the Bank drawdown the borrowing from AFD by USD30,000,000 (full amount), which will be matured on 31 March 2016.

On 16 February 2012, 30 May 2012 and 31 May 2012, the Bank drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will be matured on 30 September 2018, 30 September 2017 and 31 March 2019.

The drawdown of above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

On 8 November 2013, Bank Mandiri signed a new loan facility agreement with AFD of 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 of 6-months LIBOR plus a certain margin. Up to 31 December 2013, the Bank has not drawdown the facility from AFD.

(e) Bilateral Loans

The details of bilateral loans are as follows:

	2013	2012
JP Morgan, Jakarta	1,824,233	-
Standard Chartered Bank, Jakarta	1,217,000	963,750
	3,041,233	963,750

JP Morgan, Jakarta

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD	Rupiah
					(full amount)	equivalent
Bilateral Loan	JP Morgan, Jakarta	21 November 2016	36	LIBOR (3 bulan) + marjin tertentu	150,000,000	1,825,500
Less:						
Unamortised issuance costs					(104,136)	(1,267)
					149,895,864	1,824,233

On 15 November 2013, the Bank obtained a loan facility from JP Morgan, Jakarta of USD150.000.000 (full amount) with an interest rate of LIBOR 3 (three) months plus a certain margin.

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36. FUND BORROWINGS (continued)

(e) Bilateral Loans (continued)

JP Morgan, Jakarta (continued)

This loan facility has a tenor of 3 (three) years and will expire on 21 November 2016. Bank Mandiri has drawdown this credit facility amounted to USD150,000,000 (full amount) on 21 November 2013. As at 31 December 2013, this loan facility was secured by Government Bonds ORI 009 series with a nominal value of Rp288,276, ROI 23 series with a nominal value of USD17,500,000 (full value), ROI 15 series with a nominal value of USD40,000,000 (full amount) and ROI 14 series with a nominal value of USD100,800,000 (full amount) (Note 8c).

Standard Chartered Bank, Jakarta

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u><u>1,217,000</u></u>

2012						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u><u>963,750</u></u>

On 4 July 2011, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta of USD100,000,000 (full amount) with interest rate at a 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will mature on 11 July 2016. On 11 July 2011, Bank Mandiri has drawdown this loan facility amounted to USD100,000,000 (full amount). As at 31 December 2013 and 2012, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (Note 8c).

(f) Trade Financing Facilities (Bankers Acceptance)

Trade financing facilities represent short-term borrowings with tenors between 90 to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued by Bank Mandiri. The balance as at 31 December 2013 and 2012 are as follows:

	2013	2012
Bank of America NA, Hong Kong	243,400	63,199
Bank of America NA, Singapore	243,400	337,312
Bank of New York, Mellon, Singapore	158,210	-
Bank of Montreal, Hongkong	60,850	-
Bank of Nova Scotia, Singapore	-	433,687
Deutsche Bank AG, Singapore	-	48,188
	<u><u>705,860</u></u>	<u><u>882,386</u></u>

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36. FUND BORROWINGS (continued)

(g) Others

	2013	2012
PT Panin Bank Tbk.	1,155,421	1,089,319
PT Bank Central Asia Tbk,	954,787	377,742
PT Sarana Multigriya Finansial (Persero)	600,000	600,000
PT Bank DKI	297,449	191,375
PT Bank BTPN Tbk	200,000	-
PT Bank Negara Indonesia (Persero) Tbk,	175,945	316,156
PT Bank Jabar Banten Tbk,	175,933	74,461
PT Bank Internasional Indonesia Tbk,	150,000	-
The Hong Kong and Shanghai Banking Corporation Ltd,	120,000	-
PT Bank Commonwealth	99,122	-
Standard Chartered Bank, Jakarta	45,000	45,000
PT Bank OCBC NISP Tbk,	36,772	86,522
PT Bank Danamon Indonesia Tbk,	6,661	66,642
PT Bank UOB Indonesia	-	49,828
	4,017,090	2,897,045

PT Panin Bank Tbk.

On 16 February 2011, 8 August 2011 and last 20 November 2013, the Subsidiary and PT Panin Bank Tbk. (Panin) signed a loan agreement whereby Panin provide some term loan facility with a total limit of Rp2,600,000 which is non-revolving and bears a fixed interest rate. The facility has a diverse maturity and ranging from February 2014 until March 2017.

On 12 May 2011, the Subsidiary and Panin also signed loan agreement whereby Panin provide a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 12 November 2012 with additional facility up to Rp300,000 and will mature on 12 May 2014.

On 11 July 2013, the Subsidiary entered into working capital facility agreement with Panin. The agreement has been amended by latest addendum of agreement dated 25 June 2013, whereby Bank Panin granted working capital facility of Rp200,000 cross clearing facility of Rp200,000, forex transaction facility (spot/forward) USD10,000,000 and bank gurantee facility of Rp200,000 and will be due on 30 June 2014. Based on the terms of the agreement, interest for the working capital is determined based on the annual term lending rate of Bank Panin.

PT Bank Central Asia Tbk.

On 7 March 2001, the Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provide an overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 24 March 2011 with additional facility up to Rp55,000 and maturity date was extended to 12 March 2014.

On 24 March 2011 and the last on 14 December 2012, the Subsidiary and BCA has also entered into several loan agreements where BCA provides some term loan facility with a total limit of Rp800,000 non-revolving and bears a fixed interest rate. The facility has a maturity that is diverse and ranges from April 2014 through to March 2016.

On 19 July 2013, the Subsidiary and BCA signed a loan agreement whereby BCA provide term loan facility with a total limit of revolving Rp533,750 (uncommitted) and at fixed rates. The facility has a diverse maturity and ranges from July 2014 through to September 2016.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Central Asia Tbk. (continued)

On 25 February 2013, the Subsidiary entered into banking facility agreement with BCA, whereby the Subsidiary has been provided by multifacility banking facility of Rp200,000, consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be due on 24 February 2014. The interest for funding is determined based on agreed interest rate on facility drawdown.

On 11 June 2013, the Subsidiary and BCA signed a loan agreement whereby the Bank gives money market facility with a limit of Rp100,000 revolving and bears a floating interest rate. The facility matures on 12 March 2014.

PT Sarana Multigriya Finansial (Persero)

On 3 October 2011, the Subsidiary (*Mudharib*) and PT Sarana Multigriya Finansial (SMF) (*Shahibul Mal*) has entered into a *Mudharabah wal Murabahah* financing agreement which will be matured within 3 (three) years from the date of financing, amounting to Rp300,000. The financing is intended to support the *Mudharib*'s working capital in mortgage financing to debtors (PPR) using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 65.00% for *Shahibul Mal* and 35.00% for the *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, respectively Rp100,000 and Rp200,000 which began in October 2011. Revenue sharing will be paid monthly starting from November 2011.

On 29 December 2011, PT SMF provided additional facility amounting to Rp300,000 for 3 years since the date of financing establishment to provide *Mudharib* working capital for PPR facility by using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 62.00% for *Shahibul Mal* and 38.00% for *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, each at Rp150,000 on 29 December 2011 and 30 January 2012. Revenue sharing will be paid monthly starting from January 2012.

PT Bank DKI

On 17 September 2013, the Subsidiary and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several facilities with a total term loan facility of Rp540,000 which is non-revolving and bears a fixed interest rate. These facilities have a diverse maturity and range from March 2014 to September 2016.

PT Bank BTPN Tbk.

On 26 January 2011, the Subsidiary entered into money market facility agreement amounting to Rp150,000 with PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). The agreement has been amended by latest addendum of agreement dated March 6, 2013 with increase in facility limit to Rp200,000 and validity period until 26 January 2014. The agreement has been subsequently extended until 26 January 2015. Under the terms of the agreement, the interest for the funding facility is determined based on the annual term lending rate of BTPN.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Negara Indonesia (Persero) Tbk.

On 23 November 2011, the Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed the joint financing agreement where BNI provides several joint financing facilities with total limit of Rp633,509 which is revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between January 2014 up to June 2016.

PT Bank Jabar Banten Tbk.

On 1 November 2011 and 30 November 2012, the Subsidiary and PT Bank Jabar Banten Tbk. (BJB) signed loan agreement whereby BJB provided several term loan facility with total limit of Rp300,000 which is non-revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between October 2014 up to November 2015.

PT Bank International Indonesia Tbk

On 30 May 2011, the Subsidiary entered into money market line facility agreement with PT Bank Internasional Indonesia Tbk ("BII"), whereby the Subsidiary has been granted money market line facility of Rp150,000 and sub limit facility in the form of uncommitted bank guarantee facility of Rp100,000 with validity period until 1 June 2012. This facility has been extended to 1 June 2014. Under the terms of the agreement, interest for the money market line facility is determined based on the annual term lending rate of BII.

The Hong Kong and Shanghai Banking Corporation Ltd,

On 23 February 2011, the Subsidiary entered into renewal short-term funding facilities and exposure risk limit (weighted)/option facility agreements with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") amounted to Rp175,000,000 (full amount), USD5,000,000 (full amount), and USD1,000,000 (full amount), respectively. Under the terms of the agreement, interest for the funding facility is determined based on the annual term lending rate of HSBC. On 30 May 2013, these facility agreements are renewed.

PT Bank Commonwealth

On 5 March 2013, the Subsidiary and PT Bank Commonwealth signed a loan agreement in which Commonwealth provides a non revolving facility amounting to Rp130,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 up to April 2016.

Standard Chartered Bank, Jakarta

On 8 September 2006, the Subsidiary entered into working capital facility agreement with Standard Chartered Bank ("SCB"). The agreement has been amended by latest addendum of agreement dated 31 August 2012, whereby the Subsidiary has been provided by bank guarantee facility of Rp100,000 and was due on 31 August 2013. This facility has been automatically extended for one year. The bank guarantee is issued for KPEI as one of factors considered in determining the Subsidiary's limit of shares information.

On 28 September 2010, the Subsidiary is also granted short-term loan facility amounted to Rp175,000. The agreement has been amended by latest addendum of agreement dated 31 August 2012 and will be matured on 31 August 2013. The facility has been automatically extended for one year. The extension of facility validity period is in process. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank OCBC NISP Tbk.

On 27 June 2011 and 16 December 2011, the Subsidiary and PT Bank OCBC NISP Tbk. (OCBC) signed loan agreement whereby OCBC provides several non revolving term loan facility with total facility of Rp150,000 and bear fixed interest rate. These facility have various maturity dates ranging between June 2014 up to February 2015.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, the Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement No. 26 dated 20 May 2010. This agreement has been extended up to 20 June 2014. Danamon provides a revolving working capital facility amounting to Rp100,000 and bears a floating interest rate. Danamon also provides several revolving term loan facilities with total facility of Rp51,000 and bear fixed interest rate. These facility have various maturity dates ranging between February 2014 up to July 2014.

PT Bank UOB Indonesia

On 29 November 2010, the Subsidiary and PT Bank UOB Indonesia (UOB) signed a loan agreement whereby UOB provides several non revolving term loan facilities with total facilities of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 1 December 2013 up to 30 December 2013. This loan has been paid by the Subsidiary.

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from 1 January 2013 to 31 December 2013.

For the period from 1 January 2013 to 31 December 2013, Bank Mandiri and its Subsidiaries have fulfilled all debt covenants as stipulated in all of the above fund borrowing agreements.

37. SUBORDINATED LOANS

By Type and Currency:

	2013	2012
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,939,800	1,936,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	74,566	95,870
(b) ASEAN Japan Development Fund - Overseas		
Economic Cooperation Fund (AJDF - OECF)	-	6,501
	74,566	102,371
Bank Indonesia	687,153	1,374,306
Subordinated Bond Rupiah Bank Mandiri I	1,544,629	1,544,879
	2,306,348	3,021,556
Total Rupiah	4,246,148	4,958,356

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37. SUBORDINATED LOANS (continued)

By Type and Currency (continued):

	2013	2012
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(c) Asian Development Bank (ADB)	219,467	179,594
Total foreign currencies (Note 61B.(v))	219,467	179,594
	4,465,615	5,137,950

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank IV	To promote and finance high priority investment projects in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	15 April 1997 - 28 February 2017 with the 1 st installment on 31 August 2002.

The details of credit facilities from NIB are as follow:

	2013	2012
Nordic Investment Bank IV (NIB IV)	74,566	95,870

The interest rates of NIB IV facility is based on floating interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Bank Indonesia in the last 3 (three) months.

(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)

This account represents a credit facility obtained from ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Pollution Abatement Equipment Program (PAE)	To purchase the equipment to prevent the pollution.	19 August 1993 - 19 August 2013, with 1 st installment on 15 August 1998.
Small Scale Industry (SSI)	To finance small-scale industry.	19 August 1993 - 19 August 2013, with 1 st installment on 15 August 1998.

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37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)
(continued)

The details of outstanding credit facilities from AJDF - OECF are as follow:

	2013	2012
(a) Pollution Abatement Equipment Program (PAE)	-	6,293
(b) Small Scale Industry (SSI)	-	208
	-	6,501

Tenor on the above AJDF - OECF facilities are within 20 (twenty) years after the first drawdown (inclusive of a 5 years grace period) and will be settled in 30 (thirty) semi-annual installments starting from 15 August 1998 to 15 February 2013. This loan has been repaid at maturity date.

The PAE facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia's interest rate for the last 3 (three) months, less 5.00% per annum.

The SSI facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia's interest rate for the last 3 (three) months, less 2.50% per annum.

(c) Asian Development Bank (ADB)

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 re-lent 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)	To finance Micro Credit Project (PKM).	15 January 2005 - 15 July 2029 with 1 st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2013	2012
ADB 1327 - INO (SF)	219,467	179,594

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37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(c) Asian Development Bank (ADB) (continued)

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has 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 27 April 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated 22 April 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 16 July 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 15 January and 15 July, with the first installment paid on 15 January 2005 and will ended on 15 July 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every 15 January and 15 July every year starting from its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which was used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo were the ex-legacy of the Bank.

The details of this facility as at 31 December 2013 and 2012, are as follow:

<u>Bank</u>	<u>Tenor</u>	<u>2013</u>	<u>2012</u>	<u>Interest Rate</u>
PT Bank Mandiri (Persero) Tbk.	30 November 2004 - 31 March 2014 with 1 st installment on 30 November 2004	687,153	1,374,306	0.20% per annum
		687,153	1,374,306	

Bank Indonesia agreed to restructure the subordinated loans of BDN amounting to Rp736,859 and from Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 as stated in Bank Indonesia letter No. 6/360/BKr dated 23 November 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into the amount of Rp2,491,859, with a repayment period of 10 (ten) years from 2004 to 2014. The restructured loan bears an interest rate of 0.20% per annum which is calculated based on the remaining principal loan balance. The restructuring of the subordinated loans was legalised in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated 7 December 2004 by Notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

Based on Bank Indonesia letter No. 14/327/DKBU dated 19 December 2012 regarding the Restructuring of Subordinated Loans, Bank Indonesia agreed to restructure the subordinated loans by changing the composition of principal amount installment over the remaining period and required additional collateral pledged in form of Government Bonds VR0029 series amounting to Rp2,061,459 without preference rights (Note 8c). The restructuring of the subordinated loans was legalised in the notarial deed No. 15 regarding the Addendum of the Restructuring of Subordinated Loans Agreement and notarial deed No. 16 regarding the submission of Collateral, which both dated on 19 December 2012 by Notary Mutiara Siswono Patiendra, S.H. in Jakarta.

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37. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on 14 December 2009, Bank Mandiri has issued Subordinated Bond Rupiah Bank Mandiri I 2009 (Subordinated Bond) amounting to Rp3,500,000. The proceeds from the issuance of Subordinated Bond is treated as lower tier 2 capital in accordance with regulation of Bank Indonesia. As at 31 December 2013, the unamortised issuance cost of Subordinated Bond is amounting to Rp10,571 (2012: Rp13,321).

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and became effective through the letter of Chairman of the Financial Service Authority (OJK) (formerly Capital Market & Financial Institutions Supervisory Agency (Bapepam and LK)), No. S-10414/BL/2009 dated 3 December 2009.

Bank Mandiri had listed the Subordinated Bond at the Indonesia Stock Exchange (BEI) on 14 December 2009, based on announcement from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, issued as scripless trading with a fixed coupon rate of 11.85% per annum. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interest on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including the maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance to the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2013 to 31 December 2013.

As at 31 December 2013 and 2012, the rating of the Subordinated Bond based on Pefindo was *id*AA+ (double A Plus).

38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	2013	2012
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musytarakah</i>	14,263	2,212
Demand deposits - restricted investment	3,612	271
Total Rupiah	17,875	2,483
Foreign currency		
Third parties		
Demand deposits - <i>Mudharabah Musytarakah</i>	-	675
Total foreign currency	-	675
	17,875	3,158

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.

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38. TEMPORARY SYIRKAH FUNDS (continued)

Temporary *Syirkah* funds consists of: (continued)

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	<u>2013</u>	<u>2012</u>
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
Institution <i>Mudharabah</i> saving deposits	76,586	17,820
BSM saving deposits	16,177	9,866
<i>Investa Cendekia</i> saving deposits	1,217	1,246
<i>Berencana</i> BSM saving deposits	778	1,031
<i>Mabrur</i> saving deposits	75	142
	<u>94,833</u>	<u>30,105</u>
Third parties		
Saving deposits - restricted investment	689,174	720,451
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	16,293,842	14,421,195
<i>Mabrur</i> saving deposits	2,939,918	2,674,293
<i>Investa Cendekia</i> saving deposits	290,818	245,105
<i>Berencana</i> BSM saving deposits	156,646	146,550
Retirement saving deposits	27,493	8,235
<i>Qurban</i> saving deposits	549	489
<i>Al Washilyah</i> Mandiri saving deposits	4	30
	<u>20,398,444</u>	<u>18,216,348</u>
	<u>20,493,277</u>	<u>18,246,453</u>

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 for *Mudharabah* Saving Deposits - unrestricted investment:

	<u>2013</u>	<u>2012</u>
Profit sharing ratio	0.23% - 5.64%	0.23% - 7.17%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	<u>2013</u>	<u>2012</u>
Rupiah		
Related parties (Note 55)	930,768	1,948,288
Third parties	23,430,232	18,630,912
Total Rupiah	<u>24,361,000</u>	<u>20,579,200</u>
Foreign currency		
Related parties (Note 55)	445	124
Third parties	2,472,808	1,247,320
Total foreign currencies	<u>2,473,253</u>	<u>1,247,444</u>
	<u>26,834,253</u>	<u>21,826,644</u>

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38. TEMPORARY SYIRKAH FUNDS (continued)

b. Deposits from Other Banks

	2013	2012
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	144,876	181,054
<i>Mudharabah</i> time deposits - unrestricted investment	83,397	122,765
	228,273	303,819

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks.

1) By contract period:

	2013	2012
Rupiah:		
1 month	15,584,006	9,603,663
3 months	3,764,378	7,357,607
6 months	1,895,872	1,861,073
12 months	3,200,141	1,879,622
Total Rupiah	24,444,397	20,701,965
Foreign currency:		
1 month	1,697,126	922,050
3 months	297,369	271,829
6 months	398,047	16,870
12 months	80,711	36,695
Total foreign currencies	2,473,253	1,247,444
	26,917,650	21,949,409

2) By remaining period until maturity dates:

	2013	2012
Rupiah:		
Less than 1 month	16,875,441	12,227,135
1 - 3 months	2,772,305	2,030,792
3 - 6 months	2,981,251	5,918,354
6 - 12 months	1,815,400	525,684
Total Rupiah	24,444,397	20,701,965
Foreign currency:		
Less than 1 month	2,448,867	959,493
1 - 3 months	12,080	215,710
3 - 6 months	10,317	45,215
6 - 12 months	1,989	27,026
Total foreign currencies	2,473,253	1,247,444
	26,917,650	21,949,409

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 arranged in *Mudharabah Muthlaqah* agreement.

3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits:

	2013	2012
Rupiah	4.06% - 6.51%	4.69% - 6.80%
Foreign currency	1.17% - 1.74%	1.36% - 1.81%

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing is amounting to Rp926,464 and Rp769,144 as at 31 December 2013 and 2012, respectively.

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39. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	<u>2013</u>	<u>2012</u>
AXA Mandiri Financial Services	941,561	785,967
Mandiri Tunas Finance	337,047	259,193
Mandiri AXA General Insurance	80,180	89,149
Bank Sinar Harapan Bali	12,475	31,090
Bumi Daya Plaza *)	-	8,696
Usaha Gedung Mandiri *)	-	1,295
Mandiri Sekuritas	96	79
	<u>1,371,359</u>	<u>1,175,469</u>

*) Bank sold its share ownership in these 2 entities on 19 December 2013 (refer to Note 1g and 40b).

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as at 31 December 2013 and 2012, respectively, were as follows:

	<u>2013 and 2012</u>			Percentage Of Ownership
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	
Authorised Capital				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	<u>31,999,999,999</u>	500	<u>15,999,999,999,500</u>	<u>100.00%</u>
Total Authorised Capital	<u>32,000,000,000</u>		<u>16,000,000,000,000</u>	<u>100.00%</u>
Issued and Fully Paid Capital				
Republic of Indonesia				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	13,999,999,999	500	6,999,999,999,500	60.00%
Public (less than 5% each)				
- Common Shares Series B	<u>9,333,333,333</u>	500	<u>4,666,666,666,500</u>	<u>40.00%</u>
Total Issued and Fully Paid Capital	<u>23,333,333,333</u>		<u>11,666,666,666,500</u>	<u>100.00%</u>

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated 2 October 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:

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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 ("*inbrenng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated 2 October 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 24 July 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 in 1999.

Based on the Extraordinary General Shareholders' Meeting resolution dated 29 May 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated 29 May 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 Shareholders' Meeting also approved the allocation on part of Recapitalisation Fund amounting to Rp168,801,315 as share premium.

The above changes in capital structure became effective started from 23 May 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the General Shareholders Meeting.

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 Shareholders' Meeting can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The General Shareholders' Meeting agendas where the Dwiwarna Series A shareholder 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 Notary Sutjipto, S.H. No. 2 dated 1 June 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 6 June 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated 8 August 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 (PP) No. 26 year 2003 dated 29 May 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 29 October 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 23 May 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".

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated 29 May 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus 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 is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On 14 July 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).

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated 2 June 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 19 January 2004, the Government of the Republic of Indonesia divested an additional 10.00% ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on 11 March 2004 through private placement.

On 14 July 2003, the date of the IPO, through MSOP Stage 1 (Management Stock Option Plan - 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 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004.

The Annual General Shareholders' Meeting on 16 May 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, share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 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 2 February 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/agio.

The Annual General Shareholders' Meeting on 22 May 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.

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 14 February 2011 until 21 February 2011. The un-exercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/agio.

