



mandiri true contribution

2016
Annual Report

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

Disclaimer

This annual report includes statement(s) of financial condition, results of operations, projections, plans, strategies, policies, and objectives of the Company that are classified as forward-looking statements under the definition contained in the laws and regulations, for matters of historical nature. Such forward-looking statements are subject to a number of risks and uncertainties. Actual outcomes may differ materially from what is predicted in the statements.

The forward-looking statements contained in this annual report are based on various assumptions regarding current and future conditions affecting the Company and the business environment in which the Company operates. The Company cannot give any assurance that the actions taken to ensure the validity of this document will also result in the achievement of the anticipated outcomes.

The terms "Bank Mandiri" and "the Company" are used interchangeably in this report to refer to PT Bank Mandiri (Persero) Tbk, which carries on business in the banking services sector.

mandiri true contribution

In pursuance of the Company's aspiration in becoming a bank with the best performance **in Indonesia and leading in ASEAN by 2020 (Indonesia's best, ASEAN's prominent)**, Bank Mandiri consistently creates its true contribution in all aspect of its business. In 2016 the strive for enhancement continues to be developed through various strategic steps, continuously innovating and improving the quality of human resources, supported with the implementation of good corporate governance principles, to rejuvenate the business foundation of Bank Mandiri in the future.

Other goals Bank Mandiri has in addition to becoming the biggest state-owned bank in Indonesia is to consistently keep the best interest of its stakeholders, either in the form of economic prosperity (profit), social welfare (people), and the preservation of nature (planet) so that it can participate in creating a sustainable prosperity for Indonesia.

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01 Main Highlights



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Theme Continuity



2014

Passion to Perform for Indonesia

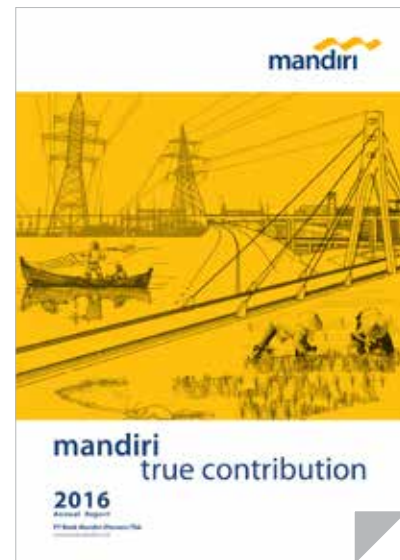
We consistently make every effort to work for Indonesia by making Bank Mandiri the bank with the best financial and operational performance, a bank that Indonesia can be proud of.



2015

Mandiri Friend of the Nation

Bank Mandiri managed to execute its business plan in addition to making progress and recording business growth as well as making significant contributions to improve public welfare.



2016

Mandiri True Contribution

Bank Mandiri always delivers true contribution to Indonesia in order to support sustainable development focusing on balance and harmony of triple bottom line (people, profit and planet).

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Corporate Governance	Integrated Corporate Governance	Corporate Social Responsibility	Cross Reference of Annual Report Award 2016 Criteria	Consolidated Financial Statements

Annual Report at A Glance

As the government agent of development in driving the national economy, Bank Mandiri has demonstrated its support to the government development policy inside and out of 2016, by providing infrastructure financing in Indonesia. The Company supports Bank Indonesia and Financial Services Authority (FSA) to increase non-cash transaction in creating a cashless society. The Company again contributes to the growth of real sector by providing Kredit Usaha Rakyat (KUR) and enhancement the quality of live through enhancement of access for houses and vehicles ownership. The true contribution dedicated by Bank Mandiri for Indonesia has been stated in the theme of 2016 Annual Report "Mandiri True Contribution."

The annual report written has passed deep and thorough study of the outlook for Bank Mandiri's business sustainability and overlooks the dynamics of the banking business in 2016. The report provides a comprehensive look and integrating the Company's achievements, statements of financial position, profit and losses, and yearly cash flow, including overview on organization structure function, tasks, and roles which is reflected in the implementation of good corporate governance.

The purpose of the annual report is to put high level of understanding and trust within stakeholders, by providing appropriate, balanced, and relevant information. Shareholders, management, employees, and other stakeholders are endowed with adequate information related to the strategy, policy, steps of implementation, what has been realized, and what will be utilized as true contribution by Bank Mandiri in 2016.

The annual report also serves as an effective medium of communication from Bank Mandiri to its stakeholders. Exposure to the performance that has passed and the future business prospects conveyed straightly in the report, to open an opportunity for Bank Mandiri to obtain encouragement from related parties in improvement and becoming the biggest bank in Indonesia.

NOTE FOR READERS

Table and graphs in the report showed numeric data with Indonesian standard, while numeric description utilize both English and Indonesian in texts which related to the context.

Pricesless Heritage

"Through the course of a long history that has been carved and the spirit of the country's prosperity, Bank Mandiri is committed to giving the best contributions to support the growth and development of the Indonesian economy".



Consolidation and Integration

Bank Mandiri has succeeded in building a solid bank organization, as a result of the consolidation process and thorough integration in all fields. The new and integrated core banking system has been implemented replacing previous core banking system from the four ex-legacy Banks which were differed one to the others.

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Transformation Phase I (2005-2010)

Bank Mandiri established transformation programs to be Regional Champion Bank through four main strategies, namely:



Corporate Culture

Through performance-based organizational restructuring, overhaul of the existing performance based evaluation system, development of leadership and talent, and the alignment of human resources to meet strategic requirements.



Aggressive Non-Performing Loans Control

Emphasizing the resolution of non-performing loans, enhancing the risk management system.



Acceleration of business expansions

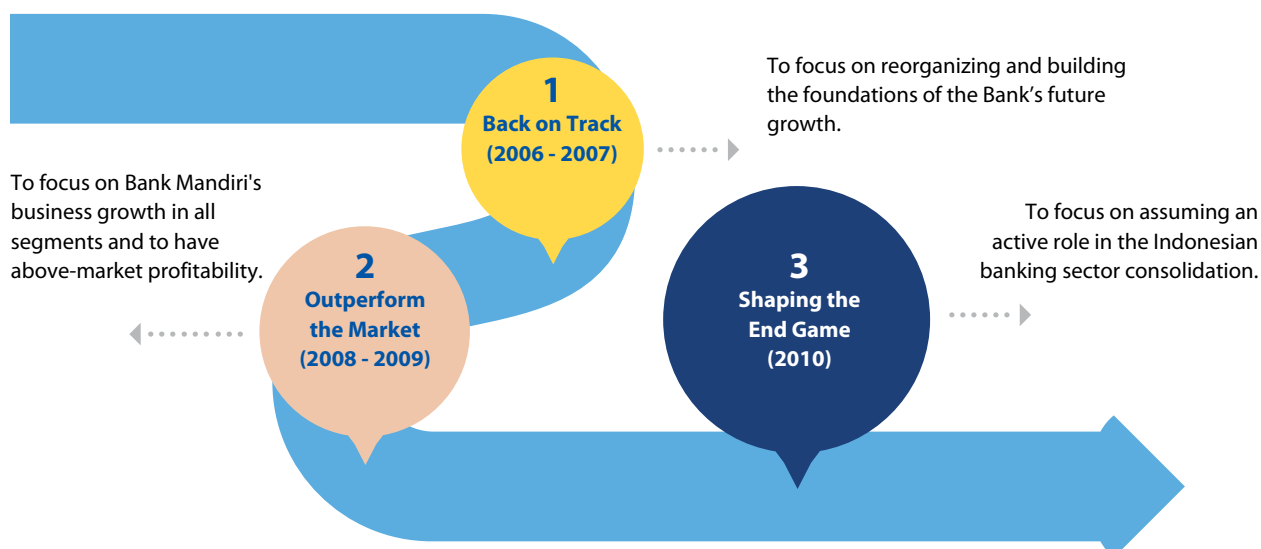
To exceed average market growth through distinctive strategies and value proposition in each segment.



Development and management of alliances between the Directorates and Business Units

To optimize customer service and explore business opportunities available related to the existing customers and their value chains.

In order to achieve the aspiration of becoming a Regional Champion Bank, transformation of Bank Mandiri conducted gradually through three phases:



Bank Mandiri's consistency in shaping Phase I transformation has been manifested through improved performance, demonstrated by various financial parameters. Correspondingly, Bank Mandiri transformed its corporate culture by redefining employees conduct guidelines known as TIPCE, Trust, Integrity, Professionalism, Customer Focus and Excellence.

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Transformation Phase II (2010-2014)

Bank Mandiri has arranged continuing transformation program for the period of 2010-2014 by concerted efforts to revitalized its vision "To be the most admired and progressive financial Institution in Indonesia". To emphasize the vision, the Bank focused its business transformation on three areas as follows:



1

Wholesale Transaction

To strengthen its leadership by offering comprehensive financial transaction solutions and building holistic relations in servicing corporate and commercial institutions in Indonesia.



2

Retail Deposit & Payment

To become customers choice in banking retail deposit by providing unique and top-quality banking experience to the customers.



3

Retail Financing

To take the lead in key retail financing segments, primarily to overcome the competition in the mortgage, personal loan, and credit card segments, and to become a key player in micro banking.

Results of the second phase transformation recorded in several key indicators, Rp251.5 trillion of capitalization value, 3.39% of Return on Asset, 2.15% of Non Performing Loan.

Bank Mandiri has also overshadowed as "The Best Bank in Service Excellence" from Infobank Magazine for nine consecutive years and "The Most Trusted Company" from The Indonesia Institute for Corporate Governance (IICG) for ten consecutive years.

Bank Mandiri's long term target, by the end of 2020, will become one of the top in ASEAN in term of market capitalization and major player in the region.

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Transformation Phase III (2015-2020)

To consummate its long term target, Bank Mandiri continues the business transformation into its third phase of 2015-2020. Through sustainable business transformation and organizational management, the vision was emphasized as follows:



1

Determined to be the best financial institution in ASEAN in terms of services, products and returns to shareholders and benefits to society at large.



2

To become the pride of the nation and every person that works in Bank Mandiri has a responsibility to be fulfilled through the best practices in management and good corporate governance.



3

Determined to be the icon of Indonesian banking in ASEAN with the goal of achieving a market capitalization of USD 55 billion and ROE of 23%-27% by 2020.

To overtake the vision, Bank Mandiri focuses its growth strategies in to three main scopes, namely:



Wholesale

Providing integrated wholesale product solutions, expertise based solution in the customer's business sector, and active support to the activities of Bank Mandiri customers who conducts business expansion to other countries through the provision of cross-border solutions.



Integrate the Group

Integrate the business in all segments of the Bank, including subsidiaries. Through this strategy, Bank Mandiri intends to impart cross sell culture and regionalization of business and optimize distribution networks in the region.



Retail

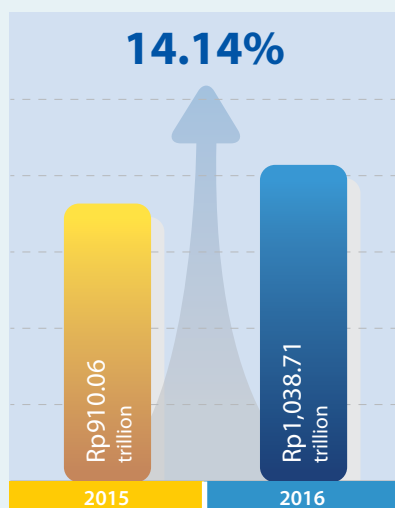
Facilitating access of SME and micro customers to the distribution network of Bank Mandiri, conducting penetration and customer acquisition focused on potential sectors, offering complete one-stop solutions to consumer products and services and maintaining competitive and complete innovations to strengthen its dominance in the retail payment.

Those focused areas supported with organizational strengthening by providing integrated service solutions, infrastructure improvements (offices, IT, operations and risk management), as well as strengthening its human resources.

We are Still the Best

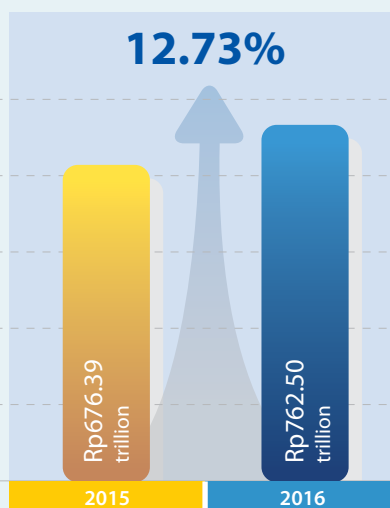
Slowly but surely Bank Mandiri managed to achieve some steps as a manifestation in achieving aspiration as Indonesia's best, ASEAN's prominent. There were some achievements that should be appreciated in 2016, namely:

Asset Growth



Asset growth by 14.14% amounting to Rp1,038.71 trillion in 2016 from Rp910.06 trillion in 2015. In the last five years, assets growth as 63.42% from Rp635.62 trillion in 2012.

Third Party Funds



Third party funds, both from demand deposits, savings and time deposits in 2016 increased by 12.73% amounting to Rp762.50 trillion from Rp676.39 trillion in 2015. In the last five years the growth of third party funds amounting to 57.89% from Rp482.92 trillion in 2012.

Accomplishment

The Most Trusted Indonesia Company

10 x

The high trust level against the company management with the achievement award "The Most Trusted Indonesia Company" from the Indonesian Institute of Corporate Governance (IICG) as much as ten times in a row.

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Performance Highlights of 2016

Strategy in 2016

In the second year of its third phase of transformation, Bank Mandiri sharpened its business strategy to increase its competitiveness in the midst of a challenging and fierce economic conditions and business competition. This step also supports the achievement of the Bank's aspiration to become Indonesia's best, ASEAN's prominent by 2020.

The 2016 business focus of Bank Mandiri is divided into three, namely:

Focus on base core competence



- Fostering corporate loan segment beyond market growth with the focus on anchor customers penetration and selected industrial sectors.
- Enrichment of fee based income portion and Current Account Saving Account (CASA) wholesale through improvement of transaction banking and cash management services.

Develop new core competences



- Encouraging CASA retail growth through e-channel and the Bank at Work transaction by harnessing the virtue of relations and derivative of wholesale customers.
- Accelerating consumer lending business growth, particularly in terms of:
 - Housing loan, by accelerating housing loan business processes as well as optimization of cooperation with the developer;
 - Auto loan acceleration by streamlining its segment/target market through its subsidiaries, PT Mandiri Tunas Finance and PT Mandiri Utama Finance by accelerating business processes and increase booking capacity;
 - Personal loan acceleration by alignment of KTA offering and KSM micro, and a focus on payroll customers.

Strengthen its fundamentals



- Decreasing cost to income ratio by digitizing customer transaction and its business processes.
- Decreasing Non Performing Loan (NPL) through improvement of credit processes.
- Development of data analytics to improve customer insights and support cross-selling.

Bank Mandiri realizes that solid cornerstone is very important in strengthening the company's business structure, Bank Mandiri then enhances its asset quality and portfolio management including through the reorganization of the Special Asset Management (SAM) task force, which handles credit with special attention status, led by senior management since second quarter of 2016.

SAM task force consists of restructuring unit that focuses on the prevention of rising NPLs and as a recovery unit. This

group can quickly identify customers who are facing problems in business and will take necessary steps to restructure its credits. Throughout 2016, the SAM unit received the transfer of non-performing loans from business units of about Rp6.5 trillion to be handled more effectively and resetting support of its risk assessment criteria that a business unit can improve the credit approval process. In addition, the SAM unit also continues to enhance monitoring and strengthening the early warning system.

Bank Mandiri has targeted higher level of Cash Recovery in comparison to last year and implemented action plans to achieve those targets. Bank Mandiri can provide incentives to cooperative debtors in settling the credit.

On the other hand, Bank Mandiri put an efforts in releasing credit assets and collaterals through auction and the auction was published in the website lelang.bankmandiri.co.id.

Significant Achievements in 2016

01

Increased by **14.14%** 2015: Rp910.06 trillion 2016: Rp1,038.71 trillion

Increased by **20.80%** 2015: **85.68** 2016: **103.55**

Increased by **0.44%** 2015: **92.88** 2016: **93.29**

02

Support on Nawacita Program

Bank Mandiri supported Nawacita program as stated by President Joko Widodo, through various financing programs in infrastructure. Bank Mandiri also provided various banking solutions boost the acceleration and access of development.

03

Wirausaha Muda Mandiri (WMM) Program

After succeed in building ecosystem of Wirausaha Muda Mandiri (WMM), since 2016 Bank Mandiri has added a new category of Fintech. The young entrepreneurs in fintech has opportunity to get coaching and financial support for business development through PT Mandiri Capital Indonesia.

04

Disabilities Empowerment

In 2016, Bank Mandiri realized its commitment to empower disabilities through employment as Call Center operators, who serve the customers at Bank Mandiri Call Center building, Mandiri Rempoa Housing Complex, South Tangerang.

05

Cashless Society

Since July 13, 2016, Bank Mandiri implemented Laku Pandai Program nationwide and enhancement of e-money card utilization included in: payment method in public transportation.

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- Total Assets
- ASEAN CG Scorecard
- CGPI



Nawacita
Program



Wirausaha Muda Mandiri
(WMM) Program



Disabilities as
Call Center Operators



Cashless
Society



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Financial Highlights

Summary of Important Financial Information for the Last 5 Years

Consolidation-including subsidiaries (in million Rupiah)

The figures in all tables and graphs in this annual report uses English language

Description (in million Rupiah)	2016	2015	2014	2013	2012 ¹⁾
FINANCIAL POSITION					
Total Assets	1,038,706,009	910,063,409	855,039,673	733,099,762	635,618,708
Credit ²⁾ - Gross	662,012,652	595,457,650	529,973,541	472,435,041	388,830,299
Government Bonds	98,933,278	103,869,361	86,153,906	82,227,428	79,072,173
Equity Investment - Net	245,136	48,394	55,490	4,667	4,306
Total Liabilities ³⁾	885,336,286	790,571,568	750,195,111	644,309,166	559,863,119
Third Party Funds - Customer Deposits ³⁾					
Current Accounts	187,052,253	172,165,990	128,067,091	123,445,524	113,911,014
Savings Accounts	302,327,614	271,707,530	252,444,999	236,510,887	202,216,209
Time Deposits	273,120,837	232,513,741	255,870,003	196,385,250	166,786,895
Other Interest Bearing Liabilities	58,152,335	57,717,893	53,870,042	39,570,135	32,613,314
Capital/Equity ⁴⁾	153,369,723	119,491,841	104,844,562	88,790,596	75,755,589

1) Reclassified for the purpose of consolidating mutual funds managed by subsidiaries

2) Including Consumer Finance Receivables and Net Investment in Leasing

3) Includes Temporary Syirkah Funds

4) Includes non-controlling interests in consolidated net assets of subsidiaries

Description (in million Rupiah)	2016	2015	2014	2013	2012
PROFIT AND LOSS STATEMENT					
Interest Income					
Including Interest on Government Bonds	76,709,888	71,570,127	62,637,942	50,208,842	42,550,442
Excluding Interest on Government Bonds	71,357,029	66,296,272	58,003,439	46,725,244	39,475,434
Net Interest Income ¹⁾					
Including Interest on Government Bonds	51,825,369	45,363,103	39,132,424	33,809,418	28,421,569
Excluding Interest on Government Bonds	46,472,510	40,089,248	34,497,921	30,325,820	25,346,561
Other Operating Income	19,286,425	18,378,678	14,687,815	14,686,637	11,897,822
Other operating expenses ¹⁾	31,268,198	28,754,543	25,374,351	22,533,779	19,804,005
Reserve for Impairment (CKPN) Expenses	24,943,938	11,664,837	5,718,130	4,871,442	3,423,067
Profit before Tax	18,572,965	26,369,430	26,008,015	24,061,837	20,504,268
Net Profit in Current Year	14,650,163	21,152,398	20,654,783	18,829,934	16,043,618
Profit attributable to owner of parent company	13,806,565	20,334,968	19,871,873	18,203,753	15,504,067
Profit attributable to non-controlling interests	843,598	817,430	782,910	626,181	539,551
Comprehensive profit (loss)	40,345,048	20,446,829	21,482,680	17,996,086	16,256,581
Comprehensive profit attributable to owner of parent company	39,484,138	19,658,155	20,699,770	17,369,905	15,717,030
Comprehensive profit attributable to non-controlling interests	860,91	788,674	782,910	626,181	539,551
Net Earnings per Share (in Rp)	591.71	871.5	851.66	780.16	664.46

1) Reclassified for the presentation of the the burden of insurance premiums customer funds guarantee program as part of other operating costs

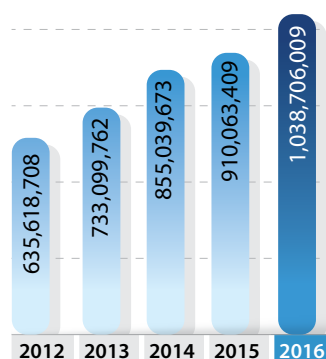
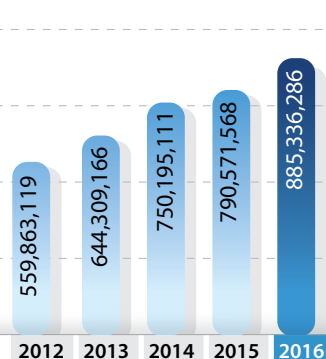
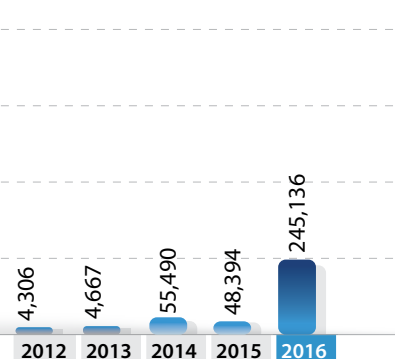
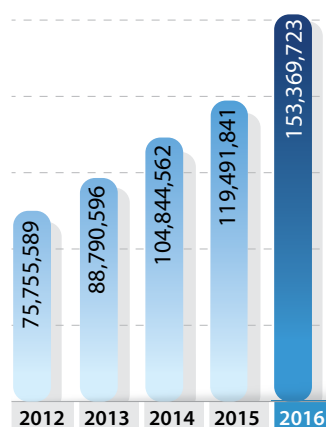
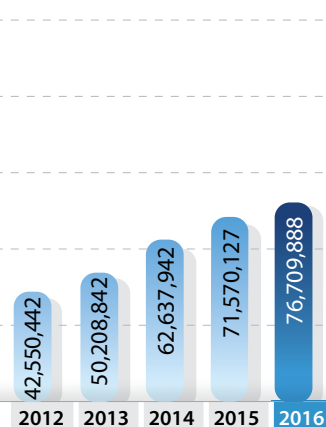
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Description ((in million Rupiah))	2016	2015	2014	2013	2012
FINANCIAL RATIOS (BANK ONLY)					
Capital					
Capital Adequacy Ratio (CAR)	21.36%	18.60%	16.60%	14.93%	15.48%
Productive Assets					
Productive & Non-Productive Assets to total productive assets & non-productive assets	2.47%	1.56%	1.15%	1.17%	1.17%
Non-performing productive assets to total productive assets	3.07%	1.96%	1.42%	1.43%	1.45%
Financial asset CKPN to productive assets	3.97%	3.10%	2.61%	2.86%	2.77%
Non-Performing Loans (Gross NPL)	3.96%	2.29%	1.66%	1.60%	1.74%
net NPL	1.38%	0.60%	0.44%	0.37%	0.37%
Profitability					
ROA	1.95%	3.15%	3.57%	3.66%	3.55%
ROE	11.12%	23.03%	25.81%	27.31%	27.23%
NIM	6.29%	5.90%	5.94%	5.68%	5.58%
BOP	80.94%	69.67%	64.98%	62.41%	63.93%
Liquidity					
LDR	85.86%	87.05%	82.02%	82.97%	77.66%
Compliance					
Percentage of Violation to BMPK					
Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage of violation to BMPK					
Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Minimum Rupiah Demand Deposits	6.50%	7.50%	8.00%	8.00%	8.00%
Minimum demand deposits in foreign Currencies	8.12%	8.50%	8.49%	8.10%	8.01%
Net Exchange Position	2.98%	2.91%	2.01%	2.40%	1.27%

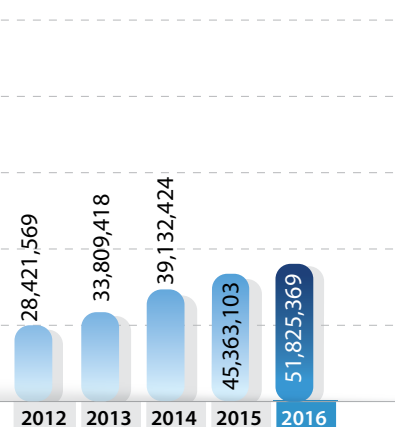
Note:

The Information concerning stock Price is outlined further on "Share Performance Highlights" section.

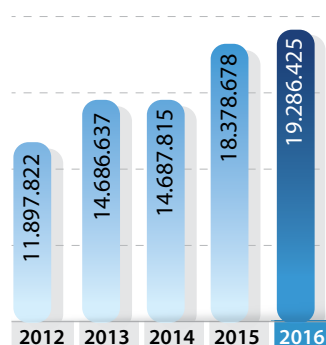
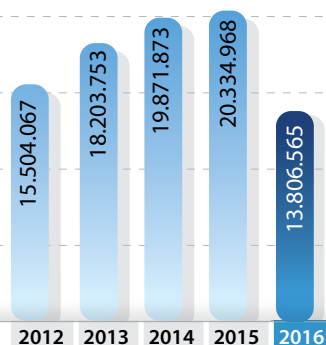
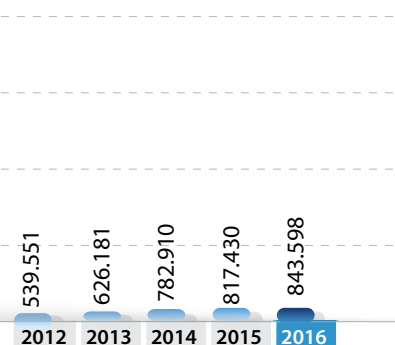
Description	2016	2015	2014	2013	2012
Number of Domestic Branch Offices	2,599	2,457	2,312	2,050	1,810
Number of ATM Machines	17,461	17,388	15,444	11,514	10,985
Number of ATM-LINK Machines	60,508	53,957	47,327	40,127	33,465
Number of Third-Party Accounts (in million)	18.45	16.9	15.7	14.0	13.7
Number of Employees	38,940	36,737	34,696	33,982	30,762

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(in million Rupiah)**Total Liability**
(in million Rupiah)**Equity Investment - Net**
(in million Rupiah)**Total Equity**
(in million Rupiah)**Interest Income***
(in million Rupiah)

*) Included Government Bond Interest

Net Earnings*
(in million Rupiah)

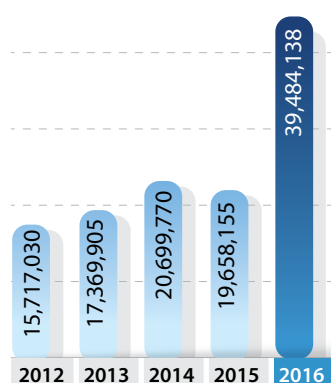
*) Included Government Bond Interest

Other Operating Income
(in million Rupiah)**Total Profit Attributable to
Owner of Parent Company**
(in million Rupiah)**Profit Attributable to
Non-Controlling**
(in million Rupiah)

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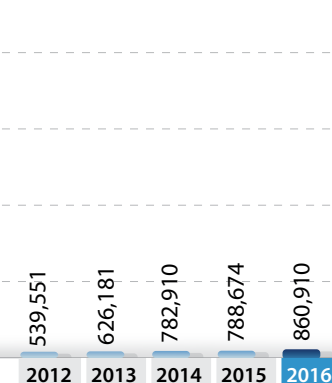
Comprehensive Profit Attributable to Owner of Parent Company

(in million Rupiah)

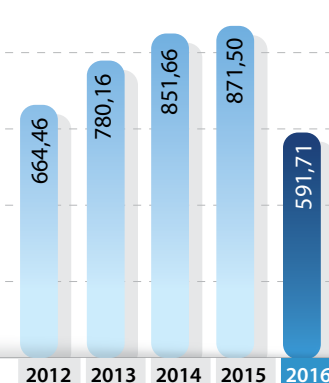


Comprehensive Profit Attributable to Non-controlling Interests

(in million Rupiah)

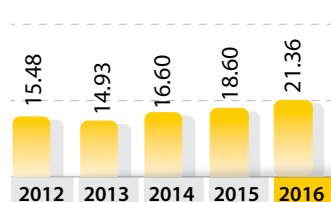


Earnings per Share



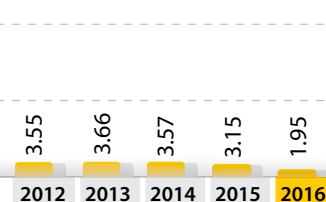
Capital Adequacy Ratio (CAR)

Bank only (%)



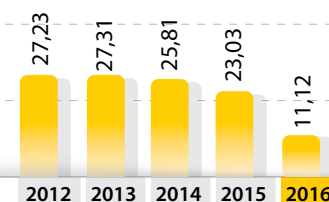
Return On Asset (ROA)

Bank only (%)



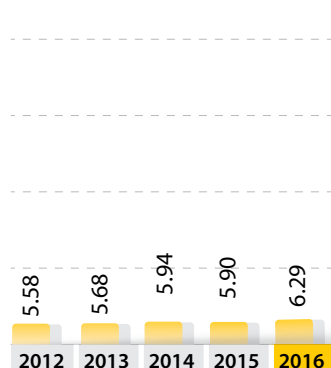
Return On Equity (ROE)

Bank only (%)



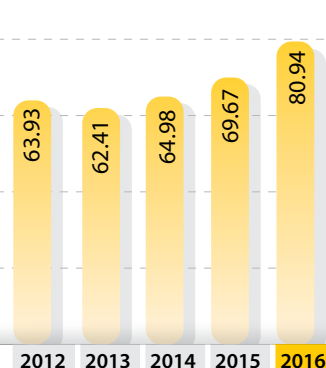
Net Interest Margin (NIM)

Bank only (%)



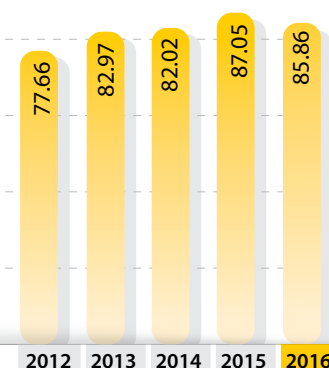
Operational Cost to Operational Income (BOPO)

Bank only (%)



Loan to Deposit Ratio (LDR)

Bank only (%)

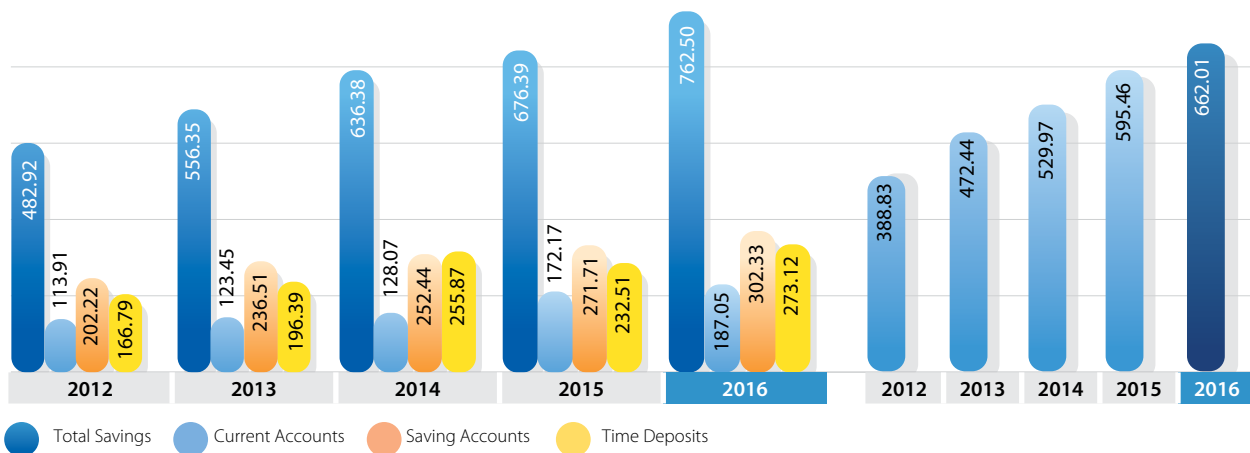


Operational Highlights

Description	2016	2015	2014	2013	2012
(in trillion Rupiah)					
Total Savings	762.50	676.39	636.38	556.35	482.92
Current Accounts	187.05	172.17	128.07	123.45	113.91
Saving Accounts	302.33	271.71	252.44	236.51	202.22
Time Deposits	273.12	232.51	255.87	196.39	166.79
Total Credit	662.01	595.46	529.97	472.44	388.83
Total FBI	20.048	18.636	15.069	14.506	12.237
(in unit)					
Total ATM	17,461	17,388	15,444	11,514	10,985
Pre-paid Card	8,820,188	6,662,850	5,006,982	3,501,214	1,287,700

Saving Product Growth
(Rp trillion)

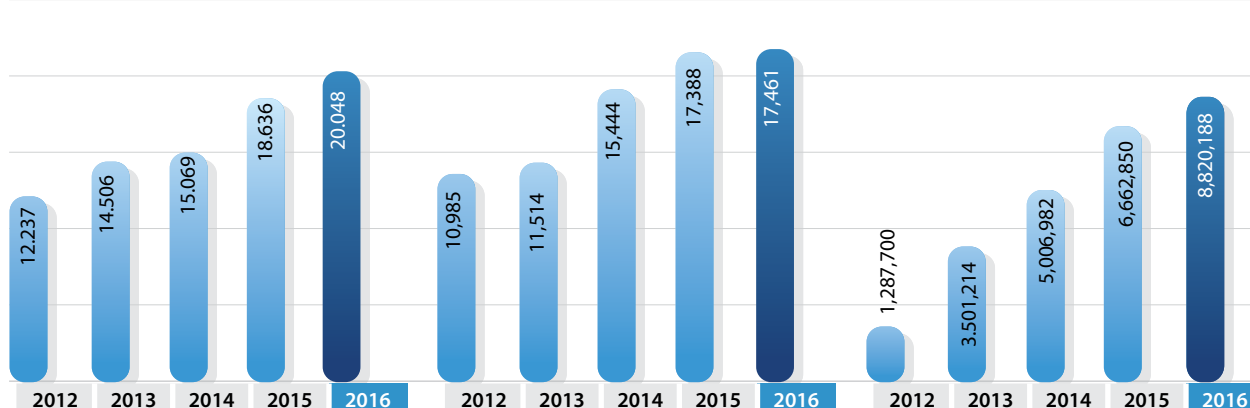
Credit Growth
(Rp trillion)



Total FBI
(Rp trillion)

Total ATM
(in Unit)

Pre-paid Card
(in Unit)



Share Performance Highlights

Capital Market Condition and Bank Mandiri's Share Performance

Indonesia capital market has improve its performance throughout 2016, parallel with the improvement of the national economic condition. Indonesia started to be released from the world economic pressures that are not conducive yet. The indicators came from the achievement of Composite Stock Price Index (CSPI) improvements at the end of 2016 amounted to 5,297, an increase of 15.32% compared to the end of 2015 amounted to 4,593.

The achievement of CSPI, calculated in the past ten years, has increased by 193.36% and recorded its highest ever in the history of Indonesia capital market. The increase, which reached the five largest compared to the world's major exchanges is accompanied by achievement of the highest value of depositor funds, which reached Rp 674.39 trillion and US \$ 247.5 million. Achievement recorded of issuance of initial public funds amounting to Rp 12.11 trillion, rights issue amounting to Rp 61.85 trillion, warrant Rp 1.14 trillion, 84 new issues of corporate bonds and sukuk issued by 56 issuers amounting to Rp 113.29 trillion and US \$ 47.5 million.

Stock daily average transaction value in the Indonesia Stock Exchange (IDX) also recorded increased by 30.03% compared to 2015. The average of transaction frequency grew by 18.91%, the average daily transaction volume rose by 31.36% and the market capitalization increased by 18.18% compared to 2015.

Bank Mandiri's Share Performance

Shares of Bank Mandiri is one of blue chips stock listed in Indonesia Stock Exchange since July 14, 2003. Listed on the main board, Bank Mandiri's stock has become of the performance indicators of stock market by included index calculation of IDX30, LQ45 Kompas 1000 and Sri Kehati indexes.

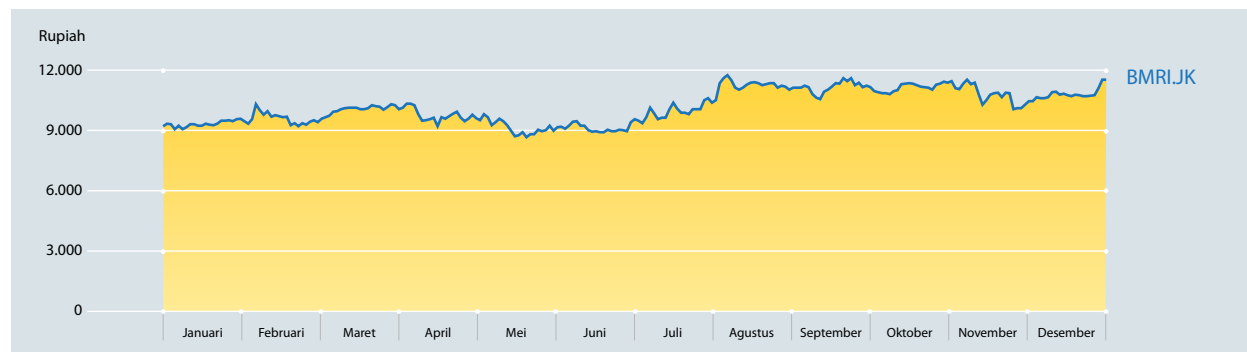
Bank Mandiri stock trading in 2016 followed the dynamics that occur in domestic and global stock markets as well as the development of the national economy. Bank Mandiri's stock price movements was better than 2015, with a record lowest closing price of Rp 8,700 per share on May 20, 2016 and the highest closing price of Rp 11,800 per share on August 9, 2016. While the closing price at the end of 2016 amounting to Rp 11.575 per share, better compared to the end of 2015 amounted to Rp 9,250 per share.



Share Price Movement and Market Capitalization

Since its initial listing in July 14, 2003, Bank Mandiri's stock continues to impress with improved performance and managed to become one of the best stock in Indonesia. With the rise in stock prices throughout the year by 25.1% from US \$ 9,250 at the end of 2015 to Rp 11.575 at the end of 2016, the market capitalization on the Indonesia Stock Exchange recorded the seventh largest compared to all issuers with Rp270.08 trillion.

Graph on Bank Mandiri's Share Price Movement in 2016



	2016	2015	2014
Highest Closing Prices (in Rp)	11,800	12,475	11,000
Lowest Closing Prices (in Rp)	8,700	7,525	7,600
Closing Prices (in Rp)	11,575	9,250	10,100
Market capitalization (in Rp trillion)	267.4	215.8	251.41
The number of traded shares (number of shares)	5,896	5,807	6,591
Net earnings per share (in Rp)	591.71	871.50	861.66

The highest and lowest closing prices of Bank Mandiri occurred respectively in August and May, i.e. at Rp11,800 and Rp8,700

Price Volume and Market Capitalization of Bank Mandiri Share 2014-2016

Year	Price/Share (Rp)				Number of Shares	Transaction Volume (Number of Shares)	Market Capitalization (Rp trillion)
	Opening (Rp)	Highest Closing	Lowest Closing(Rp)	Closing			
2014							
Quarter I	7,850	10,250	7,600	9,450	23,333,333,333	1,964,619,800	220.50
Quarter II	9,575	10,825	9,525	9,725	23,333,333,333	1,661,089,700	226.91
Quarter III	9,825	11,000	9,625	10,075	23,333,333,333	1,714,043,200	235.08
Quarter IV	10,100	10,875	9,300	10,100	23,333,333,333	1,279,584,700	251.41
2015							
Quarter I	10,775	12,475	10,700	12,475	23,333,333,333	1,281,646,000	291.08
Quarter II	12,475	12,275	9,425	10,050	23,333,333,333	1,644,480,096	234.50
Quarter III	10,125	10,400	7,525	7,925	23,333,333,333	1,584,873,000	184.92
Quarter IV	8,000	9,650	7,675	9,250	23,333,333,333	1,296,309,704	215.83
2016							
Quarter I	9,200	10,350	9,100	10,300	23,333,333,333	1,575,788,096	240.33
Quarter II	10,225	10,375	8,700	9,525	23,333,333,333	1,369,132,900	222.25
Quarter III	9,500	11,800	9,400	11,200	23,333,333,333	1,683,095,896	261.33
Quarter IV	11,325	11,575	10,100	11,575	23,333,333,333	1,268,503,900	270.08

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Chronological Listing of Shares

Period	Authorized Capital	Issued and Fully Paid-Up Capital	Series A Dwiwarna Share (number of shares)	Series B Ordinary Registered Share (number of shares)	Additional Listed Shares (number of shares)	Ownership by Retail Investors (number of shares)	Unissued Capital (number of shares)	Date of Listing
Prior to IPO	32,000,000,000	20,000,000,000	1	19,999,999,999			12,000,000,000	
Subsequent to IPO	32,000,000,000	20,000,000,000	1	13,999,999,999	6,000,000,000	6,000,000,000	12,000,000,000	July 14, 2003 and March 11, 2004
MSOP I*	32,000,000,000	20,375,365,957	1	13,999,999,999	375,365,957	6,375,365,957	11,624,634,043	
MSOP II*	32,000,000,000	20,687,079,654	1	13,999,999,999	311,713,697	6,687,079,654	11,312,920,346	
MSOP III*	32,000,000,000	20,996,494,742	1	13,999,999,999	309,415,088	6,996,494,742	11,003,505,258	
PUT**	32,000,000,000	23,333,333,333	1	13,999,999,999	2,336,838,591	9,333,333,333	8,666,666,667	February 24, 2011

*) Approved by the Jakarta Stock Exchange by virtue of a letter under document number: No.BEJ.PSI/P/07-2004 dated July 13, 2004 and by the Surabaya Stock Exchange by virtue of its letter: No.JKT-023/LIST EMITEN/BES/VII/2004

**) PUT: Limited Public Offering with Rights Issue

Use of Rights Issue Proceeds

To strengthen its capital structure, Bank Mandiri in 2011 conducted a Rights Issue offering 2,336,838,591 shares at a price of IDR5,000 per share. Through this Rights Issue, the total proceeds generated by Bank Mandiri amounted to IDR11.628 trillion of which the use is detailed in the following table:

(in Million Rupiah)

Type of Public Offering	Effective Date	Actual Offering Value					Remaining Balance of Offering Proceeds
		Total Proceeds	Cost of Offering	Net Proceeds	Lending	Total	
Rights Issue	January 27, 2012	11,628,193	305,000	11,379,193	11,291,193	11,379,193	0

Chronological Listing of Other Shares

Type of Security	Value (Rp)	Place of Listing	Interest Rate	Effective Date	Maturity Date	Rating	Trustee
Bank Mandiri Rupiah Subordinated Bond I 2009	3,500,000,000,000	Indonesia Stock Exchange (IDX)	11.85 %	December 14, 2009	December 11, 2016	idAA+ by Pefindo	Bank Permata
Bank Mandiri I 2016 Phase I Bond	5,000,000,000,000	Indonesia Stock Exchange (IDX)	7.95% A Series 8.50% B Series 8.65% C Series	September 22, 2016	Sep 30, 2021 - A Series Sep 30, 2023 - B Series Sep 30, 2026 - C Series	idAAA by Pefindo	Bank Tabungan Negara

Bank Mandiri – Rupiah Subordinated Bond I 2009

PT Pemeringkat Efek Indonesia (PEFINDO) delivered the ratings AA + (Double A Plus) to the Bank Mandiri I 2009 Subordinated Rupiah Bonds with a value of Rp3,500,000,000,000 for the period October 1, 2015 - October 1, 2016. The newly rate based on the letter No. 1240/PEF-Dir /X/2015 dated October 1, 2015, concerning the Annual Ranking Monitoring Certificate of Bank Mandiri I 2009 Subordinated Rupiah Bonds for the Period of October 1, 2015 - October 1, 2016. Following the letter No. 1241/PEFDir/X/2015 dated October 1, 2015 regarding the Annual Ranking Monitoring Certificate on Bank Mandiri PEFINDO also decided to reassign idAAA rating (Triple A; Stable Outlook) to the Bank for the period October 1, 2015 - October 1, 2016.

The Bank Mandiri bonds have been paid out by Bank Mandiri on December 11, 2016.

Bank Mandiri I 2016 Phase I Bond

Bank Mandiri issued Bank Mandiri I 2016 Phase I Bond with a value of Rp 5,000,000,000,000 with an effective date of 22 September 2016. Based PEFINDO's rating on long-term debt securities as stated on letter No. 939/PEF-Dir/VI/2016 dated June 1, 2016 applicable for the period June 1, 2016 until June 1, 2017, in which the ranking will be reviewed once a year, the Bank Mandiri I 2016 Phase I Bond received rating of idAAA (Triple A, Stable Outlook).

Use of Proceeds from Public Offerings

The entire proceeds from the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009, described below:

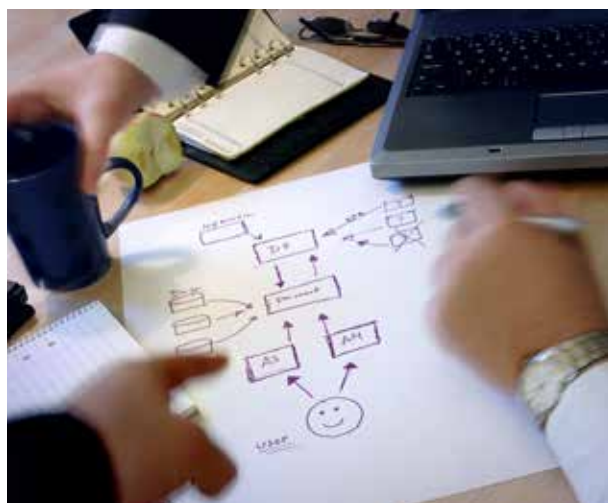
(in Million Rupiah)

Type of Public Offering	Effective Date	Actual Offering Value					Remaining Balance of Offering Proceeds
		Total Proceeds	Cost of Offering	Net Proceeds	Lending	Total	
Bank Mandiri Rupiah Subordinated Bond I 2009	December 14, 2009	3,500,000	19,846	3,480,154	3,480,154	3,480,154	0

Type of Public Offering	Effective Date	Actual Offering Value			Plan for the Use of Proceeds			Realization of the Use of Proceeds			Remaining Balance of Offering Proceeds
		Total Proceeds	Cost of Offering	Net Proceeds	Pembayaran Pokok Obligasi Subordinasi Perseroan Bank Mandiri tahun 2009	Credit Expansion	Total	Pembayaran Pokok Obligasi Subordinasi Perseroan Bank Mandiri tahun 2009	Credit Expansion	Total	
Bank Mandiri I 2016 Phase I Bond	September 30, 2016	Rp5 trillion	Rp0.025 trillion	Rp4.975 trillion	Rp3.5 trillion	Rp1.475 trillion	Rp4.975 trillion	Rp3.5 trillion	Rp1.475 trillion	Rp4.975 trillion	0

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Management Stock Option Plan (MSOP) and Employee Stock Allocation (ESA)



The shareholders approved the plan of employees and Board of Director stock ownership through the Stock Allocation Program or Employee Stock Allocation (ESA) and the Granting Purchase Options Shares to the Management or the Management Stock Option Plan (MSOP), in accordance with the Decree of the EGM on May 29, 2003 as stated in the deed of Sutjipto, SH, No. 142 dated May 29, 2003.

Bank Mandiri's ESA programs consisted of Bonus Shares Allocation Program (Bonus Share Plan) and Discounted Stock Allocation Program (Discounted Share Purchase). The implementation refers to Bapepam Regulation No.IX.A.7 that employees (including the Board of Directors, Board of Commissioners, the Board of Audit, Secretary of the Board of Commissioners and Contract Employees of Bank Mandiri) are eligible to have a maximum of 10.0% of the shares offered to the public, in accordance with the Bank Mandiri ESOP Guidance.

On the other hand, the Board of Directors and senior management at certain level or criteria eligible for the opportunity of MSOP. Number of Shares issued under the program shall not exceeded 5.0% of the paid in capital in the bank, which is based on Bapepam Regulation No.IX.D.4 as the maximum shares that can be issued by a public company within a period of three years without the right first to the existing shareholders (Preemptive Rights). MSOP tenor of five years since the execution date.

Bank Mandiri bears the costs and discounts related to the ESA program and established with funding of reserves. Program management and implementation of ESA and MSOP conducted by Board of Directors, with the supervision of the Board of Commissioners.

Stage 1 of the MSOP conducted simultaneously with the Initial Public Offering (IPO) on July 14, 2003, with total of 378,583,785 shares at exercise price of Rp742.50 per share and a nominal value of Rp500 per share. The stock option booked in the Share Account - Equity Account with fair value of stock options amounting to Rp69.71 per share. A total of 375,365,957 shares in Stage 1 MSOP resulted increase in paid in capital amounted Rp187,683 million as well as the addition paid in capital amounted Rp117,193 million. Execution period on Stage 1 MSOP was July 13, 2008 as announced on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262 / BEJ.PJS / P / 07-2004 dated July 14, 2004.

Stage 2 of MSOP with total of 312,000,000 share options carried out as stipulated by AGMS on May 16, 2005. The price per share for first year execution was set at Rp1,190.50 and Rp2,493 for the second year onward, with nominal value at Rp500 per share. The stock option booked in the Share Account - Equity Account with fair value of stock options amounting to Rp642.28 per share. A total of 311.713.697 shares in Stage 2 MSOP resulted increase in paid in capital amounted Rp155,857 million as well as the addition paid in capital amounted Rp425,233 million. Execution period on Stage 1 MSOP was May 10, 2010 as announced in 30 trading days on Announcement of Indonesia Stock Exchange No.Peng-97 / BEJPSJ / P / 02-2007 dated February 2, 2007.

Stage 3 of MSOP gaining approval by shareholders at the AGMS on 22 May 2006 with the total of 309,416,215 share options. Board of Commissioners gained authority from the AGMS to set implementation policies as well as supervise the Stage 3 MSOP to be reported to the next AGMS. The price per share was set at Rp1,495.08 with a nominal value of Rp500 per share. The stock option booked in the Share Account - Equity Account with fair value of stock options amounting to Rp593.89 per share. A total of 309,415,088 shares executed in Stage 3 MSOP, which ended in February 2011 so that the issued and paid up capital increased by Rp154,707 million with the addition of paid in capital Rp491,651 million.

Bank Mandiri did not conduct any corporate action similar to ESA and MSOP, prior to the end of ESA and MSOP program in 2016.

Significant Events of the Year



January 27, 2016

Mandiri Investment Forum (MIF) 2016, an event to encourage the increase of Indonesia's investment through a gathering of 600 local and overseas investors and businessmen. Event entitled "Optimizing Private Sector and Local Government Contribution" was a joint event of Bank Mandiri and Mandiri Sekuritas.



February 29, 2016

The groundbreaking construction of Mandiri University Campus inaugurated by Minister of State Owned Enterprises, Rini Soemarno and Bank Mandiri President Director Budi G. Sadikin. Located in Wijayakusuma Region, Jakarta, the integrated campus will facilitate employees of Mandiri Group and other institutions in creating high-level professionals in financial practices in the era of the ASEAN Economic Community.



March 6, 2016

Bank Mandiri delivered Wirausaha Muda Mandiri (WMM) Awards with the category of Trade and Service Industry Entrepreneur, Culinary Entrepreneur, Creative Entrepreneur, Technology Entrepreneur and Social Entrepreneur. The 1st winner reward amounted Rp50 million and 2nd winner reward amounted Rp40 million. The Best of the Best and Favorite Winner entitled for total award amounted Rp160 million.



March 21, 2016

Budi G. Sadikin, who was then serving as President Director of Bank Mandiri, President Director of Jasa Marga Adityawarman, President Director of BTN Maryono, President Director of BRI Asmawi Syam, and President Director of BNI Achmad Baiquni photographed together following the launch of the "e-Payment Toll" at the Jati Asih toll gate, Jakarta, on Monday (21/3). The e-Payment toll was launched as a form of synergy between PT Jasa Marga and the Association of State Banks (Himbara) by implementing the electronic toll payment nationwide.



March 21, 2016

Annual General Meeting of Shareholders (AGMS) of Bank Mandiri was led by the President Commissioner, Wimboh Santoso. The AGMS announced the appointment of Kartika Wirjoatmodjo, who previously served as Director of Finance & Strategy, succeeding Mr. Budi G. Sadikin as President Director. In addition, Rico Usthavia Frans, who was previously Senior Executive Vice President, was appointed as a director, and also announced the end of the term of services of Sentot A. Sentaosa as Director of Distribution.

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As the embodiment of self-reliance program for the disabled, Bank Mandiri employed people with disabilities as Call Center operator on the ground floor of Bank Mandiri Call Center Building, Mandiri Rempoa Housing Complex, South Tangerang.

**April 27, 2016**

Bank Mandiri participated in the Indonesia E-commerce Summit and Expo at the International Convention Exhibition (ICE) DSB as a continuous effort of developing e-commerce business through electronic banking channels. In the event which was inaugurated by President Joko Widodo, one of the activities at the booth of Bank Mandiri was a Meet and Greet session between Bank Mandiri President Director Kartika Wirjoatmodjo with alumni and 2015 WMM champions.

**May 26, 2016**

Online payment of palm oil funds levy was a technological innovation from Bank Mandiri. The program was inaugurated by the Minister of Commerce, Thomas Trikasih Lembong, to facilitate exporters in the payment process palm oil fund levy. In addition to Bank Mandiri, the program is also supported by Bank BNI and Bank BRI.

**June 16, 2016**

President Director of Bank Mandiri, Kartika Wirjoatmodjo, accompanies President Joko Widodo; Minister of Public Works and Housing, Basuki Hadimuljono and Minister of State Owned Enterprises, Rini Soemarno during inauguration of the operation of the Pejagan-East Brebes Toll Road and the integration of Cikampek - Cipularang - Cipali - Padaleunyi Toll Road at East Brebes Toll Gate. This toll road is part of the Trans Java Toll Road Network in accelerating the development of national infrastructure.

**July 23, 2016**

Mandiri Art Charity Exhibition was held by Bank Mandiri to raise funds for the education of Indonesia's children. The joint event with Hoshizora Foundation took place at Hotel Dharmawangsa from July 23 to 26 and at Plaza Mandiri on July 27 to August 5, 2016, involving 85 artists with 82 paintings and three sculptures. A part of the sales from these artworks are donated to the education of Indonesia's children.

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Bank Mandiri decorated its entire buildings, both its headquarter and branches, with red and white theme as part of celebrating 71st Independence Day of Indonesia.

**August 3, 2016**

On the annual public exposure in the Indonesia Stock Exchange / Investor Day Bank Mandiri announced its preventive steps to be positioned in healthy and sustainability growth, by providing strong provision to strengthen its solid structure of productive assets and anticipating the trend of high level non performing loan of banking industry in the future. In the 2nd quarter of 2016, Bank Mandiri allocated provision amounted to Rp 9,9 trillion, an increased from Rp 4 trillion for the same period last year. Bank Mandiri also conducted Investor Day in Surabaya.

**August 31, 2016**

Deputy Governor of Bank Indonesia Ronald Waas, Director of Retail Banking Bank Mandiri Tardi, and the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNDGSA) The Netherlands Queen Maxima visited Bank Mandiri digital financial services agent Jack Alvaro Cell in Cibinong, Bogor, on Wednesday (31/8). Bank Mandiri continues to support the Digital Financial Services (DFS) in creating a banking financial system that is easy, fast, and reduces the risk of irregularities as well as expanding financial inclusion programs throughout the community.

**September 1, 2016**

Bank Mandiri supported the government policy in enhancement of tax base and state income through Tax Amnesty Program. In supporting the program Bank Mandiri conducted socialization into regions and stakeholders included media in Bandung.

**September 7, 2016**

Bank Mandiri encouraged its employees to join Mandiri Inspirasi, a joint event by Bank Mandiri and Gerakan Indonesia Mengajar. The inspiration class took place at SDN Kebayoran Lama Utara 09, SDN Pancoran 07 Pagi, dan SDN Pancoran 08 Pagi, attended by 38 Bank Mandiri employees that were selected from 107 applicants.

**September 14, 2016**

Wirausaha Muda Mandiri (WMM) 2016 launched a new category of digital fintech, as an addition of the preceding categories, Trade and Service Industry Entrepreneur, Culinary Entrepreneur, Creative Entrepreneur, Technology Entrepreneur and Social Entrepreneur. Young entrepreneurs in this new category are eligible to receive coaching and financial support for its business development through Mandiri Capital Indonesia. Following the theme of WMM 2016 "Muda, Inovatif, Peduli", Bank Mandiri intended build WMM as formidable ecosystem of young entrepreneurs, visionary, innovative positively contribute to the community in order to increase the nation's competitiveness.

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Statements**October 3, 2016**

Bank Mandiri celebrated its anniversary on October 2, 2016, through a birthday party and self-reflection at the Plaza Mandiri, Jakarta. On that occasion, President Director of Bank Mandiri Kartika Wirjoatmodjo emphasizes that Bank Mandiri should continue to make changes with the spirit of One Heart, One Mandiri.

**October 29, 2016**

Mandiri Carnival was held as culmination of the celebration of Bank Mandiri's 18 anniversary. At the event of October 29-30, 2016, thousands of employees of Mandiri Group participated and attended by Minister of State Owned Enterprises Rini Soemarno, Music Festival, Bazaar and Healthy Walk the experience in using the Bank's financial products.

**November 2, 2016**

Bank Mandiri continues to monitor the suitability of the corporate governance index by the Indonesian Institute for Corporate Governance (IICG). Bank Mandiri visited by IICG On Wednesday (2/11), to observe the Corporate Governance Perception Index (CGPI) 2015/2016 with the theme of good corporate governance (GCG) in the perspective of the sustainability of the Bank. Bank Mandiri has participated in the CGPI event held by IICG since 2003. Bank Mandiri has been participated 13 consecutive times in CGPI by IICG. By the optimum effort of the management, the bank was awarded Indonesia's "The Most Trusted Company" for ten consecutive times. Risk Management & Compliance Director of Bank Mandiri Siddik Ahmad Badruddin said, the recognition achieved by Bank Mandiri is a challenge to constantly improve the quality of GCG implementation so that it always be a better company.

**15 November 2016**

President Director of Bank Mandiri, Mr. Kartika Wirjoatmodjo, together with the Governor of Central Java, Mr. Ganjar Pranowo, inaugurated Banking Hall at the Heritage Branch, Semarang. Restoration of the branch office as the implementation of the Bank's commitment to support the preservation of historic buildings and tourist industry.

**27 Desember 2016**

Bank Mandiri provided Special Transaction Loan amounted Rp1.2 trillion to PT Kereta Api Indonesia (KAI). It was Bank Mandiri's support to national strategic infrastructure projects primarily on the development Double Track South Sumatra railway to accelerate the delivery of coal from PTBA to PLTU Tarahan and PLTU Suralaya.

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The Board of Commissioners' Report



“AMIDST OF ECONOMIC CONDITIONS TOWARDS "NEW NORMAL" PROCESS, BANK MANDIRI WAS STILL ABLE TO DEMONSTRATE POSITIVE PERFORMANCE BY THE SPIRIT OF "ONE HEART, ONE MANDIRI"”

Wimboh Santoso
President Commissioner

Dear respected shareholders and stakeholders,

First and foremost, please allow us to give thanks to the Almighty God for His guidance that has resulted in Bank Mandiri maintaining its business continuity in 2016.

In 2016, global economic growth has not been evenly distributed and the financial market was still on the recovery process. The IMF predicted the world economy growth in 2016 at 3.1%, or slightly declining than 2015 which was 3.2% YoY. Nevertheless, economic growth of developing countries, especially India and China which IMF predicted will still continue to grow above 6.5% has driven the global economic growth, as well as a few improvement in global commodity prices. Although it was still at a low level, the oil price increment has started to occur and potentially increase over the OPEC agreement to cut production. Meanwhile, the 45th US presidential election and the results of the British referendum

which decided to leave the European Union or the so-called Britain Exit (Brexit) has raised concerns over the outlook for global economic recovery in 2016. The European Union financial system in 2016 has yet to show significant changes compared to the previous year, besides the debt crisis in some EU countries, which are still ongoing.

From the regional perception, ASEAN economies are still the engine for world economy. The IMF predicted the ASEAN economies to grow 4.8% YoY in 2016, or has the ability to survive at the same growth rate in 2015 amidst the global economy recovery process. The ASEAN GDP still plays a large role in the world economy, with a contribution to the world GDP of 3.5% in 2015. In the future, global risks will remain to be considered in relation to the direction of US policy, fiscal policy and international trade, as well as the economy balancing process and restructuring the financial sector of China.

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The global and regional economic conditions have impacted Indonesia's economy. With relatively strong fundamentals, the Indonesian economy is still able to grow compared to other countries. Indonesian Economy 2016 is still under pressure, but it is still optimistic due to trends of improvement. Indonesia's economy has shown positive performance as supported by domestic demands. Bank Indonesia predicted that Indonesia's economic growth in 2016 will reach 5.0% YoY, an increase from 4.9% in 2015. Meanwhile, the inflation rate was relatively stable. Throughout the 2016 inflation was recorded at 3.0%, a drop due to the inflation in 2015 which was 3.5% YoY, and was at the lower limit of the inflation target range of Bank Indonesia at $4 \pm 1\%$. Though domestic economy recorded improved performance in 2016, The Rupiah exchange rate against the US Dollar was still experiencing the volatility into weakening direction against the US Dollar. Rupiah throughout 2016 has moved within the range of Rp12,955 - Rp13,964 against the US Dollar and closed at Rp13,473 against the US Dollar. The fluctuating exchange rate movement was caused by the global financial market turmoil.

In the midst of improving economic conditions and interest rate cuts of BI, the national banks' loan growth rate continued to slow even though the overall national financial system remained stable with the managed resilience of the banking system. Until end of November 2016, bank loans grew by only 7.9% YoY, lower than the growth of bank loan in 2015 which was 10.4%. Deceleration of loan was part of the national banking sector effort to consolidate in anticipating the level of non-performing loans. However, the Third Party Funds (DPK) fund has succeeded to grow. In the same period, DPK growth has increased to 9.6% from 7.3% YoY in 2015.

However, amid a slowdown in credit growth, with the implementation of "prudent" policy and strengthening fundamentals that were conducted by authorities, national banks are still able to record a good profit, although not as high as the previous years. This was reflected in the ratio of return on assets (ROA) which slightly decreased from 2.99% at the end of 2015 to 1.96% in 2016. It was indicated by a slightly increase in the ratio of operating costs to operating income (BOPO) of 74.28% at the end of 2015 to 83.5% in 2016.

Measurement of the Company and Board of Directors Performance

Macroeconomic condition significantly impact the operational and financial performance of Bank Mandiri. When seen from the consolidated financial position statement, the Board of Commissioners measured that Bank Mandiri has recorded an increase in total assets of Rp1,038.7 trillion, a hike of 14.1% compared to the previous year which was Rp910.1 trillion. The assets increment was mainly supported by loan increment of 11.2% from Rp595.5 trillion in 2015 to Rp662.0 trillion in 2016.

Bank Mandiri's capital looks stronger with total equity out of non-controlling interests grew by 28.5% from Rp117.1 trillion to Rp150.5 trillion. By having strong capital base, Bank Mandiri had sufficient ability to absorb various risks that may occur. The implementation of more conservative asset quality assessment was considered as an appropriate management policy by the Board of Commissioners. Through this conservative assessment (based on three pillars), the assets quality recorded a significant decline with an increase in NPL of 140 bps from 2.60% to 4.00% and back up costs rose by 113.8%.

Meanwhile, in the consolidated income statement, Bank Mandiri recorded an increase interest in income and premiums (net) in 2016 of 12.3% or became Rp54.5 trillion from the previous year's record of Rp48.5 trillion. Although numerous financial indicators have declined, Bank Mandiri was able to record a net profit of Rp13.8 trillion. The net profit have decreased by 32.1% YoY driven by an increased in provisioning costs which in consolidated basis hikes by 113.8%, to became Rp24.9 billion in 2016. Aside from the temporary performance declining in 2016, it was expected that the revenue will sustain in the future by the decreased NPL and increased profit. The Board of Commissioners understands the increased reserve costs occurred was the right management policy in order to improve prudence and anticipation of asset quality conditions.

A cumulative of third party funds which consist of giro, savings, and time deposits, on a consolidated basis in 2016 has reached Rp762.5 trillion or an increase of 12.7% compared to 2015. From the total DPK, giro recorded big increment of 8.6% to become Rp187.1 trillion, savings increased by 11.3% to become Rp302.3 trillion, while deposits increased by 17.5% to become Rp273.1 trillion. The fund management strategies have been carried out progressively to increase the cost of funds in all segments.

The realization of credit consolidated in 2016 has reached Rp662.0 trillion in 2016. The financing in the infrastructure sector in 2016 has increased, with a limit of financing reached to Rp104.6 trillion or up by 47.5% YoY. The funded sectors included the development of airports, seaports and railways with a limit of financing of Rp38.2 trillion. Other infrastructure projects that received funding from Bank Mandiri were electricity projects with a limit financing of Rp39.3 trillion, the construction of toll roads with a limit of financing of Rp14.5 trillion and telecommunications sectors of Rp12.6 trillion.

Throughout 2016, the retail segment loans grew by 12%, from Rp175.2 trillion to Rp196.2 trillion which was supported by the loan growth in the segment of Small, Medium and Micro Enterprises (SMMEs). Until the end of December 2016, Bank Mandiri has increased its SMME loan disbursement up to 6.0% or Rp80.3 trillion. The SMME loan disbursement was distributed to 952,248 debtors or increased by 12.8% compared to previous year which was dominated by the Trade and Agriculture sector.

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The loan disbursements are part of Bank Mandiri's commitment to contribute to the realization of the government's Nawacita programs, especially in the creation of Indonesia's economic independence which in turn may increase the value to the company, the interests of the nation and society.

The Bank's minimum capital adequacy ratio (Bank only) on December 31, 2016 by calculating loan risk, operational, and market was recorded at 21.4%. The CAR value was still above the limit of banking CAR and incentive Car set by Bank Indonesia at 15%. Meanwhile, the level of the Loan to Funding Ratio (LFR) of Bank Mandiri in 2016 was recorded at 85.4%. For that, it has fulfilled the criteria of "very liquid" in the bank rate as determined by Bank Indonesia with a maximum of LFR ratio at the level of 92%.

The Board of Commissioners also supports the steps that have been taken by the Board of Directors to perform various improvements and adjustment of Bank Mandiri to be more agile and anticipatory in facing the dynamics of macroeconomic developments and business climate. BOC contends that the Board of Directors has sought to maintain the growth of the Bank in a healthy and sustainable pace through the increase of loan disbursement in a more selective way and to continue to monitor the target growth according to the business plan, the quality of potential debtors, business sector condition and customers' business value chain also control the overhead costs through budget priority according to the business needs. The Board of Directors also considered to have actively restructured loans for debtors who are experiencing difficulties more aggressively recovered the debtors write-off and improved the monitoring of loan management in anticipation of asset quality deterioration.

The Board of Commissioners assessed that the Board of Directors has been able to manage risks proactively through stress-testing, intensive monitoring of each business segment, granular and specific portfolio management to every segment and in every region and a contingency plan. It was related to the implementation of credit policy, operational policy and a comprehensive and measured internal control system. Information Technology (IT) plays a very important role in the banking industry. In this case, the Board of Directors has demonstrated its capabilities to continuously modernize and improve its information technology infrastructure in order to advance its operational excellence internally while providing service to the customers, operational efficiency, and cross-selling transactions support.

The Board of Directors also considered to have applied a precautionary principle in order to encourage non-organic business growth in accordance with the input from the Board of Commissioners so that it can contribute optimally to the performance of Bank Mandiri.

The Board of Commissioners was also proud of the recognition from the public as shown from the various awards received by Bank Mandiri in 2016, namely the event of Banking Service Excellence (BSE) Award, which received the 1st Best Overall Performance for commercial bank category, Best Security Guard, Best Teller, Best ATM, to the Best Telephone. However, Bank Mandiri's proudest moment was being the recipient of the two highest awards given in the event which were The Most Consistence Excellence Award and Best Golden Trophy for Best Overall Performance 2009-2016.

The Board of Commissioners also appreciated the Board of Directors for the well-managed of Mandiri Group. Currently, Bank Mandiri has become a leading financial institution in Indonesia with the support of 11 subsidiaries with a variety of financial products in order to add values for Bank Mandiri's customers. Revenue contribution from the subsidiaries also continued to increase, driven by synergies between the Bank and its subsidiaries or between subsidiaries. Through increased synergies and adjustments to be more agile and anticipative in facing dynamic macro economy and business. Revenue contribution from its subsidiaries increased from 13.2% in 2015 to 14.3% in 2016. The contribution was expected to continuously increase at least up to 20% from total revenue of Mandiri Group in 2020.

This remarkable achievement has made us the catalyst to continue to work better moving forward to become a reputable and reliable Bank for the Indonesian people.

The Board of Commissioners believes that the success happened due to great synergy with other State-owned Enterprises. The Board of Commissioners expects that the well-established synergies will be maintained to optimize support to the national economic development which hopefully will deliver double impact in the future.

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Pro-active Monitoring Function

The Board of Commissioners will need to know the strategic angles for information to gain strategic understanding of the on-going issues. This will ensure that the decisions made can have substantially positive outcome, forward looking, and preventive at the same time.

Therefore, the Board of Commissioners has to monitor pro actively, particularly through its committees and also field observation results.

Generally, there are some key aspects as the focus of Board of Commissioners' supervision, including:

- Risk Management**
 Business risk management performed well through the control or maintain the inherent and conservative risk. Mandiri Group needs to continuously evaluate the integrated risk management and develop a system to monitor risk management of the Mandiri Group.
- Internal Control**
 Improving the quality of internal controls among others by improving working procedure of audit and compliance, improving audit data quality and upgrading the competence of audit and compliance risk units continuously.
- Compliance**
 Compliance culture is continuously conducted at all levels of Bank Mandiri's employees through socialization and evaluation. This prevents and minimizes any deviation from the provisions in place.
- Fund Management**
 The increase in low-cost funds are accompanied by the provision of a thorough solution to customers of Bank Mandiri and develop alliances based on value chain to meet customer requirements.
- Fund Disbursement**
 Fixed fund disbursement is still being done by observing the principles of prudence and adequate risk management practice and also the quality of credits distributed.
- Capital**
 Bank Mandiri has conducted an evaluation of its fixed assets as a part to strengthen its capital structure in order to strengthen the implementation of Basel III. In the implementation of the ASEAN economic community, the strengthening of company's capital can open up business opportunities in the future.

In conducting pro-active monitoring, the Board of Commissioners is always rooted on the aspects of openness and togetherness because these principles are believed to be able to build a good synergy with the strong checks and balances so as to increase public confidence and credibility of the company. With that basis, inputs to the Board of Directors were conducted through formal and informal dialogues. Formal dialogue has been carried out through joint meetings with all of the Board of Directors member and meetings with Directors partially. While the informal dialogue was also done very intensely to understand in detail the essence and root-cause any problems so that informal decision-making process can be more productive and effective. Throughout 2016 joint meetings with the Board of Directors has been conducted with a total of 12 (twelve) times, whereas informal dialogue or discussion can be done at any time without having to go through a meeting mechanism. While the committee meetings and Commissioners were held weekly.

The focus of topics discussed were strategic topics, which mainly deals with the bank's management in facing the economic pressures, internal consolidation, risk management and governance, customer services, operational stability, business sustainability and other strategic issues.

During meetings or informal discussions, the Board of Commissioners continues to provide input to the Board of Directors to evaluate each implemented program, by selecting the program that should be continued or require further evaluation for more improvement. This process was done to ensure that the program and strategy conducted by the Directors has proven to give maximum positive impacts for the Bank or it can resolve the problems faced fundamentally, not sporadic or ad-hoc.

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Implementation of Whistleblowing System at Bank Mandiri

One of pro-active monitoring conducted by the Board of Commissioners through Risk Monitoring Committee and Audit Committee is supervising the implementation of Whistleblowing System (WBS) at Bank Mandiri in the form of Letter of CEO (LTC), a reporting facility from employees or third party on indication or occurrence of fraud within Bank Mandiri. The complete implementation of WBS has been summarized in this Annual Report on Corporate Governance section page 392.

Assessment of the Committee Performance of the Board of Commissioners

In carrying out its monitoring functions, the Board of Commissioners has established an Audit Committee, Risk Monitoring Committee, Remuneration and Nominating Committee, and Integrated Corporate Governance Committee. In 2016, the entire Committee has done its duty and authorized activities in accordance with the applicable charter to each of the committees. These includes providing recommendations and reports to the Board of Commissioners on issues that require the attention of the Board in performing its duties and monitoring its functions as well as improvement with regards to supervision and responsibility of each committee.

In 2016, the Audit Committee carried out its responsibility in assisting the Board of Commissioners to evaluate the effectiveness of internal controls done by both internal and external auditors, while the Risk Monitoring Committee assisted the Board of Commissioners to evaluate the appropriateness of the risk management policies and their implementation, the Remuneration & Nomination assisted the Board of Commissioners in developing criterias and nomination of the Board of Directors and the Board of Commissioners, and provided advice regarding the Remuneration for the Board of Directors and the Board of Commissioners.

Evaluation and assessment of the entire committee performance are conducted every year using the methods determined by the Board of Commissioners. The evaluation done by the Board of Commissioners is to improve effective activities for each Committee in the coming year

Changes of the Board of Commissioners

On this occasion, the Board of Commissioners also reported that the composition of the Board of Commissioners has changed based on the results of The Annual General Meeting Of Shareholders (AGMS) held yearly on March 21, 2016, with the appointment of Mr. Ardan Adiperdana as Commissioner of Bank Mandiri. With his presence in the Board, it is expected that the quality of supervisory function can be more optimum. We need to convey that Mr. Suwhono had not served as a Commissioner of the Company effective since March 2016, where the change arrangement was under the authority of the shareholder of A Series (Ministry of SOEs) which will be reported in the 2017 AGMS.

Business Prospect in 2017

The prospect and optimism towards better Indonesia economy is still quite high. This can be seen from projections from a number of global economy institution, such as IMF and the World Bank, which estimates that Indonesia's economy will grow by 5.1% (IMF) and 5.3% (World Bank) in 2017, while the Indonesian government projected the growth by 5.1%. Nevertheless, there are a few things that must be considered. The increasing risk of foreign exchange rate, the fluctuations and flow of foreign promisory note in the stock market, and Government Promisory Notes (Surat Berharga Negara/SBN) which may affect the stability of the domestic economy. In addition to that is the risk of increased inflation in the country, expanding of fiscal deficit, and the increase trend of US interest rates in 2017 led to limited monetary and fiscalm. It is because of these reasons that the private sector role in improving the investment is needed to support the national economy.

Following the recovery in commodity prices and the global economic recovery, the banking industry growth is expected to improve inline with the success of the tax amnesty program that has been launched by the Government in July 2016. It is no doubt that tax amnesty has given a positive impact to the fundamentals of national economy as well as helping bank liquidity. We are also proud of Bank Mandiri's active involvement in the tax amnesty program as one of the perception bank.

Furthermore, the Financial Services Authority (FSA) estimated total assets, loans and third party funds (DPK) of banking industry in 2017 to grow by 11.3% YoY, 13.3% YoY and 11.9% YoY respectively. This results in Rp7,352 trillion on assets, Rp4,995 trillion on loans and Rp5,304 trillion on deposits.

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The Board of Commissioners welcomes the strategic plans of the Board of Directors in 2017 to strengthen its technology-based financial services, particularly in welcoming the digital revolution. The Board of Directors has carefully assessed and defined strategies and targets in 2017. The 2017 target implementation is also part of the implementation frame of Bank Mandiri Re-Start Long Term Plan in 2020 to focus on core competency (Corporate) and build a new core competency (Consumer). While, the Commercial and Business Banking segments are intended to advance the consolidation process within the next 1-2 years. In order to realize it, the Board of Commissioners understands the fine-tuning program in adjusting the organization which will be conducted in 2017. The Board of Directors is expected to run it carefully and cautiously through the implementation of management and solid risks mitigation.

The Board of Commissioners advocates that Bank Mandiri should have sustainable innovation and be prepared to understand and develop digital technology and manage its human resources to obtain an entrepreneurship mentality. The combination of innovation and entrepreneurship is intended to be able to differentiate products and services in order to seize business opportunities and overdrift deeper market. that can take advantage of business opportunities. Therefore, in the next one to two years, Bank Mandiri will be focus, excellent and leading the implementation and utilization of digital banking services that will boost a sustainable and higher business growth.

The Board of Commissioners provides input to the Board of Directors to keep running the implementation of corporate strategy plan of 2020 especially on the business focus, revising the business fundamentals, and strengthening infrastructure (enablers), as well as prioritizing on business sustainability instead of aiming for an aggressive growth. The Board of Commissioners also expects Bank Mandiri's business growth to be balanced with the improvement of infrastructure, human resources, and IT to avoid un-controlled business volatility and uncontrolled surprises..

Welcoming the year 2017, banking industry will also face various challenges such as marginal pressure, tight banking competition and liquidity pressure due to an increase in Cost of Fund (COF). For that, the Board of Commissioners urged the management to be optimistic but vigilant in executing the programs.

Concluding the report, on behalf of the Board of Commissioners, I would like to extend a big appreciation to the Board of Directors and all employees for their dedication and loyalty to the Company. Another appreciation I would like to address is given to all our customers, business partner, shareholders, and other stakeholders for trusting Bank Mandiri. Hopefully with the great synergy to date followed by business transformation and continuous innovation, Bank Mandiri will be able to maintain its positive growth following Bank Mandiri 2020 aspiration to become Indonesia's best, ASEAN's prominent.



Wimboh Santoso
President Commissioner

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“ ON STRENGTHENING THE BUSINESS AND OPERATIONAL FUNDAMENTAL AS WELL AS THE IMPLEMENTATION OF CONSERVATIVE POLICY IN ORDER TO GROW HEALTHILY AND TO PROVIDE SUSTAINABLE ADDED VALUES TO THE CUSTOMERS AND STAKEHOLDERS. ”

Kartika Wirjoatmodjo
President Director

Dear Stakeholders and Shareholders,

First and foremost, please allow us to give thanks to the Almighty God for the blessings given to Bank Mandiri for having the ability to continuously grow. It is an honor for us as the Board of Directors of Bank Mandiri to present the Bank Mandiri Annual Report 2016.

Economy and Banking Condition

Throughout the year 2016, the global economy condition experienced deceleration and was still on the recovery process phase. According to the World Bank, global economy in 2016 has grown only 2.3%, which was lower than 2015 of 2.7%. The IMF also predicted that global economic growth in 2016 was slightly decreased from 3.2% in 2015 into 3.1%. Whilst, the economy of developed countries such as the United States of America (USA) has yet to show total solid performance, although it has shown signs of improvement at the end of the year. The uncertainty of the US government's policy direction after the

45th US President election also accelerated negative sentiments toward the US financial market and resulted to impact the world financial market. Moreover, the economic recovery of Asian countries have not been solid yet. The protection policy of US trade against China was feared to impact in the decrease of export product from China to US. Learning that China is one of Indonesia main business partner, the demand of industrial China for raw material supplies from Indonesia will decline. This event should be alerted as it will cause Indonesia's export performance to drop and will potentially increase deficit of transaction balance in Indonesia and pressure the exchange value of Rupiah. Amidst the dynamics of uncertain global economy, domestic economy in 2016 grew by 5.02% YoY. The inflation rate remained under control at the level of 3%. Even though the Rupiah exchange rate against the US Dollar was still experiencing volatility, but due to the stable domestic economic conditions and the success of tax amnesty program, the investors' confidence was increased and the Composite Stock Price Index (CSPI) was strengthened. Meanwhile, the CSPI was closed at the position Rp5.296,7 or rose by 14.8% from the closing position in 2015.

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Although the Indonesian economy has relatively improved, the national banking intermediation function last year was still relatively weak, reflected by credit growth which was only 7.9% YoY, lower than the previous year's growth, which reached 10.4% YoY. Meanwhile, in the same period, the Third Party Funds (DPK) of national banks increased by 9.6% YoY. National banking liquidity last year was relatively tight, as seen from the credit ratio towards savings (LDR) as of November 2016 which reached 90.7%. The slow-down of banking credit growth was aligned with the increased of prudence principle on banking due to the increase of NPL ratio which reached 2.9% in December 2016. The profitability of National banking still grew positively, though it was only at 1.8% YoY, with Return on Assets (ROA) ratio at 2.2%. Meanwhile, the capital condition of nation banking sector was still considered strong as reflected from the Capital Adequacy Ratio (CAR) of 22.9%, far above the capital regulation required.

Bank Mandiri Performance in 2016

The economic and banking conditions are still challenging. We should be grateful with the achievements of Bank Mandiri last year. In November 2016, Bank Mandiri has successfully became the first financial institution in Indonesia that managed to record an asset value of more than Rp1,000 trillion. As a consolidated basis, Bank Mandiri assets have reached Rp1,038.7 trillion last year or an increase of 14.1% compared to the previous year. Such achievement has strengthened Bank Mandiri's position as the largest financial institution in Indonesia, encouraging all the teams in Bank Mandiri to continue to give their best for Indonesia. The asset increment was primarily driven by credit increments given at 11.2%, from Rp595.5 trillion in 2015 to be Rp662.01 trillion in 2016.

Besides recording the credit growth above market growth, the Third Party Fund (DPK) volume accumulated by Bank Mandiri also increased reaching Rp762.5 trillion, or an increase of 12.73% compared to the previous year of Rp676.4 trillion. Deposit growth during 2016 reached Rp86.1 trillion, or increased by 12.7% YoY which was derived from the low-cost fund growth of Rp45.5 trillion and deposits of Rp40.6 trillion. With this growth portion, the composition of Bank Mandiri's low-cost fund growth was still quite high, over 64% of total DPK in 2016. The volume of savings increased by 11.3% YoY to Rp302,3 trillion which resulting the increase of market share from 19.5% in 2015 to 20.7% in 2016 with 15.54 million customer base.

Bank Mandiri also had solid operational performance proven by the realization of Pre Provision Operating Profit or PPOP of Rp43.3 trillion, an increase of 12.7% compared to 2015. From the capital side, we anticipate optimal implementations of Basel III, which began in January 2016. As of December 31, 2016, the minimum capital adequacy ratio or CAR (bank-only) after taking into account credit risk, market and operational, was recorded at 21.4%, or increased by 276 bps from the same period the previous year, way above the minimum required ratio.

Loan to Funding or LFR Bank Mandiri (bank only) recorded at 85.4%, which was still within the range of LFR determined by Bank Indonesia, which is between 78% -92% an indicator of the health of a bank's liquidity. On a consolidated basis, LFR was recorded at 86.5% or decreased by 114% from the same period last year. The liquidity level, which has loosen, was caused by the incoming of repatriation funds into the banking system on December last year which mostly allocated in the deposits.

We have also strengthened Bank Mandiri funding structures through bond issuance with Sustainable Public Offering (PUB) scheme until 2018 and asset-backed securities in the form of Letter of Participation (EBA-SP). Such instrumental issuance in addition to other instruments such as the Certificate of Deposit (NCD) will not only manage funding mismatch but also provide room for Bank Mandiri in doing long-term financial payment.

On the other hand, we cannot deny that the economic pressures in the past two years have resulted in a decrease in the performance of our debtors significantly in several business sectors, which in return decreased the payment ability of the debtors. Besides, as a preventive action on unstable economic conditions, we also conducted comprehensive review of credit distributed by applying three pillars as the basis for determining a number of action plans to improve its management. By implementing this conservative policies, the ratio of non-performing loans have increased as reflected in the level of NPLs (gross) of 4.0% or an increase of 140 bps compared to the previous year.

We have taken a conservative approach in anticipating risk of loss caused by the decreased of asset quality, by increasing the formation of the provision charge to become Rp24.9 trillion or an increase of 113.8% from the previous year so that the coverage ratio can be maintained at the optimal level of 124.5%. This condition resulted the decrease of Bank Mandiri's net profit by 32.1% or recorded of Rp13.8 trillion.

Other financial ratio achievements were generally still positive and within the target set; Net Interest Margin (NIM) increased by 36 bps to become 6.44% compared to the previous year; low funds ratio of 64.2%; Cost to Income Ratio (CIR) managed to be hold at 42.4% relatively showed an improvement from the previous year of 43.0%.

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Meanwhile, from non-financial aspect, commitment and hard work of all employees have brought us to encouraging achievements. In 2016, Bank Mandiri received several prestigious awards at the national and international level. Among others were the "Best Bank Service Excellence" awarded for 9 times in a row from Infobank Magazine, "Indonesia's Safest Bank" by Global Finance, "Best Bank in Indonesia" from Alpha Southeast Asia, and "The Most Trusted Companies" from the Indonesian Institute for Corporate Governance (IICG) and SWA magazine and other awards.

Mandiri True Contribution (*Kerja Nyata*)

As the biggest state owned bank, Bank Mandiri continuously optimizes its business capacity to boost the infrastructure development as the support for creating sustainable economic growth. Over the past year, Bank Mandiri has distributed financing for infrastructure projects, including highway, electrical power, and sea ports with a total limit of credit disbursed of Rp105 trillion. The amount increased almost 50% compared to funding from the previous year. Solo-Ngawi-Kertosono toll road construction along 177 km, power plants (IPP) in Kalselteng of 2x100 megawatts in Palangkaraya, and Liquid Bulk Terminal development with a capacity of 1.8 million tons and Container Terminal with a capacity of 400,000 Teus in Kuala Tanjung, North Sumatra are tangible examples of Bank Mandiri's commitment to support infrastructure development in Indonesia.

The bank is also committed to encourage the economic growth of the real sector, especially for micro, small and medium enterprises (SMEs). Throughout 2016, Bank Mandiri credit retail segment recorded a growth of 12.7% YoY to Rp196.2 trillion supported by credit growth, especially in the SME segment particularly Micro Credit (KUM) which grew by 20.2% YoY to Rp31.3 trillion in 2016. By the end of December 2016, Bank Mandiri has disbursed SME loans of Rp80.32 trillion to 952,248 debtors dominated by trade and agriculture sectors.

On the other hand, Bank Mandiri also supported the increase of public financial inclusion through participation in Digital Financial Services (LKD) program initiated by Bank Indonesia and *Laku Pandai* program initiated by the FSA to expand access to financial services across the archipelago. Digital financial services provided by Bank Mandiri were intended to ease the community to gain access to banking services through agents as the third party. The agents served basic financial transactions such as the opening of electronic money account, cash deposits and cash withdrawals, in addition to assist in providing education to the public. Up to 2016, the number of Bank Mandiri's financial inclusion agent has reached more than 19,000 agents.

In consumer sector, Bank Mandiri contributed to improve the living conditions of Indonesian families by improving access to home and vehicles ownership. Throughout 2016, Bank Mandiri has disbursed funding loans for 16,732 housing units and 104,053 unit vehicles.

Another contribution of Bank Mandiri in supporting the sector of state revenue was realized through active participation as a collecting bank in the implementation of the Tax Amnesty program. Bank Mandiri also synergized with its subsidiaries such as Mandiri Sekuritas, Mandiri Investment, Mandiri Capital to provide investment products that fits the needs of customers as stipulated in the Regulation of the Minister of Finance as of December 31, 2016. Bank Mandiri has received 135,453 transactions with a total nominal value of Rp16.11 trillion. As for the repatriation of funds, there was a total of 997 transactions with a total nominal value of Rp23.69 trillion. The amount of ransom funds and repatriation of funds received by Bank Mandiri is the highest among other HIMBARA bank, which is an important achievement for the performance of Bank Mandiri in 2016.

Focus and Strategy in 2016

Overcoming the challenges last year, we focused on strengthening the business and operational fundamental as well as the implementation of conservative policy in order to grow healthily and to provide sustainable added values to the customers and stakeholders.

We have drafted a number of strategic policies to be implemented throughout 2016, namely:

1. Encouraging above the market credit growth prudently, with the focus on customer segments and business sectors which relatively grew well with maintained quality through more dynamic and discipline portfolio restructuring strategy. It included conducting an assessment on the implementation of three pillars of existing portfolios to ensure the accuracy of quality determination and/ or adequacy of provisioning.
2. Encouraging increased fee based income, both through retail and wholesale transaction, product trade and transaction services and treasury products.
3. Continuing product development services and marketing programs to encourage the increase of funding cost (giro and savings) so as to strengthen the core deposit.
4. Improving cross-selling wholesale and retail products to increase penetration into large clients through Bank at Work initiative, Retail Ready Branch, Anchor Client and Value Chain.
5. Strengthening tools, methodologies, organizational policies and HR to strengthen risk management specifically for credit and operational areas.
6. Running various initiatives in various operational areas to optimize the opportunity of efficiency also to improve productivity without compromising quality services and operations.
7. Developing branch network infrastructure, e-Channel services stabilization, innovative products and digital banking based services.

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8. Improving the management of human resources' competencies and skills in appropriate with the needs of the organization, especially in credit and risk management.
9. Modernizing and improving stability and reliability of IT infrastructure to support business growth and service enhancement.
10. Increasing the synergy with subsidiaries to encourage the deepening of cross-selling and infrastructure synergy.

Challenges Faced

In running the business, Bank Mandiri has to overcome various challenges throughout the year 2016, such as declining of asset quality, the implementation of single digit interest rate, macro economy condition, which was still in recovery process. NPL pressure particularly from the decline in credit quality in some business segments, has an impact on the increase in the provision charge that needs to be established significantly. Therefore, in order to maintain business growth, we reallocate the business to segment with a target volume that is growing well and have maintained its quality, such as Corporate and Consumer. Meanwhile, on a business line segment with decreased asset quality, an efforts are focused on the consolidation and strengthening the risk management in order for the NPL value to drop fundamentally.

The single digit banking policy implementation last year feared to decrease the banking net interest margin. We believe that the government's policy will encourage the growth of affordable credit through funding by businesses owner, as well as to encourage healthy competition in banks through better managing of assets and liabilities. To anticipate potential decline for such margin, Bank Mandiri has proactively taken several strategic steps, such as lowering the cost of funds gradually, optimizing asset to obtain optimal yield, increasing the contribution of non-interest income, and improving efficiency.

The global economic deceleration and the national banking performance can also affect Bank Mandiri's business condition. The weakening of products demanded especially from the bank's debtors with export orientation or in the commodity field could cause debtors to reduce their business activity, rationalizing, or even close the business, hence experiencing difficulties in meeting their debt obligations to the bank. To face these challenges, Bank Mandiri has taken strategic steps such as doing early and actively restructuring efforts, specifically against the debtors that potentially congested, increasing the intensity of the monitoring and collection, strengthening guarantees (collateral), implementing an exit strategy as well as an opportunity for investors to take over the debtor's business problems.

The Alignment of Company's Long Term Strategy

Continuing phase III transformation towards the year 2020, Bank Mandiri made consistent efforts to ensure healthy business growth. The implementation of the previous stage of business transformation, has resulted in an increase of asset value and net profit of Bank Mandiri, respectively up to 2.5 times and 7.8 times within the period of 2006-2015. The year 2016 was a period full of challenges because the combination of macro-economic factors and the performance of the national banking system has yet to fully meet the expectations. In addition, the decline in the quality of earning assets was a major challenge for Bank Mandiri.

Overcoming such issues, Bank Mandiri has conducted an alignment to focus on long-term strategies in 2020 by restarting the corplan 2020 with the aspiration of becoming "Indonesia's best, ASEAN's prominent" through several main strategies as follows:

- Rearranging its business portfolios with a focus on business growth of core competence of Bank Mandiri, namely Corporate Banking (Including the Government segment). Also, developing Consumer Banking business as "The New Core", by accelerating the growth of consumer banking products such as mortgage, Auto Loan, Personal Loan (KTA), Payroll and KSM Micro products. This segment was selected due to the historical credit risk control, optimizing the strength of Bank Mandiri in corporate segment, a relatively large of fee income potential and provide larger opportunities for cross-selling and relatively high corporate and consumer segments linkages.
- Business refocusing is part of more dynamic and discipline portfolio management strategy in order to deliver optimum results in every condition through more adaptive risk and return management according to macro and internal condition.
- Strengthening and consolidation of the "tactical segment" which is commercial and business banking segment focusing on quality improvement.
- Improving the organization fundamental to support healthy and sustainable growth through the strengthening of credit process and credit culture, improving organization, increasing the capability of human resources, enhancing IT and operational capacity to ensure adequate oversight and process reliability in supporting the business growth.

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Implementing the Best Corporate Governance

The implementation of Good Corporate Governance (GCG) for Bank Mandiri does not only comply with the rules and regulations, but it follows the basic element of the best international practice to sustain a healthy business in the long run by referring to the international best practices. Bank Mandiri's effort in GCG implementation has proven to give positive contributions for higher value creation and deliver true benefits for Bank Mandiri such as advancing the company's competitiveness, company's performance and trust from the stakeholders, both local and foreign investors.

The improvement of GCG practice in Bank Mandiri is part of the company's commitment to all of management and Bank Mandiri employees. To achieve this, Bank Mandiri applies the GCG principles as the foundation in conducting banking business activities which includes Transparency, Accountability, Responsibility, Independency, Fairness and Equality.

Currently Bank Mandiri is preparing to realize its aspiration as Indonesia's best, ASEAN's prominent with capitalization of around Rp500 trillion as one the main indicators. Based on these aspirations, Bank Mandiri continuously takes strategic moves to be a prominent company who always delivers the best services to all its customers and consistently focuses on the implementation of Good Corporate Governance (GCG).

In 2016, Bank Mandiri regularly completed the GCG evaluation internally through self-assessment methods which integrates measurement factors into 3 (three) aspects, namely governance structure, governance process and governance outcome.

The commitment of Bank Mandiri in implementing GCG is shown by the improvement of its Integrated Corporate Governance in reference to POJK No. 18/POJK.03/2014. In 2016, Bank Mandiri improved the implementation of its corporate governance by completing its governance structure on all of its Subsidiary Companies. The Company gradually created and obtained its own reference and policy in line with the ones owned by Bank Mandiri, such as Obligation Policy and Procedure, Risk Management Policy, Internal Audit Charter, and other documents. In order to improve the integrity value of the Subsidiary Company, Bank Mandiri has also conducted socialization in regards to managing gratification to Subsidiary Companies.

Besides meeting the regulator requirement, Bank Mandiri follows the most current development and GCG best practices such as General Reference of GCG by National Committee on Governance Policy, Indonesia GCG Banking Reference, OECD Principles, ASEAN GCG Scorecard, and monitoring the best business etiquette and practice. Adopting ASEAN GCG Scorecard is one of Bank Mandiri's efforts to implement good corporate governance to a higher level. In 2016, Bank Mandiri managed to improve its ASEAN GCG Scorecard mark from 85.9

to 103.6 and received The Best Overall on IICD Awarding & Conference amongst other local listed company. Moreover, Bank Mandiri is taking part in the Corporate Governance Perception Index (CGPI) rating and survey. In 2016, to improve the implementation of good corporate governance in its Subsidiary Companies, Bank Mandiri urged the Subsidiary Companies to participate in the CGPI rating. About 7 (seven) subsidiaries Companies have participated in the CGPI rating in 2016. Several awards have been achieved by its subsidiaries. Mandiri Sekuritas was awarded as "Trusted Company – Corporate Governance Perception Index 2015-2016" from The Indonesian Institute for Corporate Governance. Bank Syariah Mandiri (BSM) received an award of "Most Trusted Company Based on Corporate Governance Perception Index" for 5 times in Good Corporate Governance Award 2016. Mandiri Tunas Finance (MTF) was also awarded with "very good" predicate in Indonesia Good Corporate Governance Award II 2016 from Economic Review. Bank Mandiri itself has received the highest mark and The Most Trusted Company title for 10 (ten) consecutive years.

Risk Management

In the event of improving additional value for stakeholders, Bank Mandiri consistently manages its risk management system by referring to the laws and regulations of Indonesia. In the implementation, Bank Mandiri always prioritizes a prudent principle in managing all kind of risks proving Bank Mandiri's commitment in conducting good corporate governance practice. While governing the risk management, Bank Mandiri utilizes Three Layers Defense approach, namely:

1. The Board of Commissioner will do their function as risk oversight through the Risk Monitoring Committee, Integrated Governance Committee and Audit Committee.
2. The Board of Director will do their risk policy function through Executive Committee with related to risk management which are Risk Management Committee, Asset & Liability Committee, Capital Subsidiaries Committee and Integrated Risk Committee.
3. At operational level, the Risk Management Working Unit along with the business unit and compliance unit have done its function to identify, measure and manage risks.

Committees' Performance Assessment

We have evaluated the Committees under the Board of Directors and assess that throughout 2016 the Committees have demonstrated optimal performance and perform thier functions efficiently in supporting the Board of Directors tasks and implementation. For that, we want to appreciate the results that have been achieved by the Committees and expect to have an improved performance moving forward.

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Changes of the Board of Directors

We would also like to report that the composition of the Board of Directors amendment based on the Decision of the Annual General Meeting held on 21 March 2016 where Mr. Budi Gunadi Sadikin and Mr. Sentot A. Sentaosa is no longer part of the Board of Directors. It has also been approved during the Annual General Meeting the appointment of Mr. Rico Usthavia Frans as the new Director of The Company. The management changes are made in order to improve the quality and competitiveness of the Company in the Banking sector.

Commitment to Develop Human Resources Asset

In pursuit of Bank Mandiri's aspirations in 2020, the Human Resources management of Bank Mandiri campaigned the concept of Bank Mandiri employees as an invaluable asset in deciding the productivity performance of Bank Mandiri. Therefore, Bank Mandiri continues to improve its Human Resources management policies. These include the case of developing employee competency, evaluating industrial relations, and policy related to the recruiting process. This will result in creating a comfortable and harmonious working environment to safeguard employees' loyalty, ensuring a long term positive influence on Bank Mandiri's business continuity.

Bank Mandiri believes that the execution of human resources management policy cannot be separated from the practice of Good Corporate Governance (GCG), which always prioritizes the prudent principle and risk management practices. The initiative strategy for human resources management policy that Bank Mandiri still runs to date are:

1. Developing and adjusting the organizational scale and model to align with the business strategy and focus of Bank Mandiri.
2. Creating an on-board system for employees that are in line with Bank Mandiri culture and develop an open, harmonious and fair relations amongst all Bank Mandiri employees.
3. Developing technical competency management system and leadership that can support Bank Mandiri's business strategy and focus.
4. Implementing competitive and integrated total rewards system aligning with its business model.
5. Preparing talent and successors for future Bank Mandiri successors.
6. Developing a working culture that creates an open, positive, and progressive working environment.
7. Developing an infrastructure system and an effective human capital technology to support an effective and efficient operational process of HR management.

Bank Mandiri continues to maintain its commitment in treating all of its employees as valuable assets by carefully understanding the needs of the employees and aligning it with the company's growth. The requirements of all Bank Mandiri's employees are done through capacity planning process that involves all working units, a process that will become a reference point for fulfillment.

In the future, the focus of HR Strategy 2020 is to create a conducive working environment for all Mandirian to be developed into his or her optimal capability level to contribute to the bank's business strategy. Initiatives to increase the employees' competencies and leadership were aimed not only for Bank Mandiri's business but also for competitiveness improvement of Indonesia to be able to compete at the ASEAN regional and global environment. In line with the value proposition of Mandiri which is - "Spirit for Nation Prosperity", working at Mandiri will not only be good for the employees, their families, and Mandiri, but also has a positive impact for the Nation.

Information Technology Strategy Development

Information Technology (IT) development of Bank Mandiri referred to as IT Strategy & Execution Plan (ISP) 2015-2020. ISP 2015-2020 covers two main strategies that supports Bank Mandiri's vision and fix the basic. Supporting the vision strategy consists of five programs which are Channel/Process Modernization, Customer Data Integration, Risk Management Build-Out, Customer Relationship/Loyalty and Targeted Projects/Regulatory. Fixing these key basic strategies support the implementation of Bank Mandiri 2015-2020 strategy especially when the strategy is integrated across groups. Integrate Across Groups strategy. Fixing key strategies includes five programs as well, which are Infrastructure Scale-Up, Payment & Cash Management, Core Banking Tuning, End-User Experience, and Standards.

Economic deceleration in 2016 has triggered and gave opportunity to IT in Bank Mandiri to modernize and improve the stability system, which is shown in the IT Transformation Strategy with a vision of "Reliable, Robust, Agile, Secured, yet efficient IT Management to support both short-term and long-term business needs". The IT transformation strategy consist of three focus in the management, development, and infrastructure & security problem. Meanwhile, a number of initiatives were taken to achieved Mandiri Group integrated vision through synergizing IT development with the subsidiary companies.

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Stepping Towards 2017

In line with the global economic recovery, commodity price recovery, and the success of the government's tax amnesty program, the Indonesian economy in 2017 is projected by Bank Indonesia to improve in the range of 5.0% -5.4% with the economy structure that is still supported by domestic consumption. Inflation is expected to remain within its target range of $4\% \pm 1\%$ in 2017, although there is potential pressure along with the government policy in 2017 to reduce electricity subsidy, cost adjustments for vehicle documents, and the implementation of one price policy for fuel.

The improved economic outlook boosted optimism of a better national banking loan in 2017, based on projections of the Financial Services Authority, to grow in the range of 9% -12%. However, in order to achieve the target, the banking industry should be able to complete the main challenge still to be faced in 2017, which are tight liquidity, improved loan quality, and capital regulatory compliance for the implementation of Basel III.

With regard to the above prospects, Bank Mandiri has decided its strategy to focus on the following:

- Restructuring the organization and improving the management of human resources to ensure the strengthening of control functions and a clearer business focus.
- Coordinating portfolio mix by directing the main engine of business growth in corporate and consumer segments.
- Strengthening good risk management and credit culture to balance growth with quality through discipline, control, monitored target market, and in line with the performance management system.
- Strengthening portfolio management as a business growth control, supported by tools that can provide information on portfolio mix strategies, early detection on credit quality drop, customer behaviors, and risk profile.
- The dynamic portfolio management also became a guidelines of business penetration strategy which more adaptive and responsive in anticipating the changing dynamics of macroeconomic conditions and customers' business.
- Improving productivity and operational efficiency to anticipate the decrease of interest margin both through budget priority according to the needs, business process re-engineering, developing digital banking, and also productivity alignment and improvement of distribution networks.
- Improving synergy with the subsidiary company through cooperation which optimizes customer base, product cross-selling, financial services, and sharing IT infrastructure and IT operational structures.
- Sharpening the culture by continuously developing an environment that will provide working comfort to all Bank Mandiri employees to increase their productivity. Culture enforcement was implemented based on company's values of - Trust, Integrity, Professionalism, Customer Focus, and Excellence or TIPCE.
- Re-starting TIPCE program to support "One Heart, One Self" or "One Heart One Self" elements, in which all employees of Bank Mandiri must have a high spirit of collaboration that truly trust to the organization's goals. Furthermore, employees are encouraged to apply consistent behavior of integrity and professionalism that enables Bank Mandiri to make a healthy and qualified growth. The next element prioritize customer focus and excellence to become the best bank for Indonesia, a source of pride for the country, and an agent of development to prosper the nation.

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In the midst of high competition, we are confident that Bank Mandiri will continue to grow and move forward by the utilization of competitive advantage of the Company and clearer business focus. The confidence is also based on a number of Bank Mandiri' accomplishments. A strong relationship with the wholesale customers (corporate, government and commercial segments) as a "door" to massive cross-selling, one-stop banking with the support of 11 subsidiaries providing complete and integrated products, wide range of network physical services (consisting of 2,599 branches, 2,261 sub-branches, 199 cash offices, and 2,236 Micro networks) supported by e-channel infrastructure (consisting of 17,461 ATM networks and 236,711 EDC networks) delivering an easy and convenience access for customers, as well as strong brand and reputation at the forefront in the implementation of Good Corporate Governance (GCG). Nevertheless, we remain aware that most of these advantages can only be optimized when all operational and business fundamentals continue to be refined us. There are still a lot of things to be a priority that we should do to improve the quality of services to customers consistently and manage a healthy and productive long-term growth.

We are optimistic with the targets set for the year 2017. Having experiences from the previous year, we are confident that we are able to achieve positive results this year despite many obstacles.

Our Appreciation

In conclusion, the Board of Director would like to appreciate and thank all shareholders, stakeholders and business partners. A special appreciation goes to the Board of Commissioner that has been our partner and have conducted its monitoring functions in a great manner, committees under Board of Commissioner and Directors, and all Bank Mandiri employees that have contributed in making Bank Mandiri the success it is today. With all the support from all parties, Bank Mandiri is committed to continuously provide excellent work to all our stakeholders and make the Indonesian people proud.

At last, may God Almighty always gives convenience and leads Bank Mandiri way to achieve its aspiration to be "Indonesia's best, ASEAN's prominent" that provide optimal added value for customers, shareholders, employees, society at large and Indonesia.

On behalf of the Board of Directors,



Kartika Wirjoatmodjo
President Director

The Board of Directors' and the Board of Commissioners' Statement of Responsibility for the 2016 Annual Report of PT Bank Mandiri (Persero) Tbk

We, the undersigned, hereby certify that all of the information contained in the PT Bank Mandiri (Persero) Tbk Annual Report 2016 is complete and accurate in all respects, and that we are fully accountable for the accuracy of the contents thereof.

This declaration has been properly made as required.

Jakarta, 20 February 2017

The Board of Directors



Kartika Wirjoatmodjo
President Director



Sulaiman A. Arianto
Vice President Director



Ogi Prastomiyono
Director of Operations



Pahala N. Mansury
Director of Finance & Treasury



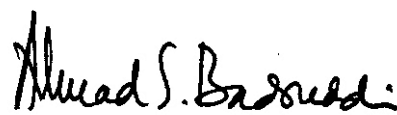
Royke Tumilaar
Director of Corporate Banking



Hery Gunardi
Director of Distributions



Tardi
Director of Retail Banking



Ahmad Siddik Badruddin
Director of Risk Management & Compliance



Kartini Sally
Director of Commercial Banking



Rico Usthavia Frans
Director of Digital Banking & Technology



Wimboh Santoso
President Commissioner



Imam Apriyanto Putro
Deputy Chief Commissioner



Abdul Aziz
Independent Commissioner



Aviliani
Independent Commissioner



Askolani
Commissioner



Goei Siauw Hong
Independent Commissioner



Bangun S. Kusmulyono
Independent Commissioner



Ardan Adiperdana
Commissioner

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Corporate Data

Company Name	PT Bank Mandiri (Persero) Tbk
Date of Establishment	October 2, 1998
Line of Business	Banking
Share Ownership	Government of the Republic of Indonesia 60% Public 40%
Legal Basis of Establishment	Deed No. 10 dated October 2, 1998, executed before Notary Sutjipto, S.H., and approved by Minister of Justice by virtue of his Approval No. C26561.HT.01.01 TH 98, dated October 2, 1998, published in the Official Gazette of the Republic of Indonesia No. 97 dated December 4, 1998, Supplement No. 6859
Authorized Capital	Rp16,000,000,000,000 (sixteen trillion Rupiahs) divided into 1 (one) Series A Dwiwarna share having a nominal value of Rp500,00 (five hundred Rupiahs) and 31,999,999,999 (thirty-one billion nine hundred ninety-nine million nine hundred ninety-nine thousand nine hundred ninety-nine) Series B shares, each share having a nominal value of Rp500,00 (five hundred Rupiahs)
Issued and Paid-Up Capital	Rp11,666,666,666,500 (eleven trillion six hundred sixty six billion six hundred sixty six million six hundred sixty six thousand five hundred Rupiahs) consisting of 1 (one) Series A Dwiwarna share having a nominal value of Rp500,00 (five hundred Rupiahs) and 23,333,333,332 (twenty three billion three hundred thirty three million three hundred thirty three thousand three hundred thirty two) Series B shares, each share having a nominal value of Rp500,00 (five hundred Rupiahs)
Stock Exchange Listing	Listed on the Jakarta Stock Exchange and Surabaya Stock Exchange
Listing Date	July 14, 2003
Stock Ticker Symbol	BMRI
Kode SWIFT	BMRIIDJA
Head Office	Plaza Mandiri Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA Tel. 62-21 5265045 Fax. 62-21 5274477, 5275577
Website	www.bankmandiri.co.id
Call Center	14000 ; (021) 52997777
Contact Address	Corporate Secretary corporate.secretary@bankmandiri.co.id Investor Relation Email: ir@bankmandiri.co.id http://ir.bankmandiri.co.id Customer Care Email: customerhandling@bankmandiri.co.id Social Media Facebook: https://id.facebook.com/officialbankmandiri/ Twitter: @bankmandiri
Corporate Secretary	Rohan Hafas Tel: 62-21 524 5299 Fax: 62-21 526 3460 Website: http://www.bankmandiri.co.id Email: corporate.secretary@bankmandiri.co.id
Number of Employees	78,132 employees including outsourcing personnels
Office Network in 2016	1 Head Office 139 Branch Offices 11 Subsidiaries 1,117 Sub-Branch Offices 189 Cash-Service Offices 17,461 ATMs 9 Overseas Offices

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Capital Market Supporting Institutions & Professions

Information on Trading and Listing of Shares

PT Bursa Efek Indonesia
Indonesia Stock Exchange Building, 1st Tower
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
Tel: 62-21 5150515
Fax: 62-21 5154153
Email: listing@idx.co.id
Website: www.idx.co.id

Scope of services:
Fee for 2016:
Assignment period:

Share listing
Rp123,750,000
Since 2003 to date

Public Accountant

Purwantono, Sungkoro & Surja
Indonesia Stock Exchange Building Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta Pusat, DKI Jakarta, 12190
Tel: 62-21 5289 5000
Fax: 62-21 5289 4100

Scope of services:

- Auditing the Consolidated Financial Statements and the Annual Report on the Implementation of Partnership and Community Development Program of Bank Mandiri for the financial year ended on December 31, 2016 (Financial Statements for Fiscal Year 2016).
- Other attestation services including audit services on bank compliance with laws and regulations also Agreed upon Procedures on the Company's reporting system to Bank of Indonesia.
- Depository Services, Scripless Security Systems on Recording securities (S4).
- Bank Performance Evaluation and Performance Evaluation on Partnership and Community Development Program.

Fee for 2016:
Assignment period:

Rp7,850,000,000
For the book year of 2015 and 2016

Share Registrar

PT Datindo Entrycom
Puri Datindo – Wisma Sudirman
Jl. Jend. Sudirman Kav 34
Jakarta 10220, Indonesia
Tel: 62-21 570 9009
Fax: 62-21 526 6702
Website: www.datindo.com
Managing Bank Mandiri's List of Shareholders
Rp46,420,000
Since 2003 to date

Scope of services:
Fee for 2016:
Assignment period:

Stock Ratings Agencies

Pefindo (Pemeringkat Efek Indonesia)
Panin Tower - Senayan City, 17th Floor
Jl. Asia Afrika Lot.19
Jakarta 10270, Indonesia
Tel: 62-21 7278 2380
Fax: 62-21 7278 2370
Rating for Bank Mandiri and securities (Pefindo)
2016 and will be extended every year

Scope of services:
Assignment period:

Standard & Poor's Ratings Services
Suite 3003, 30/F, Edinburgh Tower,
The Landmark, 15 Queen's Road Central
Hong Kong
Tel: 852 2533 3590
Fax: 852 2533 3599

Fitch Ratings Indonesia
Prudential Tower 20th Floor
Jl. Jend Sudirman Kav 79
Jakarta 12910, Indonesia
Tel: 62-21 5795 7755
Fax: 62-21 5795 7750
Rating for Bank Mandiri
2016 and will be extended every year

Scope of services:
Assignment period:

Moody's Investors Service
50 Raffles Place #23-06
Singapore Land Tower
Singapore 048623
Tel: 65 6398 8339
Fax: 65 6398 8301

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Bank Mandiri's Rating 2016

Moody's (March 2015)		Fitch Rating (August 2016)	
Outlook	STABLE	Issuer Default Rating	BBB-
Long-term Rating	Baa3	National LT Rating	AAA(idn)
Foreign LT Bank Deposits	Baa3	National ST Rating	F1+(idn)
Local LT Bank Deposits	Baa3	Viability Rating	bb+
Senior Unsecured Debt	WR	Support Rating Floor	BBB-
Bank Financial Strength	D+		
Foreign Currency ST Deposits	P-3		
Local Currency ST Deposits	P-3		

Pefindo (June 2016)		Standard & Poor's (December 2015)	
Outlook	STABLE	Outlook	STABLE
LT General Obligation	idAAA	LT Foreign Issuer Credit	BB+
Subordinated Debt	idAA+	LT Local Issuer Credit	BB+
		ST Foreign Issuer Credit	B
		ST Local Issuer Credit	B

Company Profile



PT Bank Mandiri (Persero) Tbk ("Bank Mandiri" or the "Company") was established on October 2, 1998 as part of banking restructuring program carried by the Indonesian government based on Deed of Establishment No. 10 dated October 2, 1998 and has been approved by the Minister of Justice of the Republic of Indonesia through Decree No. C26561.HT.01.01 TH 98 dated October 2, 1998.

Furthermore, Bank Mandiri commenced its operations as a state-owned bank in Jakarta based on the Ministry of Finance No. 452/KMK.017/1998. Based on the decision of General Meeting of Extraordinary Shareholders dated May 29, 2003, Bank Mandiri changed its status into a public company (listed company) and offered 4,000,000,000 (four billion) ordinary shares to the public at nominal price of Rp675 per share. Bank Mandiri never changes its name since the first time established until now.

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Bank Mandiri's Rank in 'idAAA' reflects the ability to meet long-term financial commitments.

In accordance with the results of meeting held on June 1, 2016, PT PEFINDO decided to reassign idAAA rating (Triple A; Stable Outlook) to Bank Mandiri for the period June 1, 2016 - June 1, 2017. The rating was given based on the Company's data and information, also audited financial report as of March 31, 2016. idAAA rating is the highest rating given by PEFINDO to the obligor on its ability to meet long-term financial commitments relatively to other Indonesian obligors.



As time goes by and supported by strong experiences as well as capabilities in banking, especially in the corporate loan segment, up to now Bank Mandiri is still believed as one of the largest SOEs commercial bank in Indonesia, in terms of total assets, loans, and deposit. On December 31, 2016 Bank Mandiri's total asset value amounting to Rp1,000 trillion with the composition of comprising Customer Funds including Current Account, Savings and Deposits that recorded at Rp187.03 trillion, Rp302.34 trillion and Rp273.12 trillion

respectively. This successful achievement was the result of hard work and positive synergy which created in Bank Mandiri, which continuously done by increasing the competency, innovating and developing banking products and services in all business segments.

As a State-Owned Bank that operates at the fourth largest population country in the world, as well as in order to realize the long-term aspiration of Bank Mandiri (2020) namely "Indonesia's best, ASEAN's prominent" or to be financial institution with best performance in terms of services, products, and yield returns to shareholders, as well as the benefits received by society at large in ASEAN level, Bank Mandiri has consistently focused on its 3 (three) business strategies, such as strengthening leadership in wholesale segment by deepening relationships with customers, always trying to be the Bank of customers' choice in retail segment, and continuing to pursue integration across business lines either owned by the Company or its subsidiaries.

To realize that purpose, Bank Mandiri continuously improve its position and its ability on our national banking industry sector by having regard of rapid development in technological growth, customers needs that increasingly dynamic, and the demographic of Indonesian community.

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Milestones

Bank Mandiri was established from 4 (four) former state-owned banks, namely Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan Indonesia.



1824-1998

In July 1999, 4 (four) state-owned banks namely Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia merged into one entity named Bank Mandiri.

1999

The year marked a turning point as the bank launched its first phase of its Transformation Program which spanned until 2010 in an effort in becoming a regional champion bank. The transformation process involved 4 (four) key strategies, such as implementation of culture, aggressive control of non-performing loans, accelerated business growth that exceeds the market's growth average, and an alliance in development and management programs across directorates and business units.

2005

1998



Established on October 2, 1998, Bank Mandiri was part of the bank-restructuring program by the Indonesian government.

2003



Bank Mandiri completed its Initial Public Offering (IPO).

2006 - 2007



This year, Bank Mandiri conducted the first stage of its Transformation Program "Back on Track" focusing on the reconstruction of Bank Mandiri's fundamentals for future growth.

2008 - 2009



Continuing the program from previous years, this year Bank Mandiri implemented the second stage of the Transformation Program, under the theme "Outperform the Market." Its main focus will be on business expansion to ensure significant growth in various segments and achieve a level of profit that exceeds the market's average goal.

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This year is the final stage of the Transformation Program with the theme "Shaping the End Game," implemented in 2005 when Bank Mandiri set its target on becoming the leading regional bank by consolidating its businesses in financial services and focusing on a non-organic growth strategy. Through all the transformation processes, Bank Mandiri had consistently managed to improve the Bank's performance, as reflected in various financial indicators.

2010

The Transformation continued in 2012 through Business Transformation that focuses on 3 (three) key areas, including Wholesale Transaction, Retail Deposit & Payment and Retail Financing.



2012

Remained an important year for Bank Mandiri as it enters the first year of the third phase of its Transformation Program.



2015

2011

In this year, Bank Mandiri issued 2,336,838,591 shares at a price range between Rp5,000 up to Rp6,500 per shares. On that transaction, Bank Mandiri received funds of Rp11,684,192,955,000.

This year also marked as the beginning year of the Continued Transformation 2010-2014, in which Bank Mandiri re-formulated its vision to become "Indonesia's most admired and progressive financial institution".

The Continued transformation in 2011 involved further "Cultural Transformation" by building on Phase I of its cultural transformation program, enriching the institution with the best practices and providing the institution with benchmarks with world-class operators.

2014



Bank Mandiri has successfully completed the Second Phase of this year's Transformation Program.

2016

This year, Bank Mandiri has conducted a number of corporate actions such as issuing bonds, Efek Beragun Aset Dalam Bentuk Surat Partisipasi (EBA-SP) and reaching the total assets amounted to Rp1,000 trillion.

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Brand of Bank Mandiri

Bank Mandiri brand identity consists of symbols, letters logos, colors and tagline. It can be explained such as follows:

Brand With Small Word

The use of lowercase letters represent a friendly and humble attitude towards all segments of the business entering the bank and the eagerness in providing excellent customer service.

Dark Blue Colour:

Represents pleasant, calm, cool, heritage, stability, command, respect, and reliability.

Symbol of professionalism, strong ground, loyal, trusted, and dignity.

Gold Liquid Wave

A symbol of financial wealth in Asia that puts the nature of agile, progressive, futuristic, excellence, flexibility, and resilience to face future challenges.

Yellow Gold (literally orange):

- Gold color represents greatness, glory, prosperity, and wealth.
- Represents active, creative, friendly, fun, and comfort.



Philosophy Tagline

"Terdepan, Terpercaya, Tumbuh Bersama Anda"

The word "Leader" is the embodiment of hard work and professionalism to create a leading bank.

The word "Trusted" is the embodiment of integrity and transparency to create a reliable banking institution.

The Word "Growing Together" is an embodiment of the focus on the customers and the dedication of all Bank Mandiri's employees to grow together with Indonesia.

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Business Activities



According to Article 3 paragraph (1) of the Articles of Association, the aim and objective of the Company is to conduct business in the banking industry pursuant to the provisions of the applicable laws and regulations. In accordance with the last Articles, currently, Bank Mandiri engages in the following activities:

1. Collecting funds from the public in the form of deposits, including demand deposits, time deposits, certificates, deposits, savings and/or other similar forms.
2. Extending loans.
3. Issuing promissory notes.
4. Purchasing, selling and providing guarantees at its own risk, and for the benefit of and under the customer's instructions:
 - a) Negotiable instruments, including negotiable instruments that are accepted by the bank and whose periods of terms are no longer than normal practice in the trading of such negotiable instruments.
 - b) Acknowledgments of indebtedness and other trade papers whose terms are no longer than normal practice in the trading of such papers.
 - c) State treasury certificates and government guarantees.
 - d) Bank Indonesia Certificates.
 - e) Bonds.
 - f) Fixed term trade papers in accordance with the provisions of the laws and regulations in effect.
 - g) Other commercial papers for terms that are in accordance with the provisions of the laws and regulations in effect.
5. Transferring funds in the Bank's own interests and in the interests of customers.
6. Placing funds with, borrowing funds from and lending funds to other banks using paper, telecommunications facilities and bearer negotiable instruments, checks and other means.
7. Receiving payments of claims in respect of commercial papers and conducting calculations with or in respect of third parties.
8. Providing places for the storage of valuable items and papers.
9. Providing custodian services to third parties on a contractual basis.
10. Investing customer funds in other customers through the purchase of securities listed on the stock exchange.
11. Providing factoring, credit card and trusteeship services.
12. Providing financing and/or engaging in other activities in accordance with sharia principles and the relevant regulations.
13. Engaging in such other activities as customarily conducted by a bank provided that they do not violate the provisions of the laws and regulations in effect.

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In addition, Bank Mandiri may:

1. Engage in foreign exchange operations pursuant to the laws and regulations.
2. Engage in capital investment activities in other banks or financial services companies, such as leasing companies, venture capital companies, stock brokerages, insurance companies and clearing as well as custodian agencies, subject to the applicable laws and regulations.
3. Make temporary investments so as to overcome financing or credit failures based on sharia principles, subject to such investments being subsequently withdrawn and to the applicable laws and regulations.
4. Act as the founder and manager of pension funds in accordance with the prevailing regulations governing pension fund industry.
5. Purchase collateral, either all or in part, through auctions or by other means in the case the debtor did not meet its obligation to Bank Mandiri, with provision of collateral purchased the obligatory cashing as soon as possible.

In conducting its business operations, Bank Mandiri offers a wide variety of products and services, as described in the "Products and Services" section of this Annual Report.



Wholesale

In this area, the Company is constantly working to build business relationships that are mutually beneficial with customers, to strengthen the company's position as the best Corporate Bank in Indonesia, the core competence of the company since the beginning.



Retail

Accelerated growth in this area are focused on segment and products that the level of risk and their penetration is relatively low. In this segment of consumer and micro banking, would be developed as a new core competency of the company in the future.



Integrate the Group

In order to provide financial products and services that are comprehensive to the customers, the Company is continuously working to enhance synergies as a group effort, by integrating business in the segment and region, including within the subsidiaries.

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Banking Products & Services

The products and services of the Bank are divided into 3 (three) segments, namely:



Savings Products

Savings products

- Mandiri Savings
- Mandiri Savings Plans
- Mandiri Business Savings
- Mandiri Hajj & Umrah Savings
- Mandiri Foreign Currency Savings
- Mandiri Savings for the Indonesian Labor/Migrant Workers (TKI)
- Mandiri Investors savings
- My Savings

Mandiri Deposit Product

- Mandiri Rupiah Deposit
- Mandiri Foreign Currency Deposit

Mandiri Cash Management

- Mandiri Cash Concentration
- Mandiri Notional Polling
- Mandiri Cash Management System
- Mandiri Virtual Account
- Mandiri Cashier Cash Management
- Mandiri Corporate Collection



Credit Products

- Mandiri Loan for Investment
- Mandiri Working capital credit
- Mandiri Cash Collateral Loan
- Mandiri Micro Credit
- Mandiri Versatile Micro Credit
 - Versatile Micro Credit for Civil Servants/Member of TNI-Indonesian National Army/Police
 - Versatile Micro Credit for the Retirees
 - Versatile Micro Credit for the Hajj bailout
- Mandiri Home Mortgage Loan
 - Mandiri Mandiri Take Over Home Mortgage Loan
 - Mandiri Top Up Home Mortgage Loan
- Syndication and Club Deal
- Mandiri Supply Chain Financing
 - Supplier Financing
 - Distributor Financing
 - Account Receivable Financing
- Multipurpose Business Credit
- Productive Business Credit
- Mandiri Cooperatives Credit
- Mandiri Franchising Credit
- Food and Energy Security Credit
- Credit for Energy Development of Plantation Revitalization
- Credit for Cattle Breeding (KUPS)
- Public Business Credit (KUR)

Credit Card

Visa

- Mandiri Visa Silver Card
- Mandiri Visa Gold Card
- Mandiri Visa Platinum Card
- Golf Card Gold/Platinum
- Hypermart Card Silver/Gold
- Corporate Card
- Platinum Card
- Visa Signature

Master Card

- Everyday Card
- SKYZ Card
- Feng Shui Card
- World Elite



Other Services

Treasury Service

Currency & Derivatives:

- Foreign Exchange Transactions (Today, Tom, Spot) incl. Bank Notes
- Currency Forward
- Currency Swap
- Currency Option
- Interest Rate Swap
- Forward Rate Agreement
- Cross Currency Swap

Trade Products Services

- Letter of Credit (LC)
 - L/C Issuance & Amendment
 - Forfeiting L/C Advising
 - L/C Negotiation
 - L/C Confirmation
 - Export Bills Collection
 - Documentary Collection
 - Export Usance Bills Discounting
- *Surat Kredit Berdokumen Dalam Negeri* (SKBDN)
- Bill Purchasing (LC dan Non LC)
- Bank Guarantee and Standby Letter of Credit (SBLC)
- Mandiri Bill Collection (Mandiri Virtual Account, Mandiri Bill Payment dan Mandiri Bill Aggregator)
- Money Order of Export Financing

Trade Finance Products:

- Bilateral Trade Financing
- Export Credit Agency (ECA) Covered Buyers Credit
- Risk Participation
- Bank Guarantee under Counter Guarantee
- Reimbursing Bank
- Inter Mandiri Transaction
- Forfeiting (Derivative)
- Trust Receipt (High Yield Investment Product)
- Usance Payable at Sight (UPAS) Financing (Service of mandiri e-fx)

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Other Services

Agency Services

1. Custodial Services
 - General Custody
 - Sub-Registry *Surat Utang Negara* (SUN) & *Sertifikat Bank Indonesia* (SBI) Local Custody for ADR/GDR Program
 - Mutual Fund Administration
 - Discretionary Fund Administration
 - Euroclear
 - KIK-EBA Administration
2. Trustee Services
 - Trustee
 - Paying Agent
 - Security Agent
 - Escrow Agent
 - Receiving Bank
3. Wealth Management Service
 - Mutual Fund Product
 - Money Market Mutual Funds
 - Fixed Income Mutual Funds
 - Mixed Mutual Funds
 - Shares Mutual Fund
 - Protected Mutual Funds
 - Index Mutual Funds
 - Securities Products
 - Retail State Bond
 - Sukuk Investment Bonds Retail
 - Referral Retail Brokerage

e-Channel Service

- Mandiri Internet/Mandiri Business Internet
- Mandiri SMS
- Mandiri Mobile
- Mandiri ATM
- Mandiri Call
- Mandiri EDC
- Mandiri Clickpay
- Mandiri e-money
- Mandiri e-cash
- Mandiri Branchless Banking

Other Treasury Services

- Mandiri Money Transfer
- International Cheque Collection
- Mandiri Direct Settlement
- Vostro Account
- Financial Advisory
- Bank Reference
- Intra-day Facility for Securities Company
- Overnight Facility for Securities Company
- Payment Bank for Indonesian Central Securities Depository (KSEI)

Mandiri Financial Advisory

- Arranger
- Agency (Facility Agent, Security Agent, Escrow Agent)/Paying Agent

Payment

- Bill/Utilities payment/BPJS Payment
- e-Tax Payment
- Mandiri easy-Rincian Transaksi Ekspor (RTE)
- Interface ERP (SAP/Oracle)
- Sistem Online Pembelian Produk Pertamina (SOPP)
- Payroll
- Cash Pick up Delivery
- Petty cash card
- Warkat Khusus
- Fleet Card

Bancassurance Products

- Regular Premium Unit Link:
 - Mandiri Prosperous
 - Mandiri Prosperous Sharia
 - Mandiri Prosperous Intelligent
- Single Premium Unit Link:
 - Mandiri Investment Plus Prosperous
 - Mandiri Investment Plus Prosperous Sharia
- Health & Protection:
 - Mandiri Jiwa Sejahtera
 - Mandiri Jiwa Prioritas
 - Mandiri Secure Plan
 - Mandiri Kesehatan Global
 - Mandiri Kesehatan Prima
 - Mandiri Kesehatan Optima
 - Mandiri Jaminan Kesehatan
 - Mandiri Hospitalife
 - Mandiri Proteksi Kanker
 - Personal Accident
- Corporate Solutions:
 - Mandiri Corporate Saving Plan
 - Mandiri Corporate Health Plan
 - Mandiri Corporate Life Plan
 - Mandiri Corporate Cash Plan

Financial Institutions Pension Fund Products (DPLK)

- Money Market Investments Package
- Fixed Income Investment Package
- Shares Investment Package
- Combination of Investment Package

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Customers Testimonial



Murdaya Poo
Chairman
Berco Group

"I am pleased with Bank Mandiri because the consistency of its service and since the era of Pak Agus up to now its progress seems increasingly heightened and improved, those who worked at Bank Mandiri are very attentive to the customers, not only when in good times but also when in difficult times, all customers remain to be addressed."

"I've been using Bank Mandiri for decades, it's okay, the service is good, so even though Bank Mandiri is a State-Owned Enterprise (SOEs) but they still want to serve the private sectors."

"I hope Bank Mandiri may be more developed and bigger in the future. Because we need a big bank in Indonesia and I believe Bank Mandiri can realize it. With its courage in facing dynamic situations and dare for changes, Bank Mandiri is believed to be greater ahead".



Mariany Sofjan
Finance Director
PT Maruni Daya Sakti

"Bank Mandiri is flexible with excellent service and equipped with a variety of products, also understand the customers' needs, reliable and trustworthy."

"Bank Mandiri provides banking services on demand. Strong innovation and always listening to the inspiration and input from customers. "

"I hope Bank Mandiri can be a leading financial partner for Indonesian entrepreneurs."



Susan Sofjan
Finance Account Manager
(FAM)
PT Maruni Daya Sakti
(Maruni Glass)

"The reason why I choose Bank Mandiri because we want to support government and Bank Mandiri is a state-owned bank. In addition, Bank Mandiri has been accredited, highly trustworthy with international standard services as same as private banks. "

"The service is very quick, also very dynamic, the products are vary, and its professionals are ready to assist customers and provide the best for our company."

"During this time we are very satisfied with Bank Mandiri because they can fulfill our demands and also give solutions to our financial problems, for example when we need loan or credit."

"I want to say happy new year! Hopefully Bank Mandiri can be more success and remain to serve all customers needs like they did in the previous years."

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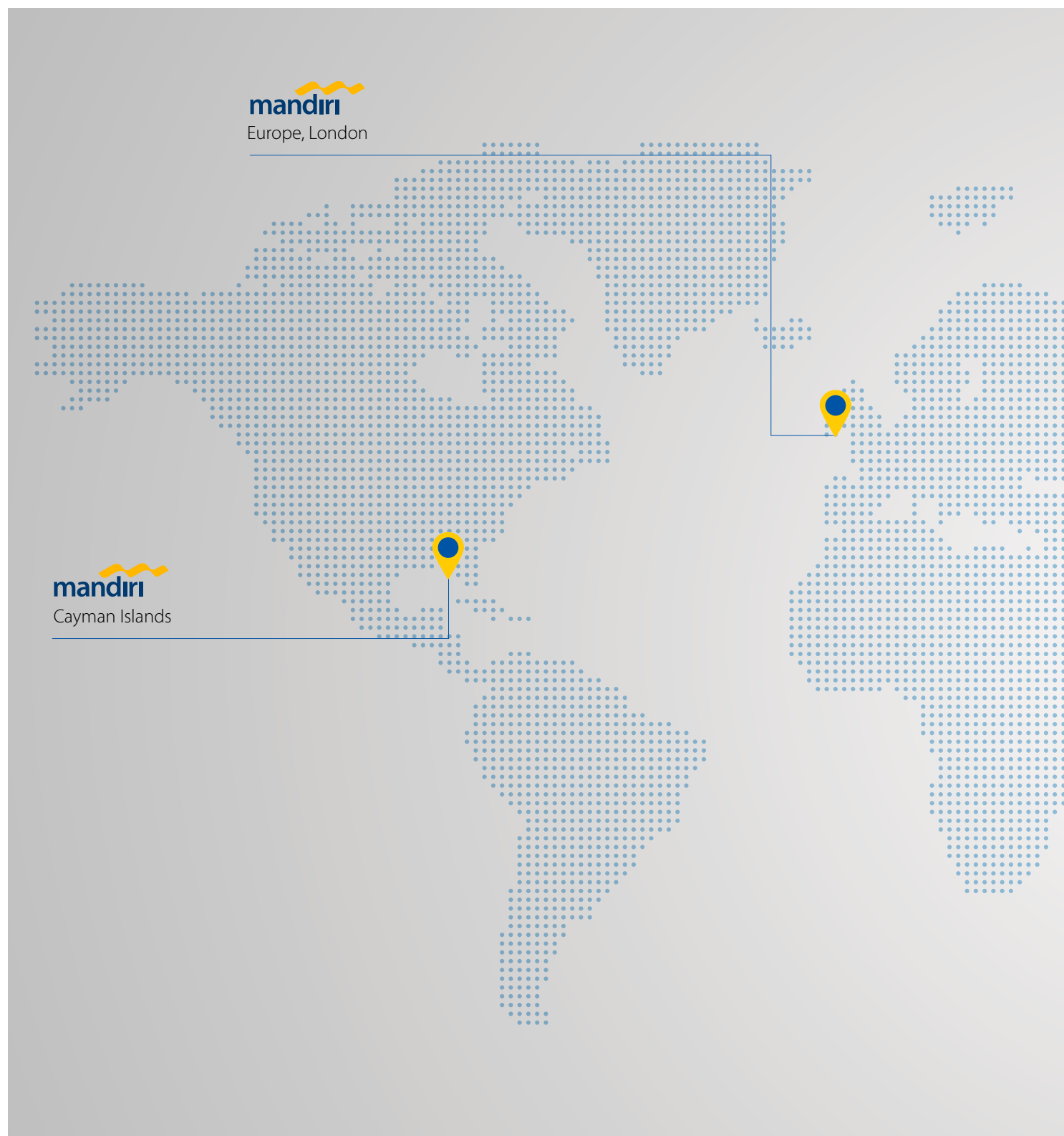
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 mandiri
Singapore


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Hong Kong


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Shanghai


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Indonesia

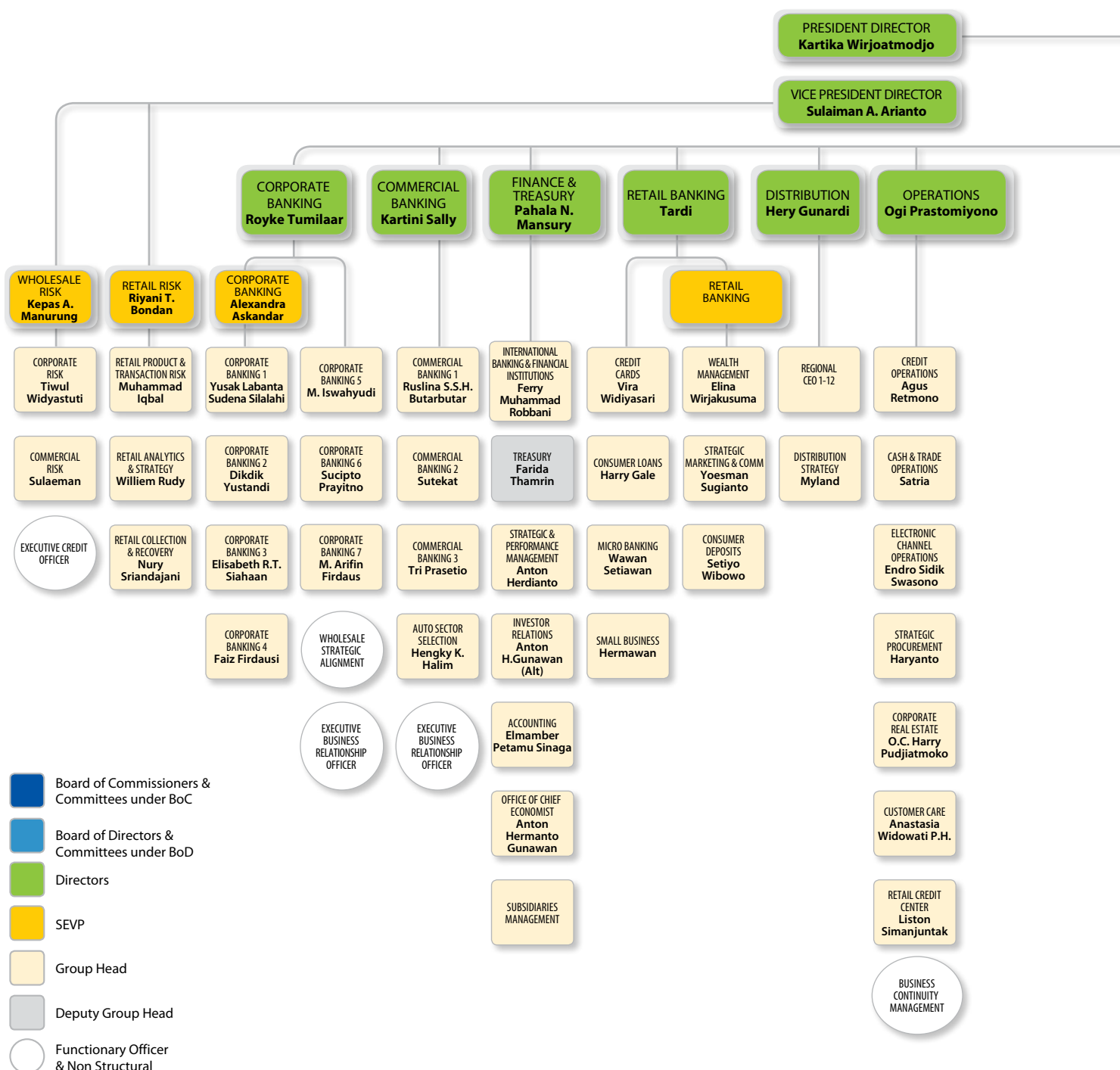

 mandiri
remittance Malaysia


 mandiri
Timor Leste

No.	Number of Regional Offices	Number of Branch Offices/ Area
1	Region I / Sumatera 1	281
2	Region II / Sumatera 2	231
3	Region III / Jakarta 1	287
4	Region IV / Jakarta 2	236
5	Region V / Jakarta 3	198
6	Region VI / Jawa 1	236
7	Region VII / Jawa 2	269
8	Region VIII / Jawa 3	317
9	Region IX / Kalimantan	166
10	Region X / Sulawesi and Maluku	191
11	Region XI / Bali and Nusa Tenggara	121
12	Region XII / Papua	66
Total DS		2,599

Organizational Structure

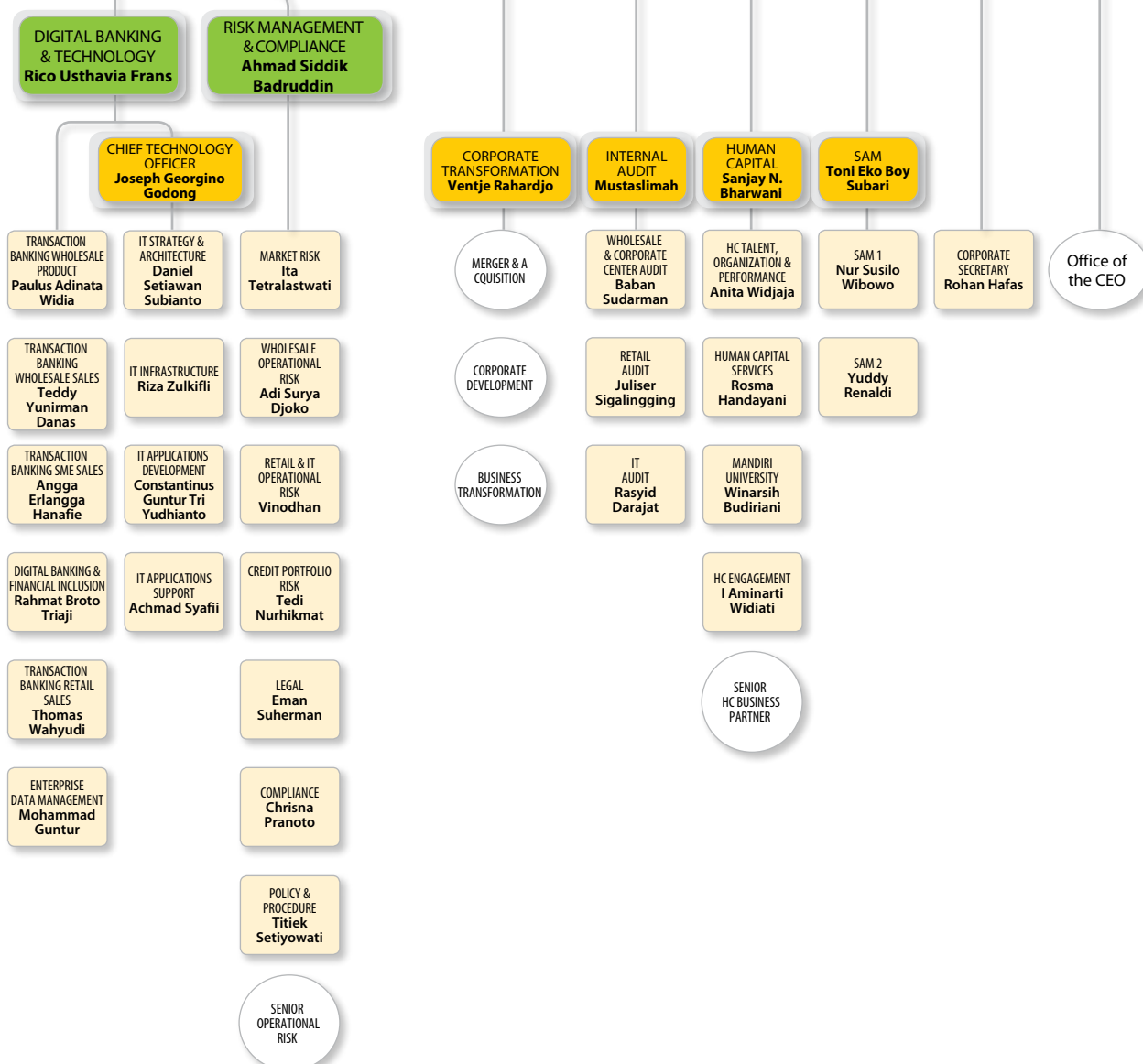
Board of Commissioner	
Audit Committee	Risk Monitoring Committee
Remuneration and Nomination Committee	Integrated Corporate Governance Committee



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Board of Directors

Business Committee		Assets & Liabilities Committee	Capital & Subsidiaries Committee	Information & Technology Committee
Risk Management Committee	Policy & Procedure Committee	Credit Committee	Integrated Risk Management Committee	Human Capital Policy Committee



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Vision and Mission of Bank Mandiri

Based on the Long-Term Plan of Bank Mandiri 2015-2020, formulated by the Board of Directors and approved by the Board of Commissioners, Bank Mandiri sharpens its vision and mission, such as follows:

Vision

To be Indonesia's most admired and consistently progressive financial institution.

Mission

1. To be oriented toward fulfilling market needs.
2. To develop professional human resources.
3. To gain maximum benefit for stakeholders.
4. To conduct transparent management.
5. To care for social and environmental issues.

In order to accomplish its mission, Bank Mandiri is committed in building long-term relationships based on trust to its customers, derived from both the business and individual portfolios.

Bank Mandiri is committed to serve the best international standards services to its customers as an institution that provides innovative financial solutions, and promises to always improve its quality in performance, human resources, and teamwork.

In addition, Bank Mandiri also keeps their commitment to achieve growth and success for all its customers and play an active role in encouraging the long-term growth of Indonesia, while consistently producing high returns for shareholders.

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Corporate Cultures

Bank Mandiri has implemented the corporate cultures as the tools used by all levels of employees in support of achieving the vision and mission of the Company. The corporate cultures are abbreviated as 'TIPCE' with the following explanation:

 Trust To build trust and confidence through an open and sincere relationship based on reliability.	 Integrity Act truthfully, with dignity and upholding professional ethics.	 Professionalism Completing the work accurately based on a high level of competence with a full sense of responsibility.	 Customer Focus To always position our internal and external customers as a focus to build a positive experience and mutually beneficial relationship in sustaining growth.	 Excellent Always strive to achieve excellence and perfection, an expression of love and pride as a Bank Mandiri personnel.

Eleven Key Behaviors

TIPCE cultures that previously only explained 10 Major Behaviors has now been updated to 11 Major Behaviors. These changes were made to achieve the company's vision on becoming the best banking institution in the scale of ASEAN by 2020. As for the 11 Main Bank Mandiri Behavior, among others:

Trust	Integrity	Professionalism	Customer Focus	Excellent
- Honesty, sincerity, openness and frankness. - Empowering potential, showing composure, continuously seeking synergies, and promoting mutual respect.	- Discipline, consistency, and fulfillment of commitments. - Thinking, speaking, and acting in a commendable manner.	- Reliability, resilience, responsibility, willingness to learn, and possess self-confidence. - Spirit of intrapreneurship and courage to take decisions based on calculated risk.	- Identifying the needs and desires of customers in a proactive manner and providing holistic solutions to such needs and desires. - Providing the best possible services in a fast, precise, straightforward, and accurate manner while always prioritizing customer satisfaction.	- Patriotism, a winning mentality, and the courage to make a breakthrough. - Innovative in creating opportunities to perform beyond expectations. - Focus and discipline in achieving priorities.

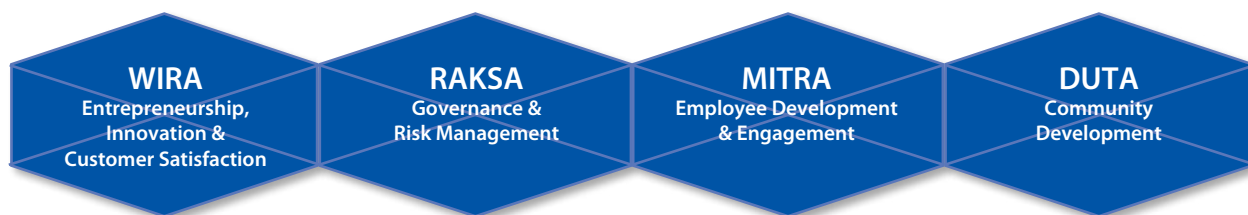
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Culture of Excellence

In line with the implementation of refinements Bank Mandiri Corporate Plan by 2020 to become Indonesia's best, ASEAN's prominent, thus, it also needed the improvement of the implementation of Culture of Excellence strategies with a roadmap enacted in 2015-2016 is "Building Excellence", 2017-2018 is "Boosting Excellence", and in 2018-2019 is "Sustaining Excellence", which consisting of 4 (four) themes #WIRAMIDA and 8 (eight) cultural programs. For more clearly can be seen in the scheme below:

4 themes of Mandiri Culture of Excellence				
Themes	Entrepreneurship, Innovation & Customer Satisfaction	Governance & Risk Management	Employee Development & Engagement	Community Development
Program (8)	1. Selling More 2. Saving More	3. Protect & Care 4. Covenant Day 5. Aksi 3 Jaga	6. Engagement Activities 7. Lead by Example	8. Brand Ambassador & Community Development
Core Values (5)	Customer Focus Professionalism Excellence	Trust Integrity	Professionalism Excellence	Integrity Excellence
Behaviors (11)	- Potential, not silo, synergy & respect (P2) - Intrapreneurship, dare to take risk (P6) - Proactive total solution (P7) - Best services (P8) - Innovative and Perform beyond expectation (P10)	- Honest, sincere, openness and fair (P1) - Admirable in thinking, speaking and acting (P4) - Intrapreneurship, dare to take risk (P6)	- Discipline & committed (P3) - Reliable, strong, responsible, confidence (P5) - Innovative & perform beyond expectation (P10)	- Admirable in thinking, speaking and acting (P4) - Patriotism, winning spirit & dare for breakthroughs (P9) - Focus and set priority (P11)
Symbols/ Events	- Customer Visit - Customer Gathering - BoD Visit - Region Top Sales - Dinner With Management	- RBC Forum - Annual Risk Forum - Culture Summit - HC Summit	- Employee & Family Gathering - New Employees and Pensioners Leadership Forum - Innovation Award	- Mandiri Karnaval & WMM - Employee Involvement in Community Development
Mandiri Excellence Award				
Mandiri Easy (Performance Management)				
Culture Excellence Scoreboard				
Systems				

Meanwhile, in brief the concept of #WIRAMIDA theme can be explained as follows:



Is the program activity in Culture of Excellence that focuses on CUSTOMER through entrepreneurship and innovation to maximize customer satisfaction. The activities of the WIRA programme are to sell more, save more, and satisfy more by creating a culture of cross-selling/up-selling and smart spending.

Is the action program activity of Culture of Excellence that focuses on the core of keeping Company's assets or OPERATIONS through governance and risk management. As for the activities of RAKSA are protect & care, covenant day and Risioko, the three protecting acts, by creating a culture of risk management, governance, and credit quality.

Is the action program activity of Culture of Excellence that focuses on EMPLOYEES and improving the quality of working relationships between employees through employee development and engagement. This is achieved by creating a work environment that is open, positive and fun.

Is the action program activity of Culture of Excellence that focuses on COMMUNITY or enhances a sense of caring about local community and its surrounding environment through community development programs.

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Framework of Culture of Excellence as mentioned above has 8 (eight) activities with some action, namely:

#1	#2	#3	#4	#5	#6	#7	#8
Selling More	Saving More	Protect & Care	Covenant Day	Aksi 3 Jaga	Engagement Activities	Lead by Example	Brand Ambassador & Community Development
A collaboration and synergy among cross-units to support sustainable business growth, and maximize customer satisfaction.	An effort made to save and create efficiency in all areas.	A collaboration and synergy among cross-units that focuses on keeping all customers as its focal point.	A forum of three (3) pillars, namely business, risk, and operations to improve the monitoring and credit quality.	An effort made to keep yourself, your co-workers and Bank Mandiri from unfavorable various risks.	Systematic attempts to create a working atmosphere that is open, positive, and comfortable for all employees.	An activity created so that all leaders can be positive role models for its team.	An activity or effort carried out as a real manifestation of "The Spirit of Prosper The Country".

Culture Excellence Scoreboard (CES)

To ensure that the implementation of #WIRAMIDA corporate culture has been conducted by all employees and applied in each work unit, Bank Mandiri uses a system of Culture Excellence Scoreboard ("CES") to communicate, execute and monitor the implementation of #WIRAMIDA actions.