On 27 December 2010, Bank Mandiri submitted a first registration to the Financial Services Authority (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the limited public offering 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 29 April 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated 17 September 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated 20 November 2010.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

The Limited Public Offering (LPO) has been approved by the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") through its letter No. S-807/BL/2011 dated 27 January 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on 28 January 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of 14 - 21 February 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.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/agio as at 31 December 2013 and 2012 amounted to Rp17,316,192 and Rp17,195,760 are derived from Limited Public Offering and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in PT Usaha Gedung Mandiri and PT Bumi Daya Plaza (Note 1g). As at 31 December 2013 and 2012, the share premium amount of Rp17,316,192 and Rp17,195,760 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 entities under common control, which represents the difference between selling price and book value of shares in consolidated financial statements (Note 1g). 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.

Based on the results of a due diligence review conducted on behalf of the Government dated 31 December 1999 and Management Contract (IMPA) dated 8 April 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 7 July 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on 25 April 2003 based on approval from the shareholders during its meeting on 29 October 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated 29 October 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 23 May 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated 30 September 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.

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40. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Share Premium (continued)

Through quasi-reorganisation, the Bank's accumulated losses as at 30 April 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 2 April 2013 and 23 April 2012, the shareholders approved the distribution of the 2012 and 2011 net income as follows:

	<u>2012</u>	<u>2011</u>
Dividends	4,651,220	2,449,209
Cooperative Development Fund Program	-	122,461
Community Development Fund Program	-	367,381
	<u>4,651,220</u>	<u>2,939,051</u>
Retained Earnings		
Appropriated	1,503,894	-
Unappropriated	9,348,953	9,306,993
	<u>15,504,067</u>	<u>12,246,044</u>
Dividend per share (full amount)	<u>199.33799</u>	<u>104.96609</u>

Dividends from 2012 net income amounted to Rp4,651,220 were paid on 16 May 2013. Dividends from 2011 net income amounted to Rp2,449,209 were paid on 5 June 2012. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment date.

The appropriated retained earnings amounting Rp1,503,894 is allocated to business expansion and supporting infrastructure construction such as procurement of office building and construction of Mandiri University.

There is no funds allocated to cooperative and community development programs from net profit of 2012. The funds allocation for the Cooperative and Community Development Program generated from net profit of 2011 were paid on 31 May 2012.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	<u>2013</u>	<u>2012</u>
<u>Interest income</u>		
Loans	38,195,089	32,310,460
Government Bonds	3,483,598	3,075,008
Marketable securities	1,085,226	886,746
Placements with Bank Indonesia and other banks	846,733	730,463
Consumer financing income	919,784	654,336
Others	608,123	546,243
Total	<u>45,138,553</u>	<u>38,203,256</u>

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41. INTEREST INCOME AND SHARIA INCOME (continued)

	<u>2013</u>	<u>2012</u>
<u>Sharia income</u>		
<i>Murabahah and Istishna</i> income - net	3,779,632	3,081,755
<i>Mudharabah</i> income	543,973	629,465
<i>Musyarakah</i> income	704,007	602,855
<i>Ijarah</i> income - net	42,677	33,111
Total	<u>5,070,289</u>	<u>4,347,186</u>
Total Interest Income and Sharia Income	<u>50,208,842</u>	<u>42,550,442</u>

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 31 December 2013 and 2012 amounting to Rp428,314 and Rp470,836 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2013 and 2012 amounting to Rp1,142,351 and Rp1,021,887.

As at 31 December 2013 and 2012, included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp187,609 and Rp152,464, respectively.

As at 31 December 2013 and 2012 included in interest income and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp3,511,576 and Rp3,114,634 (refer to Note 55).

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	<u>2013</u>	<u>2012</u>
Time deposits	10,218,571	8,814,381
Saving deposits	3,218,371	2,860,075
Demand deposits	1,398,900	1,259,805
Insurance premiums on third party funds guarantee program (Note 63)	1,032,792	890,977
Fund borrowings	643,431	484,377
Subordinated loans	428,942	421,366
Marketable securities issued	218,599	107,535
Others	272,610	181,334
	<u>17,432,216</u>	<u>15,019,850</u>

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2013 and 2012 amounting to Rp2,183,205 and Rp1,913,566, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended 31 December 2013 and 2012 amounting to Rp77,562 and Rp82,522, respectively (refer to Note 55).

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43. OTHER OPERATING INCOME - OTHERS

	<u>2013</u>	<u>2012</u>
Recovery of written-off loans in the previous period related to implementation of SFAS 55	2,667,367	2,284,796
Income from loan written-off	335,189	265,303
Income from penalty	129,525	112,844
Stamp duty income	52,369	52,250
Safety deposit box	35,243	29,831
Others	909,750	657,967
	<u>4,129,443</u>	<u>3,402,991</u>

44. ALLOWANCE FOR IMPAIRMENT LOSSES

	<u>2013</u>	<u>2012</u>
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	(3,726)	4,938
Placements with other banks (Note 6e)	(8,548)	75,272
Marketable Securities (Note 7g)	(30,199)	(29,411)
Other receivables - trade transactions (Note 9d)	(39,848)	13,263
Loans (Note 12B.j)	(4,635,551)	(3,414,546)
Consumer financing receivables (Note 13c)	(150,153)	(120,117)
Net investment in lease finance (Note 14c)	(6,756)	(1,570)
Acceptance receivables (Note 15d)	3,649	51,341
Investments in shares (Note 16c)	(310)	(2,237)
	<u>(4,871,442)</u>	<u>(3,423,067)</u>

45. (ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

	<u>2013</u>	<u>2012</u>
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(4,337)	(9,603)
Estimated losses arising from legal cases	(14,409)	(16,611)
Others assets (Note 20)	23,070	13,124
	<u>4,324</u>	<u>(13,090)</u>

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	<u>2013</u>	<u>2012</u>
Marketable securities	(26,049)	26,680
Government Bonds	(193,304)	15,790
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	(737,407)	351,192
- Increase in liability in unit-linked contracts	737,407	(351,192)
	<u>(219,353)</u>	<u>42,470</u>

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47. GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	<u>2013</u>	<u>2012</u>
Marketable securities		
Fair value through profit and loss	6,145	76,919
Available for sale	(2,709)	(50,992)
Government Bonds		
Fair value through profit and loss	(11,293)	91,293
Available for sale	46,973	179,519
	<u>39,116</u>	<u>296,739</u>

48. SALARIES AND EMPLOYEE BENEFITS

	<u>2013</u>	<u>2012</u>
Salaries, wages, pension and tax allowances	5,233,494	4,476,187
Holidays (THR), leave and related entitlements	956,753	810,835
Employee benefits in kind	752,661	579,503
Training and education	423,474	371,976
Provision for post-employment benefit expenses	321,791	174,395
Provision of <i>tantiem</i>	160,243	112,739
Bonuses and others	1,582,921	1,520,081
	<u>9,431,337</u>	<u>8,045,716</u>

Total gross salaries and allowances, bonus/*tantiem*, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Sharia Supervisory Board and Executive Vice President and Senior Vice President are amounting to Rp586,221 and Rp521,447 (Note 55) for the years ended 31 December 2013 and 2012, respectively as follows:

	<u>2013</u>			
	<u>Salaries and Allowance</u>	<u>Bonus/ Tantiem</u>	<u>Long-term Employment Benefits</u>	<u>Total</u>
The Board of Commissioners	29,173	52,636	1,757	83,566
Directors	111,619	169,158	11,482	292,259
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,133	1,129	-	4,262
Sharia Supervisory Board	1,159	21	-	1,180
Executive Vice Presidents and Senior Vice Presidents	119,644	74,614	10,696	204,954
	<u>264,728</u>	<u>297,558</u>	<u>23,935</u>	<u>586,221</u>
	<u>2012</u>			
	<u>Salaries and Allowance</u>	<u>Bonus/ Tantiem</u>	<u>Long-term Employment Benefits</u>	<u>Total</u>
The Board of Commissioners	35,001	43,883	2,333	81,217
Directors	105,432	137,306	12,415	255,153
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	2,941	1,117	-	4,058
Sharia Supervisory Board	1,110	220	-	1,330
Executive Vice Presidents and Senior Vice Presidents	106,846	63,157	9,686	179,689
	<u>251,330</u>	<u>245,683</u>	<u>24,434</u>	<u>521,447</u>

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49. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2013</u>	<u>2012</u>
Professional fees	1,978,886	1,376,443
Rent	1,157,268	964,594
Promotions	989,542	1,000,810
Repairs and maintenance	883,411	861,311
Depreciation of fixed assets (Note 18)	822,193	620,675
Goods/services provided by third parties	829,061	634,016
Communications	824,442	763,002
Electricity, water and gas	433,332	380,490
Office supplies	412,631	356,873
Transportations	294,589	265,332
Traveling expenses	212,948	167,844
Amortisation of intangible assets	131,282	89,884
Insurance expenses	75,737	65,550
Others	853,078	707,078
	<u>9,898,400</u>	<u>8,253,902</u>

For the year ended 31 December 2013 and 2012, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp21,880 and Rp34,006, respectively.

50. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance (THR), 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.

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 Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on 1 August 1999. The DPBM's regulations were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated 14 July 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated 26 April 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated 22 July 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated 27 September 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated 28 June 2005.

Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. DPBM invests a part of its investment fund in Bank Mandiri time deposits and deposit on-call, of which total balance as at 31 December 2013 and 2012 were Rp97,200 and Rp82,260 respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended 31 December 2013 and 2012, the Bank has paid pension contributions amounting to Rp252,762 and Rp226,929, respectively.

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

- b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters 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 15 November 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated 6 March 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations (*Peraturan Dana Pensiun (PDP)*) which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, all dated 31 March 2003.

The members of the defined benefit pension plans are the employees from the legacy banks who have rendered three or more services years at the time of merger and are comprise of active employees of the Bank, former employee (those who have resigned and did not transfer their beneficial right to other pension plan) and pensioners.

Based on the decision of the General Meeting of Shareholders dated 28 May 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated 20 July 2007.

Based on the approval of the General Meeting of Shareholders (AGM) on 17 May 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated 10 August 2010 (DPBMS); No. KEP-442/KM.10/2010 dated 10 August 2010 (DPBMD); No. KEP-443/KM.10/2010 dated 10 August 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated 10 August 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on 23 May 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated 20 July 2011 (DPBMS); No. KEP-589/KM.10/2011 dated 20 July 2011 (DPBMD); No. KEP-590/KM.10/2011 dated 20 July 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated 20 July 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on 2 April 2013, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-349/NB.1/2013 dated 14 June 2013 (DPBMS); No. KEP-350/NB.1/2013 dated 14 June 2013 (DPBMD); No. KEP-351/NB.1/2013 dated 14 June 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated 14 June 2013 (DPBME).

As at 31 December 2013 and 2012, the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013 and the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended on 31 December 2012. The assumptions used for the years ended 31 December 2013 and 2012 are as follows:

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)
Expected rate of return on pension plan assets	9.50% per annum (2012: 8.75%)	9.00% per annum (2012: 9.25%)	8.50% per annum (2012: 8.00%)	9.00% per annum (2012: 8.00%)
Working period used	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999
Pensionable salary (PhDP) used	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after
Disability rate	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III
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	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2013, based on independent actuarial report, are as follows:

	<u>DPBMS</u>	<u>DPBMD</u>	<u>DPBMT</u>	<u>DPBME</u>
Projected benefit obligations	1,215,780	1,472,346	589,041	422,773
Fair value of plan assets	<u>1,540,476</u>	<u>1,770,137</u>	<u>816,426</u>	<u>551,037</u>
Funded Status	324,696	297,791	227,385	128,264
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	<u>(279,941)</u>	<u>(268,790)</u>	<u>(213,160)</u>	<u>(65,822)</u>
Surplus based on SFAS No. 24	44,755	29,001	14,225	62,442
Asset ceiling*)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pension Plan Program Assets recognised in statements of financial position **)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

*) 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.

**) There are no plan assets recognised in the 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 at 31 December 2012, based on independent actuarial report, are as follow:

	<u>DPBMS</u>	<u>DPBMD</u>	<u>DPBMT</u>	<u>DPBME</u>
Projected benefit obligations	1,193,395	1,485,326	610,097	436,301
Fair value of plan assets	<u>1,688,723</u>	<u>1,879,761</u>	<u>833,891</u>	<u>610,795</u>
Funded Status	495,328	394,435	223,794	174,494
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	<u>(369,619)</u>	<u>(221,405)</u>	<u>(190,852)</u>	<u>(63,214)</u>
Surplus based on SFAS No. 24	125,709	173,030	32,942	111,280
Asset ceiling*)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pension Plan Program Assets recognised in statements of financial position **)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

*) 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.

**) There are no plan assets recognised in the statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

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50. EMPLOYEE BENEFITS (continued)

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 at 31 December 2013 and 2012 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp1,965,656 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp Rp1,635,427 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as at 31 December 2013 and 2012 are estimated using the employees service entitlements calculation for the years ended 31 December 2013 and 2012 as shown in the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013 and the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended 31 December 2012. The assumptions used by the actuary for the year ended 31 December 2013 and 2012 are as follows:

- a. Discount rate is 8.65% per annum (2012: 5.45% per annum).
- b. Expected rate of annual salary increase is 9.50% (2012: 8.50% per annum).
- c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
- d. Turnover rate is 5% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0% at age 55.
- e. Actuarial method is projected unit credit method.
- f. Normal retirement age is 56 years.
- g. Disability rate is 10% of TMI III.

Reconciliations between the provision for post employment benefits presented in the statements of financial position and statements of income, based on independent actuarial report, are as follows (Bank Mandiri only):

	<u>2013</u>	<u>2012</u>
Present value of obligations	1,597,813	1,757,767
Unrecognised past service cost	(21,952)	38,537
Unrecognised actuarial gains/(losses)	<u>140,547</u>	<u>(348,134)</u>
Provision for post employment benefits presented in statements of financial position	<u>1,716,408</u>	<u>1,448,170</u>
Current service cost	209,180	144,609
Interest cost	96,467	90,499
Amortisation of unrecognised past service cost	5,142	(1,138)
Amortisation of unrecognised actuarial gains/(losses)	16,494	15,285
Recognition of past service cost - vested	<u>119</u>	<u>-</u>
Cost of Pension benefits	<u>327,402</u>	<u>249,255</u>

Reconciliations of provision for post employment benefits are as follows:

	<u>2013</u>	<u>2012</u>
<u>Bank Mandiri</u>		
Beginning balance of provision for post employment benefits	1,448,170	1,273,102
Expenses during the year	327,402	249,255
Payments of benefits	<u>(59,164)</u>	<u>(74,187)</u>
Provision for post employment benefits (Bank Mandiri)	1,716,408	1,448,170
<u>Subsidiaries</u>		
Provision for post employment benefits	<u>241,008</u>	<u>179,017</u>
Total provision for post employment benefits	<u>1,957,416^{*)}</u>	<u>1,627,187^{*)}</u>

^{*)} As at 31 December 2013 and 2012, the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp8,240 respectively, which was excluded from actuarial computation.

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

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):

	2013	2012	2011	2010	2009
Present value of defined benefit obligations	1,597,813	1,757,767	1,547,952	1,262,717	947,923
Fair value of plan assets	-	-	-	-	-
Deficit program	1,597,813	1,757,767	1,547,952	1,262,717	947,923
Experience adjustments on liabilities program	24,497	93,991	127,820	(58,912)	94,130
Experience adjustments on plan assets	-	-	-	-	-

51. OTHER OPERATING EXPENSES - OTHERS - NET

	2013	2012
Fees and commissions expenses	563,784	460,895
Insurance sales force compensation	341,997	322,128
Fees related to Credit card and ATM transactions	239,117	205,900
Fees from RTGS, remittance and clearing transactions	56,038	73,467
Employee restructuring costs	-	245,477
Others	970,314	1,305,543
	2,171,250	2,613,410

Others mainly consist of Subsidiary's commission expense from bancassurance and other commission expenses.

52. NON-OPERATING INCOME - NET

	2013	2012
Gain on sale of fixed assets	129,416	4,558
Building rental income	61,201	126,231
BOT transactions income (Note 18a)	15,597	325,930
Penalties	(9,759)	(5,382)
Gain on sale of foreclosed asset	-	361,295
Others - net	313,671	66,189
	510,126	878,821

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53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	<u>2013</u>	<u>2012</u>
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*):		
Third parties	61,640,491	62,067,865
Related parties	<u>23,511,102</u>	<u>21,329,639</u>
	<u>85,151,593</u>	<u>83,397,504</u>
Outstanding irrevocable letters of credit (Note 31):		
Third parties	9,420,727	6,557,295
Related parties	<u>5,797,403</u>	<u>5,407,443</u>
	<u>15,218,130</u>	<u>11,964,738</u>
Total Commitment Payables	<u>100,369,723</u>	<u>95,362,242</u>
Commitment Payables - Net	<u>(100,369,723)</u>	<u>(95,362,242)</u>
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	18,560,454	10,173,423
Interest receivable on non-performing assets	7,391,633	5,909,145
Others	<u>32,730</u>	<u>32,729</u>
Total Contingent Receivables	<u>25,984,817</u>	<u>16,115,297</u>
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Third parties	42,996,519	32,484,895
Related parties	<u>13,423,017</u>	<u>8,223,804</u>
	<u>56,419,536</u>	<u>40,708,699</u>
Standby letters of credit (Note 31)		
Third parties	2,553,754	3,335,790
Related parties	<u>6,098,592</u>	<u>4,555,073</u>
	<u>8,652,346</u>	<u>7,890,863</u>
Others	<u>256,757</u>	<u>247,777</u>
Total Contingent Payables	<u>65,328,639</u>	<u>48,847,339</u>
Contingent Payables - Net	<u>(39,343,822)</u>	<u>(32,732,042)</u>
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	<u>(139,713,545)</u>	<u>(128,094,284)</u>

*) Include committed and uncommitted unused loan facilities.

54. 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 at 31 December 2013 and 2012 are as follows:

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54. FOREIGN CURRENCY TRANSACTIONS (continued)

<u>Original Currency</u>	2013			
	Spot - Buy		Spot - Sell	
	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	89,920,346	1,094,331	82,703,495	1,006,502
Others ^{*)}	-	142,876	-	181,257
		<u>1,237,207</u>		<u>1,187,759</u>
	2012			
	Spot - Buy		Spot - Sell	
<u>Original Currency</u>	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	72,741,000	701,041	62,770,520	604,951
Others ^{*)}	-	72,314	-	66,283
		<u>773,355</u>		<u>671,234</u>

*) Consist of various foreign currencies.

55. 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:**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Kustodian Sentral Efek Indonesia	Associate Company
PT Sarana Bersama Pengembangan Indonesia	Associate Company
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
PT Mandiri Management Investasi	Controlled by the same ultimate shareholders
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Employees and pensioners as member and key management relationship

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55. RELATED PARTY TRANSACTIONS (continued)

The nature of transactions with related parties includes among others, current accounts with other banks, investments in shares, securities, employee's pension plan, loans, deposits from customers and bank guarantee.

• **Related parties relationship with government related entities**

<u>Related Parties</u>	<u>Nature of Relationship</u>
Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	Subsidiary of State Owned Enterprise
PT Pupuk Kujang	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Inhealth Indonesia	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
Perum Jaminan Kredit Indonesia (Jamkrindo)	State Owned Enterprise
Perum Jasa Tirta II	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
Perum Percetakan Uang Republik Indonesia/Perum Peruri	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
PT Amarta Karya	State Owned Enterprise
PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
PT Angkasa Pura I (Persero)	State Owned Enterprise
PT Angkasa Pura II (Persero)	State Owned Enterprise
PT ASABRI (Persero)	State Owned Enterprise
PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
PT ASKES (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askrimdo (Persero)	State Owned Enterprise
PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
PT Balai Pustaka	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhandha Ghara Rekasa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farma (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Cambrics Primiissima (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
PT Dok dan Perkapalan Surabaya	State Owned Enterprise
PT Elnusa Tbk.	State Owned Enterprise
PT Energi Manajemen Indonesia	State Owned Enterprise
PT Garam (Persero)	State Owned Enterprise
PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
PT Hotel Indonesia Natour	State Owned Enterprise
PT Utama Karya (Persero)	State Owned Enterprise
PT Iglas (Persero)	State Owned Enterprise
PT Indah Karya	State Owned Enterprise
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indosat Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
PT Inhutani I	State Owned Enterprise
PT Inhutani II	State Owned Enterprise
PT Inhutani III	State Owned Enterprise
PT Inhutani IV	State Owned Enterprise
PT Inhutani V	State Owned Enterprise
PT INTL (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jamsostek (Persero)	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
PT Kawasan Industri Medan (Persero)	State Owned Enterprise
PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
PT Kertas Leces (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
PT Kliring Berjangka Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
PT LEN Industri (Persero)	State Owned Enterprise
PT Merpati Nusantara Airlines	State Owned Enterprise
PT Nindya Karya (Persero)	State Owned Enterprise
PT PAL Indonesia (Persero)	State Owned Enterprise
PT Pann Multi Finance (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Bahtera Adiguna	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
PT Perikanan Nusantara	State Owned Enterprise
PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
PT Permodalan Nasional Madani (Persero)	State Owned Enterprise
PT Pertamina (Persero)	State Owned Enterprise
PT Pertani (Persero)	State Owned Enterprise
PT Perusahaan Gas Negara Tbk.	State Owned Enterprise
PT Perusahaan Listrik Negara (Persero)	State Owned Enterprise
PT Perusahaan Pengelola Aset	State Owned Enterprise
PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise
PT Pindad (Persero)	State Owned Enterprise
PT Pos Indonesia (Persero)	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

<u>Related Parties</u>	<u>Nature of Relationship</u>
PT Rajawali Nusantara Indonesia	State Owned Enterprise
PT Reasuransi Umum Indonesia	State Owned Enterprise
PT Rukindo	State Owned Enterprise
PT Sang Hyang Seri	State Owned Enterprise
PT Sarana Karya	State Owned Enterprise
PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (dahulu PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Taspen	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Virama Karya	State Owned Enterprise
PT Waskita Karya (Persero)	State Owned Enterprise
PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
PT Yodya Karya (Persero)	State Owned Enterprise
Lembaga Pembiayaan Ekspor Indonesia	Government Agency
Pusat Investasi Pemerintah	Government Agency
PT Indonesia Infrastruktur Finance	Government Agency

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, securities purchased under resale agreement, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, *interbank call money*, acceptance payables, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

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.

On 19 December 2013, Bank Mandiri sold all of its shares in UGM to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 2, Mandiri Healthcare and BDP to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 1, Mandiri Healthcare with market value amounting to Rp396,000. This transaction represents transaction between entities under common control (refer Note 1g and 40b).

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55. RELATED PARTY TRANSACTIONS (continued)

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus/*tantiem*, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Syariah Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended 31 December 2013 and 2012 amounting to Rp586,221 and Rp521,447 or 2.73% and 2.76% of total consolidated operating expenses - others, respectively.

Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2013 and 2012 amounting to 15,598,741 shares and 22,132,760 shares or 0.05% and 0.07% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2013 and 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Assets		
Current accounts with other banks (Note 5a)	39,388	16,079
Placements with Bank Indonesia and other banks (Note 6b)	916,782	1,343,968
Marketable securities (Note 7a)*	8,937,255	4,190,754
Government Bonds (Note 8)	82,227,428	79,072,173
Other receivables - trade transactions (Note 9a)	3,904,858	3,784,548
Derivative receivables (Note 11)	2,792	231
Loans (Note 12A.a and 12B.g)	57,315,200	45,952,610
Consumer financing receivables (Note 13a)	5,738	5,197
Acceptance receivables (Note 15a)	779,807	1,505,031
Total assets with related parties	<u>154,129,248</u>	<u>135,870,591</u>
Total consolidated assets	<u>733,099,762</u>	<u>635,618,708</u>
Percentage of total assets with related parties to total consolidated assets	<u>21.02%</u>	<u>21.38%</u>
Liabilities		
Deposits from customers		
Demand deposits (Note 21a)	26,507,150	25,554,282
Saving deposits (Note 22a)	202,205	928,851
Time deposits (Note 23a)	27,976,500	21,604,790
Deposits from other banks		
Demand and saving deposits (Note 24a)	63,613	141,996
Liabilities sold with repo agreements to repurchase (Note 28)	1,509,324	-
Derivative payables (Note 11)	372	333
Acceptance payables (Note 29a)	445,929	262,481
Marketable securities issued (Note 30)	328,000	205,000
Fund borrowings (Note 36)	778,314	934,868
Subordinated loans (Note 37)	1,939,800	1,936,800
Total liabilities with related parties	<u>59,751,207</u>	<u>51,569,401</u>
Total consolidated liabilities	<u>596,735,488</u>	<u>519,483,045</u>
Percentage of total liabilities with related parties to total consolidated liabilities	<u>10.01%</u>	<u>9.93%</u>
Temporary <i>Syirkah</i> Funds (Note 38)	<u>1,026,046</u>	<u>1,978,517</u>
Percentage to total temporary <i>syirkah</i> funds	<u>2.16%</u>	<u>4.90%</u>

*) Marketable securities is presented gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

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55. RELATED PARTY TRANSACTIONS (continued)

	<u>2013</u>	<u>2012</u>
<u>Statements of Comprehensive Income</u>		
Interest income from Government Bonds and Treasury bills (Note 41)	3,511,576	3,114,634
Percentage to interest income and sharia income	<u>6.99%</u>	<u>7.32%</u>
Interest expense from fund borrowing (Note 42)	77,562	82,522
Percentage to interest expense and sharia expense	<u>0.44%</u>	<u>0.55%</u>

56. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each of reportable segments:

- Corporate : includes loans, deposits and other transactions by corporate customers.
- Commercial and Business : includes loans, deposits and other transactions by commercial and business banking customers (small to medium size).
- Micro and Retail : focuses on products and services for individual customers in micro and retail segments. It includes loans, deposits, payment transactions and other transactions by retail customers.
- Consumer : represents consumer financing business including housing loan, credit cards and other transactions by consumer customers.
- Treasury, Financial Institution and Special Assets Management (SAM) : treasury undertakes treasury activities which include foreign exchange, money market, and fixed income business. Financial institution undertakes international business banking, capital market and Cayman islands branch. SAM activities include non performing loan and abandoned properties management.
- Institutional Banking : focuses on handling deposits and other transactions with government related entities, which are not undertaken by other segments.
- Head Office : mainly manages Group's assets and liabilities that are not managed by other segments, act as cost centre for providing central shared services to other segments and absorb costs that are not allocated to other segments.
- Subsidiary – Sharia : includes all transactions undertaken by a Subsidiary engages in sharia banking.
- Subsidiary – Insurance : includes all transactions undertaken by a Subsidiary engages in life and general insurance.
- Subsidiaries – other than Sharia and insurance : includes all transactions undertaken by Subsidiaries engage in consumer financing, remittances, securities, building management and banking.

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56. SEGMENT INFORMATION (continued)

Account	2013										Total	
	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking ¹	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance		Adjustment and elimination (**)
Consolidated statement of income												
Interest and sharia income *)	12,018,419	16,856,799	20,653,671	6,344,540	3,808,308	4,698,210	3,264,806	5,437,851	218,690	1,230,528	(24,322,980)	50,208,842
Interest and sharia expense *)	(7,667,647)	(9,325,243)	(8,638,040)	(3,399,046)	(2,217,925)	(3,385,380)	(1,924,889)	(2,183,205)	-	(534,844)	21,844,003	(17,432,216)
Net Interest and sharia income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	218,690	695,684	(2,478,977)	32,776,626
Net Premium income	-	-	-	-	-	-	-	-	2,626,006	-	-	2,626,006
Net Interest and sharia and premium income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	2,844,696	695,684	(2,478,977)	35,402,632
Other operating income:												
Other fees and commission	900,670	445,954	4,041,935	937,724	422,442	153,097	642,292	1,163,604	-	483,402	(487,025)	8,704,095
Others	22,704	1,088,117	817,706	369,105	4,409,035	-	(972,912)	29,259	336,678	348,911	(466,061)	5,982,542
Total	923,374	1,534,071	4,859,641	1,306,829	4,831,477	153,097	(330,620)	1,192,863	336,678	832,313	(953,086)	14,686,637
(Allowance)/reversal for impairment losses on financial assets and others	205,493	(1,180,931)	(1,092,837)	(780,436)	312,215	(16,236)	(1,345,587)***	(835,662)	-	(154,539)	32,186	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	(2,769)	-	(219,954)	3,370	-	(219,353)
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	24,514	-	-	14,602	-	39,116
Other operating expenses:												
Salaries and employee benefit	(261,471)	(847,072)	(4,004,417)	(260,809)	(201,637)	(42,969)	(1,919,002)	(1,192,403)	(139,754)	(561,803)	-	(9,431,337)
General and administrative Expenses	(146,545)	(313,624)	(3,567,833)	(607,836)	(343,854)	(45,248)	(2,727,525)	(1,335,341)	(427,938)	(382,656)	-	(9,898,400)
Others - net	(131,151)	(64,790)	(1,398,858)	(79,342)	(87,666)	(101,190)	448,271	(209,201)	(886,960)	(147,388)	487,025	(2,171,250)
Total	(539,167)	(1,225,486)	(8,971,108)	(947,987)	(633,157)	(189,407)	(4,198,256)	(2,736,945)	(1,454,652)	(1,091,847)	487,025	(21,500,987)
Non operating income - net	10,121	24	3,397	39	542,935	-	(189,384)	8,934	1,030	160,396	(27,366)	510,126
Tax expense	-	-	-	-	-	-	(4,458,497)	(232,596)	(417,229)	(123,581)	-	(5,231,903)
Net income	4,950,593	6,659,234	6,814,724	2,523,939	6,643,853	1,260,284	(9,160,682)	651,240	1,090,569	336,398	(2,940,218)	18,829,934
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	626,181
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	18,203,753
Consolidated statements of financial position												
Loans – gross	138,784,783	163,402,908	27,049,793	56,603,364	6,174,114	24,963,069	-	50,125,273	-	734,028	(666,883)	467,170,449
Total Assets	136,546,324	160,654,227	39,209,271	56,823,336	128,696,764	25,026,890	101,293,365	63,965,361	17,444,167	13,270,221	(9,830,164)	733,099,762
Demand deposits	(37,031,828)	(17,056,237)	(41,827,746)	-	(1,198,359)	(19,136,692)	-	(7,507,387)	-	(67,941)	398,541	(123,427,649)
Saving deposits	(548,760)	(3,736,665)	(208,994,444)	-	(12,349)	(836,436)	-	(1,607,950)	-	(281,006)	-	(216,017,610)
Time deposits	(36,499,077)	(6,464,592)	(90,843,597)	-	(4,160,344)	(31,370,914)	-	-	-	(488,825)	276,352	(169,550,997)
Total deposit from customers	(74,079,665)	(27,257,494)	(341,665,787)	-	(5,371,052)	(51,344,042)	-	(9,115,337)	-	(837,772)	674,893	(508,996,256)
Total Liabilities	(74,545,756)	(25,121,684)	(338,136,349)	(465,220)	(17,926,045)	(52,445,688)	(57,048,121)	(11,529,685)	(15,428,860)	(10,552,166)	6,464,086	(596,735,488)

*) Include a component of internal transfer pricing amongst operating segments.

**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.

***) Represent impact of foreign exchange which not being allocated to each operating segment.

1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

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56. SEGMENT INFORMATION (continued)

Account	2012										Total	
	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking ¹	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance		Adjustment and elimination (**)
Consolidated statement of income												
Interest and sharia income *)	11,179,760	15,168,996	15,129,767	5,786,510	3,210,850	1,917,590	2,923,364	4,684,793	142,823	940,247	(18,534,258)	42,550,442
Interest and sharia expense *)	(6,421,316)	(6,971,830)	(6,995,761)	(2,371,704)	(2,267,151)	(1,409,200)	(1,565,686)	(2,006,353)	-	(394,832)	15,383,983	(15,019,850)
Net Interest and sharia income	4,758,444	8,197,166	8,134,006	3,414,806	943,699	508,390	1,357,678	2,678,440	142,823	545,415	(3,150,275)	27,530,592
Net Premium income	-	-	-	-	-	-	-	-	2,163,072	-	-	2,163,072
Net Interest and sharia and premium income	4,758,444	8,197,166	8,134,006	3,414,806	943,699	508,390	1,357,678	2,678,440	2,305,895	545,415	(3,150,275)	29,693,664
Other operating income:												
Other fees and commission	777,846	776,216	3,531,603	806,074	397,644	46,386	-	1,119,136	-	381,754	(436,304)	7,400,355
Others	52,680	252,593	757,380	259,247	3,385,313	-	(354,039)	18,784	207,896	250,921	(333,308)	4,497,467
Total	830,526	1,028,809	4,288,983	1,065,321	3,782,957	46,386	(354,039)	1,137,920	207,896	632,675	(769,612)	11,897,822
(Allowance)/reversal for impairment losses on financial assets and others	(236,969)	(1,196,443)	(885,021)	(720,624)	702,118	-	(635,296)***	(375,859)	-	(63,615)	19,489	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	4,274	-	41,524	(3,328)	-	42,470
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	287,327	-	9,532	(120)	-	296,739
Other operating expenses:												
Salaries and employee benefit	(221,486)	(618,825)	(2,963,937)	(215,520)	(158,450)	(26,796)	(2,307,501)	(973,160)	(116,596)	(443,445)	-	(8,045,716)
General and administrative expenses	(134,182)	(262,597)	(3,066,128)	(558,450)	(315,318)	(29,981)	(2,019,042)	(1,202,600)	(344,956)	(320,648)	-	(8,253,902)
Others - net	(110,289)	(88,176)	(1,108,674)	(57,777)	(75,099)	(69,084)	(456,650)	(173,639)	(810,762)	(132,069)	468,809	(2,613,410)
Total	(465,957)	(969,596)	(7,138,739)	(831,747)	(548,867)	(125,861)	(4,783,193)	(2,349,399)	(1,272,314)	(896,162)	468,809	(18,913,028)
Non operating income – net	(16)	42	19,054	211	724,781	-	(2,507)	6,031	(3,140)	134,365	-	878,821
Tax expense	-	-	-	-	-	-	(3,747,928)	(291,442)	(323,615)	(97,665)	-	(4,460,650)
Net income	4,886,028	7,059,976	4,418,283	2,927,967	5,604,688	428,915	(7,873,684)	805,691	965,778	251,565	(3,431,589)	16,043,618
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	539,551
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	15,504,067
Consolidated statements of financial position												
Loans - gross	126,259,131	141,142,003	19,004,605	47,749,423	5,818,528	-	-	44,427,037	-	779,993	(599,014)	384,581,706
Total Assets	133,557,576	142,425,332	27,813,991	47,805,736	158,692,158	2,312	52,807,951	54,209,752	15,447,410	9,125,690	(6,269,200)	635,618,708
Demand deposits	(38,142,374)	(33,257,452)	(18,695,848)	-	(1,262,936)	(16,471,096)	-	(6,430,912)	-	(55,682)	408,444	(113,907,856)
Saving deposits	(1,223,345)	(4,053,475)	(177,281,950)	-	(6,095)	(219,595)	-	(901,524)	-	(283,772)	-	(183,969,756)
Time deposits	(22,050,800)	(15,000,567)	(75,855,107)	-	(3,964,132)	(27,974,141)	-	-	-	(711,036)	595,532	(144,960,251)
Total deposit from customers	(61,416,519)	(52,311,494)	(271,832,905)	-	(5,233,163)	(44,664,832)	-	(7,332,436)	-	(1,050,490)	1,003,976	(442,837,863)
Total Liabilities	(67,811,902)	(55,047,747)	(276,210,117)	(464,453)	(23,340,322)	(46,906,348)	(22,672,978)	(9,648,974)	(12,945,828)	(7,553,871)	3,119,495	(519,483,045)

*) Include a component of internal transfer pricing amongst operating segments.

**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.

***) Represent impact of foreign exchange which not being allocated to each operating segment.

1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

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56. 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 31 December 2013:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	49,830,621	255,613	23,580	99,028	50,208,842
Interest and sharia expense	(17,391,388)	(23,988)	(2,376)	(14,464)	(17,432,216)
Net Interest and sharia income	32,439,233	231,625	21,204	84,564	32,776,626
Net Premium income	2,626,006	-	-	-	2,626,006
Net Interest and sharia and premium income	35,065,239	231,625	21,204	84,564	35,402,632
Other operating income:					
Other fees and commissions	8,584,119	73,700	-	46,276	8,704,095
Others	5,920,308	26,043	34,324	1,867	5,982,542
Total	14,504,427	99,743	34,324	48,143	14,686,637
Allowance for impairment losses	(4,921,810)	25,838	784	38,854	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	(219,423)	70	-	-	(219,353)
Gain on sale of marketable securities and Government Bonds	40,460	(1,344)	-	-	39,116
Other operating expenses:					
Salaries and employee benefit	(9,293,151)	(103,361)	(28,860)	(5,965)	(9,431,337)
General, administrative expenses and others	(11,950,785)	(77,637)	(23,306)	(17,922)	(12,069,650)
Total	(21,243,936)	(180,998)	(52,166)	(23,887)	(21,500,987)
Non operating income - net	458,131	54,452	67	(2,524)	510,126
Tax expense	(5,210,764)	(21,139)	-	-	(5,231,903)
Net income	18,472,324	208,247	4,213	145,150	18,829,934
Net income attributable to:					
Non controlling interest	-	-	-	-	626,181
Parent Entity	-	-	-	-	18,203,753
Consolidated statements of financial position					
Loans - gross	455,298,247	9,587,501	39	2,284,662	467,170,449
Total Assets	710,133,177	15,060,004	3,164,504	4,742,077	733,099,762
Demand deposits	(121,571,613)	(1,854,819)	-	(1,217)	(123,427,649)
Saving deposits	(214,945,793)	(1,071,817)	-	-	(216,017,610)
Time deposits	(166,618,886)	(2,932,111)	-	-	(169,550,997)
Total deposit from customers	(503,136,292)	(5,858,747)	-	(1,217)	(508,996,256)
Total Liabilities	(574,390,876)	(15,031,364)	(2,593,230)	(4,720,018)	(596,735,488)

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56. SEGMENT INFORMATION (continued)

Information on geographical segment for the year ended 31 December 2012:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	42,201,619	232,508	41,057	75,258	42,550,442
Interest and sharia expense	(14,977,028)	(34,110)	(8,712)	-	(15,019,850)
Net Interest and sharia income	27,224,591	198,398	32,345	75,258	27,530,592
Net Premium income	2,163,072	-	-	-	2,163,072
Net Interest and sharia and premium income	29,387,663	198,398	32,345	75,258	29,693,664
Other operating income:					
Other fees and commissions	7,330,740	56,560	-	13,055	7,400,355
Others	4,456,463	32,395	5,712	2,897	4,497,467
Total	11,787,203	88,955	5,712	15,952	11,897,822
Allowance for impairment losses	(3,494,341)	16,775	53,209	32,137	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	42,530	(60)	-	-	42,470
Gain on sale of marketable securities and Government Bonds	294,125	1,847	-	767	296,739
Other operating expenses:					
Salaries and employee benefit	(7,931,943)	(80,992)	(28,580)	(4,201)	(8,045,716)
General, administrative expenses and others	(10,777,604)	(59,010)	(17,275)	(13,423)	(10,867,312)
Total	(18,709,547)	(140,002)	(45,855)	(17,624)	(18,913,028)
Non operating income - net	859,215	18,000	(1)	1,607	878,821
Tax expense	(4,439,033)	(21,617)	-	-	(4,460,650)
Net income	15,727,815	162,296	45,410	108,097	16,043,618
Net income attributable to:					
Non controlling interest	-	-	-	-	539,551
Parent Entity	-	-	-	-	15,504,067
Consolidated statements of financial position					
Loans - gross	377,184,222	6,334,372	144,556	918,556	384,581,706
Total Assets	621,279,365	10,175,130	1,354,109	2,810,104	635,618,708
Demand deposits	(112,777,678)	(1,091,132)	(38,082)	(964)	(113,907,856)
Saving deposits	(183,171,643)	(798,113)	-	-	(183,969,756)
Time deposits	(143,662,824)	(1,130,699)	(166,728)	-	(144,960,251)
Total deposit from customers	(439,612,145)	(3,019,944)	(204,810)	(964)	(442,837,863)
Total Liabilities	(505,646,101)	(10,162,873)	(869,022)	(2,807,049)	(519,483,045)

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57. CAPITAL ADEQUACY RATIO

Capital Risk Management

Bank Mandiri's capital policy is to prudently diversify the source of its capital to anticipate the long-term strategic plan and to allocate capital efficiently to business segment that has a potential to provide an optimum risk of return, includes investment in subsidiaries in order to fulfil the stakeholders (investor and regulator) expectations.

Bank Mandiri ensures it maintains adequate capital to cover credit risk, market risk and operational risk, irrespective under the normal condition or distress condition which is used by the Bank as the basis to implement VBM (Value Based Management) through measurement of RORAC (Return on Risk Adjusted Capital) and RORWA (Return On Risk Weight Asset). Through the VBM, the Bank can identify which business units, segments, products and regions provide the best value adds to the Bank. Therefore, the Bank can be more focus in expanding the line of business which provide the most value adds to the Bank.

The Bank refers to Bank Indonesia regulation in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses Basel II Standardised Approach. For the market risk, Bank Mandiri uses Standardised Model and has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

In implementing SE BI No. 13/6/DPNP dated 18 February 2011 regarding credit risk weighted asset using Standardised Approach, the Bank's risk weighted assets as at 31 December 2013 is amounting to Rp431,632,851 with the component of counterparty credit risk weighted assets amounting to Rp1,018,553 which is dominated by securities sold under repurchase agreement and securities purchase under resale agreement transactions. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp1,972,041 and Rp57,671,278, respectively.

Currently the Bank is developing calculation for capital requirement for credit risk with IRBA approach as well as economic capital approach. The economic capital approach is developed both for credit risk and operational risk.

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk consist of core capital (Tier I) and supplementary capital (Tier II) less investments in subsidiaries. To calculate the market risk exposure, the Bank could include the supplementary capital (Tier III) in the form of short-term subordinated loans which meet the criteria as capital components. The CAR of Bank Mandiri (Bank Mandiri only) as at 31 December 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Capital:		
Core Capital*)	65,853,989	54,438,380
Supplementary Capital	<u>7,491,432</u>	<u>7,509,124</u>
Total Capital for credit risk, operational risk and market risk charge	<u>73,345,421</u>	<u>61,947,504</u>
Risk-Weighted Assets for credit	431,632,851	350,761,176
Risk-Weighted Assets for operational	57,671,278	48,384,624
Risk-Weighted Assets for market risk	<u>1,972,041</u>	<u>1,044,148</u>
Total Risk-Weighted Assets for credit, operational and market risk charge	<u>491,276,170</u>	<u>400,189,948</u>

*) Excludes the impact of deferred tax benefit/(expense) of Rp70,285 and Rp158,410 and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of Rp(1,737,644) and Rp(505,790) respectively as at 31 December 2013 and 2012. On 30 April 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/agio

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57. CAPITAL ADEQUACY RATIO (continued)

	2013	2012
CAR for core capital	13.40%	13.60%
CAR for credit risk	16.99%	17.66%
CAR for credit risk and operational risk	14.99%	15.52%
CAR for credit risk and market risk	16.92%	17.61%
CAR for credit risk, operational and market risk	14.93%	15.48%
Minimum CAR core capital	5.00%	5.00%
Minimum CAR total capital	8.00%	8.00%

The Bank's capital adequacy ratio on a consolidated basis as at 31 December 2013 including credit, operational and market risk is 14.76% and taking into account credit and operational risk is 14.81%.

58. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio as at 31 December 2013 and 2012 (Bank Mandiri only) were 1.15% and 1.14% 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 at 31 December 2013 and 2012 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2013 and 2012 were 125.85% and 126.95% respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as at 31 December 2013 and 2012 were 6.56% and 6.50% respectively.

The Legal Lending Limit (LLL) as at 31 December 2013 and 2012 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 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated 5 October 2006.

59. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started providing custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated 4 October 1999. Bank Mandiri's Custodial, which is the part of Financial Institutions Coverage & Solutions Group, provides a full range of custodial services as follows:

- a. Settlement and handling services for script and scriptless 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' shareholders' meetings and bond holders' meetings;
- 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 custodial.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

- a. General custodial which provide services for investors that investing in capital market or money market in Indonesia;
- b. Local custodial for American Depository Receipts (ADRs) and Global Depository Receipts (GDR) which is needed by the investors that are willing to convert the companies' shares listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct the transaction and investment in Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBI;
- d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
- e. As direct participant of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels;
- 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. Custodial services 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. Custodial services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitisation transactions owned by banks or other financial institutions.

As at 31 December 2013 and 2012, Bank Mandiri's Custodial Operations has 795 and 535 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio value by currency as at 31 December 2013 (unaudited) is amounting to Rp232,241,890, USD705,528,525 (full amount), EUR106,336 (full amount) and HKD16,000,000 (full amount) and as at 31 December 2012 (unaudited) is amounting to Rp198,239,571, USD623,303,525 (full amount), JPY594,444,444 (full amount) and EUR105,956 (full amount). Assets kept in custodial services activities are not included in the consolidated financial statements of the Group.