In CES system, there is a selection of badges WIRA, RAKSA, MITRA, DUTA that are obtainable by the employee if he/she has completed a challenge linked to the #WIRAMIDA action program. The reward comes in the form of fiesta points.



Related to the availability of 4 (four) badges as mentioned above, there are also 4 (four) types of levels that can be achieved by all employees once they have completed the #WIRAMIDA action program. The levels are PRATAMA, MUDA, MADYA and UTAMA.

The fiesta point CES platform is expected to continuously cultivate and stimulate the enthusiasm of all Bank Mandiri employees in carrying out the Culture of Excellence with #WIRAMIDA actions program, so that, the sustainability of Bank Mandiri's long-term business can be maintained by cost-efficient operations and improved productivity.

The Board of Commissioners



From left to right

Front: **Wimboh Santoso** President Commissioner, **Aviliani** Independent Commissioner
 Back: **Ardan Adiperdana** Commissioner, **Abdul Aziz** Independent Commissioner, **Askolani** Commissioner, **Bangun S. Kusmulyono** Independent Commissioner,
Imam Apriyanto Putro Deputy Chief Commissioner, **Goei Siauw Hong** Independent Commissioner

The Board of Commissioners' Profile



Wimboh Santoso
President Commissioner

Male, Indonesian Citizen, 59 years old,
domiciled in Jakarta.

Educational Background

- Bachelor Degree in Economics from UNS Sebelas Maret, Surakarta (1983)
- Master of Business Administration from University of Illinois (1993)
- PhD in the field of Financial Economics from University of Loughborough (1999)

Basis of Appointment

Extraordinary General Meeting of Shareholders dated December 18, 2015

Career

- Bank Examiner, Bank Indonesia (1984-1990)
- Head of Section Internal Research Bureau and Research Affairs & Internal Development (UPPN), BI (1993-1994)
- Senior Researcher, Director of Research and Banking Development, BI (1999-2003)
- Head of the Banking Transformation Unit, Bank Indonesia (2001-2003)
- Executive Researcher, Director of Research and Banking Development (DPNP), BI (2003-2005)

- Head of the Financial System Stability Bureau, BI (2006-2009)
- Director of Research and Banking Development (DPNP), BI (2010-2012)
- Head of Bank Indonesia's Representative Office in New York (2012-2013)
- Executive Director of IMF (2013-2015)
- Lecturer and Co-Promoter for Doctorate Degree Program in several universities (2003 – present)
- Research Director, Indonesian Banking Training and Development Institute (2016 – present)
- President Commissioner of Bank Mandiri (2015 – present)

Training and Seminar Courses

- Leadership Forum, Lombok (2016)
- Economic Outlook 2017: "Facing Global Challenges For Better Economic Growth in 2017", Jakarta (2016)



Imam Apriyanto Putro
Deputy Chief Commissioner

Male, Indonesian Citizen, 53 years old,
domiciled in Jakarta.

Educational Background

- Bachelor Degree in the field of Management from Diponegoro University (1988)
- Master of Management from IBII, Jakarta (2000)

Basis of Appointment

Annual General Meeting of Shareholders dated March 16, 2015

Career

- Acting Section Head of Funding and Resources Analyst at the Ministry of State-Owned Enterprises (1993-2010)
- Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011)
- Assistant of Research and Information Department at the Ministry of State-Owned Enterprises (2010-2012)
- Commissioner of PT Petrokimia Gresik (Persero) (2011-2012)
- Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013)

- Head of Planning and Human Resources Bureau at the Ministry of State-Owned Enterprises (2012-2013)
- Acting Deputy of Infrastructure and Logistics at the Ministry of State-Owned Enterprises (2013)
- Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014)
- Secretary at the Ministry of State-Owned Enterprises (2013 – present)
- Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015)
- Deputy Chief Commissioner of Bank Mandiri (2015 - present)

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- Bachelor Degree in Economics of Management from Atma Jaya University (1985)
- Master in Management of Social and Political Science from University of Indonesia (1995)
- Doctorate degree in Business Management from Bogor Agricultural Institute (2012)

Basis of Appointment

Extraordinary General Meeting dated May 21, 2014

Career

- Deputy Director of Development at INDEF (1997-1999)
- Deputy Director of Research and Services at Perbanas (1997-1999)
- Vice Chairman (Purek II) at Perbanas (2000-2002)
- Chairman of the Department at the University of Paramadina (2002-2005)
- Independent Commissioner of PT BRI (Tbk) (2005-2014)
- Secretary of the National Economic Committee (KEN) (2010-2014)
- Deputy Secretary of the Committee for the Acceleration and Expansion of Indonesia (KP3EI) (2012-2014)
- Independent Commissioner of Bank Mandiri (May 2014-present)

Training and Seminar Courses

- Amsterdam Risk Management Seminar for Indonesian FMA Group Bankers "Risk Management in Retail Banking", Banker Association for Risk Management, Amsterdam, Holland (2010)
- Senior Management Risk Summit 2010: Leadership For Sustainable Risk Management, Banker Association for Risk Management, London (2010)
- Executive Banking Forum: Financial Sector Expertise Exchange Program, Forum Belanda – Indonesia, Amsterdam, Belanda (2011)
- Program Refreshment Survival in Crisis: Enhancing Bank Strategy and Performance, implanting BCM and Fraud Prevention Process, BARa, Tokyo, Jepang (2012)
- Executive International Conference Program, BARa, London (2013)
- Risk Management Certification Refreshment Program Beyond Regulation, BARa, Turkey (2013)
- Leadership Forum, Lombok (2016)
- Economic Outlook 2017: "Facing Global Challenges For Better Economic Growth in 2017", Jakarta (2016)
- Refreshing the Risk Certification of BARA - Enhancing The Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Management, Stockholm, Sweden (2016)



Aviliani
Independent Commissioner

Female, Indonesian Citizen, 55 years old, domiciled in Jakarta.

Educational Background

- Bachelor Degree in Agronomy from Bogor Agricultural Institute (1988)
- Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington, USA (1993)

Basis of Appointment

Annual General Meeting of Shareholders, dated March 16, 2015

Career

- Systems Analyst at Astra Graphia (1988-1991)
- Equity Analyst and Senior Analyst Equity at WI Carr Indonesia (1993-1995)
- Deputy Head of Research and Head of Research at CLSA Indonesia (1995-1996)
- Head of Research at SocGen Crosby (1996-1998)
- Vice President of Research at Nomura Singapore (1998-1999)
- Head of Research at Nomura Indonesia (1999-2001)

- President Director at Gagah Prima Solutions (2001-present)
- Member of the Risk Monitoring Committee of Bank Permata (2006-2010)
- Independent Commissioner of Bank Mandiri (2015-present)

Training and Seminar Courses

- Chartered Financial Analyst (CFA) - CFA Institute (1996)
- Financial Risk Manager (FRM) - Global Association of Risk Professionals (GARP) (2005)
- Risk Management Certification level 1, 2 & 3 - GARP/BSMR (2005)
- Risk Management Certification level 1 & 2 from BARA/LSPP (2005)
- The Leadership Forum, Lombok (2016)
- Internal Rating Based Basel II - Credit Risk, GPS & Partner, Jakarta (2016)



Goei Siauw Hong
Independent Commissioner

Male, Indonesian Citizen, 52 years old, domiciled in Jakarta.

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Bangun S. Kusmulyono
Independent Commissioner

Male, Indonesian Citizen, 73 years old,
domiciled in Jakarta.

Educational Background

- Bachelor Degree in Chemical Engineering from Bandung Institute of Technology (1970)
- Master of Business Administration (MBA) from University of Southern California, Los Angeles, USA (1974)
- Doctorate degree in Environmental Management from Bogor Agricultural Institute (2007)

Basis of Appointment

Annual General Meeting of Shareholders dated March 16, 2015

Career

- Operations Staff at Indonesia Investment Coordinating Board (BKPM) (1970-1972)
- Worked at Chase Manhattan Bank (New York and Hong Kong), Fincorinvest, and the Asian Development Bank (1974 - 1986)
- President Director at Bank Nusa International (1988-1998)
- Lemhanas KSA V (1995)
- Member of the Board of Commissioners of Maybank Nusa (1990-1997)
- Member of the Board of Commissioners of Bank Niaga (1998-1999)

- President Director of Permodalan Nasional Madani (PNM) (1999-2005)
- Member of the Board of Commissioners of Syarikat Takaful Indonesia (1999-2005)
- Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010)
- Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015)
- Chairman of the National Committee Empowerment of Microfinance (PKMI) (2005-present)
- Independent Commissioner of Bank Mandiri (2015-present)

Training and Seminar Courses

- Advance Management Program, Harvard University, USA (1986)
- Global Microcredit Summit, Microcredit Summit Campaign, Halifax, Canada (2006)
- Networking for the Present Ideas for the Future, Leaders in Dubai Business Forum, Dubai (2007)
- Executive Risk Management Refresher Course Program, Standard Chartered Bank, London, England (2008)
- Risk Management in Retail Banking, BSMR, Amsterdam, Holland (2010)
- ALM liquidity Risk Managemen, BSMR, Sydney, Australia (2014)
- Asean Global Leadership Program at the University of California Berkeley, USA (2016)



Abdul Aziz
Independent Commissioner

Male, Indonesian Citizen, 55 years old,
domiciled in Jakarta.

Educational Background

- Bachelor Degree in Fisheries/Social Economics from Bogor Agricultural Institute (1987)
- Master Degree in Strategic Management from the Institute of Education and Management Development (1993)

Basis of Appointment

Annual General Meeting on April 2, 2013 as Commissioner of Bank Mandiri by the and at the time of the Annual General Meeting of March 16, 2015 there is a transfer of office as an Independent Commissioner

Career

- Staff at PT Aquatic Consultants (1987-1988)
- Marketing at PT Pusat Pengembangan Agribisnis (1988-1990)
- Business Developer of Ulumul Qur'an Magazine (1990-1993)
- Manager at PT Pasarini Padibumi (1993-1997)

- Commissioner of PT Panca Nugraha Paramitra (1997-2005)
- Commissioner of PT PLN (Persero) (2009-2013)
- President Director at PT Sarana Jasa Utama (2005-2015)
- Non-Independent Commissioner of Bank Mandiri (2013-2015)
- Independent Commissioner of Bank Mandiri (2015 - present)

Training and Seminar Courses

- Student Exchange Indonesia - Japan, JICA (1987)
- Fishing Techniques, Taiwan Government (1991)
- Decision Making Techniques, IPPM (1991)
- Leadership Forum, 2016 in Lombok
- Economic Outlook 2017 "Facing Global Challenges for Better Economic Growth in 2017" Jakarta (2016)
- Bara Risk Forum: Revisit Enterprise Risk Management and Learning Best Practices of Credit Risk Management at Bandung (2016)

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- Bachelor Degree of Economics and Development Studies from University of Sriwijaya (1990)
- Master in Economics and Banking from University of Colorado, Denver-USA (1999)

Basis of Appointment

Extraordinary General Meeting of Shareholders, dated May 21, 2014

Career

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

Training and Seminar Courses

- Economic Institute Short Course, Economic Institute, USA (1998)
- Public Finance, IMF, USA (2001)
- Macroeconomic Management & Fiscal Issues, IMF, Singapura (2004)
- Health Sector Reform and Sustainable Financing, World Bank, USA (2007)
- Developing Cluster and National Competitiveness at Lee Kwan Yew School of Public Policy, Singapore (2008)
- The Oxford High Performance Leadership Program, University of Oxford, London (2012)
- Leadership Forum in Lombok (2016)
- Economic Outlook 2017: "Facing Global Challenges For Better Economic Growth in 2017", LSPP Jakarta (2016)



Askolani
Commissioner

Male, Indonesian Citizen, 50 years old, domiciled in Jakarta.

Educational Background

- STAN (1987)
- Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada (1992)
- Doctorate degree in Strategic Management from University of Indonesia (2013)

Basis of Appointment

Appointed as Commissioner of Bank Mandiri by the Annual General Meeting dated March 21, 2016

Career

- Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013)
- President Commissioner of PT Jasa Raharja (Persero) (2013-2015)
- Chief of Financial and Development Supervisory Agency (BPKP) (2015 - present)
- Commissioner of Bank Mandiri (2016 - present)

Training and Seminar Courses

- Procurement of goods & service training (2006)
- Energy Challenges in the Current Economic Environment - International Research Center For Energy & Economic Development (ICEED), Colorado, USA (2009)

- International Financing Reporting Standard (IFRS), IA Seminar, USA (2010)
- Reform Integration & Change Management, Australian Public Service Commission, Australia (2011)
- Internal Auditing European Conference, The European Confederation of Institute of Internal Auditor (ECIIA), Amsterdam, Belanda (2011)
- Internal Auditing European Conference, The European Confederation of Institutes of Internal Auditors (ECIIA) in Madrid, Spain (2012)
- Capability Review Pilot Program - Preparatory Workshop, Australian Public Service Commission, Australia (2012)
- Capability Review & Quality Assurance, Australian Leadership Awards (ALA) Fellowship Program - AusAID (2013)
- Leadership Training, LAN, Jakarta (2015)
- Leadership Forum in Lombok (2016)
- Economic Outlook 2017: "Facing Global Challenges For Better Economic Growth in 2017", LSPP Jakarta (2016)
- Refreshment Public LSPP - Mengelola Risiko Pasar secara Optimal (Market Risk Management), LSPP, Jakarta (2016).



Ardan Adiperdana
Commissioner

Male, Indonesian Citizen, 57 years old, domiciled in Jakarta.

The Board of Directors



From left to right

Front: **Kartini Sally** Director of Commercial Banking, **Kartika Wirjoatmodjo** President Director, **Sulaiman A. Arianto** Vice President Director
 Back: **Tardi** Director of Retail Banking, **Hery Gunardi** Director of Distributions, **Ahmad Siddik Badruddin** Director of Risk Management & Compliance, **Ogi Prastomiyono** Director of Operations, **Rico Usthavia Frans** Director of Digital Banking & Technology, **Pahala N. Mansury** Director of Finance & Treasury, **Royke Tumilaar** Director of Corporate Banking

The Board of Directors' Profile



Kartika Wirjoatmodjo
President Director

Male, Indonesian Citizen, 43 years old, domiciled in Jakarta.

Educational Background

- Bachelor Degree in the field of Accounting from University of Indonesia (1996)
- Master of Business Administration from Erasmus University in Rotterdam (2001)

Basis of Appointment

By Annual General Meeting dated March 16, 2015 was appointed as a Director of Bank Mandiri and by the Annual General Meeting dated March 21, 2016 was appointed as a President Director of Bank Mandiri

Career

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

Training and Seminar Courses

- Government Policies in creating the Business Climate (2003)
- Workshop of Scorecard and KPI (2004)
- Risk Management Certification 1 (2006)
- Risk Management Certification 2 (2007)
- Risk Management Certification 3 (2008)
- The Leadership Forum in Yogyakarta (2009)
- The Leadership Journey: Creating and Developing Young Leadership, Wharton Business School, USA (2009)
- Marshal Goldsmith Workshop (2009)
- Coaching for Excellence Executive (2010)
- Risk Management Certification 5 (2015)
- The Leadership Forum in Lombok (2016)
- FGDs regarding SOE Synergy in Prapat (2016)
- Executive training at IMD Laussane, Switzerland (2016)

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Educational Background

- Bachelor Degree in the field of Animal Husbandry from the Bogor Agricultural Institute (1981)
- Master of Business Administration in Finance from the University of New Orleans, USA (1991)

Basis of Appointment

Annual General Meeting of Shareholders, dated March 16, 2015

Career:

- Assistant Manager of Corporate Finance at BRI (1991-1992)
- Deputy Chairman of Corporation IV at BRI (1992-1994)
- Head Section of Corporate Finance at BRI (1994-1999)
- Deputy of Corporate Finance Division at BRI (1999)
- Head of Credit Medium Division at BRI (1999-2002)
- Head of Agribusiness Division Headquarters at BRI (2001-2002)
- Head of Denpasar Regional at BRI (2002-2003)
- Head of Jakarta Regional at BRI (2003-2006)
- Director of Micro & Small Business at BRI (2006-2009)
- Director of Commercial Banking at BRI (2009-2015)
- Vice President Director of Bank Mandiri (2015-present)

Training and Seminar Courses

- Asian Banking Forum (2007)
- Microfinance Sustainability, Kunming, China (2007)
- Asia Pacific Regional Microcredit Summit (2008)
- The Impact of the Global Crisis on SME, Italy (2009)
- International Microfinance Conference (2012)
- Risk Management Certification Program Refreshment, Germany (2012)
- Risk Management Certification Refreshment Program (2015)
- The Leadership Forum, Lombok (2016)
- FGDs regarding SOE Synergy in Prapat (2016)



Sulaiman A. Arianto
Vice President Director

Male, Indonesian Citizen, 58 years old, domiciled in Jakarta.

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Ogi Prastomiyono
Director of Operations

Male, Indonesian Citizen, 55 years old,
domiciled in Jakarta.

Educational Background

- Bachelor Degree in the field of Agricultural Technology from Bogor Agricultural Institute (1984)
- Master of Business Administration from the University of Notre Dame (1994)

Basis of Appointment

Annual General Meeting of Shareholders, dated April 2, 2013

Career

- GM of Planning and Development at Indonesian Export-Import Bank (Exim Bank) (1998-1999)
- Head of Compliance Division at Bank Mandiri (1999-2001)
- Project Head of IPO Working Team at Bank Mandiri (2001-2003)
- Director of Compliance, Risk Management, Product Development, Planning and Development at Bank Syariah Mandiri (2004-2005)
- Group Head Compliance at Bank Mandiri (2005-2006)
- Group Head Internal Audit at Bank Mandiri (2006-2008)
- Director of Compliance & Human Capital at Bank Mandiri (2008-2014)
- Director of Risk Management & Compliance at Bank Mandiri (2014-2015)
- Director of Technology and Operations (2015-2016)
- Director of Operations at Bank Mandiri (2016 – present)

Training and Seminar Courses

- Accelerated Development Program 7, London (1991)
- Exchange Rate & Interest Rate Economic and Forecasting Technique in Financial Market in Geneva (1997)
- SESPIBANK Batch XX, Jakarta & Chile (1998-1999)
- Sharia Banking Workshop, Jakarta (2004)
- Risk Management Certification (2004)
- Asian Business Dialogue on Corporate Governance, Singapore (2005)
- World Economic Forum, Davos (2005)
- Education Internal Audit Level Managerial, Jakarta (2006)
- Fraud World, London (2006)
- Internal Audit & Risk Management, Singapore (2006)
- Strategy Business Leadership Creating & Delivering Value di Chicago (2008)
- Corporate Governance, Kellogg School of Management (2009)
- Singapore Human Capital Summit, Singapore (2010)
- Getting Ready for Basel II ICAAP BARa (2012)
- ICA International Advanced Certificate in Compliance & Financial Crime in Jakarta (2012)
- Kellogg Executive Scholars Certificate of Professional Achievement in Leadership in Illinois (2014)
- Risk and Governance Summit OJK (2014)
- The Leadership Forum, Lombok (2016)
- International Risk Management Refreshment Program for executive "On Systematic, Operational and Infrastructure Risk Management" in Milan (2016)



Pahala N. Mansury
Director of Finance & Treasury

Male, Indonesian Citizen, 45 years old,
domiciled in Jakarta

Educational Background

- Bachelor Degree in the field of Accounting from University of Indonesia (1994)
- Master of Business Administration in Finance from Stern School of Business, New York University, USA (1999)
- Qualifying as a CFA Charter holder of the CFA Institute since 2003

Basis of Appointment

Annual General Meeting of Shareholders, dated March 16, 2015

Career

- Financial Advisory Services at PwC (1994)
- Change Management Consultant at Anderson Consulting Indonesia (1994-1997)
- Senior Consultant at Booz Allen Hamilton (1999-2000)
- Project Leader at The Boston Consulting Group (2002-2003)
- SVP Economic & Financial Research at Bank Mandiri (2003-2005)
- SVP of Accounting concurrently as SVP of Change Management Office at Bank Mandiri (2005)
- SVP Corporate Development at Bank Mandiri (2005-2006)
- EVP Coordinator Finance & Strategy at Bank Mandiri (2006-2010)

- Director of Finance & Strategy at Bank Mandiri (2010-2015)
- Director of Treasury & Markets at Bank Mandiri (2015-2016)
- Director of Finance & Treasury at Bank Mandiri (2016-present)

Training and Seminar Courses

- Essentials of Leadership di London, UK (2010)
- Driving Corporate Performance, Boston, USA (2011)
- Congress of Indonesian Diaspora (CID), Los Angeles (2012)
- Risk Minds Asia, Singapore (2012)
- Asia Pacific Summit, Singapore (2012)
- The Emerging CFO, California, USA (2013)
- Asia Pacific Summit, Singapore (2013)
- World Economic Forum, Davos, Switzerland (2014)
- Treasury Training With OW, Singapore (2014)
- ASEAN Financials Forum, Hong Kong (2015)
- Asset & Liability Management, Paris (2015)
- Investment Forum Asia, Singapore (2015)
- Swift International Banking Operations Seminar (SIBOS), Singapore (2015)
- ASEAN Central Bank Governors and Financial Institutions CEO Dialogue di Laos, Vientiane (2015)

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- Bachelor Degree of Economics in the field of Management from Trisakti University (1987)
- Master of Business in the field of Finance from University of Technology, Sydney (1999)

Basis of Appointment

Annual General Meeting of Shareholders, dated March 16, 2015

Career

- Credit Analyst in the affairs of Credit Monitoring and Research at BDN (1998)
- Dept. Head Corporate Banking at Bank Mandiri (2005)
- Credit authority holders (at Group Head) Commercial Banking at Bank Mandiri (2006)
- Group Head Regional Commercial Sales at Bank Mandiri (January 2007)
- Group Head Regional Commercial Sales I at Bank Mandiri (November 2007)
- President Commissioner of PT Staco Jasapratama (General Insurance) (2008)

- Commissioner of Mandiri Sekuritas (2009)
- Director of the Treasury, Finance Institutions & Special Asset Management at Bank Mandiri (2011-2015)
- Director of Corporate Banking at Bank Mandiri (2015 - present)

Training and Seminar Courses

- Corporate Finance Workshop (2003)
- High Impact Leadership (2008)
- Strategic Business Leadership Engagement (2011)
- Risk Management Certification Refreshment Program (2012)
- Citi's Global Banks Forum (2012)
- Cash Management Banking Seminar (2013)
- Contemporary Finance: Key Topics for Senior Executives and Board Members (2015)
- Integrated Risk Management Program (2016)



Royke Tumilaar
Director of Corporate Banking

Male, Indonesian Citizen, 52 years old, domiciled in Jakarta

Educational Background

- Bachelor Degree in the field of Business Administration from Universitas 17 Agustus 1945 (1987)
- Master of Business Administration in Finance & Accounting from the University of Oregon, USA (1991)

Basis of Appointment

Annual General Meeting of Shareholders, dated April 2, 2013

Career

- Analyst for Debtors' NPL in the affairs of Special Debtor (1993-1996)
- Sub-Section Head of Syndicated Debt of Treasury at Bapindo (1996-1998)
- Bank Mandiri Merger Team Member (1998-1999)
- Regional Marketing Manager of Jakarta Kota at Bank Mandiri (1999-2002)
- Area Manager of Daan Mogot at Bank Mandiri (2002)
- Dept. Head Bank Assurance and Project Director of the Establishment of Joint Venture with AXA Insurance Company (2002-2003)
- Director of PT AXA Mandiri Financial Services (2003-2006)
- Group Head Wealth Management Mandiri as well as President Commissioner of PT AXA Mandiri Financial Services (2006-2009)
- Group Head of Jakarta Network at Bank Mandiri (2009-2011) as well as President Commissioner of PT Mandiri Manajemen Investasi (2009-2013)
- Group Head Distribution Network 1 at Bank Mandiri (2011-2013)

- EVP Coordinator Consumer Finance (2013)
- Director of Micro & Retail Banking at Bank Mandiri (2013-2015)
- Director of Micro & Business Banking at Bank Mandiri (2015)
- Director of Consumer Banking at Bank Mandiri (2015-2016)
- Director of Distributions at Bank Mandiri (2016 - present)

Training and Seminar Courses

- Chartered Financial Consultant and Chartered Life Underwriter in Singapore (2004)
- Certified Wealth Manager in Indonesia (2005)
- Certified Financial Planning in Indonesia (2007)
- Executive Development Program in USA (2008)
- Executive Development Program "Creating & Executing Breakthrough Strategy" in USA (2008)
- Executive Development Program "Leading a Resilient Organization" in USA (2009)
- Executive Development Program "Market Driving Strategies Programme" in UK (2011)
- Executive Development Program "Leading Change & Organizational Renewal Program" in USA (2013)
- Executive Development Program "High Impact Leadership" in USA (2014)
- Executive Development Program "Strategic Branding" in UK (2015)



Hery Gunardi
Director of Distributions

Male, Indonesian Citizen, 54 years old, domiciled in Jakarta

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Tardi
Director of Retail Banking

Male, Indonesian Citizen, 52 years old,
domiciled in Jakarta

Educational Background

- Bachelor Degree in the field of Agronomy from Universitas 11 Maret (1987)
- Master in the field of Finance from the University of Padjajaran (1999)

Basis of Appointment

Annual General Meeting of Shareholders, dated March 16, 2015

Career

- Professional Staff at PT Bank Bumi Daya (1989-1998)
- Group Head Credit Operation & Control Credit Administration at Bank Mandiri (1998-1999)
- Group Head Credit Operation & Control Loan Operations Development at Bank Mandiri (2000)
- Dept. Head Loan Disbursement at Bank Mandiri (2001-2005)
- Dept. Head Jakarta Disbursement and Dept. Head Loan Collection I at Bank Mandiri (2006)
- Group Head Credit Recovery II at Bank Mandiri (2006-2007)
- Group Head Credit Recovery II at Bank Mandiri (2007-2008)
- The board of Commissioners' member of Investama Mandiri (2007-2009)

- Group Head Micro Business Development at Bank Mandiri (2008-2013)
- The Board of Commissioners' member of Bank Syariah Mandiri (2008-2013)
- SEVP Consumer Finance at Bank Mandiri (2013-2015)
- SEVP Wholesale Risk at Bank Mandiri (2015)
- Director of Micro Banking at Bank Mandiri (2015-2016)
- Director of Retail Banking at Bank Mandiri (2016-present)

Training and Seminar Courses

- Risk Management in Banking (2008)
- Credit Training for Lending to Finance (2000)
- Training in Collateral Insurance (2011)
- Risk Management Certification (2011)
- Developing The Strategic Leader (2011)
- Executing Breakthrough Strategy, Columbia Business School New York, USA (2013)
- Creating, Building and Rejuvenating Your Brand, Kellogg School of Management Illinois, USA (2014)
- Risk Management Certification 5 (2015)
- Market Driving Strategies, London Business School, UK (2015)



Ahmad Siddik Badruddin
Director of Risk Management & Compliance

Male, Indonesian Citizen, 51 years old,
domiciled in Jakarta

Educational Background

- Bachelor Degree in the field of Chemical Engineering (1988)
- Master of Business Administration in the field of Management Information System (1990), both degrees were obtained from the University of Texas, Austin, USA.

Basis of Appointment

Annual General Meeting of Shareholders, dated March, 16, 2015

Career

- Management Associate at Citibank (1990-1995)
- Regional Risk Officer of the Global Consumer Bank (AVP) at Citibank, Singapore (1995-1997)
- Retail Bank Risk Director of Global Consumer Bank (VP) at Citibank, Jakarta (1997-1998)
- Head of Risk Management at ABN AMRO Bank, Hong Kong (1999-2001)
- Country Risk Director at Citibank (2001-2004)
- Country Risk Director and Deputy Country Risk Director at Citibank, Germany (2004-2008)

- Regional Senior Credit Officer for Central & Eastern Europe and Middle East Africa Region at Citibank, London (2008-2011)
- Global Unsecured Product Risk Management at Citibank, New York (2011-2014)
- SEVP Retail Chief Risk Officer at Bank Mandiri (2014-2015)
- Director of Risk Management & Compliance at Bank Mandiri (2015-present)

Training and Seminar Courses

- Global Risk Conference, Citibank (2008, 2009, 2010)
- EMEA Business Conference, Citibank (2008)
- Senior Credit Officer Workshop, Citibank (2012)
- Advance Risk Seminar, Citibank (2013)
- Basel 2 & 3, PwC (2014)
- Risk Management Certification 4 (2014)
- Risk Management Certification 5 (2015)
- Global Strategic Leadership at Wharton School of Business (2015)
- The Leadership Forum in Lombok (2016)

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- Bachelor Degree in the field of Dentistry from University of Indonesia (1988)
- Magister Program "Wijaiyaya Management" from IPPM Jakarta (1990)
- Magister Management from Jayabaya University, Jakarta (1998)

Basis of Appointment

Annual General Meeting of Shareholders, dated March, 16, 2015

Career

- Loan Officer Corporate Banking at Indonesia Export-Import Bank (Exim Bank) (1990-1997)
- Head of Corporate Banking at Exim Bank (1997-1999)
- Senior Relationship Manager Corporate Banking at Bank Mandiri (1999-2002)
- Dept. Head Corporate Banking at Bank Mandiri (2003-2006)
- The Authority Holders of Credit Approval in Commercial & Business Banking Segment at Bank Mandiri (February 2006-September 2006)
- Group Head of Commercial Risk at Bank Mandiri (2006-2012)
- Group Head of Corporate Banking at

Bank Mandiri (2012-2015)

- The Board of Commissioners' member of Mandiri Sekuritas (2012-2015)
- Director of Commercial Banking at Bank Mandiri (2015-present)

Training and Seminar Courses

- Structuring & Financing Telecom Project in London (2002)
- Ventura Capital (2004)
- Bank Strategy Masterclass (2006)
- SME Banking & Financing (2008)
- The Asia Gas Conference (2008)
- Risk Management in Banking, Paris (2009)
- Executive Program at Kellogg Business School, Northwestern University in Chicago, USA (2010)
- Executive "Structured Mezzanine & Equity Program Financing at Darden Business School, Virginia-USA (2011)
- Structuring Merger & Acquisition (2012)
- G20Y Summit in St. Petersburg, Rusia (2013)
- Leadership Program at London Business School - London (2015)
- Global Banks Conference in Vancouver, Canada (2015)
- The Leadership Forum in Lombok (2016)



Kartini Sally
Director of Commercial Banking

Female, Indonesian Citizen, 51 years old, domiciled in Jakarta

Educational Background

Bachelor Degree in the field of Electrical Engineering from Bandung Institute of Technology (1992)

Basis of Appointment

Annual General Meeting of Shareholders, dated March 21, 2016

Career

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

Training and Seminar Courses

- Core Credit Risk (2016)
- Internet & e-Commerce (2016)
- Intermediate Risk (2016)
- e-Business Regional Conference (2016)
- e-Commerce & Payment Gateway Workshop
- The Leadership Forum, Lombok (2016)
- Seminars and National Working Meetings of Perbarindo, Pontianak (2016)
- Workshop e-Banking in Denpasar, Bali (2016)
- Workshop TB SME Sales Group, Yogyakarta (2016)
- Workshop Bank Mandiri – Dirjen Pajak: Work in Symphony in Denpasar, Bali (2016)



Rico Usthavia Frans
Director of Digital Banking & Technology

Male, Indonesian Citizen, 46 years old, domiciled in Jakarta

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Profile of Senior Executive Vice President (SEVP)

No	Name	Position	Basis of Appointment
1.	Riyani T. Bondan	Senior Executive Vice President (SEVP) Retail Risk	BOD Decree No.KEP.DIR/093/2015 dated March 26, 2015
2.	Ventje Rahardjo	Senior Executive Vice President (SEVP) Corporate Transformations	BOD Decree No.KEP.DIR / 005/2015 dated January 2, 2015
3.	Mustaslimah	Senior Executive Vice President (SEVP) Internal Audit	BOD Decree No.KEP.DIR / 095/2015 dated March 26, 2015
4.	Joseph Georgino Godong	Chief Technology Officer/SEVP Information & Technology	BOD Decree No.KEP.DIR/010/2015 dated January 2, 2015
5.	Kepas A. Manurung	Senior Executive Vice President (SEVP) Wholesale Risk	BOD Decree No.KEP.DIR / 094/2015 dated March 26, 2015
6.	Sanjay N. Bharwani	Senior Executive Vice President (SEVP) Human Capital	BOD Decree No.KEP.DIR / 094/2015 dated March 26, 2015
7.	Toni Eko Boy Subari	Senior Executive Vice President (SEVP) Special Asset Management	BOD Decree No. KEP.DIR/137/2016 dated April 11, 2016
8.	Alexandra Askandar	Senior Executive Vice President (SEVP) Corporate Banking	BOD Decree No.KEP.DIR/138/2016 dated April 11, 2016

Profile of Group Head

No	Name	Group
1	Ruslina S.S.H. Butarbutar	COMMERCIAL BANKING I
2	Sutekat	COMMERCIAL BANKING II
3	Tri Prasetyo	COMMERCIAL BANKING III GROUP
4	Yusak Labanta Sudena Silalahi	CORPORATE BANKING I GROUP
5	Dikdik Yustandi	CORPORATE BANKING II GROUP
6	Elisabeth R.T. Siahaan	CORPORATE BANKING III GROUP
7	Faiz Firdausi	CORPORATE BANKING IV GROUP
8	M. Iswahyudi	CORPORATE BANKING V GROUP
9	Sucipto Prayitno	CORPORATE BANKING VI GROUP
10	M. Arifin Firdaus	CORPORATE BANKING VII GROUP
11	Rahmat Broto Triaji	DIGITAL BANKING & FINANCIAL INCLUSION GROUP
12	Mohammad Guntur	ENTERPRISE DATA MANAGEMENT GROUP
13	Constantinus Guntur Tri Yudhianto	IT APPLICATION DEVELOPMENT GROUP
14	Achmad Syafii	IT APPLICATION SUPPORT GROUP
15	Riza Zulkifli	IT INFRASTRUCTURE GROUP

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No	Name	Group
16	Daniel Setiawan Subianto	IT STRATEGY & ARCHITECTURE GROUP
17	Thomas Wahyudi	TRANSACTION BANKING RETAIL SALES GROUP
18	Angga Erlangga Hanafie	TRANSACTION BANKING SMALL MEDIUM ENTERPRISE SALES GROUP
19	Paulus Adinata Widia	TRANSACTION BANKING WHOLESALE PRODUCT GROUP
20	Teddy Yunirman Danas	TRANSACTION BANKING WHOLESALE SALES GROUP
21	Rohan Hafas	CORPORATE SECRETARY GROUP
22	Myland	DISTRIBUTION STRATEGY GROUP
23	Elmamber Petamu Sinaga	ACCOUNTING GROUP
24	Ferry Muhammad Robbani	INTERNATIONAL BANKING & FINANCIAL INSTITUTION GROUP
25	Anton Hermanto Gunawan	OFFICE OF CHIEF ECONOMIST
26	Anton Herdianto	STRATEGY & PERFORMANCE MANAGEMENT GROUP
27	Farida Thamrin	TREASURY GROUP
28	I Aminarti Widiati	HUMAN CAPITAL (HC) ENGAGEMENT GROUP
29	Anita Widjaja	HC TALENT, ORGANISATION & PERFORM GROUP
30	Rosma Handayani	HUMAN CAPITAL SERVICES GROUP
31	Winarsih Budiriani	MANDIRI UNIVERSITY GROUP
32	Rasyid Darajat	IT AUDIT GROUP
33	Juliser Sigalingging	RETAIL AUDIT GROUP
34	Baban Sudarman	WHOLESALE & CORPORATE CENTER AUDIT GROUP
35	Satria	CASH & TRADE OPERATIONS GROUP
36	O.C. Harry Pudjiatmoko	CORPORATE REAL ESTATE GROUP
37	Agus Retmono	CREDIT OPERATIONS GROUP
38	Anastasia Widowati P.H.	CUSTOMER CARE GROUP
39	Endro Sidik Swasono	ELECTRONIC CHANNEL OPERATIONS GROUP
40	Liston Simanjuntak	RETAIL CREDIT CTR GROUP
41	Haryanto	STRATEGIC PROCUREMENT GROUP
42	Setiyo Wibowo	CONSUMER DEPOSITS GROUP
43	Harry Gale	CONSUMER LOANS GROUP
44	Vira Widiyasari	CREDIT CARDS GROUP
45	Wawan Setiawan	MICRO BANKING GROUP
46	Hermawan	SMALL BUSINESS GROUP
47	Yoesman Sugianto	STRATEGIC MARKETING & COMM GROUP
48	Elina Wirjakusuma	WEALTH MANAGEMENT GROUP
49	Williem Rudy	RETAIL ANALYTICS & STRATEGY GROUP
50	Nury Sriandajani	RETAIL COLLECTION & RECOVERY GROUP
51	Muhammad Iqbal	RETAIL PRODUCT & TRANSACTION RISK GROUP
52	Chrisna Pranoto	COMPLIANCE GROUP
53	Eman Suherman	LEGAL GROUP
54	Tedi Nurhikmat	CREDIT PORTFOLIO RISK GROUP
55	Ita Tetralastwati	MARKET RISK GROUP
56	Titiek Setiyowati	POLICY & PROCEDURE GROUP
57	Vinodhan	RETAIL & IT OPERATIONS RISK GROUP
58	Adi Surya Djoko	WHOLESALE OPS RISK GROUP
59	Nur Susilo Wibowo	SPECIAL ASSET MANAGEMENT I
60	Yuddy Renaldi	SPECIAL ASSET MANAGEMENT II
61	Sulaeman	COMMERCIAL RISK GROUP
62	Tiwul Widyastuti	CORPORATE RISK GROUP

Corporate Group Structure



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Associated

Employees' Composition

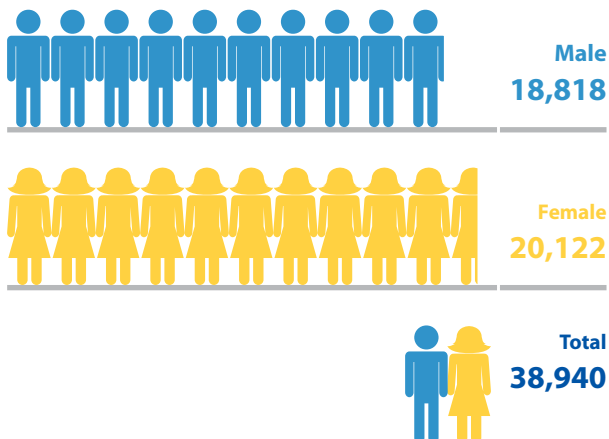
By 2016, the number of employees of Bank Mandiri recorded an increase of 6% from 36,737 employees in the previous year to 38,940 employees. This increase is primarily due to the Bank's business development. The table below shows the composition ratio of Bank Mandiri's employees within 3 (three) years categorized by gender, level of organization, education level, employment status, work location, long period, and age.

Bank Mandiri is committed to give equal treatment to all of its employees by prohibiting gender discrimination and by assigning responsibilities based on the competency of each employee. By 2016, Bank Mandiri recorded 18,818 of male employees, a fewer number compared to female employees which was recorded of 20,122 employees.

In order to adapt the needs of employees in the respective business units to create both effectiveness and efficiency of the functions work implementation, then by 2016 Bank Mandiri has devised an ideal composition at each level of the organization based on 5 (five) categories, namely SEVP/SVP, VP/AVP, Senior Manager/Manager, Staff, and others. In 2016, an employee with the official level VP/AVP increased by 8.19%, increasing 7.95% Managers, officials with staffing levels increased by 4.86%. Change in the composition is tailored to the business needs of the bank at this time.

Employee Composition Based on Gender

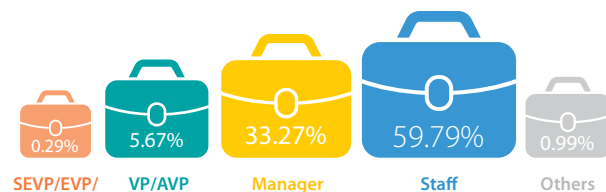
2016



Gender	2016	2015	2014
Male	18,818	18,105	17,271
Female	20,122	18,632	17,425
Total Employees	38,940	36,737	34,696

Employee Composition Based on Organization Level

2016



Organization Level	2016	2015	2014
SEVP/EVP/SVP	112	99	104
VP/AVP	2,207	2,040	1,832
Manager	12,954	12,000	11,398
Staff	23,282	22,203	20,958
Others	385	395	404
Total Employees	38,940	36,737	34,696

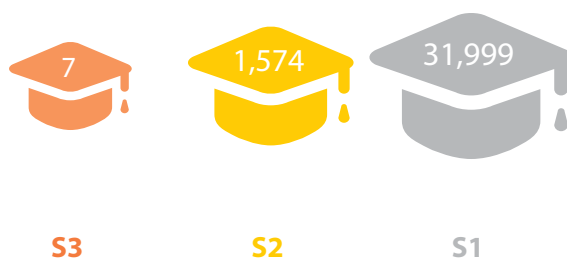
Notes: 1. SEVP/SVP (Senior Executive Vice President/Senior Vice President)
2. VP/AVP (Vice President /Assistant Vice President)

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In order to support the growth of Bank Mandiri's business sustainability, then the existence of employees who have the capacity and capability to meet the needs of Bank Mandiri is really important. By 2016 the number of Bank Mandiri's employees with S1 education level still dominate with the composition namely S3 level is recorded as many as 7 employees, S2 level as many as 1,574 employees and undergraduate level as many as 31,999 employees.

Employee Composition Based on Education Level

2016

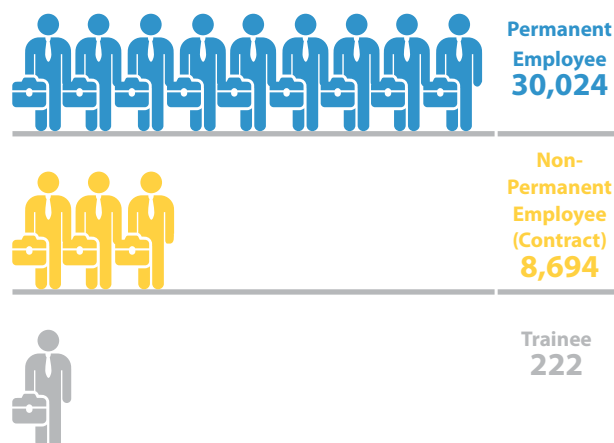


Level of Education	2016	2015	2014
S3	7	7	6
S2	1,574	1,535	1,525
S1	31,999	29,510	27,375
Diploma	3,031	3,141	3,106
Senior High School	2,274	2,480	2,614
Junior High School + Elementary	55	64	70
Total Employees	38,940	36,737	34,696

Bank Mandiri divides the status of employees into 3 (three) categories, namely permanent employees, employees and trainees. Bank Mandiri recruitment process begins as the temporary employees or contract staff and after 1-2 years of these employees will become permanent employees, except foreign workers or experts with the status of temporary employees (contract). By the end of 2016, the number of Bank Mandiri's employees with permanent level still dominate the company.

Employee Composition Based on Employment Status

2016



Employment Status	2016	2015	2014
Permanent Employee	30,024	29,099	25,311
Non-Permanent Employee (Contract)	8,694	7,284	9,055
Trainee	222	354	330
Total Employees	38,940	36,737	34,696

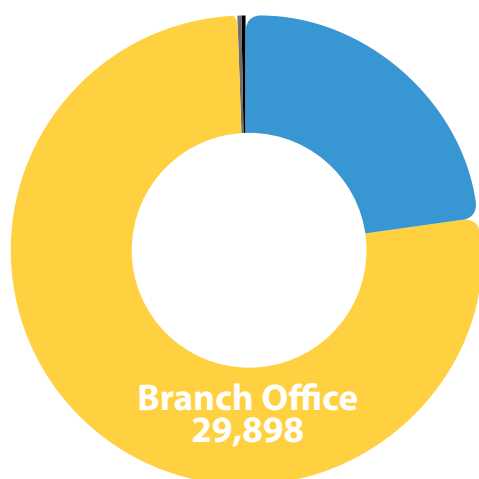
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Bank Mandiri employees are divided into 4 (four) units of work i.e. Head Office, Branch Offices, Overseas offices, and Subsidiaries. Based on these categories, in 2016 the number of employees at the head office have decline by 5%, while the number of employees at the branch office have increased by 10%, at regional offices increased by 8%, and at its subsidiaries increased by 27% compared to the previous year.

By 2016, the numbers of Bank Mandiri's employees were dominated by employees with 3-5 years tenure or 28% from the total of employees. It indicated that Bank Mandiri continues to provide opportunities to all candidates who would like to grow and develop with the Company.

Employee Composition Based on Work Location

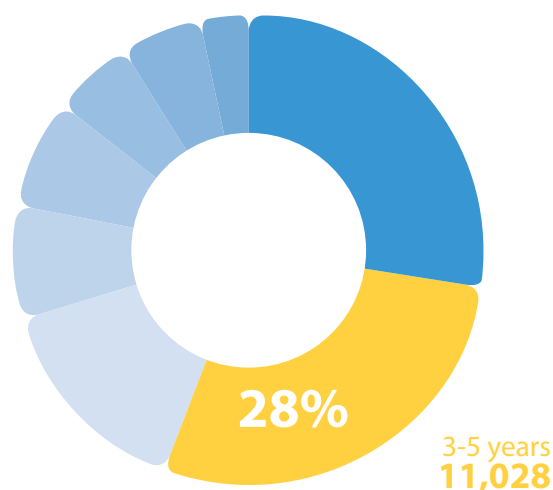
2016



Work Location	2016	2015	2014
Head Office	8,915	9,355	12,983
Branch Office	29,898	27,278	21,622
Overseas Office	28	26	26
Subsidiary	99	78	65
Total Employees	38,940	36,737	34,696

Employee Composition Based on Long Period

2016

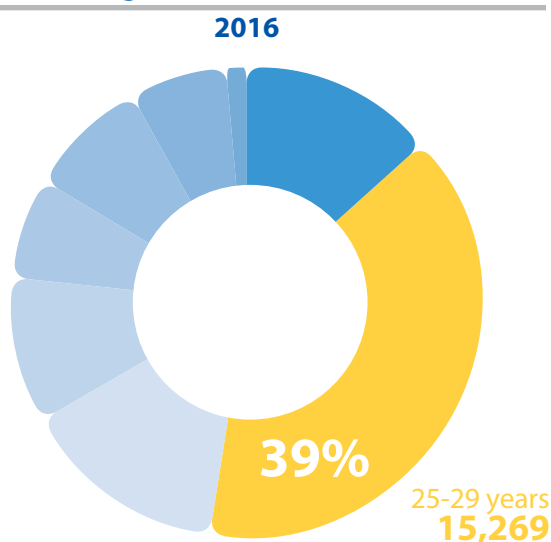


Long Period	2016	2015	2014
<3	10,768	11,579	12,618
3-5	11,028	9,501	6,932
6-10	5,582	4,456	4,228
11-15	3,035	2,637	1,856
16-20	2,961	2,918	3,307
21-25	2,197	3,029	3,235
26-30	2,112	1,463	1,473
>30	1,257	1,154	1,047
Total Employees	38,940	36,737	34,696

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Throughout 2016, the number of Bank Mandiri's employees with group age 25-29 years still dominate or 39% of the total employees of Bank Mandiri. This shows that Bank Mandiri will grow along with people who are still in their productive years.

Employee Composition Based on Age



Age	2016	2015	2014
20-24	5,213	4,970	5,708
25-29	15,269	14,131	11,828
30-34	5,538	4,980	4,765
35-39	3,851	3,405	3,019
40-44	2,756	3,102	3,460
45-49	3,220	3,102	2,989
50-54	2,579	2,583	2,502
≥55	514	464	425
Total Employees	38,940	36,737	34,696

Employee Competency Development

Throughout 2016, Bank Mandiri has organized 714 educational programs, training and development, followed by 170,172 participants from various levels of the organization. In addition to internal training program, all employees are also given the opportunity to attend public trainings related to their job needs, in which each employee is targeted to get training minimum once a year. Total budgeted cost of training in 2016 reached Rp540,075,002, an increase of 9.73% compared to 2015. For more information related to employee competence development program, please refer to Human Capital Management section on page 236-245.

Shareholders' Composition

A principal is a shareholder that holds 10% or more of the shares of Bank Mandiri, that is, the Government of the Republic of Indonesia, which holds 14,000,000,000 shares, or 60% of Bank Mandiri, under the coordination of the Ministry of State Enterprises. The remaining shares of 40% are distributed to domestic investor amounted to 8,5% and foreign investors amounted to 31.5%. As the Stock Administration Bureau appointed by Bank Mandiri, PT Datindo Entrycom has recorded and filed every nominee account as one shareholder, with the following composition:

In detail, the shareholders composition of Bank Mandiri as of December 31, 2016 are as follows:



Description	No. of Investor	No. of Shares	%
NASIONAL			
Government of Republic of Indonesia (RI)	1	14,000,000,000	60.00000
Individuals	12,119	210,866,078	0.90371
Employees	1,732	10,943,318	0.04690
Cooperatives	4	492,800	0.00211
Foundations	22	15,236,845	0.06530
Pension Funds	141	160,077,350	0.68605
Insurance companies	78	519,193,297	2.22511
Limited liability companies	81	522,855,180	2.24081
Mutual Funds	242	543,460,733	2.32912
Sub-total	14,420	15,983,125,601	68.49911
ASING			
Foreign Individuals	107	1,055,398	0.00452
Foreign Institutional	1,332	7,349,152,334	31.49637
Sub-total	1,439	7,350,207,732	31.50089
TOTAL	15,859	23,333,333,333	100.00000

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Meanwhile, the details of 20 largest shareholders of Bank Mandiri as of December, 31, 2016 are described in the table below:

DOMESTIC SHAREHOLDERS					
No.	Name	Address	Percentage	L/A	Status
1	BPJS Ketenagakerjaan-JHT	Gedung Jamsostek, Jl. Jend. Gatot Subroto	1.8811445	L	Limited liability companies
2	PT Prudential Life Assurance - Ref	Prudential Tower, Jl. Jend. Sudirman, Kav. 7	0.724389	L	Insurance Companies
3	Reksa Dana Schroder Dana Prestasi Plus-9	JSX Building Tower 2, Lt. 31	0.4104689	L	Mutual Funds
4	PT Taspen (PERSERO) - THT	Jl. Letjen Suprpto	0.3255652	L	Insurance Companies
5	PT AIA Finl - UL Equity	Aia Central, Jl. Jend. Sudirman, Kav. 48a	0.2422144	L	Insurance Companies
6	PT AXA Mandiri Financial Services S/A MA	Axa Center Ratu Plaza Office Building, Lt. 2J	0.1979276	L	Limited liability companies
7	Reksadana Schroder Dana Prestasi	JSX Building Tower 2, Lt. 31	0.1885129	L	Mutual Funds
8	Asuransi Jiwa Manulife Indonesia, PT-494	Sampoerna Strategic Square Building	0.1504022	L	Insurance Companies
9	Allianz Life IND - Smartlink Rupiah EQUI	Allianz Tower, Jl. HR Rasuna Said Blok 2K	0.1456838	L	Insurance Companies
10	Reksa Dana Mandiri Saham Atraktif	Plaza Mandiri Lt. 28, Jl. Jend Gatot Subroto	0.1414174	L	Mutual Funds
FOREIGN SHAREHOLDERS					
No.	Nama	Alamat	Persentase	L/A	Status
1	GIC S/A Government of Singapore	168 Robinson Road 37-01 Capital Tower SI	2.2467755	A	Foreign corporation
2	SSB 2IB5 S/A Oakmark International Fund	111 South Wacker Drive, Suite 4600 Chicago	2.2040049	A	Foreign corporation
3	JPMCB NA RE-Oppenheimer Developing Market	6803 S. Tucson Way Centennial Co 80112 U	0.9747369	A	Foreign corporation
4	SSB 4545 S/A Lazard Emerging Markets EQU	30 Rockefeller Plaza New York 10112-6	0.9437787	A	Foreign corporation
5	GIC S/A Monetary Authority Of Singapore	168 Robinson Road 37-01 Capital Tower SI	0.7401241	A	Foreign corporation
6	BBH Boston S/A Vangrd Emg Mkts Stk Inf	100 Vanguard Blvd Malvern Pa 19355-2331	0.6251961	A	Foreign corporation
7	HSBC Bank Plc S/A Saudi Arabian Monetary	HSBC House, Harcourt Centre, Harcourt St	0.5819699	A	Foreign corporation
8	The Bank of New York Mellon DR	0101 Barclay Street-22 nd Floor West, New	0.5262159	A	Foreign corporation
9	Citibank New York S/A Government of Norway	Bankplassen 2, 0151 Oslo, Norway	0.5119053	A	Foreign corporation
10	JPMCB Na Re-Vanguard Total International	100 Vanguard Boulevard Malvern Pa 19355	0.4673324	A	Foreign corporation

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Shareholdings in Bank Mandiri by Directors and Commissioners as per December 31, 2016 are as shown in the following table:

No.	Name	Position	Number of Shares	% Ownership
Board of Commissioners				
1.	Wimboh Santoso	President Commissioner	0	0
2.	Imam Apriyanto Putro	Deputy Chief Commissioner	0	0
3.	Aviliani	Independent Commissioner	0	0
4.	Goei Siauw Hong	Independent Commissioner	0	0
5.	Bangun S. Kusmulyono	Independent Commissioner	0	0
6.	Abdul Azis	Independent Commissioner	0	0
7.	Askolani	Commissioner	0	0
8.	Ardan Adiperdana	Commissioner	0	0
Board of Directors				
1.	Kartika Wirjoatmodjo	President Director	0	0
2.	Sulaiman Arif Arianto	Vice President Director	190,029	0.0008144
3.	Ogi Prastomiyono	Director	485,500	0.0020807
4.	Pahala Nugraha Mansury	Director	816,500	0.0034993
5.	Hery Gunardi	Director	171,500	0.0007350
6.	Tardi	Director	462,500	0.0019821
7.	Ahmad Siddik Badruddin	Director	498,300	0.0021356
8.	Kartini Sally	Director	180,000	0.0007714
9.	Royke Tumilaar	Director	51,000	0.0002186
10.	Rico Usthavia Frans	Director	0	0
TOTAL			2,855,329	0.0122371

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Options and Share Ownership by the Board of Commissioners and the Board of Directors of Bank Mandiri

Options and share ownership by Board of Commissioners and Directors of Bank Mandiri as per December 31, 2016 is as following:

No	Name	Total Shares before Share Option (sheet)	Total Option		Option Price	Period of Stock Option Execution
			Distributed (sheet)	Executed (sheet)		
Board of Commissioners						
1.	Wimboh Santoso	0	0	0	0	0
2.	Imam Apriyanto Putro	0	0	0	0	0
3.	Aviliani	0	0	0	0	0
4.	Goei Siaw Hong	0	0	0	0	0
5.	Bangun S. Kusmulyono	0	0	0	0	0
6.	Abdul Aziz	0	0	0	0	0
7.	Askolani	0	0	0	0	0
8.	Ardan Adiperdana	0	0	0	0	0
Board of Directors						
1.	Kartika Wirjoatmodjo	0	0	0	0	0
2.	Sulaiman Arif Arianto	190,029	0	0	0	0
3.	Ogi Prastomiyono	485,500	0	0	0	0
4.	Pahala Nugraha Mansury	816,500	0	0	0	0
5.	Hery Gunardi	171,500	0	0	0	0
6.	Tardi	462,500	0	0	0	0
7.	Ahmad Siddik Badruddin	498,300	0	0	0	0
8.	Kartini Sally	180,000	0	0	0	0
9.	Royke Tumilaar	51,000	0	0	0	0
10.	Rico Usthavia Frans	0	0	0	0	0

Share ownership of each member of the Board of Directors of Bank Mandiri did not reach 5% (five percent) of the paid up capital of the Bank Mandiri.

Referring to POJK No.60/POJK.04/2015 regarding Disclosure of Certain Shareholders, it was stated that during 2016 there were no share transactions conducted by the Board of Directors and Board of Commissioners other than transactions conducted by Mr. Siddik Ahmad Badruddin on August 8, 2016, August 25, 2016, and September 27, 2016 with a total the number of shares 101,700. The share purchase transaction has been reported to the FSA and the Bank published in Indonesia Stock Exchange website.

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Subsidiaries Companies and Association

SUBSIDIARY COMPANIES					
Company Name	Date of Establishment	Line of Business	Shared Ownership	Status	Address
PT Bank Syariah Mandiri ("BSM")	1999	Sharia Banking Service	99.99%	Operating	Wisma Mandiri 1 Jl. MH. Thamrin No. 5 Jakarta. 10340
PT Mandiri Sekuritas	2000	Investment Banking Service	99.99%	Operating	Plaza Mandiri, Lt. 28-29 Jl. Jend. Gatot Subroto, Kav. 36-38 Jakarta, 12190
PT Mandiri Tunas Finance ("MTF")	1989	Vehicle Financing, and Multipurpose Loan Service	51%	Operating	Graha Mandiri, Lt. 3A Jl. Imam Bonjol No.61 Jakarta, 10310
PT Mandiri AXA General Insurance ("MAGI")	2011	Vehicle Insurance and Others Insurance Service	60%	Operating	AXA Tower, Lt. 16 Jl. Prof. Dr. Satrio, Kav. 18 Kuningan City Jakarta, 12940
PT AXA Mandiri Financial Services ("AXA Mandiri")	2003	Financial Planning Services Through a Variety of Insurance Products	51%	Operating	AXA Tower, Lt. 9 Jl. Prof. Dr. Satrio, Kav. 18 Kuningan City Jakarta, 12940
PT Bank Mandiri Taspen Pos	1970	Banking Service	59.44%	Operating	Jl. Melati No. 65 Dangin Puri Kangin Denpasar, 80233
Mandiri International Remittance Sdn. Bhd. ("MIR")	2009	Remittance Service	100%	Operating	Wisma MEPRO Ground & Mezzanine Jl. Ipoh Chow Kit, 51200 Kuala Lumpur, Malaysia
Bank Mandiri (Europe) Limited ("BMEL")	1999	Banking Service	100%	Operating	2 nd Floor 4 Thomas More Square Thomas More Street London E1W 1YW
PT Asuransi Jiwa Inhealth Indonesia ("Mandiri Inhealth")	2008	Health Insurance and Life Insurance Service	80%	Operating	Menara Palma Lt. 20, Jl. HR. Rasuna Said Blok X2 Kav. 6, Kuningan Jakarta 12950
PT Mandiri Utama Finance ("MUF")	2015	Consumer Finance Particularly In Vehicle Financing Service	51%	Operating	Plaza Bapindo Menara Mandiri Lt. 26-27 Jl. Jend. Sudirman Kav. 54 - 55 Jakarta, 12950
PT Mandiri Capital Indonesia ("MCI")	2015	Ventura Capital Service	99.97%	Operating	Plaza Bapindo Menara Mandiri Lt. 20 Jl. Jend. Sudirman, Kav. 54-55, Jakarta, 12190
ASSOCIATION COMPANIES					
PT Kustodian Sentral Efek Indonesia ("KSEI")	1997	Central Securities Depository (CSD) In Indonesian Capital Market	10%	Operating	Indonesia Stock Exchange Building Tower 1, Lt. 5 Jl. Jend. Sudirman kav. 52-53, Jakarta, 12190
PT Sarana Bersama Pengembangan Indonesia ("SBPI")	2007	Consulting Service in Business, Management and Administration	34%	Operating	Setiabudi 2 Building, Suite 502A Jl. HR Rasuna Said, Kav. 62, Kuningan, Jakarta, 12920
PT PANN (Persero)	1974	Financing Company that Helps Finance the Procurement of Commercial Ships in Indonesia	7%	Operating	Jl. Cikini IV No.11 Jakarta, 10330

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About Subsidiary Companies



PT Bank Syariah Mandiri ("BSM")

PT Bank Syariah Mandiri (BSM) is a subsidiary of Bank Mandiri that conducting banking service with Sharia principles. BSM runs its business based on the approval from Bank Indonesia based on Decree of the Governor of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on Islamic principles and began operating on 1 November 1999. The composition of the Company's ownership is PT Bank Mandiri (Persero) Tbk. with 99.99% (397,804,386 shares) and Mandiri Sekuritas at 0.01% (1 share).

Until now, PT Bank Syariah Mandiri offers innovative products for customers that are classified into 4 (four) groups such as financing product, funding product, product service and service. In details, funding products include third party fund (DPK) to both consumers and insitutions. Meanwhile, financing products include per scheme financing, per economic sector financing and per segment financing. Overall, service products include product services, operational services and Mandiri sharia priority.



PT Mandiri Sekuritas

PT Mandiri Sekuritas, a subsidiary of Bank Mandiri, is a securities company formed by the merge of other securities companies owned by Bank Mandiri, i.e. Bumi Daya Sekuritas, Exim Securities, and Merincorp Securities Indonesia. It commenced operations July 31, 2000. Mandiri Sekuritas is currently one of the largest capitalized securities company in Indonesia's capital market. It is the foremost provider of investment banking and securities brokerage services in Indonesia.



PT Mandiri Tunas Finance ("MTF")

PT Mandiri Tunas Finance (MTF) is a subsidiary of Bank Mandiri in the form of financing company focusing on vehicle financing and multipurpose loans, and other activities in financing business based on the approval of the Financial Services Authority (OJK). In 1989, MTF was established under the name of PT Tunas Financindo Corporation and later changed its name to PT Tunas Financindo Sarana. Then, in February 2009, Bank Mandiri acquired the Company and changed its name to MTF, with Bank Mandiri owning 51% of the Company and PT Tunas Ridean Tbk the other 49%.

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PT Mandiri AXA General Insurance ("MAGI")

PT Mandiri AXA General Insurance (MAGI) is a subsidiary of Bank Mandiri. It was established on October 25, 2011 through acquisition of a general insurance company formerly known as PT Asuransi Dharma Bangsa with an ownership composition of PT Bank Mandiri (Persero) Tbk at 60% and AXA Asia at 40%. The field of business that becomes MAGI's focus is in the vehicle insurance business, but along with the company's business development, MAGI provides other various products for customers including accident insurance, property insurance, travel insurance, and others.



PT AXA Mandiri Financial Services ("AXA Mandiri")

PT AXA Mandiri Financial Services (AXA Mandiri) is a subsidiary of Bank Mandiri which resulted from joint venture between Bank Mandiri (51%) and AXA (49%) commencing operations in December 2003. Currently, AXA Mandiri is present in more than 1,200 Bank Mandiri branches and 200 Bank Syariah Mandiri branches around the country, and supported by more than 2,100 Financial Advisors and 158 Sales Managers. As many as 500 Telephone Sales Officers support its operations by offering protection products through telemarketing.

AXA Mandiri offers financial planning services through a variety of insurance products. Particular in the retail business, AXA Mandiri offers a combination of insurance and investment products (unit-linked) that has flexible features and optimal returns so as to meet various needs, including retirement savings, education savings and other financial goals in the future. In addition to unit-linked products, AXA Mandiri offers traditional insurance products, such as Mandiri Jiwa Sejahtera, Mandiri Jaminan Kesehatan, Mandiri Secure Plan, Mandiri Kesehatan Global and Mandiri Kesehatan Prima, which offer life and health insurance coverage. Moreover, AXA Mandiri also provides insurance protection for Bank Mandiri credit card holders, depositors and consumer loan as well as micro credit customers, along with customers of Bank Mandiri subsidiaries.



PT Bank Mandiri Taspen Pos

Bank Mandiri Taspen Pos formerly known as PT Bank Sinar Harapan Bali, or "Bank Sinar", the Company embarked its business as an Indonesian Joint Stock Company (Maskapai Andil Indonesia or "MAI") Bank Pasar Sinar Harapan Bali on February 23, 1970, set up as Bank Sinar's anniversary. On May 3, 2008 Bank Sinar was officially taken over by PT Bank Mandiri (Persero) Tbk in order to comply with the regulations of capital requirements for a commercial bank. Through the acquisition marked the beginning of Bank Mandiri's ownership of Bank Sinar, and Bank Sinar was subsequently managed as a stand-alone bank with the status of a subsidiary that focuses primarily on development of micro and small businesses.

Seeing a greater opportunity to establish Bank Sinar as a National Bank with a network of offices outside Bali, on December 22, 2014 an Extraordinary General Meeting of Shareholders (EGMS) was held and approved changes in capital and ownership structures through rights issue which were purchased by PT Taspen and PT Pos Indonesia, as stated in Deed No. 93 dated December 22, 2014 made before Notary I Gusti Ngurah Putra Wijaya, S.H. The RUPSLB also approved the change of the Bank's name from PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos, reflecting the owners of Bank Mandiri Taspen Pos, namely PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero) and PT Pos Indonesia (Persero).

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Mandiri International Remittance Sdn. Bhd. ("MIR")

Mandiri International Remittance Sdn. Bhd. ("MIR") is a wholly owned subsidiary of Bank Mandiri, which was incorporated in Malaysia on March 17, 2009 under Registration No. 850077-P. MIR provides money transfer (remittance) services in accordance with Bank Negara Malaysia ("BNM") regulations. The Company had received operational approval from Bank Indonesia by virtue of a letter dated November 14, 2008 under document number: No. 10/548/DPB1, and from BNM pursuant to letter No. KL.EC.150/1/8562 dated November 18, 2009. New license was issued in keeping with the Money Services Business Act 2011 under letter No. JPPPW/LIC/2200/B/0106 published on August 7, 2012. MIR opened an office in Kuala Lumpur, Malaysia on November 29, 2009, and until now, MIR's main product offering is money transfer to bank accounts across Indonesia or cash withdrawals from all branches of Bank Mandiri and Pegadaian outlets in Indonesia in Rupiah. MIR also offers Indonesian migrant workers as a collection point, in opening saving accounts of Mandiri Tabungan TKI and serves as a contact center for Bank Mandiri customers in Malaysia.



Bank Mandiri (Europe) Limited (BMEL)

Bank Mandiri (Europe) Limited (BMEL) was established in London, England, on June 22, 1999 in accordance with the UK Companies Act 1985. It was founded through the conversion of Bank Exim's London branch into a subsidiary, and commenced its operations by July 31, 1999. Having its office in London, England, BMEL acts as a commercial bank that provides banking services primarily to corporations both in Indonesia and in the UK as well as Europe, to support business relationships between the two regions.



PT Asuransi Jiwa Inhealth Indonesia ("Mandiri Inhealth")

PT Asuransi Jiwa InHealth Indonesia, hereinafter referred to as Mandiri InHealth, was founded on October 6, 2008 as a subsidiary of PT Askes (Persero) and Koperasi Bhakti PT Askes (Persero). On May 2, 2014 BPJS Kesehatan, formerly PT Askes (Persero), and Koperasi Bhakti PT Askes (Persero) sold their stakes in Mandiri InHealth to three State Owned Enterprises making the composition of the ownerships as follows: PT Bank Mandiri (Persero) Tbk. 60%, PT Kimia Farma (Persero) Tbk. 10%, PT Asuransi Jasa Indonesia (Persero) 10%, and BPJS Kesehatan 20%. Afterward, in May 2015 BPJS Kesehatan released its remaining shares to PT Bank Mandiri (Persero) Tbk. So that the ownership of Mandiri InHealth is as follows: PT Bank Mandiri (Persero) Tbk. 80%, PT Kimia Farma (Persero) Tbk. 10%, and PT Asuransi Jasa Indonesia (Persero) 10%. Products and services offered by Mandiri InHealth consist of Health Insurance and Life Insurance, where the current business is focused on Health Insurance products that dominate 97% of the premium income. To date, Mandiri InHealth markets its products and services to businesses through B to B scheme, targeting medium-sized companies and above.

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PT Mandiri Utama Finance ("MUF")

PT Mandiri Utama Finance (MUF) is a subsidiary of Bank Mandiri that operates as a finance company focusing on consumer finance, particularly in vehicle financing, either new or used. Based on a notarial deed signed before notary Ashoya Ratam, S.H., M.Kn. under document No. 19 dated January 21, 2015 which was ratified by the Ministry of Law and Human Rights through Decree No. AHU-0003452. AH.01.01.TAHUN 2015 dated May 26, 2015, Bank Mandiri together with PT Tunas Ridean Tbk. and PT Asco Investindo established MUF with Bank Mandiri owning 51% of the shares, PT Tunas Ridean Tbk. 12% and PT Asco Investindo the remaining 37%. While running its business, MUF provides financing for the procurement of goods and / or services, which include investment financing, working capital financing, and multipurpose financing where the main focus at the moment is to provide vehicles for financing services, both to retail and corporate customers, in the form of consumer finance and leasing. Vehicle types included in its services are cars and motorcycles.



PT Mandiri Capital Indonesia ("MCI")

PT Mandiri Capital Indonesia (MCI) is a subsidiary of Bank Mandiri that was established on June 23, 2015 and operates in the venture capital industry. On November 10, 2015 MCI has obtained operation permit through an official letter from the Financial Services Authority (OJK) under the document No. KEP - 113/D.05/2015. Currently, the shareholders of MCI are PT Bank Mandiri (Persero) Tbk holding 99.97% of the ownership and PT Mandiri Sekuritas holding the remaining 0.03%. In conducting its business, MCI offers innovative investment opportunities towards potential FinTech startups in the form of equity participation, convertible notes, and other forms of investments in accordance to POJK modal ventura.

About Association Companies



PT Kustodian Sentral Efek Indonesia ("KSEI")

PT Kustodian Sentral Efek Indonesia (KSEI) is a Central Securities Depository (CSD) in Indonesian capital market, incorporated on December 23, 1997 in Jakarta, and obtained its operational license on November 11, 1998. Based on the provisions of Law No. 8/1995 concerning Capital Market, KSEI performs its function as a CSD in Indonesian capital market by providing central custodian services and settlement of Securities transactions in a regular, reasonable and efficient manner. Currently, the shareholders of KSEI are 26 securities companies, 9 custodian banks, 3 stock administration bureaus and 2 SROs where Bank Mandiri is one of the custodian banks holding 10% of the shares in KSEI.

PT. SARANA BERSAMA PENGEMBANGAN INDONESIA (SBPI)

PT Sarana Bersama Pengembangan Indonesia ("SBPI")

PT Sarana Bersama Pengembangan Indonesia is a company which engage in the service sector (can carry out business activities in the field of consulting, business, management and administration, i.e. changes to the Articles of Association in accordance with Law No. 40/2007, certificate No. 133 dated November 23, 2009), formerly on mobilization of funds non-bank financial institutions with the intention of developing a national company and the role of the national capital to contribute to the economic development in Indonesia.



PT PANN (Persero)

PT PANN (Persero)

PT PANN is ex-legacy investments of Bapindo and a finance company that helps finance the procurement of commercial ships in Indonesia. Before the separation (Spin Off) the company was engaged in the financing of national commercial ships with focus on financing to the shipping company to lower middle class with a mechanism of financing Financial Lease/Lease Purchase on installment/Buy Fade, Sale & Lease Back and Factoring.

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Share Listing Chronology

Period	Authorized Capital	Issued and Fully Paid-Up Capital	Series A Dwiwarna Share (number of shares)	Series B Ordinary Registered Share (number of shares)	Additional Listed Shares (number of shares)	Ownership by Retail Investors (number of shares)	Unissued Capital (number of shares)	Date of Listing
Before IPO	32,000,000,000	20,000,000,000	1	19,999,999,999	-	-	12,000,000,000	-
After IPO	32,000,000,000	20,000,000,000	1	13,999,999,999	6,000,000,000	6,000,000,000	12,000,000,000	14 July 2003 & 11 March 2004
MSOP I*	32,000,000,000	20,375,365,957	1	13,999,999,999	375,365,957	6,375,365,957	11,624,634,043	-
MSOP II*	32,000,000,000	20,687,079,654	1	13,999,999,999	311,713,697	6,687,079,654	11,312,920,346	-
MSOP III*	32,000,000,000	20,996,494,742	1	13,999,999,999	309,415,088	6,996,494,742	11,003,505,258	-
PUT**	32,000,000,000	23,333,333,333	1	13,999,999,999	2,336,838,591	9,333,333,333	8,666,666,667	24 February 2011

*) Approved by the Jakarta Stock Exchange by virtue of a letter under document number: No.BEJ.PSI/P/07-2004 dated July 13, 2004 and by the Surabaya Stock Exchange by virtue of its letter: No.JKT-023/LIST EMITEN/BES/VII/2004

**) PUT: Limited Public Offering with Rights Issue

Other Securities Listing Chronology

Type of Security	Value (Rp)	Place of Listing	Interest Rate	Effective Date	Maturity Date	Rating	Trustee
Bank Mandiri Rupiah Subordinated Bond I 2009	3,500,000,000,000	Indonesia Stock Exchange (IDX)	11.85 %	Dec 14, 2009	11 Dec'16	idAA+ by Pefindo	Bank Permata
Bank Mandiri I 2016 Phase I Bond	5,000,000,000,000	Indonesia Stock Exchange (IDX)	7.95% series A, 8.50% series B, 8.65% series C	Sep 22, 2016	30 Sep'2021 series A, 30 Sep' 2023 series B, 30 Sep' 2026	idAAA by Pefindo	Bank Tabungan Negara

Based on the letter No. 940 / PEF-Dir / VI / 2016 dated June 1, 2016 regarding the Annual monitoring grading certification for Bank Mandiri Bonds Subordinated I, 2009 period June 1 - December 11, 2016, PT Pemeringkat Efek Indonesia ("PEFINDO") decided to reassign the idAA+ (Double A Plus) ratings to the Subordinated Bonds I, 2009 Bank Mandiri which amounting Rp3,500,000,000,000 for the period June 1 - December 11, 2016.

Awards & Certifications

Bank Mandiri strives to provide the best to all the stakeholders. This is evidenced by receiving 33 awards and appreciation from various institutions, covering:

Awards

FEBRUARY

9th Alpha Southeast Asia Deal & Solution Awards 2015

Award Category:

Best Project Finance Deal of the Year in Southeast Asia 2015 for Jakarta – Soekarno Hatta Airport Railway Development amounted Rp2.1 trillion

Organizer:

Alpha Southeast Asia

Date:

2 February 2016

Bright Awards Indonesia 2016

Award Category:

Corporate Ads category
Bank Mandiri HUT RI 70

Organizer:

MNC Group

Date:

8 February 2016

Internal Magazine Awards

Award Category:

- Gold Winner – The Best of State Own Enterprise Inhouse Magazine 2016
- Silver Winner – The Best of E-Magazine Inhouse Magazine 2016

Organizer:

Union of Press Firms

Date:

8 February 2016

Sindo CSR Award

Award Category:

- Category of Education for Mandiri Edukasi Program
- Category of KUKM for Wirausaha Muda Mandiri Program

Organizer:

MNC Group

Date:

29 February 2016

MARCH

The 1st PR INDONESIA Media Relations Awards

Award Category:

State-owned Enterprise Company

Organizer:

PR INDONESIA Magazine

Date:

24 March 2016

APRIL

Apresiasi Wajib Pajak Besar 2015

Award Category:

The highest taxpayer

Organizer:

Ministry of Finance of Republic Indonesia

Date:

5 April 2016

MAY



The Asset Triple A Treasury, Trade and Risk Management Awards

Award Category:

- Best in Treasury and Working Capital-SMEs, Indonesia
- Best in Trade Finance Solution

Organizer:

The Asset

Date:

11 May 2016

12th IICD Asia Pacific Security Summit

Award Category:

Visa Champion Security Award

Organizer:

Visa Asia Pacific

Date:

12 May 2016

Indonesia Most Admired Companies Award 2016

Award Category:

Indonesia Most Admired Company

Banking category

Organizer:

Warta Ekonomi

Date:

19 May 2016

JUNE



Banking Service Excellence 2016

Award Category:

- 9 times in a row as Best Bank Service Excellence
- 1st Place, Best in e-Channel
- 1st Place, Best in Mobile Internet
- 1st Place, Best in Internet Banking
- 1st Place, Best in Customer Service
- 2nd Place, Best in Teller
- 2nd Place, Best in Security
- 3rd Place, Best in Telepon Cabang
- 3rd Place, Best in Phone Banking
- 3rd Place, Best in SMS Banking

Organizer:

Infobank Magazine

Date:

2 June 2016

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Statements**Investor Best Bank Awards 2016****Award Category:**Best Bank with the category of
Commercial Bank Assets > Rp100 Trillion**Organizer:**

Investor Magazine

Date:

2 June 2016

**Banking Service Excellence 2016****Award Category:**1st Best Overall Performance**Organizer:**

Infobank Magazine

Date:

2 June 2016

**Banking Service Excellence 2016****Award Category:**The Golden Trophy Best Overall
Performance 2008-2016**Organizer:**

Infobank Magazine

Date:

2 June 2016

**#1 Champion of Indonesia Original Brand 2016 by SWA****Award Category:**The 1st Champion of Indonesia Original
Brand 2016 with the category of
commercial bank and e-Money category**Organizer:**

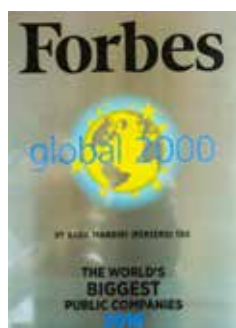
SWA Magazine

Date:

8 June 2016

Warta Ekonomi Indonesia Digital Innovation Award For Banking 2016**Award Category:**Digital Innovation for Banking of Best of
Digital Services for Bank BUKU 4**Organizer:** Warta Ekonomi Magazine**Date:**

23 June 2016

JULY**Forbes 2016 Global 2000****Award Category:**The World's Biggest Public Companies
2016 #462**Organizer:**

Forbes Magazine

Date:

28 July 2016

AUGUST**39th anniversary of Indonesian Stock Exchange****Award Category:**Award for companies supporting "Yuk
Nabung Saham" program**Organizer:**

IDX

Date:

10 August 2016

Indonesia Property & Bank Award 2016**Award Category:**Consumer Choice and Innovative
Mortgage**Organizer:**

Property & Bank Magazine

Date:

18 August 2016

Properti Indonesia Award 2016**Award Category:**

The Leading home Loan Bank

Organizer:

Properti Indonesia Magazine

Date:

24 August 2016

Indonesia's Best Companies Awards**Award Category:**

- Best CFO in Indonesia – Bapak Kartika Wijoatmodjo
- Best Managed Company in Indonesia (5th)
- Best Investor Relations (1st)
- Mix
- Social Responsibility (3rd)
- Best Corporate Governance (5th)

Organizer: Finance Asia**Date:**

25 August 2016

Best Corporate Social Initiative 2016**Award Category:**

Best Corporate Philanthropy

Organizer: Mix Magazine**Date:**

31 Agustus 2016

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SEPTEMBER

Infobank Banking Award 2016**Award Category:**

Bank with Very Good predicate on Financial Performance in 2015

Organizer:

Infobank Magazine

Date:

1 September 2016

10th Annual Best FI Awards 2016**Award Category:**

Best Bank in Indonesia

Organizer:

Alpha Southeast Asia

Date:

1 September 2016

Indonesia Banking Award 2016**Award Category:**

The Most Reliable Bank Kategori Bank Konvensional Nasional dengan aset >Rp100 trillion

Organizer:

Tempo Media Group dan Indonesia Banking School

Date:

7 September 2016

The Safest Banks by Country 2016**Award Category:**

Indonesia's Safest Bank

Organizer:

Global Finance

Date:

14 September 2016

OCTOBER

Banking Award 2016**Award Category:**

Most Efficient Bank

Kategori Bank BUKU IV

Organizer:

Bisnis Indonesia Magazine

Date:

19 October 2016

Global Private Banking Awards 2016**Award Category:**

Best Private Bank in Indonesia

Organizer:

The Banker

Date:

26 October 2016

NOVEMBER

8th IICD Corporate Governance Award**Award Category:**

Best Overall

Organizer:

Indonesian Institute for Corporate Directorship (IICD)

Date:

7 November 2016

**Investor Gathering 2016 Kementerian Keuangan****Award Category:**

The best main dealer of SUN in 2015

The best retail agent of SBSN in 2016 (2nd winner)

Organizer:

Ministry of Finance of Republic Indonesia

Date:

24 November 2016

Indonesian PR of the Year 2016**Award Category:**

Best Corporate Secretary (Financial Industry) – Journalist choice

Organizer:

Mix Magazine

Date:

29 November 2016

DECEMBER

Indonesia GCG Award II- 2016 (IGCGA-II-2016)**Award Category:**

The best GCG of publicly financial institution (bank) (Book IV)

Organizer:

Economic Review Magazine

Date:

7 December 2016

Hari Anti Korupsi Internasional 2016**Award Category:**

The Best SOE company in gratification management system

Organizer:

Komisi Pemberantasan Korupsi (KPK)

Date:

9 December 2016

Good Corporate Governance 2016**Award Category:**

The Most Indonesia Trusted Companies

Organizer:

The Indonesian Institute for Corporate Governance (IICG) & Swa Magazine

Date:

19 December 2016

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Certifications

In addition to numerous awards above, this year Bank mandiri also managed to achieve a number of certifications as its commitment to stakeholders to continuously deliver best service in all its business operations, among others:



No.	Type of Certification	Recipient Entity Certification	Acreditation	Validity Period
1.	ISO/IEC 20000-1:2011 Provision of IT Service Management System to Internal Customer	IT Application Support Group & IT Infrastructure Group	SGS Indonesia	25 November 2015 - 9 August 2017
2.	ISO 9001:2008 Provision of Security Services in Bank Mandiri Head Office and Registration & Logistic	CEO Directorate	SGS Indonesia	3 February 2017
3.	ISO 9001:2008 Operation & Development of Data Center, DRC, IT Security & Infrastructure	IT Application Support Group & IT Infrastructure Group	SGS Indonesia	9 October 2015 - 15 September 2018
4.	ISO 9001:2008 Provision of Bank Guarantee Processing	Credit Operations Group - Bank Guarantee Processing Center Department		3 June 2008 - 28 May 2017
5.	ISO 9001:2008 Regional Credit Operations Services	Credit Operations Group - Regional Credit Operation Jawa Bali	SGS Indonesia	24 January 2015 - 24 January 2018
6.	ISO 9001:2008 Regional Credit Operations Services	Credit Operations Group - Regional Credit Operation Jawa Bali	SGS Indonesia	24 January 2015 - 24 January 2018
7.	ISO 9001:2008 Banking Contact Center Operations and Services in Jakarta and Rempoa	Mandiri Contact Center Jakarta	SGS Indonesia	11 December 2015 - 15 September 2018
8.	ISO 9001:2015 Quality Management System Certification	Mandiri Contact Center Jogjakarta	SGS Indonesia	February 2020

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The Name and Addresses of Representative Offices & Regional Offices

Representative Offices	Address	Phone/Fax/Website
Bank Mandiri Cabang Singapura	3 Anson Road #12-01/02 Springleaf Tower Singapore 079909	Phone: 65-6213-5688 (General)/65-6213-5880 (Dealer)/ 65-6532-6086 (Dealer Board) Fax: 65-6438-3363 (General)/65-6536-3008(Dealer) Website: www.ptbankmandiri.com.sg
Bank Mandiri Cabang Hong Kong	7 th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong	Phone: +852-2527-6611 /+852-2877-3632 Fax: 852-2529-8131 /852- 2877-0735 Website: www.bankmandirihk.com
Remittance Office Hongkong	Shop 3. G/F. Keswick Court 3 Keswick Street Causeway Bay Hongkong Cardinal Plaza 3 rd Floor #30 Cardinal	Phone: +852-2881-6850 Fax: +852-2881-6850
Bank Mandiri Cayman Islands Branch	Avenue PO BOX 10198, Grand Cayman KY 1-1002 Cayman Islands	Phone: +1-345-945-8891 Fax: +1-345-945-8892
Bank Mandiri Dili - Timor Leste Branch	Avenida Presidente Nicolau Lobato No. 12 Colmera, Dili Timor Leste	Phone: +670-331-7777/+6221-526-3769/+6221-527-1222 Fax: +670-331-7190/+670-331-7444/+6221-252-1652/ +6221-526-3572
Bank Mandiri Dili - Timor Plaza	Timor Plaza – Unit #/Unidade No. #203; 233; 204; 230; 231; 232 Jl. Nicolau Lobato, Comoro Dili Timor Leste	Phone: +670-7307-7777
Bank Mandiri Shanghai Branch	Bank of Shanghai Tower 12 th Floor, No. 168 Ying Cheng (M) Road, Pudong Area Shanghai 200120	Phone: +86-21-5037-2509 Fax: +86-21-5037-2509
Bank Mandiri (Europe) Limited, London	Cardinal Court (2 nd Floor), 23 Thomas More Street London E1W 1YY United Kingdom	Phone: +44-207-553-8688 Fax: +44-207-553-8699
Mandiri International Remittance Sdn. Bhd.	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh Chow Kit, Kuala Lumpur Malaysia 51200	Phone: +603-4045 4988 Fax: +603-4043 7988

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REGIONAL OFFICES	ADDRESS	CITY & POSTAL CODE	Phone/Fax
REGION I/ SUMATERA 1	Jl. Pulau Pinang No. 1	Medan, 20111	Phone: (061) 4153396, 4555434 Fax: (061) 4153273
REGION II/ SUMATERA 2	Jl. Kapten A. Rivai No.100 B	Palembang, 30135	Phone: (0711) 364008 - 012, 364013 Fax: (0711) 310992, 3120417, 374279
REGION III/ JAKARTA 1	Jl. Lapangan Stasiun No. 2	Jakarta Barat, 11110	Phone: (021) 6922004, 2600500, 6922343, 6922343, 6922005, 6922204, 6918695, 69833162-3, 6916454 Fax: (021) 6922006
REGION IV/ JAKARTA 2	Jl. Kebon Sirih No. 83	Jakarta Pusat, 10340	Phone: (021) 23565700, 39832922, 39832921, 30400144, 30400147, 30400105, 39832924 Fax: (021) 39832917, 39832918, 39832923
REGION V/ JAKARTA 3	Jl. Jend. Sudirman Kav. 54-55	Jakarta Selatan, 12190	Phone: (021) 5266566, 5267368 Fax: (021) 5267371, 5267365
REGION VI/ JAWA 1	Jl. Soekarno Hatta No. 486	Bandung, 40266	Phone: (022) 7506242, 7511878 Fax: (022) 7505810, 7506632
REGION VII/ JAWA 2	Jl. Pemuda No. 73	Semarang, 50139	Phone: (024) 3517349, 3520484, 3520487 Fax: (024) 3520485
REGION VIII/ JAWA 3	Jl. Basuki Rahmat No. 129-137	Surabaya, 60271	Phone: (031) 5316764 – 66 Fax: (031) 5316776, 5320641, 5316597
REGION IX/ KALIMANTAN	Jl. Lambung Mangkurat No. 3	Banjarmasin, 70111	Phone: (0511) 3365767 Fax: (0511) 3352249, 4366719
REGION X/ SULAWESI & MALUKU	Jl. R.A. Kartini No. 12-14	Makassar, 70111	Phone: (0411) 3629096, 3629097, 3634811, 3633913 Fax: (0411) 3629095, 3650367
REGION XI/ BALI & NUSA TENGGARA	Jl. Veteran No. 1	Denpasar, 80111	Phone: (0361) 226761 – 3 Fax: (0361) 224077, 261453, 235924
REGION XII/ PAPUA	Jl. Dr. Sutomo No. 1	Jayapura, 99111	Phone: (0967) 537081, 537183-4, 537189 Fax: (0967) 537181

Information on Corporate Website

The official website of the Company <http://www.bankmandiri.co.id>, contains a variety of the latest information of Bank Mandiri, among others Profile of Bank Mandiri, products and services, 24 hours services, information of corporate governance, organizational structure and corporate groups, profile of the Board of Commissioners and Board of Directors, shareholders' information, financial performance, stock information, Code of Ethics, Charter of the Board of Commissioners, the Board of Directors, Committees and Internal Audit Unit, the information of GMS including the minutes of the GMS, the information about the announcement date of the GMS, the date of GMS, and the date of summary of the minutes of the GMS was announced. Through the website, public can download a variety of information such as Annual Report and Financial Statements for the last 5 (five) years, Press Release, and others. Bank Mandiri also ensures that all information contained on its website is always up-to-date.

Education and/or Training of the Board of Commissioners, the Board of Directors, Committees, Corporate Secretary and Internal Audit Unit

Throughout 2016, Board of Commissioners, Directors, Committees, Corporate Secretary, and Internal Audit Unit of the Company has attended several numbers of educational/training/seminar/workshop activities which aim to enhance the competence and capability of each individual in order to achieve the Company's objectives, among others:

Training/Competence Development of the Board of Commissioners

Throughout 2016, the BOC has participated in a series of trainings/workshops/seminars both domestic as well as overseas as follows:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Wimboh Santoso	President Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Investor Conference dan Non Deal Road show	28-30 April 2016	New York, Boston, San Fransisco – USA	World Economic Forum
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
Imam Apriyanto Putro	Deputy Chief Commissioner	Board of Commissioners Work Visit	2 December 2016	Semarang	Bank Mandiri
Aviliani	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Interviewee at Socialization of Indonesian Economy in Myanmar	17-18 August 2016	Myanmar	ISEI
		Refreshing of BARa Risk Certification - "Enhancing The Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Management"	18-22 September 2016	Stockholm-Sweden	BARa
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
Goei Siau Hong	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Bank Mandiri CFO Sharing Forum 2016 "Optimizing Growth in Uncertain Economic Condition"	28-29 July 2016	Singapore	Bank Mandiri
		Internal Rating Based Basel II - Credit Risk	8 November 2016	Hotel Pullman-Jakarta	GPS & Partner – Consulting Group
		Investor Conference dan Non Deal Roadshow Nomura	28 November 2016	Tokyo-Jepang	Nomura
Bangun S. Kusmulyono	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Overseas Training - University of California Berkeley Center "Asean Global Leadership Program" by SRW & Co	8 – 13 May 2016	USA	University of Berkeley
		FKDP Seminar "The Readiness of Banking in Facing the Assessment of Financial Action Task Force (FATF) on Money Laundering"	26 May 2016	Jakarta	Forum Komunikasi Direktur Kepatuhan
		Refreshment Public LSPP - "Managing Risk for a Healthy Credit Portfolio"	16 November 2016	Hotel Pullman-Jakarta	LSPP
Abdul Aziz	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		BARa Risk Forum : Revisit Enterprise Risk Management and Learning Best Practices of Credit Risk Management	30 November 2016	Bandung	BARa

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Askolani	Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
Ardan Adiperdana	Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		FKDP Seminar "The Readiness of Banking in Facing the Assessment of Financial Action Task Force on Money Laundering (FATF)"	15 December 2016	Jakarta	Bank Mandiri

Training/Competence Development of the Board of Directors

Throughout 2016, the members of the Board of Directors have participated in trainings/workshops/seminars in order to improve their competences which were held either domestic or overseas, as follow:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Kartika Wlirjoatmodjo	President Director	Executive training di IMD Laussane, Switzerland	February 2016	Lausanne, Switzerland	IMD
		Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		FGD Sinergi BUMN	May 2016	Prapat	Ministry of SOE
Sulaiman A. Arianto	Vice President Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Ogi Prastomiyono	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Interviewee at Socialization of Indonesian Economy in Myanmar	17-18 August 2016	Myanmar	MMUGM, IBI, LSPP
		Refreshing of BARa Risk Certification - "Enhancing The Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Management"	18-22 September 2016	Stockholm-Swedia	IBI dan LSPP
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	PT Bank Mandiri (Persero) Tbk
Pahala N. Mansury	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		FGD Sinergi BUMN	Mei 2016	Prapat	Ministry of SOE
Hery Gunardi	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Strategic Initiative Workshop Distributions Directorate	Mei 2016	Denpasar	PT Bank Mandiri (Persero) Tbk
Tardi	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Ahmad Siddik Badruddin	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Kartini Sally	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Royke Tumilaar	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Rico Usthavia Frans	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Seminar and Rakernas Perbarindo	October 2016	Pontianak	PT Bank Mandiri (Persero) Tbk
		Workshop e-Banking 2016	November 2016	Denpasar	PT Bank Mandiri (Persero) Tbk
		Workshop TB SME Sales Group	November 2016	Yogyakarta	PT Bank Mandiri (Persero) Tbk
		Workshop Bank Mandiri – Dirjen Pajak: "Work in Symphony"	November 2016	Denpasar	PT Bank Mandiri (Persero) Tbk

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Education/Training Development of Members of Committees Under the Board of Commissioners

Audit Committee

Throughout 2016, the members of Audit Committee have participated in following various trainings:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Budi Sulistio	Member	"The Implementation of IFRS 9 Impairment Requirements by Banks"	October 3, 2016	Jakarta	KPMG Indonesia Board Governance Forum
Lista Irna	Member	Role of Audit Committee in Tax Amnesty	November 8, 2016	Jakarta	Indonesia Audit Committee Association

Risk Monitoring Committee

Throughout 2016, the members of Risk Monitoring Committee have participated in following various trainings:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Ridwan Ayub	Member	"Building Premium Holding Company"	November 2-3, 2016	Hotel Fairmont Jakarta	Pertamina Training & Consultant
Lista Irna	Member	"Verifying the Toughness of Indonesian Economy"	December 6, 2016	Jakarta	Institute for Development of Economics and Finance (INDEF)

Remuneration and Nomination Committee

Education and/or trainings for Committee Members who concurrently serve as the Board of Commissioners can be viewed on page 108-109.

Integrated Governance Committee

Education and/or trainings for Committee Members who concurrently serve as the Board of Commissioners can be viewed on page 108-109.

Education/Training Development of Members of Committees Under the Board of Directors

Assets & Liabilities Committee (ALCO)

Throughout 2016, the members of Assets & Liabilities Committee (ALCO) have participated in following training:

Name	Designation	Training/Workshop/Seminar	Date	Organizer
Toni Eko Boy Subari	Member	Mandiri Club Senior Risk Forum	2016	Bank Mandiri

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Business Committee (BC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Retail Business Committee (RBC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

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Wholesale Business Committee (WBC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Risk Management Committee (RMC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Human Capital Policy Committee (HCPC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Information Technology Committee (ITC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Capital & Subsidiaries Committee (CSC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Credit Committee/Rapat Komite Kredit (RKK)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109, while education and/or trainings of Toni Eko Boy Subari can be viewed on Assets & Liabilities Committee (ALCO).

Integrated Risk Committee (IRC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109.

Policy & Procedure Committee (PPC)

Education and/or trainings for Committee Members who concurrently serve as the Board of Directors can be viewed on page 109, while education and/or trainings of Toni Eko Boy Subari can be viewed on Assets & Liabilities Committee (ALCO).

Education/Training Development of Corporate Secretary

Throughout 2016, the Corporate Secretary have participated in following training:

Name	Designation	Training/Workshop/Seminar	Date	Venue
Rohan Hafas	Corporate Secretary	Banking Risk Management Refreshment Level 1	November 23, 2016	Jakarta

Education/Training Development of Internal Audit Unit

Throughout 2016, the Internal Audit Unit have participated in following various trainings:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Mustaslimah	Chief Audit Executive	Bank Risk Management Level 5	2016	Jakarta	LSPP (Lembaga Sertifikasi Profesi Perbankan)
		IIA (The Institute of Internal Auditors) International Conference	2016		IIA
		Workshop "High Performance Leadership for Influencing and Collaboration"	2016	Switzerland	International Institute for Management Development (IMD)

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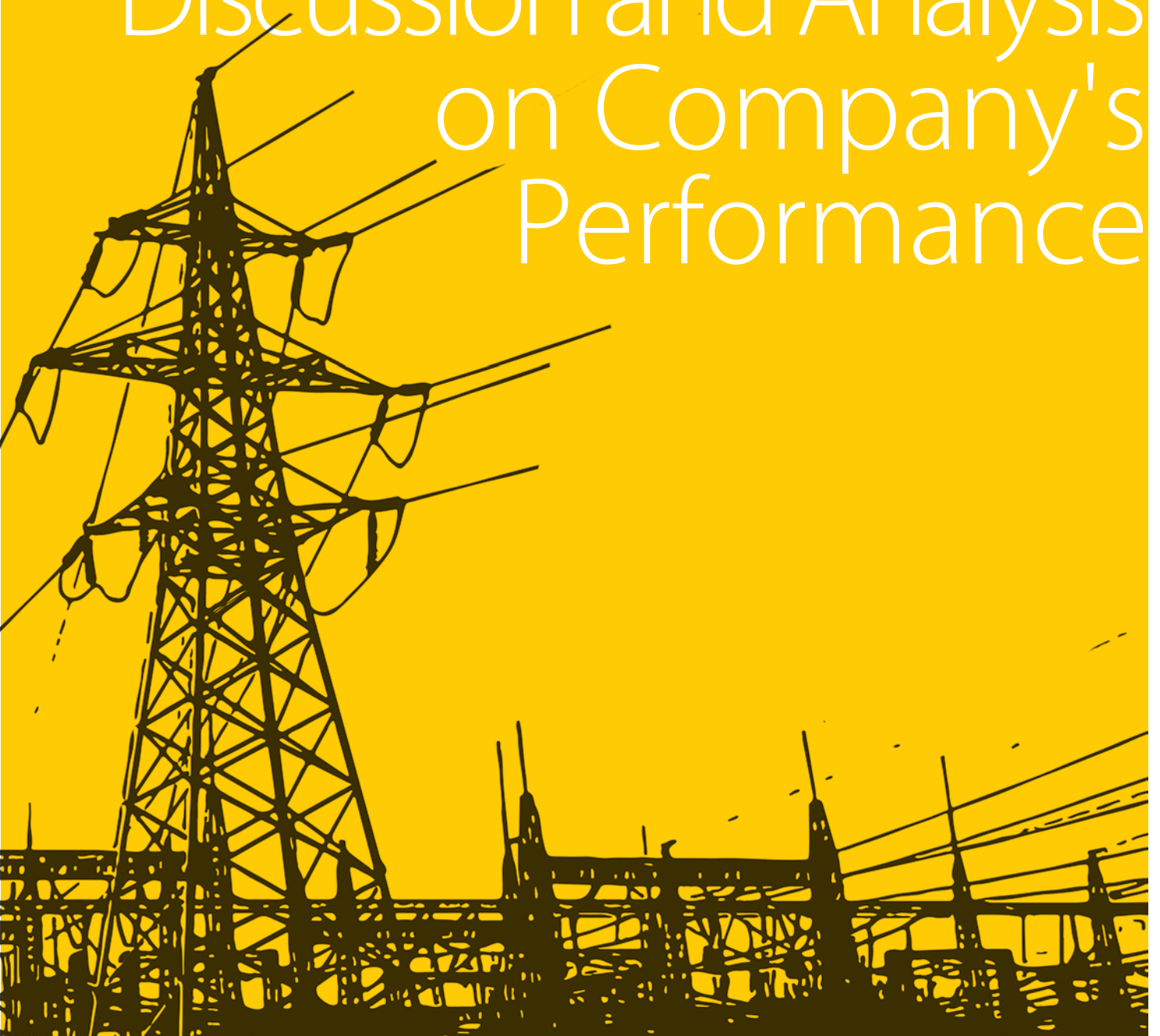
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Management Discussion and Analysis on Company's Performance



Industry Overview

Global Macroeconomic Condition

Global economy condition throughout 2016 was still filled with uncertainty. Various factors raised to fluctuate in the financial market which may disrupt the global economy. One of the factors is the referral interest rate by The United States Central Bank, Federal Reserve (The Fed) from 0.25% to 0.75% at the end of 2016, where it was 0.25% to 0.50% in 2015. Such hike rate was the right moment to neutralize The Fed interest rate encouraged by recovery condition of US economy foundation. Meanwhile, US inflation in 2016 has reached 1.7% and for the year 2017, The Fed optimist that US inflation will be closer to its 2% target, which is targeted at 1.9%.

The US 45th President election has put some color to the global condition with a number of perception from the market which triggered to fear towards global economy prospect. People across the world is waiting for the next direction of US policy and its impact globally under the new leadership of the appointed President.

British referendum results which decide to depart from the European Union also known as Britain Exit (Brexit) has caused uncertainty on the economy prospect of the country as well as Europe in general. Brexit has also impacted the global condition as it involved politic, economy, trade and investment.

Meanwhile, the European Union financial system in 2016 has not shown yet significant changes compared to the previous year which caused by the banking recovery and constrained in the global bond market, aside of debt crisis situation in several countries in European Union. Economy uncertainty in European Union force the European Central Bank (ECB) to maintain its referral interest rate at the lowest level, where in December 2016 ECB decided to maintain the referral interest rate at the level of 0.00% for refinancing interest rate and 0.25% for marginal credit facility interest rate.

China economy in 2016 was still affected by the decrease of global demand which influenced the country output. However, the economy growth of China tend to recover, as reflected in the Q4 2016 position at the level of 6.8% which was better than Q3 2016 of 6.7%. Meanwhile People Bank of China (PBOC) continues the easing money policy through interest rate cut of PBOC which has started in 2014. Throughout 2016, PBOC maintained its referral interest rate at the level of 4.35% which aims to stimulate the economy activity of China that remain stagnant.

National Economy Condition

Indonesia economy growth in 2016 has shown good performance in the middle of global condition which tend to slow down. Indonesian GDP in 2016 grew by 5.02% or higher compared to 2015 growth of 4.88%. However, quarterly, the domestic economic growth has been slowing down for two quarters in a row to 4.94% (YoY) in the fourth quarter of 2017 from 5.02% and 5.19% in third quarter and fourth quarter of 2016. The weakening was due to the decrease in intense government spending to anticipate the increase of fiscal deficit.

Meanwhile, Indonesia inflation in 2016 was relatively stable compared to the previous year which was 3.02% or a decrease compared to 2015 at 3.45%. The fuel adjustment which was applied a number of time this year has no significant impact to the inflation.

The control of inflation level throughout 2016 has given the opportunity for the Central Bank Indonesia (BI) to ease the interest rate by reducing the BI rate 3 times in January, February and March consecutively from the level 7.50% to 6.75%. After that Bank Indonesia implemented new referral interest rate which was 7-Day Reverse Repo Rate effective 29 August 2016. This changes aim for BI to have referral interest rate which can influence the money market, banking and real sector post the implementation of 7-Day Reverse Repo Rate, which BI has cut down to level 4.75% in 2016.

On the other hand, although the Rupiah exchange towards US dollar experience high vitality due to fluctuation in the global financial market, Rupiah has shown movement to get stronger and recorded as the second stronger currency in Asia after Japan Yen at the end of 2016. Throughout 2016, Rupiah moved to around 12,948 – 13,960 and closed at the level 13,473, or stronger compared to the position in 2015 which was at the level of 13,788.

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Indonesia Banking Industry Condition

Optimism towards the Indonesia better economic prospect is still quite high. This can be seen of the projection from a number of global economy institutions, such as IMF and the World Bank, which estimated that Indonesia's economy will grow by 5.1% (IMF) and 5.3% (World Bank) in 2017, while the Indonesian government projected the growth by 5.1%. Nevertheless, there are still a few things that needs to be awared of. The increasing risk of foreign exchange rate fluctuations and flow of foreign promisory note in the stock market and Government Promisory Notes (Surat Berharga Negara/SBN) which may affect the stability of the domestic economy. In addition to that is the risk of increase inflation in the country, expanding of fiscal deficit, and the increase trend of US interest rates in 2017 led to limited monetary and fiscal hence the private sector role in improving the investment is needed to support the national economy.

In the midst of improving economic conditions and the decrease in interest rate of BI, the national banks' loan growth rate still continues to slow down. Throughout 2016, annually the banking loan only grew by 7.9%, which was lower compared to the credit loan growth in 2015 which was 10.4%. On the other hand, the banking Third Party Funds (DPK) has slow down as well. For the same period, DPK growth has been improved to become 9.6% from 7.3%. Deceleration of loan was part of the national banking sector effort to consolidate in anticipating the level of banking non-performing loans (NPL) which still increased throughout the year from 2.5% at the end of 2015 to 2.9% in 2016. The increase of non-performing loan ratio in 2016 also caused by vitality of exchange rate and growth of commodity price which has yet to have significant improvement since the beginning all the way to mid of the year.

Amidst a slowdown in loan growth, the banking profitability level was relatively stable. The ratio of return on assets (ROA) in 2016 was recorded 2.23%, slightly decreased as compared to 2015 which stood at 2.32%. In general, the stable banking profitability was stimulated by operating cost efficiency, demonstrated by the decrease in the ratio of operational costs to operating income (BOPO) from 81.5% at the end of 2015 to 81.3% in October 2016. In line with the expected improvement of the national economy in 2017, we hope that the national banking performance will also improve. We are optimistic that higher economic growth would affect the increase in loan growth and DPK as well.

Bank Mandiri Performance in National Development

As part of Bank Mandiri effort to be the best in Southeast Asia, Bank Mandiri has actively contribute to Nawacita program initiated by the government which reflected from the contribution towards people lifestyle and community through financing the productive and consumptive sector, including supporting the development of financial inclusion in Indonesia. Following are the form of Bank Mandiri role in the national development throughout 2016:

- Physical Development
 - Financing the development of toll road Solo-Ngawi-Kertosono for 177 km.
 - Financing the development of Independent Power Plant Kalselteng 2x100 MegaWatt in Palangkaraya.
 - Financing the development of Liquid Bulk Terminal with the capacity of 1.8 million Ton and Container Terminal with the capacity of 400.000 Teus in Kuala Tanjung, North Sumatera.
- Economy Development
 - Disbursement of People Business Credit (KUR) for Rp13.3 trillion.
 - Improving the economy capability of 952,248 SME entrepreneurs in Indonesia and 216,000 KUR entrepreneurs through loan disbursement and other banking facility.
 - Providing Creative Home SOE (Rumah Kreatif BUMN) which play role as data and information center as well as education, development and digitalization for SME.
- Marine Development
- Industrial Financing
- Individual Financing
 - Distributing financial for 16,732 house and 104,053 vehicles throughout the year.

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Bank Mandiri Role in National Banking

In facing macroeconomic changes and national banking industry, Bank Mandiri conduct anticipative effort to ensure a healthy and sustainable Bank growth through the following methods:

1. Conducting NPL workshop to maintain asset quality.
2. Proactively handling debtor which has listed in watch list category.
3. Loan restructure for debtor in difficulty.
4. Being selective in disbursing loan by following the target growth according to business plan, debtor quality and business sector condition.
5. Controlling fund through budget priority according to business needs.

Following are Bank Mandiri performance towards national banking industry:

a. Bank Mandiri vs National Banking Asset Growth

Bank Mandiri

Bank Mandiri asset recorded at Rp1,038.71 trillion at the end of 2016, an increase by 14.14% compared to 2015 which was Rp910.06 trillion which was influenced by the total Loan disbursement.

National Banking

National banking asset growth by 10.40% to be Rp6,729.80 trillion as of December 2016 from the position at Rp6,095.91 trillion in December 2015. (Source: OJK)

b. Bank Mandiri vs National Banking DPK Growth

Bank Mandiri

Bank Mandiri DPK at the end of 2016 increased by 12.73% to be Rp762.50 trillion compared to the previous year at Rp676.39 trillion.

National Banking

At the end of December 2016, Third Party Fund of national banking collected at Rp4,836.76 trillion, increased by 9.60% compared to 2015 which was Rp4,413.06 trillion. (Source: OJK)

c. Bank Mandiri vs National Bank Loan Growth

Bank Mandiri

Loan given by National bank increased by 11.2% to Rp662.01 trillion from the previous year of Rp595.46 trillion the increase was due to credit given to retail segment, mainly to customer loan and micro banking segments.

National Banking

National Loan given grew by 7.87% from Rp4,057.90 trillion as of December 2015 from the position at Rp4,377.20 trillion in December 2016. (Source: OJK)

d. Bank Mandiri vs National Banking CAR Value

Bank Mandiri

Capital Adequacy Ratio (CAR) – Loan Risk, Market and Operational Bank Mandiri at the end of December 2016 was at 21.36% compared to the previous year at 17.99%.

National Banking

Capital Adequacy Ratio (CAR) national banking increased 7.2% from 21.39% as of December 2015 to 22.93% as of December 2016. (Source: OJK)

e. Bank Mandiri vs National Banking ROA Value

Bank Mandiri

Return of Asset (ROA) ratio Bank Mandiri as of December 2016 was 1.95% decreased compared to 2015 at 3.15%.

National Banking

Return of Asset (ROA) ratio for national banking decreased at the level of 3.88% from 2.32 as of December 2015 to 2.23 as of December 2016. (Source: OJK)

f. Bank Mandiri vs National Bank Operational Cost to Operational Income (BOPO) Value

Bank Mandiri

Operational cost to operational income (BOPO) Bank Mandiri as of December 2016 was at 80.94% an increased compared to 2015 at 69.67%.

National Banking

Operational cost to Operational income (BOPO) national banking increased 0.90% from 81.49% in 2015 to 82.22% in 2016. (Source: OJK)

g. Bank Mandiri vs National bank Loan to Deposit Ratio (LDR)

Bank Mandiri

Loan to Deposit Ratio (LDR) to customer Bank Mandiri as of December 2016 was at 85.86% or drop compared to December 2015 at 87.05%.

National Banking

Loan to Deposit Ratio (LDR) national bank decreased 1.53% from 92.11% in December 2015 to 90.70% in December 2016. (Source: OJK)

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Business Overview

It started from a comprehensive understanding on industry which supported by human resource quality and synergy of the subsidiary company follow by advance technology, Bank Mandiri strives to provide services and product as an integrated financial solutions.

Following the Phase III of 2015-2020 transformation in the second year, Bank Mandiri remain focus to 3 (three) segments, which are:



1. Wholesale

An expertise based solution according to business field and customer sector by providing integrated wholesale product solution which can be multi-dimensional. Bank Mandiri actively supports the customer activities to expand their business to another country.

Responsible unit:

- Corporate Banking
- Commercial Banking
- Treasury
- International Banking & Financial Institutions Group (IBFI)



2. Retail

With regard to the development of Bank Mandiri organization, in 2016 Bank Mandiri has made some adjustments on organizational structure by combining consumer banking as well as micro and business segments to be a retail banking segment.

This segment offers one stop solution retail service which are integrated, competitive and innovative to strengthen domination in retail payment. Through Retail Banking, Bank Mandiri provides various banking products to retail customers for consumption and investment needs as well as provides support and easiness to micro and small enterprise with various financing services which are appropriate with the business and investment needs.



3. Integrated the Group

Integrating services in Wholesale and Retail segment of Bank Mandiri and its subsidiary Company through Mandiri Group distributions channels in all area.

Responsible unit:

- Distributions Unit
- Subsidiary Company

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Corporate Banking

As a part of transformation process of Bank Mandiri, Corporate Banking conducts reorganization of work units by distributing business focus particularly in terms of managing private company, SOEs as well as Ministries/Institutions.

Corporate Banking segment development in 2016

As in previous years, Bank Mandiri still focused on solution sector strategy, for that reason, Bank Mandiri conducted customer mapping to classify according to economy sectors. Moreover, Corporate Banking also focuses on improving in-depth knowledge of each economy and business sector, and developing products and services that can suit the customer's needs to result into mutually synergy between the customers and Bank Mandiri. Furthermore, a Corporate Banking monitoring system called Corporate Banking Information Center (CBIC) was built to have better monitoring customer's needs by Corporate Banking.

Throughout 2016, Corporate Banking has been supporting the government national program, both through providing transactional system as well as fund disbursement, such as:

1. Supporting the government in transactional for State Receivable (Tax, Non-Tax State Income/PNBP and custom) through State Receivable Module (Modul Penerimaan Negara/MPN).
2. Supporting National Budget spending fund disbursement through Treasury and State Budget System (Sistem Perbendaharaan Anggaran Negara/SPAN).
3. Developing premium receivable channel for Health Care and Social Security Agency (BPJS) and in cooperation with the partner of Payment Point Online Bank (PPOB).
4. Supporting transactional within healthcare sector by implementing Mandiri Hospital Application (Mandiri Aplikasi Rumah Sakit/MARS) for easy access on payment and monitoring.

Bank Mandiri through Corporate Banking also supporting the government program in developing infrastructure. Until 2016, Corporate Banking has disbursing loan for infrastructure at Rp50.8 trillion or almost reach 22% from the total loan that has been disbursed by Corporate Banking in 2016.

Some of the infrastructure projects that received financing facilities for Corporate Banking in 2016 are:

Financing for economy Train-Set 6 (Sumatera track), financing for Electric Diesel Train-Set 3 (Minangkabau airport), financing for double track train (South Sumatera), development of New Jogjakarta International Airport (Kulonprogo), financing for bail-out scheme of Cinere-Jagorawi 14km toll road, financing for electricity (35.000MW project). In addition, Corporate Banking also plays a role in financing for instrumental weapon system to Ministry of Finance.

Corporate Banking Performance in 2016

1. Corporate Banking Loan Growth

In 2016, loan disbursement has reached Rp228.66 trillion, or an increased by 16.31% compared to 2015 which was Rp196.59 trillion. Following the loan growth, NPL gets better to be 0.32% in 2016 from 2015 which was 0.83%, which indicated controlling process and loan settlement were improving. Third Party Fund Growth

2. Third Party Fund Growth

Bank Mandiri managed to increase the number of third party fund from Corporate Banking customers for 15,68% to be Rp178.32 trillion in 2016 which includes LFC of Rp98.41 trillion and time deposit of Rp79.91 trillion, compared to 2015 for Rp154.15 trillion.

3. Fee Based Income

In 2016, fee based income generated by Corporate Banking Bank Mandiri was at Rp2.17 trillion, an increase by 52.79% compared to 2015 which was Rp1.42 trillion. The cumulative of fee based income consist of fee trade finance and fee bank guarantee at Rp543 billion, foreign exchange fee Rp189 billion and loan administration fee at Rp1 billion.

4. Corporate Banking Profitability Segment

Corporate Banking revenue recorded at Rp12,291 billion with the main revenue coming from loan business at Rp5,783 billion or 47% from the total income received by Corporate Banking. Corporate Banking business contribute the net income of Bank Mandiri in 2016 for Rp9,968 billion or an increase by 29% compared to 2015 for Rp7,684 billion.

Strategy and Work Plan 2017

Strategy and Work plan 2017 are:

Moving forward, Corporate Banking will keep on strengthening its position as the financial market leader of Indonesia corporate, supporting the government program (be it in term of financing, transaction, as well as fund disbursement of government project), and providing transactional solution which has been adjusted according to customer's needs.

To support Corporate Plan Bank Mandiri 2016 - 2020 which is to be Indonesia's best, ASEAN's prominent where Corporate Banking will be one of the core growth segment and supported by Wholesale Strategy Corporate Plan with one of the main strategy is "deepen client relationship", for that Corporate Banking in 2017 will do the following 3 (three) initiative strategies.

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3 initiative strategies which will be developed by Corporate Banking in 2017 :

1. **Portfolio Strategy:** Strategy to define customer & sector which will be the focus growth for Corporate Banking, such as infrastructure sectoral
2. **Business Strategy:** Strategy to improve competitive advantage of Corporate Banking, by improving the human resource quality and business process re-engineering.
3. **Operational Strategy:** Strategy to improve services to Corporate Banking customers, including service improvement on transaction banking and banking solution through coordination and alliance with the subsidiary company

Mandiri DPLK

The Financial Institutions Pension Fund Mandiri (Mandiri Dana Pensiun Lembaga Keuangan/Mandiri DPLK) as affiliated entity since 2011 has been under the coordination of Corporate Banking. Mandiri DPLK play its role in facilitating Fixed Premium Pension Program (Program Pensiun Iuran Pasti/PPIP) for individual, employee and independent worker, as well as managing Reserve Severance Fund (*Dana Cadangan Pesangon*) (Compensation Severance Pension Program/*Program Pensiun Untuk Kompensasi Pesangon – PPUKP*) for employees.

Mandiri DPLK is an alternative for investment. Mandiri DPLK offered 5 (five) investment packages which member can choose namely, Money Market, Fixed Income Investment, Stock Investment, Combine Investment with choices of combination and Sharia Investment.

As of 31 December 2016, the total fund managed by Mandiri DPLK has reached Rp7.4 trillion, making Bank Mandiri to be ranked "Big Three" in pension fund industry. At the same year, in order to improve services to participants, Mandiri DPLK has certified ISO 9001:2008 in terms of managed pension fund.

Commercial Banking

The presence of Commercial Banking is to manage customers for company/ customers which relatively small scale industry from the customers managed by Corporate Banking segment.

"Total Solutions" is still the tagline for Commercial Banking which presenting the best solution offered in the form of product bundling asset, liability and fee based according to customer's need and supported with the usage of e-Channel system with the aim to target low fund and fee based income from low risk products.

Commercial Banking Performance in 2016

In 2016, Commercial Banking managed to reach the following achievements:

1. In 2016, Commercial Banking collected fund of Rp66.35 trillion or an increased by 4.28% compared to the achievement in 2015 for Rp63.63 trillion.
2. In 2016 Commercial Banking managed to disburse loan for Rp165.16 trillion or an increased by 2.82 % compared to 2015 at Rp160.62 trillion.
3. Non-Performing Loan (NPL) gross level of Commercial Banking in 2016 was 9.32% or an increased compared to NPL in the same segment in 2015 which was 2.64%.
4. Fee based income (FBI) of Commercial Banking in 2016 was at Rp1,067 trillion or a decrease by 11.98% compared to the FBI in 2015 which was Rp1,213 trillion.

Commercial Banking Profitability

In 2016, Commercial Banking managed to get net interest of Rp5.88 trillion, or a decreased by 16.50% compared to 2015 at Rp7.04 trillion

Strategy and Working Plan

Strategic initiatives which will be developed in Commercial Banking in 2017 are as follow:

1. Increasing Contribution Margin
2. Strengthening Relationship Manager (RM) by dividing Relationship Manager (RM) function in managing debtors by front end and middle end.
3. Enhancing RM Capability Enhancement
4. Enhancing synergy with related work unit to increase fund growth
5. Improvement of business process to support and accelerate process
6. Network adjustment for optimizing Human Resources, control and cost.

Treasury

Responsible and authorized to conduct the treasury activity function in Bank Mandiri, including monitoring the treasury activity of Subsidiary Company.

In general, all of the treasury activity will be divide into 2 (two) portfolio, namely:

1. *Trading book*
It relate to all Bank trade position in financial instrument in the administrative balance and account own and aims to generate short-term profit.
2. *Banking book*
It relate to all position as appointed by liquidity fulfilment, asset management & optimum Bank liability, as well as capital aspect.

Treasury product which was being transaction in money market, be it for trading book purpose or banking book includes:

1. Foreign exchange products
Product based on selling/buying transaction done in cash or long term between two currencies by submitting the fund as agreed.
2. Money Market products
Product based on transaction of fund placement/loan between bank with a short time frame including selling/ buying transaction of promissory notes and repo/reverse repo.
3. Securities products
Promissory notes product including debt acknowledgment letters, notes, bonds credit securities or its derivatives thereof, or other interest or an obligation of the issuer in the form common trade.
4. Derivative & structured products
A transaction based on a contract or payment agreement which value is derived from the value of derivatives that was underlie such as interest rates, exchange rates, commodities, equities, indices, and combinations, followed either by movement or without movement of funds/ derivatives, but excluding credit derivatives.

Treasury Development in 2016

Throughout 2016, Bank Mandiri has implemented a number of strategy related to development and market of Treasury, such as:

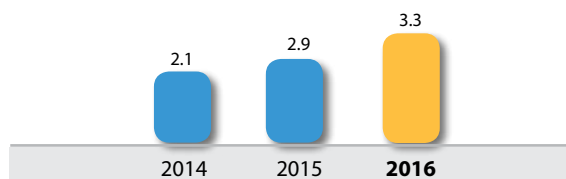
1. Development implemented due to Trading & Banking activity:
 - To conduct product trading related to interest and currency of both plain vanilla and derivatives.
 - Strengthening the funding structure especially for a long-term financial needs through the issuance of Negotiable Certificate of Deposit (NCD), Senior Debt, and Bilateral Loan.

2. Development implemented due to Client Team activity:
 - Development of products and services to meet the needs of customer's investment such as customer's security bond and launched of Mandiri Deposito Swap.
 - Treasury bundling product with loan and trade finance.
 - Focus to get in depth with market share in the major customers and its subsidiary companies.
 - Diversification of derivative products to meet the needs of the customer hedging.

Treasury Performance in 2016

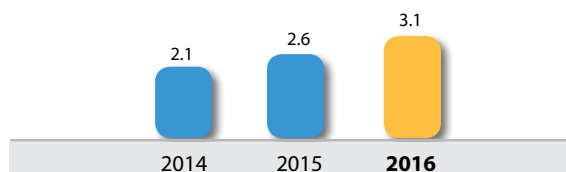
1. Fee Based Income of 2016 has reached Rp3.3 trillion, increased by 13% compared to the previous year which was Rp2.9 trillion.

Fee Based Income
2014-2016 (in trillion Rp)



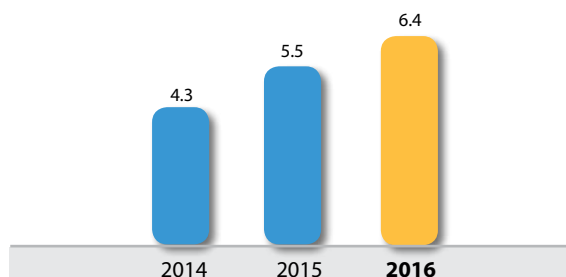
2. Net Interest Income for 2016 reached Rp3.1 trillion, an increase by 21% compared to the previous year of Rp2.6 trillion.

Net Interest Income
2014-2016 (in trillion Rp)



3. Total revenue has reached Rp6.4 trillion increasing from 2014 until 2016.

Total Revenue
2014-2016 (in trillion Rp)



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Bank Mandiri Treasury Profitability

At the end of 2016, the total treasury income has reached Rp6.4 trillion which keeps on increasing from 2014 all the way to 2016 with the average increment of 23% and contributed from:

- a. Fee Based Income
Fee Based Income of 2016 has reached Rp3.3 trillion, increased by 13% compared to the previous year which was Rp2.9 trillion. The Compound Annual Growth Rate (CAGR) of fee based income from 2014 to 2016 was 25%.
- b. Net Interest Income
Net Interest Income for 2016 reached Rp3.1 trillion, an increase by 21% compared to the previous year of Rp2.6 trillion. CAGR net interest income from 2014 to 2016 was 21%.

Awards Received

Throughout 2016, Treasury Bank Mandiri has received a number of award namely:

1. Alpha Southeast Asia : Best FX Bank for Corporate & Financial Institution 2016
2. The Asset : Best in Treasury and Working Capital – SMEs 2016
3. Global Finance: Best FX Provider in Indonesia 2017.
4. The Ministry of Finance for Republic of Indonesia: The Best State Primary Dealer Surat Utang Negara terbaik, Participant of The best Sharia Promissory Note.

Strategy and Work Plan 2017

Treasury division has set the following strategy and working plan for the next one year:

1. To optimize the role of Overseas Branch Offices.
2. Strengthening funding structure through wholesale funding such as NCD issuance, bond and loan bilateral.
3. Improving cross selling Treasury products to existing customers such as loan and trade finance customer.
4. Offering new product for hedging requirement as well as investment customer such as call spread, dual currency investment, and par forward.
5. Expanding distribution network through additional money changer and Foreign Exchange development transaction through electronic channel such as e-FX and mobile.

International Banking & Financial Institutions Group (IBFI)

IBFI is working unit with responsible on the following tasks:

1. Developing business with financial (bank and non-bank) institutions customers both domestic and international, including Regional Development Bank (BPD), insurance company and security company and institution supporting capital market actively and progressively.
2. The development activities and supervision of overseas offices (Singapore, Hong Kong, Shanghai, Cayman Islands branches and Bank Mandiri (Europe) Limited).
3. Trust services or storage services with management to support government programs in accommodating the needs of custody assets of oil and gas companies so that the foreign exchange results of the export proceeds managed by Bank in Indonesia and also as part of the support of the Government tax amnesty program.

BFI Development in 2016

Along with the growth and complex needs of customers, IBFI provides integrated banking solution for customers in the Financial Institutions segment. As a single point of contact, IBFI coordinate all products and services that suit the needs and provide added value for customers in order to create long term business relationship.

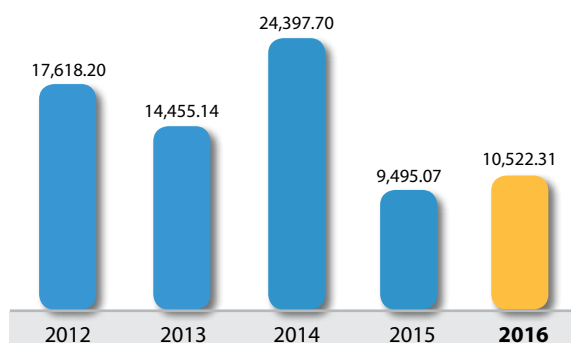
In order to develop the wholesale transaction banking, IBFI increase its cooperation with various Regional Development Banks through the use of Service Transaction Banking, Custody, Treasury, and (General Master Repo Agreement (GMRA) Indonesia amongst other as one of the forms of liquidity support and optimization of investments for the Regional Development Banks. In addition, to support the increase of wholesale transaction banking, IBFI also conducts strategic alliance with the main correspondent banks.

Moreover, in order to support the government's program to accelerate infrastructure development, IBFI has signed a Memorandum of Understanding (MoU) with Germany KfW Bank and the Export-Import Bank of Korea for infrastructure financing. Meanwhile, in order to support development in rural areas as well as the financing in the agricultural sector, IBFI has signed MoU with Nonghyup Bank South Korea.

IBFI Performance 2016

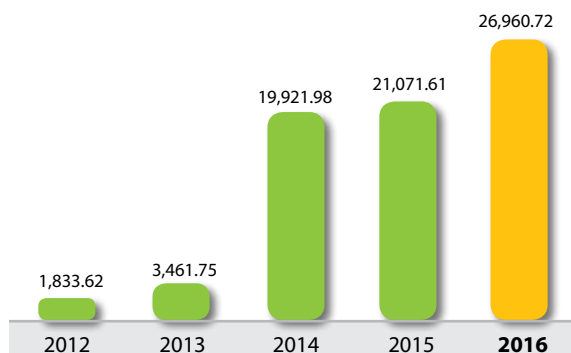
1. In the midst of a decrease in bank liquidity, third-party funds in IBFI group on December 31, 2016 able to increase by 10.82% compared to 2015. Following is IBFI development absorptive from 2012 to mid of 2016 (in Rp billion):

Total Fund Absorption of IBFI 2012-2016



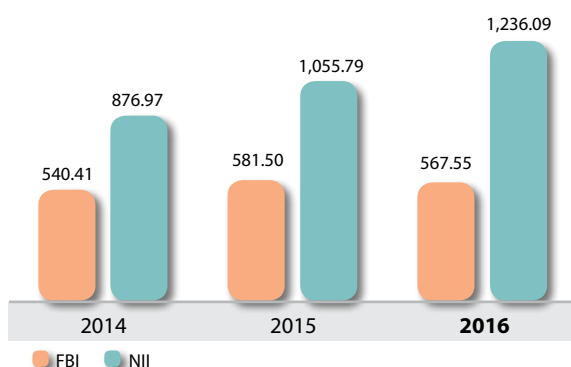
2. Loan disbursement in 2016 has increased by 30.14% compared to 2015. The majority of these loans were distributed through overseas offices. Following is the loan disbursement in 2012 to 2016 (in Rp Billion):

Loan Growth of IBFI 2012-2016



3. In 2016, fee-based income earned by IBFI Group decreased by 2.39%, one of which is due to the reduce income of foreign exchange remittance fee as an after effect of mandatory usage of Rupiah for transactions in country, however the Net Interest income increased by 17% due to the growth in loans and funds. Following is the development of the FBI and the NII from 2014 to 2016 (in Rp billion):

Growth of FBI and NII 2014-2016



4. In 2016, IBFI managed to lead 21.09% remittance business market share from the total volume of national banks, 31% domestic market share trustee services, 7.36% market share custodian services for mutual funds, 18.72% market share of State Bond Management and 30.27 market share of corporate bond management; 22.14% market share trustee issuance of bonds and 23.36% market share monitoring agency Medium Term Notes (MTN), and 54% market share payment bank from the number of stock exchange members.
5. To serve the needs of Renminbi transaction in 2016, as a continuation of Renminbi license acquired on 29 December 2015, Bank Mandiri Branch in Shanghai has managed to gain Cross Border Renminbi License from the local authorities and appoint Bank Mandiri as the only Indonesian bank in China to serve the needs of customers to do Renminbi transactions directly.
6. In order to support the tax amnesty program, IBFI play an active role as a coordinator for the implementation of a tax amnesty program office at Bank Mandiri. Through alliances with the related group, subsidiary companies and offices overseas, until 31 December 2016, the total taxes paid ransom through Bank Mandiri was at Rp16.1 trillion and repatriation of funds collected at Rp23.6 trillion.

IBFI Profitability

As of 31 December 2016, IBFI managed to contribute income to Bank Mandiri for Rp1,803.64 billion or an increase by 10% compared to the previous year.

Strategy and Work Plan 2017

IBFI committed to play an active role in realizing the aspiration of Bank Mandiri to be "Indonesia's best, ASEAN's prominent". Therefore, IBFI will continue to improve the alliances with the whole group and subsidiary companies in developing a wholesale transaction banking.

In 2017, the IBFI will remain focused on wholesale remittance, trade and capital markets services, which will be marketed through bundling products programs with the products and services owned by Mandiri Group. Some of the initiatives that will be developed by the IBFI in 2017 are :

1. Banking solution for insurance company targeted to improve the business with insurance companies, both which has and has not become customers of Bank Mandiri and its subsidiary companies.
2. Transaction banking cooperation with Regional Development Bank.
3. Improvement of remittance transaction, especially on exotic currency.
4. Expanding network for overseas offices.
5. Improving the system capacity and transaction process to support portfolio growth and number of custodian customer.

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Mandiri Overseas Offices

Bank Mandiri Foreign Office focuses on the wholesale segment in Singapore, Hong Kong, Shanghai, Cayman Islands and London (Bank Mandiri (Europe) Limited).

Bank Mandiri Foreign Office committed to continuously improving the service to grow with Indonesia customers by providing a wide range of cross border alternative products/ services to address the needs of international customers' transactions, such as:

1. Financing solutions: Working Capital Loan, Investment Loan, Syndicate Loan, and Collateral Time Deposit Loan.
2. Deposit products: giro, time deposit, settlement account, escrow account.
3. Trade services & trade financing: import products (LC issuance, Issuance Payable at Sight LC, Trust Receipts), Export products (LC advising, LC transfer, Bills Purchasing/ forfaiting, invoice financing), paying agent, reimbursing bank, documentary collection, bank guarantee, standby LC, interbank trade financing.
4. Remittance: incoming and outgoing remittance.
5. Treasury: foreign exchange, promissory note, interbank money market, hedging solutions.

Carrying the vision to be the best in the ASEAN region in 2020, Bank Mandiri Foreign Offices tried to sharpening the business focus for each Foreign Office to become:

1. Bank Mandiri Singapore as Financial Hub
2. Bank Mandiri Hong Kong as International Trade Hub
3. Bank Mandiri Shanghai as Renminbi Center for transaction from Indonesia
4. Bank Mandiri Cayman Island as an extended liquidity management of Bank Mandiri
5. Bank Mandiri (Europe) Limited as a gateway for business group of Bank Mandiri in European, Middle East and Africa market.

Mandiri Overseas Offices Development in 2016

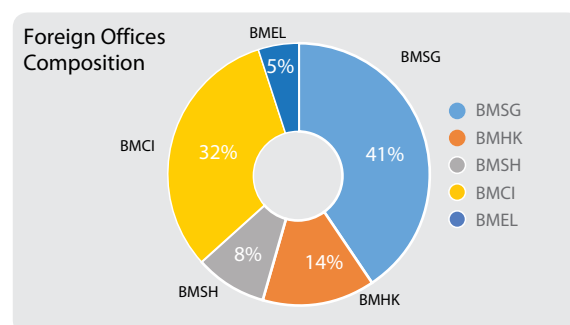
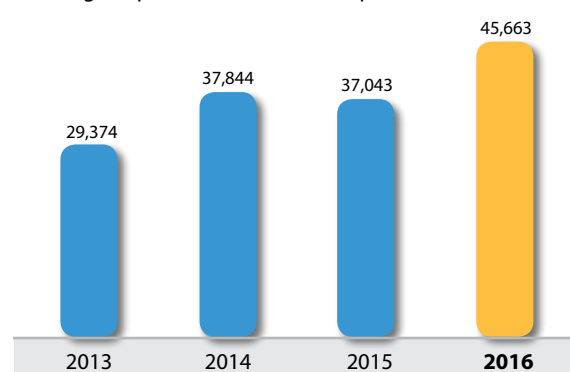
Throughout 2016, the Foreign Office has implemented several strategies related to the development of Bank Mandiri market share in international markets, such as:

1. Improving alliances between business units in Mandiri Group particularly between Bank Mandiri Singapore Mandiri, Mandiri Securities and Mandiri Investment Management to serve the needs of customer's investment products namely bonds, funds, and treasury products.
2. Renminbi service development, such as the distribution of loan and trade financing facilities and remittance in Renminbi currency through Bank Mandiri Hong Kong as well as cross border Renminbi transaction license at Bank Mandiri Shanghai.
3. Improvement of financial solution through syndicate loan and bridging financing (acquisition financing).
4. Optimizing liquidity management through financial instrument.
5. Increasing banking transactional volume by offering treasury and trade product.

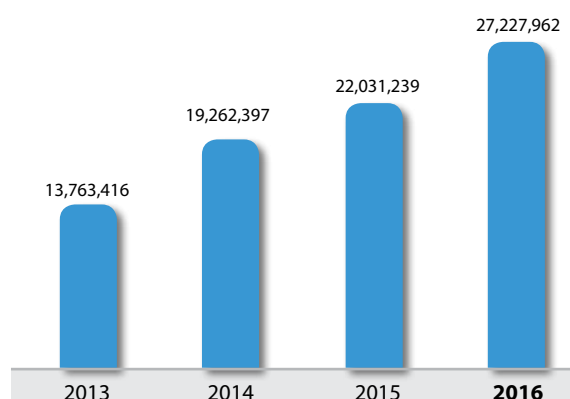
Beside the role as a receiver tax amnesty program payment and a referral channel distribution of funds repatriation for Indonesia territory, the Foreign Office also support the implementation of government programs by acting as a channel of Non-Tax State Income (PNBP).

Mandiri Overseas Offices Performance in 2016

1. In 2016, Bank Mandiri Foreign Office assets has grown while maintaining the quality of the assets distributed. Following is the development of the total assets of the Foreign Office during the period 2013 - 2016 (in Rp billion):



2. Bank Mandiri Foreign Office until December 2016 successfully disbursed loans at Rp27.2 Trillion, an increase of Rp5.19 trillion or 24%.



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Mandiri Overseas Offices Profitability

The total assets of the 5 Bank Mandiri Foreign Office as of December 2016 is above Rp45 trillion with a total revenue of Rp1.05 Trillion. This shows positive performance of Bank Mandiri Foreign Office amid the unfavorable economic situation through the above strategies implementation.

Strategy and Working Plan 2017

Entering 2017, Bank Mandiri Foreign Office will continue the activities that has been started in the previous years by prioritizing the development of Indonesian business-related using a holistic approach to the customer. The Foreign Office will continue working to provide cross-border products/ services solutions as a whole for the development of customer's business in the international market, both in term of financing, treasury, investment, trade services/finances and remittance services.

Retail

Product and Retail Banking Services

Retail Banking segment provides banking retail products for financing consumption needs and credit cards as well as support of business development financing for micro small medium enterprises in terms of investment credit, working capital and multifunction. This segmen also provides facilities of banking fund service in the form of current account, saving, and deposit as well as investment funds for individual customers from mass segment to mass affluent segment including micro small medium enterprise customers. Retail banking segment also promotes synergy of Mandiri Group by managing 5 companies subsidiaries, namely Bank Mantap, Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri AXA General Insurance as well as Mandiri International Remittance.

Following are various products/Services of Retail Banking :

1. **Mandiri Home Mortgage Loan**
Mandiri Home Mortgage Loan is a mortgage loan from Bank Mandiri granted to individuals for the purchase of residential / apartment / office / home office sold through Developer or Non-Developer. Varian products Mandiri KPR includes Mandiri KPR Regular, Mandiri KPR Top Up, Mandiri KPR Take Over, Mandiri KPR Duo, Mandiri KPR Flexible, and Mandiri KPR Term Instalment (Angsuran Berjenjang).
2. **Mandiri Multipurpose Loan**
Mandiri Multipurpose Loan is a loan given to individual for various consumption need with a home/apartment/ office/home office certificate as collateral and Mandiri Multipurpose includes Mandiri KPR Multiguna Regular, Mandiri KPR Multiguna Top Up, and Mandiri KPR Multiguna Take Over.
3. **Mandiri Non-Collateral Loan**
Mandiri Non-Collateral Loan is independent loan without collateral from Bank Mandiri for a variety of needs such as education, marriage, health, home renovations and other

family needs which includes Mandiri KTA Regular, KTA Payroll and KTA Selected Company.

4. **Mandiri Auto Loan**
A loan to purchase new vehicles and used vehicles for individuals (people)/company for personal use or business through finance subsidiaries which includes Retail financing, Fleet financing and KKB.
5. **Business Banking Cash Loan**
A credit facility provided in the form of cash or transfer and is effectively the debtor debt to Bank Mandiri. The form of loans is very diverse, including Working Capital Loan, Loan for Investment, Cash Collateral Loan, and Loan for Productive Enterprises and financing schemes on leading economic sector. 14 priority economic sectors, namely healthcare, FMCG (fast moving consumer goods), telecom, oil & gas, agriculture, aviation, tobacco, information technology, government, media, construction, education, textiles and road and rail.
6. **Business Banking Non-Cash Loan**
A credit facility provided in the form of underwriting (the ability to make payments at a later date) so it does not do cash withdrawal or transfer. Products / services of this loans consists of Products Import & Trust Receipt, Letter of Credit Home Affairs (SKBDN), Forfaiting and Bank Guarantee..
7. **Business Banking Program Loan**
An implementation of the Government appointment to Bank Mandiri as the Distributor Bank for loan program consisting of Food and Energy Security Loan (Kredit Ketahanan Pangan dan Energi/KKP-E), Plan Energy Revitalization Development Loan (Kredit Pengembangan Energi Nabati Revitalisasi Perkebunan/KPEN-RP), Cow Nursery Business Loan (Kredit Usaha Pembibitan Sapi/ KUPS).
8. **Micro Business Loan (KUM)**
KUM specifically given to Micro Business with a maximum loan limit of Rp100 million. Especially for top up facility the limit allowance is up to 200 million. This financing facility can be granted to all owners of micro enterprises and household businesses either in the form of companies, business groups, and individuals (such as traders, farmers, ranchers, and fishermen.
9. **Micro Multipurpose Loan (KSM)**
Micro Credit is intended for customers who need investment credit (KI) and or working capital credit (KMK) for the development of a productive business and consumptive micro scale. This financing facility can be granted to all owners of micro enterprises and household businesses either in the form of companies, business groups, and individuals (such as traders, farmers, ranchers, and fishermen.
10. **People's Enterprise Credit (KUR Retail)**
Bank Mandiri also has KUR program for productive business at segments of micro, small, medium and proper/ feasible cooperation, but not yet bankable for working

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capital and/or investment credit through direct and indirect financing pattern. The maximum limit of KUR Retail can reach Rp500 million with extension tenor until 6 years for KI and 10 years for KMK.		facilities as well as special attention to financial growth. The existence of Mandiri Priority Banking Officer and Relationship Manager is important in aligning financial growth with a portfolio and Customer's characteristics.		
11. Program for Fishermen (JARING Nelayan Program) In order to support program of OJK and Ministry of Maritime and Fisheries Affairs to empower fishermen community, Bank Mandiri provides JARING Credit (Reach, Synergy, and Guideline) for Fishermen including to create guideline of financing to financial services sector from upstream to downstream (value chain) as well as the role from involved parties. This program is expected to increase optimism, interest, and commitment of Financial Services Subjects to enter and explore the maritime and fisheries sector. Thus, it can be flourish sustainably and competitive. 12. Mandiri Credit Card Mandiri Credit Card is a form of credit card with Visa International and Master Card Worldwide logo. Various product offered include individual, commercial and corporate credit card with choices of Silver, Gold, Platinum and High Networth type of cards 13. Mandiri Clearing Mandiri Clearing is a saving of third party in Rupiah which withdrawal can be done anytime using cheque, clearing, or other payment order as determined by Bank Mandiri 14. Mandiri Saving Mandiri Savings is a savings product in the form of fund deposits which withdrawal can be done anytime using specific media, but unable to use a bank draft, cheque or other similar instrument. The requirements to open the product was considered to be very easy and simple. Mandiri Saving's products offered is diverse which can be tailored to customers' needs, namely Business Savings Mandiri, Mandiri Savings Plans, Mandiri Investors Savings Mandiri, Mandiri Savings Haj and Mandiri Foreign Currency Saving. Additional facilities to complement these products are Mandiri Debit Card, Mandiri Internet, Mandiri Mobile SMS and Mandiri ATM.		18. Investment and Banc assurance Product Bank Mandiri Investment Products consists of mutual funds, Retail Bonds and Sukuk Retail. Meanwhile, Bank Mandiri Banc assurance Services consist of AXA Mandiri Financial Services, Mandiri Investasi Sejahtera, Mandiri Jiwa Sejahtera, and Mandiri Rencana Sejahtera. 19. Tax Amnesty Mandiri Program (TA) Bank Mandiri also gathers repatriation fund arising from tax amnesty program which then placed in banking products such as savings, deposits, and investment product (i.e bonds, sukuk, mutual funds, insurance, treasury, asset management, capital market, capital/venture funds) as well as other non- financial instruments. This program is supported by 50 priority outlets, 1,460 branch offices throughout Indonesia, and 7 overseas networks.		
15. Mandiri Deposit Mandiri Deposit is saving with a certain term in the form of Rupiah or other foreign currency 16. Mandiri Debit Mandiri Debit is a card facility from Bank Mandiri Rupiah Saving/Clearing for individual which can be used for transaction in ATM, merchant (with EDC machine), online merchant/eCommerce. 17. Mandiri Prioritas & Mandiri Private Mandiri Priority is an exclusive service of the Bank specifically for premium customers, which enables such customers to obtain the best exclusive services and		1. 2016 Regional Fiestapoin Auction as a grand event of fiestapoin conducted for the first time in all regions (10 cities) in November-December 2016. 2. Mandiri Sahabatku is present to enhance the dignity of Indonesian Migrant Workers which are mostly women who are often marginalized in all respects. Mandiri Sahabatku is instrumental in helping them to better grow and learn entrepreneurship for attaining a brighter future. This product represents an independent entrepreneurship training program for a better future of Indonesian Migrant Workers. Bank Mandiri continues to kindle the spirit of entrepreneurship. This program, held in collaboration with Mandiri University, has since 2011 engaged with 8,377 migrant workers in Hong Kong, Malaysia and South Korea in training programs on entrepreneurship. In 2016, Mandiri Sahabatku has reached 10,000 members. This program is also a CSR program in order to enhance remittance in Indonesian Workers destination countries. 3. Collaboration in Remittance Services with 7-Eleven Hong Kong, PT Bank Mandiri Tbk. Is committed to help Indonesian abroad send money back home. Fulfilling this commitment, the Bank works closely with Dairy Farm Company Limited, which runs 7-Eleven business in Hong Kong, to receive remittance deposits from Indonesian society there. This collaborative platform between Bank Mandiri and 7-Eleven is currently supported by more than 900 outlets and capable of providing around 150,000 Indonesian Migrant Workers with a solution for sending money to their relatives in the country. Under this partnership, Indonesian community members who wish to send money do not need to come and queue at a bank office; it would be enough for them to show a payment card issued and received from Bank Mandiri in all 7-Eleven outlets in Hong Kong.		

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4. Tax Amnesty Program of Mandiri Group, Wealth Management Group with IBFI gathered repatriation fund with total amount of retail segment to reach Rp11.21 trillion (Third Party Fund) and Rp531 billion (AUM) in 2016.
5. Development of S-INVEST, an integrated Investment Management System development (mutual fund transaction process automation) which is a strategic program of OJK in 2016.
6. Expansion of Credit Card acquisition channel by developing new product, among others CoBrand Mandiri Pertamina Card, JCB Card and relaunching program of Signature card.
7. Improvement Strategy of Current Account & Saving Account (CASA) Debtors through MAPAN and PINTAR program.
 - a. MAPAN (Mandiri Abungan Pinjaman)
MAPAN represented a program aimed at increasing debtor's CASA average balance to at least 20% of the average (outstanding) debit balance with reward being a decreased interest rate of maximum 0.5% for the existing debtors and giving competitive interest rates for potential borrowers.
 - b. PINTAR (Pindah Transaksi Rekening)
Several debtors of Business Banking segment remained actively doing account activities in their loan accounts so a program was needed to move the transactions and payments of their loan installments to CASA account. With PINTAR, the debtors were not allowed to get a check/bilyet giro (BG) from the loan account and instead earned rewards taking the form of two free checkbooks/BGs every month for a certain period.
8. Enhancement of Small Business Credit with good quality through PRIMA and Excellent Sectors
 - a. PRIMA (Program Referral Internal Mandiri)
In order to achieve the target of credit growth in Business Banking, Bank Mandiri intensified the strategies aimed for existing customers who already have CASA holding products in Bank Mandiri, but yet to receive a credit facility. Through PRIMA, RM or ARM obtained potential and quality targeted customers while potential borrowers got a reward in competitive interest rates.
 - b. Finance Schemes for Leading Economic Sectors
This hinted at finance schemes carried out for 14 priority economic sectors integrated into the Bank's priority sectors, which comprises FMCG, oil & gas, telecommunications, construction, healthcare, road & rail, plantation, airlines, tobacco, IT, government, media, education and textiles.

9. In order to support the implementation of the Financial Services Office Without as part of Inclusive Financial/Branch Less or LAKU PANDAI according POJK No. 19/POJK.03/2014 and SEOJK No. 6/SEOJK.03/2015, Micro Banking Group has implemented the Branch Less program nationally on 13 July 2016.

Branchless is an activity providing banking services and/or other financial services that do not required an office network, but through cooperation with other parties and should be supported by the use of information technology infrastructure. In this case the Bank cooperates with Branchless Banking Agencies that have spread across Indonesia.

To support the initiative LAKU PANDAI, mainly in the form of savings products Basic Savings Account (BSA), Bank Mandiri made products with brand name Saves Makmur Mandiri (SIMAKMUR). SIMAKMUR a savings account in Rupiah for individuals who have never had an account at Bank Mandiri and the implementation is done in accordance with the terms and conditions that apply.

The segment in LAKU PANDAI are unbanked communities in both urban and rural areas, so as to promote the financial inclusion program.

Product and program Strategy of Branchless Banking:

- a. **Development of Individual Agent Acquire System**
(Pengembangan Sistem Akuisisi Agen Individual/SAAI)
It required a system that can support the development of the acquisition process of Branchless Banking Agent. One of them is the development of Individual Agent Acquisition System (SAAI) where a field officer (Sales Representative Branchless Banking /SRBB) who tasked to get prospect can input data can be integrated to the Headquarter.
- b. **Boosting Acquired Program**
 - Reference to acquire agent from top-up KUM debtor minimum of Rp30 million
 - Acquire of PPOB box to be individual agent
 - Racing SRBB acquire competition nationally

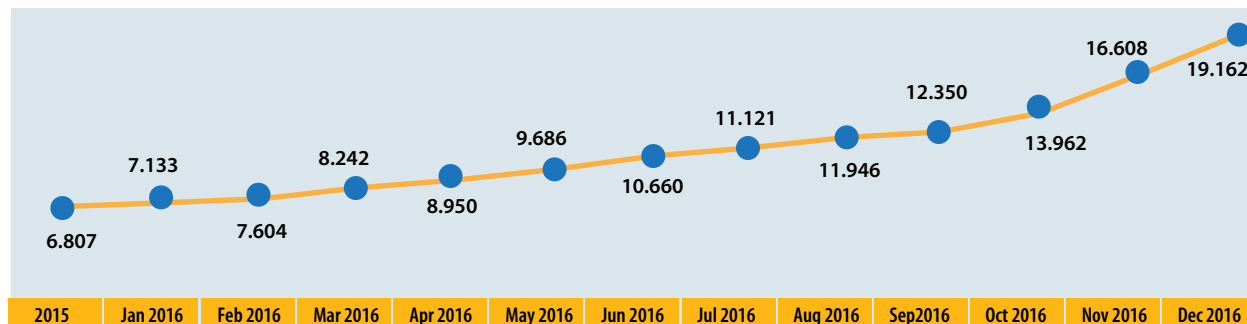
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c. Projects done as part of Branchless Banking program are:

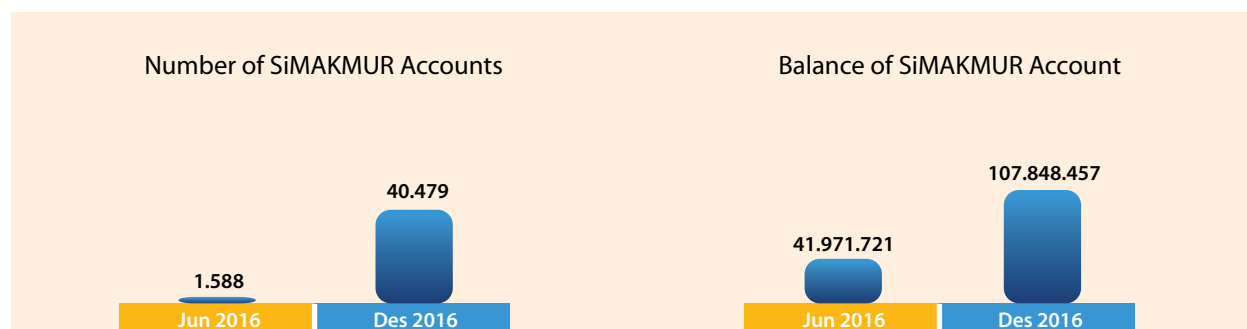
Pilot Project Collaboration with Third Party	Gold Installment	Agrifin-Performance	MFS for Women Entrepreneurship
	Collaboration with BSM	Collaboration with Syngenta and Mercy Corps Indonesia	Collaboration with CDG, MCI and J-PAL
	Gold Installment where agents provide referral to BSM	Bundling service Program of branchless banking and loan for farmers in Malang	Program of women development through branchless banking services
	Status: Pilot Project commenced on May 9, 2016	Status: First Phase Accomplishment: September 2015-Juni 2016	Status: Pilot in Tuban Sub District, Ngawi, Bojonegoro
Pilot Project Collaboration with Third Party	Bundled Service in agricultural community	DKPP	
	Collaboration with Mercy Corps Indonesia	Collaboration with PPOB DKPP	
	Plan of branchless banking implementation for farmers (cane, corn, oil palm) in several Indonesian regions.	Acquisition of PPOB DKPP counters to be Bank Mandiri branchless banking agents	
	Status: Ongoing project in Kutacane, Aceh Tenggara	Status: Launching in December 2016: 155 agents are successfully acquired (ongoing pipeline of 8,000 counters)	
Pilot Project Related to Agent BB	BB Project in Agricultural Community	Disbursement of RASTRA	
	Collaboration with Region IX	Collaboration with TNP2K	
	Provision of BB agents at palm plantation in less-cash society program	Trials of RASTRA disbursement by using BB agents and mobil banking as channel of fund disbursement from the Government	
	Status: Ongoing project at PT BGA Pangkalan Bun, Kalimantan	Status: Project took place in September - November 2016	
Project of 3 Segments	School	Community	Factory
	Student customers as target in school segment, including teacher and student's parents to do banking transactions by using branchless banking services	Group community as target in community segment to do transaction through branchless banking agents	Factory labours as target in factory segment to do banking transaction through branchless banking services

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Target and Realization of 2016 for Banking Agent and SiMakmur Savings



On 31 December 2016, a number of 19,162 individual agents recruited or 108.16% from targeted proposed for 2016 at 17,715.