Bank Mandiri insures the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the Financial Services Agency regulation.

Trust Operations

Bank Mandiri has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The type of services offered by the Bank are as follows:

- a. Trustee for bonds & MTN
- b. Escrow Account Agent
- c. Paying Agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security Agent

As at 31 December 2013, Bank Mandiri as Trustee has 55 trustee customers with the total value of bonds and MTN issued amounting to Rp31,633,000 and as at 31 December 2012 has 55 trustee customers with the total value of bonds and MTN issued amounting to Rp37,106,000 (unaudited).

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

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60. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	<u>2013</u>	<u>2012</u>
Government:		
Electricity, gas and water	9,018,350	9,338,921
Transportation and communications	1,609,404	1,644,790
Agriculture	590,105	817,409
Manufacturing	91,200	91,200
Construction	32,149	32,148
Others	68,221	96,509
	<u>11,409,429</u>	<u>12,020,977</u>

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and Regional Governments, such as: Asian Development Bank, Banque Français & 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, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, Switzerland Government, RDI - KI, Spain, U.B Denmark, US Export Import Bank and Overseas Economic Cooperation Fund.

Channeling loans are not included in the consolidated statements of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

61. RISK MANAGEMENT

Bank Mandiri clearly segregates risk management functions from the business units functions in line with the requirement of Bank Indonesia's Regulations and international best practices, which are applied in banking industry. Bank Mandiri also adopts the Enterprise Risk Management (ERM) concept as one of the comprehensive and integrated risk management strategies in line to the Bank's business process and operations. The ERM implementation gives an added value to the Bank and stakeholders, especially in respect of the implementation of Strategic Business Unit (SBU) and Risk Based Performance.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. It is a holistic approach that establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the bank based on Bank Indonesia Regulation No. 8/6/PBI/2006 dated 30 January 2006.

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61. RISK MANAGEMENT (continued)

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated 19 May 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated 1 July 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (KMRBM), which is in line with the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - mitigation - monitoring) at all organisation levels.

Active supervision of the Board of Directors and the Board of Commissioners on the Bank's risk management activities, directly and indirectly, are implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring & Good Corporate Governance (KPR & GCG) Committee and the Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO), Risk Management Committee (RMC), Capital & Investment Committee (CSC), Business Committee (BC), Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), and Credit Committee.

Risk Management Committee (RMC) is the committee directly related to the management of risks, which discusses and recommends policies and procedures as well as monitoring risk profile and managing the entire risks of the company. Moreover, Asset & Liability Committee (ALCO) are also related to risk management in the decision of assets and liabilities management strategy, designation of interest rate and liquidity, along with other aspects related to the management of the company's assets and liabilities.

Risk Monitoring and GCG Committee and Audit Committee are responsible for assessing and evaluating the policies and the implementation of Bank's risk management and it is also responsible for providing recommendations to Board of Commissioners in implementing monitoring function.

The Risk Management Directorate is lead by a Director who reports to the Board of Directors which is a voting member in the Risk and Capital Committee (RCC). The Bank also established a risk management working unit which is under the Risk Management Directorate.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) Credit Approval as part of four-eye principle, and 2) Independent Risk Management Unit which is divided into two groups: Credit Risk and Portfolio Management Group which manages credit risk and portfolio risk and integrated risk management through ERM, and Market and Operational Risk Group which manages market risk, liquidity risk and operational risk.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 8 (eight) types of risk faced by the Bank, discussing and proposing risk management policies and guidelines.

All risks will be disclosed in a quarterly risk profile report and Bank soundness report semi-annually to portrait all risks embedded in the Bank's business activities, including consolidation with subsidiaries' risk.

A. Credit Risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and loan maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation to achieve optimum Return On Risk Adjusted Capital (RORAC).

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To support this objective, the Bank periodically reviews and updates its policies and procedures. 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 targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for troubled/restructured loans.

To improve the Bank's social role and concern to 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 which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia regulation regarding Assessing the Quality of Asset on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor's effort to maintain its environment.

In principle, credit risk management is implemented at both the transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principle concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principle is executed by Credit Committee according to the authority limit and the loan approval process is conducted through Credit Committee Meeting mechanism. Executive Credit Officer as Credit Committee members, must be highly competent as well as having strong capacity and integrity so that the loan granting process can be conducted objectively, comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the Executive Credit Officer can be monitored from time to time.

To identify and measure risk of each credit application processed in the transactional level, the Bank uses Rating and Scoring systems. 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-attribution).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank, in granting Credit Line facilities, can identify and measure the risk level of Counterparty Bank which can be tolerated. The Bank is also developing a rating system for Financial Institution - Non Bank, i.e. Multifinance Companies.

To improve the measurement of transactional risk in the overseas branches, the Bank has implemented BMRS. The Bank has also developed a rating system tailored for *Bank Perkreditan Rakyat* (BPR), to enable the Bank in measuring the risk for each individual debtor based on the respective risk rating. Furthermore the Bank has also conducted a calibration on the scoring model for Small Medium Enterprise (SME) therefore the Bank currently has 4 (four) risk measurement models for SME segment.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

In quarter IV of 2012, in order to maintain consistency level of estimation model, the Bank performed calibration or model development. For the micro segment, the Bank is implementing Collection model and developing Probability of Default (PD) model for *Kredit Usaha Mikro* (KUM). For Business Banking segment, the Bank is performing calibration for credit limit below Rp500 million, 2 – 5 billion limit, and PD model for Capital Charge calculation. For Corporate and commercial segment, the Bank has developed models of Exposure at Default (EAD). While for the Consumer Loan, the Bank is performing calibration on application model for Housing Loans (KPR) which is segmented based on 3 (three) regional segmentations. Moreover, a PD model for the Consumer Loan segment is being developed for unsecured loan (KTA) and *Mitra Karya Mandiri* (MKM), while the application model for *Mitra Karya Mandiri* (MKM) has been implemented in the system. For the Consumer Card segment, the application model is being developed for the areas of Medan, Makassar, Semarang, Balikpapan, and Palembang. Additionally, the PD and LGD model for credit card products and scoring application model for Sales – RCC Bandung has been implemented.

To support the development of these tools, the Bank has issued Guideline for the Development of Credit Rating and Credit Scoring Models, which serves as a complete reference for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. By reviewing and monitoring the rating models using validation methodology, the Bank can understand the performance of the models from time to time. At the moment, the model validation is conducted internally by Model Risk Validation unit, which is an independent unit and separated from the model development unit. This is conducted to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) value and debtors' rating. In both measuring economic capital for credit risk and to comply with Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) and Lost Given Default (LGD) model internally. In order to monitor rating and scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain information concerning scoring and rating parameters presented by industrial sector. The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

To implement prudential banking practice for identifying, measuring and monitoring credit risk in the loan approval process, the Bank uses not only Rating and Scoring tools but also uses other tools such as financial spread sheet, a comprehensive Credit Note Analysis (NAK) and Loan Monitoring System in the form of Watch List Tools which have been integrated to Integrated Processing System (IPS)/Loan Origination System (LOS) to cover the end-to-end loan process.

To mitigate credit risk per individual debtor, the Credit Committee makes decision in credit structure including determining the appropriate credit covenants relevant to the needs and conditions of the debtor, so that the loan granted will be effective and profitable for both the debtor and the Bank.

In response to the global economic crisis which has not ended yet, to identify debtors which may experience difficulty in repaying their loan obligation, the Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans with collectability 1 and 2 on quarterly basis using Loan Monitoring System. Based on the analysis, the Bank should determine account strategy and early actions to prevent NPL.

The Bank also conducts Watch List analysis for Business Banking segment using individual method for debtors that have facility limit above 2 (two) billion rupiah (full amount) and portfolio method for debtor that have facility limit up to 2 billion Rupiah (full amount), in order to strengthen the monitoring over Business Banking's debtors. The expectation is that it could become an early warning and therefore could improve the management of NPL (Non Performing Loan) level.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification at optimum levels with risk exposure within the risk appetite level decided by the Bank. In its implementation, the Bank uses several tools called Portfolio Guideline (PG). PG consists of three items i.e. Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative) which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the 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 the back testing of PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. 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.

Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above 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, 25 largest debtors, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take anticipatory steps and risk mitigation in both individual and portfolio level.

To monitor the quality and to 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 incidentally (ad hoc) conducts a stress test to the credit portfolio e.g. per large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank is able to get an understanding regarding the possibility of negative potentials to the business performance of Bank Mandiri, as well as earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution as short-term and long-term strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained. In anticipating the growth of global economy filled with uncertainties and considering how weak the recovery global economy is, the conduct of stress test in Q2 2013 focuses more on the depreciation of Rupiah and the increase of BI-rate, both which are the points of concern in banking sector.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

In continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy which has 18 (eighteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

(i) Maximum exposure to credit risk before collateral held and other credit support

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit support as at 31 December 2013 and 31 December 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Current accounts with Bank Indonesia	43,904,419	38,272,155
Current accounts with other banks	14,036,484	9,645,504
Placement with Bank Indonesia and other banks	45,113,834	48,238,225
Marketable securities *)		
Government		
Fair value through profit or loss	597,309	202,635
Available for sale	114,626	95,290
Non Government		
Fair value through profit or loss	1,974,474	1,751,203
Available for sale	10,051,962	5,965,512
Held to maturity	3,003,478	2,091,936
At cost	599,563	663,199
Loans and receivables	-	-
Government Bonds **)		
Fair value through profit or loss	1,381,747	2,176,870
Available for sale	57,213,114	53,367,029
Held to maturity	22,467,976	22,341,536
At cost	712,585	1,050,321
Other receivables - trade transactions	7,523,929	5,549,403
Securities purchased under resale agreements	3,737,613	14,515,235
Derivatives receivables	170,878	87,143
Loans		
Corporate	162,334,201	125,042,756
Commercial and Business Banking	157,934,782	137,061,344
Consumer	55,521,352	46,782,161
Micro and Retail	26,242,674	18,518,987
Sharia	48,601,789	43,165,108
Consumer financing receivables	4,511,545	3,828,369
Net investment in finance leases	612,154	327,680
Acceptances receivables	10,114,889	7,920,471
Other assets		
Accrued income	2,563,524	1,926,902
Receivables from customer transactions	1,777,864	890,445
Receivables from transactions related to ATM and credit card	597,376	872,740
Receivable from policyholder	84,781	274,201
Receivable from sale of marketable securities	254	214,351
	<u>683,501,176</u>	<u>592,838,711</u>

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

Credit risk exposures relating to administrative accounts net after impairment provision as 31 December 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Bank guarantees issued	56,380,588	40,678,003
Committed unused credit facilities granted	28,830,629	29,308,882
Outstanding irrevocable letters of credit	15,135,211	11,879,038
Standby letter of credit	8,652,244	7,889,321
	<u>108,998,672</u>	<u>89,755,244</u>

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as at 31 December 2013 and 2012, without taking into account any collateral held or other credit support attached. For financial assets in the statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

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 31 December 2013 and 2012. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	2013					Total
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	
Current accounts with Bank Indonesia	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	12,600,070	3	16,257	-	1,431,745	14,048,075
Placement with Bank Indonesia and other banks	42,488,961	-	-	-	2,730,472	45,219,433
Marketable securities *)						
Government						
Fair value through profit or loss	572,201	-	-	-	25,108	597,309
Available for sale	-	-	-	-	114,626	114,626
Non Government						
Fair value through profit or loss	1,786,910	-	-	-	187,564	1,974,474
Available for sale	9,776,811	-	-	-	275,525	10,052,336
Held to maturity	2,230,777	-	-	-	933,127	3,163,904
At cost	742,619	-	-	-	-	742,619
Loans and receivables	-	-	-	-	13,210	13,210
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	-	-	1,381,747
Available for sale	57,170,170	-	-	-	42,944	57,213,114
Held to maturity	22,049,132	-	-	-	418,844	22,467,976
At cost	712,585	-	-	-	-	712,585
Other receivables-trade transactions	8,481,703	-	258	-	466,422	8,948,383
Securities purchased under resale agreements	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	170,878	-	-	-	-	170,878
Loans						
Corporate	119,805,908	26,787,874	9,083,723	2,156,552	11,834,584	169,668,641
Commercial and Business Banking	112,026,207	29,600,649	12,864,511	6,985,717	1,512,265	162,989,349
Consumer	41,237,847	6,523,232	3,896,246	4,104,322	841,756	56,603,403
Micro and Retail	15,954,854	6,183,077	1,976,325	2,618,920	1,050,607	27,783,783
Sharia	31,899,657	11,961,106	3,286,796	2,477,604	500,110	50,125,273
Consumer financing receivables	2,783,608	1,292,806	329,595	238,892	-	4,644,901
Net investment in finance leases	559,942	517	-	59,232	-	619,691
Acceptances receivables	10,178,370	-	-	-	-	10,178,370
Other assets						
Accrued income	2,051,404	263,654	98,926	73,008	76,532	2,563,524
Receivables from customer transactions	1,865,633	-	-	-	-	1,865,633
Receivables from transactions related to ATM and credit card	597,376	-	-	-	-	597,376
Receivable to policyholder	66,147	11,660	3,617	3,357	-	84,781
Receivables from sale of marketable securities	254	-	-	-	-	254
	546,833,803	82,624,578	31,556,254	18,717,604	22,455,441	702,187,680

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	2012					Total
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	38,272,155
Current accounts with other banks	8,934,160	-	5,076	712,536	-	9,651,772
Placement with Bank Indonesia and other banks	45,427,042	-	-	-	2,896,441	48,323,483
Marketable securities *)						
Government						
Fair value through profit or loss	182,942	-	-	-	19,693	202,635
Available for sale	-	-	-	-	95,290	95,290
Non Government						
Fair value through profit or loss	1,696,059	-	-	-	55,144	1,751,203
Available for sale	5,876,840	-	-	-	89,034	5,965,874
Held to maturity	1,656,205	-	-	-	562,367	2,218,572
At cost	806,897	-	-	-	-	806,897
Loans and receivables	-	-	-	-	10,817	10,817
Government Bonds **)						
Fair value through profit or loss	2,163,238	-	-	-	13,632	2,176,870
Available for sale	53,325,409	-	-	-	41,620	53,367,029
Held to maturity	22,155,465	-	-	-	186,071	22,341,536
At cost	1,050,321	-	-	-	-	1,050,321
Other receivables-trade transactions	6,669,516	592	581	-	3,729	6,674,418
Securities purchased under resale agreements	14,515,235	-	-	-	-	14,515,235
Derivatives receivables	86,595	-	-	-	548	87,143
Loans						
Corporate	93,761,230	22,530,757	5,989,515	2,153,407	7,297,866	131,732,775
Commercial and Business Banking	97,313,461	24,760,773	11,876,337	5,930,523	1,151,335	141,032,429
Consumer	34,197,931	5,610,818	3,400,495	3,785,438	754,741	47,749,423
Micro and Retail	12,023,031	4,032,093	1,331,388	1,580,411	673,120	19,640,043
Sharia	27,538,013	11,481,788	2,582,047	2,221,243	603,945	44,427,036
Consumer financing receivables	2,252,422	1,173,845	326,313	166,566	-	3,919,146
Net investment in finance leases	312,671	791	-	15,985	-	329,447
Acceptances receivables	7,957,512	-	-	-	-	7,957,512
Other assets						
Accrued income	1,526,041	204,267	82,328	62,299	51,967	1,926,902
Receivables from customer transactions	985,162	-	-	-	-	985,162
Receivables from transactions related to ATM and credit card	872,740	-	-	-	-	872,740
Receivable to policyholder	274,201	-	-	-	-	274,201
Receivables from sale of marketable securities	214,351	-	-	-	-	214,351
	482,046,845	69,795,724	25,594,080	16,628,408	14,507,360	608,572,417

Credit risk exposure relating to administrative accounts are as follows:

	2013					Total
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	
Administrative accounts						
Bank guarantees issued	55,516,417	12,724	11,151	1,556	877,688	56,419,536
Committed unused credit facilities granted	19,960,528	4,545,088	678,338	374,280	3,350,927	28,909,161
Outstanding irrevocable letters of credit	14,280,318	-	-	-	937,812	15,218,130
Standby letter of credit	8,464,320	-	-	-	188,026	8,652,346
	98,221,583	4,557,812	689,489	375,836	5,354,453	109,199,173

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	2012					Total
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	
Administrative accounts						
Bank guarantees issued	40,421,058	-	-	-	287,641	40,708,699
Committed unused credit facilities granted	22,538,345	5,153,041	748,651	371,987	568,005	29,380,029
Outstanding irrevocable letters of credit	11,108,552	-	-	-	856,186	11,964,738
Standby letter of credit	7,741,182	-	-	-	149,681	7,890,863
	<u>81,809,137</u>	<u>5,153,041</u>	<u>748,651</u>	<u>371,987</u>	<u>1,861,513</u>	<u>89,944,329</u>

b) Industry sectors

The following table breaks down 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 the industry sectors as at 31 December 2013 and 2012.

	2013						Total
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	
Current accounts with Bank Indonesia	-	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	-	14,048,075	-	-	-	-	14,048,075
Placement with Bank Indonesia and other banks	-	45,219,433	-	-	-	-	45,219,433
Marketable securities *)							
Government							
Fair value through profit or loss	597,309	-	-	-	-	-	597,309
Available for sale	114,626	-	-	-	-	-	114,626
Non Government							
Fair value through profit or loss	-	1,676,800	54,850	5	233,675	9,144	1,974,474
Available for sale	-	6,344,982	2,475,980	501,040	360,404	369,930	10,052,336
Held to maturity	-	2,088,087	778,000	-	297,817	-	3,163,904
At cost	-	24,814	111,216	-	561,589	45,000	742,619
Loans and receivables	-	-	13,210	-	-	-	13,210
Government Bonds **)							
Fair value through profit or loss	1,381,747	-	-	-	-	-	1,381,747
Available for sale	57,213,114	-	-	-	-	-	57,213,114
Held to maturity	22,467,976	-	-	-	-	-	22,467,976
At cost	712,585	-	-	-	-	-	712,585
Other receivables - trade transactions	-	1,733,109	3,427,968	11,933	186,447	3,588,926	8,948,383
Securities purchased under resale agreements	-	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	-	88,916	57,018	21,459	3,383	102	170,878

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
 **) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	2013						
	Financial institution		Manufacturing	Agriculture	Business services	Others	Total
	Government	Bank					
Loans							
Corporate	1,777,232	1,014,516	41,507,712	34,887,117	16,534,924	73,947,140	169,668,641
Commercial and Business Banking		35,848	48,582,184	14,355,865	19,238,557	80,776,895	162,989,349
Consumer	-	-	-	-	10,761,702	45,841,701	56,603,403
Micro and Retail	-	1,238,390	208,846	2,074,325	3,194,093	21,068,129	27,783,783
Sharia	-	2,715,633	2,264,009	1,640,499	9,309,522	34,195,610	50,125,273
Consumer financing receivables	-	-	2,140	2,974	17,069	4,622,718	4,644,901
Net Investment in finance leases	-	-	-	-	77,408	542,283	619,691
Acceptances receivables	-	681,664	487,461	-	-	9,009,245	10,178,370
Other assets							
Accrued income	32,145	121,317	289,348	119,829	128,117	1,872,768	2,563,524
Receivables from customer transactions	-	-	-	-	-	1,865,633	1,865,633
Receivables from transactions related to ATM and credit card	-	-	-	-	-	597,376	597,376
Receivable to policyholder	-	-	-	-	-	84,781	84,781
Receivables from sale of marketable securities	-	254	-	-	-	-	254
	84,296,734	124,673,870	100,259,942	53,615,046	60,904,707	278,437,381	702,187,680

	2012						
	Financial institution		Manufacturing	Agriculture	Business services	Others	Total
	Government	Bank					
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	-	38,272,155
Current accounts with other banks	-	9,651,772	-	-	-	-	9,651,772
Placement with Bank Indonesia and other banks	-	48,323,483	-	-	-	-	48,323,483
Marketable securities *)							
Government							
Fair value through profit or loss	202,635	-	-	-	-	-	202,635
Available for sale	95,290	-	-	-	-	-	95,290
Non Government							
Fair value through profit or loss	-	1,578,017	15,785	10,014	28,881	118,506	1,751,203
Available for sale	-	5,481,648	120,100	200,000	104,112	60,014	5,965,874
Held to maturity	-	1,129,930	555,000	-	310,642	223,000	2,218,572
At cost	-	66,219	240,048	-	455,630	45,000	806,897
Loans and receivables	-	-	10,817	-	-	-	10,817
Government Bonds **)							
Fair value through profit or loss	2,176,870	-	-	-	-	-	2,176,870
Available for sale	53,367,029	-	-	-	-	-	53,367,029
Held to maturity	22,341,536	-	-	-	-	-	22,341,536
At cost	1,050,321	-	-	-	-	-	1,050,321
Other receivables - trade transactions	-	955,418	3,683,388	159,294	176,822	1,699,496	6,674,418
Securities purchased under resale agreements	-	14,380,286	-	-	-	134,949	14,515,235
Derivatives receivables	-	82,569	3,094	-	6	1,474	87,143

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	2012						Total
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	
Loans							
Corporate	858,505	443,886	36,438,281	27,678,134	12,429,042	53,884,927	131,732,775
Commercial and Business							
Banking	-	1,016	39,923,539	16,356,252	16,208,634	68,542,988	141,032,429
Consumer	-	-	104	-	7,887,694	39,861,625	47,749,423
Micro and Retail	-	1,357,727	216,288	1,583,335	2,804,722	13,677,971	19,640,043
Sharia	-	3,436,384	2,184,067	1,725,653	5,827,397	31,253,535	44,427,036
Consumer financing receivables	-	-	11,088	2,711	23,252	3,882,095	3,919,146
Net Investment in							
finance leases	-	-	-	-	49,542	279,905	329,447
Acceptances receivables	-	906,828	1,468,988	-	-	5,581,696	7,957,512
Other assets							
Accrued income	52,585	487,776	228,158	96,622	81,896	979,865	1,926,902
Receivables from customer transactions	-	-	-	-	-	985,162	985,162
Receivables from transactions related to ATM and credit card	-	-	-	-	-	872,740	872,740
Receivable to policyholder	-	-	-	-	-	274,201	274,201
Receivables from sale of marketable securities	-	214,351	-	-	-	-	214,351
	118,416,926	88,497,310	85,098,745	47,812,015	46,388,272	221,212,208	607,211,125

Credit risk exposure relating to administrative accounts items are as follows:

	2013						Total
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	
Administrative accounts							
Bank guarantees issued	25,449	21,881,068	11,996,191	97,756	152,729	22,266,343	56,419,536
Committed unused credit facilities granted	30,588	2,194,560	6,179,895	1,753,712	4,335,647	14,414,759	28,909,161
Outstanding irrevocable letters of credit	-	98,878	3,303,609	10,929	464,094	11,340,620	15,218,130
Standby letter of credit	-	-	794,207	365,100	182,127	7,310,912	8,652,346
	56,037	24,174,506	22,273,902	2,227,497	5,134,597	55,332,634	109,199,173

	2012						Total
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	
Administrative accounts							
Bank guarantees issued	338	11,064,868	13,332,644	73,539	168,753	16,068,557	40,708,699
Committed unused credit facilities granted	30,149	1,398,050	6,774,845	2,468,645	6,665,847	12,042,493	29,380,029
Outstanding irrevocable letters of credit	-	33,837	2,488,828	26,341	-	9,415,732	11,964,738
Standby letter of credit	-	-	742,279	168,656	701,787	6,278,141	7,890,863
	30,487	12,496,755	23,338,596	2,737,181	7,536,387	43,804,923	89,944,329

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As at 31 December 2013 and 2012, exposure to credit risk on financial assets are as follows:

	2013					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with						
Bank Indonesia	43,904,419	-	-	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	4,659	14,048,075	(11,591)	14,036,484
Placement with Bank						
Indonesia and other banks	45,151,833	-	67,600	45,219,433	(105,599)	45,113,834
Marketable securities *)						
Government						
Fair value through profit or loss	597,309	-	-	597,309	-	597,309
Available for sale	114,626	-	-	114,626	-	114,626
Non Government						
Fair value through profit or loss	1,974,474	-	-	1,974,474	-	1,974,474
Available for sale	10,052,228	-	108	10,052,336	(374)	10,051,962
Held to maturity	2,973,004	-	190,900	3,163,904	(160,426)	3,003,478
At cost	605,619	-	137,000	742,619	(143,056)	599,563
Loans and receivables	-	-	13,210	13,210	(13,210)	-
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	1,381,747	-	1,381,747
Available for sale	57,213,114	-	-	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	-	22,467,976	-	22,467,976
At cost	712,585	-	-	712,585	-	712,585
Other receivables -						
trade transactions	6,141,947	-	2,806,436	8,948,383	(1,424,454)	7,523,929
Securities purchased under						
resale agreements	3,737,613	-	-	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	-	170,878	-	170,878
Loans						
Corporate	157,986,759	11,755	11,670,127	169,668,641	(7,334,440)	162,334,201
Commercial and Business Banking	154,739,774	2,817,586	5,431,989	162,989,349	(5,054,567)	157,934,782
Consumer	49,297,970	6,214,684	1,090,749	56,603,403	(1,082,051)	55,521,352
Micro and Retail	24,643,781	2,310,422	829,580	27,783,783	(1,541,109)	26,242,674
Sharia	45,890,795	2,063,007	2,171,471	50,125,273	(1,523,484)	48,601,789
Consumer financing receivables	4,261,667	306,429	76,805	4,644,901	(133,356)	4,511,545
Net Investment in finance leases	576,395	29,361	13,935	619,691	(7,537)	612,154
Acceptances receivables	9,931,266	-	247,104	10,178,370	(63,481)	10,114,889
Other assets						
Accrued income	2,563,524	-	-	2,563,524	-	2,563,524
Receivables from customer						
transactions	1,776,303	-	89,330	1,865,633	(87,769)	1,777,864
Receivables from transactions						
related to ATM and credit card	597,376	-	-	597,376	-	597,376
Receivable to policyholder	84,781	-	-	84,781	-	84,781
Receivables from sale of						
marketable securities	254	-	-	254	-	254
	663,593,433	13,753,244	24,841,003	702,187,680	(18,686,504)	683,501,176

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with						
Bank Indonesia	38,272,155	-	-	38,272,155	-	38,272,155
Current accounts with other banks	9,648,232	-	3,540	9,651,772	(6,268)	9,645,504
Placement with Bank						
Indonesia and other banks	48,272,129	-	51,354	48,323,483	(85,258)	48,238,225
Marketable securities *)						
Government						
Fair value through profit or loss	202,635	-	-	202,635	-	202,635
Available for sale	95,290	-	-	95,290	-	95,290
Non Government						
Fair value through profit or loss	1,751,203	-	-	1,751,203	-	1,751,203
Available for sale	5,965,785	-	89	5,965,874	(362)	5,965,512
Held to maturity	2,079,517	-	139,055	2,218,572	(126,636)	2,091,936
At cost	669,897	-	137,000	806,897	(143,698)	663,199
Loans and receivables	-	-	10,817	10,817	(10,817)	-
Government Bonds **)						
Fair value through profit or loss	2,176,870	-	-	2,176,870	-	2,176,870
Available for sale	53,367,029	-	-	53,367,029	-	53,367,029
Held to maturity	22,341,536	-	-	22,341,536	-	22,341,536
At cost	1,050,321	-	-	1,050,321	-	1,050,321
Other receivables -						
trade transactions	3,772,884	7,489	2,894,045	6,674,418	(1,125,015)	5,549,403
Securities purchased under						
resale agreements	14,515,235	-	-	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	-	87,143	-	87,143
Loans						
Corporate	121,065,728	-	10,667,047	131,732,775	(6,690,019)	125,042,756
Commercial and Business Banking	134,299,464	2,247,925	4,485,040	141,032,429	(3,971,085)	137,061,344
Consumer	43,427,767	3,451,938	869,718	47,749,423	(967,262)	46,782,161
Micro and Retail	17,911,051	1,109,759	619,233	19,640,043	(1,121,056)	18,518,987
Sharia	41,530,343	1,638,031	1,258,662	44,427,036	(1,261,928)	43,165,108
Consumer financing receivables	3,577,945	283,479	57,722	3,919,146	(90,777)	3,828,369
Net Investment in finance leases	308,903	20,544	-	329,447	(1,767)	327,680
Acceptances receivables	6,642,047	-	1,315,465	7,957,512	(37,041)	7,920,471
Other assets						
Accrued income	1,926,902	-	-	1,926,902	-	1,926,902
Receivables from customer						
transactions	818,946	-	166,216	985,162	(94,717)	890,445
Receivables from transactions						
related to ATM and credit card	872,740	-	-	872,740	-	872,740
Receivable to policyholder	274,201	-	-	274,201	-	274,201
Receivables from sale of						
marketable securities	214,351	-	-	214,351	-	214,351
	577,138,249	8,759,165	22,675,003	608,572,417	(15,733,706)	592,838,711

As at 31 December 2013 and 31 December 2012, exposure to credit risk on administrative accounts are as follows:

	2013					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	48,299,302	-	8,120,234	56,419,536	(38,948)	56,380,588
Committed unused loan facilities						
granted	28,433,865	-	475,296	28,909,161	(78,532)	28,830,629
Outstanding irrevocable						
letters of credit	13,847,770	-	1,370,360	15,218,130	(82,919)	15,135,211
Standby letter of credit	8,652,346	-	-	8,652,346	(102)	8,652,244
	99,233,283	-	9,965,890	109,199,173	(200,501)	108,998,672

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
 **) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	32,664,094	-	8,044,605	40,708,699	(30,696)	40,678,003
Committed unused loan facilities granted	27,695,974	-	1,684,055	29,380,029	(71,147)	29,308,882
Outstanding irrevocable letters of credit	11,125,309	-	839,429	11,964,738	(85,700)	11,879,038
Standby letter of credit	7,889,321	-	1,542	7,890,863	(1,542)	7,889,321
	79,374,698	-	10,569,631	89,944,329	(189,085)	89,755,244

As at 31 December 2013 and 2012, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	2013		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	14,043,416
Placement with Bank Indonesia and other banks	45,151,833	-	45,151,833
Marketable securities *)			
Government			
Fair value through profit or loss	597,309	-	597,309
Available for sale	114,626	-	114,626
Non Government			
Fair value through profit or loss	1,974,474	-	1,974,474
Available for sale	10,052,228	-	10,052,228
Held to maturity	2,959,365	13,639	2,973,004
At cost	605,619	-	605,619
Loans and receivables	-	-	-
Government Bonds **)			
Fair value through profit or loss	1,381,747	-	1,381,747
Available for sale	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	22,467,976
At cost	712,585	-	712,585
Other receivables - trade transactions	5,159,351	982,596	6,141,947
Securities purchased under resale agreements	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	170,878
Loans			
Corporate	142,472,699	15,514,060	157,986,759
Commercial and Business Banking	145,537,095	9,202,679	154,739,774
Consumer	49,297,970	-	49,297,970
Micro and Retail	24,643,781	-	24,643,781
Sharia	45,890,795	-	45,890,795
Consumer financing receivables	2,080,847	2,180,820	4,261,667
Net Investment in finance leases	399,827	176,568	576,395
Acceptances receivables	8,712,777	1,218,489	9,931,266
Other assets			
Accrued income	2,563,524	-	2,563,524
Receivables from customer transactions	1,776,303	-	1,776,303
Receivables from transactions			
related to ATM and credit card	597,376	-	597,376
Receivable to policyholder	84,781	-	84,781
Receivables from sale of marketable securities	254	-	254
Total	634,304,582	29,288,851	663,593,433

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	38,272,155	-	38,272,155
Current accounts with other banks	9,648,232	-	9,648,232
Placement with Bank Indonesia and other banks	48,272,129	-	48,272,129
Marketable securities *)			
Government			
Fair value through profit or loss	202,635	-	202,635
Available for sale	95,290	-	95,290
Non Government			
Fair value through profit or loss	1,751,203	-	1,751,203
Available for sale	5,965,785	-	5,965,785
Held to maturity	2,015,020	64,497	2,079,517
At cost	669,897	-	669,897
Loans and receivables	-	-	-
Government Bonds **)			
Fair value through profit or loss	2,176,870	-	2,176,870
Available for sale	53,367,029	-	53,367,029
Held to maturity	22,341,536	-	22,341,536
At cost	1,050,321	-	1,050,321
Other receivables - trade transactions	2,112,727	1,660,157	3,772,884
Securities purchased under resale agreements	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	87,143
Loans			
Corporate	119,557,667	1,508,061	121,065,728
Commercial and Business Banking	128,586,796	5,712,668	134,299,464
Consumer	43,427,767	-	43,427,767
Micro and Retail	17,911,051	-	17,911,051
Sharia	41,530,343	-	41,530,343
Consumer financing receivables	1,644,451	1,933,494	3,577,945
Net Investment in finance leases	172,502	136,401	308,903
Acceptances receivables	5,172,719	1,469,328	6,642,047
Other assets			
Accrued income	1,926,902	-	1,926,902
Receivables from transactions			
related to ATM and credit card	872,740	-	872,740
Receivables from customer transactions	818,946	-	818,946
Receivable to policyholder	274,201	-	274,201
Receivables from sale of marketable securities	214,351	-	214,351
Total	564,653,643	12,484,606	577,138,249

As at 31 December 2013 and 2012, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	2013		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	47,709,398	589,904	48,299,302
Committed unused loan facilities granted	27,870,525	563,340	28,433,865
Outstanding irrevocable letters of credit	11,689,200	2,158,570	13,847,770
Standby letter of credit	8,371,796	280,550	8,652,346
	95,640,919	3,592,364	99,233,283

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	32,540,322	123,772	32,664,094
Committed unused loan facilities granted	27,480,861	215,113	27,695,974
Outstanding irrevocable letters of credit	9,871,929	1,253,380	11,125,309
Standby letter of credit	7,725,678	163,643	7,889,321
	77,618,790	1,755,908	79,374,698

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- Not under monitoring
There is no doubt on the recovery of the financial assets;
- 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 31 December 2013 and 2012 there was no late payment in term of principal installment as well as interest at maturity date. This amount included credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility 2 but have no overdue as at 31 December 2013 and 31 December 2012.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as at 31 December 2013 and 31 December 2012.

Financial assets that were past due, but not impaired can be disaggregated based on days overdue at 31 December 2013 and 31 December 2012 as follows:

	2013			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Loans				
Corporate	11,755	-	-	11,755
Commercial and Business Banking	1,757,189	540,986	519,411	2,817,586
Consumer	5,099,735	638,381	476,568	6,214,684
Micro and Retail	1,727,348	306,227	276,847	2,310,422
Sharia	1,143,850	277,571	641,586	2,063,007
Consumer financing receivables	215,377	65,433	25,619	306,429
Net Investment in finance leases	24,892	538	3,931	29,361
	9,980,146	1,829,136	1,943,962	13,753,244

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	7,489	-	-	7,489
Loans				
Corporate	-	-	-	-
Commercial and Business Banking	1,085,510	561,105	601,310	2,247,925
Consumer	2,410,667	575,942	465,329	3,451,938
Micro and Retail	596,201	255,981	257,577	1,109,759
Sharia	1,194,808	173,700	269,523	1,638,031
Consumer financing receivables	194,334	64,426	24,719	283,479
Net Investment in finance leases	20,544	-	-	20,544
	5,509,553	1,631,154	1,618,458	8,759,165

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset at 31 December 2013, are summarised in the tables below:

	2013					Total
	Corporate	Commercial and Business Banking	Consumer	Micro and Retail	Sharia	
Individually Impaired						
Gross amount	9,132,532	3,899,302	-	20,900	-	13,052,734
Impairment provision	(7,055,726)	(2,507,298)	-	(19,979)	-	(9,583,003)
Carrying amount	2,076,806	1,392,004	-	921	-	3,469,731
Collectively impaired						
Gross amount	2,537,595 *)	1,532,687 *)	1,090,749	808,680	2,171,471	8,141,182
Impairment provision	(4,469)	(732,782)	(488,084)	(471,680)	(920,583)	(2,617,598)
Carrying amount	2,533,126	799,905	602,665	337,000	1,250,888	5,523,584
Total gross amount	11,670,127	5,431,989	1,090,749	829,580	2,171,471	21,193,916
Total impairment provision	(7,060,195)	(3,240,080)	(488,084)	(491,659)	(920,583)	(12,200,601)
Total carrying amount	4,609,932	2,191,909	602,665	337,921	1,250,888	8,993,315

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

	2012					Total
	Corporate	Commercial and Business Banking	Consumer	Micro and Retail	Sharia	
Individually Impaired						
Gross amount	8,669,697	3,414,735	-	19,358	-	12,103,790
Impairment provision	(6,443,394)	(1,839,522)	-	(19,114)	-	(8,302,030)
Carrying amount	2,226,303	1,575,213	-	244	-	3,801,760
Collectively impaired						
Gross amount	1,997,350 *)	1,070,305 *)	869,718	599,875	1,258,662	5,795,910
Impairment provision	(4,012)	(482,076)	(443,973)	(347,887)	(753,059)	(2,031,007)
Carrying amount	1,993,338	588,229	425,745	251,988	505,603	3,764,903
Total gross amount	10,667,047	4,485,040	869,718	619,233	1,258,662	17,899,700
Total impairment provision	(6,447,406)	(2,321,598)	(443,973)	(367,001)	(753,059)	(10,333,037)
Total carrying amount	4,219,641	2,163,442	425,745	252,232	505,603	7,566,663

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iii) Current accounts with other banks

	2013		
	Non-impaired (collective assessment)*	Impaired (individual assessment)	Total
Rupiah	201,729	-	201,729
Foreign currencies	<u>13,841,687</u>	<u>4,659</u>	<u>13,846,346</u>
Total	14,043,416	4,659	14,048,075
Less: Allowance for impairment losses	<u>(6,932)</u>	<u>(4,659)</u>	<u>(11,591)</u>
	<u>14,036,484</u>	<u>-</u>	<u>14,036,484</u>

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2012		
	Non-impaired (collective assessment)*	Impaired (individual assessment)	Total
Rupiah	141,681	-	141,681
Foreign currencies	<u>9,506,551</u>	<u>3,540</u>	<u>9,510,091</u>
Total	9,648,232	3,540	9,651,772
Less: Allowance for impairment losses	<u>(2,728)</u>	<u>(3,540)</u>	<u>(6,268)</u>
	<u>9,645,504</u>	<u>-</u>	<u>9,645,504</u>

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(iv) Placement with Bank Indonesia and other banks

	2013		
	Non-impaired (collective assessment)*	Impaired (individual assessment)	Total
Rupiah:			
Bank Indonesia	18,795,721	-	18,795,721
Call money	2,785,000	-	2,785,000
Time deposits	2,106,101	-	2,106,101
Saving	<u>1,373</u>	<u>-</u>	<u>1,373</u>
Total Rupiah	<u>23,688,195</u>	<u>-</u>	<u>23,688,195</u>
Foreign currencies:			
Bank Indonesia	15,821,000	-	15,821,000
Call money	3,751,527	66,079	3,817,606
"Fixed-Term" Placement	1,879,969	1,521	1,881,490
Time deposit	<u>11,142</u>	<u>-</u>	<u>11,142</u>
Total foreign currencies	<u>21,463,638</u>	<u>67,600</u>	<u>21,531,238</u>
Total	45,151,833	67,600	45,219,433
Less: Allowance for impairment losses	<u>(37,999)</u>	<u>(67,600)</u>	<u>(105,599)</u>
	<u>45,113,834</u>	<u>-</u>	<u>45,113,834</u>

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Placement with Bank Indonesia and other banks (continued)

	2012		Total
	Non-impaired (collective assessment)*	Impaired (individual assessment)	
Rupiah:			
Bank Indonesia	27,377,204	-	27,377,204
Call money	3,370,000	-	3,370,000
Time deposits	1,633,462	-	1,633,462
Saving	824	-	824
Total Rupiah	32,381,490	-	32,381,490
Foreign currencies:			
Bank Indonesia	9,637,500	-	9,637,500
Call money	4,013,557	50,198	4,063,755
“Fixed-Term” Placement	2,138,741	1,156	2,139,897
Time deposit	100,841	-	100,841
Total foreign currencies	15,890,639	51,354	15,941,993
Total	48,272,129	51,354	48,323,483
Less: Allowance for impairment losses	(33,904)	(51,354)	(85,258)
	48,238,225	-	48,238,225

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(v) Marketable securities

	2013		Total
	Non-impaired (collective assessment)*	Impaired (individual assessment)	
Government			
Rupiah			
Bonds	572,200	-	572,200
Foreign currencies:			
Treasury bills	139,735	-	139,735
Total Government	711,935	-	711,935
Non Government			
Rupiah:			
Investments in mutual fund	6,430,396	-	6,430,396
Bonds	3,444,560	86,768	3,531,328
Sharia Corporate bonds	593,841	137,000	730,841
Medium term notes	601,040	-	601,040
Export bills	157,068	23,695	180,763
Certificates of Bank Indonesia	134,766	-	134,766
Shares	479	-	479
Total Rupiah	11,362,150	247,463	11,609,613
Foreign currencies:			
Export bills	1,708,827	80,437	1,789,264
Treasury bills	187,563	-	187,563
Bonds	2,346,785	13,210	2,359,995
Shares	-	108	108
Total foreign currencies	4,243,175	93,755	4,336,930
Total Non Government	15,605,325	341,218	15,946,543
Total	16,317,260	341,218	16,658,478
Less: Allowance for impairment losses	(16,246)	(300,820)	(317,066)
	16,301,014	40,398	16,341,412

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Marketable securities (continued)

	2012		Total
	Non-impaired (collective assessment)*)	Impaired (individual assessment)	
Government			
Foreign currencies:			
Treasury bills	297,925	-	297,925
Total Government	297,925	-	297,925
Non Government			
Rupiah:			
Investments in mutual fund	6,127,968	-	6,127,968
Bonds	2,140,996	86,527	2,227,523
Sharia Corporate bonds	646,728	137,000	783,728
Medium term notes	290,013	-	290,013
Export bills	135,584	-	135,584
Certificates of Bank Indonesia	39,254	-	39,254
Shares	16,037	-	16,037
Total Rupiah	9,396,580	223,527	9,620,107
Foreign currencies:			
Export bills	1,014,678	52,528	1,067,206
Treasury bills	55,144	-	55,144
Bonds	-	10,817	10,817
Shares	-	89	89
Total foreign currencies	1,069,822	63,434	1,133,256
Total Non Government	10,466,402	286,961	10,753,363
Total	10,764,327	286,961	11,051,288
Less: Allowance for impairment losses	(14,547)	(266,966)	(281,513)
	10,749,780	19,995	10,769,775

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vi) Other receivables - trade transactions

	2013		Total
	Non-impaired (collective assessment)*)	Impaired (individual assessment)	
Rupiah:			
Usance L/C payable at sight	672,234	28,485	700,719
Others	2,294,038	1,486,839	3,780,877
Total Rupiah	2,966,272	1,515,324	4,481,596
Foreign currencies:			
Usance L/C payable at sight	2,041,602	373,307	2,414,909
Others	1,134,073	917,805	2,051,878
Total foreign currencies	3,175,675	1,291,112	4,466,787
Total	6,141,947	2,806,436	8,948,383
Less: Allowance for impairment losses	(18,322)	(1,406,132)	(1,424,454)
	6,123,625	1,400,304	7,523,929

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vi) Other receivables - trade transactions (continued)

	2012		Total
	Non-impaired (collective assessment)*	Impaired (individual assessment)	
Rupiah:			
Usance L/C payable at sight	358,740	44,948	403,688
Others	864,110	1,776,258	2,640,368
Total Rupiah	1,222,850	1,821,206	3,044,056
Foreign currencies:			
Usance L/C payable at sight	2,394,155	356,388	2,750,543
Others	163,368	716,451	879,819
Total foreign currencies	2,557,523	1,072,839	3,630,362
Total	3,780,373	2,894,045	6,674,418
Less: Allowance for impairment losses	(19,661)	(1,105,354)	(1,125,015)
	3,760,712	1,788,691	5,549,403

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptance receivables

	2013		Total
	Non-impaired (collective assessment)	Impaired (individual assessment)	
Rupiah	650,861	81,296	732,157
Foreign currencies	9,280,405	165,808	9,446,213
Total	9,931,266	247,104	10,178,370
Less: Allowance for impairment losses	(35,388)	(28,093)	(63,481)
	9,895,878	219,011	10,114,889

	2012		Total
	Non-impaired (collective assessment)	Impaired (individual assessment)	
Rupiah	362,562	177,335	539,897
Foreign currencies	6,279,485	1,138,130	7,417,615
Total	6,642,047	1,315,465	7,957,512
Less: Allowance for impairment losses	(24,365)	(12,676)	(37,041)
	6,617,682	1,302,789	7,920,471

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(viii) Consumer financing receivables

	2013		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	4,568,096	76,805	4,644,901
Foreign currencies	-	-	-
Total	4,568,096	76,805	4,644,901
Less: Allowance for impairment losses	(107,346)	(26,010)	(133,356)
	<u>4,460,750</u>	<u>50,795</u>	<u>4,511,545</u>

	2012		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	3,861,424	57,722	3,919,146
Foreign currencies	-	-	-
Total	3,861,424	57,722	3,919,146
Less: Allowance for impairment losses	(73,483)	(17,294)	(90,777)
	<u>3,787,941</u>	<u>40,428</u>	<u>3,828,369</u>

(ix) Investment in finance lease

	2013		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	605,756	13,935	619,691
Foreign currencies	-	-	-
Total	605,756	13,935	619,691
Less: Allowance for impairment losses	(4,161)	(3,376)	(7,537)
	<u>601,595</u>	<u>10,559</u>	<u>612,154</u>

	2012		
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	329,447	-	329,447
Foreign currencies	-	-	-
Total	329,447	-	329,447
Less: Allowance for impairment losses	(1,767)	-	(1,767)
	<u>327,680</u>	<u>-</u>	<u>327,680</u>

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Estimated losses on commitments and contingencies

	2013		
	Non-impaired *) **)	Impaired (individual assessment)	Total
Rupiah:			
Bank guarantees issued	17,488,468	6,289,497	23,777,965
Committed unused loan facilities granted	23,108,797	394,720	23,503,517
Outstanding irrevocable letters of credit	2,173,772	865,481	3,039,253
Standby letters of credit	<u>1,626,837</u>	<u>-</u>	<u>1,626,837</u>
Total Rupiah	<u>44,397,874</u>	<u>7,549,698</u>	<u>51,947,572</u>
Foreign currencies:			
Bank guarantees issued	30,810,835	1,830,736	32,641,571
Committed unused loan facilities granted	5,325,068	80,576	5,405,644
Outstanding irrevocable letters of credit	11,673,997	504,880	12,178,877
Standby letters of credit	<u>7,025,509</u>	<u>-</u>	<u>7,025,509</u>
Total foreign currencies	<u>54,835,409</u>	<u>2,416,192</u>	<u>57,251,601</u>
Total	99,233,283	9,965,890	109,199,173
Less: Allowance for impairment losses	<u>(6,847)</u>	<u>(193,654)</u>	<u>(200,501)</u>
	<u>99,226,436</u>	<u>9,772,236</u>	<u>108,998,672</u>

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp38,979 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp6,847.