Meanwhile for SIMAKMUR as of 31 December 2016 has recorded 40,479 accounts with a balance of Rp107,848,457. It is expected for the number of customers and balance of SIMAKMUR to continue increase and reached out all level of the communities.

Retail Banking Performance in 2016

Throughout 2016, the achievement of Bank Mandiri Retail Banking segment are:

Third Party Fund for Retail Banking Development

Retail Banking Third Party Fund (DPK) total deposits as of December 2016 has reached Rp435 trillion, an increased by Rp45.3 trillion or 11.6% compared to 31 December 2015. Composition of the third party funds in 2016 consisted of 10.5% current account, 59.6% savings, and 29.9% time deposit.

Retail Banking Credit

Retail credit disbursed until December 2016 reached Rp196,194 billion or increased Rp20.98 trillion (12.0% YoY) from 2015 amounted to Rp175,211. The retail segment NPL was still under control at around 2.91%, similar to 2015 of 2.90%. The growth of retail credit was promoted by the increase of Mortgage of Rp5.4 trillion or grew 17.8% YoY with a number of units financed during 2016 as much as 16,732 units and Micro KUM of Rp5.3 trillion, grew by 20.3% including KUR disbursed amounted to Rp13 trillion throughout 2016.

Fee Based Income

Retail Banking Fee Based Income as of December 2016 was at Rp 8.6 trillion and contributed for 46.7% of a total Bank Mandiri fee based at Rp18.4 trillion.

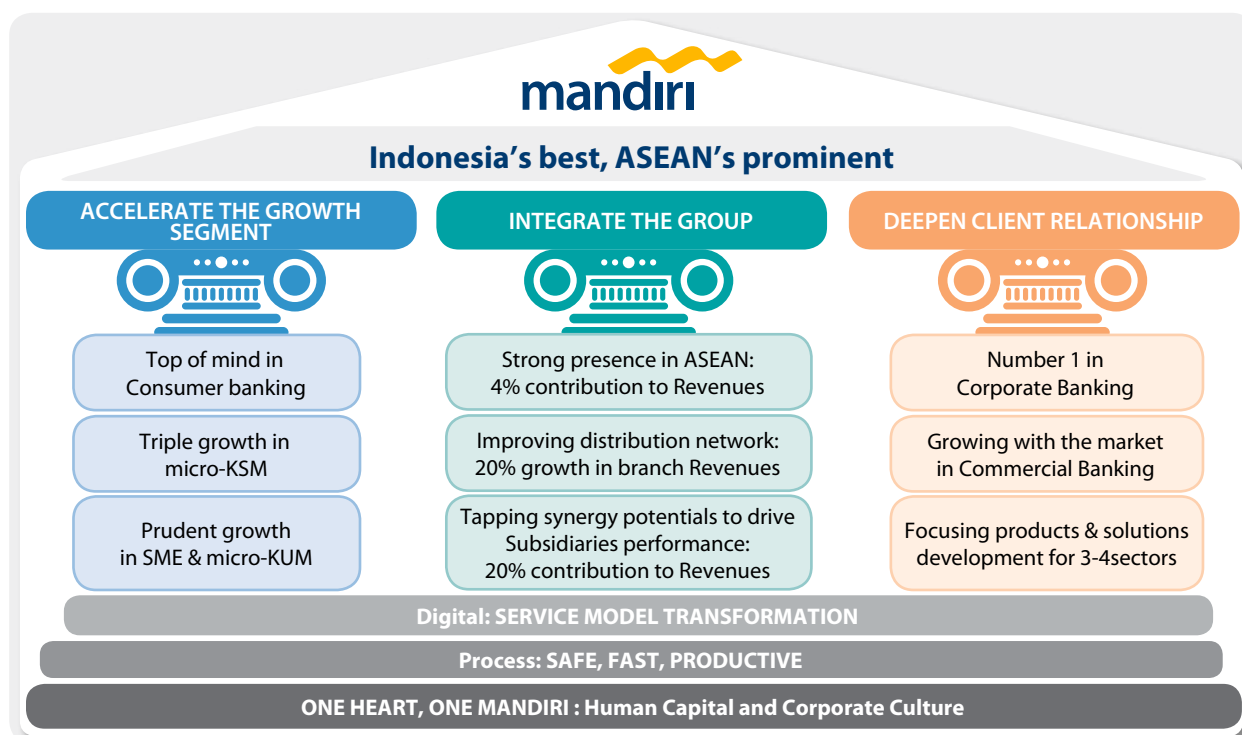
Retail Banking Profitability

Up to end of 2016, Retail Banking managed to booked net interest income of Rp29.2 trillion, other operating income of Rp8.6 trillion and generated contribution margin of Rp25.7 trillion.

2017 Strategy and Work Plan of Retail Banking Segment

In accordance with the aspiration of Bank Mandiri Corporate Plan (Restart Corplan) 2016-2020, the consumer and Micro KSM become new core (2nd core) to pursue a good quality growth. Accordingly, in 2017 retail banking segment has established the following strategy and work plan:

1. Bank at Work (BAW), is a program to promote a good quality credit expansion through intensification and extensification basis of Bank Mandiri payroll accounts. The BAW product package is offered in two variants, i.e prime package and VIP package. The prime package beomes benefit default of customers who receive payroll through Bank Mandiri offered in 6 benefit credit products/financial services, namely Mandiri KTA, Mandiri KPR, Mandiri Auto Loan, KSM, Mandiri Card, and Mandiri Insurance.

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- Home loan (KPR) disbursement to Tier 1 Developer. In accordance with Restart Corplan aspiration, the credit growth in retail segment will be promoted by the increasing KPR with focus on Tier 1 Developer. Financing focus to KPR is the main key to build better relationship with customers.
- Micro KSM & KTA Disbursement. In addition, in order to encourage a good quality credit growth, the growth of credit in retail segment will be supported by the improvement of KSM and KTA. The Development of KSM and KTA will be promoted by the following ways:
 - Penetration of payroll customers is similar to Client Tiering Platinum workers.
 - Penetration of non-payroll customers
 - Cross sell between segment and product of Bank Mandiri that reach customers. existing debtors and e-channel users.
- Focusing development of products and services for Gen Y, Bank Mandiri saw the potentials of Gen Y customer segment are capable of making significant contribution to the Bank's development in raising fund and engaging with customers in a sustainable manner, especially in the long term. Bank Mandiri views that to maximize this potential, a specific strategy is needed for Gen Y. Bank Mandiri will offer products and services tailored specifically to the needs, characteristics and behaviors of customers in this segment.
- Fiestapoin Integration, a loyalty program for fiestapoin collection and exchange based customers.
- Mandiri Dagang Untung 2017, a loyalty program for primary customers.
- Selective expansion of Small Business credit. Considering the susceptible economic condition to risk for SME entrepreneurs, therefore Bank Mandiri will be more selective in disbursing Small Business financing which is currently focused on 14 superior sectors. However, Bank Mandiri Small Business will view local wisdom and potential of each region in Indonesia by developing region superior scheme with due observance of business/anchor potential (corporate and commercial banking customers) of each region. Expansion of Small Business Credit also focuses on optimization of individual customers non-debtor customers who have significant transaction at Bank Mandiri through Mandiri internal referral program (PRIMA), Cluster, and Value Chain.
- The credit quality management of Small Business. In order to promote the improvement of credit quality of Small Business, Bank Mandiri will sustainably improve the business process, system development up to enhancement of Small Business Human Resources capacity which cover:
 - Enhancement of IPS and development of BBMS (Business Banking Mobile System).
 - Implementation of business process for credit limit up to Rp2 billion (retail loan process).
 - Implementation of credit management and productivity standard including to prepare career path.
 - Improvement of capability and product knowledge through training and mentoring.

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Integrated the Group

Distributions

Distributions presence as a unit is to do monitoring the performance and supervising branches of Bank Mandiri in Indonesia. In operational activity, Bank Mandiri divide into 12 areas / regions where each region has a scope of responsibilities to develop business of Bank Mandiri and Mandiri Group within its business areas coverage.

Subsidiary Companies

The performance of subsidiary companies has reflected in the Consolidate Financial Report of Bank Mandiri.

Financial Performance Review

Income Statement

During 2016 Bank Mandiri successfully booked Consolidated Net Income amounted to Rp13,807 billion, decreased by 32.10% from 2015 amounted to Rp20,335 billion. The decrease was mainly driven by the increase of Allowance for Impairment Losses of Rp13,279.16 billion or rose 113.84% from the previous year of Rp11,664.84 billion to Rp24,944 billion.

Table of Summary of Consolidated Income Statement 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Operating Revenue	86,690.04	99,495.70	105,374.05	5.91%
Operating Expense	-55,563.59	-61,371.39	-62,878.02	2.45%
Allowance for Impairment Losses	-5,718.13	-11,664.84	-24,943.94	113.84%
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	5.31	-198.45	181.46	-194.79%
Reversal of Allowance for Possible Losses	183.48	-179.24	117.64	-165.63%
Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts	146.52	-18.31	15.60	-185.20%
Gain from the Sale of Marketable Securities and Government Bonds	234.46	275.50	745.90	170.74%
Operating Income	25,978.11	26,338.97	18,612.72	-29.33%
Non-Operating (Expense)/ Income - Net	29.91	30.46	-39.76	-230.53%
Income Before Tax and Non-Controlling Interests	26,008.02	26,369.43	18,572.96	-29.57%
Tax Expense	-5,353.23	-5,217.03	-3,922.80	-24.81%
Net Income	20,654.78	21,152.40	14,650.16	-30.74%
Net Income attributable to:				
Non-Controlling Interests	782.91	817.43	843.60	3.20%
Parent Entity	19,871.87	20,334.97	13,806.57	-32.10%

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Table of Consolidated Income Statement 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Net Income	20,654.78	21,152.40	14,650.16	-30.74%
Other Comprehensive Income/(Loss) - after tax	827.90	-705.57	25,694.89	3,741.72%
Comprehensive Income for the Current Year	21,482.68	20,446.83	40,345.05	97.32%
Comprehensive Income attributable to:				
Parent Entity	20,699.77	19,658.16	39,484.14	100.85%
Non Controlling Interests	782.91	788.67	860.91	9.16%

Operating Revenue

Operating Revenue consisted of interest income, premium income, provision and commission, net gain in foreign currencies as well as other operating revenues. In 2016, operating revenues increased by 5.9% from Rp99,495.70 billion in 2015 to Rp105,374 billion which was still dominated by the increase in interest income of 7.2%, sharia income of 6.94% and provision and other commissions of 14.23%.

Table of Operating Income 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Interest Income	57,563.26	66,366.66	71,145.40	7.20%
Sharia Income	5,074.68	5,203.47	5,564.49	6.94%
Premium Income	9,364.28	9,546.89	9,377.74	-1.77%
Provision (Admin Fee) and Other Commissions	9,131.97	10,014.81	11,440.00	14.23%
Net Gain in Foreign Currencies	1,587.64	2,238.10	2,265.23	1.21%
Others	3,968.20	6,125.77	5,581.18	-8.89%
Total Operating Income	86,690.03	99,495.70	105,374.04	5.91%

Operating Expense

In 2016, operating expense increased by 2.45% amounted to Rp62,878.03 billion compared to 2015 position at Rp61,371.39. The increase was dominated by contribution of salaries and benefits of 10.04% as well as general and administrative expenses of 9.05%. Following is the composition of operating expenses and its increases in recent years.

Operating Expense 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Sharia and Interest Expense	23,505.52	26,207.02	24,884.52	-5.05%
Claim Expense	6,683.72	6,409.82	6,725.31	4.92%
Salaries and Benefits	10,848.03	12,376.66	13,618.75	10.04%
General and Administrative Expense	11,448.31	12,799.85	13,958.21	9.05%
Others - Net	3,078.01	3,578.04	3,691.24	3.16%
Total Operating Expense	55,563.59	61,371.39	62,878.03	2.45%

Meanwhile, interest expense and sharia expense decreased by 5.05% due to the fall of Cost of Fund which was aligned with the monetary policy situation towards easing money policy, giving the impact to the decrease in benchmark interest rate (BI Rate) which then influenced the Bank interest rate.

(Allowance)/Reversal of Provision for Impairment Losses

In 2016 allowance for Impairment Losses of Bank Mandiri rose 113.84% to Rp24,944 billion compared to 2015 of Rp11,664.84 billion. The increase was mainly due to loans disbursed which increased to Rp24,277.36 billion in 2016 as compared to 2015 of Rp11,460.58 billion. The increase of allowance for impairment losses is one of risk mitigation related to credit quality. Meanwhile, impairment provision for consumer financing receivables also recorded an increase of 56.03% in 2016 to Rp455.03 billion compared to 2015 which stood at Rp291.63 billion.

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Table of (Allowance)/Reversal of Provision for Impairment Losses 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Current accounts with other banks	6.85	0.05	0.18	282.61%
Placements at other banks	10.32	26.26	-21.42	-181.56%
Marketable securities	-18.81	-34.40	-24.09	-29.97%
Receivable from marketable securities	-115.52	41.43	-35.09	-184.69%
Other receivables - trade transactions	-41.94	41.94	0.00	-100.00%
Loans	-5,294.73	-11,460.58	-24,277.36	111.83%
Consumer financing receivables	-209.11	-291.63	-455.03	56.03%
Net investment in lease finance	-10.81	2.36	-0.20	-108.47%
Acceptance Receivables	-44.87	16.82	-130.91	-878.29%
Equity Investments	0.49	-7.09	-0.03	-99.57%
(Allowance)/Reversal for Provision of Impairment Losses	-5,718.13	-11,664.84	-24,943.94	113.84%

(Allowance)/Reversal for Possible Losses

In 2016, Bank Mandiri recorded reversal for possible losses of Rp117.64 billion, increased by 165.63% as compared to 2015 position of Rp-179.24 billion. The reversal related to estimated losses arising from the legal cases which mostly contributed of Rp265.39 billion as compared to 2015 of Rp-11.59 billion.

Meanwhile, estimated loss arising from fraud cases booked allowance of Rp-45.80 billion or increased by 345.96% compared to 2015 of Rp-10.27 billion. While other assets recorded allowance of Rp-101.96 billion or changed by 35.21% compared to 2015 which recorded Rp-157.38 billion.

Table of (Allowance)/Reversal for Possible Losses 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Estimated losses arising from fraud cases	11.71	-10.27	-45.80	346.09%
Estimated losses arising from legal cases	129.30	-11.59	265.39	-2,389.82%
Other assets	42.47	-157.38	-101.96	-35.22%
(Allowance)/Reversal for Possible Losses	183.48	-179.24	117.64	-165.63%

Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts

Overall, the gain/(losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts were Rp15.64 billion, a slightly change as compared to 2015 amounted to Rp-18.31 billion.

In 2016, unrealized decrease in marketable securities amounted to Rp3.5 billion, meanwhile government bonds recorded unrealized gain of Rp12.13 billion, gain on change in fair value of policy holders' amounted to Rp1,416 billion in 2016 and decrease in liability of unit-linked contracts investment amounted to Rp1,416 billion in 2016.

Table of Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Marketable securities	93.82	0.99	3.51	254.54%
Government Bonds	52.70	-19.30	12.13	162.84%
Changes in fair value of policy holders' investment and increase/(decrease) in liability in unit-linked contracts				
Change in fair value of policy holders' investment	2,860.35	2,142.17	1,416.02	-33.90%
Increase/(decrease) in liability of unit-linked contracts	-2,860.35	-2,142.17	-1,416.02	-33.90%
Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts	146.52	-18.31	15.64	185.41%

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Gain on Sale of Marketable Securities and Government Bonds

Gain on sale of marketable securities and government bonds were recorded Rp745.90 billion in 2016. This figure increased by 170.75% compared to 2015 which stood at Rp275.50 billion.

Marketable securities measured on fair value through income statement recorded Rp53.96 billion gain, improved from 2015 which book losses of Rp27.76 billion or increased by 294.37%. Available for sale marketable securities decreased to Rp35.26 billion in 2016 as compared to 2015 which recorded Rp62.68 billion gain.

Meanwhile the government bonds measured on fair value through incomes statement rose 181.47% in 2016 to Rp59.73 billion as compared to the gain booked in 2015 of Rp21.22 billion. While the available for sale government bond recorded the highest gain of Rp596.96 billion or increased 172.14% compared to 2015 of Rp219.36 billion.

Table of Gain on Sale of Marketable Securities and Government Bonds 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Marketable securities				
Fair value through profit and loss	39.42	-27.76	53.96	254.54%
Available for sale	33.36	63.68	35.26	-43.75%
Government Bonds				
Fair value through profit and loss	45.22	21.22	59.73	181.48%
Available for sale	116.46	219.36	596.96	172.14%
Gain on Sale of Marketable Securities and Government Bonds	234.46	275.50	745.90	170.74%

Non-Operating Income

In 2016, non-operating income decreased Rp39.76 billion which was dominated by other expenses of Rp44.33 billion. Revenue from KSO transactions was nil in 2016, while the revenue from building rental was Rp13.65 billion in 2016, decreased by 8.10% compared to 2015 of Rp14.85 billion. Gain on sale of fixed assets was Rp0.12 billion in 2016, decreased by 47.83% from 2015 of Rp0.23 billion. The fine amounted to Rp9.20 billion in 2016, which was higher than in 2015 of Rp6.41 billion.

Table of Non-Operating Income 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Revenue from KSO transactions	15.60	29.26	-	-100.00%
Building rental revenue	10.23	14.85	13.65	-8.10%
Gain on sale of fixed assets	4.12	0.23	0.12	-47.83%
Fine	-10.90	-6.41	-9.20	-43.52%
Miscellaneous	10.86	-7.47	-44.33	-493.44%
Non-Operating Income	29.91	30.46	-39.76	-230.55%

Tax Expense

Tax expense consisted of current and deferred tax expenses. In 2016, Tax Expense amounted to Rp3,922.80 billion, decreased by 24.81% compared to 2015 of Rp5,217.03 billion.

Table of Tax Expense in 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Tax expense - current	-5,309.92	-5,548.06	-5,088.92	-8.28%
Tax expense - deferred	-43.31	331.03	1,166.12	252.27%
Tax expense	-5,353.23	-5,217.03	-3,922.80	-24.81%

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Other Comprehensive Income

In 2016, other comprehensive income after income tax amounted to Rp25,694.88 billion or rose 3,741.73% compared to 2015 of Rp-705.57 billion. Bank Mandiri successfully booked profit in 2016 significantly which was contributed by gain on fixed assets revaluation of Rp25,140.56 billion.

Other significant gain was changes in fair value of financial assets available for sale which booked profit of Rp945.23 billion or increased by 174.49% compared to 2015 which booked loss amounted to Rp1,268.96 billion.

Table of Other Comprehensive Income 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Items that will not be reclassified to profit or loss				
Gain on fixed assets revaluation	-	-	25,140.56	-
Actuarial gain	-	339.70	-288.90	-185.05%
Income tax on Items that will not be reclassified to profit or loss		-65.96	57.78	187.60%
Items that will be reclassified to profit or loss				
Adjustments on translation of financial statements in foreign currencies	-18.00	39.18	-40.72	-203.93%
Changes in fair value of financial assets available for sale	1,057.37	-1,268.96	945.231	174.49%
Income tax on Items that will be reclassified to profit or loss	-211.47	250.47	-119.06	-147.54%
Total Items reclassified to profit or loss	827.90	-979.31	785.35	180.20%
Total Other Comprehensive Income	827.90	-705.57	25,694.88	3,741.73%

Attributable Net Income and Comprehensive Income

Attributable net income in 2016 was Rp14,650.16 billion, decreased by 30.74% compared to 2015 of Rp21,152.40 billion. Net Income attributable to owners of the parent in 2016 amounted to Rp13,806.57 billion, declined by 32.10% compared to 2015 amounted to Rp20,334.97 billion. While net income attributable to non-controlling interests in 2016 was Rp843.60 billion, rose 3.20% compared to 2015 of Rp817.43 billion.

In 2016 Comprehensive Income attributable to owners of the parent entity amounted to Rp39,484.14 billion, increased by 100.85% compared to 2015 of Rp19,658.16 billion. While comprehensive income attributable to non-controlling interests in 2016 amounted to Rp860.91 billion, increased by 9.16% compared to 2015 of Rp788.67 billion.

Table of Attributable Net Income and Comprehensive Income 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Owners of the Parent Entity	19,871.87	20,334.97	13,806.57	-32.10%
Non-Controlling Interests	782.91	817.43	843.60	3.20%
Net Income attributable to:	20,654.78	21,152.40	14,650.16	-30.74%
Parent Entity	20,699.77	19,658.16	39,484.14	100.85%
Non-Controlling Interests	782.91	788.67	860.91	9.16%
Comprehensive Income attributable to:	21,482.68	20,446.83	40,345.05	97.32%

Earnings per Share

Earnings per Share of Bank Mandiri in 2016 were recorded Rp591.71 billion, a decrease of 32.10% compared to 2015 of Rp871.50 billion. Earnings per share is consolidated net income for the year which is divided by weighted average number of shares issued and fully paid in the current year. The weighted average number of outstanding shares used as the divisor in calculating basic and diluted earnings per share on December 31, 2016 and 2015 respectively of 23,333,333,333 shares.

Table of Earnings Per Share 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Basic (in full Rp)	851.66	871.50	591.71	-32.10%
Diluted (in full Rp)	851.66	871.50	591.71	-32.10%

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Analysis of Financial Position

Assets

Total Assets of Bank Mandiri in 2016 increased by 14.14% to Rp 1,038.70 trillion compared to 2015 of Rp 910.06 trillion. The increase was mainly due to the increase in several activities such as: loans which grew 11.18% in 2016 to Rp662.01 trillion compared to 2015 of Rp595.46 trillion. Meanwhile, placements at BI and Other Banks-net also increased by 97.25% in 2016 to Rp73.62 trillion as compared to 2015 of Rp37.32 trillion. Securities – net also increased by 29.58% in 2016 to Rp56.55 trillion compared to 2015 of Rp43.64 trillion. Reverse Repo, derivative claims and other claims-net also increased by 33.63% in 2016 to Rp19.46 trillion compared to 2015 of Rp14.56 trillion.

Table of Financial Positions 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Cash	20,705	25,109	22,906	-8.77%
Current Accounts at Bank Indonesia	50,599	56,314	52,485	-6.80%
Current Accounts at Other Banks – net	8,983	10,152	10,360	2.05%
Placements at BI and Other Banks – net	61,118	37,321	73,617	97.25%
Marketable Securities - net	40,465	43,642	56,552	29.58%
Government Bonds	86,154	103,869	98,933	-4.75%
Reverse Repo, Derivative Claims & Other Claims - net	31,468	14,563	19,461	33.63%
Loans*	529,974	595,458	662,013	11.18%
Provision for Loan Impairments	-17,919	-22,558	-32,945	46.05%
Acceptance Claims - net	13,007	11,224	14,548	29.62%
Equity Investments - net	55	48	245	410.42%
Fixed Assets and Intangible Assets - net	10,573	11,677	37,619	222.16%
Other Assets**	19,858	23,244	22,911	-1.43%
Total Assets	855,040	910,063	1,038,706	14.14%

*) Including consumer finance receivables and net investments in financial leasing.

**) Including prepaid expenses, prepaid taxes and deferred tax assets.

Cash

Bank Mandiri's cash position in 2016 was Rp22,906 billion, decreased by Rp2,203 billion from the previous year of Rp25,109 billion, a decrease of 8.77%. The cash consisted of main cash, ATM and CDM cash and petty cash.

Current Accounts at Bank Indonesia

Current Accounts at Bank Indonesia decreased by 6.80% to Rp52,485 billion in 2016 from Rp56,314 billion in 2015.

Table of Current Accounts at Bank Indonesia 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Rupiah	40,379	44,557	41,014	-7.95%
US Dollars	10,220	11,757	11,471	-2.43%
Current Accounts at Bank Indonesia	50,599	56,314	52,485	-6.80%

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Current Accounts at Other Banks

Total Current Accounts at Other Banks increased to Rp10,360.17 billion in 2016 or grew 2.05% compared to 2015 amounted to Rp10,152.21 billion. The increase was mainly due to the increase in forex and Rupiah current accounts at other banks as presented in the following table:

Table of Current Accounts at Other Banks 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Rupiah				
Related Party	19.87	23.07	25.69	11.36%
Third Party	258.21	448.18	482.68	7.7%
Total rupiah	278.08	471.25	508.37	7.88%
Foreign Exchange				
Related Party	1.07	1.45	0.17	-88.27%
Third Party	8,707.68	9,682.93	9,854.67	1.77%
Total Foreign Exchange	8,708.75	9,684.37	9,854.84	1.76%
Allowance for Impairment	-3.36	-3.41	-3.05	-10.56%
Total current accounts at other banks	8,983.47	10,152.21	10,360.17	2.05%

Placement at Bank Indonesia and Other Bank

Placement at Bank Indonesia and Other Bank in 2016 increased by 97.25% to Rp73,617.00 billion compared to 2015 of Rp37,321 billion. The placement in Rupiah rose to Rp38,157 billion in 2016 as compared to 2015 of Rp11,561 billion or increased by 230.05%. Meanwhile, the placement in foreign exchange also increased by 37.62% to Rp35,543 billion in 2016 compared to Rp25,827 billion in 2015.

Table of Current Accounts at Bank Indonesia and Other Banks 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Rupiah				
Related Party	1,250	1,572	1,197	-23.85%
Third Party	34,602	9,989	36,960	270.01%
Total rupiah	35,852	11,561	38,157	230.05%
Foreign Exchange				
Related Party	253	419	529	26.13%
Third Party	25,108	25,408	35,014	37.81%
Total Foreign Exchange	25,361	25,827	35,543	37.62%
Allowance for Impairment	-95	-67	-83	23.88%
Total current accounts at other banks	61,118	37,321	73,616	97.25%

Marketable Securities

Marketable Securities owned by Bank Mandiri increased by 29.58% to Rp56,552 billion in 2016 from the previous year of Rp43,642 billion. The leap was mainly caused by the rise of related party securities of 12.44% at Rp18,571 billion in 2016 from the previous year of Rp16,517 billion. Meanwhile, third party marketable securities rose 37.66% in 2016 at Rp38,251 billion compared to 2015 of Rp27,787 billion.

Table of Marketable Securities 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Related Party	14,803	16,517	18,571	12.44%
Third Party	26,048	27,787	38,251	37.66%
Unamortized discounts, unrealized gains/ (losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	-386	-662	-270	-59.21%
Securities - net	40,465	43,642	56,552	29.58%

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Government Bonds

Up to end of 2016, the Government Bonds owned by Bank Mandiri amounted to Rp98,933 billion, decreased by 4.75% from 2015 position amounted to Rp103,869 billion. The decrease was mainly contributed by the decrease of bonds which were held to maturity in 2016 at Rp11,143 billion compared to 2015 position at Rp20,811 billion. In addition, the ownership of bonds was measured at fair value through gain-loss also reduced by -24.81% to Rp1,191 billion in 2016 compared to 2015 at Rp1,584 billion.

Table of Government Bonds 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Government Bonds				
Measured at fair value by P/L statement, fair value	1,745	1,584	1,191	-24.81%
Available for sale*)	61,187	74,153	80,335	8.34%
Held to maturity, amortized	21,196	20,811	11,143	-46.46%
Measured at cost**)	876	6,055	5,027	-16.98%
Investments in unit-linked***)				
Measured at fair value by P/L statement, fair value	1,150	1,266	1,237	-2.29%
Total Government Bonds	86,154	103,869	98,933	-4.75%

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

**) Government bonds owned subsidiaries are classified in accordance with SFAS No. 110 "Sukuk Accounting".

***) Investments in unit-linked investment is owned by policyholders in unit-linked contracts subsidiaries are stated at fair value.

Reverse Repo, Derivative Claims and Other Claims

In 2016, the number of charges on securities purchased under agreements to resell or Reverse Repo increased 646.68% to Rp5,055 billion compared to 2015 amounted to Rp677 billion. While derivative receivables amounting to Rp239 billion in 2016 decreased by 65.91% compared to 2015 amounting to Rp701 billion. While the bill other trading transactions in 2016 amounted to Rp14,167 billion, increased by 7.45% compared to 2015 amounting to Rp13,185 billion. On December 31, 2016 and 2015, no derivative contracts intended to hedge accounting and Bank Indonesia's collectibility of derivative receivables are current.

Table of Reverse Repo, Derivative Claims & Other Claims 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Reverse repo	19,745	677	5,055	646.68%
Derivative Claims	71	701	239	-65.91%
Other Claims – trading	11,652	13,185	14,167	7.45%
Total	31,468	14,563	19,461	33.63%

Loan

In 2016, total net loans disbursed of Bank Mandiri increased 11.18% whereas position as of 2016 was recorded Rp662,013 billion, increased from 2015 which stood at Rp595,458 billion. Total loans disbursed to related party increased 32.88% to Rp100,212 billion as of 2016, rose from 2015 position of Rp75,412 billion. Meanwhile the loans disbursed to third party also increased 8.03% whereas position in 2016 stood at Rp561,801 billion, increased from 2015 amounted to Rp520,046 billion. However, on the other side, Bank Mandiri decreased its allowance for impairment as much as 46.05% which stood at Rp32,945 billion in 2016 as compared to 2015 of Rp22,282 billion.

Loans Disbursed*) 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Related Party	67,621	75,412	100,212	32.88%
Third Party	462,352	520,046	561,801	8.03%
Allowance for Impairment	-17,919	-22,558	-32,945	46.05%
Total loans disbursed-net	512,054	572,900	629,068	9.80%

*) Including consumer finance receivables and net investments in financial leasing.

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Written-Off Loans

During 2016, Bank Mandiri wrote off its loans of Rp11,408 billion, rose 90.35% compared to 2015 which stood at Rp5,993 billion. The balance in 2016 was Rp40,815 billion, which was 13.57% higher compared to 2015 of Rp35,937 billion. Meanwhile the balance as at end of 2016 was Rp48,808 billion.

Table of Written-Off Loans 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Balance at the beginning of the year	35,143	35,937	40,815	13.57%
Write Off	2,986	5,993	11,408	90.35%
Recovery	-2,686	-3,040	-3,193	5.03%
Miscellaneous	494	1,925	-223	-111.58%
Balance as at end of the year	35,937	40,815	48,808	19.58%

*) Including the difference in exchange rate due to currency translation.

Restructured Loans

Total restructured loans in 2016 was Rp52,731 billion, increased 62.18% compared to the similar loans scheme in 2015 which stood at Rp32,514 billion. The increase was dominated by the extension of loans time period scheme which increased by 88.93% in 2016 of Rp46,337 billion compared to 2015 of Rp24,526 billion. The additional loans facilities in 2016 stood at Rp32 billion, decreased 5.88% from 2015 of Rp34 billion. Meanwhile the extension time period and other restructuring schemes in 2016 were Rp4,130 billion which decreased by 31.23% as compared to 2015 of Rp6,006 billion.

Table of Restructured Loans Scheme and Amount 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Long term loans with share options	198	322	-	-100.00%
Additional facilities	45	34	32	-5.88%
Extension of loans time period	8,424	24,526	46,337	88.93%
Extension of time period & reduction of interest rate	1,204	1,626	2,232	37.27%
Extension of time period & other restructuring schemes*)	4,044	6,006	4,130	-31.23%
Total	13,915	32,514	52,731	62.18%

*) Other restructuring schemes principally consisted of reduction in interest rate, rescheduling of interest arrears and extension of time for payment of interest arrears.

Provision for Impairments

Total provision for impairments in 2016 was Rp32,945 billion, increased by 46.04% from 2015 of Rp22,558 billion. The increase of provision for impairments in 2016 was dominated by impairment provision for loan given as much as Rp32,617 billion, an increase of 46.38% compared to 2015 of Rp22,282 billion. Meanwhile, impairment provision for consumer financing receivables in 2016 rose Rp323 billion or increased by 19.62% compared to 2015 of Rp270 billion. Impairment provision for net investments in lease finance in 2016 was Rp5 billion, decreased by Rp6 billion from 2015.

Table of Provision for Impairments 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Impairment Provision for Loans	-17,707	-22,282	-32,617	46.38%
Impairment Provision for Consumer Financing Receivables	-195	-270	-323	19.62%
Impairment Provision for Net Investment in Lease Finance	-17	-6	-5	-16.66%
Total Impairment Provision	-17,919	-22,558	-32,945	46.05%

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Acceptance Claims

Total acceptance claims in 2016 was Rp14,548 billion, increased by 29.62% compared to 2015 of Rp11,224 billion. Claims on other banks in Rupiah in 2016 amounted to Rp347 billion, an increase of 7.09% compared to 2015 of Rp324 billion. Meanwhile claims on borrower in Rupiah in 2016 stood at Rp7,704 billion, increased by 267.90% compared to 2015 of Rp2,094 billion.

Meanwhile the foreign exchange claims on other banks in 2016 amounted to Rp413 billion, increased by 233.06% compared to 2015 of Rp125 billion. The forex exchange claims on borrowers stood at Rp6,325 billion, decreased by 28.04% compared to 2015 position at Rp8,789 billion.

Table of Acceptance Claims 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Rupiah				
Claims on other banks	196	324	347	7.09%
Claims on borrowers	742	2,094	7,704	267.90%
Foreign Exchange				
Claims on other banks	89	125	413	233.06%
Claims on borrowers	12,087	8,789	6,325	-28.04%
Allowance for impairment	-107	-107	-241	125.23%
Total Acceptance Claims	13,007	11,224	14,548	29.62%

Equity Investments

In 2016, total equity investments were Rp245 billion, increased by 410.41% from 2015 position of Rp48 billion. Composition of current equity investments rose significantly 2,425%, the doubtful account also increased by Rp2 billion.

Table of Equity Investments 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Current	58	8	203	2,425%
Substandard	-	50	50	0.00%
Doubtful	-	-	2	200%
Allowance for impairment	-3	-10	-10	0%
Total	55	48	245	410.41%

Fixed Assets and Intangible Assets - Net

In 2016, total fixed assets and intangible assets amounted to Rp37,618 billion, increased by 222.15% compared to 2015 of Rp11,677 billion. The increase was mainly driven by a 265.33% increase of fixed assets from Rp9,762 billion in 2015 to Rp35,663 billion in 2016.

Table of Fixed Assets and Intangible Assets – Net 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Fixed Assets	8,929	9,762	35,663	265.33%
Intangible Assets	1,644	1,915	1,955	2.09%
Software	1,221	1,492	1,532	2.68%
Goodwill	423	423	423	0.00%
Total	10,573	11,677	37,618	222.15%

Other Assets - Net

In 2016, total other assets increased to Rp11,557 billion compared to 2015 of Rp11,293 billion. The increase was mainly caused by the increase in accrued revenues of Rp4,365 billion in 2016 compared to Rp4,060 billion as of 2015.

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Liabilities

Liabilities of Bank Mandiri in 2016 amounted to Rp824,559 billion, increased by 12% compared to 2015 of Rp736,199 billion. The increase was driven by the increase in customer deposits component, liability to unit-linked policyholders, derivative payables, marketable securities issued, accrued expenses, employee benefit liabilities, other liabilities as well as fund borrowings.

Total Liabilities in 2014-2016 (Rp billion)

	2014	2015	2016	Change (%)
Obligation Due Immediately	1,156	1,156	1,570	35.81%
Customers Deposits	583,449	622,332	702,060	12.81%
Deposits from Other Banks	17,532	12,636	9,339	-26.09%
Liability to Unit-Linked Policyholders	17,344	17,019	19,603	15.18%
Securities Sold under Repurchase Agreements	6,112	4,863	3,353	-31.05%
Derivative Payables	157	299	502.47	68.05%
Acceptance Payables	13,114	11,331	14,789	30.52%
Marketable Securities Issued	2,010	2,398	9,026	276.39%
Estimated Losses on Commitments and Contingencies	197	396	207	-47.72%
Accrued Expenses	3,880	3,491	3,743	7.21%
Taxes Payable	1,875	2,132	1,259	-40.95%
Employee Benefit Liabilities	5,181	5,777	6,763	17.07%
Provision	668	676	436	-35.50%
Other Liabilities	16,371	14,189	15,810	11.42%
Fund Borrowings	24,227	33,765	35,883	6.27%
Subordinated Loans	3,747	3,738	215	-94.25%
Total Liabilities	697,020	736,199	824,559	12.00%

Obligation Due Immediately

Total fixed obligation due immediately in 2016 was Rp1,570 billion, rose 35.81% from the previous year.

Customers Deposits

Customer deposits of Bank Mandiri in 2016 were recorded Rp702,060 billion or increased by 12.81% compared to 2015 which stood at Rp622,332 billion. The increase of customer deposits in 2016 was mainly due to the increase of current account/sharia current account which stood at Rp186,983 billion in 2016 as compared to 2015 amounted to Rp172,154 billion. Meanwhile, savings/sharia savings were booked Rp277,170 billion as of 2016, increased from 2015 which stood at Rp248,952 billion. Time deposit rose to Rp237,907 billion in 2016 compared to the previous year of Rp201,226 billion.

Deposits from Other Banks

In 2016, total deposits from other banks was Rp9,339 billion, fell 26.09% compared to 2015 of Rp12,636 billion. The decrease arose due to the deposits from other banks in the form of time deposit declined to Rp3,757 billion in 2016 compared to 2015 which booked Rp5,128 billion. Meanwhile inter-bank call money in 2016 decreased to Rp1,281 billion compared to 2015 of Rp3,764 billion. However, current account/sharia current account in 2016 rose to Rp4,301 billion compared to 2015 of Rp3,744 billion.

Liability to Unit Linked Policy Holders

In 2016, total liabilities to unit-linked policy holders increased to Rp19,603 billion, a leap of 15.18% compared to 2015 of Rp17,019 billion.

Securities Sold Under Repurchase Agreements

Total securities sold under repurchase agreements decreased to Rp3,353 billion in 2016, from 2015 amounted to Rp4,863 billion.

Derivative Payables

In 2016, total derivative payables amounted to Rp502.47 billion, increased 68.05% compared to 2015 of Rp299 billion.

Acceptance Payables

In 2016, total acceptance payables amounted to Rp14,789 billion, rose 30.52% compared to 2015 of Rp11,331 billion.

Marketable Securities Issued

In 2016, total marketable securities issued amounted to Rp9,026 billion, increased 276.39% compared to 2015 of Rp2,398 billion

Estimated Losses on Commitments and Contingencies

In 2016, total estimated losses on commitments and contingencies amounted to Rp207 billion, increased 47.72% compared to 2015 of Rp396 billion.

Accrued Expenses

In 2016, total accrued expenses amounted to Rp3,743 billion, rose 7.21% compared to 2015 of Rp3,491 billion.

Taxes Payable

In 2016, total Taxes Payable amounted to Rp1,259 billion, fell 40.95% compared to 2015 of Rp2,132 billion.

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In 2016, total Employee Benefit Liabilities amounted to Rp6,763 billion, rose 17.07% compared to 2015 of Rp5,777 billion.

Other Liabilities

In 2016, total Other Liabilities amounted to Rp15,810 billion, rose 11.42% compared to 2015 of Rp14,189 billion.

Fund Borrowings

In 2016, total Fund Borrowings amounted to Rp35,883 billion, increased 6.27% compared to 2015 of Rp33,765 billion.

Subordinated Loans

In 2016, total Fund Borrowings amounted to Rp215 billion, decreased 94.25% compared to 2015 of Rp3,738 billion.

Equity

(in billion Rupiah)

	2014	2015	2016	Change (%)
Capital Stock	11,667	11,667	11,667	0.00%
Additional Paid-in Capital/Premium on Stock	17,316	17,316	17,316	0.00%
Differences Arising from Translation of Financial Statements in Foreign Currencies	204	243	202	-16.87%
Difference in transactions from non-controlling interests	0	-93	-93	0.00%
Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	-571	-1,565	-759	-51.50%
Net differences on fixed assets revaluation after deducted by deferred taxes	-	-	25,141	
Net actuarial gain on reward programs - net of Deferred Tax	0	278	50	-82.37%
Retained Earnings	74,042	89,225	96,931	8.64%
Appropriated	9,779	12,402	5,380	-56.62%
Unappropriated	64,263	76,822	91,551	19.17%
Non-Controlling Interests in Net Assets of Consolidated Subsidiaries	2,187	2,422	2,916	20.40%
Total Equity	104,845	119,492	153,370	28.35%

Total equity of Bank Mandiri in 2016 rose to Rp153,370 billion, increased by 28.35% compared to 2015 which stood at Rp119,492 billion. The increase of total equity occurred due to the increase of net differences on fixed assets revaluation after deducted by deferred taxes amounted to Rp25,141 billion. Meanwhile unappropriated retained earnings in 2016 increased to Rp91,551 billion compared to 2015 position which stood at Rp76,822 billion.

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Capital Stock

In 2016 there was no change in capital stock position, therefore the capital stock position in 2016 was Rp11,667 billion similar to the number in 2015.

Additional Paid-in Capital/Premium on Stock

There was also no additional paid-in capital/premium on stock in 2016. Thus, the amount was similar to the previous year of Rp17,316 billion.

Differences Arising from Translation of Financial Statements in Foreign Currencies

In 2016, total deifferences arising from translation of financial statements in foreign currencies amounted to Rp202 billion, fell 16.66% compared to 2015 which stood at Rp243 billion.

Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds – after deducted by deferred taxes

In 2016, total Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds – after deducted by deferred taxes amounted to Rp-759 billion, increased by 51.48% compared to 2015 of Rp-1,565 billion.

Retained Earnings

In 2016, total appropriated retained earnings amounted to Rp5,380 billion, decreased by 56.62% compared to 2015 of Rp12,402 billion. Meanwhile total Unappropriated Retained Earnings amounted to Rp91,551 billion, rose 19.17% from 2015 of Rp76,822 billion.

Non-Controlling Interests in Net Assets of Consolidated Subsidiaries

In 2016, total non-controlling interests in net assets of consolidated subsidiaries amounted to Rp2,916 billion, increased by 20.41% compared to 2015 which stood at Rp2,422 billion.

Cash Flows

With strong operating cash flows, we are in a solid position to support future growth as reflected in the following disclosure of cash flows.

(in billion Rupiah)	2014	2015	2016
Cash Flow Provided by Operating Activities	21,092	10,201	41,521
Cash Flow Provided by Investing Activities	-7,084	-28,949	-6,163
Cash Flow Provided by Funding Activities	3,496	778	-1,975

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Analysis the Ability to Pay Debt and Collectible Level of Credit

In addition, PEFINDO with letter No. 941 / PEF-Dir / VI / 2016 dated 1 June 2016 has decided to award AAA ratings to Bank Mandiri for the period of 1 June 2016 to 1 June 2017.

This reflects the great performance of Bank Mandiri to meet its long-term financial commitment.

Liquidity

The capability of bank liquidity is the bank's ability to meet its liability on due date from cash flow and/or from high-quality liquid assets that can be used as collateral without disrupting the activities and financial condition of the Bank. The Bank's liquidity is affected by the funding structure, assets liquidity, liabilities to the counterparty and credit commitments to borrowers/debtors.

A number of indicator used by Bank Mandiri to measure liquidity risk includes the Minimum Reserve Requirement ratio at Bank Indonesia and Cash, liquidity reserves, Loan to Funding Ratio (LFR) and their funding dependency on large clients. The Minimum Reserve Requirement (GWM) is the minimum secured deposit in the form of clearing account reserved at the Central Bank of Indonesia or statutory notes determined by Bank Indonesia with specific percentage from the Third Party Fund (DPK).

On 31 December 2016, Rupiah Primary GWM position was at 6.50% from the total third party fund in Rupiah, which is as targeted. As for the LFR GWM reserves was at 0.00% and the secondary GWM Rupiah was 9.84% from the total third party fund in Rupiah (Only Bank Mandiri). For foreign exchange, Bank Mandiri managed its GWM for 8.12% from the total of third party funds of foreign currency as set (specific for Bank Mandiri).

Bank liquidity conditions in the coming years projected through liquidity gap methodology, which is a mismatch maturity between the components of assets and liabilities (including off-balance sheet), which is compiled into a period of time (time bucket) based on contractual maturity or behavioral maturity. On 31 December 2016, liquidity projection of Bank Mandiri for the next 12 months was in a surplus position. Although the surplus liquidity projection for the next 12 months, Bank Mandiri always prepare with alternative funding should the market condition becomes tight in liquidity or not in accordance to Bank Mandiri prediction.

To find out the impact of changes factor in market and internal factors in the extreme conditions (crisis) towards liquidity, Bank Mandiri conducts a stress-testing of liquidity risk on a regular basis. The results of stress-testing that has been done in the first quarter of 2016 has been presented to the Management and Risk Monitoring Committee. The results of stress-testing showed that Bank Mandiri can survive the conditions of liquidity crisis. Bank Mandiri has a Liquidity Contingency Plan (LCP), which includes funding strategy and pricing strategy, among others, money market lending, repo, bilateral loans, FX swaps, as well as funding strategies and pricing strategies. In LCP, determining the liquidity and funding strategies should consider internal and external conditions.

Table of Bank Mandiri Liquidity Position for the year of 2014-2016

	2014	2015	2016
Current asset ¹⁾	Rp161,421 billion	Rp147,561 billion	Rp182,060 billion
Government bond measured on the proper value on profit loss report and available for sell	Rp64,082 billion	Rp77,003 billion	Rp82,763 billion
Loan Ratio to Savings or LDR ²⁾	82.86%	87.68%	86.54 %
Current asset to Total asset	18.9%	16.2%	17.5 %
Current asset to savings	25.4%	21.8%	23.9 %

Notes:

- 1) Current assets consist of cash, demand deposits at Bank Indonesia, placements with Bank Indonesia, and other banks and financial institutions, and marketable securities (excluding government bonds) in portfolio assessed at fair market value
- 2) Deposits exclude deposits by other banks

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Solvency

Bank Mandiri capital policy is prudently diversifying source of capital to anticipate long-term business strategy and allocating the capital efficiently on potential business segments in order to provide optimum risk-return, including placement and investment on subsidiaries to meet the shareholders' expectation, such as investors and regulators.

Bank Mandiri ensures its capital adequacy to meet loan risk, market risk and operational risk, both in normal and stress conditions which also used as a basis for Bank Mandiri in implementing VBM (Value Based Management) through RORAC (Return On Risk Adjusted Capital) measurement and RORWA (Return On Risk Weight Asset). Through VBM, the Bank can identify business units, segments, products, regions that provide added values to the Bank. Thus Bank Mandiri can focus on business developments that could provide the most values to the Bank.

Bank Mandiri refers to the regulation of Bank Indonesia in the calculation of capital adequacy for credit risk, market risk and operational risk. For credit risk, Bank Mandiri uses standardised approach. Currently, Bank Mandiri is developing the calculation of capital requirements for credit risk with Initial Rating Based Approach (IRBA) and the Economic Capital approach. The Capital Economic Approach developed for loan and operational

risk. As for market risk, Bank Mandiri uses the Standard Model, while internally Bank Mandiri has used Value at Risk as an Internal Model. For operational risk, Bank Mandiri refers to the Basic Indicator Approach and simulates the Standardised Approach in accordance with Basel II.

In the implementation of SEOJK No. 42/SEOJK. 03/2016 dated 28 September 2016 regarding the calculation of Risk Based Asset (ATMR) loan using standard approach, Bank Mandiri ATMR calculation results indicate loan risk ATMR as of 31 December 2016 was Rp549,646,704. The ATMR market risk position with a standard approach and Basic Indicator Approach indicated a number of Rp1,800,778 and Rp91,932,008 respectively.

Meanwhile, Capital adequacy Ratio (CAR) as of 31 December 2016 was calculated using Financial Services Authority Regulations (POJK) No. 34 /POJK.03/2016 dated 22 September 2016 on Amendments to the Regulation of the Financial Services Authority No. 11/POJK.03 / 2016 regarding the Minimum Capital Requirement for Commercial Banks, while the Capital Adequacy Ratio (CAR) as of 31 December 2015 was calculated following PBI No. 15/12 / PBI / 2013 dated 12 December 2013 regarding Minimum Capital Requirement for Commercial Banks. The Capital Adequacy Ratio (Bank Mandiri only) on 31 December 2016 and 2015 are as follows:

in billion Rupiah	31 December 2016	31 December 2015
Capital:		
Core Capital	130,356,495	93,252,808
Additional Capital	7,075,719	14,135,338
Total capital for loan risk, operational risk and market risk	137,432,214	107,388,146
Risk Based Asset (ATMR) for Loan	549,646,704	497,912,789
Risk Based Asset (ATMR) for Operational	91,932,008	78,627,774
Risk Based Asset (ATMR) for Market	1,800,778	805,426
Total Risk Based Asset for loan risk, operational risk and market risk	643,379,490	577,345,989

	31 December 2016	31 December 2015
CAR for core capital	20.26%	16.15%
CAR for loan risk	25.00%	21.57%
CAR for loan and operational risk	21.42%	18.63%
CAR for loan and market risk	24.92%	21.53%
CAR for loan, operational and market risk	21.36%	18.60%
CAR for minimum core capital	6.00%	6.00%
CAR minimum sesuai profil risiko	9.52%	9.00%

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Rentability

Bank Mandiri consolidated rentability measured by the following ratios:

in %	2014	2015	2016
ROE	20.95	18.33	9.66
ROA	3.39	2.99	1.96
NIM	5.97	6.08	6.44
CER	44.91	43.00	42.39
BOPO	70.02	74.28	83.50

In 2016, Bank Mandiri recorded a Return on Equity of 9.66%, dropped by 8.67% compared to 2015 which was 18.33%. Meanwhile, Net Interest Margin increased to 6.44% from 6.08% in 2015. The NIM level has made Bank Mandiri as one of the Bank with a good level of profitability.

Strategy efficiency and effectiveness of operational activity, credit improvement and expansion of operations as determined by Bank Mandiri resulted Cost Efficiency Ratio stood to record at 42.39% as of 31 December 2016.

Meanwhile, the BOPO ratio increased slightly from 74.28% in 2015 to 83.50% as of 31 December 2016. The increase is caused by an increase in operational income of banks which were not equal to the increase of operational expenditure. However, the ratio still shows the management succeed in maintaining the efficiency and effectiveness of operational activity.

Bank Mandiri has the ability to generate profits and a good level of effectiveness in carrying out its operational as reflected in the ratios above.

Loan Collectability

The total of Non-Performing Loan (NPL) can be a reference to see the Bank Collectible Loan. Bank Mandiri NPL in 2016 remained well controlled within the range of 4% in the amount of Rp26,475 billion. The number of NPL was far below the limit NPL number as set by Bank Indonesia which was 5%.

Table of Loan Collectability 2014-2016 (Rp billion)

	2014	2015	2016
Loan	529,973	595,458	662,013
Current/Good/Perform	495,606	552,863	609,715
Need attention	22,958	27,078	25,823
Less Perform	2,231	3,280	9,997
Very less perform	2,239	2,557	2,776
Not Performing	6,940	9,680	13,702
NPL	11,410	15,517	26,475
NPL (%)	2.15%	2.60%	4.00%

Capital Structure

Besides the mandatory to provide minimum capital adequacy according to risk profile, as required by the regulators, Bank Mandiri is required to form additional capital as a buffer in addition to providing appropriate minimum capital risk profile. The additional capital are:

1. Capital Conservation Buffer, which function as buffer during loss on crisis period.
2. Countercyclical Buffer, which function as buffer to anticipate loss when there is overgrown of banking loan and potentially disrupting the financial stability system.
3. Capital Surcharge for Domestic Systemically Important Bank (D-SIB), which function to reduce negative impact towards financial stability system and economy when there is a Bank faulty affecting the system through improving the Bank ability to absorb loss.

Since 1 January 2016, all Banks are required to form Capital Conservation gradually as follow:

Capital Conversation	Date
0.625% of ATMR	1 January 2016
1.25% of ATMR	1 January 2017
1.876% of ATMR	1 January 2018
2.5% of ATMR	1 January 2019

Moreover, according to the Central Bank of Indonesia Regulation No.17/22/PBI/2015 on the Mandatory Establishment of Countercyclical Buffer, Bank is obliged to form Countercyclical Buffer within the range of 0% to 2.5% of risk based income which effective in 1 January 2016.

Financial Services Authority in POJK 46/POJK.03/2015 on Stipulation of Systemically Important Banks and Capital Surcharge begin to implement Capital Surcharge for each Bank within the range (based on the bucket) of 1% to 2.5% from the Risk Based Asset since 1 January 2016.

Bank Mandiri Core Capital recorded at Rp130,356 billion as of 31 December 2016, an increase by 39.79% from Rp93,253 billion in 2015, due to the additional capital from retained earnings component. Meanwhile, Bank Mandiri only supplementary capital in 2016 for Rp7,076 billion, an increase by 49.94% from Rp14.135 billion in the previous year.

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Table of Capital Structure 2014-2016 (Rp billion)

	2014	2015	2016
Capital:			
Core Capital	79,052	93,253	130,356
Additional Capital	6,428	14,135	7,076
Total capital for loan risk, operational risk and market risk	85,480	107,388	137,432
Risk Based Asset (ATMR) for Loan	445,254	497,913	549,647
Risk Based Asset (ATMR) for Operational	67,787	78,628	91,932
Risk Based Asset (ATMR) for Market	1,863	805	1,801
Total Risk Based Asset (ATMR) for loan risk, operational risk and market risk	514,904	577,346	643,380

Capital Structure Policy

Bank Mandiri capital policy is prudently diversifying source of capital in order to anticipate long-term strategic plan and allocate the capital efficiently to the potential business segments which provide optimal risk-return profile, including placements and investments in subsidiaries in order to meet the stakeholders' expectations including investors and regulators.

In calculating the capital adequacy for loan risk, market risk and operational risk, Bank Mandiri refers to the regulation of Bank Indonesia. Bank Mandiri is using standardised approach for loan risk. Currently, Bank Mandiri is seeking to develop the calculation of capital requirements for loan risk with Initial Rating Based Approach (IRBA) and economic approach. An economic approach (economic capital) was developed for credit risk and operational risk. As for market risk, the Bank uses the Standard Model, which internally has been used Value at Risk as an Internal Model. For operational risk, the Bank refers to the Basic Indicator Approach (Basic Indicator Approach) and it simulates the Standardised Approach in accordance with Basel II.

Table of Capital Adequacy Ratio of Bank Mandiri based on PBI for 2014-2016 (%)

	2014	2015	2016
CAR for core capital	15.35	16.15	20.26
CAR for loan risk	19.20	21.57	25.00
CAR for loan and operational risk	16.66	18.63	21.42
CAR for loan and market risk	19.12	21.53	24.92
CAR for loan, operational and market risk	16.60	18.60	21.36
CAR for minimum core capital	6.00	6.00	6.00
CAR for minimum profit risk	9.00	9.00	9.52

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Risk Management

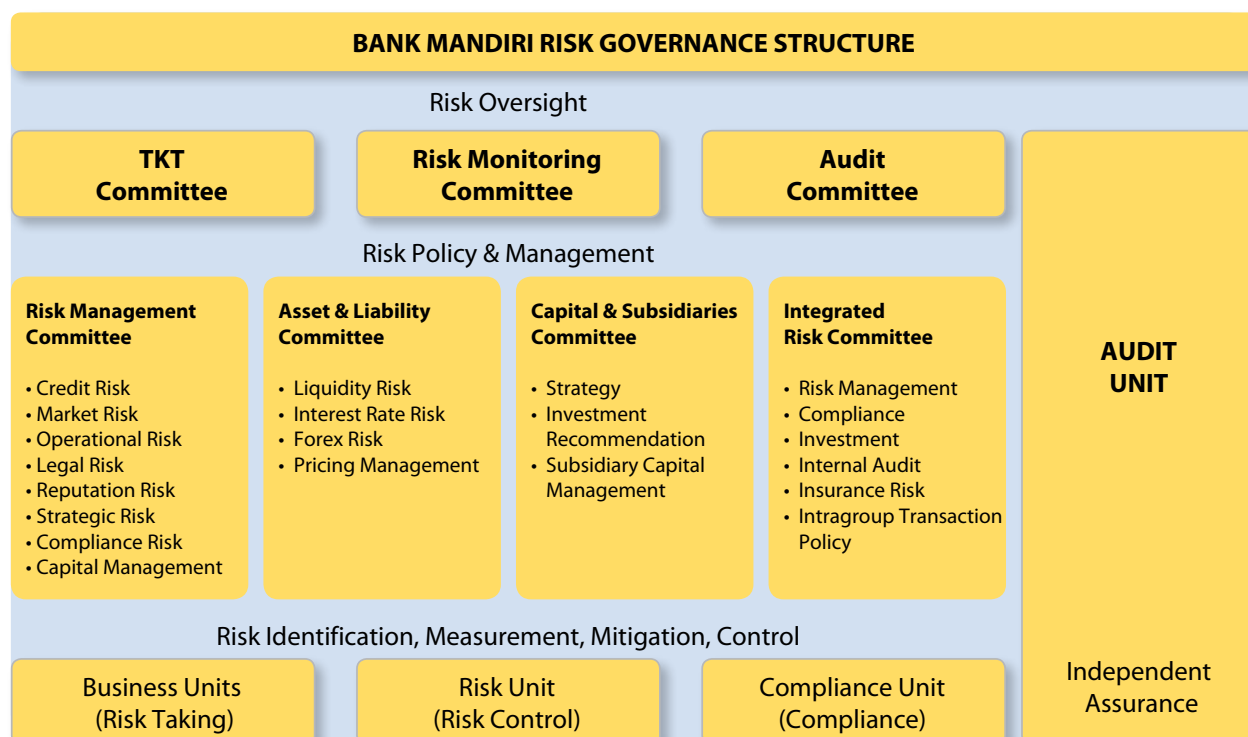
The Implementation of Risk Management

The risk management principles of Bank Mandiri have carried out proactively in order to achieve healthy and sustainable financial and operational growth, also to maintain the optimum level of risk-adjusted return in accordance with the desired risk appetite. As a real commitment of Bank Mandiri in implementing good corporate governance practices particularly in terms of risk management, Bank Mandiri has set the policies, process, competence, accountability, reporting and supporting technology which aimed to ensure the effectiveness and efficiency of risk management implementation in Bank Mandiri.

In implementing risk management, Bank Mandiri always submissive and obedient to the regulations and laws applied in Indonesia with reference to the FSA Regulation No.17/POJK.03/2014 and the FSA Circular Letter No.14/SEOJK.03/2015 on Integrated Risk Management Application for Financial Conglomerate, FSA Regulation No.18/POJK.03/2014 and FSA Circular Letter No.15/SEOJK.03/2015 on the Application of Integrated Governance for Financial Conglomerate, Regulation OJK No.4/POJK.03/2016 on the Assessment of Commercial Banks, as well as Regulation FSA No.18/POJK.03/2016 and the FSA Circular Letter No.34/SEOJK.03/2016 concerning Application of Risk Management for Commercial Banks.

Active Supervision of the Board of Directors and Board of Commissioners

Risk management framework and governance of Bank Mandiri consists of the Board of Commissioners that run oversight risk function through Audit Committee, Risk Monitoring Committee (KPR) & Corporate Governance Committee Integrated (TKT), as well as Board of Directors that perform the function of risk policy through Executive Committee related to risk management namely Risk Management Committee, Asset & Liability Committee, Capital & Subsidiaries Committee, and Integrated Risk Committee. At the operational level, Risk Management Unit along with Business Unit and Compliance Unit has function to identify, assess, mitigate and control the risk. Shortly, framework and risk management governance of Bank Mandiri can be described as follows:



Adequacy of Policies, Procedures, and Determination of Limit

Bank Mandiri is having Bank Mandiri Risk Management Policy (KMRBM) which is used as main guideline in implementing risk management. For specific business area, Bank Mandiri has policies and procedures which more specific, for example in the fields of credit, treasury, and operational. The policy and procedures set the limits for each activity, both in portfolio level and transactional. All policies and procedures implemented by Bank Mandiri is a form of risk management which inherent in every operational activity of Bank Mandiri and will be evaluated and updated at least once a year



Identification Process, Measurement, Monitoring, Risk Control and Risk Management Information System

Bank Mandiri is running the Identification Process, Measurement, Monitoring, Risk Control and Risk Management Information System through the Enterprise Risk Management (ERM) framework. The implementation of ERM at Bank Mandiri is done with a two-prong approach, namely risk management through capital and risk management through operational activities, as seen on the scheme below:



There are four main components that function as supporting pillars in the implementation of a two-prong approach, among others:

1. The Organization and Human Resources ("HR")

Risk Management Unit of Bank Mandiri is responsible for managing all risks faced by Bank Mandiri, including the development of supporting tools needed in business processes and risk management. In addition, there is a working unit which acts as the counterparty risk of every business unit in the process of credit four-eye. Realizing that risk management is the responsibility of entire unit in Bank Mandiri, so the successful of risk management is determined by risk awareness in all units of the Bank Mandiri which is accompanied by necessary technical competence. Therefore, Bank Mandiri continues to increase the capabilities and knowledge of all employees, especially in terms of risk management, by organizing internal training regularly through the Risk Management Academy. Moreover, Bank Mandiri regularly at least once a year conduct socialization, discussion forums, internships, as well as risk management program in line with the internalization of the corporate culture. Risk Management Unit at Bank Mandiri consists of Retail Risk Directorate which chaired by SEVP Retail Risk, Risk Directorate chaired by SEVP Wholesale Risk and Risk Management Directorate Chaired by the Director of Risk Management & Compliance. Related to the profile of SEVP Retail Risk, Wholesale Risk and Director of Risk Management & Compliance, has been reviewed in Chapter "Company at a Glance", sub-chapter "Profile of SEVP", on page 84.

2. Policy & Procedure

Bank Mandiri Risk Management Policy (KMRBM) used as main guideline in implementing operational risk management and capital management at Bank Mandiri include:

- The Principle of Prudence, among others, Provision of Capital Adequacy, Early Warning System, Determination of Limit, and Risk Diversification.
- The Risk Management, among others Risk Profile, Risk Appetite, Stress Testing and Integrated Risk Management.
- The Risk Management for each type of risk, which includes the identification process, measurement, monitoring and risks control.
- Risk supervision, including monitoring the implementation of activities/methodology of risk management at Bank Mandiri, as well as the Internal Control Systems.

This Risk Management Policy became the basis for the preparation of procedures and technical guidance related to risk management at Bank Mandiri.

3. System & Data

Risk management system was developed to create more efficient business processes in order to make decision faster within prudent principles. In order to maintain the integrity and quality of the data, Bank Mandiri has implemented an Integrated Processing System and Loan Origination

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System to improve the efficiency of the credit process and maintain data quality on corporate, commercial and retail segment. To increase the productivity of collection activity, especially in Consumer and Retail segment, Bank Mandiri implements the Integrated Collection System. Bank Mandiri is using Summit System and ALM System to manage the risk of trading book and banking book in the activities of treasury and asset & liability management. In order to get an overview of Bank Mandiri's risk profile, both as a holding company as well as Bank Mandiri's risk profile which has consolidated and integrated with the subsidiaries, Bank Mandiri has implemented a Risk Profile Mandiri System (RPX) which is a web-based system to accelerate and facilitate access control. In integrating bankwide risk management, Bank Mandiri has implemented ERM system as a tool to monitor the overall risk management, particularly in calculating the capital to cover all types of risk. ERM system has the capability to perform the computation of capital charge (Standardized Approach and the Advanced Approach), the implementation of operational risk management tools, active portfolio management, stress testing and value-based management.

4. Methodology/Model & Analytics

Bank Mandiri continuously implements risk measurement which refers to the international best practices by using both quantitative and qualitative approach through the development of risk models such as rating, scoring, Value at Risk (VaR), portfolio management, stress testing and other models to support judgmental decision making. Periodically, these risk models are calibrated and validated by the Risk Model Validator unit which is independent to maintain the reliability and validity of the model as well as to meet the regulatory requirements. In order to harmonize the implementation of Basel II and ERM with Basel II regulations and the application of best practices, Bank Mandiri in cooperation with one of the leading consultants in risk management, assist in the adoption and implementation of the Basel II framework and ERM. The implementation of Basel II and ERM on Bank Mandiri covers the area of Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book Position, Operational Risk, Capital Management and Internal Capital Adequacy Assessment Process (ICAAP).

The implementation of Basel II and ERM

Implementation Aspects	Scope of Implementations
Credit Risk	The development and refinement of Basel II Risk Parameters for the implementation of Internal Rating Based Approach (PD, LGD, and EAD)
Market Risk	Risk measurement of structured products, limit trading treasury, and infrastructure of treasury system
Liquidity and Interest Rate Risk	Completion of liquidity limit framework, core deposit analysis, Risk Appetite Statement (RAS), stress testing liquidity, repricing gap method, and the implementation of the ALM system

Implementation Aspects	Scope of Implementations
Operational Risk	The development of Framework and Governance Operational Risk Management (ORM)
Capital Management	The completion of Economic Capital models, development of framework portfolio optimization as well as capital optimization
Internal Capital Adequacy Assessment Process (ICAAP)	The implementation of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronization with regulation which related to Risk Based Bank Rating (RBBR)

Internal Control System

Bank Mandiri runs the effective risk management practices throughout working unit by implementing three lines of defense policy models with the following conditions:

1. Working units as risk owner is the first line of defense which responsible in managing working unit risk.
2. Risk Management Unit as the second line of defense performs the function of oversight.
3. Internal Audit Unit as the third line of defense carries out independent assurance function.

The implementation of Internal Control System on Risk Management function is a shared responsibility either first, second or third line of defense.

Capital Disclosures

Capital Structure

The capital structure of Bank Mandiri consists of core capital (Tier 1) and supplementary capital (Tier 2). Core capital (Tier 1) is primarily attributable to:

1. Paid-in capital
2. Other comprehensive income consists of:
 - a. Difference in the financial statement translation
 - b. Changes in fair value of financial assets in available for sale category
 - c. Fixed asset revaluation surplus
3. Other disclosed capital reserves:
 - a. Agio
 - b. General reserves
 - c. Prior years profit
 - d. Profit for the year
4. Non-controlling interests (for capital on a consolidated basis)
5. Reduction factors of core capital:
 - a. Deferred taxes calculation
 - b. Goodwill
 - c. Intangible assets
 - d. Participation
 - e. Securitization exposures

Supplementary capital (Tier 2) primarily derived from general reserves PPA over productive assets which shall be established and subordinated loans.

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Capital Adequacy

In order to provide added value to the stakeholders as well as a form of compliance of Bank Mandiri to comply with capital adequacy set by the regulator, Bank Mandiri always assures and ensures that the capital structure of Bank Mandiri is strong enough to support the business development strategies of today's business and maintain business continuity in the future.

Risk management of capital aspect in Bank Mandiri includes diversification of capital sources in accordance with long-term strategic plans and capital allocation decisions efficiently in the business segment that has an optimum risk-return profile (including placements in subsidiaries). This aims to meet the expectations of stakeholders including investors and regulator. Bank Mandiri ensures that they have adequate capital to cover credit risk, market risk and operational risk, either under the provisions of regulation (regulatory capital) and internal needs (economic capital). Bank Mandiri refers to the regulation of Bank Indonesia and the Financial Services Authority (Basel II and Basel III), particularly on Pillar 1, in terms of the calculation of capital adequacy for credit risk, market risk and operational risk.

Besides the calculations above, Bank Mandiri is developing the calculation of capital adequacy by reference to Pillar 2 of Basel II or more commonly known as Internal Capital Adequacy Assessment Process (ICAAP). ICAAP includes the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

For capital adequacy calculation, Bank Mandiri uses the Standardized Approach¹⁾ of Basel II for credit risk and has incorporated External Rating components. In addition, Bank Mandiri has gradually simulating the Internal Ratings-Based Approach. For market risk, Bank Mandiri uses the Standardized Measurement Method²⁾ of Basel II, and internally using the Value at Risk. For operational risk, Bank Mandiri refers to Basic Indicator Approach³⁾ of Basel II.

Bank Mandiri has implemented Basel III refers to the application of Basel and regulatory documentation and initiatives issued by the FSA⁴⁾. As part of the implementation of Basel III in Indonesia, Bank Mandiri has reported the calculation of Liquidity Coverage Ratio (LCR)⁵⁾ monthly and tested the calculation of Leverage Ratio (LR)⁶⁾ quarterly in accordance with the FSA regulation. The trial results per December 2016 (the Bank on a consolidated basis) showed that its core capital against the total assets of the Bank were adequate to Leverage Ratio (LR) of 12.98%, as well as showed that Bank Mandiri could maintain its adequacy of quality liquid assets that can be liquidated immediately to meet the cash flow needs out within the next 30 days with the Liquidity Coverage Ratio (LCR) of 206.8%.

Bank Mandiri actively participates in working groups of Basel III and Quantitative Impact Study (QIS) conducted by the Basel Committee on Banking Supervision (BCBS) through the Financial Services Authority which held semi annually. Based on the position in June 2016, the Bank consolidated QIS results indicate that in general Bank Mandiri has met the guidelines under Basel III, with the simulation results of the Capital Adequacy Ratio (CAR) of 20.9% (minimum ratio of $\geq 11.25\%$). QIS results also showed that the Bank operates at a low risk level, which is indicated by the adequacy Leverage Ratio (LR) of 13.6% (minimum ratio of $\geq 3\%$). As for the fulfillment of the Global Liquidity Standard which showed the resilience of liquidity and sources of stable funding, Bank Mandiri has a Liquidity Coverage Ratio (LCR) of 212% (minimum ratio of $\geq 100\%$) and Net Stable Funding Ratio (NSFR) of 125% (minimum ratio of $\geq 100\%$).

1) Referring to the SE OJK No. 42/SEOJK.03/2016 regarding Guidelines for Calculation of Risk Weighted Assets for Credit Risk Approach.

2) Referring to the SE OJK No. 38/SEOJK.03/2016 on Guidelines for Use in Calculation Method Standard Minimum Capital Requirement for Commercial Banks Take into account the Market Risk.

3) Referring to the SE OJK 24/SEOJK.03/2016 on the calculation of RWA for Operational Risk by Using the Basic Indicator Approach.

4) Among other FSA Regulation No. 11/POJK.03/2016 concerning Minimum Capital Requirement for Commercial Banks.

5) Referring to the FSA Regulations No. 42/POJK.03/2015 on the Obligations Fulfillment of Liquidity Coverage Ratio for Commercial Banks.

6) Referring to the FSA Consultative Paper of 2014 on the Framework for Basel III Leverage Ratio.

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Quantitative Disclosures of Capital Structure

Table 1.a Quantitative Disclosure of Commercial Bank Capital Structure

(in million Rupiah)

		December 31, 2016		December 31, 2015	
		Bank	Consolidated	Bank	Consolidated
I	Core Capital (Tier 1)	130,356,495	140,303,507	93,252,808	101,081,429
1	Core Capital/Common Equity Tier 1 (CET 1)	130,356,495	140,303,507	93,252,808	101,081,429
1.1	Paid Up Capital (After deduction with Treasury Stock)	11,666,667	11,666,667		
1.2	Additional Capital Reserves	132,118,291	138,702,183		
1.2.1	Supplementary factors	133,126,534	139,618,360		
1.2.1.1	Other Comprehensive Income	24,870,451	25,371,375		
1.2.1.1.1	The excess of financial statement translation	46,689	203,610		
1.2.1.1.2	Potential benefits from the increase on fair value of financial assets in available for sale category	27,242	27,242		
1.2.1.1.3	The balance of revaluation surplus	24,796,520	25,140,523		
1.2.1.2	Other disclosed capital reserves	108,256,083	114,246,985		
1.2.1.2.1	Agio	17,476,308	17,316,192		
1.2.1.2.2	General reserves	2,333,333	2,333,333		
1.2.1.2.3	Prior years profit	75,375,254	80,790,895		
1.2.1.2.4	Profit for the year	13,071,188	13,806,565		
1.2.1.2.5	Capital paid in advance	-	-		
1.2.1.2.6	Others	-	-		
1.2.2	Reduction factors	(1,008,243)	(916,177)		
1.2.2.1	Other Comprehensive Income	(773,291)	(680,286)		
1.2.2.1.1	Less difference of financial statement translation	(1,247)	(1,247)		
1.2.2.1.2	Potential loss from the increase on fair value of financial assets in available for sale category	(772,044)	(679,039)		
1.2.2.2	Other disclosed capital reserves	(234,952)	(235,891)		
1.2.2.2.1	Disagio	-	-		
1.2.2.2.2	Prior years loss	-	-		
1.2.2.2.3	Loss for the year	-	-		
1.2.2.2.4	Less difference between PPA and CKPN on productive assets	-	-		
1.2.2.2.5	Less difference of amount of fair value adjustment from the financial instruments in Trading Book	-	-		
1.2.2.2.6	PPA non-productive assets that should be provided	(234,952)	(235,891)		
1.2.2.2.7	Others	-	-		
1.3	Non-controlling interests that can be taken into account	-	458,658		
1.4	Reduction factors of core capital	(13,428,463)	(10,524,001)		
1.4.1	Deferred taxes calculation	(5,435,589)	(5,777,248)		
1.4.2	Goodwill	-	(117,741)		
1.4.3	The whole other intangible assets	(1,436,314)	(1,519,757)		
1.4.4	Investments that taken into account as a reduction	(6,531,560)	(3,084,255)		
1.4.5	Lack of capital in insurance subsidiaries	-	-		
1.4.6	Securitization exposures	(25,000)	(25,000)		
1.4.7	Other reduction factors of core capital	-	-		
1.4.7.1	Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	-	-		
1.4.7.2	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	-	-		
2	Additional Core Capital/Additional Tier 1 (AT 1)	-	-	-	-
2.1	Instruments that meet the requirements of AT 1	-	-		
2.2	Agio/Disagio	-	-		
2.3	Reduction factors of Additional Core Capital	-	-		
2.3.1	Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	-	-		
2.3.2	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	-	-		

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II	Supplementary Factors (Tier 2)				7,075,719	7,761,071	14,135,338	14,751,448
1	Capital instruments in the form of shares or others that meet the requirements of Tier 2				205,135	205,135		
2	Agió/Disagio				-	-		
3	PPA general reserves on productive assets that shall be constituted (at most 1.25% of RWA for Credit Risk)				6,870,584	7,555,936		
4	Reduction factors of supplementary capital				-	-		
4.1	Sinking Fund				-	-		
4.2	Investment on the instrument of Tier 2 in other banks				-	-		
4.3	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will				-	-		
III	Total Capital (I+II)				137,432,214	148,064,578	107,388,146	115,832,877
		December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015
		Bank	Consolidated	Bank	Consolidated	Bank	Consolidated	Bank
RISK WEIGHTED ASSETS (RWA) BASED ON RISKS					Ratio of CAR			
Risk Weighted Assets (RWA) For Credit risks	549,646,704	604,474,920	497,912,789	547,201,603	Ratio of CET 1 (%)	20.26%	19.67%	16.15%
Risk Weighted Assets (RWA) For Market risks	1,800,778	1,362,981	805,426	881,544	Ratio of Tier 1 (%)	20.26%	19.67%	16.15%
Risk Weighted Assets (RWA) For Operational risks	91,932,008	107,559,670	78,627,774	95,640,437	Ratio of Tier 2 (%)	1.10%	1.08%	2.45%
Total Risk Weighted Assets (RWA)	643,379,490	713,397,571	577,345,989	643,723,584	Ratio of CAR (%)	21.36%	20.75%	18.60%
CAR ratio in accordance with profile risks	9.52%	9.53%	9.00%	9.00%	CET 1 FOR BUFFER	11.84%	11.22%	
FULFILLMENT ALLOCATION OF CAR					PERCENTAGE OF BUFFER WHICH MANDATORY FILLED BY THE BANK			
From CET1	8.42%	8.45%	6.55%	6.71%	Capital conservation buffer (2.5% of ATMR) (%)	0.625%	0.625%	
From AT1	0.00%	0.00%	0.00%	0.00%	Countercyclical buffer (0% - 2.5% of ATMR) (%)	0.00%	0.00%	
From Tier 2	1.10%	1.08%	2.45%	2.29%	Capital surcharge (1% - 2.5% of ATMR) (%)	0.625%	0.625%	

Note:

Capital Adequacy Ratio per December 31, 2016 is calculated according to Regulation of Financial Services Authority (POJK) 34 / POJK.03 / 2016 dated 22 September 2016 concerning the Minimum Capital Requirement for Commercial Banks. Capital Adequacy Ratio per December 31, 2015 is calculated according to Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013 dated December 12, 2013 concerning Minimum Capital Requirement for Commercial Banks.

According to the risk profile position on June 2016, the minimum Capital Adequacy Ratio (CAR) of Bank Mandiri was 9-10%. Bank Mandiri has also used Capital Add-On method, to obtain the minimum CAR that need to be fulfilled by Bank Mandiri of 9.52%.

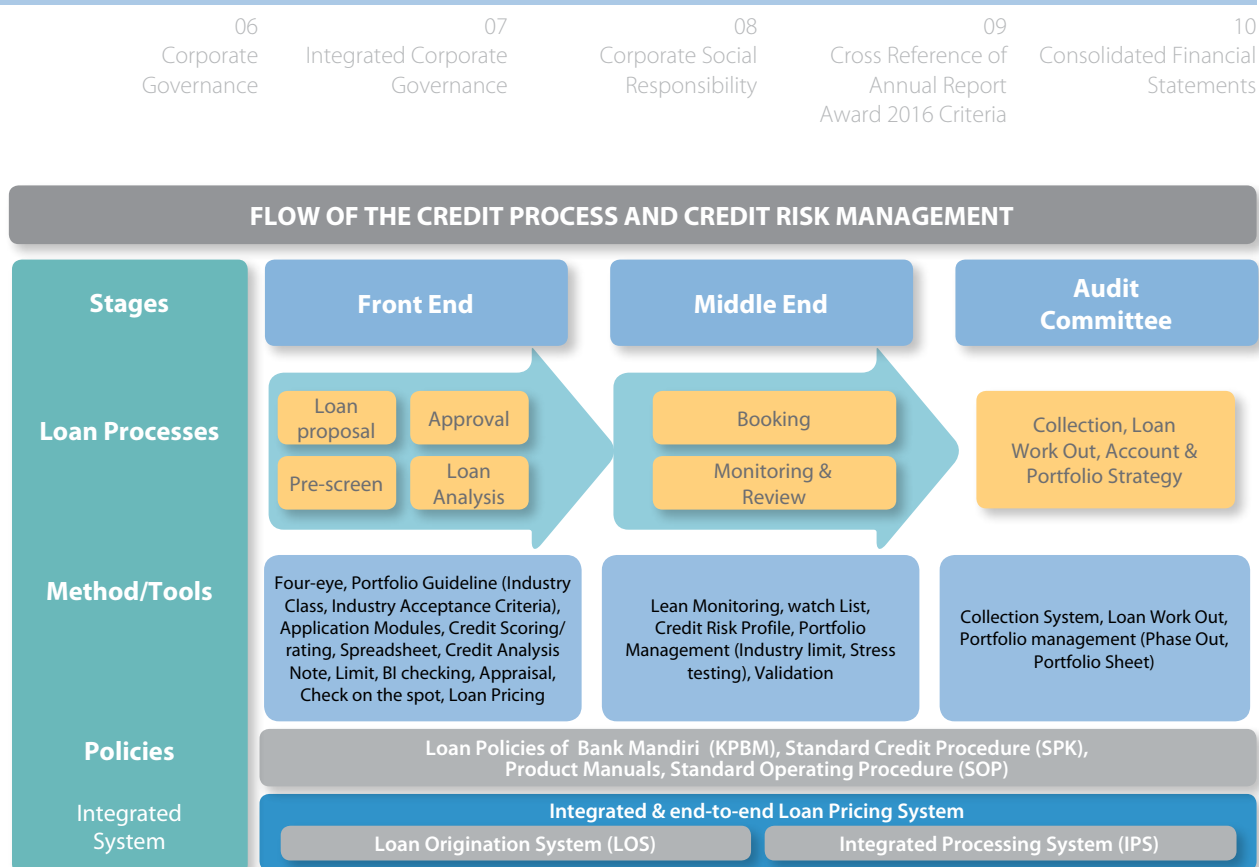
Bank Mandiri always prepares its capital which meets the minimum capital requirements of Basel III in accordance with the FSA timeline. On December 2016 position, CAR stands at 21.36% has met the minimum capital based on the framework of Basel III which adopted by FSA amounted to 10.72% (consisting of CAR accordance to the risk profile 9.52%, Capital Conservation Buffer 0.625% and D-SIB Capital Surcharge 0.625%). The strong capital structure of Bank Mandiri with CET 1 ratio amounted to 20.26% also has met the minimum requirement of CET 1 by 4.5%, and the minimum Tier 1 of 6%.

The Implementation of Risk Management Particularly in Bank Mandiri

1. Credit Risk

Credit Risk Management

The Company's credit management processes begin with determining the target market, and continue with risk assessment and monitoring of credit distribution. In channeling lending, Bank Mandiri always prioritizes the principle of prudence by placing the credit analysis function which performed by the business units and independent credit risk units. Bank Mandiri always guided by the Credit Policy Bank Mandiri (KPBM) in managing credit risk by using end-to-end basis. Operationally, the policy set forth in the form of Credit Standard Procedures (SPK) and the Product Manual. Furthermore, in managing credit risk concentration at debtors' level, Bank Mandiri consistently monitor Lending Limit (LLL). In general, the credit process and credit risk management at Bank Mandiri already done end-to-end basis and integrated by Business Unit, Operation Unit Credit, and Credit Risk Management Unit. More clearly seen in the schematic below:



Credit Risk Management Organization

Organization of credit risk management Bank Mandiri introduced the system of four eyes principles together with credit risk unit which separated with business unit for wholesale credit segment.

Credit Risk Management Strategies

In terms of credit risk management, Bank Mandiri has implemented several strategic initiatives, including:

- Pre-screening the Potential Debtor**
 In order to the initial screening of new potential debtor, especially for Corporate and Commercial segment, Bank Mandiri has implemented name clearance mechanism. By this mechanism, new potential debtor will be evaluated related to the businesses, business performance, early identification of potential risks which owned by the debtor/debtor group prior to the process of further analysis. Debtors who past the name clearance process will be a pipeline for further prospects.
- Limit Management**
 In order to maintain the debtor's credit exposure and limit remain at the corridor or limit the risks that can be managed by the bank, Bank Mandiri has implemented a limit management which consisting of Master Limit and Value Chain Limit. Master Limit applied to maintain the maximum credit limit which can be given to the debtor/debtor group while Value Chain Limit applied to maintain the maximum credit limit which can be given to the value chain debtor/debtor group. Limit management is unadvised and uncommitted and applied to the whole Corporate segment.

The implementation and the execution of Limit management will be monitored through the Integrated Central Liabilities System (ICLS), where through these system the limit which has been given to the debtor/debtor group and its value chain as well as its use could be monitored and managed.

- Credit Approval**

Approval and credit limit setting on the corporate, commercial and business banking segment (with the limit of Rp5 billion - Rp10 billion) were identified and quantified through a system of credit rating and then do a business feasibility analysis through spreadsheet and Credit Analysis Memorandum (NAK) in integrated and end-to-end through the Integrated Processing System (IPS). Meanwhile, in the retail segment (business banking with limit of Rp500 million - Rp5 billion and micro) and the consumer segment, approval and credit limit setting measured by a credit scoring system which done through end-to-end process which was integrated with Loan Origination System (LOS). The model of credit rating (wholesale) and credit scoring (retail & consumer) continues to be developed, validated and monitored via Report of Model Scoring and Rating. The model of credit rating and credit scoring used is able to provide the Probability of Default (PD), while Bank Mandiri continues to develop models of Loss Given Default (LGD) and model of Credit Conversion Factors (CCF) for calculating Exposure at Default (EAD) in order to support implementation of Basel II and Economic Capital calculation. While, in terms of credit warrant approval, Bank Mandiri requires the collateral to meet the minimum criteria, such as having economic value, marketable, transferable, and has a juridical value.

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• Credit Monitoring

In assessing and monitoring the quality of credit, Bank Mandiri always refers to the regulation of Bank Indonesia by prioritizing the precautionary principle in a way to review the business prospects, as well as assessing the performance and debtor's ability to pay. Monitoring of credit quality in the corporate, commercial, and business banking segment with limit > Rp 2 billion were done at the level of debtors by using ALERT Tools through the Integrated Processing System (IPS). Loan monitoring system includes two functions: as a tool of early detection through Watch List (Early Warning Analysis) and collectibility review based on three pillars. Loan Monitoring System is a standard method, structured and comprehensive in monitoring the performance of the debtor, so it can be carried out follow-up (action plan) to prevent the declining of the debtor's credit quality. Minimum monitoring process conducted within the quarterly period which aims to identify potential debtor which experiencing difficulties in completing their obligations.

Meanwhile, monitoring of credit process in the business banking segment with limit > Rp 2 billion, micro and consumer, were done at the level of portfolio by analyzing the portfolios from various aspects of credit risk as outlined in the credit risk report. In order to maximize the implementation of risk management, Bank Mandiri also do credit monitoring on the credit process and systems as well as its tools supporting through forum named credit sessions which held regularly for every credit segment, where in this forum can be determined the problems and weaknesses in every business process, credit policy and methodologies and tools, so it can immediately be repaired. In addition, as anticipatory measures (early warning signal), Bank Mandiri performs process simulation and stress testing of the portfolio owned periodically to determine changes in the quality of the portfolio per segment or per industrial sector, where the result will be a guide for Bank Mandiri in monitoring the sector or a particular debtor which may experience decline in quality with more stringent to prevent undesirable things.

Portfolio Management and Concentration Risk

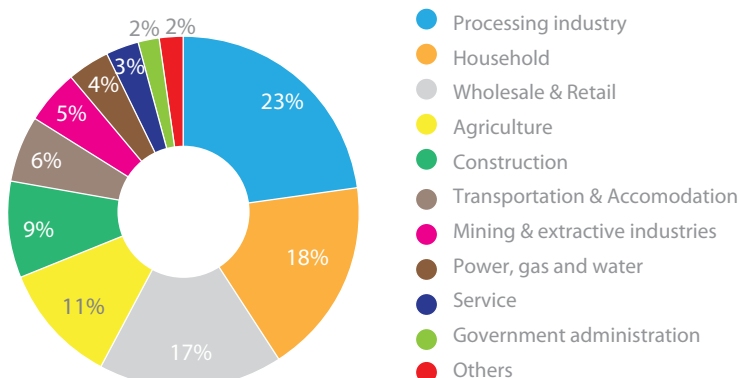
Bank Mandiri has allocated the capital and applied the principle of active portfolio management in managing credit risk at the portfolio level by referring to the Portfolio Guideline (PG), which consists of Industry Classification, Industry Acceptance Criteria and Industry Limit. The Industry Classification and Industry Acceptance Criteria aims to target the prospective customers (winner player) in priority industries whom can bring economic value added as a targeted customer.

Portfolio Guideline Process



Risk management at the portfolio level is done by grouping the industrial sector based on Industry Class by counting some factors such as the outlook for the industry/sector, the Bank's internal expertise, portfolio performance, and Industry Outlook. Furthermore, in each sector will be determined a certain Industry Limit which in accordance with the maximum credit allocation based on the level of risk and return from each industry. While risk management at the level of debtor determined through in-house provision limits by taking into account the needs and financial ability of debtor and Lending Limit (LLL) set by Bank Indonesia.

The Composition of the Bank Loans per Economic Sectors (December 2016)



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To examine the resilience of credit portfolio against changes in macroeconomic conditions, Bank Mandiri conducts Credit Risk Stress Test, either periodically according to banking regulations or as adhoc. In 2016, macroeconomic factors were used as a parameter in the Credit Risk Stress Testing among others, the impact of China's economic slowdown on Indonesia's economy, the decline in commodity prices, as well as the potential increase of Fed Funds Rate. Simulation of the Credit Risk Stress Testing was projecting a decline in the financial capacity of the Wholesale debtors and a change in NPL of Retail segment's credit by portfolio. The Bank prepared Contingency Plan for each loan segment in accordance with the level of severity of the simulation results of Credit Risk Stress Testing.

Growth and Credit Quality

During 2016, Bank Mandiri has recorded loan growth was quite good. Credit portfolio of Bank Mandiri for the entire segment (bank only) grew by 10.6% (YoY) with an NPL ratio of 3.96% (gross). In 2016, several credit segments have performed quite well, including the Corporate segment, which grew by 15.6% (YoY) with an NPL rate of 1.01%. The achievement was obtained through the application of integrated (end-to-end) credit process which are reliable, and has been covering the identification process of potential credit sector, accurate and rigorous underwriting process, credit monitoring process on a regular basis, comprehensive portfolio management and discipline resolution of loan problems. Moreover, this growth is also supported by the presence of strategic infrastructure projects that are being launched by the government.

The Bill which has been Maturity and Impairment Value

The bill which has been maturity the whole bill which overdue for more than 90 (ninety) days, either for payment of principal and/or interest payments.

Meanwhile, the bill is experiencing impairment when there is objective evidence of the occurrence of an adverse event and the impact on the estimated future cash flows of the financial asset or group of reliably financial assets.

The formulation of the Individual Reserves for Impairments (CKPN) is based on two concepts, namely the estimated amount of financial assets losses and the estimated of recoverable amount. The method used was the discounted cash flow or fair value of collateral method.

CKPN credit which was evaluated individually obtained from the difference between the carrying amount and the present value of estimated cash flow of future discounted (the carrying amount is greater than the present value of estimated cash flow). If there is no difference between the carrying amount and the present value of the estimated future cash flows are discounted or negative difference (the carrying value of less than or equal to the present value of estimated future cash flows which discounted), then CKPN for that credits was formed collectively for every segments.

The formulation of Collective CKPN based on the determination of historical loss techniques by using statistical methods which based on internal loan grades Bank. Bank Mandiri uses Migration Analysis and Roll Rate Analysis to get the value of Probability of Default (PD), which already accounted Loss Given Default (LGD) in calculating the historical loss rates. In evaluating credit impairment collectively, the observation period historical loss data used at least 3 years.

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Credit Risk Exposures per Region, Time Period and Economic Sector

Based on the Standard Approach, Bank Mandiri has exposure per region, time period and economic sectors as follows:

Table 2.1.a Disclosure on Net Claims by Region - Bank Individually

(in million Rupiah)

No		Portfolio Category	December 31, 2016									
			Net claims by region									
			Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims against Government		959,332	500					197,743,278	16,086,662	214,789,772	
2	Claims against Public Sector Entities	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,659,405	342,412	106,986,577	
3	Claims against Multilateral Development Banks and International Institutions											
4	Claims against Banks	598,435	96,373	163,181		3,892	124,591	3,489	35,809,192	4,728,863	41,528,016	
5	Collateralized Housing Loans	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101	
6	Collateralized Commercial Property Loans											
7	Loans to Employees/ Pensioners											
8	Claims against MSMEs and Retail Portfolio	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	8,997,596	22,292	122,713,386	
9	Claims against Corporations	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	70,998,422	18,022,607	396,790,871	
10	Mature Claims	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	139,511	185,656	8,177,118	
11	Other Assets								64,497,979		64,497,979	
	Total	97,079,232	239,592,009	118,884,883	31,894,848	22,740,634	14,258,668	5,240,671	404,845,383	39,388,492	973,924,820	

Table 2.1.b Disclosure on Net Claims by Region - Bank Consolidated with Subsidiaries

(in million Rupiah)

(in million Rupiah)

No	Portfolio Category	December 31, 2016										
		Net claims by region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims against Government		959,332	500					199,423,193	16,086,662	216,469,687	
2	Claims against Public Sector Entities	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,924,948	342,412	107,252,120	
3	Claims against Multilateral Development Banks and International Institutions											
4	Claims against Banks	598,435	96,373	163,181		3,892	124,591	3,489	35,633,755	4,728,863	41,352,579	
5	Collateralized Housing Loans	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101	
6	Collateralized Commercial Property Loans											
7	Loans to Employees/ Pensioners								2,917,617		2,917,617	
8	Claims against MSMEs and Retail Portfolio	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	20,187,149	22,292	133,902,939	
9	Claims against Corporations	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	71,585,026	18,022,607	397,377,475	
10	Mature Claims	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	332,474	185,656	8,370,081	
11	Other Assets								66,635,060		66,635,060	
12	Exposure at Sharia Unit (If any)								80,344,554		80,344,554	
	Total	97,079,231	239,592,008	118,884,884	31,894,849	22,740,634	14,258,668	5,240,670	503,983,775	39,388,492	1,073,063,212	

*) Net claim of subsidiaries are monitored and recorded in head office.

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	December 31, 2015									
	Net claims by region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	224	714,967						172,409,022	14,578,222	187,702,435
	16,730,078	26,954,684	5,047,823	5,738,723	1,290,881	762,345		34,675,633	354,459	91,554,626
	349,114	179,888	331,094		22,658	202,155	5,311	29,910,792	4,812,170	35,813,182
	1,536,712	3,880,204	3,753,884	742,025	861,286	567,306	72,321	10,184		11,423,922
	18,519,083	41,073,184	24,792,436	6,593,503	8,417,568	3,672,733	2,594,750	9,072,169	30,899	114,766,325
	52,407,842	149,871,579	68,114,572	19,024,575	10,398,874	4,666,701	2,156,944	60,624,251	12,637,222	379,902,560
	638,732	809,684	946,084	258,276	243,068	42,039	41,056	211,625	37,760	3,228,324
								42,635,888		42,635,888
	90,181,785	223,484,190	102,985,893	32,357,102	21,234,335	9,913,279	4,870,382	349,549,564	32,450,732	867,027,262

(in million Rupiah)

	December 31, 2015									
	Net claims by region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	224	714,967						172,879,911	14,578,222	188,173,324
	16,730,078	26,954,684	5,047,823	5,738,723	1,290,881	762,345		35,035,802	354,459	91,914,795
	349,114	179,888	331,094		22,658	202,155	5,311	29,665,369	4,812,170	35,567,759
	1,536,712	3,880,204	3,753,884	742,025	861,286	567,306	72,321	10,184		11,423,922
								187,959		187,959
	18,519,083	41,073,184	24,792,436	6,593,503	8,417,568	3,672,733	2,594,750	17,529,117	30,899	123,223,273
	52,407,842	149,871,579	68,114,572	19,024,575	10,398,874	4,666,701	2,156,944	61,203,103	12,637,222	380,481,412
	638,732	809,684	946,084	258,276	243,068	42,039	41,056	297,244	37,760	3,313,943
								44,381,523		44,381,523
								70,910,376		70,910,376
	90,181,785	223,484,190	102,985,893	32,357,102	21,234,335	9,913,279	4,870,382	432,100,587	32,450,732	949,578,285

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Table 2.2.a Disclosure on Net Claims by Remaining Maturity of the Contract – Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016						
		Net Claims by Remaining Contract Time						
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	78,657,310	32,789,532	35,367,898	19,213,499	48,761,535	214,789,773	
2	Claims against Public Sector Entities	53,005,957	12,780,040	11,021,111	30,179,469		106,986,577	
3	Claims against Multilateral Development Banks and International Institutions							
4	Claims against Banks	26,707,484	5,255,684	1,541,357	71,982	7,951,507	41,528,015	
5	Collateralized Housing Loans	5,015,390	981,061	2,739,156	9,705,493		18,441,100	
6	Collateralized Commercial Property Loans							
7	Loans to Employees/Pensioners							
8	Claims against MSMEs and Retail Portfolio	20,729,283	45,908,880	21,641,960	34,433,263		122,713,385	
9	Claims against Corporations	229,406,390	52,927,274	62,718,669	51,738,538		396,790,872	
10	Mature Claims	3,541,037	1,117,570	1,118,086	2,400,423		8,177,117	
11	Other Assets					64,497,979	64,497,979	
	Total	417,062,851	151,760,041	136,148,237	147,742,668	121,211,021	973,924,818	

Table 2.2.b Disclosure on Net Claims by Remaining Maturity of the Contract – Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016						
		Net Claims by Remaining Contract Time						
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	78,657,310	32,789,532	37,047,811	19,213,499	48,761,535	216,469,687	
2	Claims against Public Sector Entities	53,005,957	12,780,040	11,286,654	30,179,469		107,252,120	
3	Claims against Multilateral Development Banks and International Institutions							
4	Claims against Banks	26,707,484	5,255,684	1,541,357	71,982	7,776,072	41,352,579	
5	Collateralized Housing Loans	5,015,390	981,061	2,739,156	9,705,493		18,441,100	
6	Collateralized Commercial Property Loans							
7	Loans to Employees/Pensioners				2,917,617		2,917,617	
8	Claims against MSMEs and Retail Portfolio	20,729,283	45,908,880	32,831,513	34,433,263		133,902,939	
9	Claims against Corporations	229,406,390	52,927,274	63,305,273	51,738,538		397,377,475	
10	Mature Claims	3,541,037	1,117,570	1,311,051	2,400,423		8,370,081	
11	Other Assets					66,635,060	66,635,060	
12	Exposure at Sharia Unit (If any)			74,609,776		5,734,778	80,344,554	
	Total	417,062,851	151,760,041	224,672,590	150,660,284	128,907,445	1,073,063,212	

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	December 31, 2015					
	Net Claims by Remaining Contract Time					
	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	41,987,584	30,035,485	50,118,950	12,284,192	53,276,224	187,702,435
	41,732,030	10,180,380	8,710,881	30,931,334		91,554,625
	17,982,949	6,934,142	1,312,082	33,614	9,550,394	35,813,181
	1,409,740	677,947	1,468,879	7,867,357		11,423,923
	21,090,846	43,530,482	18,234,604	31,910,394		114,766,326
	225,014,812	43,718,703	63,135,657	48,033,389		379,902,561
	1,860,155	763,489	215,487	389,192		3,228,323
					42,635,888	42,635,888
	351,078,116	135,840,628	143,196,540	131,449,472	105,462,506	867,027,262

(in million Rupiah)

	December 31, 2015					
	Net Claims by Remaining Contract Time					
	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	42,271,213	30,035,485	50,253,569	12,336,833	53,276,224	188,173,324
	41,732,030	10,180,380	8,710,881	31,291,504		91,914,795
	17,239,266	6,934,142	1,312,082	33,614	10,048,655	35,567,759
	1,409,740	677,947	1,468,879	7,867,357		11,423,923
				187,959		187,959
	21,517,729	46,942,058	22,758,853	32,004,633		123,223,273
	225,177,353	43,718,703	63,135,657	48,449,699		380,481,412
	1,873,983	807,682	243,086	389,192		3,313,943
					44,381,523	44,381,523
	29,389,579	11,371,540	11,987,321	11,003,946	7,157,989	70,910,376
	380,610,893	150,667,937	159,870,328	143,564,737	114,864,390	949,578,285

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Table 2.3.a Disclosure on Net Claims by Economic Sector - Bank Individually

(in million Rupiah)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	
(1)	(2)	(3)	(4)	(5)	(6)	
December 31, 2016						
1	Agriculture, menial labor and forestry	0	11,652,846	0		
2	Fisheries	0		0		
3	Mining and extractive industries	0	3,318,338	0		
4	Processing industry	0	20,695,005	0		
5	Power, gas and water	0	19,475,747	0		
6	Construction	0	8,896,387	0		
7	Wholesale and retail trade	500	44,192	0		
8	Hospitality	0	407,783	0		
9	Transportation, warehousing and communications	0	5,904,983	0		
10	Financial intermediaries	0	6,648,349	0	41,528,015	
11	Real estate, leasing and corporate services	0	222,605	0		
12	Government administration, defense and mandatory social security	3,304,430		0		
13	Education	0		0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	4,511	0		
16	Personal household services	0		0		
17	International organizations and other extra international organizations	0		0		
18	Indeterminate activities	0		0		
19	Household					
20	Non-Business Field	0		0		
21	Miscellaneous (additional including for SBI, SUN)	211,484,843	29,715,833	0		
Total		214,789,773	106,986,577	0	41,528,015	
December 31, 2015						
1	Agriculture, menial labor and forestry	0	15,441,323	0	0	
2	Fisheries	0	0	0	0	
3	Mining and extractive industries	0	7,280,640	0	0	
4	Processing industry	0	14,854,365	0	0	
5	Power, gas and water	0	10,064,347	0	0	
6	Construction	0	5,729,621	0	0	
7	Wholesale and retail trade	224	25,239	0		
8	Hospitality	0	527,389	0	0	
9	Transportation, warehousing and communications	0	1,479,938	0	0	
10	Financial intermediaries	0	5,839,011	0	35,813,181	
11	Real estate, leasing and corporate services	559,155	2,737,415	0		
12	Government administration, defense and mandatory social security	2,959,663	0	0		
13	Education	0	0	0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	0	0		
16	Personal household services	0	0	0		
17	International organizations and other extra international organizations	0	0	0		
18	Indeterminate activities	0	0	0		
19	Non-Business Field	0	1,192	0		
20	Miscellaneous (additional including for SBI, SUN)	184,183,392	27,574,147	0		
Total		187,702,434	91,554,626	0	35,813,181	

Note:

Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C.

*) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders.

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(in million Rupiah)

	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/Pensioners	Claims against MSMEs and retail Portfolio	Claims against Corporations	Mature Claims	Other assets	Exposure at Sharia unit (if any)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		0	0	1,656,758	40,672,718	126,157	0	0
		0	0	76,918	235,884	6,605	0	0
		0	0	43,586	26,663,276	1,063,825	0	0
		0	0	1,056,044	96,227,595	1,369,050	0	0
		0	0	24,494	4,216,787	185,886	0	0
		0	0	302,094	15,206,702	238,250	0	0
		0	0	25,506,018	67,903,072	3,443,799	0	0
		0	0	3,455,390	3,317,592	78,780	0	0
		0	0	857,913	17,424,588	496,987	0	0
		0	0	84,113	12,593,499	763	0	0
		0	0	1,872,634	19,332,729	179,899	0	0
		0	0	16,537	61,036	1,193	0	0
		0	0	37,371	99,581	192	0	0
		0	0	86,456	1,582,546	3,213	0	0
		0	0	1,171,344	1,887,951	33,291	0	0
		0	0	7,879	30,447	1,814	0	0
		0	0		33,687	0	0	0
		0	0		703		0	0
	18,441,101			77,532,355	7,693,239	830,242		
			0	8,686,052	273,346	106,754	0	0
		0	0	239,432	81,333,895	10,417	64,497,979	0
	18,441,101	0	0	122,713,385	396,790,872	8,177,117	64,497,979	0
	0	0	0	2,525,357	42,324,130	147,143	0	0
	0	0	0	52,073	233,553	7,867	0	0
	0	0	0	39,467	23,641,624	11,546	0	0
	0	0	0	910,508	107,187,758	564,245	0	0
	0	0	0	25,575	3,983,326	698	0	0
	0	0	0	332,126	13,722,859	23,001	0	0
	0	0	0	22,487,141	66,815,467	1,332,562	0	0
	0	0	0	2,810,216	2,974,495	57,671	0	0
	0	0	0	410,301	18,082,147	101,760	0	0
	0	0	0	92,658	8,231,312	4,825	0	0
	0	0	0	3,189,873	21,853,064	141,312	0	0
	0	0	0	32,095	103,497	3,215	0	0
	0	0	0	7,112	153,332	241	0	0
	0	0	0	101,888	1,639,722	2,005	0	0
	0	0	0	11,982	364,985	319	0	0
	0	0	0	15,149	19,727	819	0	0
	0	0	0	0	0	0	0	0
	0	0	0	6,699	166,214	1,008	0	0
	11,423,922	0	0	81,483,785	5,910,630	822,837	0	0
	0	0	0	232,319	62,494,719	5,250	42,635,888	0
	11,423,922	0	0	114,766,325	379,902,562	3,228,324	42,635,888	0

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Tabel 2.3.b Disclosure on Net Claims by Economic Sector - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	
(1)	(2)	(3)	(4)	(5)	(6)	
December 31, 2016						
1	Agriculture, menial labor and forestry	0	11,652,846	0		
2	Fisheries	0		0		
3	Mining and extractive industries	0	3,318,338	0		
4	Processing industry	0	20,695,005	0		
5	Power, gas and water	0	19,475,747	0		
6	Construction	0	8,896,387	0		
7	Wholesale and retail trade	500	44,192	0		
8	Hospitality	0	407,783	0		
9	Transportation, warehousing and communications	0	5,904,983	0		
10	Financial intermediaries	0	6,648,349	0	41,352,579	
11	Real estate, leasing and corporate services	0	222,605	0		
12	Government administration, defense and mandatory social security	3,304,430		0		
13	Education	0		0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	4,511	0		
16	Personal household services	0		0		
17	International organizations and other extra international organizations	0		0		
18	Indeterminate activities	0		0		
19	Household					
20	Non-Business Field	0		0		
21	Miscellaneous (additional including for SBI, SUN)	213,164,757	29,981,376	0		
Total		216,469,687	107,252,120	0	41,352,579	
December 31, 2015						
1	Agriculture, menial labor and forestry	0	15,441,323	0	0	
2	Fisheries	0	0	0	0	
3	Mining and extractive industries	0	7,280,640	0	0	
4	Processing industry	0	14,854,365	0	0	
5	Power, gas and water	0	10,064,347	0	0	
6	Construction	0	5,729,621	0	0	
7	Wholesale and retail trade	224	25,239	0		
8	Hospitality	0	527,389	0	0	
9	Transportation, warehousing and communications	0	1,479,938	0	0	
10	Financial intermediaries	0	5,839,011	0	35,567,759	
11	Real estate, leasing and corporate services	559,155	2,737,415	0		
12	Government administration, defense and mandatory social security	2,959,663	0	0		
13	Education	0	0	0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	0	0		
16	Personal household services	0	0	0		
17	International organizations and other extra international organizations	0	0	0		
18	Indeterminate activities	0	0	0		
19	Non-Business Field	0	1,192	0		
20	Miscellaneous (additional including for SBI, SUN)	184,654,282	27,934,316	0		
Total		188,173,324	91,914,795	0	35,567,759	

Note:

Net exposures which classified on 'Others' are Other Assets and non-cash loan, such as placements on Bank Indonesia, securities, bank guarantee, and L/C.

*) Disclosed sectors are the sectors with material value/balance. For sectors which are not material are combined into other sectors and described to the stakeholders.

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	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/ Pensioners	Claims against MSMEs and Retail Portfolio	Claims against Corporations	Mature Claims	Other Assets	Exposure at Sharia unit (if any)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		0	0	1,656,758	40,672,718	126,157	0	0
		0	0	76,918	235,884	6,605	0	0
		0	0	43,586	26,663,276	1,063,825	0	0
		0	0	1,056,044	96,227,595	1,369,050	0	0
		0	0	24,494	4,216,787	185,886	0	0
		0	0	302,094	15,206,702	238,250	0	0
		0	0	25,506,018	67,903,072	3,443,799	0	0
		0	0	3,455,390	3,317,592	78,780	0	0
		0	0	857,913	17,424,588	496,987	0	0
		0	0	84,113	12,593,499	763	0	0
		0	0	1,872,634	19,332,729	179,899	0	0
		0	0	16,537	61,036	1,193	0	0
		0	0	37,371	99,581	192	0	0
		0	0	86,456	1,582,546	3,213	0	0
		0	0	1,171,344	1,887,951	33,291	0	0
		0	0	7,879	30,447	1,814	0	0
		0	0		33,687	0	0	0
		0	0		703		0	0
	18,441,101			77,532,355	7,693,239	830,242		
			0	8,686,052	273,346	106,754	0	0
	0	0	2,917,617	11,428,986	81,920,498	203,382	66,635,060	80,344,554
	18,441,101	0	2,917,617	133,902,939	397,377,475	8,370,081	66,635,060	80,344,554
	0	0	0	2,525,357	42,324,130	147,143	0	0
	0	0	0	52,073	233,553	7,867	0	0
	0	0	0	39,467	23,641,624	11,546	0	0
	0	0	0	910,508	107,187,758	564,245	0	0
	0	0	0	25,575	3,983,326	698	0	0
	0	0	0	332,126	13,722,859	23,001	0	0
	0	0	0	22,487,141	66,815,467	1,332,562	0	0
	0	0	0	2,810,216	2,974,495	57,671	0	0
	0	0	0	410,301	18,082,147	101,760	0	0
	0	0	0	92,658	8,231,312	4,825	0	0
	0	0	0	3,189,873	21,853,064	141,312	0	0
	0	0	0	32,095	103,497	3,215	0	0
	0	0	0	7,112	153,332	241	0	0
	0	0	0	101,888	1,639,722	2,005	0	0
	0	0	0	11,982	364,985	319	0	0
	0	0	0	15,149	19,727	819	0	0
	0	0	0	0	0	0	0	0
	0	0	0	6,699	166,214	1,008	0	0
	11,423,922	0	0	81,483,785	5,910,630	822,837	0	0
	0	0	187,959	8,689,266	63,073,569	90,869	44,381,523	70,910,376
	11,423,922	0	187,959	123,223,273	380,419,830	3,313,943	44,381,523	70,910,376

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Credit Risk Exposure and Reserve

Bank Mandiri implement prudent policies on credit risk mitigation, including in determining reserves for impairment losses on assets.

Table 2.4.a Disclosure on Claims and Reserves by Region – Bank Individually

(in million Rupiah)

NoDescription		December 31, 2016										
		Claims by Region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	354,966,406	36,303,136	936,102,909	
2	Impaired Claims	0	0	0	0	0	0	0	0	0	0	
	a. Outstanding	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460	
	b. Mature	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	1,542,085	280,563	24,593,461	
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296	0	1,131,941	49,966	23,220,426	
4	Reserves for Impairmentsi (CKPN) - Collective **)	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	1,456,738	53,787	5,472,795	
5	Written-off claims ***)	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	4,114,213	-	11,494,905	

Table 2.4.b Disclosure on Claims and Reserves by Region – Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Description	December 31, 2016										
		Claims by Region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	435,278,002	36,303,136	1,016,414,505	
2	Impaired Claims	0	0	0	0	0	0	0	0	0	0	
	a. Outstanding	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460	
	b. Mature	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	3,804,457	280,563	26,855,832	
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296	0	2,999,811	49,966	25,088,297	
4	Reserves for Impairmentsi (CKPN) - Collective **)	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	3,109,850	53,787	7,125,908	
5	Written-off claims ***)	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	6,156,252	-	13,536,944	

**) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

***) Written-off claims only for the bank individually

****) Subsidiaries Net Claims is monitored and recorded in Head Office

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	December 31, 2015									
	Claims by Region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	89,901,079	225,134,232	104,359,311	32,757,427	22,130,660	9,911,074	4,856,763	300,813,264	28,778,499	818,642,312
	0	0	0	0	0	0	0	0	0	0
	3,011,899	8,843,460	6,604,165	1,343,528	1,500,583	268,290	191,115	1,637,642	0	23,400,682
	1,465,826	4,255,307	3,170,552	701,234	1,152,710	81,432	84,982	2,334,917	234,473	13,481,433
	378,370	7,412,348	2,825,038	345,701	808,126	65,211	0	1,353,482	144,162	13,332,439
	935,840	952,643	1,154,533	346,213	347,814	56,570	65,859	1,537,064	67,361	5,463,896
	818,813	1,667,832	1,490,908	472,614	295,039	70,349	101,308	1,076,277	-	5,993,140

(in million Rupiah)

	December 31, 2015									
	Claims by Region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	89,901,079	225,134,232	104,359,311	32,757,427	22,130,660	9,911,074	4,856,763	384,315,194	28,778,499	902,144,239
	0	0	0	0	0	0	0	0	0	0
	3,011,899	8,843,460	6,604,165	1,343,528	1,500,583	268,290	191,115	2,374,508	0	24,137,548
	1,465,826	4,255,307	3,170,552	701,234	1,152,710	81,432	84,982	2,490,648	234,473	13,637,164
	378,370	7,412,348	2,825,038	345,701	808,126	65,211	0	1,353,482	144,162	13,332,438
	935,840	952,643	1,154,533	346,213	347,814	56,570	65,859	3,384,168	67,361	7,311,001
	818,813	1,667,832	1,490,908	472,614	295,039	70,349	101,308	2,834,777	-	7,751,640

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Table 2.5.a Disclosure on Claims and Reserves by Economic Sector - Bank Individually

(in million Rupiah)

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for impairments (CKPN) - Individual ***)	Reserves for impairments (CKPN) - Collective ***)	Written off claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Processing industry	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Power, gas and water	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Construction	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Wholesale and retail trade	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Hospitality	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportation, warehousing and communications	26,052,500	632,584	1,859,163	1,448,732	113,903	721,659
10	Financial intermediaries	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, leasing and corporate services	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Government administration, defense and mandatory social security	3,382,781	10,212	2,507	745	1,511	6,022
13	Education	145,070	10,491	349	8,063	366	8,072
14	Health and social activities	1,671,508	10,087	6,638	238	4,648	2,696
15	Social, cultural, entertainment and other personal services	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Personal household services	42,255	9,164	3,525	0	2,743	1,967
17	International organizations and other extra international organizations	33,687	0	0	0		0
18	Indeterminate activities	703	0		0		0
19	Household	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Non-Business Field	9,333,968	6,250,885	266,969	0	52	
21	Miscellaneous (additional including for SBI, SUN)	344,230,624	353,667	31,987	828,962	1,483,113	0
Total		936,102,910	21,455,460	24,593,461	23,220,426	5,472,795	11,494,905
December 31, 2015							
1	Agriculture, menial labor and forestry	60,448,226	534,554	333,133	110,720	251,882	194,361
2	Fisheries	296,449	10,418	16,842	0	10,471	496,862
3	Mining and extractive industries	31,412,092	572,285	511,481	693,922	78,932	94,453
4	Processing industry	127,104,105	7,011,897	3,364,152	7,117,993	309,642	605,008
5	Power, gas and water	12,853,911	209,124	427,333	433,562	22,735	1,407
6	Construction	19,239,394	595,032	48,772	307,024	38,954	33,934
7	Wholesale and retail trade	92,903,230	4,929,770	4,465,483	2,631,877	1,874,380	2,392,291
8	Hospitality	6,453,640	281,326	135,679	4,435	126,279	111,442
9	Transportation, warehousing and communications	21,095,257	1,612,019	723,710	1,043,049	84,705	314,413
10	Financial intermediaries	14,282,235	3,935	10,672	448	5,921	12
11	Real estate, leasing and corporate services	28,715,931	643,243	493,717	263,088	243,526	155,336
12	Government administration, defense and mandatory social security	3,082,046	3,995	6,697	0	4,034	54,436
13	Education	168,117	1,442	8,222	7,709	465	1,557
14	Health and social activities	1,746,257	22,513	4,058	2,876	4,773	4,500
15	Social, cultural, entertainment and other personal services	377,031	2,829	586	0	637	7
16	Personal household services	36,404	3,739	1,704	0	1,384	0
17	International organizations and other extra international organizations	0	0	0	0	0	0
18	Indeterminate activities	175,071	3,269	2,152	0	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	0	1,144,853	0
20	Miscellaneous (additional including for SBI, SUN)	297,462,131	654,334	1,346,217	715,737	1,258,752	792,107
Total		818,642,312	23,400,682	13,481,433	13,332,439	5,463,896	5,993,140

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Table 2.5.b Disclosure on Claims and Reserves by Economic Sector - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for impairments (CKPN) - Individual ***)	Reserves for impairments (CKPN) - Collective ***)	Written off claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Processing industry	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Power, gas and water	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Construction	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Wholesale and retail trade	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Hospitality	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportation, warehousing and communications	26,052,500	632,584	1,859,163	1,448,732	113,903	721,659
10	Financial intermediaries	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, leasing and corporate services	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Government administration, defense and mandatory social security	3,382,781	10,212	2,507	745	1,511	6,022
13	Education	145,070	10,491	349	8,063	366	8,072
14	Health and social activities	1,671,508	10,087	6,638	238	4,648	2,696
15	Social, cultural, entertainment and other personal services	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Personal household services	42,255	9,164	3,525	0	2,743	1,967
17	International organizations and other extra international organizations	33,687	0	0	0		0
18	Indeterminate activities	703	0		0		0
19	Household	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Non-Business Field	9,333,968	6,250,885	266,969	0	52	
21	Miscellaneous (additional including for SBI, SUN)	424,542,218	353,667	2,294,359	2,696,833	3,136,226	2,042,039
Total		1,016,414,505	21,455,460	26,855,832	25,088,297	7,125,908	13,536,944
December 31, 2015							
1	Agriculture, menial labor and forestry	60,448,226	534,554	333,133	110,720	251,882	194,361
2	Fisheries	296,449	10,418	16,842	0	10,471	496,862
3	Mining and extractive industries	31,412,092	572,285	511,481	693,922	78,932	94,453
4	Processing industry	127,104,105	7,011,897	3,364,152	7,117,993	309,642	605,008
5	Power, gas and water	12,853,911	209,124	427,333	433,562	22,735	1,407
6	Construction	19,239,394	595,032	48,772	307,024	38,954	33,934
7	Wholesale and retail trade	92,903,230	4,929,770	4,465,483	2,631,877	1,874,380	2,392,291
8	Hospitality	6,453,640	281,326	135,679	4,435	126,279	111,442
9	Transportation, warehousing and communications	21,095,257	1,612,019	723,710	1,043,049	84,705	314,413
10	Financial intermediaries	14,282,235	3,935	10,672	448	5,921	12
11	Real estate, leasing and corporate services	28,715,931	643,243	493,717	263,088	243,526	155,336
12	Government administration, defense and mandatory social security	3,082,046	3,995	6,697	0	4,034	54,436
13	Education	168,117	1,442	8,222	7,709	465	1,557
14	Health and social activities	1,746,257	22,513	4,058	2,876	4,773	4,500
15	Social, cultural, entertainment and other personal services	377,031	2,829	586	0	637	7
16	Personal household services	36,404	3,739	1,704	0	1,384	0
17	International organizations and other extra international organizations	0	0	0	0	0	0
18	Indeterminate activities	175,071	3,269	2,152	0	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	0	1,144,853	0
20	Miscellaneous (additional including for SBI, SUN)	380,964,061	1,391,200	1,501,948	715,737	3,105,856	2,550,607
Total		902,144,242	24,137,545	13,637,163	13,332,440	7,311,001	7,751,640

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous

**) Gross claims (Reserves for Impairments not yet deducted)

***) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

****) Written-off claims only for the bank individually

Note: Net Claim of subsidiaries are recorded on Other Economic Sectors

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Table 2.6.a Disclosure of Changes in Impairment Reserves - Bank Individually

(in million Rupiah)

No.	Description	December 31, 2016		December 31, 2015	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	14,846,451	7,685,776	11,153,300	6,752,964
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	16,214,781	6,625,053	5,546,516	4,342,902
	2.a Allocation of Impairment Reserves in current period	16,223,254	6,625,053	5,546,516	4,571,051
	2.b Recovery of Impairment Reserves in current period	(8,473)	-	-	(228,149)
3	Impairment Reserves used to cover write-offs in current period	(5,965,014)	(5,529,891)	(1,853,346)	(4,139,794)
4	Other Allocation recovery in current period *)	(556,573)	(408,091)	(19)	729,704
Closing Impairment Reserve Balance **)		24,539,645	8,372,847	14,846,451	7,685,776

Table 2.6.b Disclosure of Changes in Impairment Reserves - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Description	December 31, 2016		December 31, 2015	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	15,488,817	9,293,798	11,749,047	8,555,303
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	16,404,841	8,539,097	5,593,041	6,062,416
	2.a Allocation of Impairment Reserves in current period	16,404,841	8,539,273	5,606,308	6,278,066
	2.b Recovery of Impairment Reserves in current period	-	(176)	(13,267)	(215,650)
3	Impairment Reserves used to cover write-offs in current period	(5,965,014)	(7,571,930)	(1,853,346)	(5,898,294)
4	Other Allocation recovery in current period *)	(730,948)	(180,523)	75	574,373
Closing Impairment Reserve Balance **)		25,197,696	10,080,442	15,488,817	9,293,798

*) Includes foreign exchange differences from presentation in foreign currency and recognition of interest income as being excluded from impaired loans

**) Excluding Impairment Reserves for Administrative Account transactions

***) There are adjustment of initial balance reserve collectively on 31 December 2015 with implementation of PSAK No. 102 in subsidiaries

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Credit Risk Exposure based on Standard Approach

In the ATMR calculation for credit risk, Bank Mandiri uses ratings issued by rating agencies which were acknowledged by the appropriate regulator according to the SE OJK No. 37/SEOJK.03/2016 regarding the Agencies Rating which recognized by OJK. The ratings are used for the category of portfolio of Public Sector Entities and Corporation.

For the calculation of capital adequacy which related to the exposures of Counterparty Credit Risk, Bank Mandiri refers to SE OJK No. 42/SEOJK.03/2016 regarding Guidelines for the Calculation of Risk Weighted Assets for Credit Risk by using the Standard Approach, where specifically for the calculation result of CVA risk-weighted assets will be disclosed on starting position January 2017 to the OJK.

Disclosure of Credit Risk Exposure Based on Category Portfolio and Rating Scale

Reporting Standard Approach by Bank Mandiri presently do not use external ratings to the category of the portfolio, however, for the needs of the simulation has been performed the exposure calculation based on external ratings as shown in the following table:

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Tabel 3.1.a. Disclosure of Net Claims by Portfolio Category and Rating - Bank Individually

(in million Rupiah)

December 31, 2016										
No	Portfolio Category	Net claims								
		Rating Agency	Long term rating							
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than A-3	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than F3	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	Less than P-3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than F3(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	Less than idA4	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government		8,895,529	36,742,354	4,221,756	0	10,638,849	0	0	
2	Claims against Public Sector Entities		25,715,921	22,814,812	20,777,467	4,498,973	4,216,706	0	0	
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0	
4	Claims against Banks		926,762	488,810	104,135	0	0	0	0	
5	Collateralized Housing Loans		0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0	
9	Claims against Corporations		12,328,642	23,638,782	28,719,806	769,427	0	0	0	
10	Mature Claims		0	0	0	0	0	0	0	
11	Other Assets		0	0	0	0	0	0	0	
Total			47,866,854	83,684,759	53,823,163	5,268,400	14,855,554	0	0	

December 31, 2015										
No	Portfolio Category	Net claims								
		Rating Agency	Long term rating							
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than A-3	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than F3	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	Less than P-3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than F3(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	Less than idA4	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government		19,369,968	39,793,230	747,960	0	14,757,721	0	0	
2	Claims against Public Sector Entities		18,430,799	14,009,882	18,572,424	4,381,357	5,201,889	0	0	
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0	
4	Claims against Banks		870,716	525,237	25,321	0	0	0	0	
5	Collateralized Housing Loans		0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0	
9	Claims against Corporations		7,735,297	21,313,040	29,045,641	4,422,577	0	0	0	
10	Mature Claims		0	0	0	0	0	0	0	
11	Other Assets		0	0	0	0	0	0	0	
Total			46,406,780	75,641,389	48,391,346	8,803,934	19,959,610	0	0	

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Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	154,291,286	214,789,773
	0	0	0	0	28,962,699	106,986,577
	0	0	0	0	0	0
	0	0	0	0	40,008,307	41,528,015
	0	0	0	0	18,441,100	18,441,100
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	122,713,385	122,713,385
	0	0	0	0	331,334,215	396,790,872
	0	0	0	0	8,177,117	8,177,117
	0	0	0	0	64,497,979	64,497,979
	0	0	0	0	768,426,088	973,924,818

Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	113,033,556	187,702,435
	0	0	0	0	30,958,275	91,554,626
	0	0	0	0	0	0
	0	0	0	0	34,391,908	35,813,182
	0	0	0	0	11,423,922	11,423,922
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	114,766,325	114,766,325
	0	0	0	0	317,386,006	379,902,561
	0	0	0	0	3,228,323	3,228,323
	0	0	0	0	42,635,888	42,635,888
	0	0	0	0	667,824,203	867,027,262

Table 3.1.b. Disclosure of Net Claims by Portfolio Category and Rating - Bank Consolidated with Subsidiaries

(in million Rupiah)

December 31, 2016									
No	Portfolio Category	Net claims							
		Rating Agency	Long term rating						
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		9,029,223	36,742,354	4,221,756	135,471	10,638,849	0	0
2	Claims against Public Sector Entities		25,722,887	22,814,812	20,777,467	4,757,550	4,216,706	0	0
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0
4	Claims against Banks		1,007,635	488,810	104,135	0	0	0	0
5	Collateralized Housing Loans		0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0
9	Claims against Corporations		12,363,676	23,643,682	28,724,820	769,427	0	0	0
10	Mature Claims		0	0	0	0	0	0	0
11	Other Assets		0	0	0	0	0	0	0
12	Exposure at Sharia Unit (If any)		2,772,642	0	683,075	57,903	0	0	0
Total			50,896,061	83,689,658	54,511,253	5,720,351	14,855,555	0	0

December 31, 2015									
No	Portfolio Category	Net claims							
		Rating Agency	Long term rating						
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		19,369,968	39,793,230	747,960	0	14,757,721	0	0
2	Claims against Public Sector Entities		18,430,799	14,009,882	18,572,424	4,381,357	5,201,889	0	0
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0
4	Claims against Banks		1,347,186	579,368	25,321	0	0	0	0
5	Collateralized Housing Loans		0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0
9	Claims against Corporations		7,735,297	21,313,040	29,045,641	4,422,577	0	0	0
10	Mature Claims		0	0	0	0	0	0	0
11	Other Assets		0	0	0	0	0	0	0
12	Exposure at Sharia Unit (If any)		350,000	0	315,919	58,405	0	0	0
Total			47,233,250	75,695,520	48,707,265	8,862,339	19,959,610	0	0

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Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	155,702,034	216,469,687
	0	0	0	0	28,962,698	107,252,120
	0	0	0	0	0	
	0	0	0	0	39,751,999	41,352,579
	0	0	0	0	18,441,100	18,441,100
	0	0	0	0	0	
	0	0	0	0	2,917,617	2,917,617
	0	0	0	0	133,902,939	133,902,939
	0	0	0	0	331,875,870	397,377,475
	0	0	0	0	8,370,081	8,370,081
	0	0	0	0	66,635,060	66,635,060
	0	0	0	0	76,830,935	80,344,554
	0	0	0	0	863,390,333	1,073,063,212

Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	113,504,445	188,173,324
	0	0	0	0	31,318,445	91,914,796
	0	0	0	0	0	0
	0	0	0	0	33,615,884	35,567,759
	0	0	0	0	11,423,922	11,423,922
	0	0	0	0	0	0
	0	0	0	0	187,959	187,959
	0	0	0	0	123,223,272	123,223,272
	0	0	0	0	317,964,858	380,481,413
	0	0	0	0	3,313,942	3,313,942
	0	0	0	0	44,381,522	44,381,522
	0	0	0	0	70,186,052	70,910,376
	0	0	0	0	749,120,302	949,578,285

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Disclosure of Counterparty Credit Risk

In accordance to the Indonesian financial market conditions that have not had a lot of derivative instruments, Bank Mandiri has derivatives exposure which was not significant with the largest positions comes from interest rate swap transaction. Reverse repo transactions position is with to other banks and corporations, while repo transaction is with other banks and with underlying government bonds. Based on the Reporting of Standard Approach, Bank Mandiri's exposure in derivative transactions, repo and reverse repo are as follows:

Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions

(in million Rupiah)

(in million Rupiah)

No	Underlying Variable	December 31, 2016							
		Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK
		≤ 1 year	> 1 year - ≤ 5 year	> 5 year					
INDIVIDUALLY									
1	Interest Rate	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348
2	Exchange Rate	49,657,445	2,731,014	0	192,329	494,037	825,455	0	825,455
3	Others	0	0	0	0	0	0	0	0
	TOTAL	58,528,668	11,292,589	0	240,870	503,650	916,803	0	916,803
CONSOLIDATED									
1	Interest Rate	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348
2	Exchange Rate	49,657,445	2,731,014	0	192,329	494,054	825,455	0	825,455
3	Shares	0	0	0	0	0	0	0	0
4	Gold	0	0	0	0	0	0	0	0
5	Other metals besides gold	0	0	0	0	0	0	0	0
6	Others	0	0	0	0	0	0	0	0
	TOTAL	58,528,668	11,292,589	0	240,870	503,667	916,803	0	916,803

Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Fair repo SSB value	Repo Obligations	Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,914,691	0	0	0	5,342,711	1,874,382	95,818	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,353,042	561,650	256,998	0	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	0	0	0	0	0	0	0	0
	TOTAL	3,914,691	3,353,042	561,650	256,998	5,342,711	4,863,171	479,540	184,555

Table 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Consolidated with subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Fair repo SSB value	Repo Obligations	Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,914,691	0	0	0	5,342,711	1,874,382	95,818	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,353,042	561,650	256,998	0	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	0	0	0	0	0	0	0	0
	TOTAL	3,914,691	3,353,042	561,650	256,998	5,342,711	4,863,171	479,540	184,555

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	December 31, 2015							
	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK
		> 1 year - ≤ 5 year	> 5 year					
	13,515,855	4,827,561	0	23,949	75,870	26,142	0	26,142
	37,525,573	210,619	0	678,928	227,217	1,064,715	0	1,064,715
	0	0	0	0	0	0	0	0
	51,041,428	5,038,180	0	702,877	303,087	1,090,856	0	1,090,856
	13,515,855	4,827,561	0	23,949	75,870	26,142	0	26,142
	37,525,573	210,619	0	679,238	227,331	1,065,025	0	1,064,715
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	51,041,428	5,038,180	0	703,187	303,201	1,091,167	0	1,090,856

Table 3.2.c.1 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction - Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK	Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	2,017,309	0	2,017,309	0				
2	Claims against Public Sector Entities	0	0	0	0				
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0				
4	Claims against Banks	1,728,781	0	1,728,781	345,756				
5	Claims against MSMEs and Retail Portfolio	0	0	0	0				
6	Claims against Corporations	0	0	0	0				
TOTAL		3,746,090	0	3,746,090	345,756	NIL	NIL	NIL	NIL

Table 3.2.c.2 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction - Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK	Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,198,231	0	3,198,231	0	368,970	0	368,970	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	1,728,781	0	1,728,781	345,756	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	127,476	0	127,476	127,476	307,930	0	307,930	307,930
TOTAL		5,054,488	0	5,054,488	473,232	676,900	0	676,900	307,930

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Credit Risk Mitigation by Using Standard Approach

In credit process, the collateral received may be in a form of object which financed by credit (moveable objects or unmoveable objects), or other objects such as personal guarantee and corporate guarantee. The credit collateral must meet the following criteria such as having economic value, marketable, transferable, and has a juridical value.

Guidelines for determining the collateral structure to mitigate credit risk policy which has been regulated in Credit Standard Procedures for every segments. Types of collateral received by Bank Mandiri consists of moveable objects (including cash collateral, accounts receivable, inventory, machinery, and securities), unmoveable objects (including land, buildings, and machinery), as well as guarantee (personal/corporate guarantee). In the case of the Bank will receive a guarantee, then Bank Mandiri will assess the feasibility and reliability of surety (guarantor).

To guarantee the credit facility, Bank Mandiri gives priority to the collateral in the form of land or land including the building. The collateral value used by Bank Mandiri as loan collateral is a collateral value which assessed by internal assessors (credit operation unit) and external assessors, either Bank Mandiri's partners or not that have officially appointed by the authorities of business unit/ credit recovery unit.

Table 4.1.a Disclosure of Net Claims on Risk Weighting After Mitigation of Credit Risk Effect - Bank Individually

No	Portfolio Category	December 31, 2016										RWA	Capital Charge (RWA x 9,53%) *)	
		Net Claims after Calculating Effect of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A	BALANCE SHEET EXPOSURE													
1	Claims against Government	210,773,317	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	1,261,920	43,169,807	0	0	0	40,819,601	0	4,216,706	0	0	33,260,468	3,166,397	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	50,720	20,339,190	0	0	0	7,547,014	0	0	0	0	7,841,345	746,496	
5	Collateralized Housing Loans	0	0	18,441,100	0	0	0	0	0	0	0	6,454,385	614,457	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	783,807	2,016,389	0	0	0	0	119,182,462	0	0	0	89,790,124	8,548,020	
9	Claims against Corporations	10,714,493	33,610,791	0	0	0	27,629,634	0	290,198,923	0	0	310,735,899	29,582,058	
10	Mature Claims	12,856	25,341	0	0	0	0	0	457,160	7,673,521	0	11,972,509	1,139,783	
11	Other Assets	21,223,787	0	0	0	0	0	0	43,271,222	2,970	0	43,275,677	4,119,844	
Total Balance Sheet Exposure		244,820,900	99,161,518	18,441,100	0	0	75,996,249	119,182,462	338,144,011	7,676,491	0	503,330,407	47,917,055	
B	EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	2,140	4,288,916	0	0	0	13,227,488	0	0	0	0	7,471,527	711,289	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	1,000	0	0	0	0	10,682,398	0	0	0	0	5,341,199	508,482	
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	8,847	844	0	0	0	0	700,517	0	0	0	525,556	50,033	
9	Claims against Corporations	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0	0	31,896,138	3,036,512	
10	Mature Claims	0	0	0	0	0	0	0	0	8,240	0	12,360	1,177	
Total TRA Exposure		2,076,927	6,625,088	0	0	0	24,965,521	700,517	30,901,255	8,240	0	45,246,780	4,307,493	
C	COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,032,803	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0	0	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,757	
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	20,519	0	0	0	15,389	1,465	
6	Claims against Corporations	0	21,305	0	0	0	18,254	0	223,968	0	0	237,356	22,596	
Total Counterparty Credit Risk Exposure		2,032,803	2,144,886	0	0	0	802,366	20,519	223,968	0	0	1,069,517	101,818	

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In calculating the mitigation of Credit Risk by using Standard Approach in accordance to SE OJK No. 42/SEOJK.03/2016 regarding Guidelines for the calculation of ATMR credit risk, Bank Mandiri may recognize the existence of collateral, warranties, guarantees, or credit insurance as MRK techniques, with some conditions that must be met by Bank Mandiri. Types of collateral finance which acknowledged (eligible financial collateral) in Mechanical MRK-Collateral including cash, giro/savings/deposits, gold, Government Securities (GS), Bank Indonesia Certificates (SBI) and others that set forth in SE OJK as mentioned above. While collateral in the form of Fixed Assets, Inventory, Land/Building owned by Bank Mandiri, are not recognized in the standard approach. Based on the reporting of Standard Approach, Bank exposure and credit risk mitigation used are as follows:

	December 31, 2015										RWA	Capital Charge (RWA x 9,53%) *)
	Net Claims after Calculating Effect of Credit Risk Mitigation											
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)
	184,967,865	0	0	0	0	0	0	0	0	0	0	0
	277,864	26,488,831	0	0	0	41,490,956	0	5,201,889	0	0	31,245,133	3,124,513
	0	0	0	0	0	0	0	0	0	0	0	0
	74,832	16,036,466	0	0	0	7,411,169	0	0	0	0	6,912,878	691,287
	0	0	4,151,088	7,272,835	0	0	0	0	0	0	4,362,015	436,201
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	609,856	731,524	0	0	0	0	112,687,926	0	0	0	84,662,249	8,466,225
	9,337,526	28,188,025	0	0	0	25,912,728	0	282,440,046	0	0	301,034,016	30,103,401
	2,760	54,113	0	0	0	0	0	381,663	2,787,250	0	4,573,362	457,336
	23,118,927	0	0	0	0	0	0	19,516,962	0	0	19,516,962	1,951,696
	218,389,630	71,498,959	4,151,088	7,272,835	0	74,814,853	112,687,926	307,540,560	2,787,250	0	452,306,613	45,230,659
	2,561,792	0	0	0	0	0	0	0	0	0	0	0
	230	5,951,850	0	0	0	12,143,006	0	0	0	0	7,261,873	726,187
	0	0	0	0	0	0	0	0	0	0	0	0
	8,750	1,860	0	0	0	11,272,191	0	0	0	0	5,636,467	563,646
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	4,862	2,973	0	0	0	0	728,430	0	0	0	546,917	54,691
	95,353	807,926	0	0	0	3,006,611	0	29,703,449	0	0	31,368,340	3,136,834
	0	0	0	0	0	0	0	0	2,537	0	3,805	380
	2,670,986	6,764,609	0	0	0	26,421,808	728,430	29,703,449	2,537	0	44,817,402	4,481,740
	172,778	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	274,505	0	0	0	733,408	0	0	0	0	421,605	42,161
	0	0	0	0	0	0	755	0	0	0	566	56
	0	52,386	0	0	0	4,769	0	353,741	0	0	366,603	36,660
	172,778	326,891	0	0	0	738,177	755	353,741	0	0	788,774	78,877

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Table 4.1.b Disclosure of Net Claims on Risk Weighting After Mitigation of Credit Risk Effect - Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2016										RWA	Capital Charge (RWA x 9.53% *)	
		Net Claims after Calculating Effect of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A BALANCE SHEET EXPOSURE														
1	Claims against Government	212,281,506	0	0	0	0	0	0	0	0		0	0	
2	Claims against Public Sector Entities	1,261,920	43,176,773	0	0	0	41,264,802	0	4,030,082	0		33,391,149	3,182,177	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0		0	0	
4	Claims against Banks	50,720	20,163,754	0	0	0	7,547,014	0	0	0		7,806,258	743,936	
5	Collateralized Housing Loans	0	0	18,441,100	0	0	0	0	0	0		6,454,385	615,103	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0		0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	2,917,617	0	0	0		1,458,809	139,024	
8	Claims against MSMEs and Retail Portfolio	798,755	2,016,389	0	0	0	0	130,344,137	0	0		98,161,380	9,354,780	
9	Claims against Corporations	10,714,493	33,650,725	0	0	0	27,634,648	0	290,613,102	0		311,160,571	29,653,602	
10	Mature Claims	12,856	25,341	0	0	0	0	0	457,160	7,866,485		12,261,955	1,168,564	
11	Other Assets	21,328,713	0	0	0	0	0	0	45,302,717	3,630		45,308,162	4,317,868	
12	Exposure at Sharia Unit (If any)	18,114,255	5,098,060	7,196,496	0	0	7,261,305	9,979,927	30,162,123	0		41,220,311	3,928,296	
TOTAL BALANCE SHEET EXPOSURE		264,563,218	104,131,041	25,637,596	0	0	86,625,386	140,324,063	370,565,184	7,870,115		557,222,980	53,103,350	
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS														
1	Claims against Government	1,983,653	0	0	0	0	0	0	0	0		0	0	
2	Claims against Public Sector Entities	2,140	4,288,916	0	0	0	13,227,488	0	0	0		7,471,527	712,037	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0		0	0	
4	Claims against Banks	1,000	0	0	0	0	10,682,398	0	0	0		5,341,199	509,016	
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0		0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0		0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0		0	0	
8	Claims against MSMEs and Retail Portfolio	8,847	844	0	0	0	0	713,448	0	0		535,255	51,010	
9	Claims against Corporations	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0		31,896,138	3,039,702	
10	Mature Claims	0	0	0	0	0	0	0	0	8,240		12,360	1,178	
11	Exposure at Sharia Unit (If any)	0	548,707	0	0	0	567,911	82,222	324,352	0		774,509	73,811	
TOTAL TRA EXPOSURE		2,076,927	7,173,795	0	0	0	25,533,432	795,670	31,225,606	8,240		46,030,987	4,386,753	
C COUNTERPARTY CREDIT RISK EXPOSURE														
1	Claims against Government	2,204,527	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0	0	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,838	
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	20,519	0	0	0	15,389	1,467	
6	Claims against Corporations	0	21,305	0	0	0	18,254	0	351,444	0	0	364,832	34,768	
7	Exposure at Sharia Unit (If any)	1,009,198	0	0	0	0	0	0	0	0	0	0	0	
TOTAL COUNTERPARTY CREDIT RISK EXPOSURE		3,213,725	2,144,886	0	0	0	802,366	20,519	351,444	0	0	1,196,993	114,073	

*) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2016

**) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2015

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	December 31, 2015										RWA	Capital Charge (RWA x 9,53%) *)
	Net Claims after Calculating Effect of Credit Risk Mitigation											
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)
	185,438,754	0	0	0	0	0	0	0	0	0	0	0
	277,864	26,488,831	0	0	0	41,851,126	0	5,201,889	0	0	31,410,860	3,141,086
	0	0	0	0	0	0	0	0	0	0	0	0
	74,832	15,790,733	0	0	0	7,411,169	0	0	0	0	6,863,731	686,373
	0	0	4,151,088	7,272,835	0	0	0	0	0	0	4,362,015	436,202
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	187,959	0	0	0	0	93,980	9,398
	625,546	731,524	0	0	0	0	121,121,194	0	0	0	90,987,200	9,098,720
	9,337,776	28,216,734	0	0	0	25,974,900	0	282,619,775	0	0	301,250,572	30,125,057
	2,760	54,113	0	0	0	0	0	381,663	2,872,870	0	4,701,791	470,179
	23,167,739	0	0	0	0	0	0	21,213,124	660	0	21,214,114	2,121,411
	0	0	0	0	0	0	0	0	0	0	0	0
	218,925,271	71,281,935	4,151,088	7,272,835	0	75,425,154	121,121,194	309,416,451	2,873,530	0	460,884,263	46,088,426
	2,561,792	0	0	0	0	0	0	0	0	0	0	0
	230	5,951,850	0	0	0	12,143,006	0	0	0	0	7,261,873	726,187
	0	0	0	0	0	0	0	0	0	0	0	0
	8,750	1,860	0	0	0	11,272,191	0	0	0	0	5,636,467	563,646
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	4,862	2,973	0	0	0	0	736,419	0	0	0	552,909	55,291
	95,353	807,926	0	0	0	3,006,611	0	29,703,512	0	0	31,368,403	3,136,840
	0	0	0	0	0	0	0	0	2,537	0	3,805	380
	0	0	0	0	0	0	0	0	0	0	0	0
	2,670,987	6,764,609	0	0	0	26,421,808	736,419	29,703,512	2,537	0	44,823,457	4,482,344
	172,778	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	274,815	0	0	0	733,408	0	0	0	0	421,667	42,167
	0	0	0	0	0	0	755	0	0	0	566	56
	0	52,386	0	0	0	4,769	0	661,671	0	0	674,532	67,453
	0	0	0	0	0	0	0	0	0	0	0	0
	172,778	327,201	0	0	0	738,177	755	661,671	0	0	1,096,766	109,676

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Table 4.2.a Disclosure of Net Claims and Credit Risk Mitigation Techniques - Bank Individually

No	Portfolio Category	December 31, 2016						December 31, 2015					Portion unsecured
		Net Claims	Portion secured by				Portion unsecured	Net Claims	Portion secured by				
			Collateral	Guarantee	Credit Insurance	Others			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
A BALANCE SHEET EXPOSURE													
1	Claims against Government	210,773,317					210,773,317	184,967,865					184,967,865
2	Claims against Public Sector Entities	89,468,034	189,910	1,072,011			88,206,114	73,459,539	277,864				73,181,675
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	27,936,923	50,720				27,886,204	23,522,467	74,832				23,447,635
5	Collateralized Housing Loans	18,441,100					18,441,100	11,423,922					11,423,922
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	121,982,658	783,807		2,016,389		118,984,663	114,029,306	609,856		731,524		112,687,926
9	Claims against Corporations	362,153,841	10,714,493				351,439,349	345,878,326	9,337,256				336,541,070
10	Mature Claims	8,168,877	12,856		25,341		8,127,511	3,225,787	2,760		54,113		3,168,914
11	Other Assets	64,497,979					64,497,979	42,635,888					42,635,888
	TOTAL BALANCE SHEET EXPOSURE	903,422,729	11,751,784	1,072,011	2,041,730		888,356,237	799,143,101	10,302,568		785,637		788,054,895
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653					1,983,653	2,561,792					2,561,792
2	Claims against Public Sector Entities	17,518,543	2,140				17,516,403	18,095,086	230				18,094,856
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	10,683,398	1,000				10,682,398	11,282,801	8,750				11,274,051
5	Collateralized Housing Loans												
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	710,208	8,847		844		700,517	736,265	4,862		2,973		728,430
9	Claims against Corporations	34,373,504	81,287				34,292,217	33,613,339	95,353				33,517,986
10	Mature Claims	8,240					8,240	2,537					2,537
	TOTAL TRA EXPOSURE	65,277,546	93,273		844		65,183,428	66,291,819	109,195		2,973		66,179,652
C COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,032,803					2,032,803	172,778					172,778
2	Claims against Public Sector Entities												
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	2,907,693					2,907,693	1,007,913					1,007,913
5	Claims against MSMEs and Retail Portfolio	20,519					20,519	755					755
6	Claims against Corporations	263,527					263,527	410,896					410,896
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	5,224,542					5,224,542	1,592,342					1,592,342
	TOTAL (A+B+C)	973,924,817	11,845,057	1,072,011	2,042,574		958,764,207	867,027,262	10,411,763		788,610		855,826,889

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

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Statements**Table 4.2.b Disclosure of Net Claims and Credit Risk Mitigation Techniques - Bank Consolidated with Subsidiaries**

No	Portfolio Category	December 31, 2016						December 31, 2015					Portion unsecured
		Net Claims	Portion secured by				Portion unsecured	Net Claims	Portion secured by				
			Collateral	Guarantee	Credit Insurance	Others			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [[4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [[10)+(11)+(12)+(13)]
A BALANCE SHEET EXPOSURE													
1	Claims against Government	212,281,506					212,281,506					185,438,754	185,438,754
2	Claims against Public Sector Entities	89,733,577	189,910	1,072,011			88,471,656	277,864				73,541,845	73,541,845
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	27,761,488	50,720				27,710,768	74,832				23,201,903	23,201,903
5	Collateralized Housing Loans	18,441,100					18,441,100					11,423,922	11,423,922
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners	2,917,617					2,917,617					187,959	187,959
8	Claims against MSMEs and Retail Portfolio	133,159,280	798,755		2,016,389		130,344,137	625,546		731,524		121,121,194	121,121,194
9	Claims against Corporations	362,612,968	10,714,493				351,898,475	9,337,776				336,811,408	336,811,408
10	Mature Claims	8,361,842	12,856		25,341		8,323,645	2,760		54,113		3,254,533	3,254,533
11	Other Assets	66,635,060					66,635,060					44,381,523	44,381,523
12	Exposure at Sharia Unit (If any)	77,812,164	4,214,903				73,597,262					70,022,229	70,022,229
TOTAL BALANCE SHEET EXPOSURE		999,716,603	15,981,636	1,072,011	2,041,730		980,621,226	10,318,778		785,637		869,385,271	869,385,271
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653					1,983,653					2,561,792	2,561,792
2	Claims against Public Sector Entities	17,518,544	2,140				17,516,404	230				18,094,856	18,094,856
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	10,683,398	1,000				10,682,398	8,750				11,274,051	11,274,051
5	Collateralized Housing Loans												
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	723,139	8,847		844		713,448	4,862		2,973		736,419	736,419
9	Claims against Corporations	34,373,504	81,287				34,292,217	95,353				33,518,049	33,518,049
10	Mature Claims	8,240					8,240					2,537	2,537
11	Exposure at Sharia Unit (If any)	1,523,192	6,097				1,517,094					888,146	888,146
TOTAL TRA EXPOSURE		66,813,670	99,371		844		66,713,455	109,195		2,973		67,075,851	67,075,851
C COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,204,527					2,204,527						172,778
2	Claims against Public Sector Entities												
3	Claims against Multilateral Development Banks and International Institutions											1,008,223	
4	Claims against Banks	2,907,693					2,907,693					755	1,008,223
5	Claims against MSMEs and Retail Portfolio	20,519					20,519					718,826	755
6	Claims against Corporations	391,003					391,003						718,826
7	Exposure at Sharia Unit (If any)	1,009,198					1,009,198					1,900,582	
TOTAL COUNTERPARTY CREDIT RISK EXPOSURE		6,532,940					6,532,940	10,427,973		788,610		938,361,704	1,900,582
TOTAL (A+B+C)		1,073,063,214	16,081,007	1,072,011	2,042,574		1,053,867,621	950,182,381	10,427,973		788,610		938,361,704

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

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Asset Securitization

Bank Mandiri has implemented the transfer of assets (asset securitization) through the issuance of asset-backed securities in the form of a letter of participation (EBA SP) with results idAAA rating (Triple A) on August 25, 2016 amounted to Rp500,000,134,976 (five hundred billion one hundred and thirty-four thousand nine hundred and seventy-six rupiah) with the underlying assets transferred is Public Housing Loan (KPR).

Objectives of Asset Securitization Bank Mandiri is among others, as a fulfillment of wholesale funding strategy in order to obtain a source of long-term funds. Publishing EBA-SP is an opportunity for Bank Mandiri to participate in financing the infrastructure projects of government which generally is a long-term so that the risks arising from maturity mismatch funding sources can be controlled.

With the right transfer over the principal and interest since the signing of the deed cession on August 25, 2016, so KPR assets as the underlying assets of the securitization of mortgages as no longer recorded in the Bank's balance sheet (off B/S). This is in accordance with the conditions of the sale and purchase up/off (true sale) as required by the regulator.