	2012		
	Non-impaired *) **)	Impaired (individual assessment)	Total
Rupiah:			
Committed unused loan facilities granted	25,139,679	1,565,883	26,705,562
Bank guarantees issued	13,525,053	6,714,275	20,239,328
Outstanding irrevocable letters of credit	1,482,296	573,159	2,055,455
Standby letters of credit	<u>2,302,326</u>	<u>-</u>	<u>2,302,326</u>
Total Rupiah	<u>42,449,354</u>	<u>8,853,317</u>	<u>51,302,671</u>
Foreign currencies:			
Committed unused loan facilities granted	2,556,295	118,172	2,674,467
Bank guarantees issued	19,139,041	1,330,330	20,469,371
Outstanding irrevocable letters of credit	9,643,013	266,270	9,909,283
Standby letters of credit	<u>5,586,995</u>	<u>1,542</u>	<u>5,588,537</u>
Total foreign currencies	<u>36,925,344</u>	<u>1,716,314</u>	<u>38,641,658</u>
Total	79,374,698	10,569,631	89,944,329
Less: Allowance for impairment losses	<u>(6,048)</u>	<u>(183,037)</u>	<u>(189,085)</u>
	<u>79,368,650</u>	<u>10,386,594</u>	<u>89,755,244</u>

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp43,073 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp6,048.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management

Liquidity risk represents potential loss due to the Bank's inability to meet all financial liabilities when they 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 is influenced by the funding structure, asset liquidity, liabilities to counterparty and loan commitment to debtors. Liquidity risk is also caused by inability of the Bank to provide liquidity at fair price which would impact the profitability and capital of the Bank.

The Bank's liquidity risk is measured through several indicators, which among others include primary reserve ratio (GWM ratio and cash), secondary reserve (liquidity reserve), loan to deposit ratio (LDR) and dependency on large customer deposits. GWM is a minimum current account required to be maintained by the Bank in the form of current accounts with Bank Indonesia or securities in which the minimum amount is set by Bank Indonesia based on certain percentage from total customer deposits (DPK).

As at 31 December 2013, the Bank maintained primary reserve of 8.00% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LDR reserve of 0.00% and GWM secondary reserve of 18.08% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.10% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit.

Secondary reserve (liquidity reserve) is the Bank's liquidity to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing the secondary reserve, the Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for three subsequent months. As at 31 December 2013, the liquidity reserve balance is above safety level (unaudited).

LDR is a ratio of loan to third parties in Rupiah and foreign currency against total deposits. LDR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits, which are usually short-term in nature. As at 31 December 2013, the Bank's LDR is 84.60%, which is categorised as "very liquid" in the assessment of Bank Soundness (*Tingkat Kesehatan Bank*).

The Bank uses liquidity gap methodology to project its liquidity conditions in the future. Liquidity gap is created on the basis of maturity mismatch between the components of assets and liabilities (including off-balance sheet), which are organised into time periods (time buckets) based on their contractual maturity or behavioral maturity. As at 31 December 2013, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. Currently, Bank's already prepared in order to deal with the possibility of market liquidity diminish due to the upward trend in interest rates.

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to the condition of liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing per 30 September 2013 which was presented to the Management and Risk Monitoring Committee shows that in times of crisis, the liquidity conditions remain optimal in a surplus position. The Bank has Liquidity Contingency Plan (LCP) which covers funding strategy and pricing strategy. The funding strategy consists of money market lending, repo, bilateral loan, FX swap, sale of marketable securities. In LCP, the determination of liquidity condition and funding strategies has taken internal and external conditions into consideration.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

In order to anticipate direct and indirect impacts from European crisis to the Bank's liquidity condition and business, the Bank has activated Business Command Center (BCC) to manage and monitor intensively the liquidity condition and Loan to Deposit Ratio (LDR) in foreign currency. BCC manages the adequacy of Bank's liquidity and foreign currency LDR by providing foreign currency liquidity for selective credit disbursement and monitoring the movement of foreign currency source of fund on a daily basis. Therefore, the foreign currency liquidity reserve can be maintained above the minimum liquidity reserve and LDR limits. BCC also coordinates programs to improve the source of funds for cheap and stable foreign currency.

To increase awareness of unstable economic condition, either from crisis in Europe or various domestic issues, BCC also 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 IM and the latest market informations.

Since the activation of BCC, the Bank's foreign currency liquidity reserve can be controlled over the limit and the foreign currency LDR realisation is at the maximum level of 85%.

The maturity profile as at 31 December 2013 and 2012 are based on the remaining period from these dates. Historically, there was a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (fair value through profit and loss and available for sale) can be liquidated by selling or using it as collateral in interbank market. Steps taken by the Bank in managing the maturity gap between monetary assets and liabilities is by setting a gap limit which has been adjusted with the Bank's and its Subsidiaries' ability to obtain immediate liquidity.

The maturity profile of financial assets and liabilities presented using "discounted" cash flows method is as follows:

2013								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Assets								
Current accounts with Bank Indonesia	43,904,419	-	43,904,419	-	-	-	-	-
Current accounts with other banks - gross	14,048,075	-	14,043,416	-	-	-	4,659	-
Placements with Bank Indonesia and other banks - gross	45,219,433	1,373	43,954,749	739,262	451,449	5,000	67,600	-
Marketable securities - gross	27,119,614	11,320,938	1,532,767	656,046	849,961	1,804,544	5,907,151	5,048,207
Government Bonds	82,227,428	-	-	1,676,924	2,193,940	2,331,306	15,595,465	60,429,793
Other receivables-trade transactions - gross	8,948,383	-	2,134,816	3,418,925	2,360,346	42,881	-	991,415
Securities purchased under resale agreements - gross	3,737,613	-	3,528,330	-	209,283	-	-	-
Derivative receivables - gross	170,878	-	67,411	60,427	11,993	21,143	9,904	-
Loans - gross	467,170,449	-	26,757,680	41,825,558	43,556,313	84,188,905	70,729,092	200,112,901
Consumer financing receivables - gross	4,644,901	-	155,548	309,232	446,017	857,443	2,481,137	395,524
Net Investment finance lease	619,691	-	26,846	55,598	74,402	146,742	316,103	-
Acceptance receivables - gross	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Other assets - gross	5,111,568	84,781	3,244,665	222,017	179,813	349,634	354,286	676,372
	713,100,822	11,407,092	142,613,370	52,707,452	53,192,962	90,060,337	95,465,397	267,654,212
Allowance for impairment losses	(18,686,504)							
Total	694,414,318							

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

The maturity profile of financial assets and liabilities presented using “discounted” cash flows method is as follows (continued):

2013								
<u>Description</u>	<u>Total</u>	<u>No maturity Contract</u>	<u>Less than 1 month</u>	<u>1-3 months</u>	<u>3-6 months</u>	<u>6-12 months</u>	<u>1-3 years</u>	<u>More than 3 years</u>
Liabilities								
Deposit from customers								
Demand deposits	123,427,649	-	123,427,649	-	-	-	-	-
Saving deposits	216,017,610	-	216,017,610	-	-	-	-	-
Time deposits	169,550,997	-	124,058,734	29,183,396	7,783,782	8,272,470	252,615	-
Deposits from other banks								
Demand and saving deposits	3,053,019	-	3,053,019	-	-	-	-	-
Interbank call money	1,280,850	-	1,280,850	-	-	-	-	-
Time deposits	8,109,444	-	7,150,699	896,650	16,325	45,170	600	-
Liabilities sold with repo agreements	4,656,149	-	2,123,705	-	-	-	-	2,532,444
Derivative payables	226,168	-	62,858	98,005	40,247	25,058	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,779,597	-	105,862	-	349,715	-	749,392	574,628
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	15,997,188	-	840,767	585,742	124,091	580,520	12,145,813	1,720,255
Subordinated loans	4,465,615	-	3,540	697,805	-	14,192	3,555,356	194,722
	566,762,779	148,755	486,809,682	37,352,022	11,473,998	9,252,497	16,703,776	5,022,049
Maturity gap	146,338,043	11,258,337	(344,196,312)	15,355,430	41,718,964	80,807,840	78,761,621	262,632,163
Net position, net of allowance for impairment losses	127,651,539							

2012								
<u>Description</u>	<u>Total</u>	<u>No maturity Contract</u>	<u>Less than 1 month</u>	<u>1-3 months</u>	<u>3-6 months</u>	<u>6-12 months</u>	<u>1-3 years</u>	<u>More than 3 years</u>
Assets								
Current accounts with Bank Indonesia	38,272,155	-	38,272,155	-	-	-	-	-
Current accounts with other banks - gross	9,651,772	-	9,648,232	-	-	-	3,540	-
Placements with Bank Indonesia and other banks - gross	48,323,483	824	46,472,339	1,624,674	155,792	18,500	51,354	-
Marketable securities - gross	20,605,366	10,266,477	558,915	561,747	672,866	226,031	6,703,074	1,616,256
Government Bonds	79,072,173	-	-	657,375	-	395,050	6,639,170	71,380,578
Other receivables-trade transactions - gross	6,674,418	-	1,730,657	2,592,343	1,518,925	16,781	234	815,478
Securities purchased under resale agreements - gross	14,515,235	-	7,161,097	7,219,189	134,949	-	-	-
Derivative receivables - gross	87,143	-	60,771	25,979	393	-	-	-
Loans - gross	384,581,706	-	5,672,166	47,819,275	31,718,462	68,733,843	72,358,451	158,279,509
Consumer financing receivables - gross	3,919,146	-	158,138	315,343	454,359	831,399	1,934,603	225,304
Net Investment finance lease	329,447	-	11,247	22,849	35,184	70,864	183,137	6,166
Acceptance receivables - gross	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Other assets - gross	4,273,356	274,201	2,673,475	203,680	117,245	211,715	307,744	485,296
	618,262,912	10,541,502	113,897,854	64,709,058	36,968,504	71,156,100	88,181,307	232,808,587
Allowance for impairment losses	(15,733,706)							
Total	602,529,206							

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

2012								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	113,907,856	-	113,907,856	-	-	-	-	-
Saving deposits	183,969,756	-	183,969,756	-	-	-	-	-
Time deposits	144,960,251	-	106,518,947	27,406,443	8,675,691	2,161,745	197,425	-
Deposits from other banks								
Demand and saving deposits	2,245,490	-	2,245,490	-	-	-	-	-
Interbank call money	327,100	-	278,913	48,187	-	-	-	-
Time deposits	11,444,247	-	10,822,774	400,775	173,453	46,345	900	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	1,545,876	-	296,076	-	51,943	-	697,857	500,000
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	11,608,832	-	286,508	643,749	9,805	4,375	3,577,573	7,086,822
Subordinated loans	5,137,950	-	2,763	17,153	-	13,415	1,430,730	3,673,889
	<u>490,892,802</u>	<u>50,956</u>	<u>424,399,906</u>	<u>34,221,515</u>	<u>12,150,367</u>	<u>2,881,802</u>	<u>5,927,545</u>	<u>11,260,711</u>
Maturity gap	<u>127,370,110</u>	<u>10,490,546</u>	<u>(310,502,052)</u>	<u>30,487,543</u>	<u>24,818,137</u>	<u>68,274,298</u>	<u>82,253,762</u>	<u>221,547,876</u>
Net position, net of allowance for impairment losses	<u>111,636,404</u>							

The following table provides information regarding maturities contractual undiscounted cash flows of liabilities at 31 December 2013 and 31 December 2012:

2013								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	123,543,328	-	123,543,328	-	-	-	-	-
Saving deposits	216,286,171	-	216,265,286	2,404	3,417	6,099	7,245	1,720
Time deposits	171,390,385	-	124,921,887	29,655,486	8,027,275	8,528,992	256,745	-
Deposits from other banks								
Demand and saving deposits	3,205,555	-	3,063,994	11,500	130,061	-	-	-
Interbank call money	1,282,437	-	1,282,437	-	-	-	-	-
Time deposits	8,158,509	-	7,201,145	892,768	17,410	46,583	603	-
Liabilities sold with repo agreements	5,624,407	-	2,126,407	-	-	-	-	3,498,000
Derivative payables	236,600	-	63,278	104,199	44,634	24,489	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,934,125	-	105,862	-	363,217	-	870,173	594,873
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	17,582,966	-	849,673	688,858	299,726	390,238	12,810,655	2,543,816
Subordinated loans	5,781,029	-	5,222	805,504	-	338,291	4,417,962	214,050
Total	<u>573,224,005</u>	<u>148,755</u>	<u>488,112,908</u>	<u>38,051,143</u>	<u>12,045,578</u>	<u>9,649,779</u>	<u>18,363,383</u>	<u>6,852,459</u>

2012								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	114,562,058	-	114,562,058	-	-	-	-	-
Saving deposits	184,203,237	-	184,176,251	1,910	3,363	7,285	8,930	5,498
Time deposits	146,547,705	-	107,667,901	27,687,941	8,792,996	2,198,534	200,333	-
Deposits from other banks								
Demand and saving deposits	2,247,499	-	2,247,499	-	-	-	-	-
Interbank call money	369,971	-	321,703	48,268	-	-	-	-
Time deposits	12,038,348	-	11,412,693	402,536	174,837	47,378	904	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	2,132,170	-	296,076	-	53,869	-	827,364	954,861
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	12,566,156	-	286,820	644,633	10,052	4,421	4,543,353	7,076,877
Subordinated loans	7,153,490	-	2,875	18,222	-	18,741	1,482,380	5,631,272
Total	<u>497,566,078</u>	<u>50,956</u>	<u>427,044,699</u>	<u>34,508,718</u>	<u>12,274,592</u>	<u>2,932,281</u>	<u>7,086,324</u>	<u>13,668,508</u>

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The following table provides information regarding maturities contractual undiscounted cash flows of administrative accounts at 31 December 2013 and 31 December 2012:

2013								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Administrative accounts								
Bank guarantees issued	56,419,536	-	56,419,536	-	-	-	-	-
Committed unused loan facilities granted	28,909,161	-	28,909,161	-	-	-	-	-
Outstanding irrevocable letters of credit	15,218,130	-	8,952,660	4,658,213	927,134	665,123	15,000	-
Standby letter of credit	<u>8,652,346</u>	-	<u>8,652,346</u>	-	-	-	-	-
	<u>109,199,173</u>	-	<u>102,933,703</u>	<u>4,658,213</u>	<u>927,134</u>	<u>665,123</u>	<u>15,000</u>	-
2012								
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Administrative accounts								
Bank guarantees issued	40,708,699	-	40,708,699	-	-	-	-	-
Committed unused loan facilities granted	29,380,029	-	29,380,029	-	-	-	-	-
Outstanding irrevocable letters of credit	11,964,738	-	8,291,880	3,212,835	191,279	268,744	-	-
Standby letter of credit	<u>7,890,863</u>	-	<u>7,890,863</u>	-	-	-	-	-
	<u>89,944,329</u>	-	<u>86,271,471</u>	<u>3,212,835</u>	<u>191,279</u>	<u>268,744</u>	-	-

(ii) Interest Rate Risk Management

Market risk of banking book arises due to changes in interest rates and exchange rates in banking book activities. Banking book's interest rate risk arises from movements in market interest rates as opposed to the position or transactions held by the Bank, which could affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value perspective).

Banking book's market risk is managed by optimising the structure of the Bank's statement of financial position to obtain maximum yield at acceptable risk level to the Bank. The controls over Banking book's market risk is performed by setting a limit which refers to the regulator's requirements and the internal policies, and is 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 the shape and slope of the yield curve) and the option risk (loan repayment or release 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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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as at 31 December 2013 and 2012:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
31 December 2013		
Increase/(decrease) net income (Rp Billion)	777.23	(1,386.55)
31 December 2012		
Increase/(decrease) net income (Rp Billion)	640.74	(830.41)

The projections assumed that all other variables are held constant at reporting date.

b. Sensitivity to unrealised gains on available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's unrealised gains on available for sale marketable securities to movement of interest rates as at 31 December 2013 and 2012:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
31 December 2013		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	391.45	(391.45)
31 December 2012		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	396.62	(380.82)

The projections assumed that all other variables are held constant at reporting date.

The above sensitivities of net income and unrealised gains on 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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61. 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:

	2013								Non interest bearing	Total
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years		
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	43,904,419	43,904,419
Current accounts with other banks	13,493,751	-	-	-	-	-	-	-	554,324	14,048,075
Placements with Bank Indonesia and other banks	38,504,749	739,262	456,449	-	-	-	-	-	5,518,973	45,219,433
Marketable securities	236,152	325,742	1,958,391	4,895,292	866,258	1,349,396	875,330	2,458,270	14,154,783	27,119,614
Government Bonds	25,715,827	41,995,076	2,319,801	2,474,912	909,173	665,094	2,668,063	4,731,537	747,945	82,227,428
Other receivables - trade transactions	419,555	1,117,641	1,281,609	-	-	-	-	-	6,129,578	8,948,383
Securities purchased under resale agreements	3,109,940	-	-	-	-	-	-	-	627,673	3,737,613
Derivative receivables	141	2,808	9,910	9,904	-	-	-	-	148,115	170,878
Loans	64,508,752	287,164,291	28,548,718	16,053,374	13,422,945	1,517,421	1,374,267	4,455,408	50,125,273	467,170,449
Consumer financing receivables	155,548	309,232	1,303,460	1,522,976	958,161	346,657	48,867	-	-	4,644,901
Net investment finance lease	26,846	55,598	221,144	242,864	73,239	-	-	-	-	619,691
Acceptance receivables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Other assets	-	-	-	-	-	-	-	-	5,111,568	5,111,568
	<u>146,171,261</u>	<u>331,709,650</u>	<u>36,099,482</u>	<u>25,199,322</u>	<u>16,229,776</u>	<u>3,878,568</u>	<u>4,966,527</u>	<u>11,645,215</u>	<u>137,201,021</u>	<u>713,100,822</u>
Deposits from customers										
Demand deposits	67,941	-	115,678,457	-	-	-	-	-	7,681,251	123,427,649
Saving deposits	257,653	193,029,400	19,939,414	4,485	2,760	1,216	503	2,469	2,779,710	216,017,610
Time deposits	124,051,544	29,190,586	16,056,252	252,613	2	-	-	-	-	169,550,997
Deposits from other banks										
Demand and saving deposits	-	3,004,511	20,309	-	-	-	-	-	28,199	3,053,019
Interbank call money	1,280,850	-	-	-	-	-	-	-	-	1,280,850
Time deposits	7,158,699	943,650	6,495	600	-	-	-	-	-	8,109,444
Liabilities sold with repo agreements	2,123,705	-	-	-	-	-	2,532,444	-	-	4,656,149
Derivative payables	-	-	5,456	-	-	-	-	-	220,712	226,168
Acceptance payables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Marketable securities issued	-	-	349,715	349,277	400,114	74,628	-	-	605,863	1,779,597
Accrued expenses	-	-	-	-	-	-	-	-	3,326,475	3,326,475
Other liabilities	-	-	-	-	-	-	-	-	4,693,648	4,693,648
Fund borrowings	5,099,895	1,347,114	6,270,728	212,706	1,327,303	1,030,421	-	109,021	600,000	15,997,188
Subordinated loans	-	761,719	-	-	3,484,429	-	219,467	-	-	4,465,615
	<u>140,040,287</u>	<u>228,276,980</u>	<u>158,326,826</u>	<u>819,681</u>	<u>5,214,608</u>	<u>1,106,265</u>	<u>2,752,414</u>	<u>111,490</u>	<u>30,114,228</u>	<u>566,762,779</u>
Total interest repricing gap	<u>6,130,974</u>	<u>(103,432,670)</u>	<u>(122,227,344)</u>	<u>24,379,641</u>	<u>11,015,168</u>	<u>2,772,303</u>	<u>2,214,113</u>	<u>11,533,725</u>	<u>107,086,793</u>	<u>146,338,043</u>

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61. 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)

	2012								Non interest bearing	Total
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years		
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	38,272,155	38,272,155
Current accounts with other banks	9,476,885	-	-	-	-	-	-	-	174,887	9,651,772
Placements with Bank Indonesia and other banks	45,065,894	1,624,674	174,293	-	-	-	-	-	1,458,622	48,323,483
Marketable securities	114,850	61,663	656,797	729,986	941,881	209,135	1,040,346	363,010	16,487,698	20,605,366
Government Bonds	28,761,585	41,159,247	55,898	379,099	2,053,562	62,141	40,508	4,890,105	1,670,028	79,072,173
Other receivables - trade transactions	777,434	1,112,623	1,048,454	-	-	-	-	-	3,735,907	6,674,418
Securities purchased under resale agreements	7,161,097	7,219,189	134,949	-	-	-	-	-	-	14,515,235
Derivative receivables	-	-	-	-	-	-	-	-	87,143	87,143
Loans	68,683,956	236,418,147	14,941,234	1,682,319	1,885,480	3,276,383	1,881,256	11,385,894	44,427,037	384,581,706
Consumer financing receivables	158,139	315,343	1,285,758	1,239,453	695,150	208,949	16,354	-	-	3,919,146
Net investment finance lease	11,247	22,849	106,048	118,715	64,422	6,166	-	-	-	329,447
Acceptance receivables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Other assets - gross	-	-	-	-	-	-	-	-	4,273,356	4,273,356
	<u>160,211,087</u>	<u>287,933,735</u>	<u>18,403,431</u>	<u>4,149,572</u>	<u>5,640,495</u>	<u>3,762,774</u>	<u>2,978,464</u>	<u>16,639,009</u>	<u>118,544,345</u>	<u>618,262,912</u>
Deposits from customers										
Demand deposits	55,682	107,421,262	-	-	-	-	-	-	6,430,912	113,907,856
Saving deposits	257,287	182,785,869	10,648	6,598	2,332	2,027	806	2,665	901,524	183,969,756
Time deposits	106,518,947	27,406,443	10,837,436	197,425	-	-	-	-	-	144,960,251
Deposits from other banks										
Demand and saving deposits	8,482	2,199,032	-	-	-	-	-	-	37,976	2,245,490
Interbank call money	278,913	48,187	-	-	-	-	-	-	-	327,100
Time deposits	11,000,033	252,877	191,337	-	-	-	-	-	-	11,444,247
Derivative payables	-	1,180	5,735	23,060	-	-	-	-	83,282	113,257
Acceptance payables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Marketable securities issued	296,076	-	51,943	349,133	348,724	-	-	-	500,000	1,545,876
Accrued expenses	-	-	-	-	-	-	-	-	2,344,762	2,344,762
Other liabilities	-	-	-	-	-	-	-	-	5,329,913	5,329,913
Fund borrowings	286,508	643,749	14,180	386,834	3,190,739	4,804,907	1,439,588	242,327	600,000	11,608,832
Subordinated loans	2,763	17,153	13,415	1,401,136	29,593	32,356	3,503,382	138,152	-	5,137,950
	<u>118,704,691</u>	<u>320,775,752</u>	<u>11,124,694</u>	<u>2,364,186</u>	<u>3,571,388</u>	<u>4,839,290</u>	<u>4,943,776</u>	<u>383,144</u>	<u>24,185,881</u>	<u>490,892,802</u>
Total interest repricing gap	<u>41,506,396</u>	<u>(32,842,017)</u>	<u>7,278,737</u>	<u>1,785,386</u>	<u>2,069,107</u>	<u>(1,076,516)</u>	<u>(1,965,312)</u>	<u>16,255,865</u>	<u>94,358,464</u>	<u>127,370,110</u>

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing on the market risk of banking book.