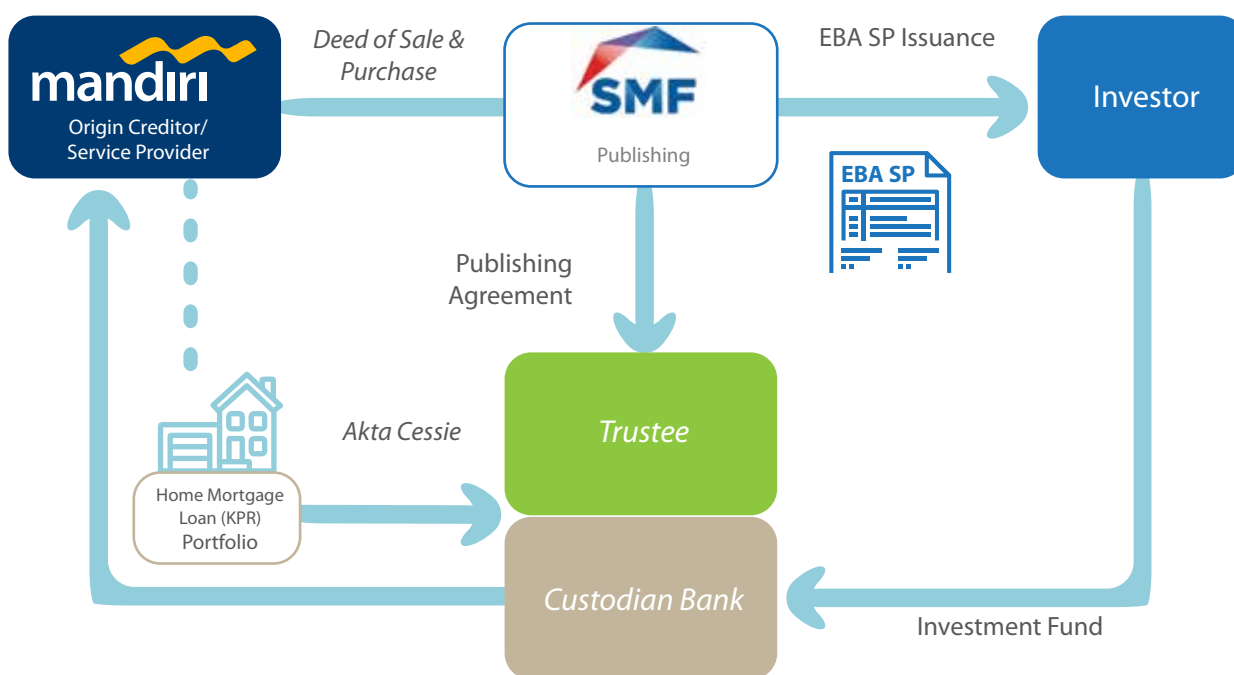
The accounting process for regular mortgage bill from securitization results has been carried out separately in the system, where the separation of recording mortgage bills is

performed by using a different product codes between regular mortgage bill by bill mortgage securitization results. In addition, the accounting for mortgage bill securitization results also reflected a journal that is separate from regular mortgage bill where the bill mortgage securitization results recorded in the journal memo account recorded in off balance sheet of Bank Mandiri.

Besides as Originator, the bank also acts as a servicing agent. As a servicing agent, Bank Mandiri has duty and responsibility to process and oversee the smooth running of the payment is done the debtor in accordance with the agreement issuance of EBA-SP SMF-BMRI01, document issuance EBA-SP SMF-BMRI01 and other applicable legislation.

Ranking of EBA-SP SMF-BMRI01 carried by PEFINDO where the composition of EBA-SP-BMRI01 SMF consists of the senior class (class A) amounted to 91.3% of total issuance, amounting Rp456,500,000,000 (four hundred and fifty-six billion five hundred million) and the balance of 8.7% for the junior class (class B) or by Rp43,500,134,976 (forty-three billion, five hundred million one hundred and thirty four thousand nine hundred and seventy-six rupiah). As for the senior class category EBA SP consists of two (2) categories of the class A1 with an interest rate of 8.60% for Rp103,500,000,000 (one hundred and three billion, five hundred million rupiah) or 20.70% of total issuance and for A2 at an interest rate of 9.10% Rp353,000,000,000 (three hundred fifty three billion rupiah).

Diagram of Asset Sales Scheme/Structure



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Exposure Disclosure of Asset Securitization

Table 5.1.a Securitization transaction disclosure - Bank Individually

(inmillion rupiah)

No	Securitization Exposure	December 31, 2016						December 31, 2015					
		Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction
			Mature	Outstanding					Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Junior tranche Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-	-	25,000	NIHIL	0	0	0	0	0
Total		25,000	-	-	-	-	25,000	NIHIL					

Table 5.1.b Securitization transaction disclosure - Bank consolidated with subsidiaries

(inmillion rupiah)

No	Securitization Exposure	December 31, 2016						December 31, 2015					
		Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction
			Mature	Outstanding					Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property	23,959	-	-	-	23,959	-	NIHIL	0	0	0	0	0
	b. Junior tranche Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-	-	25,000	NIHIL	0	0	0	0	0
Total		48,959	-	-	-	23,959	25,000	NIHIL					

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Table 5.2.a Securitization Transaction Activity Summary in which the Bank Acts as the Originator - Bank Individually

(in million Rupiah)

No	Underlying Asset	December 31, 2016		December 31, 2015	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against Corporations	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NIL	NIL	NIL	NIL

Table 5.2.b Securitization Transaction Activity Summary in which the Bank Acts as the Originator - Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Underlying Asset	December 31, 2016		December 31, 2015	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against Corporations	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NIL	NIL	NIL	NIL

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Based on the exposure categories according to the Standard Approach, Bank Mandiri has exposures to the following:

Credit Risk RWA Calculation Standardized Approach - Bank Individually

Table 6.1.1 Disclosure of Asset Exposure in Balance Sheet

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	210,773,317	0	0	184,967,865	0	0
2	Claims against Public Sector Entities	89,468,034	33,569,825	33,260,468	73,459,539	31,384,065	31,245,133
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	27,936,923	7,866,705	7,841,345	23,522,467	6,950,294	6,912,878
5	Collateralized Housing Loans	18,441,100	6,454,385	6,454,385	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	121,982,658	91,486,994	89,790,124	114,029,306	85,521,979	84,662,249
9	Claims against Corporations	362,153,841	321,447,889	310,735,899	345,878,326	310,310,775	301,034,016
10	Mature Claims	8,168,877	12,024,735	11,972,509	3,225,787	4,647,848	4,573,362
11	Other assets	64,497,979	43,275,677	43,275,677	42,635,888	19,516,962	19,516,962
Total		903,422,729	516,126,210	503,330,407	799,143,100	462,693,938	452,306,613

Table 6.1.2 Exposure of Liability Commitment/Contingency on Administrative Account

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	1,983,653	0	0	2,561,792	0	0
2	Claims against Public Sector Entities	17,518,543	7,472,597	7,471,527	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,683,398	5,341,699	5,341,199	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	710,208	532,656	525,556	736,265	552,199	546,917
9	Claims against Corporations	34,373,504	31,971,785	31,896,138	33,613,339	31,463,693	31,368,340
10	Mature Claims	8,240	12,360	12,360	2,537	3,805	3,805
Total		65,277,546	45,331,097	45,246,780	66,291,820	44,922,527	44,817,402

Table 6.1.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	2,032,803	0	0	172,778	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	2,907,693	816,772	816,772	1,007,913	421,605	421,605
5	Claims against MSMEs and Retail Portfolio	20,519	15,389	15,389	755	566	566
6	Claims against Corporations	263,527	237,356	237,356	410,896	366,603	366,603
Total		5,224,542	1,069,517	1,069,517	1,592,342	788,774	788,774

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Table 6.1.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure (Settlement Risk)

(in million Rupiah)

No	Transaction Type	December 31, 2016			December 31, 2015		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
TOTAL		0	0	0	0	0	0

Tabel 6.1.5 Securitization Exposure

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	0	0	0
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	0	0	0

Tabel 6.1.6 Total Measurement of Credit Risk

(in million Rupiah)

	December 31, 2016	December 31, 2015
TOTAL RWA OF CREDIT RISKS	549,646,704	497,912,789
TOTAL CAPITAL REDUCTION FACTORS	25,000	0

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Statements**Credit Risk RWA Calculation Standardized Approach - Bank Consolidated with Subsidiaries****Table 6.2.1 Disclosure of Asset Exposure in Balance Sheet**

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	212,281,506	0	0	185,438,754	0	0
2	Claims against Public Sector Entities	89,733,577	33,700,507	33,391,149	73,819,709	31,549,792	31,410,860
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	27,761,487	7,831,618	7,806,258	23,276,735	6,901,147	6,863,731
5	Collateralized Housing Loans	18,441,100	6,454,385	6,454,385	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	2,917,617	1,458,809	1,458,809	187,959	93,980	93,980
8	Claims against MSMEs and Retail Portfolio	133,159,280	99,869,460	98,161,380	122,478,264	91,858,698	90,987,200
9	Claims against Corporations	362,612,968	321,872,561	311,160,571	346,149,184	310,527,581	301,250,572
10	Mature Claims	8,361,841	12,314,181	12,261,955	3,311,406	4,776,277	4,701,791
11	Other Assets	66,635,060	45,308,162	45,308,162	44,381,523	21,214,114	21,214,114
Total		921,904,438	528,809,682	516,002,669	810,467,457	471,283,605	460,884,263

Table 6.2.2. Exposure of Liability Commitment/Contingency on Administrative Account

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	1,983,653	0	0	2,561,792	0	0
2	Claims against Public Sector Entities	17,518,543	7,472,597	7,471,527	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,683,398	5,341,699	5,341,199	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	723,139	542,354	535,255	744,254	558,190	552,909
9	Claims against Corporations	34,373,504	31,971,785	31,896,138	33,613,402	31,463,756	31,368,403
10	Mature Claims	8,240	12,360	12,360	2,537	3,805	3,805
Total		65,290,477	45,340,796	45,256,478	66,299,872	44,928,581	44,823,457

Table 6.2.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	2,204,527	0	0	172,778	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	2,907,693	816,772	816,772	1,008,223	421,667	421,667
5	Claims against MSMEs and Retail Portfolio	20,519	15,389	15,389	755	566	566
6	Claims against Corporations	391,003	364,832	364,832	718,826	674,532	674,532
Total		5,523,743	1,196,993	1,196,993	1,900,582	1,096,766	1,096,766

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Table 6.2.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure (Settlement Risk)

(in million Rupiah)

No	Transaction Type	December 31, 2016			December 31, 2015		
		Exposure amount	Capital reduction factors	RWA after MRK	Exposure amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
TOTAL		0	0	0	0	0	0

Table 6.2.5. Disclosure of Securitization Exposure

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	23,959	0	0
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	23,959	0	0

Table 6.2.6. Exposure at Sharia Unit (If Any)

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Exposure	0	41,994,820	0	40,397,117

Table 6.2.7. Total Measurement of Credit Risk

(in million Rupiah)

	December 31, 2016	December 31, 2015
TOTAL RWA OF CREDIT RISKS	604,474,920	547,201,603
TOTAL CAPITAL REDUCTION FACTORS	25,000	0

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2. Market Risk

A. Qualitative Disclosure

Market Risk Management Organization

Market risk management performed by applying the principle of segregation of duties, namely the separation of functions and responsibilities which consists of front office, middle office and back office. Market Risk Management organization comprised of two parts, namely Management Market Risk - Trading Book and Market Risk Management - Banking Book.

Governance framework and market risk management in Bank Mandiri adheres to the principle of three layers of defense. It was comprised of BOC that exercises market risk oversight through the Risk Oversight Committee, Integrated Governance Committee and the Audit Committee.

The Board of Directors runs the risk policy functions through the Executive Committee related to the risk management market namely the Asset & Liability Committee (ALCO). At the operational level, the Risk Management Unit together with the business units and Compliance Working unit performs the function of risk identification, risk assessment, risk mitigation, and risk control.

The framework of risk management of Bank Mandiri was developed by internal and external factors which include but may not limited to the Business Bank, Provisions Regulator, development methodologies and best practices, and data risk. The authorities and responsibilities related to the implementation of risk management stipulated in Bank Mandiri Risk Management Policy (KMRBM).

Management Market Risk - Trading Book

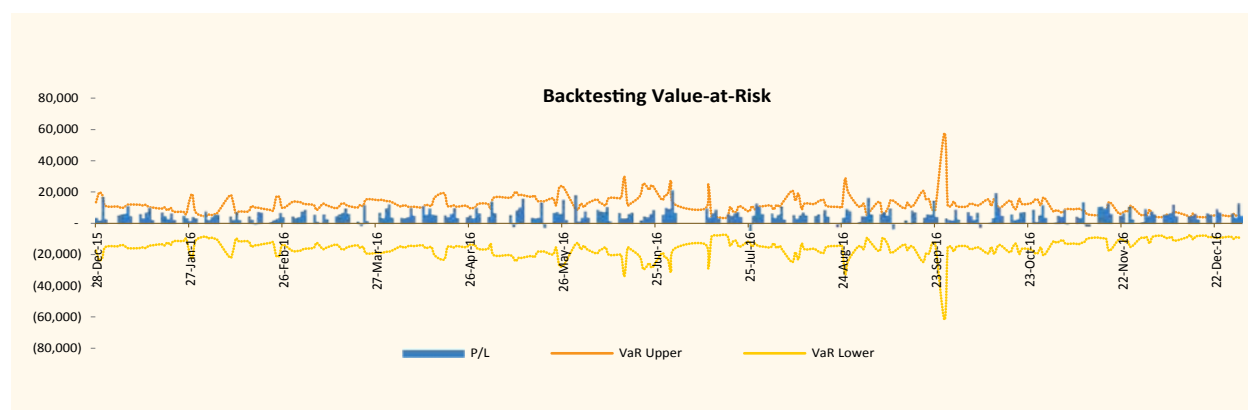
As known, the market risk is a risk arising from potential losses due to changes in interest rates and exchange rates (including derivative instruments). Therefore, the management of the market risk of Bank Mandiri was done by applying the principle of segregation of duties which separates the functions and responsibilities independently on trade transactions of Treasury Group consisting of front office units (Treasury), middle office (Risk Management) and back office (Treasury Operations). Simply stated, middle office unit is responsible to monitor, assess and report the risks arising from all trading activities carried out by the treasury unit, where all the exposure in

trading activity be evaluated by the back office unit on a daily basis by using market prices from independent sources. As for alternative sources of market prices used as a reference by Bank Mandiri, among others, (i) Prices on Reuters, Bloomberg or similar resources; (ii) Prices listed (exchange prices) or secondary market; (iii) Prices on dealer screen (screen prices); or (iv) Quotation most conservative given by a minimum of two brokers and/or market maker who has a good reputation and one of them is independent. Whereas for instruments that do not have a market price, Bank Mandiri uses mark-to-model based on the suitability of the methodology and its accuracy which is evaluated periodically. In addition, to ensure the Bank Mandiri's ability in anticipating the unexpected loss, then the calculating of Capital Adequacy Ratio (CAR) was done periodically by using Standard Methods which reported monthly to Bank Indonesia for the position of banks only, while for consolidation position with the subsidiaries was reported quarterly. Internally, Bank Mandiri had done the calculations by Internal Method.

The calculation of CAR by internal method performed by calculating the Value at Risk (VaR), which is a value that describes the maximum potential for the losses suffered by the Bank as a result of market movements affecting the Bank's risk exposure in normal market conditions. In calculating VaR, Bank Mandiri uses historical simulation method by using 99% confidence level and 1 day holding period.

Bank Mandiri's risk appetite of market risk is reflected in several type of limits used in monitoring the treasury's trading activities, which is the treasury limit and market risk limit. In determining the limit, Bank Mandiri continues to align its policy with Treasury unit's business plan. Meanwhile, Bank Mandiri also determines an integrated market risk limits by considering the overseas branches' trading activities. In addition, in order to support the business growth of subsidiaries, Bank Mandiri also provides assistance to its subsidiaries in monitoring the trading position.

In order to assure the method accuracy in calculating VaR, Bank Mandiri conducts backtesting regularly. Backtesting results for the period of December 2016 showed that VaR calculations were accurate, where the number of irregularities of P/L against the daily VaR was still acceptable.



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Highly dynamic market conditions often can not be predicted by VaR method. Therefore, Bank Mandiri also conducts stress testing to evaluate the resistance of capital against significant market movement factor and prepare an appropriate strategy if a crisis occurs. The implementation of stress testing was done by combining the stressed scenario: (i) Based on the scenario of Bank Indonesia, by the largest potential loss suffered by the Bank in the amount Rp173.65 billion (if the interest rate increased 400 basis points and the Rupiah exchange rate depreciated by 20%); (ii) Based on the Bank's historical scenario, by the biggest potential loss suffered by the Bank in the amount Rp244.39 billion (when interest rates rise 31-575 basis points and the Rupiah exchange rate depreciation of 30%).

Management and Measurement Mechanism of Market Risk - Banking Book

Banking book market risks are risks that arise due to changes in interest rates and exchange rates on the banking book activities. Market risk management of banking book of Bank Mandiri was done by optimizing the balance sheet structure in order to obtain maximum yield in accordance with the level of acceptable risk and by setting the limit refers to the provision of internal regulator and monitored weekly and monthly by Market Risk Management Unit.

The risk of changes in interest rates on the banking book arising from market interest rates fluctuation as opposed to the position or transactions of the Bank, which may affect the Bank's profitability (earnings perspective) and the economic value of the Bank's capital (economic value perspective).

Earning perspective is the approach to look at the impact of changes in interest rates in the short term by measuring the impact of interest rate changes on income. NII Sensitivity and Earning at Risk are tools used to measure interest rate risk in a revenue perspective. Economic value perspective is an approach to see the impact of changes in long-term interest rates by measuring the impact of interest rate changes on the economic value of capital. EVE Sensitivity and Capital at Risk are tools used to measure interest rate risk in an economic perspective. Sources of interest rate risk of banking book are repricing risk (repricing mismatch between the components of assets and liabilities), basis risk (use of interest rates are different), yield curve risk (changes in the shape and slope of the yield curve), and option risk (loan repayment or liquefaction of deposits prior to maturity).

The risk of changes in exchange rates is derived from the banking book or the change in exchange rate volatility. Identification of foreign exchange risk can be divided into Translational (loss revaluation or accounting exposure), the potential decline in value of the components of capital, assets, and liabilities in foreign currencies due to changes in exchange rates and Transactional, namely the risk that occurs due to potential changes in foreign exchange rate transactions.

The measurement of Bank's exchange rate risk was conducted by using Gap Analysis method. In gap analysis or Net Open Position (NOP), namely then added with the net difference between assets or claims of foreign exchange liabilities or obligations in foreign currency, the net difference between claims and liabilities which are commitments and contingencies in administrative accounts for each foreign currency which are all stated in Rupiah.

Portfolio of Trading Book and Banking Which Calculated in CAR

In the calculation of ATMR for market risk, the Bank has been referred to the SE OJK No. 38/SEOJK.03/2016 regarding Guidelines for Use in Calculation Method Standard Minimum Capital Requirement for Commercial Banks Taking Account of Market Risk. Calculation of Market Risk in the CAR of the Bank include interest rate risk and exchange rates. Calculation of the interest rate risk is carried out on financial instruments in the Trading Book is exposed to interest rate risk. Calculation of capital charges for interest rate risk in the Trading Book cover specific risks and general risks. Whereas in the calculation of the exchange rate risk conducted on foreign exchange position, both in the Trading Book, as well as in the Banking Book is exposed to exchange rate risk, including gold with reference to the calculation of net open position as stipulated in Bank Indonesia regulation regarding net open position. Calculation of capital charges on foreign exchange risk of foreign exchange position is charged at 8% of the overall net foreign exchange position.

In addition to taking into account the risk of exchange rate and interest rate, in terms of CAR on consolidated basis are also taken into account the equity risk and commodity risk that the Bank has a Subsidiary Company which has been exposed by the risk of equities and commodities. Currently, Bank Mandiri has calculated the consolidation of equity risk into account where Bank Mandiri has a Subsidiary Companies which has been exposed by equity risk namely Mandiri Sekuritas. The calculation of the equity risk is carried to the position of financial instruments in the Trading Book which exposed to equity risk.

Interest Rate Risk in Banking Book (IRRBB) Assumption

In managing the interest rate risk of banking book, the Bank has calculated the behavioral assumption, especially for non-maturing deposit products. The calculation of behavioral assumption by using historical methodology for calculating non-maturing deposits which stable and precipitate during the observation period. The Bank also take into account the behavioral assumption for consumer loan prepayment using the same methodology.

Behavioral assumption for non-maturing deposits and consumer loans used for risk management in banking book interest rate which more comprehensive so that the managing of banking book portfolio can be done better.

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Pricing Management

The Bank implements product pricing policy for funding and credit as one of the strategies in maximizing Net Interest Margin (NIM) and also supports the Bank's market share of the considerable competitive conditions.

The Bank implements pricing strategy either in funding product or credit which is aligned with the type of product, period, Bank's conditions and macroeconomic conditions or market, the credit risk of the counterparty, as well as market liquidity conditions.

In terms of pricing management, the Bank consistently strives to implement the strategy as market leader. However, considering the liquidity condition and funding needs, the Bank may implement the aggressive strategy (greater than major competitors) or defensive (equal to or smaller than the main competitors).

The Bank also implements risk-based pricing in terms of pricing of credit, namely the provision of mortgage interest rates that vary to customers based on the level of credit risk. In order to minimize interest rate risk, the interest rate pricing of loans tailored to the interest rate of the source of funding credit. In addition to the cost of funds, credit interest rates are set by considering the overhead costs, credit risk premium and a profit margin Bank by regard to competitiveness by other competitors. Credit interest rates can be either a floating interest rate (floating rate) or a fixed interest rate (fixed rate).

The Bank publishes its prime lending rate in Rupiah's through the announcement board in every offices, the bank's website, and through newspapers quarterly according to SE BI No. 15/1/DPNP dated January 15, 2013.

Steps and Plans in Anticipating Market Risk

1) Steps and Plans in Anticipating Market Risk of Trading Book

Market risk management for trading portfolios is done through identifying process, measuring, monitoring and controlling risks. In the process of risk control, the Bank make the determination of market risk limits, including the allocation to the Foreign Branch (CLN). Risk management activities were reported to the management on a regularly (daily, weekly, monthly and quarterly) through the Trading Risk Profile.

To determine the total size of the overall market risk exposures, including overseas branches and subsidiaries, the Bank is conducting the preparation of consolidated market risk reports which done quarterly.

The quarterly, biannually and annually report of market risk are published in accordance with the provisions of Bank Indonesia, which refers to the Basel II Pillar III.

Bank Mandiri has also established policies and procedures related to the management of treasury activities which includes:

- i. Policies and
- ii. Standard Procedures

Both of these provisions are the implementation of guidelines for treasury activities and compliance with the precautionary principle. The provision is updated periodically and under certain conditions adjusted to the prevailing internal and external provisions.

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2) Steps and Plans In Anticipating Market Risk of Banking Book

Interest rate risk management aims to control exposure of the Bank to comply with established limits. The correlation between changes in interest rates, gap position, and the effect on Net Interest Income (NII) as well as alternative strategies that can be done can be seen in the table below:

Gap Position	Interest Rate Trend	NII	Strategies
		Impact	
Positive	Up	Positive	Enlarging positive gap with repricing gap limit restriction.
	Down	Negative	Striving to change the direction of negative gap by the strategy on/off B/S.
Negative	Up	Negative	Striving gap into positive position by on/off B/S strategy.
	Down	Positive	Enlarging negative gap with repricing gap limit restriction.
Zero	Up Down	No Impact	Maintaining the position.

Foreign exchange risk management aims to control exposure of the Bank that conform with established limits. The correlation between changes in the exchange rate gap position and influence as well as alternative strategies that can be done can be seen in the table below:

Gap Position	Interest Rate Trend	NII	Strategies
		Impact	
Long	Strong	Positive	Enlarging the long position by the restrictions of PDN limit.
	Weak	Negative	Striving to change the direction of the short position.
Short	Strong	Negative	Striving to change the direction of the long position.
	Weak	Positive	Enlarging the short position by the restrictions of PDN limit.
Square	Strong Weak	No Impact	Maintaining the position.

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B. Quantitative Disclosure

1) Disclosure of Market Risk by using Standard Method

Table 7.1. Disclosure of Market Risk by using Standard Method

(in million Rupiah)

No.	Type of Risk	December 31, 2016				December 31, 2015			
		Bank		Consolidated		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risks								
	a. Specific Risks	798.40	9,980.02	2,302.28	28,778.55	470.49	5,881.18	3,043.86	38,048.22
	b. General Risks	61,190.96	764,886.94	63,213.15	790,164.32	43,958.69	549,483.57	48,438.17	605,477.09
2	Exchange Rate Risks	82,065.66	1,025,820.81	43,461.24	543,265.53	20,004.88	250,061.00	19,000.43	237,505.31
3	Equity Risks	-	-	54.56	682.00	-	-	41.05	513.13
4	Commodity Risks	-	-	-	-	-	-	-	-
5	Option Risks	7.22	90.31	7.22	90.31	-	-	-	-
Total		144,062.25	1,800,778.08	109,038.46	1,362,980.71	64,434.06	805,425.75	70,523.50	881,543.75

2) Disclosure of Interest Rate Risk in Banking Book (IRRBB) Exposure

The disclosure of IRRBB exposure is an increase or decrease of economic value and earnings against the interest rate movements based on the gap reports which drafted by the Bank in order to meet the provisions concerning commercial bank soundness and application of risk management for commercial banks. Bank Mandiri using repricing gap and perform sensitivity analysis in order to obtain a projected Net Interest Income (NII) and the Economic Value of Equity (EVE). Based on the simulation results of sensitivity analysis per December 31, 2016, the impact of changes in interest rates by 100 bps would result in NII Bank fell by 3.42% for the 12 months ahead of the target set and Equity Bank fell by 1.96%.

Description	December 31, 2016	December 31, 2015
"NII Sensitivity, NII 12 mo (100bps : % against NII target)"	3.42%	2.92%
"EVE Sensitivity (100 bps: % against Equity)"	1.96%	1.76%
"Earning at Risk (% against Equity)"	0.30%	0.22%
"Capital at Risk (% Equity)"	1.84%	0.92%

Foreign exchange risk is a risk which arising from the fluctuation of exchange rates in the opposite market when Bank Mandiri in an open positions. Foreign exchange risk is derived from foreign exchange transactions with customers and counterparties which led to the open position in foreign currency or structural positions in foreign currency due to capital investment. Bank Mandiri managed its foreign exchange risk by monitoring and managing the Net Open Position (NOP) in accordance by the internal and regulatory limits. As of December 31, 2016, PDN overall (absolute) amounted to 0.77% of the capital.

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3. Liquidity Risk

A. Qualitative Disclosure

Liquidity Risk Management Organization

The framework and governance of liquidity risk management in Bank Mandiri adheres to the principles of the Three Layer Defense Approach (three layers of defense). Consisting of BOC whom exercises oversight of liquidity risk (risk oversight) through the Risk Oversight Committee, Integrated GCG Committee and the Audit Committee.

The Board of Directors runs the risk policy functions through the Executive Committee related to liquidity risk management, namely Asset & Liability Committee (ALCO). At the operational level, the Risk Management Unit together with the business units and the Compliance Work unit performs the function of risk identification, risk assessment, risk mitigation, and risk control.

The framework of risk management of Bank Mandiri were developed by internal and external factors which include but not limited to the Business Bank, Provisions Regulator, development methodologies and best practices, and Data Risk.

The authorities and responsibilities regarding implementation of risk management stipulated in Bank Mandiri Risk Management Policy (KMRBM).

Overview of Liquidity Condition of Bank Mandiri, Mechanism of Liquidity Risk Measurement, and Funding Strategy

Liquidity risk is the risk that occurs when the Bank is not able to provide liquidity at a reasonable price which affect the profitability and the impact on bank capital. In general, bank liquidity is affected by the funding structure, liquidity of assets, liabilities to the counterparty, and credit commitments to borrowers. Meanwhile, the measurement of liquidity risk of banking tested using several indicators, such as primary reserve ratio (Statutory and Cash), secondary reserve (liquidity reserves) loan to funding ratio (LFR), Concentration Customer Besar, and liquidity coverage ratio (LCR).

As of December 31, 2016, the position of Primary GWM Rupiah amounted to 6.50% of total third party funds Rupiah, while the secondary reserve amount is equal to 9.84% of total third party funds Rupiah. As for foreign exchange, the Bank maintains statutory reserves amounted to 8.12% of the total foreign currency deposits. The realization of GWM Rupiah and Foreign Exchange in accordance with the regulations and internal limits.

Secondary reserve (liquidity reserves) are liquid instruments Bank support to function as a primary reserve liquidity reserve to fund the needs that are not scheduled. In managing the secondary reserve, the Bank has a limited liquidity reserve in the form of safety limit level, the Bank's projected liquidity reserve to 1 month ahead. On December 31, 2016, liquidity reserves and foreign currency Rp is above the safety level as well as in a state of optimal surplus.

Loan to Funding Ratio (LFR) is the ratio of credit given to the third party against the total funds of third party and securities issued in rupiah and foreign currency. LFR used to see how big the source of funds comes from public funds, which contractually short term nature, used to finance assets such as loans which generally illiquid. As of December 31, 2016, LFR Total Bank Mandiri amounting to 85.41%.

The bank's liquidity position significantly affected by the cash flow from third party funds. To strengthen the structure of long-term funds, the Bank also pursuing a strategy of funding through wholesale funding such as the Fund Borrowing, Publishing NCD, and Senior Debt Issuance.

Steps and Plans in Anticipating Liquidity Risk

Liquidity risk control performed by setting a limit - a limit which refers to the provision and internal regulator. To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to liquidity, the Bank's liquidity risk stress testing periodically. In addition, the Bank also has a Liquidity Contingency Plan (LCP), which includes funding strategy include money market lending, repo, bilateral loans, FX swap, sale of securities, as well as pricing strategies. In LCP, the determination of liquidity and funding strategies have to consider internal and external conditions.

To raise awareness of the economic conditions that less stable, either because of the crisis global condition as well as a various issues in the country, Bank Mandiri also monitor the external indicators such as: the exchange rate of USD/Rp, Credit Default Swap (CDS) 5 years Indonesia, spreads between ROI 5 years against UST 5 years, the Composite Stock Price Index (IHSG), interest rate Rupiah and USD interbank, Non Delivery Forward (NDF) USD/Rp 1M as well as the latest market information.

B. Quantitative Disclosure

In order to calculate the capital charges and RWA Operations, Bank uses the Basic Indicator Approach (BIA) in accordance with the provisions of the regulator, the Financial Services Authority Circular No. 24 / SEOJK.03 / 2016 regarding the calculation of Risk Weighted Assets for Operational Risk by Using Basic Indicator approach, the following tables are the details of operational risk capital adequacy of the Bank using the Basic Indicator approach, such as:

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(in million Rupiah)

No.	Pos	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	18,209,644	18,209,644	0	0	0	0	20,220,503	20,220,503	0	0	0	0
2.	Placement with Bank Indonesia	60,852,842	60,852,842	0	0	0	0	44,590,657	44,590,657	0	0	0	0
3.	Placement with other banks	6,529,340	6,459,340	70,000	0	0	0	1,530,981	1,430,981	100,000	0	0	0
4.	Securities	80,805,580	429,058	9,838,080	1,850,079	5,774,958	62,913,405	80,083,749	727,792	9,607,603	802,022	6,253,450	62,692,882
5.	Loans	504,822,211	57,089,131	36,350,056	54,570,097	65,422,361	291,390,566	448,241,168	37,272,335	29,780,932	49,687,037	73,681,661	257,819,203
6.	Other receivables	4,573,816	4,573,816	0	0	0	0	650,743	650,743	0	0	0	0
7.	Other assets	2,110,949	1,998,523	0	0	112,426	0	4,273,443	4,167,498	0	0	105,945	0
	Total Assets	677,904,382	149,612,354	46,258,136	56,420,176	71,309,745	354,303,971	599,591,244	109,060,509	39,488,535	50,489,059	80,041,056	320,512,085
B. Liabilities													
1.	Third party funds	570,256,250	489,827,708	63,445,293	10,324,202	5,615,218	1,043,829	493,387,101	432,960,582	48,865,272	7,162,093	2,935,406	1,463,748
2.	Funds from Bank Indonesia	0	0	0	0	0	0	0	0	0	0	0	0
3.	Funds from other banks	6,513,129	6,513,129	0	0	0	0	8,686,209	8,686,209	0	0	0	0
4.	Securities issued	4,975,923	0	0	4,975,923	0	0	3,496,600	0	0	564	3,496,036	0
5.	Loans received	932,580	11,043	0	0	300,000	621,537	959,509	32,260	0	0	0	927,249
6.	Other liabilities	27,275,978	23,455,095	17	3,820,866	0	0	29,446,397	24,111,784	17	5,334,596	0	0
7.	Miscellaneous	8,990,456	6,843,742	1,471,619	675,095	0	0	6,360,869	4,779,940	833,173	747,756	0	0
	Total Liabilities	618,944,316	526,650,717	64,916,929	19,796,086	5,915,218	1,665,366	542,336,685	470,570,775	49,698,462	13,245,009	6,431,442	2,390,997
	Difference between Assets and Liabilities in the Balance Sheet	58,960,066	(377,038,363)	(18,658,793)	36,624,090	65,394,527	352,638,605	57,254,559	(361,510,266)	(10,209,927)	37,244,050	73,609,614	318,121,088
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	4,498,899	4,498,899	0	0	0	0	3,603,899	3,603,899	0	0	0	0
2.	Contingencies	38,165,941	0	4,594,271	33,571,670	0	0	30,151,977	0	2,755,143	27,396,834	0	0
	Total Administrative Account Claims	42,664,840	4,498,899	4,594,271	33,571,670	0	0	33,755,876	3,603,899	2,755,143	27,396,834	0	0
B. Administrative Account Liabilities													
1.	Commitments	109,954,014	500,162	104,323,645	5,130,207	0	0	93,725,630	78,087	89,327,792	4,397,838	0	0
2.	Contingencies	42,487,771	0	0	42,487,771	0	0	37,332,099	0	0	37,332,099	0	0
	Total Administrative Account Liabilities	152,441,785	500,162	104,323,645	47,617,978	0	0	131,057,729	78,087	89,327,792	41,729,937	0	0
	Difference between Assets and Liabilities in the Balance Sheet	(109,776,945)	3,998,737	(99,729,374)	(14,046,308)	0	0	(97,301,853)	3,525,812	(86,572,649)	(14,333,103)	0	0
	Difference [(IA-IB)+(IIA-IIB)]	(50,816,879)	(373,039,626)	(118,388,167)	22,577,782	65,394,527	352,638,605	(40,047,294)	(357,984,454)	(96,782,576)	22,910,947	73,609,614	318,121,088
	Cumulative Difference	(50,816,879)	(373,039,626)	(491,427,793)	(468,850,011)	(403,455,484)	(50,816,879)	(40,047,294)	(357,984,454)	(454,767,030)	(431,856,083)	(358,246,469)	(40,125,381)

Table 8.1.b. Disclosure of Rupiah Maturities Profile - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Items	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	19,385,853	19,350,693	35,161	-	-	-	21,872,556	21,872,556	-	-	-	-
2.	Placement with Bank Indonesia	75,026,510	70,114,333	588,493	1,550,057	2,773,627	-	53,113,936	50,936,260	600,000	468,047	1,109,629	-
3.	Placement with other banks	8,729,735	7,991,240	738,495	-	-	-	2,691,887	2,536,887	155,000	-	-	-
4.	Securities	87,657,878	1,499,945	9,940,470	2,058,745	5,977,121	68,181,596	88,049,851	2,111,760	10,194,148	3,166,407	6,328,315	66,249,221
5.	Loans	573,939,167	60,121,973	40,104,766	58,969,370	69,802,061	344,940,998	505,651,812	39,736,892	33,810,517	53,860,557	78,568,801	299,675,046
6.	Other receivables	5,078,485	4,727,353	130,615	-	-	220,517	1,097,171	866,185	184,108	29,693	447	16,738
7.	Other assets	2,626,614	2,305,284	-	-	112,426	208,904	4,914,305	4,572,147	-	-	105,945	236,213
	Total Assets	772,444,242	166,110,821	51,538,000	62,578,171	78,665,235	413,552,014	677,391,519	122,632,687	44,943,774	57,524,704	86,113,137	366,177,218
B. Liabilities													
1.	Third party funds	637,975,068	548,425,349	68,182,689	13,500,891	6,813,095	1,053,044	550,910,347	483,725,269	52,487,738	8,660,642	4,506,737	1,529,960
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	12,966,492	7,614,514	769,555	781,990	1,259,766	2,540,668	14,878,261	9,677,148	499,440	844,572	1,254,971	2,602,130
4.	Securities issued	9,017,157	-	-	5,475,813	350,000	3,191,344	5,842,010	-	-	425,485	3,496,036	1,920,489
5.	Loans received	3,296,955	787,811	-	-	385,000	2,124,144	1,522,386	574,673	-	-	20,464	927,249
6.	Other liabilities	28,403,689	24,511,533	21,155	3,820,866	-	50,135	30,148,369	24,703,217	74,006	5,334,596	-	36,549
7.	Miscellaneous	9,246,823	7,100,109	1,471,619	675,095	-	-	6,502,180	4,921,251	833,173	747,756	-	-
	Total Liabilities	700,906,185	588,439,317	70,445,018	24,254,654	8,807,861	8,959,335	609,803,552	523,601,559	53,894,358	16,013,051	9,278,208	7,016,378
	Difference between Assets and Liabilities in the Balance Sheet	71,538,057	(422,328,496)	(18,907,017)	38,323,517	69,857,374	404,592,679	67,587,967	(400,968,872)	(8,950,584)	41,511,653	76,834,930	359,160,840
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	4,498,899	4,498,899	-	-	-	-	3,603,899	3,603,899	-	-	-	-
2.	Contingencies	38,165,941	-	4,594,271	33,571,670	-	-	30,151,977	-	2,755,143	27,396,834	-	-
	Total Administrative Account Claims	42,664,840	4,498,899	4,594,271	33,571,670	-	-	33,755,876	3,603,899	2,755,143	27,396,834	-	-
B. Administrative Account Liabilities													
1.	Commitments	110,047,219	502,083	104,328,850	5,147,818	32,726	35,742	93,748,099	79,126	89,330,139	4,402,240	15,720	-
2.	Contingencies	42,530,743	-	27,566	42,503,177	-	-	37,332,099	150,932	-	37,332,099	-	-
	Total Administrative Account Liabilities	152,577,962	502,083	104,356,416	47,650,995	32,726	35,742	131,080,198	230,058	89,330,139	41,734,339	15,720	-
	Difference between Assets and Liabilities in the Balance Sheet	(109,913,122)	3,996,816	(99,762,145)	(14,079,325)	(32,726)	(35,742)	(97,324,322)	3,373,841	(86,574,996)	(14,337,505)	(15,720)	-
	Difference [(IA-IB)+(IIA-IIB)]	(38,375,066)	(418,331,680)	(118,669,162)	24,244,192	69,824,648	404,556,937	(29,736,355)	(397,595,031)	(95,525,580)	27,174,148	76,819,210	359,160,840
	Cumulative Difference	(38,375,066)	(418,331,680)	(537,000,842)	(512,756,651)	(442,932,003)	(38,375,066)	(29,736,355)	(397,595,031)	(493,120,611)	(465,946,463)	(389,127,253)	(29,966,413)

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(in million Rupiah)

No.	Pos-pos	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	3,013,461	3,013,461	-	-	-	-	2,897,745	2,897,745	-	-	-	-
2.	Placement with Bank Indonesia	43,061,236	43,061,236	-	-	-	-	32,636,939	31,947,689	689,250	-	-	-
3.	Placement with other banks	13,271,180	11,983,358	1,164,819	123,004	-	-	14,630,269	12,865,582	791,259	677,257	144,577	151,594
4.	Securities	34,569,115	769,697	2,417,681	7,076,996	1,859,852	22,444,889	32,008,232	1,287,822	490,195	575,041	839,879	28,815,296
5.	Loans	87,847,059	11,699,748	3,623,914	3,511,216	7,548,211	61,463,970	87,788,642	13,013,509	5,987,625	3,943,999	10,507,547	54,335,962
6.	Other receivables	1,472,248	1,472,248	-	-	-	-	457,938	457,938	-	-	-	-
7.	Other assets	391,740	239,339	86,318	-	66,083	-	392,431	168,398	155,509	-	68,525	-
	Total Assets	183,626,039	72,239,087	7,292,732	10,711,217	9,474,145	83,908,859	170,812,196	62,638,682	8,113,837	5,196,297	11,560,528	83,302,851
B. Liabilities													
1.	Third party funds	117,693,591	108,424,969	5,241,880	2,520,489	1,488,913	17,339	119,773,840	114,582,354	2,364,513	1,102,235	1,704,667	20,071
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	3,039,127	2,675,477	121,253	242,397	-	-	3,754,359	3,650,971	103,388	-	-	-
4.	Securities issued	-	-	-	-	-	-	-	-	-	-	-	-
5.	Loans received	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372	29,231,244	13,531,838	1,131,749	1,195,297	6,891,190	6,481,169
6.	Other liabilities	25,578,161	25,578,161	-	-	-	-	24,318,877	24,318,877	-	-	-	-
7.	Miscellaneous	6,041,662	692,204	4,850,545	498,914	-	-	5,559,408	904,916	3,413,125	1,241,367	-	-
	Total Liabilities	183,470,944	155,597,796	13,492,197	5,114,606	7,271,634	1,994,711	182,637,727	156,988,956	7,012,774	3,538,899	8,595,857	6,501,240
	Difference between Assets and Liabilities in the Balance Sheet	155,095	(83,358,709)	(6,199,465)	5,596,611	2,202,511	81,914,147	(11,825,531)	(94,350,275)	1,101,063	1,657,398	2,964,671	76,801,611
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	3,873,182	3,873,182	-	-	-	-	6,831,543	2,696,043	4,135,500	-	-	-
2.	Contingencies	34,612,294	-	16,932,736	17,679,558	-	-	47,991,085	-	22,176,853	25,814,232	-	-
	Total Administrative Account Claims	38,485,476	3,873,182	16,932,736	17,679,558	-	-	54,822,628	2,696,043	26,312,353	25,814,232	-	-
B. Administrative Account Liabilities													
1.	Commitments	35,491,065	380,436	15,187,576	19,923,052	0	0	35,095,521	384,477	15,493,609	19,217,434	0	0
2.	Contingencies	31,802,887	0	0	31,802,887	0	0	37,231,769	0	0	37,231,769	0	0
	Total Administrative Account Liabilities	67,293,952	380,436	15,187,576	51,725,939	-	-	72,327,290	384,477	15,493,609	56,449,203	-	-
	Difference between Assets and Liabilities in the Balance Sheet	(28,808,476)	3,492,746	1,745,160	(34,046,382)	-	-	(17,504,662)	2,311,565	10,818,744	(30,634,971)	-	-
	Difference [(IA-IB)+(IIA-IIB)]	(28,653,380)	(79,865,963)	(4,454,305)	(28,449,770)	2,202,511	81,914,147	(29,330,193)	(92,038,709)	11,919,807	(28,977,573)	2,964,671	76,801,611
	Cumulative Difference	(28,653,380)	(79,865,963)	(84,320,268)	(112,770,039)	(110,567,528)	(28,653,380)	(29,330,193)	(92,038,709)	(80,118,902)	(109,096,475)	(106,131,804)	(29,330,193)

Table 8.2.b. Disclosure of Valas Maturities Profile - Bank Consolidated with Subsidiaries

(in million Rupiah)

		Report Date Position						Previous Year's Report Date Position					
No.	Items	Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	3,067,602	3,067,602	-	-	-	-	2,922,210	2,922,210	-	-	-	-
2.	Placement with Bank Indonesia	43,131,293	43,131,293	-	-	-	-	32,977,793	32,288,543	689,250	-	-	-
3.	Placement with other banks	15,121,618	13,286,365	1,712,250	123,004	-	-	16,070,265	14,305,579	791,259	677,257	144,577	151,594
4.	Securities	35,374,697	769,697	2,417,681	7,076,996	1,859,852	23,250,471	32,682,224	1,315,302	490,195	575,041	839,879	29,461,808
5.	Loans	93,903,989	11,699,748	4,043,673	3,665,919	8,085,042	66,409,607	92,237,553	13,035,227	6,097,238	4,141,873	10,633,937	58,329,278
6.	Other receivables	1,486,103	1,486,103	-	-	-	-	1,421,380	649,942	351,242	419,880	316	-
7.	Other assets	391,740	239,339	86,318	-	66,083	-	392,431	168,398	155,509	-	68,525	-
	Total Assets	192,477,042	73,680,147	8,259,922	10,865,919	10,010,976	89,660,078	178,703,856	64,685,200	8,574,691	5,814,051	11,687,234	87,942,679
B. Liabilities													
1.	Third party funds	124,068,574	114,375,807	5,471,687	2,556,005	1,647,737	17,339	125,382,120	119,655,906	2,435,121	1,412,025	1,858,997	20,071
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	4,664,877	4,295,876	126,604	242,397	-	-	5,274,740	3,657,317	245,816	689,250	682,358	-
4.	Securities issued	-	-	-	-	-	-	-	-	-	-	-	-
5.	Loans received	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372	29,231,244	13,531,838	1,131,749	1,195,297	6,891,190	6,481,169
6.	Other liabilities	25,582,496	25,582,496	-	-	-	-	24,329,123	24,329,123	-	-	-	-
7.	Miscellaneous	6,041,662	692,204	4,850,545	498,914	-	-	5,559,408	904,916	3,413,125	1,241,367	-	-
	Total Liabilities	191,476,013	163,173,368	13,727,355	5,150,121	7,430,457	1,994,711	189,776,635	162,079,100	7,225,811	4,537,939	9,432,545	6,501,240
	Difference between Assets and Liabilities in the Balance Sheet	1,001,029	(89,493,222)	(5,467,434)	5,715,798	2,580,519	87,665,366	(11,072,780)	(97,393,900)	1,348,881	1,276,112	2,254,689	81,441,439
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	3,873,182	3,873,182	-	-	-	-	6,831,543	2,696,043	4,135,500	-	-	-
2.	Contingencies	34,612,294	-	16,932,736	17,679,558	-	-	47,991,085	-	22,176,853	25,814,232	-	-
	Total Administrative Account Claims	38,485,476	3,873,182	16,932,736	17,679,558	-	-	54,822,628	2,696,043	26,312,353	25,814,232	-	-
B. Administrative Account Liabilities													
1.	Commitments	35,497,975	387,347	15,187,576	19,923,052	-	-	35,128,025	391,661	15,513,757	19,222,608	-	-
2.	Contingencies	32,408,839	587,828	532	31,802,887	17,117	474	37,458,245	129,343	10,951	37,277,185	1,019	39,747
	Total Administrative Account Liabilities	67,906,814	975,175	15,188,108	51,725,939	17,117	474	72,586,270	521,004	15,524,707	56,499,793	1,019	39,747
	Difference between Administrative Account Claims and Liabilities	(29,421,338)	2,898,007	1,744,628	(34,046,382)	(17,117)	(474)	(17,763,642)	2,175,039	10,787,646	(30,685,561)	(1,019)	(39,747)
	Difference [(IA-IB)+(IIA- IIB)]	(28,420,309)	(86,595,215)	(3,722,806)	(28,330,583)	2,563,403	87,664,892	(28,836,422)	(95,218,861)	12,136,526	(29,409,449)	2,253,669	81,401,692
	Cumulative Difference	(28,420,309)	(86,595,215)	(90,318,021)	(118,648,604)	(116,085,201)	(28,420,309)	(28,836,422)	(95,218,861)	(83,082,335)	(112,491,783)	(110,238,114)	(28,836,422)

Tabel 8.3 Disclosure of Liquidity Coverage Ratio

Liquidity Coverage Ratio (%)

	Q1	Q2	Q3	Q4
	(1)	(2)	(3)	(4)
Bank Individually	184.75%	196.98%	199.55%	207.17%
Bank Consolidated	186.53%	195.74%	200.13%	206.80%

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4. Operational Risk

A. Qualitative Disclosure

Operational risk is the risk due to insufficiency and/or failed internal processes, human error, system failure, and/or the presence of external events which affecting the operations of Bank Mandiri.

Operational risk can lead to other risks such as reputation risk, strategic risk, legal risk, market risk, credit risk, compliance risk, liquidity risk, the risk of intragroup transactions and insurance risks. The management of operational risk effectively and consistently can minimize the emergence of other risks.

Operational risk is inherent in all activities/operations of Bank Mandiri while running business process. Bank Mandiri implemented the Operational Risk Management effectively to reduce the frequency and/or impact of operating losses. In general, the implementation of the Operational Risk Management is expected to give positive impact to Bank Mandiri's stakeholders.

Operational Risk Management Organization

The implementation of operational risk management involves all elements in Bank Mandiri, including the Board of Directors with active supervision by the Board of Commissioners. To that end, the Board of Commissioners and Board of Directors understand the risks faced by Bank Mandiri, and plays an important role in supporting and overseeing the success of its application in all operational units.

1. **Risk Management Committee** is a committee which formed to assist the Board of Directors in performing the function of monitoring and control, among others through policy discussion, define strategies and procedures related to the Operational Risk Management of Bank Mandiri, monitoring risk profile and risk management to establish risk appetite.
2. **The Builder Unit of Operational Risk System, Retail & IT Operational Risk Group and Wholesale Operational of Risk Group**, is the Operational Risk Management Unit, which responsible for formulating policies, strategies, frameworks and operational risk management tools as well as doing the implementation thereof.
3. **Working Unit (Risk Owner)**, responsible for managing operational risk according to the authority and scope of work in every units, especially in ensuring that the control effectiveness have been carried out in accordance with the standard guidelines for operational activities.
4. **ORM Coordinator**, monitor and review the effectiveness/ adequacy of operational risk management processes inherent to every activity and perform tests of controls against the assessment control by Risk Owner periodically.
5. **Internal Audit**, provides independent, objective assurance and consulting services to give added value and improve the operational quality of Bank Mandiri.

Operational Risk Management Mechanism

Bank Mandiri has set policies and procedures for managing operational risk refers to the regulatory provisions and international best practices, particularly of Basel Committee recommendations. Policies and procedures for the implementation of operational risk management for the entire unit in Bank Mandiri, among others, Bank Mandiri Risk Management Policy (KMRBM), SPO Operational Risk Management, Technical Guidelines for Operational Risk Management (ORM) Tools, and SPO Products or Activities.

To support the process of managing operational risk, Bank Mandiri uses ORM Tools namely:

1. **Risk & Control Self Assessment (RCSA)**
RCSA is used for the identification and assessment of operational risk exposure and effectiveness of the control of Bank Mandiri. RCSA is a proactive approach in measuring risk since it involves all the activities and operational control. RCSA processes performed by used Assessment Top Risk method, where Working Units will be more focused in identifying, measuring, monitoring, and control contained in the core process.
2. **Loss Event Database (LED)**
LED is the data of operational risk incident on every working unit. The result of the recording of LEDs used as one factor of risk profile assessment and operating loss of Bank Mandiri. The purposes of LED recording is to provide a map of operational risk loss of Bank Mandiri, prevent reoccurrence of operational incidents, and as one of the inputs in determining the operational risk profile.
3. **Key Indicator (KI)**
Key Indicator (KI) is a quantitative indicator which used as an early warning signal to changes/trends of risk or operational risk control effectiveness. Determination of KI aims that all working units exert control over core competency processes which have high operational risk to set mitigation measures.
4. **Issue & Action Management (IAM)**
IAM aims to facilitate the ease of identification and follow-on issues in which the action plan should be carried out in accordance to the timelines and responsible parties and also to facilitate monitoring progress of action plan completion.

The results of identification, assessment, monitoring and controlling of risk exposure was integrated with i-Mors (Independent Operational Risk Integrated System) which has been implemented in all working units (risk owners).

As the output of operational risk management process, every working units produce risk profile report which used as the basis in making Bank Mandiri's operating risk profile. The report of operational risk profile was drafted through the identification of major process in all working units according to the activity, segments, products and services that run through ORM Forum, questionnaires, interviews (one on one meeting), or other appropriate media.

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The report of operational risk profile of Bank Mandiri which has validated by the Internal Audit unit and approved by the Board of Directors and Board of Commissioners, further reported to the regulator periodically. Profile of Operational Risk of Bank Mandiri used as part of the determination of Bank Mandiri's soundness or the report of Risk-Based of Bank Mandiri Rating (RBBR) which is submitted to the regulator.

Implementation of Operational Risk Management

In 2016, the implementation of Bank Mandiri's Risk management were focused on four strengthening aspects, namely:

1. Risk Awareness Program

The cultural program owned by every working units and related to the recognition, understanding, and operational risk mitigation. This was reflected in the Culture of Excellence, RAKSA, a risk awareness program that supports the principles of keep safe, keep friends, keep independent.

2. MRO Forum

A meeting which must be implemented by every unit of at least once a month to discuss issues related to operational risk in every main activities of the working unit, including the assessment of risk identification and risk measurement. Furthermore, the forum implementation results reported to the Trustee Unit of Operational Risk Management System in the form of minutes of meeting.

3. Risk Profile Report

An overview of operational risk exposures in every working unit where the report shall be submitted by working unit to the Unit of Operational Risk Management System, minimum at quarterly or shorter period if needed (ad-hoc). Preparation of risk profile report regularly intended that the operational risk profile of every working unit always updated and maintained.

4. Data Quality on ORM Tools

It is the process of managing and updating data/information stored on ORM Tools (i-Mors) including RCSA, MFORs, KI and IAM. The whole datas were inputted to the i-Mors used as the basis for preparing risk profile of working unit in order to measure the soundness of Bank Mandiri.

Steps and Plans in Anticipating Operational Risk

Here are the operational risk management strategies for the year 2017:

1. Determination of risk appetite level for operational risk and monitoring the level of operating loss to ensure that the appetite which has been set was still under Bank Mandiri's control.
2. The development of frameworks, methodologies, tools, and operational risk management application systems by improving procedures, limits, tools and risk management systems.
3. The development of framework and methodology of information technology by developing IT Risk Management framework and Information Security Management.
4. Continuous improvement on operational risk management infrastructure by improving risk identification process, organization, and follow-up which needed, as well as implemented the improvement of operational risk framework to working unit.
5. The consummation review related to the provisions effectiveness, initiative, and risk awareness program through recommendations given from the standpoint of operational risk management.
6. Become a benchmark for subsidiary companies in developing operational risk management framework in order to make infrastructure improvements of risk management widely.

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B. Quantitative Disclosure

In order to calculate the capital and ATMR Operations, Bank Mandiri now using Basic Indicator Approach (BIA) according to the provisions of the regulator, SE OJK No. 24/SEOJK.03/2016 regarding the calculation of Risk Weighted Assets for Operational Risk using Basic Indicator Approach, so the following tables shown the detail report of operational risk of capital adequacy of Bank Mandiri by using Basic Indicator approach, as follows:

Table 9.1.a. Disclosure of Rupiah Maturity Profile - The Bank Individually

No	Approach	Report Date Position on December 31, 2016		
		Gross income (average of last 3 years)*	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Base Indicator Approach	49,030,404	7,354,561	91,932,008
Total		49,030,404	7,354,561	91,932,008

Table 9.1.b. Operational Risk Quantitative Disclosure - Bank Consolidated with Subsidiaries

No	Approach	Report Date Position on December 31, 2016		
		Gross income (average of last 3 years)*	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Base Indicator Approach - BM	49,030,404	7,354,561	91,932,008
2	Base Indicator Approach - BSM	3,594,936	539,240	6,740,505
3	Base Indicator Approach - Mandiri Sekuritas	605,077	90,761	1,134,519
4	Base Indicator Approach - BMEL	48,367	7,255	90,688
5	Base Indicator Approach- Bank Mantap	139,748	20,962	262,028
6	Base Indicator Approach - AMFS	2,137,344	320,602	4,007,519
7	Base Indicator Approach - MTF	320,064	48,010	600,120
8	Base Indicator Approach - MIR	13,768	2,065	25,816
9	Base Indicator Approach - MAGI	7,478	1,122	14,022
10	Base Indicator Approach - Inhealth	1,466,944	220,042	2,750,520
11	Base Indicator Approach - MUF	1,027	154	1,925
Total		57,406,150	8,610,923	107,636,532

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5. Legal Risk

Legal risk is a risk faced by Bank Mandiri as a result of lawsuits, both by internal and external parties and/or discovery of the weakness of the judicial aspect such as the absence of legal and regulatory documents or weakness in the document.

Legal Risk Management Organization

Organization of legal risk management conducted by the Legal Unit at the Head Office to implement functions, duties and responsibilities related to the regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and legal risk management of the Bank. In the implementation of its functions, duties and responsibilities, the Legal unit at the Head Office coordinates with Legal Unit at Work Unit and Legal Unit in the Region. Legal Unit at the Head Office is a trustee system and supervises the Legal Unit at Working Unit and Legal Unit in the Region. Organization of legal risk management conducted by the Legal Unit at Head Office to implement the functions, duties and responsibilities related to the regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and legal risk management of the Bank.

Legal Risk Management Mechanism

Risk management mechanism which includes the identification, measurement, control, and monitoring refers to the applicable provisions concerning risk management. Every working unit owners or the executor of products or the organizer of activities required to manage risk optimally, including but not limited to legal risks basically inherent in any product or activity which created or implemented by the Bank, so it does not have significant impact and lead to the emergence of other risks, including but not limited to reputation risk.

Implementation of Legal Risk Management

Throughout 2016, the implementation of legal risk management in Bank Mandiri focused on several strengthening aspects, among others were:

- Implementation of legal culture (law as a second nature) continuously including organizing the Legal Awareness and Legal Advice Forum on Site for business unit
- Decentralization of handling problems/lawsuit/case law by the placement of Legal Officer in the Units and the establishment of Regional Legal Team in every Region
- Giving review/advice/legal opinions that are strategic and involvement in giving review/advisory/legal opinions in forums such as the Credit Committee Meeting, Business Committee, Wholesale Committee and actively involved in the activities of corporations such as GMS and other strategic initiatives
- Implementation of on-site inspection of the loan documents which approved in RKK forum and check the conformity of the document with RKK decisions

Steps and Plans in Anticipating Legal Risk

Along with the increasing scope of business of Bank Mandiri, hence in order to realize a compliant business and increase awareness of legal risk level, the legal unit has conducted strategic initiatives holistically in order to strengthen and

safeguard the legal position of the Bank and prevent the emergence of various legal issues/mitigate potential operational risks of Bank Mandiri as below:

1. Provide support from the legal aspects, preventive and repressive in order to strengthen and safeguard the legal position of the Bank, including to develop law obedient culture (Law as a Second Nature) through Learning Method and Prevention, among others:

a. Preventive Actions :

- 1) Legal Awareness Forum (LAF)
A continuous program which conducted every year in order to provide sufficient knowledge of the legal basis for frontliner (teller, customer service, RBC, Verificator) so hopefully all employees could have the competencies and understanding of basic laws in the process of banking operations. By the LAF program is expected to help in eliminating or minimizing the occurrence of various problems/ case law.
- 2) Legal Review On Site
Is a judicial review of credit document by examining, ensuring suitability and adequacy of juridical credit facilities, assess whether there is a juridical excess in the preparation of the provisions in loan documents, including collateral documents which followed by channeling mitigation.
- 3) Legal Advice On Site
An interactive discussion with the participants in order to give legal advice and assistance directly against the actual legal issues in operations field/ business units related to credit proposed by the participants or by the results of the Legal Review On Site.

b. Repressive actions

- 1) Decreasing outstanding legal cases
In addition to prevent the occurrence of new cases, the Bank continued to take efforts of providing legal solutions to decrease the outstanding litigation such as the decrease of legal matters.
- 2) Out of court settlement
Conduct settlement of the case through alternative dispute resolution outside the court (out of court settlement).
- 3) Building good relations
Fostering good relations with relevant agencies in efforts to encourage the acceleration of verdict of the case, as well as with customers to get a balanced dispute resolution (win-win solution).
- 4) Legal action
Maintaining the dignity and reputation of the Bank to conduct strict legal efforts against those who harm the Bank both in the settlement of credit, fraud actions or actions of other third party with bad purpose and against the law.

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6. Reputation Risk

Reputation risk is the risk faced by the Bank as an impact of the negative perception of stakeholders to the Bank which coming from various undesirable events such as negative publications over the Bank's operations, violation of business ethics, customer complaints, governance weaknesses and other events that can degrade the image of the Bank.

Reputation Risk Management Organization

The reputation risk is managed by the Corporate Secretary Group and performed by all working units within the company, including Customer Care Group, Strategic Marketing Group, and IT Strategy and Infrastructure Group. In its function, Corporate Secretary Group is responsible to the Board of Directors and came under the direct supervision of President Director. Thus, in addition to the President Director, Corporate Secretary Group also provides report to the associate director whom related with the incidence of reputation.

Reputation Risk Management Mechanism

Reputational risk is managed through the mechanism of oversight, handling and settlement which coordinated by the Corporate Secretary Group by referring to the provisions of Standard Guidelines for Corporate Secretary.

Implementation of Reputation Risk Management Policy

As the implementation of reputation risk management policies, the President Director assures that all working units have been performing the function of each well and according to the applicable regulations. In case there is potential events affected the reputation risk related to the duties and functions of particular working unit, so the working unit is obliged to provide detailed information to the Corporate Secretary Group in order to manage the incident so as to minimize the impact.

Currently, Bank Mandiri has an official channel to receive complaints and questions from customers, such as call center 14000, website, branches, including conventional media and social media. All complaints are forwarded to Customer Care Group to get the handling and settlement. On these duties, Customer Care Group collaborates with the Corporate Secretary Group, particularly in handling customer complaints related with conventional media and social media.

Separately, Corporate Secretary Group also monitors and evaluates of various reports and then releases them in conventional media and social media periodically to measure the effectiveness of the company's publication and communication activities. Furthermore, monitoring and evaluation results will serve as the basis of publications and communication activities for the next period in order to strengthen the company's reputation on an ongoing basis.

In its function as the coordinator of managing reputation risk of the Company, Bank Mandiri also have several internal units, such as the Corporate Communication Department and Corporate Social Responsibility (CSR) Department which has the authority and ability to create a positive image of the company through communication programs and social activities of the company.

Whereas in the context of crisis or incident reputation highly critical and massive so it affects the confidence of stakeholders or shareholders, Corporate Secretary Group assumes full responsibility for implementing the action plan which is expected could minimize the impact of the crisis, among others preparing the strategy of problem management, determining the internal sources and executing schedule of crisis management activities, as well as the overall evaluation.

7. Strategic Risk

Strategic risks is risk faced by Bank Mandiri due to inaccuracy in the decision and/or implementation of a strategic decision and the failure in anticipating the changes in the business environment.

Strategic Risk Management Organization

The Bank has established a Risk Management Committee and Risk Management Unit which aims to support the comprehensive risk management, integrated, measurable and controllable. Every committee supported by a working group whose members consist of groups that directly related to the risk problems including within the scope of the committees.

Strategic Risk Management Mechanism

In conducting strategic risk management, Bank Mandiri constantly reviews the performance and evaluate the draft of business targets policy and conduct corrective measures in developing strategic plans and business targets taking into account the internal and external conditions, if necessary. Bank Mandiri continues to support the strengthening of the implementation of programs supporting financial performance management through the development of automated budgeting, PMS enhancement and development of Executive Information System (EIS).

Implementation of Strategic Risk Management

Throughout 2016, considering the external and internal conditions of Bank Mandiri, the Management Policy until 2020 will be focused on three main strategies, namely sharpen the wholesale business by intensifying the wallet share of customer wholesale segment (deepen client relationship), accelerating its expansion in the retail segment (Accelerate growth in the segment), as well as strengthening the integration of Mandiri Group (integrate the group). Further explanations are as follows:

- Deepen client relationship (wholesale segment), to achieve the aspirations of becoming Indonesia's Wholesale Transaction Bank, Bank Mandiri's policy is to offer holistic and integrated products and services which capable to serve the needs of end to end customer. Wholesale business development was done by strengthening the Relationship Manager (RM) with expertise in priority sectors. With the development of trade between countries these days, the big corporations in Indonesia continues to expand its business abroad. Bank Mandiri as the leading wholesale bank in Indonesia which has a powerful corporate customers base, provide a strategy to serve the customers (follow the principle of the worker, follow the trade).

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- Accelerate in Growth Segment, comprised of three segments, namely: 1) Micro Segment, 2) Individuals Segment, and 3) SME Segment.
- Integrate the Group strategy is the Group that aims to increase the synergy in every working units by optimizing all existing resources in Bank Mandiri and its subsidiaries in order to support each other through cross-selling.

Steps and Plans in Anticipating Strategic Risk

Here are the risk management strategies in 2017:

- Slowdown of economic impact on business growth and credit quality has driven Bank Mandiri's loan expansion carefully (prudent), as well as made the selection sector is prospective and not vulnerable to economic turmoil, monitoring watch list, better management credit to an end to end, and so forth.
- Controlling the formation of CKPN by reviewing and following up on account which potentially problematic, to anticipate the unexpected condition.
- Focus on the fund (retail deposits) in the segment of small business, micro and consumer (individual).
- Conduct efficiency program/overhead cost savings and more in-depth assessment for initiatives that have an impact on overhead costs (initiatives that do not have immediate impact on revenue/P&L), without the exclusion of aspects of service and profitability.

Macroeconomic and banking conditions are expected to remain unfavorable. It will increase the external risk in which the performance of national economy this year still need to be wary, especially the economic recovery which is still running slower than expected. Reorganization and implementation of which is still in the process of improvement and repair.

8. Compliance Risk

Compliance risk is the risk arising when the Bank doesn't comply and/or implement the applicable legislation and regulations. As set forth in Compliance Policy Bank Mandiri (KKBM), Bank Mandiri has an organizational structure which is responsible to manage compliance risk, consisting of:

- **The Director in charge of Compliance Function**
The Director in charge of compliance function is responsible for establishing systems and procedures related to compliance risk management of the Bank in order to minimize the risk of such compliance. In addition, the Director whose in charge of compliance function also responsible for formulating strategy to increase the Bank's compliance culture.
- **The Compliance Working Unit (SKK) at the Head Office**
SKK in the head office is responsible for formulating compliance risk management methodology and conduct surveillance on bank wide working units so that the potential compliance risks can be minimized. In addition, the SKK at the Head Office also sets the steps to support the creation of Culture of Compliance in all bank business activities at every level of the organization.

- **The Compliance Working Unit (SKK) at Working Unit**
SKK at Working Unit is the technical implementation of operational in every Directorate to assist the Director of the Field in implementing the compliance function, including identifying and providing historical data on the occurrence of sanctions and monitoring the implementation of compliance risk control.

Compliance Risk Management Mechanism

In managing compliance risk, the Bank uses the concept of Enterprise Risk Management (ERM) to obtain more comprehensive description about the risks. Risk management is conducted through two approaches, namely Top Down by assessment of Directors through (Enterprise Risk Assessment) ERA and Bottom Up by analysis of historical data trends.

On the bottom-up approach, the management of compliance risk divided into several stages, i.e.:

1. Identification

The identification of compliance risks addressed in the Compliance Risk Statement (CRS) which covers regulations related, the causes of risk, control risk, and the action plan needed to prevent compliance risks.

2. Assessment

Compliance risks which have been identified was assessed by the respective risk owners to produce compliance risk profile in their work unit. The risk assessment conducted based on:

- Likelihood of risk occurring
- Impact to the Bank if risk does occur

In addition, the risk owner also assessed the effectiveness of the control exercised.

3. Monitoring

Monitoring of compliance risk is done by:

- Reviewing the compliance risk that all the identification processes has already conducted properly and correctly
- Reviewing the implementation of control and mitigation has already conducted properly and correctly
- Reviewing that compliance risk assessment process has already done properly and take into consideration on historical sanction/fine data.

4. Mitigation

Risk mitigation performed by setting and monitoring the Risk Appetite Statement (RAS) of compliance risk.

Implementation of Risk Management Compliance

Throughout 2016, the implementation of compliance risk management of Bank Mandiri was focused on improving compliance risk management methodologies, which includes:

1. Determination of Risk Appetite Statement (RAS)

In 2016, Bank Mandiri has decided the methodology to determine Risk Appetite Statement (RAS) methodology on the risk of compliance based on top-down approach and the bottom-up approach. Top Down Approach derived from Director's view regarding potential of compliance risk that might occur (forward looking), while the bottom-up approach derived from on historical sanction data that have occurred in Bank Mandiri.

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2. Database Development of Compliance Risk

In managing compliance risk, the database of compliance risk and sanctions which ever happened become a a crucial thing to see the potential for repeated violations. Therefore, the Bank develops Integrated Risk Library (IRL) to obtain single database bankwide more accurate and easy to use by all levels.

3. Development of Monitoring and Reporting System

In order to optimize the implementation of compliance function, the Bank also has developed the monitoring system for reporting as an automatically reminder to the reporting unit in making compliance risk, particularly the risk for delay in submission of reporting can be minimized.

Steps and Plans in Anticipating Compliance Risk

The management strategy of compliance risk in 2017 will be conducted by implementing the tightening of compliance risk of RAS. This strategy aimed to encourage all levels to be more carefully and pay attention to the risk limits which may occur in any decision-making. The tightening of compliance risk RAS was prepared prudently by using the historical data according to compliance risk assessment parameters as stipulated in the SEBI 13/24 /DPNP concerning Commercial Bank Rating. The compliance risk RAS for 2017 has been set at 28.5% more stringent than the previous year to a maximum of 10 times the violation of every month.

Consolidated Risk Management to the Subsidiaries (PA)

Consolidated risk management of Bank Mandiri has started gradually since 2008 in line with the provisions issued No. 8/6/PBI/2006 concerning Application of Consolidated Risk Management for Banks Performing Control against Subsidiaries. These stages until now be one form of strategic initiatives of risk management units in Bank Mandiri which regularly communicated with OJK in a special forum to discuss topics or the risk profile of Bank Mandiri Risk Based Rating. This become important because Bank Mandiri realizes that its business continuity also influenced by the exposure to risks arising directly or indirectly from the business activities of subsidiaries.

Related to this, Bank Mandiri has implemented a system of consolidated risk management of the subsidiary companies whether operating in Indonesia and outside Indonesia while still meeting the principles of risk management and tailored to the jurisdiction of the authorities/local superintendent, and considering the characteristics of the business of each subsidiaries. The concept of risk management consolidation which carried on by Bank Mandiri and its subsidiaries generally can be divided into two major parts, namely:

- First Line, with regard to compliance with the provisions of PBI No. 8/6/PBI/2006 concerning Application of Consolidated Risk Management for Banks Performing Control against Subsidiaries.
- Second Line, which is more of an approach to the internal needs of the Bank as a whole which includes tools, risk awareness, corporate governance, and risk management information systems.

Gradually, Bank Mandiri has conducted consolidated risk management with subsidiary companies which engaged in finance (Bank Syariah Mandiri, Bank Mandiri Europe, Bank Mandiri Taspen Pos, Mandiri Sekuritas, AXA Mandiri Financial Services, Mandiri Tunas Finance, Mandiri International Remittance, Mandiri AXA General Insurance, and InHealth). Related to this, Bank Mandiri has set internal guidelines called Mandiri Subsidiaries Principle Guideline (MSPG) which contains technical guidance on the implementation of risk management of Bank Mandiri as a holding with subsidiaries. This is could stand as a real forms of Bank Mandiri as the largest bank in Indonesia which always comply and obey to the regulations applied in Indonesia, which in this context refers to POJK No. 18/POJK.03/2014 regarding the Application of Integrated Governance Share Financial Conglomerate.

Simulation of Worst Condition & Stress Testing

In order to measure the degree of resilience of Bank Mandiri in facing an extreme external event scenario (exceptional) but may occur (plausible), Bank Mandiri conducts stress testing as a basis for decision-making (contingency plan) as well as the fulfillment of the provisions of the applicable regulations in Indonesia. For Bank Mandiri, stress testing intended to estimate the amount of loss, estimating the resilience of the Bank's capital to absorb losses and to identify steps that should be taken to mitigate risk and maintain capital.

As for the two types of stress testing which are often carried out by Bank Mandiri, ie sensitivity/shock analysis and scenario analysis (historical or hypothetical). Meanwhile, stress testing models include the major types of risk namely credit risk, market risk and liquidity risk. Specifically for credit risk, Bank Mandiri develops stress testing model to cover wholesale segment, consumer and retail (modules have been developed per product for better results granular and accurate) by reference to best practices, among others, through econometrics modeling which connecting the factor of credit risk with macroeconomic factors.

In the projection of 2017, although the Indonesian economic fundamental is generally in a good condition and commodity prices seems to recover gradually, but the macroeconomic conditions globally and regionally still overwhelmed by the uncertainty as the economic recovery in European countries that have not been evenly distributed, pressure from Brexit, and China's economic growth continued to slow down, the increase in Fed Funds rate and the impact of post-US Election, volatility in financial markets remains high and domestic issues that occurred as political stability.

During 2016, Bank Mandiri has done some simulation scenario analysis for the baseline scenario, moderate and worst with reference to the current conditions and historical global issue or issues in the country such as the hike of Fed Funds Rate, Trump Effect, Brexit, inflation and BI rate. Bank Mandiri has a function of Business Command Center (BCC) as a integrated crisis management center, which can be activated to anticipate the crisis and global recession.

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Validation Model

Bank Mandiri has independent validation work unit in the Directorate of Risk Management and Compliance. This working unit is part of the internal risk control to provide quality assurance towards the development of models and regulatory compliance of Bank Indonesia. Its main responsibilities are as follows:

- Validating models used or developed in Bank Mandiri
- Participating actively involved in advisory process which related to the developments of models and risk management
- Inventory and monitoring models used in Bank Mandiri

Besides act as a second layer of defense in controlling operational risk model development process, model validation unit also responsible for the validity of the methods used in model development. The validation process or advisory verified by the Directorate of Internal Audit to ensure that the validation process has been in line with the principles of Good Corporate Governance (GCG).

Business Continuity Model (BCM)

Business Continuity Model (BCM) is a management process to identify potential threats to an organization and provides a framework for building resilience and the ability to respond effectively to a disaster situation so as to secure the interests of stakeholders, the company's reputation and brand.

Bank Mandiri as one of the largest and leading banking institutions, fully aware of its role in providing banking products and services and maintain business continuity both in normal conditions and in conditions of disruption or disaster. This encourages policies to create, test, implement and maintain the BCM to maintain the continuity of critical business operations and the necessary resources in the event of disruption or disaster. By forming BCM, Bank Mandiri could minimize the potential for financial loss, reputational damage and lawsuits when there is a disruption/disaster.

Efforts to maintain the continuity of business processes, operations and activities of all units within the Bank organization is a form of implementation of the vision, mission and business strategy of Bank, which is the shared responsibility of all levels of Bank.

BCM program is intended to develop and support the execution and implementation of BCM to be part of the Bank's operations. To ensure the reliability of Bank in the face of disruption/disaster which backed by formal structures of the Organization BCM and Crisis Management Team (CMT), the BCM implementation activities will be the object of internal and external audits.

Legal Basis and Policies

1. Financial Services Authority Regulation No.38/POJK.03/2016 on Implementation of Risk Management in Utilizing Information Technology by Commercial Banks.
2. BI Regulation No. 11/25/PBI/2009 dated July 1, 2009 on amendments of BI Regulation No. 5/8/PBI/2003 regarding Implementation of Risk Management for Banks.
3. SE BI No. 9/30/DPNP dated December 12, 2007 regarding Risk Management in the Use of Information Technology by Commercial Bank.

4. Bank Mandiri Risk Management Policy (KMRBM).
5. Policy of Internal Control Systems Bank Mandiri (KSPIBM).
6. Operational Policy of Bank Mandiri (KOBM).
7. Resolutions of Risk Management Committee (RMC) dated May 10, 2013.
8. Decisions of Policy & Procedure Committee (PPC), dated June 12, 2015.