(iii) Pricing Management

As part of the management of interest rate risk, the Bank applies pricing policy for loans and deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and simultaneously support the Bank to achieve revenue market share in the competitive climate.

Bank consistently seeks to apply the strategy as a market leader in terms of pricing of funding. However, taking into account 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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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(iii) Pricing Management (continued)

In setting interest rates, the Bank implements risk-based pricing to customers, which varies based on the level of credit risk. In order to minimise interest rate risk, the lending interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, lending interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Lending rates can be either a floating or a fixed rate for certain tenures.

(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 applied 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 transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using available best practice approach and in line with the internal and external regulations.

(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 currency 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.

Net Open Position as at 31 December 2013 and 2012 is calculated based on Bank Indonesia's Regulation No. 7/37/PBI/2005 dated 30 September 2005. In accordance with that 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 (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in administrative accounts. The net open position for the financial position is the net difference between total assets and liabilities for each foreign currency (Rupiah equivalent).

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position

Below is the Net Open Position of Bank Mandiri, as at 31 December 2013 by currency (Rupiah equivalent):

<u>Currency</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Open Position</u>
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	141,365,598	140,351,277	1,014,321
Euro	1,935,689	2,082,806	147,117
Singapore Dollar	2,059,465	1,844,423	215,042
Japanese Yen	365,560	350,394	15,166
Australian Dollar	330,601	316,297	14,304
Great Britain Pound Sterling	125,039	128,600	(3,561)
Hongkong Dollar	114,489	95,404	19,085
Others	399,775	68,702	331,073*)
Total			<u><u>1,752,547</u></u>
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	132,096,093	123,119,352	8,976,741
Euro	1,866,473	1,941,095	(74,622)
Singapore Dollar	1,825,666	1,168,757	656,909
Japanese Yen	278,931	218,604	60,327
Australian Dollar	274,483	128,647	145,836
Great Britain Pound Sterling	91,414	53,023	38,391
Hong Kong Dollar	90,147	71,065	19,082
Others	386,530	53,708	332,822**)
Total			<u><u>10,155,486</u></u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u><u>73,345,421</u></u>
NOP Ratio (On-Statements of Financial Position)			13.85%
NOP Ratio (Overall)			2.40%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2013 if calculated using November 2013 capital (unaudited):

Capital November 2013	72,846,777
NOP Ratio (On-Statements of Financial Position)	13.94%
NOP Ratio (Overall)	2.42%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2012 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	91,646,107	91,302,844	343,263
Euro	8,559,952	8,531,856	28,096
Singapore Dollar	1,176,785	1,076,614	100,171
Japanese Yen	550,803	522,610	28,193
Australian Dollar	497,472	465,117	32,355
Great Britain Pound Sterling	87,271	34,351	52,920
Hongkong Dollar	52,699	34,227	18,472
Others	643,712	463,492	180,220*)
Total			<u><u>783,690</u></u>
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	85,049,764	78,260,576	6,789,188
Euro	7,642,537	7,562,343	80,194
Singapore Dollar	1,105,806	814,043	291,763
Japanese Yen	429,138	362,634	66,504
Australian Dollar	257,101	98,857	158,244
Great Britain Pound Sterling	82,617	34,351	48,266
Hong Kong Dollar	50,000	30,285	19,715
Others	208,956	29,680	179,276**)
Total			<u><u>7,633,150</u></u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u><u>61,947,504</u></u>
NOP Ratio (On-Statements of Financial Position)			12.32%
NOP Ratio (Overall)			1.27%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2012 if calculated using November 2012 capital (unaudited):

Capital November 2012	62,500,222
NOP Ratio (On-Statements of Financial Position)	12.21%
NOP Ratio (Overall)	1.25%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

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61. 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 to foreign currency exchange rate risk as at 31 December 2013 and 2012. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	2013								Total
	United States Dollar	Euro	Singapore Dollar	Yen	Australian Dollar	Hong Kong Dollar	Pound Sterling	Others	
ASSET									
Cash	1,395,902	145,158	604,656	53,146	179,707	17,107	4,927	1,161	2,401,764
Current accounts with Bank Indonesia	9,611,764	-	-	-	-	-	-	-	9,611,764
Current accounts with other banks	12,009,554	1,030,876	177,172	155,209	87,242	21,345	79,945	285,003	13,846,346
Placement with Bank Indonesia and other banks	21,259,107	168,127	101,032	-	-	-	-	2,972	21,531,238
Marketable Securities	4,223,713	8,889	201,726	4,286	-	37,458	-	593	4,476,665
Government Bonds	8,814,005	-	-	-	-	-	-	-	8,814,005
Other receivables - trade transactions	4,015,426	316,951	36,879	62,526	-	7,614	-	27,391	4,466,787
Derivatives receivable	147,533	30	471	-	80	-	-	-	148,114
Loans	69,567,153	86,746	745,045	-	-	2,123	-	-	70,401,067
Acceptances receivable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Other assets	393,946	206	1,945	185	-	10	-	-	396,292
Total Assets	140,731,793	1,832,920	1,872,716	347,477	267,029	85,657	85,543	317,120	145,540,255
LIABILITIES									
Deposits from Customers									
Demand deposits	48,199,274	1,059,833	509,154	92,360	82,391	28,977	29,616	18,871	50,020,476
Saving deposits	20,872,085	-	466,574	10,795	-	-	-	1,306	21,350,760
Time deposits	27,582,578	79,969	118,901	5,873	32,488	33,793	13,168	5,754	27,872,524
Deposits from other banks									
Demand and saving deposits	976,179	198	11,656	-	-	-	-	1	988,034
Inter bank call money	60,850	-	-	-	-	-	-	-	60,850
Time deposits	-	-	-	-	-	-	-	-	-
Derivative payable	219,880	138	-	-	241	-	447	6	220,712
Acceptances payable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Accrued Expenses	543,052	1,555	26,416	-	24	4,643	321	50	576,061
Other liabilities	2,079,538	678,339	7,816	36,264	12,054	98	9,983	12,092	2,836,184
Fund Borrowings	11,868,708	-	-	-	-	-	-	-	11,868,708
Subordinated Loans	219,467	-	-	-	-	-	-	-	219,467
Total liabilities	121,915,301	1,895,969	1,144,307	217,417	127,198	67,511	54,206	38,080	125,459,989
Net on statements of financial position	18,816,492	(63,049)	728,409	130,060	139,831	18,146	31,337	279,040	20,080,266
Administrative accounts - net	-	(72,495)	(441,867)	(45,162)	(131,533)	2	(41,951)	(1,749)	(734,755)

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61. 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)

	2012								Total
	United States Dollar	Euro	Singapore Dollar	Yen	Australian Dollar	Hong Kong Dollar	Pound Sterling	Others	
ASSETS									
Cash	653,745	241,245	474,819	58,618	100,798	5,650	12,494	105,155	1,652,524
Current accounts with Bank Indonesia	6,572,697	-	-	-	-	-	-	-	6,572,697
Current accounts with other banks	2,405,323	6,335,189	106,448	307,607	155,595	29,362	72,151	98,416	9,510,091
Placement with Bank Indonesia and other banks	15,727,220	52,627	161,512	-	-	-	-	634	15,941,993
Marketable Securities	1,317,293	4,342	85,539	17,291	-	6,716	-	-	1,431,181
Government Bonds	3,936,363	-	-	-	-	-	-	-	3,936,363
Other receivables - trade transactions	3,606,790	20,730	-	2,117	-	725	-	-	3,630,362
Derivatives receivable	77,317	8,454	36	-	1,336	-	-	-	87,143
Loans	51,515,270	120,383	287,361	14,527	-	-	1,146	-	51,938,687
Acceptances receivable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Investments in shares	-	-	1,060	-	-	-	-	-	1,060
Other assets	215,891	444	608	195	-	-	-	-	217,138
Total Assets	92,469,732	7,724,967	1,120,264	430,047	259,395	42,453	85,791	204,205	102,336,854
LIABILITIES									
Deposits from Customers									
Demand deposits	28,946,208	6,386,090	355,229	280,866	61,424	8,288	19,385	2,639	36,060,129
Saving deposits	15,027,052	-	273,694	8,926	-	-	-	66	15,309,738
Time deposits	14,639,843	70,453	138,800	83	23,046	8,794	6,809	-	14,887,828
Deposits from other banks									
Demand and saving deposits	557,818	109,655	11,456	-	-	-	-	-	678,929
Inter bank call money	77,100	-	-	-	-	-	-	-	77,100
Time deposits	240,938	-	-	-	-	-	-	-	240,938
Derivative payable	59,217	22,849	-	-	563	-	-	654	83,283
Acceptances payable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Accrued Expenses	517,891	243	10,762	-	20	2,742	125	6	531,789
Other liabilities	2,052,474	39,531	4,319	5,756	459	1,893	812	839	2,106,083
Fund Borrowings	8,675,058	-	-	-	-	-	-	-	8,675,058
Subordinated Loans	179,594	-	-	-	-	-	-	-	179,594
Total liabilities	77,415,016	7,570,374	797,141	325,323	87,178	21,717	27,131	4,204	86,248,084
Net on statements of financial position	15,054,716	154,593	323,123	104,724	172,217	20,736	58,660	200,001	16,088,770
Administrative accounts - net	(6,258,779)	(50,373)	(191,592)	(38,311)	(125,889)	(1,243)	(1,578)	944	(6,666,821)

c. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates on 31 December 2013 and 31 December 2012:

	Increased by 5%	Decreased by 5%
31 December 2013		
Increase/(decrease) net income	446,965	(446,965)
31 December 2012		
Increase/(decrease) net income	337,970	(337,970)

The projection only assumes that the US Dollar rate moves while other foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most of all risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed on all trading book position including marketable securities owned by the Group in its available for sale portfolio.

The table below analyses 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 in active market for the same/identical instrument (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or 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);

The table below shows Group assets and liabilities that are measured at fair value at 31 December 2013 and 2012:

	2013			Fair value
	Level 1	Level 2	Level 3	
Assets				
Marketable securities				
Fair value through profit or loss	11,687,464	1,345,455	-	13,032,919
Available for sale	5,868,507	4,298,455	-	10,166,962
Government Bonds				
Fair value through profit or loss	1,743,500	90,253	-	1,833,753
Available for sale	1,744,391	55,468,723	-	57,213,114
Derivatives Receivables	-	170,878	-	170,878
Total assets	21,043,862	61,373,764	-	82,417,626
Liabilities				
Derivatives Payables	-	226,168	-	226,168
Total Liabilities	-	226,168	-	226,168
	2012			
	Level 1	Level 2	Level 3	Fair value
Assets				
Marketable securities				
Fair value through profit or loss	11,083,317	424,599	-	11,507,916
Available for sale	5,416,076	644,726	-	6,060,802
Government Bonds				
Fair value through profit or loss	2,313,287	-	-	2,313,287
Available for sale	5,238,727	48,128,302	-	53,367,029
Derivatives Receivables	-	87,143	-	87,143
Total assets	24,051,407	49,284,770	-	73,336,177
Liabilities				
Derivatives Payables	-	113,257	-	113,257
Total Liabilities	-	113,257	-	113,257

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

As at 31 December 2013 and 2012, marketable securities classified as illiquid amounting to Rp44,301,082 (72.18% of total assets level 2) and Rp48,128,302 (97.65% of total assets level 2), respectively, which represent Government Bonds with variable interest rates and are classified as available for sale.

The fair value of financial instruments traded in active markets (such as trading securities and available-for-sale) is determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those prices reflect actual and regular market transactions at a reasonable rate. Quoted market price for financial assets owned by the Group are now using offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX 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, the instrument is included in level 2.

As at 31 December 2013 and 2012, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2013		2012	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Assets				
Marketable securities				
Held to maturity	3,003,478	2,989,733	2,091,936	2,080,890
At cost*)	599,563	569,722	663,199	683,124
Government Bonds				
Held to maturity	22,467,976	22,278,994	22,341,536	22,226,617
At cost*)	712,585	749,935	1,050,321	1,114,824
Loans	450,634,798	449,509,644	370,570,356	369,256,561
Consumer financing receivable	4,511,545	4,772,654	3,828,369	4,095,951
Net Investment finance lease	612,154	609,468	327,680	328,122
	<u>482,542,099</u>	<u>481,480,150</u>	<u>400,873,397</u>	<u>399,786,089</u>
Liabilities				
Marketable securities issued	1,779,597	1,679,335	1,545,876	1,542,669
Fund borrowings	15,997,188	15,944,696	11,608,832	11,598,667
Subordinated loans	4,465,615	4,656,186	5,137,950	5,440,943
	<u>22,242,400</u>	<u>22,280,217</u>	<u>18,292,658</u>	<u>18,582,279</u>

*) Marketable securities and Government Bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk", which has been effective since 1 January 2012.

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61. 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 resale agreements, acceptance 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 resale agreements, acceptance 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 resale agreements, acceptance 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 model.

- (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. Expected cash flows are discounted at current market rates to determine fair value of loans and consumer financing receivable.

- (iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits on demand, which includes non-interest bearing deposits, is the carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, acceptance 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, acceptance payables and other liabilities is a reasonable approximation of fair value.

- (v) Marketable securities issued, borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are 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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61. RISK MANAGEMENT (continued)

C. Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or disfunctioning internal processes, human error and systems or from external factors which impact the Bank's operations. Effective operational risk management may reduce losses due to operational risk.

Framework for Operational Risk Management (ORM) is based on Bank Indonesia regulations, Basel II and the provisions of the Bank's internal regulations. Currently, the Bank has a policy and Standard Operating Procedures (SOPs) which contains both the technical aspects of operational risk management governance and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation measures on 8 (eight) types of risks for New Products and Activities (PAB).

In order to improve the effectiveness of operational risk management, the Bank has performed the following initiatives: (i) define framework of operational risk management, (ii) review the operational risk management policy and procedure periodically, (iii) strengthen the operational risk management to all units in head office and regional office, (iv) provide "Letter to CEO" as a Whistle Blower System that can be used as a communication tool between CEO (President Director) and all employees including vendors who works with the Bank, to report fraud or fraud indication, and (v) implement Operational Risk Management Tools (ORM Tools) called Integrated-Mandiri Operational Risk System (i-MORs).

ORM Tools used for carrying out ORM are as follows:

A. Risk & Control Self Assessment (RCSA)

RCSA is used for identification and assessment of inherent risks in Bank's activities, and assessing the quality of control.

B. Mandiri Form Operational Risk System (MFORs)

The Bank uses MFORs to record losses due to operational risk which is inherent in each business unit of work.

C. Key Indicator (KI)

KI is a quantitative indicator used to provide an indication of inherent risk level in key processes within each business/supporting unit or end-to-end processing.

D. Issue & Action Management (IAM)

IAM is a tool used to document issue/problems related to operational risk. These issues/problems are analysed to determine the root causes as well as the action plan and monitoring of the action plan by the business unit.

With regard to operational risk management, Risk Management Unit acts as the second line of defense and Internal Audit as the third line of defense. Business Unit as a risk owner is the first line of defense responsible for the operational risk management of each unit of the Bank.

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61. RISK MANAGEMENT (continued)

C. Operational Risk (continued)

As the output of Operational Risk Management process, each Business Unit generates an operational risk profile describing operational risk exposures of the respective business unit which will be used as the basis in preparing the operational risk profile of the Bank. The Bank's operational risk profile report, is reviewed by Internal Audit and presented to the Board of Commissioners and reported to Bank Indonesia periodically.

Capital Charge Calculation to Cover Operational Risk

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated 27 January 2009, the Bank has performed calculation of Risk Weighted Assets for operational risk and the Minimum Capital Requirement.

The Bank has also calculated operational risk capital requirement using the Standardised Approach (SA), as this approach is in line with the implementation of the risk-based performance measurement for Strategic Business Unit. Capital expense of operational risk (Bank only) in 2013 amounting to Rp4,613,702, was obtained using the Basic Indicator Approach (BIA) and 15% alpha value. The Risk Weighted Assets for operational risk (Bank only) amounted to Rp57,671,278.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 22 November 2012, the Bank made an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounting to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounting to USD2,056,125 (full amount, after VAT).

On 31 December 2013, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,078,350 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realisation value of USD977,900 (full amount, after VAT), with estimated completion as at 31 December 2013 of 82.18%.

b. Legal Matters

The Bank is still facing a number of litigation cases, including lawsuits with debtors and/or fund owners as the result of agreement disputes which have been decided by the Court where the Bank was sentenced to pay compensation amounting to Rp89,130. Currently the Bank is still in the legal process/remedy to appeal against the decision.

The Bank's total potential exposure arising from outstanding lawsuits as at 31 December 2013 and 2012 were amounting to Rp4,686,426 and Rp2,015,906, respectively. As at 31 December 2013 and 2012, the Bank has provided provision amounting to Rp634,375 and Rp562,698, respectively and believes that the provision is adequate.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Financing Transactions

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Tax (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

The details of the tax assessments and tax collection letters are as follow : Jakarta head office amounting to Rp25,542, Jambi branches amounting to Rp1,589, Solo branches amounting to Rp5,831, Bandar Lampung branches amounting to Rp2,378 and Pekalongan branches amounting to Rp2,309.

In relation to the SKPKB and STP, BSM did not make any payments based on the ground of uncertainty in the legal status of *Murabahah* financing transactions. There was no specific and explicit regulations overseeing the sharia bank operation, particularly *Murabahah* financing, and therefore a process of interpretation was required.

BSM argued that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Sharia Banking, such as *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 Year 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and such as, *Murabahah* transaction shall not be included as a type of banking services.

On 15 October 2009, the Government has issued Laws No. 42 year 2009 regarding the third change of Laws No. 8 year 1983 regarding Value Added Tax for Goods and Services and Tax for Sales of Luxurious Goods which is effective starting from 1 April 2010. The Laws reiterates that financing services in sharia principles are categorised as services that are not subjected to VAT.

In 2010, the Government issued Laws of Republic of Indonesia No. 2 Year 2010 regarding Change of Laws No. 47 year 2009 regarding Budget of Government's Income and Expenses Year 2010 dated 25 May 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being shouldered by the Government. Based on explanatory paragraph from article 3 (2) the Bank's VAT that is borne by the Government amounting to Rp25,542 from the total SKPKB and STP received by BSM amounting to Rp37,649 as mentioned in the previous paragraph.

BSM believes that the difference between VAT borne by the Government and total SKPKB and STP received by BSM shall not be billed to BSM which is inline with objective and purposes of the law.

d. Trade Financing with Asian Development Bank (ADB)

On 25 November 2009, Bank Mandiri signed a Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) under Trade Finance Facilitation Program (TFFP) with ADB.

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. 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.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Trade Financing with Asian Development Bank (ADB) (continued)

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 that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

e. Business Synergies between PT Bank Mandiri (Persero) Tbk, PT TASPEN (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali

On 31 January 2013, Bank Mandiri along with PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed a "Memorandum of Understanding on Strategic Partnership to Achieve Business Synergies between PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali". The signing of the agreement has approved the shared ownership of Bank Mandiri, PT Taspen and PT Pos in BSHB, in which Bank Mandiri remains as the majority shareholder of BSHB.

On 29 April 2013, Bank Mandiri along with PT Taspen, PT Pos Indonesia and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed the conditional agreement regarding payment of shares in which it has been agreed that BSHB will issue 800.000.000 (full amount) of new shares that will be subscribed by Bank Mandiri, PT Taspen and PT Pos with capital payment and final ownership composition of 51%; 20.2% and 20.2% respectively from the total shares issued and fully received by BSHB.

Up until the consolidated financial statement date, the agreement mentioned above has not been effective yet since the parties involved are still in the process of fulfilling the agreed terms and conditions.

f. The conditional agreement of share transaction between PT Bank Mandiri (Persero) Tbk., PT Kimia Farma (Persero) Tbk., PT Asuransi Jasa Indonesia (Persero), PT Askes (Persero) and Koperasi Bhakti PT Askes regarding the sale of shares PT Asuransi Jiwa InHealth Indonesia

On 23 Desember 2013, the Bank with PT Kimia Farma (Persero) and PT Asuransi Jasa Indonesia (Persero) as the buyers with Badan Penyelenggara Jaminan Sosial (formerly known as PT Askes (Persero)) and Koperasi Bhakti Askes as the sellers have signed a Conditional Purchase and Sale Agreement for PT Asuransi Jiwa Inhealth Indonesia where the transaction will be conducted in 2 (two) stages as follow :

- i. Stage 1, takeover of 80% ownership in InHealth that was planned to be finalised at the latest on 31 March 2014, in which the ownership of the Bank is 60%; and
- ii. Stage 2, purchase of 20% ownership in InHealth that was planned to be finalised at the latest on 31 December 2014, in which the total ownership of the Bank becomes 80%.

On that date, the signing of Shareholders Agreement between Bank, PT Kimia Farma (Persero), PT Asuransi Jasa Indonesia (Persero) and PT Askes (Persero) has also been conducted and will be effective when the takeover of PT Asuransi Jiwa InHealth Indonesia on Stage 1 is finalised.

The takeover transaction finalisation of PT Asuransi Jiwa InHealth Indonesia will be conducted after the fulfilment of the terms and conditions which have been agreed by all parties.

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63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24/2004 dated 22 September 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of Indonesia Deposit Insurance Corporation (LPS). LPS insures public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Indonesia Deposit Insurance Corporation Regulation No. 1/PLPS/2006 dated 9 March 2006 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp100,000,000 (full amount).

Furthermore, in accordance with Government Regulation (PP) No. 66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by Indonesia Deposit Insurance Corporation, the value of each customer deposits in one bank guaranteed by the Government increased to Rp2,000,000,000 (full amount) from Rp100,000,000 (full amount) previously, effective starting from 13 October 2008.

The interest rate of deposit insurance corporation as at 31 December 2013 and 2012 is 7.25% and 5.5% for deposits denominated in Rupiah, and 1.5% and 1.0% for deposits denominated in foreign currency, respectively.

Based on the Law of the Republic of Indonesia No. 7/2009, Government Regulation in Lieu of Law on the Indonesia Deposit Insurance Corporation has been enacted into Law starting from 13 January 2009.

64. ACCOUNTS RECLASSIFICATION

Certain accounts in the consolidated financial statements as at 31 December 2012 and 1 January 2012 have been reclassified to conform with the presentation of the consolidated financial statements as at 31 December 2013. The reclassification is related to mutual fund consolidation owned by the Bank's subsidiary (Axa Mandiri Financial Services), the reclassification of non-controlling interest over net asset of the subsidiary's mutual fund being consolidated by the Bank's Subsidiary, the application of line-by-line consolidation by the Bank's subsidiary upon policyholder's investment on unit-linked contracts.

The details of the account reclassifications are as follows:

	31 December 2012		
	<u>Before Reclassification</u>	<u>Reclassification</u>	<u>After Reclassification</u>
Consolidated statement of financial position			
Cash	15,286,190	195,835	15,482,025
Marketable securities	10,769,775	9,554,078	20,323,853
Government Bonds	78,935,756	136,417	79,072,173
Other assets - net	7,339,965	1,147,909	8,487,874
Policyholders' investment in unit-linked contracts	11,034,239	(11,034,239)	-
Non controlling interests in net assets of consolidated subsidiaries	1,952,745	(777,276)	1,175,469
Other liabilities	13,002,765	777,276	13,780,041
Consolidated statement of cash flows			
Cash flow from operating activities			
Acquisition of Government Bonds – fair value through profit or loss	(63,501,981)	202,070	(63,299,911)
(Increase)/decrease in operating assets:			
Marketable securities – fair value through profit or loss	2,058,994	(1,037,314)	1,021,680
Other assets	(1,428,970)	(1,037,383)	(2,466,353)
(Increase)/decrease in operating liabilities and temporary <i>syirkah</i> funds:			
Liability to unit-linked holders	-	1,989,973	1,989,973
Other liabilities	3,885,183	773,948	4,659,131
Cash flow from investing activities			
(Increase)/decrease in Government Bonds - available for sale and held to maturity	513,342	(136,417)	376,925
Increase of investment in subsidiaries	(228,303)	(773,948)	(1,002,251)
Cash and cash equivalents at end of year	(111,307,954)	(195,835)	(111,503,789)
Cash and cash equivalents at beginning of year	108,653,748	214,906	108,868,654

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64. ACCOUNTS RECLASSIFICATION (continued)

	1 January 2012		
	<u>Before Reclassification</u>	<u>Reclassification</u>	<u>After Reclassification</u>
Consolidated statement of financial position			
Cash	11,357,523	214,906	11,572,429
Marketable securities	12,002,918	8,516,764	20,519,682
Government Bonds	78,459,449	202,070	78,661,519
Other assets - net	5,665,238	110,526	5,775,764
Policyholders' investment in unit-linked contracts	9,044,266	(9,044,266)	-

65. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued several new or revision of SFAS and IFAS below, that are relevant to Group consolidated financial statement, but not yet effective for the financial year beginning 1 January 2013 are:

- SFAS 102 (Revised 2013) Accounting for Murabahah, Technical Bulletin 9: Implementation of Annuity Method in Murabahah and Accounting Guidelines for Indonesian Sharia Banking (PAPSI) 2013.

Bank Indonesia as the banking regulator in Indonesia has issued the revision of Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and BI regulation No 15/26/DPbS "Guidance on implementation of PAPI 2013" which should be effectively implemented on 1 August 2013. In September 2013, the Association of Bank Syariah Indonesia (ABISINDO) as the representative from syariah banking industry has submitted a letter to Bank Indonesia to request postponement of the implementation PAPI 2013 above until 1 January 2016. Currently the Subsidiary is still in the process of preparing action plan in relation with implementation of PAPI 2013.

In December 2013, the Islamic Accounting Standards Boards of Indonesian Institute of Accountants has issued PSAK 102 Revision which will be effectively implemented on 1 January 2014 on a prospective catch-up basis. Major change in the PSAK 102 Revision is related to the accounting treatment for murabahah transaction which in substance categorised as financing transaction. Under PSAK 102 Revision, murabahah transaction which in substance is a murabahah financing should follow the accounting treatment of SFAS 55: Financial Instrument: Recognition and Measurement, SFAS 50: Financial Instrument: Presentation and PSAK 60: Financial Instruments: Disclosures and other relevant PSAK. With the issuance of PSAK 102 Revision, starting from 1 January 2014 the Subsidiary will implement the previously issued Technical Bulletin 9 Implementation of Annuity Method in Murabahah as indicated in the Basis for Conclusion in SFAS 102 Revision. Currently, the Subsidiary is still in the process of evaluating the impact this PSAK 102 Revision.

- IFAS 27 "Transfer assets from customer"
- IFAS 28 "Extinguishing financial liabilities with equity instrument"
- SFAS 65 "Consolidated financial statements" *)
- SFAS 66 "Joint arrangements" *)
- SFAS 67 "Disclosure of interests in other entities" *)
- SFAS 68 "Fair value measurement"
- SFAS 1 (revised 2013) "Presentation of financial statements" *)
- SFAS 4 (revised 2013) "Separate financial statements" *)
- SFAS 15 (revised 2013) "Investment in associates and joint ventures" *)
- SFAS 24 (revised 2013) "Employee benefits" *)

*) Early adoption of these new and revised standards prior to 1 January 2015 is not permitted.

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66. NEW ACCOUNTING PRONOUNCEMENTS (continued)

SFAS 102, IFAS 27 and 28 will become effective for annual period beginning 1 January 2014 while the other new and revised standards will become effective for the annual period beginning 1 January 2015.

As at the authorisation date of this consolidated of financial statements, Bank Mandiri and Subsidiaries are still evaluating the potential impact of these new and revised SFAS and IFAS.

67. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/9 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent Entity only, which presents the Bank's investments in Subsidiaries under the cost method.

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
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	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	17,226,616	14,131,136
Current Accounts with Bank Indonesia	40,602,631	35,955,368
Current Accounts with Other Banks		
Related parties	100,701	113,044
Third parties	<u>13,334,609</u>	<u>9,305,627</u>
	13,435,310	9,418,671
Less: Allowance for impairment losses	<u>(4,659)</u>	<u>(3,540)</u>
Current Accounts with Other Banks - net	13,430,651	9,415,131
Placements with Bank Indonesia and Other Banks		
Related parties	2,731,740	1,127,588
Third parties	<u>36,760,561</u>	<u>42,590,618</u>
	39,492,301	43,718,206
Less: Allowance for impairment losses	<u>(105,099)</u>	<u>(83,558)</u>
Placements with Bank Indonesia and Other Banks - net	39,387,202	43,634,648
Marketable Securities		
Related parties	4,331,214	677,172
Third parties	<u>9,605,262</u>	<u>7,703,497</u>
	13,936,476	8,380,669
Less:		
Unamortised discounts, unrealised (losses)/gains from (decrease)/ increase in value of marketable securities and allowance for impairment losses	<u>(414,115)</u>	<u>(122,438)</u>
	13,522,361	8,258,231
Government Bonds - Related parties	79,843,595	77,025,672
Other Receivables - Trade Transactions		
Related parties	3,904,858	3,784,548
Third parties	<u>4,746,703</u>	<u>2,730,282</u>
	8,651,561	6,514,830
Less: Allowance for impairment losses	<u>(1,424,454)</u>	<u>(1,125,015)</u>
Other Receivables - Trade Transactions - net	7,227,107	5,389,815
Securities Purchased under Resale Agreements		
Related parties	-	1,456,340
Third parties	<u>3,103,351</u>	<u>12,866,022</u>
Securities Purchased under Resale Agreements - net	3,103,351	14,322,362
Derivative Receivables		
Related parties	2,792	231
Third parties	<u>168,086</u>	<u>86,901</u>
Derivative Receivables - net	170,878	87,132
Loans		
Related parties	56,955,282	45,934,586
Third parties	<u>360,022,748</u>	<u>294,039,104</u>
Total loans	416,978,030	339,973,690
Less: Allowance for impairment losses	<u>(15,002,015)</u>	<u>(12,740,561)</u>
Loans - net	401,976,015	327,233,129

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	2013	2012
ASSETS (continued)		
Acceptance Receivables		
Related parties	779,807	1,505,031
Third parties	9,398,563	6,452,481
	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
Acceptance Receivables - net	10,114,889	7,920,471
Investments in Shares - net of allowance for impairment losses of Rp54,899 and Rp22,532, as at 31 December 2013 and 2012	3,104,566	3,195,543
Prepaid Expenses	907,842	767,457
Prepaid Taxes	1,108,430	853
Fixed Assets - net of accumulated depreciation and amortisation of Rp4,807,311 and Rp4,226,501 as at 31 December 2013 and 2012	6,893,588	6,184,445
Intangible Assets- net of and amortisation of Rp1,288,191 and Rp1,173,596 as at 31 December 2013 and 2012	889,842	656,013
Other Assets - net of allowance for possible losses of Rp276,350 and Rp263,707 as at 31 December 2013 and 2012	4,646,847	5,150,539
Deferred Tax Assets	4,093,766	3,777,111
TOTAL ASSETS	648,250,177	563,105,056

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	<u>2013</u>	<u>2012</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due Immediately	762,130	1,694,231
Deposits from Customers		
Demand deposits		
Related parties	26,904,930	25,553,634
Third parties	<u>89,345,932</u>	<u>82,276,072</u>
Total demand deposits	<u>116,250,862</u>	<u>107,829,706</u>
Saving deposits		
Related parties	199,373	926,505
Third parties	<u>213,929,281</u>	<u>181,857,954</u>
Total saving deposits	<u>214,128,654</u>	<u>182,784,459</u>
Time deposits		
Related parties	28,249,099	21,595,937
Third parties	<u>141,089,425</u>	<u>123,248,810</u>
Total time deposits	<u>169,338,524</u>	<u>144,844,747</u>
Total Deposits from Customers	499,718,040	435,458,912
Deposits from Other Banks		
Demand and saving deposits		
Related parties	159,681	32,672
Third parties	<u>2,960,349</u>	<u>2,166,360</u>
Total demand and saving deposits	<u>3,120,030</u>	<u>2,199,032</u>
Inter-bank call money		
Related parties	137,000	327,100
Third parties	<u>1,250,850</u>	<u>125,000</u>
Total inter-bank call money	<u>1,387,850</u>	<u>452,100</u>
Time deposits		
Related parties	30,000	-
Third parties	<u>8,123,254</u>	<u>11,467,747</u>
Total time deposits	<u>8,153,254</u>	<u>11,467,747</u>
Total Deposits from Other Banks	<u>12,661,134</u>	<u>14,118,879</u>
Securities sold under Repurchase Agreements		
Related parties	1,509,324	-
Third parties	<u>3,146,825</u>	<u>-</u>
Securities sold under Repurchase Agreements	<u>4,656,149</u>	<u>-</u>
Derivative Payables		
Related parties	372	333
Third parties	<u>224,462</u>	<u>112,924</u>
Total Derivative Payables	<u>224,834</u>	<u>113,257</u>
Acceptance Payables		
Related parties	445,929	262,481
Third parties	<u>9,732,441</u>	<u>7,695,031</u>
Total Derivative Payables	<u>10,178,370</u>	<u>7,957,512</u>
Marketable Securities Issued - net of unamortised discount of RpNil and RpNil as at 31 December 2013 and 2012	105,862	296,076

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
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	<u>2013</u>	<u>2012</u>
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Estimated Losses on Commitments and Contingencies	197,807	186,114
Accrued Expenses	2,808,305	2,035,275
Current Tax Payable		
Income Tax	1,515,818	1,919,588
Other Tax	<u>352,611</u>	<u>489,446</u>
Total Tax Payable	<u>1,868,429</u>	<u>2,409,034</u>
Employee Benefits Liabilities	4,323,446	3,604,359
Provision	822,582	746,821
Other Liabilities	8,896,985	9,988,272
Fund Borrowings		
Related parties	-	9,102
Third parties	<u>13,994,173</u>	<u>8,693,075</u>
Total Fund Borrowings	<u>13,994,173</u>	<u>8,702,177</u>
Subordinated Loans		
Related parties	1,944,800	1,941,800
Third parties	<u>2,525,815</u>	<u>3,201,150</u>
Total Subordinated Loans	<u>4,470,615</u>	<u>5,142,950</u>
TOTAL LIABILITIES	<u>565,688,861</u>	<u>492,453,869</u>
EQUITY		
Share Capital - Rp500 (full amount) par value per share, Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B, Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B, Issued and Fully Paid-in Capital as at 31 December 2013 and 2012	11,666,667	11,666,667
Additional Paid-in Capital/Agio	17,476,308	17,195,760
Differences Arising from Translation of Foreign Currency Financial Statements	126,010	72,694
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(1,413,082)	(427,599)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)		
- Appropriated	7,431,162	5,927,268
- Unappropriated	<u>47,274,251</u>	<u>36,216,397</u>
Total Retained Earnings	<u>54,705,413</u>	<u>42,143,665</u>
TOTAL EQUITY	<u>82,561,316</u>	<u>70,651,187</u>
TOTAL LIABILITIES AND EQUITY	<u>648,250,177</u>	<u>563,105,056</u>

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)**

	2013	2012
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	43,339,930	36,800,542
Interest Expense	<u>(14,732,324)</u>	<u>(12,636,628)</u>
NET INTEREST INCOME	<u>28,607,606</u>	<u>24,163,914</u>
Other Operating Income		
Other fees and commissions	7,544,114	6,335,769
Foreign exchange gains - net	1,812,685	1,069,830
Others	<u>3,921,070</u>	<u>3,283,344</u>
Total Other Operating Income	13,277,869	10,688,943
Allowance for Impairment Losses	(3,907,443)	(2,990,221)
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	9,124	44,130
Reversal/(Provision) of allowance for Possible Losses	1	(26,143)
Unrealised (Losses)/Gains from Increase in Fair Value of Marketable Securities and Government Bonds	(2,769)	4,274
Gains on Sale of Marketable Securities and Government Bonds	24,514	287,327
Other Operating Expenses		
Salaries and employee benefits	(7,537,377)	(6,512,515)
General and administrative expenses	(7,752,465)	(6,385,697)
Others - net	<u>(1,414,726)</u>	<u>(1,965,749)</u>
Total Other Operating Expenses	<u>(16,704,568)</u>	<u>(14,863,961)</u>
INCOME FROM OPERATIONS	21,304,334	17,308,263
Non-operating Income - net	<u>367,131</u>	<u>741,566</u>
INCOME BEFORE TAX EXPENSE	21,671,465	18,049,829
Tax Expense		
Current	(4,528,782)	(3,906,338)
Deferred	<u>70,285</u>	<u>158,410</u>
Total Tax Expense - net	<u>(4,458,497)</u>	<u>(3,747,928)</u>
NET INCOME	<u>17,212,968</u>	<u>14,301,901</u>
Comprehensive Income		
Difference arising from translation of financial statements in foreign currency	53,316	(10,588)
Unrealised net (losses)/gains from (decrease)/ increase in fair value of available for sale financial assets	(1,231,853)	149,708
Income Tax related to other comprehensive income	<u>246,370</u>	<u>(29,926)</u>
Comprehensive Income After Tax	<u>(932,167)</u>	<u>109,194</u>
TOTAL COMPREHENSIVE INCOME	<u>16,280,801</u>	<u>14,411,095</u>

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2013	11,666,667	17,195,760	72,694	(427,599)	5,927,268	36,216,397	42,143,665	70,651,187
Dividends allocated from 2012 net income	-	-	-	-	-	(4,651,220)	(4,651,220)	(4,651,220)
The establishment of general and special reserves of net profit in 2012 (refer to Note 40c)	-	-	-	-	1,503,894	(1,503,894)	-	-
Comprehensive income for the year ended 31 December 2013	-	-	53,316	(985,483)	-	17,212,968	17,212,968	16,280,801
Gain from sale of Subsidiaries to entity under common control and others (refer to Note 40b)	-	280,548	-	-	-	-	-	280,548
Balance as at 31 December 2013	11,666,667	17,476,308	126,010	(1,413,082)	7,431,162	47,274,251	54,705,413	82,561,316

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised (Losses)/Gains from (Decrease)/Increase in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2012	11,666,667	17,195,760	83,282	(547,381)	5,927,268	24,853,547	30,780,815	59,179,143
Dividends allocated from 2011 net income	-	-	-	-	-	(2,449,209)	(2,449,209)	(2,449,209)
Fund allocated to cooperative development and community development program from 2011 net income	-	-	-	-	-	(489,842)	(489,842)	(489,842)
Comprehensive income for the year ended 31 December 2012	-	-	(10,588)	119,782	-	14,301,901	14,301,901	14,411,095
Balance as at 31 December 2012	11,666,667	17,195,760	72,694	(427,599)	5,927,268	36,216,397	42,143,665	70,651,187

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	41,236,356	35,147,725
Receipts from fees, commissions and premium - net	7,544,114	6,335,769
Payments of interest expense	(14,601,875)	(12,615,643)
Receipts from the sale of Government Bonds - fair value through profit or loss	26,635,916	62,709,922
Acquisition of Government Bonds - fair value through profit or loss	(25,456,801)	(63,177,702)
Foreign exchange gains/(losses) - net	(389,302)	865,294
Operating income - others	918,211	732,308
Operating expenses - others	(676,604)	(1,671,815)
Salaries and employee benefits	(6,818,290)	(5,619,577)
General and administrative expenses	(7,039,429)	(5,938,233)
Non-operating income/(expenses)	<u>373,747</u>	<u>741,566</u>
Cash flow from operating activities before changes in operating assets and liabilities	21,726,043	17,509,614
(Increase)/decrease in operating assets:		
Placements with Bank Indonesia and other banks	(1,182,586)	(200,461)
Marketable securities - fair value through profit or loss	(843,318)	3,199,422
Other receivables - trade transactions	(2,136,731)	(916,375)
Loans	(76,232,808)	(67,357,344)
Securities purchased under resale agreements	11,219,011	(2,151,452)
Prepaid tax	(1,107,577)	(2)
Prepaid expenses	(140,385)	(182,643)
Other assets	1,086,923	(706,491)
Proceeds from collection of financial assets already written-off	3,002,556	2,550,099
Increase/(decrease) in operating liabilities:		
Demand deposits	9,114,254	18,051,209
Saving deposits	31,572,095	33,953,891
Time deposits	21,179,285	4,653,443
Inter-bank call money	935,750	243,818
Obligation due immediately	(932,101)	407,157
Taxes payable	(1,289,056)	58,427
Payment of corporate income tax	(5,117,989)	(2,598,048)
Other liabilities	<u>1,048,608</u>	<u>3,718,178</u>
Net cash provided by operating activities	<u>11,901,974</u>	<u>10,232,442</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in marketable securities - available for sale and held-to-maturity portfolio	(4,459,784)	(1,485,663)
Decrease in Government Bonds - available for sale and held-to-maturity portfolio	(4,958,007)	413,860
Proceeds from sale of fixed assets	14,749	94,665
Acquisition of fixed assets	(1,322,377)	(1,246,959)
Acquisition of intangible assets	(348,424)	(197,114)
Sale of investment in PT Bumi Daya Plaza	264,000	-
Sale of investment in PT Usaha Gedung Mandiri	<u>132,000</u>	<u>-</u>
Net cash used in investing activities	<u>(10,677,843)</u>	<u>(2,421,211)</u>

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection to PT Bank Sinar Harapan Bali (Subsidiary)	(32,377)	-
Capital injection to PT Bank Syariah Mandiri (Subsidiary)	-	(300,000)
Capital injection to PT Mandiri Sekuritas (Subsidiary)	-	(29,512)
Decrease in marketable securities issued	(190,214)	(120,101)
(Decrease)/Increase in fund borrowings	3,133,509	(549,153)
Payments of subordinated loans	(672,335)	(713,848)
Increase in marketable securities sold under repurchase agreement	4,656,149	-
Payments of dividends, cooperative development fund program and community development fund program	(4,651,220)	(2,939,051)
Net cash provided by/(used in) financing activities	<u>2,243,512</u>	<u>(4,651,665)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,467,643	3,159,566
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,883,248	648,944
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>102,872,010</u>	<u>99,063,500</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>109,222,901</u></u>	<u><u>102,872,010</u></u>
Cash and cash equivalents at end of year consist of:		
Cash	17,226,616	14,131,136
Current accounts with Bank Indonesia	40,602,631	35,955,368
Current accounts with other banks	13,435,310	9,418,671
Placements with Bank Indonesia and other banks	37,958,344	43,366,835
Total Cash and Cash Equivalents	<u><u>109,222,901</u></u>	<u><u>102,872,010</u></u>
Supplemental Non-Cash Flow Information		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(1,413,082)	(427,599)
Dividend receivable from Subsidiaries	-	10,435
Acquisition of fixed assets - payable	(812,181)	(570,233)
Capital injection to Bank Syariah Mandiri via inbreng mechanism	(30,778)	-