The Development Plan of Risk Management System in 2017

To support the growth strategy of the operational business in order to always have a high competitiveness on banking sector either on National and ASEAN level, Bank Mandiri is consistently and sustainably going to develop infrastructure and capabilities of risk management, among others:

1. The alignment of risk level on Bank Mandiri
 - a. The implementation of Risk Appetite Statement (RAS) as formal guidelines in the process of risk taking to achieve business targets.
 - b. Develop a systems which intended to calculate the aggregation of stress testing for credit risk, liquidity risk, market risk, impact on the profit / loss and capital adequacy ratio (CAR), at Bank Mandiri and Subsidiaries.
2. Strengthening Credit Portfolio Management Strategy through Portfolio Management, Portfolio Mix, Pipeline Management, and Credit Supervisory via Credit Portfolio Management Strategy Project.
3. Improving end to end credit process on the wholesale segment through:
 - a. Business process improvement on wholesale segment with determination of limits for anchor client and specific sectors.
 - b. The implementation of Name Clearance on the determination of the debtor pipeline and Proactive Loan Monitoring System for credit monitoring.
 - c. Strengthening the information resources of the debtor in order to analyze and monitor credit quality.
 - d. Enhancement Credit Processing System in order to improve end to end credit process
 - e. Optimizing the use of limit management system.
4. The efficient use of capital through:
 - a. The implementation of IRBA Fase III
 - b. Enhancement Modeling Basel II Risk Parameters for Retail Portfolio
 - c. The implementation of New Operational Risk Reporting System
 - d. Enhancement Calculation of Operational Risk Capital Expenses
 - e. The intensification and extensification of Validation Functions
5. The development model of Expected Credit Loss as the preparation for the implementation of IFRS 9.
6. Optimizing the Management of Assets & Liabilities, through management of Earning Asset Yield and Cost of Liability, Pricing Strategy, and Implementation of New ALM Solutions.
7. Optimizing the implementation of Operational Risk Management framework by improving the policies, procedures, tools, and systems, as well as the implementation of the Operational Risk Forum.
8. Compliance Disaster Recovery Center (DRC) in the framework of sustainability of the Risk Management System.

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Bound Instrument for Capital Investment

Bank Mandiri conducts material commitment on capital goods investment stipulated in a joint agreement which contains various provision and requirements agreed upon by both parties and shall be obeyed by them.

On January 7, 2016, Bank Mandiri entered into agreement with vendor to add Enterprise Mandiri Advanced System (eMAS) feature according to 2015 Management Application with order blanket system valued at maximum 6,000 mandays. On December 31, 2016 payment realization approach was USD1,355,896 (full amount) and bank has booked the total payment realization value as fixed assets of USD406,344 (full amount). Thus, the estimated project completion as of December 2016 was 29.97%.

The Purpose of Material Commitment

The purpose of material commitment conducted by Bank Mandiri is related to the customers' satisfaction, namely in order to improve security of transaction, service system as well as customers' database.

Source of Fund and Denominated Currency

The funding for investing in capital goods came from internal source of Bank Mandiri which are denominated in Rupiah and US Dollars.

Risk Mitigation from Related Foreign Currency

The Company indirectly performs natural hedging on its liabilities which are denominated in foreign currency as a consequence of the assets of Bank Mandiri which are denominated in US Dollars deliver revenue in similar currency.

Capital Investment

In order to support the operational activity, Bank Mandiri invested capital in the form of fixed assets such as land, buildings, vehicles, and equipment, office equipment, and computers. In 2016 the amount of investment capital was Rp1,385,990 million 35.08% a decreased compared to 2015 which was Rp2,135,057 million.

Table of Capital Investment in the Form of Fixed Assets 2014-2016 (in million Rupiah)

	2014	2015	2016	Capital Expenditure Policy in 2016
Land	14,564	39,459	131,146	Investment Purpose: Supporting business expansion. Source of Funds: Capital Expenditure (CAPEX). Currency: Rupiah. Risk Protection: Certification.
Building	468,075	491,675	335,591	Investment Purpose: Supporting the Company operations. Source of Funds: Capital Expenditure (CAPEX) Currency: Rupiah. Risk Protection: Insurance.
Office equipment, supplies and computer	1,749,495	1,591,886	904,928	Investment Purpose: Supporting the Company operations. Source of Funds: Capital Expenditures (CAPEX) Currency: Rupiah. Risk Protection: Insurance.
Vehicle	10,861	12,037	14,325	Investment Purpose: Supporting the Company operations. Source of Funds: Capital Expenditures (CAPEX) Currency: Rupiah. Risk Protection: Insurance.
Total	2,242,995	2,135,057	1,385,990	

Other Instrument Information

Material Information and Facts after the Date of Accountant's Report

After the Accountant's reporting date, there was no information or material facts of Bank Mandiri.

Management Stock Option Plan (MSOP) and Employee Stock Allocation (ESA)

Management Stock Option Plan and Employee Stock Allocation can be found on Main Highlights section on page 25.

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Dividend Policy

General Policy

Bank Mandiri distributes dividend one a year through the process of determining and approval of the Shareholders in the Shareholders Annual General Meeting of Shareholders (AGM). In reference to the Company Share Prospectus, Bank Mandiri has a policy to pay dividends to shareholders by maintaining a dividend payout ratio of approximately 50.0% of the annual net profit (except the Annual General Meeting states otherwise), depending on a various with regard to the year performance.

A number of factor to consider including financial health level of Bank Mandiri, capital adequacy, Bank Mandiri fund needs for further business expansion, without reducing the right of Bank Mandiri AGM to decide according to Company's Budget.

Bank Mandiri will only pay dividends from net income following Indonesian law and will pay a dividend (if any) in cash and in Rupiah currency and always comply with the regulations of the stock exchange to make payments in a timely manner. Bank Mandiri has no negative covenants with respect to third party restrictions dividend distribution that will harm the rights of public shareholders.

Dividend Disbursement in 2016

Based on the Annual General Meeting of the Bank held on 21 March 2016 decision to approve and establish the use of the Company's Net Income for the Fiscal Year ended on 31 December 2015 at Rp20,334,967,510,904.70 with the following allocation:

1. 30% of the Company Net Income of 1 January to 31 December 2015 or about Rp6,100,490,253,271.41 distributed as dividend in cash to shareholders and especially for the Republic Indonesia will be deposit according to the applied regulation.
2. 11.2% of the Company's Net Income on 1 January to 31 December 2015 or about Rp2,277,516,361,221.33 divined to be Reserve for Company investment need.
3. 58.8% of the Company Net Income or about Rp11.956.960.896.411,96 divined as Reserve Revenue.

Dividend Disbursement in 2015

1. Approved and agreed to use the Company Net Income (consolidated) in a book year 2014 for Rp19,871,873,276,792.6, with the following allocation:
 - a. 25% of the Company net income on 1 January to 31 December 2014 or about Rp4,967,968,319,198.15 distributed as cash dividend to all shareholders.
 - b. Authorized the substituted rights to Board of Directors to organize the dividend payment according to the regulations.
2. 13,20% of the Company Net Income on 1 January to 31 December 2014 or about Rp2,622,936,000,000.36 decided to be Reserve fund to support investment.
3. As for portion of Company net income for book close 2014 after the allocation for dividend and Reserve fund as mentioned above will be retained for Reserve Revenue.

Table of Dividend Distribution 2015-2016

	2015	2016
Total Dividend	Rp4,967,968,319,198.15	Rp6,100,490,253,271.41
Dividend Payout Ratio (DPR)	25%	30%
Dividend per Share	Rp212.91292/share	Rp261.44958/share
Date of Dividend Payment	17 April 2015	22 April 2016

Contribution to the Country

One form of contributions to the Country in addition to the payment of dividends to the government is to meet obligations as a taxpayer and as a cutter/tax collector. As a taxpayer, the largest contribution to the Company is with the corporate income tax obligations. Meanwhile, as a tax cutter, the Company participated actively in the cutting of any taxable object.

In 2016, corporate income tax deposit was Rp4,436 billion, while the contribution of taxes in order to asset revaluation

based on the regulation Indonesian Minister of Finance No 191/PMK.010/2015 On Revaluation of Fixed Assets for Tax Interest Request For Proposals in 2015 and 2016 was Rp792 billion.

The Bank never late in making the tax payment for its employees' income tax, corporate income tax, VAT, and the Building or Property Tax. The Bank always submitting its documents such as annual tax return tax obligations and monthly obligations as well as documents to the regulate institutions on time.

Table of Corporate Tax Payment 2014-2016

(in billion Rp)

	2014	2015	2016
Corporate Tax	4,675	4,933	4,436

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Material Information on Investments, Expansion, Divestments, Mergers, Acquisitions and/or Debt/Capital Restructuring

Investment

Bank Mandiri has direct and indirect stakes in the following subsidiaries:

Subsidiaries	Business	Investment (%)			
		2013	2014	2015	2016
PT Bank Syariah Mandiri	Sharia Banking	99.99	99.99	99.99	99.99
PT Mandiri Sekuritas	Securities	99.99	99.99	99.99	99.99
PT Mandiri Tunas Finance	Consumer Financing	51.00	51.00	51.00	51.00
PT Mandiri AXA General Insurance	Loss Insurance	60.00	60.00	60.00	60.00
PT AXA Mandiri Financial Service	Life Insurance	51.00	51.00	51.00	51.00
PT Bank Mandiri Taspen Pos	Banking	93.23	93.23	58.25	59.44
Mandiri International Remittance Sdn. Bhd.	Remittance Service	100.00	100.00	100.00	100.00
Bank Mandiri (Europe) Ltd.	Banking	100.00	100.00	100.00	100.00
PT Asuransi Jiwa In-Health Indonesia	Life Insurance	-	60.00	80.00	80.00
PT Mandiri Utama Finance	Consumer Financing	-	-	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	-	-	99.00	99.97

Expansion

In 2016, Bank Mandiri has implemented non-organic initiatives to several areas which increased the growth of Bank Mandiri Business Group, among others:

1. Developing multi finance business to accelerate the growth of financing distribution in order to increase the acquisition of market shares in consumer financing segment, particularly vehicles financing. The business development was conducted through additional capital in PT Mandiri Utama Finance (MUF) in conjunction with PT Tunas Ridean Tbk and PT Asco Investindo. On August 29 and December 16, 2016, the to support business expansion of PT MUF among other but not limited to the financing for two-wheeled vehicles ownership (new and used), four-wheeled vehicles (new and used), commercial vehicles (new and used) and heavy equipment.
2. Developing business network in a prudent way in order to improve services to customers in retired segment. The development of network was conducted by additional capital in the fourth quarter of 2016 to PT Mandiri Taspen Pos to strengthen capital structure in conjunction with PT Taspen as shareholder. Aside from improving services to customers, such additional capital was also used for increasing financing capacity as well as funding of Bank Mantap, so that may increase the business scale which is able to generate optimum return to all shareholders.
3. Increasing acceleration of MAGI business growth to capture business potential of general insurance as well as preserving Risk-Based Capital ratio (RBC) to be constantly meeting the prevailing rules which was conducted by increasing working capital of PT Mandiri Axa General Insurance (MAGI). The additional capital was done on second quarter of 2016 in conjunction with the other shareholders, PT AXA Asia. With the additional capital, it is expected to enhance business scale and profitability as well.

4. As an effort to strengthen the position of Bank Syariah Mandiri (BSM) as the biggest sharia Bank in Indonesia, Bank Mandiri conducted capital injection on the fourth quarter of 2016. The additional capital was an anticipating move on the implementation of OJK provisions related to the bank obligation to form additional capital to encounter the change of global economic condition in the future. The additional capital is also expected to be used as source of fund to increase capacity of financing and funding of BSM so that is able to deliver added value not merely to Bank Mandiri as shareholder, but also to sharia banking industry and Indonesian people in general.

Acquisition

During 2016, Bank Mandiri did not conduct acquisition activity.

Divestment

In 2016, there was no divestment activity, therefore there is no information related to purpose, transaction value and source of fund of divestment.

Restructuring

In 2016, there was no restructuring, either capital or debt. Thus, there is no information related to transaction value and source of fund of restructuring.

Use of Third Party Services

The use of third party services to assess the fairness of investment transactions, acquisitions, divestment and restructuring carried out by following the applicable regulations in the capital market.

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Changes in Regulation and Impact on the Company

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Description	Impact to Bank Mandiri and Subsidiaries
Financial Services Authority Regulation No.11/POJK.03/2016	- Additional component in KPMM calculation, namely Capital Surcharge, LCR and Countercyclical Buffer. - Determination of capital surcharge percentage conducted by Financial Services Authority.	The adjustment on KPMM calculation, namely Capital Surcharge, LCR and Countercyclical Buffer with regard to the regulation has been conducted.
Letter from Financial Services Authority No. S-17/D.03/2016 dated 26 February 2016	- Change in Third Party Fund Interest maximum 75 bps above BI rate or maximum 7.75% by taking into account all incentives given to saving customers. - The decrease in loan interest gradually up to single digit at the end of 2016.	Bank Mandiri has conformed the change in Third Party Fund Interest maximum 75 bps above BI rate or maximum 7.75% by taking into account all incentives given to saving customers.
Bank Indonesia Regulation No. 18/3/PBI/2016 and Circular of Bank Indonesia No. 18/3/DKEM	- Change of primary GWM ratio in Rupiah. - Change of portion of giro service from Bank.	Bank Mandiri has conformed the change of primary GWM ratio in Rupiah.
Bank Indonesia Regulation No. 18/16/PBI/2016 and Circular of Bank Indonesia No. 18/19/DKMP	- Adjustment on ratio and tiering of LTV for Property Loan as well as ratio and tiering of FTV for Property Financing. - Adjustment on requirements of LTV ratio use for Property Loan and FTV ratio for Property Financing, related to the non-performing loan/financing.	Bank Mandiri has made adjustment on ratio and tiering of LTV for Property Loan as well as ratio and tiering of FTV for Property Financing. Bank Mandiri has also made adjustment on requirements of LTV ratio use for Property Loan and FTV ratio for Property Financing, related to the non-performing loan/financing.
Circular of Financial Services Authority No. 25/SEOJK.03/2016 dated 14 July 2016	- Adjustment on report of Bank Business Plan. - Adjustment on report of Bank Business Plan Realization.	Bank Mandiri has made adjustment on report of Bank Business Plan and adjustment on report of Bank Business Plan Realization.
Circular of Financial Services Authority No. 33/SEOJK.03/2016 dated 1 September 2016	- Adjustment on Bancassurance classification. - Forming Joint Working Agreement. - Report on New Activities of Bancassurance and periodical report of Bancassurance.	Bank Mandiri has conducted socialization to all DCOR, Unit Business, Branches and Subsidiaries.
Financial Services Authority Regulation No. 34/POJK.03/2016 dated 22 September 2016	- Donated capital is eliminated from components of capital. - Warrant and Stock Option from components of capital. - Loss on re-measurement on pension fund benefit is certainly eliminated from capital ability. - Appropriated reserves are eliminated from components of capital.	The abolition of reserves from the calculation of capital components will give an impact to the decrease of KpMM ratio and a strict BMpK. Bank Mandiri has made reclassification of appropriated reserves to retained earnings.
Circular of Financial Services Authority No. 42/SEOJK.03/2016 dated 28 September 2016	- Adjustment on Weighted Assets According to Risk for Credit Risk. - Adjustment on the use of Rating Institution approved by Financial Services Authority. - Adjustment on report of ATMR Credit Risk calculation individually and consolidated.	Bank Mandiri has made: - Adjustment on Weighted Assets According to Risk for Credit Risk. - Adjustment on the use of Rating Institution approved by Financial Services Authority. - Adjustment on report of ATMR Credit Risk calculation individually and consolidated.
Bank Indonesia Regulation No. 18/21/PBI/2016 dated 7 October 2016	- The use of office password in submitting online debtors report or correction report. - Obligation to submit information to Debtors related to report on fund provision into SID. - Change in mechanism and nominal amount of sanction imposed. - Change in management of Credit Reporting System from Single Credit Reporting System to Dual Credit Reporting System which involves Credit Information Management Institution.	Bank Mandiri has conducted socialization to DCOR and related Unit Business. Bank Mandiri has conformed the mechanism to accomodate the new version of Bank Indonesia Regulation.
Bank Indonesia Regulation No. 18/40/PBI/2016 dated 9 November 2016	- Adjustment on administrator in payment transaction process. - Adjustment on requirements related to permit and approval in conducting payment system. - Obligation in conducting payment transaction process.	Bank Mandiri has conformed the mechanism to accomodate the new version of Bank Indonesia Regulation. Process of implementation was conducted gradually according to coordination result with Bank Indonesia.
Circular of Bank Indonesia No. 18/26/Sta dated 22 November 2016	- Change in report related to conducting APMK. - Additional 7 (seven) Reporting Forms related to Credit Card.	Bank Mandiri has conducted socialization to DCOR and related Unit Business.
Financial Services Authority Regulation No. 38/POJK.03/2016 dated 1 December 2016	- Adjustment on enforcement of Information Technology along with related report. - Obligation related to report on the use, development and enforcement of information technology.	Bank Mandiri has conducted socialization to DCOR and related Unit Business.

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Regulation	Description	Impact to Bank Mandiri and Subsidiaries
Financial Services Authority Regulation No. 65/POJK.05/2016 dated 28 December 2016	1. Procedure of Risk Management and Risk Limit Determination. 2. Process of Identification, Measurement, Supervision, and Risk Control as well as Risk Management Information System. 3. Internal Control System. 4. Aspect of Performance Disclosure and Risk Management Policy. 5. Assessment of Risk Management Implementation.	Bank Mandiri has conducted socialization/communicated with subsidiary, namely Bank Syariah Mandiri.
Financial Services Authority Regulation No. 69/POJK.05/2016 dated 28 December 2016	1. Scope of Business. 2. Standard of Business Behaviour. 3. Diversion on Partial Closing Insurance Portfolio Jointly. 4. Company Collaboration.	Bank Mandiri has conducted socialization/communicated with subsidiary, namely MAGI, AMFS, and INHEALTH.
Financial Services Authority Regulation No. 71/POJK.05/2016 dated 28 December 2016	1. Measurement of Financial Health Level of Insurance Company and Re-Insurance Company. 2. Guarantee Fund. 3. Separation of Assets and Liabilities and Report Submission.	Bank Mandiri has conducted socialization/communicated with subsidiary, namely MAGI, AMFS, and INHEALTH.
Financial Services Authority Regulation No. 73/POJK.05/2016 dated 28 December 2016	1. Implementation of Good Corporate Governance Principles. 2. Manifestation of the Implementation of Good Corporate Governance Principles.	Bank Mandiri has conducted socialization/communicated with subsidiary, namely MAGI, AMFS, and INHEALTH.

Changes in Accounting Policies

The consolidated financial statements of Bank Mandiri and its Subsidiaries Companies ("the Group") is completed and approved for issuance by the Board of Directors on 30 January 2017.

The consolidated financial statements are prepared and presented in accordance with Financial Accounting Standards in Indonesia that covers the Statements and Interpretations issued by the Board of Indonesia Financial Accounting Standards Association and the Capital Market Supervisory Agency and Financial Institution (Bapepam-LK) No. VIII.G.7 Attachment of Bapepam Chairman Decree No. KEP-347/BL/2012 dated 25 June 2012 regarding Presentation and Submission of Financial Statements of Public Company.

The principal accounting policies applied in the preparation of the consolidated financial statements of Bank Mandiri and Subsidiaries are set out below:

a. Basic Report for Consolidated Finance

The consolidated financial statements are prepared under the historical cost, except for financial assets classified as available for sale, assets and financial liabilities at fair value through profit or loss and all derivative instruments are measured at fair value since April 1, 2016. The consolidated financial statements prepared on the accrual basis of accounting, except for the consolidated statements of cash flows.

The consolidated statements of cash flows prepared using the direct method by classifying cash flows into operating activities, investing and financing activities.

Posts on comprehensive income are presented separately in the accounts that will be reclassified to the profit and loss accounts will not be reclassified to profit or loss.

The financial statements of subsidiaries engaged in Islamic banking is based on Statement of Financial Accounting Standards (PSAK) No. 101 (Revised 2014) "Presentation of Financial Statements Sharia", PSAK No. 102 (Revised 2013) "Accounting Murabaha", PSAK No. 104 "Accounting Istishna", PSAK No. 105 "Accounting for Mudharabah", PSAK No. 106 "Accounting Musharaka", PSAK No. 107 "Accounting for Ijarah", PSAK No. 110 (Revised 2015) "Accounting for Sukuk" and other PSAK as long as it does not conflict with Islamic principles and Guidelines for Indonesian Sharia Banking Accounting (PAPSI) (Revised 2013).

The preparation of financial statements in accordance with Financial Accounting Standards in Indonesia requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the Group's accounting policies. Area complex or require a higher level of judgment or areas where assumptions and estimates may have a significant impact on the consolidated financial statements are disclosed in Note 3 on the consolidated financial statements attached in this report.

All figures in the consolidated financial statements, rounded and presented in millions of billion Rupiah ("Rp."), unless otherwise stated.

b. Accounting Policy Changes

The principal accounting policies applied in the preparation of the consolidated financial statements of Bank Mandiri and its Subsidiaries companies are set out below.

On 1 January 2016, the Group has implemented some new standards and interpretations or revisions that are relevant to the operations of the Group effective from the following date:

- Amendment PSAK No.4 regarding Independent Financial Report, related to Equity Method and Independent Financial Report.

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- Amendment PSAK No. 15 regarding Investment on Associate Entity and Cooperate Venture, related to Investment Entity: Implementation of Exception Consolidation.
- Amendment PSAK No. 16 regarding Fixed Asset, related to Clarification Method Accepted to Depreciation and Amortization.
- Amendment PSAK No. 19 regarding Intangible Asset, related to Clarification Method Accepted to Depreciation and Amortization.
- Amendment PSAK No. 24 regarding Fee related to Fix Return Program: Employee Fee.
- Amendment PSAK No. 65 regarding Consolidated Financial Report, related to Investment Entity: Implementation Consolidate Exception.
- Amendment PSAK No. 67 regarding Important Disclosure in Other Entity, related to Investment Entity: Consolidation Exception Implementation.
- PSAK No. 5 (Adjustment 2015) about Operational Segment.
- PSAK No. 7 (Adjustment 2015) about Disclosure of Related Partner.
- PSAK No. 13 (Adjustment 2015) about Investment Property.
- PSAK No. 16 (Adjustment 2015) about Fixed Asset.
- PSAK No. 19 (Adjustment 2015) about Intangible Asset.
- PSAK No. 25 (Adjustment 2015) about Accounting Policy, Estimate Changes and Fault.
- PSAK No. 68 (Adjustment 2015) about Fair Value Measurement.
- PSAK No. 110 (Revised 2015) about Sukuk Accounting.

There is no material impact on standard and interpretation in force effective on January 1, 2016 to financial statements of Bank and Subsidiaries.

Change of accounting policy of Bank Mandiri has made as required by the provision in each standard and interpretation.

New Financial Accounting Standards (Revised)

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. Effective from January 1, 2017:

- Amendments to SFAS No. 1: Presentation of Financial Statements on Disclosure Initiative.
- SFAS No. 3: Interim Financial Reporting (Improvement 2016).
- SFAS No. 24: Employee Benefits (Improvement 2016).
- SFAS No. 58: Non-current Assets Held for Sale and Discontinued Operations (Improvements 2016).
- SFAS No. 60: Financial Instruments: Disclosures (Improvement 2016).
- Sharia SFAS No. 101: Presentation of Sharia Financial Statements (Revised 2016).
- Sharia SFAS No. 102: Murabahah Accounting (Revised 2016).
- Sharia SFAS No. 104: Istishna Accounting (Revised 2016).
- Sharia SFAS No. 107: Ijarah Accounting (Revised 2016).
- Sharia SFAS No. 108: Accounting for Sharia Insurance Transaction (Revised 2016).

Effective from January 1, 2018:

- Amendments to SFAS No. 2: Statement of Cash Flow on the Disclosure Initiative.
- Amendments to SFAS No. 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses.

Bank Mandiri is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

Use of Proceeds from Public Offerings

The information regarding the Use of Proceeds from Public Offerings can be viewed on page 24.

Material Information on Transactions with Conflict of Interests and Transactions Conducted with Related Parties

Throughout 2016, Bank Mandiri did not conduct material transaction which contained conflict of interest and/or affiliated transaction as referred to in the legislation in force.

Cooperation, Commitment and Importance Contingency

a. Integrated banking system Cooperation with vendor

On November 22, 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, bringing the maximum total contract value to USD2,056,125 (full amount, after VAT).

On December 31, 2016, the value of the contract using payment realization approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realization value of USD977,900 (full amount, after VAT), with estimated completion as at December 31, 2016 of 90.27%.

On 3 September 2013, Bank Mandiri held an agreement with vendors to have an additional eMAS features according to Application Management agreement in 2013 with blanket order system of a maximum contract value of USD2,583,700 (full amount, after VAT). The agreement blanket order based on estimated actual man days to be performed by the vendor on the work of additional features such as eMAS. On 31 December 2016, with a contract value payment of USD2,443,000 actual payment (full amount) and Bank Mandiri has recorded the

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accounting for payments as a fixed assets of USD2,333,800 (full amount) so that the estimated project completion on 31 December 2016 is 95.53%.

On 15 September 2014, Bank Mandiri entered into an agreements with vendors to add features correspond eMAS Application Management agreement in 2014 with blanket order system of a maximum contract value of USD3,550,000 (full amount, after VAT). The agreement blanket order based on estimated actual man days to be performed by the vendor on eMAS additional features.

On 31 December 2016, with a contract value approach payment of USD3,376,405 actual payment (full amount) and Bank Mandiri has recorded the accounting for payments as a fixed assets of USD3,193,580 (full amount) so that the estimated project completion on 31 December 2016 is 94.59%.

On 7 January 2016, Bank Mandiri entered into agreements with vendors to add features correspond eMAS Application Management agreement in 2015 with blanket order system of a maximum contract value of 6,000 man days.

On 31 December 2016 payment approach is USD1,355,896 (full amount) and Bank Mandiri has recorded the accounting for payments as a fixed assets of USD406,344 (full amount) so that the estimated project completion on 31 December 2016 is 29.97%.

b. Legal Issue

Bank Mandiri is currently still facing legal issues including the debtor and/or the fund owner as a result of the dispute which the agreement has been ruled by the court in which Bank Mandiri was sentenced to pay a compensation of Rp89.26 billion and Rp99.77 billion, respectively on December 31, 2016 and 2015. Currently Bank Mandiri is still in the process/legal effort to appeal against the rules.

The number of claims against Bank Mandiri on lawsuits that have not been settled as of 31 December 2016 and 2015 Rp816.01 billion and Rp2,420.42 billion respectively. On 31 December 2016 and 2015, the Bank has established reserves for Rp256.16 billion and Rp537.69 billion respectively and believes that the allowance is adequate.

c. Trade Financing with Asian Development Bank

Trade Financing with Asian Development Bank on November 25, 2009, the Bank has signed an agreement with the Asian Development Bank (ADB) through the Trade Finance Facilitation Program (TFFP), namely Confirmation Bank Agreement (CBA), the Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA).

Based on the CBA and IBA, Bank Mandiri can act either as a confirming bank or issuing bank for trade transactions on the basis of a Letter of Credit (L/C). As a confirming bank, Bank Mandiri can be guaranteed by ADB on L/C issued by the issuing bank and the issuing bank, then the bank guarantee can be given confirmation by ADB on L/C issued.

TFFP scheme is a program initiated by ADB to facilitate trade transactions based L/C in the developing countries of Asia to encourage the growth rate of trade volume. By being a participant in this TFFP, the bank will have easier access to increase trade finance credit lines and increasing the volume of trade and open up new business opportunities especially to countries that have trade volume with Indonesia is still quite low.

Pursuant to the RCA, the bank received a revolving credit facility up to a maximum amount of USD25,000,000 (full amount). The revolving credit facility bears interest at LIBOR total margin during the period of interest.

d. Bank Mandiri Bond Continuation I

Bank Mandiri is in the process of issuing Bank Mandiri Bond I through Initiate Public Offering with targeted funds to be collected for Rp14,000,000,000,000. On 30 September 2016, has issued Bank Mandiri Bond I Phase I 2016 ("Sustainable Bonds I Phase I") with a nominal value of Rp5,000,000,000,000 consisting of 3 (three) series with a tenor of 5, 7 and 10 years.

Fund generated from the Sustainable Bond Offering I Phase I after deducted by underwriters will be utilize to strengthen the long term funding structure, support the expansion of the credit for business development and the repayment of the Subordinated Bonds due in December 2016.

Derivative and Hedging Value Policy

Bank Mandiri has implemented the principle of hedging as hedging policy measures to reduce market risk through the implementation of a transaction which offset the market risk.

Hedging policy (hedging) listed in the Treasury Policy of Bank Mandiri (KTBM) which became the reference containing general principles (high level), as well as strategic and long-term treasury activities and regulate the treasury activity related to two portfolios, namely trading book and the banking book.

Trading book are relevant to all the trading position of Bank Mandiri (proprietary trading position) on financial instruments in the balance sheet and administrative accounts held in order to obtain profit in the short term.

Meanwhile, Banking book related to all the positions intended for the benefit of the fulfillment of liquidity, asset and liability management of the Bank optimally, as well as the fulfillment of capital aspect.

Treasury activities could contribute to interest income and fee-based income, but this activity contain potential risks are high and can occur at any time due to changes in market risk factors. Therefore, the whole range of relevant work units must understand the precautionary principle is applied in treasury activities could help mitigate the risk that is reflected in the implementation of the provisions of the correct, consistent, consistent and accountable. The precautionary principle that is the cornerstone of the philosophy and framework for all decisions in the field of treasury.

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Transactions with Related Parties

Bank Mandiri and Subsidiaries have transactions with related parties as defined in SFAS 7, "Related Party Disclosures" and Regulation of the Financial Services Authority (formerly Bapepam-LK) or POJK No. KEP-347/BL/2012 dated June 25, 2012 on the "Presentation of Financial Statements of Public Company".

All transactions made in 2016 were categorized as Arm's Length transactions and in accordance with the ordinary commercial requirements as shown by "Unqualified Opinion" from Independent Auditor on 2016 Consolidated Financial Statements. In 2016 there are no related party transactions that require shareholder approval.

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity). A person or entity which can be categorized as related party are as follow:

1. A person who (a) has control or joint control over the reporting entity; (b) has significant influence over the reporting entity; or (c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2. An entity is related to a reporting entity if any of the following conditions applies:
 - a. The entity and the reporting entity are members of the same group;
 - b. One entity is an associate or joint venture of the other entity;
 - c. Both entities are joint ventures of the same third party;

- d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- f. The entity is controlled or jointly controlled by a person identified in (1); or
- g. A person identified in (1)(a) has significant influence over the entity or is a member of the key management personnel of the entity;
- h. The entity is controlled or jointly controlled or significantly influenced by Government, namely Ministry of Finance or Local Government which are the shareholders of the entity.

3. A party who is not a related party:
 - a. Two entities merely due for having the same director or key management personnel from one entity with significant influence over the other entity;
 - b. Two venturers merely due for having joint control over joint venture;
 - c. Financier, labor union, public service entity and department and government institution with no control, joint control or significant influence over reporting entity, merely in administration of normal affairs with entity;
 - d. Customers, Suppliers, Franchise Owners, distributors or general agent with whom the entity made business transaction with significant volume, merely due to the economic dependence caused by the condition.

Relationships with Related Parties through Ownership and/or Management

No	Name of Related Parties	Nature of Relationship
1.	PT Kustodian Sentral Efek Indonesia	Association Company
2.	PT Sarana Bersama Pengembangan Indonesia	Association Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as founder
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as founder
8.	PT Bumi Daya Plaza	Controlled by Mandiri Pension Fund (as of December 19, 2013)
9.	PT Pengelola Investama Mandiri	Controlled by Mandiri Pension Fund (as of December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Mandiri Pension Fund (as of December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Mandiri Pension Fund 1
12.	PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Mandiri Pension Fund 2
13.	PT Mulia Sasmita Bhakti	Controlled by Mandiri Pension Fund 3
14.	PT Krida Upaya Tunggal	Controlled by Mandiri Pension Fund 4
15.	PT Wahana Optima Permai	Controlled by Mandiri Pension Fund 4
16.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
17.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

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4. Relations with Government Entity

Transactions with related government entities which include current accounts with other banks, placements with other banks, securities, government bonds, other receivables trade transactions, derivative receivables, loans, consumer financing receivables, acceptances receivable, liabilities derivatives, customer deposits, deposits from other banks, interbank call money, liabilities acceptances, obligations on securities sold under repurchase agreements, securities issued, borrowings.

No	Name of Related Parties	Nature of Relationship
1	Adhi Multipower Pte. Ltd.	SOE Subsidiary
2	PT Abacus Distri System Indonesia	SOE Subsidiary
3	PT Abuki Jaya Stainless (AJSI)	SOE Subsidiary
4	PT Adhiguna Putera	SOE Subsidiary
5	PT Aerofood Indonesia	SOE Subsidiary
6	PT Aero Globe Indonesia	SOE Subsidiary
7	PT Aero Systems Indonesia	SOE Subsidiary
8	PT Aerowisata	SOE Subsidiary
9	PT Agro Sinergi Nusantara (ASN)	SOE Subsidiary
10	PT Angkasa Citra Sarana Catering	SOE Subsidiary
11	PT Angkasa Pura Hotel	SOE Subsidiary
12	PT Angkasa Pura Logistik	SOE Subsidiary
13	PT Angkasa Pura Retail	SOE Subsidiary
14	PT Angkasa Pura Solusi	SOE Subsidiary
15	PT Antam Resourcindo	SOE Subsidiary
16	PT Adhi Persada Beton	SOE Subsidiary
17	PT Adhi Persada Gedung	SOE Subsidiary
18	PT Adhi Persada Properti	SOE Subsidiary
19	PT Artha Daya Coalindo	SOE Subsidiary
20	PT Arthaloka Indonesia	SOE Subsidiary
21	PT Asrinda Arthasangga	SOE Subsidiary
22	PT Asuransi Berdikari	SOE Subsidiary
23	PT Asuransi Jasa Raharja Putera	SOE Subsidiary
24	PT Asuransi Jiwa Taspen	SOE Subsidiary
25	PT Bahana Artha Ventura	SOE Subsidiary
26	PT Bank BRI Syariah	SOE Subsidiary
27	PT Bank Negara Indonesia Syariah	SOE Subsidiary
28	PT Berdikari United Livestock	SOE Subsidiary
29	PT Berlian Jasa Terminal Ind	SOE Subsidiary
30	PT BNI Life Insurance	SOE Subsidiary
31	PT BNI Multi Finance	SOE Subsidiary
32	PT Bromo Steel Indonesia	SOE Subsidiary
33	PT Daya Laut Utama	SOE Subsidiary
34	PT Dharma Lautan Nusantara	SOE Subsidiary
35	PT Dok & Perkapalan Waime	SOE Subsidiary
36	PT Electronic Data Interchange Indonesia	SOE Subsidiary
37	PT Eltran Indonesia	SOE Subsidiary
38	PT Energi Pelabuhan Indonesia	SOE Subsidiary
39	PT Gagas Energi Indonesia	SOE Subsidiary
40	PT Galangan Pelni Surya	SOE Subsidiary
41	PT Gapura Angkasa	SOE Subsidiary
42	PT Geo Dipa Energi	SOE Subsidiary

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No	Name of Related Parties	Nature of Relationship
43	PT Haleyora Power	SOE Subsidiary
44	PT HK Realtindo	SOE Subsidiary
45	PT Indofarma Global Medika	SOE Subsidiary
46	PT Indonesia Chemical Alumina	SOE Subsidiary
47	PT Indonesia Comnets Plus	SOE Subsidiary
48	PT Indonesia Kendaraan Terminal	SOE Subsidiary
49	PT Indonesia Power	SOE Subsidiary
50	PT Infomedia Nusantara	SOE Subsidiary
51	PT INKA Multi Solusi	SOE Subsidiary
52	PT Ismawa Trimitra	SOE Subsidiary
53	PT Itci Hutani Manunggal	SOE Subsidiary
54	PT Itci Kayan Hutani	SOE Subsidiary
55	PT IPC Terminal Petikemas	SOE Subsidiary
56	PT Jasa Armada Indonesia	SOE Subsidiary
57	PT Jasa Marga Bali Tol	SOE Subsidiary
58	PT Jasa Marga Kualanamu Tol	SOE Subsidiary
59	PT Jasa Marga Pandaan Tol	SOE Subsidiary
60	PT Citilink Indonesia	SOE Subsidiary
61	PT Jasa Peralatan Pelabuhan Indonesia	SOE Subsidiary
62	PT Jakarta International Container Terminal	SOE Subsidiary
63	PT Kalimantan Agro Nusantara	SOE Subsidiary
64	PT KAI Commuter Jabodetabek	SOE Subsidiary
65	PT Kaltim Industrial Estate	SOE Subsidiary
66	PT Kawasan Industri Kujang Cikampek	SOE Subsidiary
67	PT Kereta Api Logistik	SOE Subsidiary
68	PT Kereta Api Pariwisata	SOE Subsidiary
69	PT Kertas Padalarang	SOE Subsidiary
70	PT Kimia Farma Apotek	SOE Subsidiary
71	PT Kimia Farma Trading & Distributor	SOE Subsidiary
72	PT Kodja Terramarin	SOE Subsidiary
73	PT Krakatau Bandar Samudra	SOE Subsidiary
74	PT Krakatau Daya Listrik	SOE Subsidiary
75	PT Krakatau Engineering	SOE Subsidiary
76	PT Krakatau Information Technology	SOE Subsidiary
77	PT Krakatau Prima Dharma Sentana	SOE Subsidiary
78	PT Krakatau Wajatama	SOE Subsidiary
79	PT Lebercon Perkasa	SOE Subsidiary
80	PT Mega Eltra	SOE Subsidiary
81	PT Mitra Kerinci	SOE Subsidiary
82	PT Multi Nitrotama Kimia	SOE Subsidiary
83	PT Multi Terminal Indonesia	SOE Subsidiary
84	PT Nusantara Regas	SOE Subsidiary
85	PT Pal Marine Service	SOE Subsidiary
86	PT Pann Pembiayaan Maritim	SOE Subsidiary
87	PT Patra Jasa	SOE Subsidiary
88	PT Patra Logistis	SOE Subsidiary

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89	PT Phapros	SOE Subsidiary
90	PT Pelindo Marine Service	SOE Subsidiary
91	PT Pelabuhan Tanjung Priok	SOE Subsidiary
92	PT Pelita Air Service	SOE Subsidiary
93	PT Pelita Indonesia Djaya Corp	SOE Subsidiary
94	PT Pembangkit Jawa Bali (PJB)	SOE Subsidiary
95	PT Perhutani Alam Wisata	SOE Subsidiary
96	PT Perhutani Anugerah Kimia	SOE Subsidiary
97	PT Permodalan Nasional Madani Investment Management	SOE Subsidiary
98	PT Permodalan Nasional Madani Venture Capital	SOE Subsidiary
99	PT Peroksida Indonesia Pratama	SOE Subsidiary
100	PT Pertamina Bina Medika	SOE Subsidiary
101	PT Pertamina Dana Ventura	SOE Subsidiary
102	PT Pertamina Drilling Services Indonesia	SOE Subsidiary
103	PT Pertamina EP	SOE Subsidiary
104	PT Pertamina Gas	SOE Subsidiary
105	PT Pertamina Geothermal Energy	SOE Subsidiary
106	PT Pertamina Hulu Energi	SOE Subsidiary
107	PT Pertamina Lubricants	SOE Subsidiary
108	PT Pertamina Patra Niaga	SOE Subsidiary
109	PT Pertamina Retail	SOE Subsidiary
110	PT Pertamina Training & Consulting	SOE Subsidiary
111	PT Pertamina Trans Kontinental	SOE Subsidiary
112	PT Petro Jordan Abadi	SOE Subsidiary
113	PT Petrokimia Gresik	SOE Subsidiary
114	PT Petrokimia Kayaku	SOE Subsidiary
115	PT Petrosida	SOE Subsidiary
116	PT PGAS Solution	SOE Subsidiary
117	PT PLN Batam	SOE Subsidiary
118	PT PLN Tarakan	SOE Subsidiary
119	PT Pos Logistik Indonesia	SOE Subsidiary
120	PT PP Peralatan	SOE Subsidiary
121	PT PP Dirganeka	SOE Subsidiary
122	PT PP Pracetak	SOE Subsidiary
123	PT Prima Layanan Nasional Enjiniring	SOE Subsidiary
124	PT Prima Terminal Petikemas	SOE Subsidiary
125	PT Pupuk Indonesia Logistik	SOE Subsidiary
126	PT Pupuk Iskandar Muda	SOE Subsidiary
127	PT Pupuk Kalimantan Timur	SOE Subsidiary
128	PT Pupuk Kujang	SOE Subsidiary
129	PT Pupuk Sriwidjaja Palembang	SOE Subsidiary
130	PT Railindo Global Karya	SOE Subsidiary
131	PT Railink	SOE Subsidiary
132	PT Rajawali Nusindo	SOE Subsidiary
133	PT Reasuransi Internasional Indonesia	SOE Subsidiary
134	PT Reasuransi Nasional Indonesia	SOE Subsidiary

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135	PT Rekaindo Global Jasa	SOE Subsidiary
136	PT Rekadaya ElektriKA	SOE Subsidiary
137	PT ReKayasa Industri/PT REKIND	SOE Subsidiary
138	PT Rumah Sakit Pelni	SOE Subsidiary
139	PT Saka Energi Indonesia	SOE Subsidiary
140	PT Sarana Bandar Nasional	SOE Subsidiary
141	PT Sari Valuta Asing	SOE Subsidiary
142	PT Sariarthamas Hotel International	SOE Subsidiary
143	PT Semen Padang	SOE Subsidiary
144	PT Semen Tonasa	SOE Subsidiary
145	PT Sinergi Perkebunan Nusantara	SOE Subsidiary
146	PT Stannia Bineka Jasa	SOE Subsidiary
147	PT Sucofindo Advisory Utama	SOE Subsidiary
148	PT Sucofindo Episi	SOE Subsidiary
149	PT Surveyor Carbon Consulting Indonesia	SOE Subsidiary
150	PT Surya Hutani Jaya	SOE Subsidiary
151	PT Tambang Timah	SOE Subsidiary
152	PT Tanjung Redeb Hutani	SOE Subsidiary
153	PT Telkom Akses	SOE Subsidiary
154	PT Telekomunikasi Indonesia International	SOE Subsidiary
155	PT Telekomunikasi Selular	SOE Subsidiary
156	PT Terminal Peti Kemas Surabaya	SOE Subsidiary
157	PT Terminal Petikemas Indonesia	SOE Subsidiary
158	PT Terminal Petikemas Kodja	SOE Subsidiary
159	PT Trans Marga Jateng	SOE Subsidiary
160	PT Waskita Toll Road	SOE Subsidiary
161	PT Wijaya Karya Bangunan Gedung	SOE Subsidiary
162	PT Wijaya Karya Beton	SOE Subsidiary
163	PT Wijaya Karya Intrade Energy	SOE Subsidiary
164	PT Wijaya Karya Industri Konstruksi	SOE Subsidiary
165	PT Wijaya Karya Realty	SOE Subsidiary
166	BPJS Kesehatan	SOE
167	BPJS Ketenagakerjaan	SOE
168	Perum BULOG	SOE
169	Perum DAMRI	SOE
170	PT Indonesia Asahan Aluminium (INALUM)	SOE
171	Perum LKBN Antara	SOE
172	Perum Jaminan Kredit Indonesia (JAMKRINDO)	SOE
173	Perum Jasa Tirta I (Persero)	SOE
174	Perum Jasa Tirta II (Persero)	SOE
175	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	SOE
176	Perum Pegadaian	SOE
177	Perum Percetakan Negara Republik Indonesia	SOE
178	Perum Perhutani	SOE
179	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	SOE
180	Perum Perikanan Indonesia (PERUM PERINDO)	SOE
181	Perum Perumnas	SOE

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182	Perum PPD	SOE
183	Perum Produksi Film Negara	SOE
184	PT Adhi Karya (Persero) Tbk.	SOE
185	PT Amarta Karya (Persero)	SOE
186	PT Aneka Tambang (Persero) Tbk.	SOE
187	PT Angkasa Pura I (Persero)	SOE
188	PT Angkasa Pura II (Persero)	SOE
189	PT ASABRI (Persero)	SOE
190	PT ASDP Indonesia Ferry (Persero)	SOE
191	PT Asei Reasuransi Indonesia (Persero)	SOE
192	PT Asuransi Ekspor Indonesia	SOE
193	PT Asuransi Jasa Indonesia (Persero)	SOE
194	PT Asuransi Jasa Raharja	SOE
195	PT Asuransi Jiwasraya (Persero)	SOE
196	PT Asuransi Kredit Indonesia/PT Askindo (Persero)	SOE
197	PT Bahana Pembinaan Usaha Indonesia (Persero)	SOE
198	PT Balai Pustaka (Persero)	SOE
199	PT Bali Tourism Development Corporation	SOE
200	PT Bank Negara Indonesia (Persero) Tbk.	SOE
201	PT Bank Rakyat Indonesia (Persero) Tbk.	SOE
202	PT Bank Tabungan Negara (Persero) Tbk.	SOE
203	PT Barata Indonesia (Persero)	SOE
204	PT Berdikari (Persero)	SOE
205	PT Bhanda Ghara Rekso (Persero)	SOE
206	PT Bina Karya (Persero)	SOE
207	PT Bio Farma (Persero)	SOE
208	PT Biro Klasifikasi Indonesia (Persero)	SOE
209	PT Boma Bisma Indra (Persero)	SOE
210	PT Brantas Abipraya (Persero)	SOE
211	PT Cambrics Primissima (Persero)	SOE
212	PT Dahana (Persero)	SOE
213	PT Danareksa (Persero)	SOE
214	PT Dirgantara Indonesia (Persero)	SOE
215	PT Djakarta Llyod (Persero)	SOE
216	PT Dok & Perkapalan Kodja Bahari (Persero)	SOE
217	PT Dok & Perkapalan Surabaya	SOE
218	PT Elnusa Tbk.	SOE
219	PT Energi Manajemen Indonesia	SOE
220	PT Garam (Persero)	SOE
221	PT Garuda Indonesia (Persero) Tbk.	SOE
222	PT Hotel Indonesia Natour	SOE
223	PT Hutama Karya (Persero)	SOE
224	PT Iglas (Persero)	SOE
225	PT Indah Karya	SOE
226	PT Indofarma (Persero) Tbk.	SOE
227	PT Indra Karya (Persero)	SOE
228	PT Industri Kapal Indonesia (Persero)	SOE

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229	PT Industri Kereta Api (INKA)	SOE
230	PT Industri Nuklir Indonesia (Persero)	SOE
231	PT Industri Sandang Nusantara	SOE
232	PT Industri Soda Indonesia (Persero)	SOE
233	PT Industri Telekomunikasi Indonesia (ITI)	SOE
234	PT Inhutani I	SOE
235	PT Inhutani II	SOE
236	PT Inhutani III	SOE
237	PT Inhutani IV	SOE
238	PT Inhutani V	SOE
239	PT INTI (Persero)	SOE
240	PT Istaka Karya	SOE
241	PT Jasa Marga (Persero) Tbk.	SOE
242	PT Jiep	SOE
243	PT Kawasan Berikat Nusantara (Persero)	SOE
244	PT Kawasan Industri Makasar (Persero)	SOE
245	PT Kawasan Industri Medan (Persero)	SOE
246	PT Kawasan Industri Wijayakusuma (Persero)	SOE
247	PT Kereta Api Indonesia (Persero)	SOE
248	PT Kertas Kraft Aceh (Persero)	SOE
249	PT Kertas Leces (Persero)	SOE
250	PT Kimia Farma (Persero) Tbk.	SOE
251	PT Kliring Berjangka Indonesia (Persero)	SOE
252	PT Krakatau Steel (Persero) Tbk.	SOE
253	PT Len Industri (Persero)	SOE
254	PT Merpati Nusantara Airlines	SOE
255	PT Nindya Karya (Persero)	SOE
256	PT PAL Indonesia (Persero)	SOE
257	PT Pann Multi Finance (Persero)	SOE
258	PT Pelabuhan Indonesia I (Persero)	SOE
259	PT Pelabuhan Indonesia II (Persero)	SOE
260	PT Pelabuhan Indonesia III (Persero)	SOE
261	PT Pelabuhan Indonesia IV (Persero)	SOE
262	PT Pelayaran Bahtera Adiguna	SOE
263	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	SOE
264	PT Pembangunan Perumahan (Persero) Tbk.	SOE
265	PT Pengembangan Pariwisata Indonesia (Persero)	SOE
266	PT Perhutani	SOE
267	PT Perikanan Nusantara	SOE
268	PT Perkebunan Nusantara I (Persero)	SOE
269	PT Perkebunan Nusantara II (Persero)	SOE
270	PT Perkebunan Nusantara III (Persero)	SOE
271	PT Perkebunan Nusantara IV (Persero)	SOE
272	PT Perkebunan Nusantara V (Persero)	SOE
273	PT Perkebunan Nusantara VI (Persero)	SOE
274	PT Perkebunan Nusantara VII (Persero)	SOE

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No	Name of Related Parties	Nature of Relationship
275	PT Perkebunan Nusantara VIII (Persero)	SOE
276	PT Perkebunan Nusantara IX (Persero)	SOE
277	PT Perkebunan Nusantara X (Persero)	SOE
278	PT Perkebunan Nusantara XI (Persero)	SOE
279	PT Perkebunan Nusantara XII (Persero)	SOE
280	PT Perkebunan Nusantara XIII (Persero)	SOE
281	PT Perkebunan Nusantara XIV (Persero)	SOE
282	PT Permodalan Nasional Madani (Persero)	SOE
283	PT Pertamina (Persero)	SOE
284	PT Pertani (Persero)	SOE
285	PT Perusahaan Gas Negara (Persero) Tbk	SOE
286	PT Perusahaan Listrik Negara (Persero)	SOE
287	PT Perusahaan Perdagangan Indonesia (Persero)	SOE
288	PT Pindad (Persero)	SOE
289	PT Pos Indonesia (Persero)	SOE
290	PT Perusahaan Pengelolaan Aset	SOE
291	PT Prasarana Perikanan Samudera	SOE
292	PT Pupuk Indonesia Holding Company	SOE
293	PT Rajawali Nusantara Indonesia	SOE
294	PT Reasuransi Umum Indonesia	SOE
295	PT Rukindo	SOE
296	PT Sang Hyang Seri	SOE
297	PT Sarana Karya	SOE
298	PT Sarana Multi Infrastruktur (Persero)	SOE
299	PT Sarana Multigriya Finansial (Persero)	SOE
300	PT Sarinah (Persero)	SOE
301	PT Semen Baturaja (Persero)	SOE
302	PT Semen Indonesia (Persero) Tbk.	SOE
303	PT Semen Kupang	SOE
304	PT Sier	SOE
305	PT Sucofindo (Persero)	SOE
306	PT Survey Udara Penas	SOE
307	PT Surveyor Indonesia	SOE
308	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	SOE
309	PT Tambang Batubara Bukit Asam (Persero) Tbk.	SOE
310	PT Taspen	SOE
311	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	SOE
312	PT Timah (Persero) Tbk.	SOE
313	PT Varuna Tirta Prakasya (Persero)	SOE
314	PT Virama Karya	SOE
315	PT Waskita Karya (Persero)	SOE
316	PT Wijaya Karya (Persero) Tbk.	SOE
317	PT Yodya Karya (Persero)	SOE
318	Lembaga Pembiayaan Ekspor Indonesia	State Lembaga Keuangan
319	PT Penjaminan Infrastruktur Indonesia (Persero)	Financial Institution
320	Pusat Investasi Pemerintah	Financial Institution

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5. Relations with Management or Key Employee of Bank Mandiri

Salaries and allowances, bonuses, long-term benefits for the Board of Commissioners, Directors, Audit Committee and Risk Monitoring Committee, the Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President for the end of the year on 31 December 2016 and 2015 was Rp986,140 and Rp857,365 respectively or 3,15% and 2,98% of total other operating expenses consolidated.

Value of Related Party

Table for Transaction Value of Related Party on Year 2015 – 2016 (In Million Rupiah)

Description	2016	2015
Assets		
Clearing with other bank	25,861	24,515
Allocation to Bank Indonesia and other bank Stocks*)	1,725,571	1,991,278
Government Bond	18,571,548	16,516,404
Other trade invoices	98,933,278	103,869,361
Derivative Invoices	5,934,300	7,051,775
Loan Disbursed	3,660	32,152
Consumer Repayment Debt	100,201,483	75,405,807
Accepted Invoice	10,532	5,886
Stock Listing	415,848	409,880
Total Assets in related Party	50,331	50,331
Total consolidate asset	225,872,412	205,357,389
Percentage total assets to related party against consolidate asset	1,038,706,009	910,063,409
	21.75%	22.56%
Liabilities		
Customer saving		
- Clearing wadiah	48,729,926	38,252,185
- Savings wadiah	1,973,087	1,342,075
- Time deposit	46,271,999	37,257,210
Saving from other bank		
- Clearing and saving	45,912	70,176
- Time Deposit	286,210	-
Inter-bank call money	40,000	600,000
Derivative Liability	10,058	3,095
Liability on stock sell and bought back	230,024	467,123
Accepted liability	2,481,708	606,737
Stock issue	3,662,000	587,750
Credit acceptance	-	25,178
Subordinate loan	-	1,687,800
Total liability to related party	103,730,924	80,899,329
Total consolidate liability	824,559,898	736,198,705
Total percentage of liability to other parties against consolidate liability	12,58%	10.99%
Fund syirkah temporary	914,391	666,356
Percentage against total syirkah temporary fund	1,50%	1.23%
Profit loss report and other comprehensive result		
Interest from government Bond and SPN	5,490,404	5,364,814
Percentage against income interest and sharia income	7.16%	7.49%
Interest income receivable	971	3,759
Percentage against interest and sharia	0,01%	0.01%
Commitment and Contingency		
Credit facility given before utilize	38,790,412	20,811,629
Letter of Credit which could not be cancel as it still on-going	3,519,396	5,107,643
Guarantee in the form of Bank guarantee	23,212,078	23,280,899
Guarantee given in the form of Standby letters of credit	6,739,568	6,560,416
Total commitment and contingency for related party	72,261,454	55,760,587
Total consolidate commitment and contingency	196,288,542	174,421,838
Total percentage of commitment and contingency to related party against consolidate asset	36,81%	31.97%

* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

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Statements**Comparison Between Target and Realization in 2016 and Projected 2017**

Description	2016		2017
	Target	Realization	Target
Loan Growth	8,5%	10,6%	13,0%
Gross NPL	3,98%	3,96%	3,65%
Fund Growth	11,9%	12,2%	9,9%
CASA	65,3%	66,0%	66,3%
CER	<44%	39,6%	<44%

Business Prospect

The global economy in 2017 is predicted to be better than in 2016, though still cover with uncertainty. World economic growth in 2017 is expected to strengthen to 3.4%, while the economy in developing countries are predicted to grow by up to 4.6%. The volume of world trade is the driving factor mainstay of growth is also expected to reach 3.9% in 2017.

According to the World Bank, Indonesia's economic growth is considered quite well which is projected to reach the level

of 5.3% during the year 2017. This is expected because of the support of the consumer sector and the size of government spending. In addition to the World Bank, the IMF also estimates that Indonesia's economic growth in 2017 was in the range of 5.1%.

The inflation rate in 2017 is expected to average 4% (YoY) at the exchange rate of the Indonesian currency (USD) against the United States currency (USD) reached Rp13.300 / USD.

Table of Indonesia Economy Projection in 2017

Macro Indicator	Project Values
Economy Growth (%)	5.3%
Inflation (% YoY, average)	4%
Currency (Rp/USD)	Rp13,300
SPN 3 Months (%)	5.3%
Third Party fund (% growth) YoY	9% - 11%
Total Credit (% growth)	12%
Fed Rate (%)	1.4%

Source: Financial Note of State Budget 2017, Bank Indonesia, CNBC

Banking Industry Prospect

The weakening of the banking sector is expected to continue in 2017. According to Bank Indonesia, credit growth is predicted at 12% and Deposits will grow in the range of 9% to 11% and the NPL and loan interest rates are expected to decline until the second quarter 2017 year.

With the new liquidity calculations using the loan to funding ratio (LFR), the banking liquidity is not an issue.

Despite slowing growth, the general stability of the Indonesian banking industry remain strong, underpinned by the resilience of the banking system and the relatively subdued performance of the financial markets. The resilience of the banking industry remains strong with the risks of credit, liquidity and market quite awake.

Long Term Plan and Strategy 2017**Long Term Plan 2016-2020**

Reflecting from strength and experience that exist, Bank Mandiri did its Corplan alignment in order to grow up healthy and sustain business. Bank Mandiri alignment Corplan 2016-2020 with a business focus on the main areas corresponding core competency in order to grow healthy and sustainable with the aspiration to become Indonesia's best, ASEAN's prominent to achieve a market capitalization of 500 billion, recording a YoY growth of 3% above the market, and an option the main job seekers in Indonesia.

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In order to achieve this, Bank Mandiri will focus on three main strategic pillars:

1. The first pillar – Deepen client relationship, strengthen initiate core competency with:
 - Strengthen Bank Mandiri Position as number 1 in Corporate Banking.
 1. Lending: growth in the market around 2.5%;
 2. Fee-based income contribution around 25% from the total income;
 3. 75% wallet share in the top anchor clients.
 - Growth in line with the market in Commercial Banking:
 1. Lending: growth in line with the market;
 2. Fee-based income contribution around 20% from the total income.
 - Targeting 3-4 sector to be given solution and product package of specific sector.
2. The Second Pillar– Accelerate the growth segment, growth new core competency with:
 - First choice in Consumer banking especially for the middle -income class:
 1. Payroll: dominated salary segment through payroll account acquire;
 2. Home Moorgate: reaching to the second position in the market;
 3. Personal Loans: triple business size;
 4. Auto Loans: double business size;
 5. CASA: 70% DPK in the form of CASA.
 - Triple growth in Micro SME.
 - Selective growth in SME segment and micro-SME by maintaining NPL.
3. Third Pillar – Integrate the group, synergize Mandiri Group with:
 - Strengthen the existence in 2 ASEAN countries: 4% contribute to group revenue.

- Improve network productivity: branch revenue to increase by 20%.
- Encourage subsidiary company performance through improving synergy in Mandiri group: 20% contribution towards revenue group.

Lastly, conduct strengthen foundation in 3 main building block:

- Digitalization – reduce the cost to income ratio become ~38% by diverting 80% customer interaction to digital/ online.
- Secure, Fast and Productive – Reduce cost of credit under 1,7% by focusing on strengthening to EWS, collections and restructuring as well as Improving productivity network through re-engineering process and developing analytics engine One Mandiri, which was building HR capability to support strategy achievement and Encourage company synergy culture (values, work performance, mindset) in Mandiri Group.

Strategic Plan 2017

Untuk mencapai aspirasi Bank Mandiri Menjadi Lembaga Keuangan Terbaik di ASEAN Tahun 2020 maka Bank Mandiri telah merumuskan fokus utama tahun 2017 sebagai berikut:

1. Increase market revenue share through growth in business volume and fee-based income above the market;
2. Maintaining a healthy liquidity conditions through the monitoring of the Loan to Deposit Ratio (LDR);
3. The growth of earning assets quality by keeping the target NPL Gross, Cost of Credit, CKPN Ratio/NPL and Write off Loan;
4. Improving Net Interest Margin and repair Cost of Fund;
5. Strengthening the Retail and Wholesale Transaction to improve the ratio of cost of funds, growing fees and commissions and Fee Ratio.

Marketing Aspect

Marketing Strategy

Bank Mandiri designs marketing strategy which is adapted to the evolving needs of customers at all segments based on the "360° Marketing Strategy" that provides a wide range of contact points for the customers, both through conventional and digital media whereas for each program executed, Bank Mandiri will conduct measurement. In line with the ongoing transformation, Bank Mandiri keeps on improving its marketing strategy in order to make it more effective. In 2016, Bank Mandiri was focused on some of the marketing strategies included:

1. Bank Mandiri's Branch and e-channel Services Improvement

In order to enhance the customers' satisfaction, Bank Mandiri continuously improves access to services and product features through expansion of branch network by increasing the number of branches in new areas.

In 2016, Bank Mandiri opened 126 new Branch Offices in Indonesia and 48 new Sub-Branch Offices. Several service

innovations offered by Bank Mandiri, among others providing weekend banking service on Saturday and Sunday at certain Branches, providing e-channel as a part of utilizing information technology which is able to facilitate its customers in doing banking activities anywhere and anytime, such as accessing account information, making financial transaction and making 24/7 online payment.

These services consist of Mandiri ATM, Mandiri SMS, Mandiri Internet, Mandiri Internet Bisnis, Mandiri Mobile and Mandiri Call. Instructional demos for e-channel services are made available on <http://www.bankmandiri.co.id/demo/index.htm> to make it accessible for all customers and the public at large.

Bank Mandiri develops the existing product features in accordance with the customers needs in each segment in order to attract the customers; interest. In 2016, Bank Mandiri actively introduced new features or products through various programs, among others:

- a. Online Transportation payment (Grab) by using e-cash.
- b. Online Transaction by using LINE Pay e-cash.

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While for the new products relased in 2016, among others:

- Mandiri Card Co Brand Garuda Indonesia.
- Mandiri Card Co Brand Himbara.

Big Bad Wolf bookfair, Peabo Bryson Concert, Madagascar Concert, My Little Pony Concert, Gaikindo International Auto Show (GIIAS), and Mandiri Auto Fiesta.

2. Alliance Development/Synergy

In order to accelerate its business achievement at all segments, Bank Mandiri carries out alliance or synergy development in the form of alliance between business units, task forces and subsidiaries of Bank Mandiri. In 2016 Bank Mandiri collaborated with several partner companies, such as Indomaret, in distributing digital money as one of alliance development.

3. Market Share Improvement

In order to enhance its market share, Bank Mandiri has actively delivered product communications through above the line and below the line promotions as well as sponsorship events. Above the line programs consist of promotion in several national newspapers, local newspapers, magazines and radio stations.

As for below the line programs, Bank Mandiri has Mandiri Fiestapoin, a point reward program for Bank Mandiri customers, given based on the average account balance and transaction made by the customers through EDC machine, e-channel or branches, either using Mandiri debit or credit card.

This program has several benefits for the customers, such as a chance to win direct rewards, monthly accumulation of Fiestapoin, tax-free rewards and Fiestapoin redeem for a wide range of reward choices.

Moreover, as below the line program, Bank Mandiri has also participated in sponsorship of big scale events such as

2016 Marketing Strategy Support Program

In 2016, Bank Mandiri conducted several program of marketing strategy support which aims at attracting new customers' interest and maintaining customers' loyalty, among others additional digital assets in the form of official Instagram account.

Market Share (SPM Group)

Bank Mandiri dealt with business challenge whereby the banking industry was more competitive in 2016. Therefore, Bank Mandiri attempts to reach a bigger market share through implementation of accurate marketing strategy so as the growth of total channeled loans, increasing profit and market share. Following are a few of market share overviews of Bank Mandiri in Indonesia banking industry:

- **Assets**
Bank Mandiri's assets in 2016 amounted to Rp1,038.71 trillion, making the market share of the bank in terms of assets in 2016 stood at 19.3% of the total assets of conventional banks, increase 22.15% compared to 2015 of 15.11%.
- **Third Party Funds**
Market share of 2016 Deposits from customers (third party funds) stood at 16.11%, rose 3.99% compared to 2015 of 15.49% which was influenced by the growth of market share in current and saving accounts.
- **Outstanding Loan**
In 2016, Bank Mandiri disbursed loan of Rp662.01 trillion which affected the market share of outstanding loan of Bank Mandiri of 15.45%, increased 2.5% compared to 2015 of 15.07%.

Business Continuation Information

Information on Significant Potential Disruptive in Business Continuation

As of the end of 2016, there are things that have a significant effect on the continuity of Bank Mandiri business.

Basic Assumption of Business Continuation

Bank Mandiri conducted a SWOT analysis which consists of a power analysis (strengths) and weaknesses (weaknesses) as well as the identification of external factors by looking at opportunities (opportunities) and threats (threats). The analysis is used as a basic assumption for on-going business.

Strenghts

Bank Mandiri's capital adequacy

- The level of high liquidity
- Fee Based Income which continues to grow
- Implementation of GCG and implemented consistently
- Broad network and product distribution
- Diversification the synergy with its subsidiaries
- Penetration good product

Opportunities

Utilizing Media and technology as a business development

- Increase of The market
- Lending to the real sector

Weaknesses

Some of the product's market share is still small

- The decline in growth as a result of the economic slowdown
- The market capitalization decreased slightly due to the rupiah exchange rate against USD
- Some issues regarding integration Products segment

Threats

The slowdown in the national economy which resulted in the business decline

- Foreign and Local Banking
- Alternative financing other than banks

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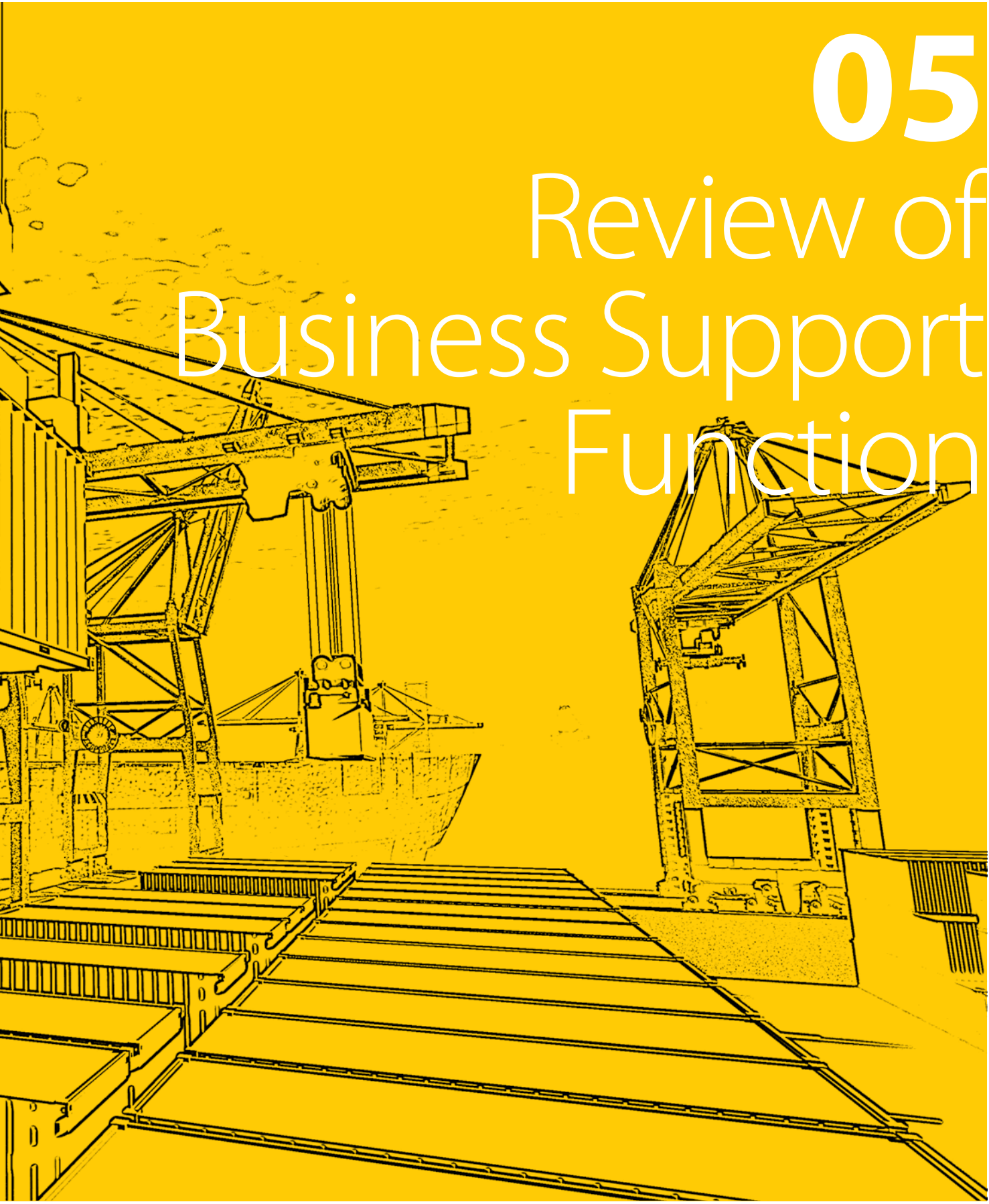
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05 Review of Business Support Function



Digital Banking

The Digital Banking & Technology Sector has an active role in developing qualified transaction banking services to increase the volume of customer transaction. With the development of integrated transaction banking platform and enhancement of e-Channel network, both in its quantity and quality, will drive position of Bank Mandiri as the biggest bank in Indonesia by 2020.

Digital Banking & Technology Sector conducted three main functions that are supported with the following five groups namely wholesale transaction managed by Transaction banking Wholesale Sale and Transaction Banking Wholesale Products; retail transaction managed by Digital Banking & Financial Inclusion, Transaction Banking Retail Sales and Transaction Banking SME Sales. Those three functions encompassed as follows:

1. Product marketing and transaction banking solutions to its customers and becoming a subject matter expert for Relationship Manager.
2. Development/design of integrated products that focuses on product innovation, productivity, and profitability with well-maintained product risk exposures.
3. Development of electronic banking channel and cashless management system in providing easy, comfort and efficient accessibility of the bank's products and services for retail customers.

Joined synergy between these five groups in Digital Banking and the Technology Sector have produced products and solution needed by customers, with the result of enhancing customer loyalty.

Currently, Bank Mandiri has developed Enterprise Data Management as a customer database that helps Bank Mandiri provide comprehensive customer data to improve its services as needed by the customers. On the other hand, Enterprise Data Management has a function as Bank Mandiri's risk management monitoring facility for its customers.

Program and Performance in 2016

Digital Banking & Technology sector have put a lot of effort in creating and utilizing business opportunities through series of programs to support Bank Mandiri's business growth. The programs consist of:

1. Development and System and Products:
 - a. Structured Trade Finance Transactions of 2016.
 - b. Value Chain Financing Platform through improvement of Supply Chain Management (SCM) system to enhance the reliability of value chain financing solution.
 - c. eBizz solution in SCM platform, in providing end-to-end services especially for retail transaction. In addition, customers are able to utilize products and of Bank Mandiri Financing Distributor services that consists of customer distribution level starting from Level 1-2 (main distributor/distributor) up to level 3-4 (sub distributor/reseller).
2. Reliability improvement of Cash Management System in order to provide better services to the customers' needs. Bank Mandiri also provides Deepen Relationship with its customers by providing solutions for sectors that are the focus in 2016, namely:
 - a. Healthcare/Medical Service
 - BPJS Claim Financing Products and Services provided solution to hospitals in facing to financing gap between the settlement and payment of BPJS with hospital operation needs. Web based products and services through Supply Chain Management (SCM) as transaction solution between Pharmacy Distributors with Hospitals. PT Enseval Putra Megatrading Tbk – Kalbe Farma Group became the pilot project of the products and services.
 - Financial Management and Administration products and services to ease the process of acceptance and reconciliation of daily financial data that has been applied by Hasan Sadikin Hospital in Bandung, Kariadi Hospital in Semarang, Wahidin Sudirohusodo Hospital in Mojokerto, Sardjito Hospital in Jogjakarta, and Fatmawati Hospital in Jakarta. Transaction banking solution products and services has been applied to Pharmacy Chain and Laboratories like Group K24 and Prodia Group.

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b. Ports

- Integrated Billing System (IBS) solution development to meet the transaction needs of PT Pelindo Group. First implementation of the transaction for PT Pelindo II/PTP in November 2016 (Mandiri Autocollection Services in e-Service portal Pelindo II).
- Development of cashless transaction solutions through Mandiri Bill Collection solution, Co Brand Card, Mandiri Autodebit H2H, mini EDC ATM/Closed payment and e-Money that has been applied to the PT Pelindo I - BICT, PT Pelindo II Branch (Palembang and Panjang), PT Pelindo II - NPCT1, PT Pelindo II - TPK Koja, PT Pelindo II - JICT, PT Pelindo II - PTP, PT Pelindo II (e-Port card) and PT Pelindo V).

c. Education

- Mandiri Education Portal products and services with e-Budgeting and reconciliation features.
 - Mandiri Education Solutions products and services combined with the Mandiri Education Portal and the School Academic Module, Student Mobile Apps that are equipped with e-Cash and Dashboard. As a pilot project for these products and services, among others, President University in Jakarta, University Warmadewa in Bali, Bina Sarana Informatika & Nusa Mandiri in Depok, Pangudi Luhur Foundation in Jakarta, Yasarini Foundation Halim in Jakarta, and the Kesatrian 67 Foundation in Semarang.
3. Bank Guarantee products and services in cooperation with several companies, including PT Asuransi Export Indonesia (ASEI), PT Asuransi Kredit Indonesia (Askrindo) and PT Asuransi Jasa Indonesia (Jasindo).
 4. Products and services for Small Business Enterprise Banking, especially retail customers that are part of the value chain of other Bank Mandiri's customers such as Oil & Gas, Telecommunication and Cement. The products and services are (i) integrated solutions of Cashless Payment System for Agencies & Bases of Pertamina LPG, (ii) products bundling for telecommunication, (iii) supply chain financing and Mandiri eBiz financing to the distributors of PT Semen Indonesia Group and develop Mandiri Dagang Untung programs to several food vendors, toys and spare parts merchants.

Through the implementation of the program, the performance of Transaction Banking shows some of the results achieved as follows:

1. Guarantee Bank Volume increased from Rp72,195.3 million (2015) to Rp86,712.5 million (2016).
2. Principal of Value Chain Solutions increased to 16.7% from a year earlier, while the number of suppliers increased by 20.1% and the number of distributors increased by 54%.
3. Supplier Financing transaction volume increased by 11.4% from the previous year and the Distributor Financing transaction volume increased by 164.6%.
4. Average Supplier Financing Deposit increased by 28.7% and Distributor Financing increased by 35.8%.
5. Total value of mobile banking financial transactions in the retail segment increased by 48.69% with the volume of transactions increasing by 63.31% from 2015.
6. Total value of Personal Internet financial transactions increased by 26.28% from 2015. While the number of Business Internet financial transactions increased by 30.99% with the volume of transactions increased by 31.02% from 2015.
7. The number of ATMs grew by 0.42% to the total transaction amount increased by 8.01% compared to the previous year.
8. The number transaction value of EDC increased by 7.49% and the volume of financial transactions increased by 0.08% over the previous year.
9. Prepaid Card (e-Money, gaz card, e-Toll card) grew 32.38% with the increase in the value of transactions by 53.07% and the volume of transactions increased by 52.23% from the previous year.
10. The number of strategic agents increased by 139.10% and the increase in the number of new customers by 126.57% over the previous year.
11. The addition of customers directly contributes to the achievement of CASA average balance in the retail segment amounted to Rp 92.3 trillion, which grew by 8.9% compared to the previous year.

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Appreciation

As the result of consistent efforts of the Transaction Banking sector in providing the best solutions to customers, Bank Mandiri received several awards in 2016 as follows:

1. The Asset:
Best Trade Finance Solution, Indonesia for Japfa Comfeed
2. The Asian Banker:
The Best Transaction Bank in Indonesia
3. Asian Banking & Finance:
The Indonesian Domestic Trade Finance Bank of the Year
4. Global Trade Review:
Best Local Trade Finance Bank in Indonesia
5. Bank Mandiri awarded as Best Transaction and Cash Management Bank in Indonesia for 2016 in The Asian Banker Transaction Banking Awards 2016
6. The Asian Banker Banker's Choice Award 2016:
Best Financial Supply Chain Management in Indonesia
7. The Best Contribution in 2016 from Finnet
8. Best Payment Award for e-Money 2016 from The Asian Banker
9. 1st Contributor Category of state-owned bank in 2016 from Telkomsel
10. The Best Bank Digital Innovation Award 2016 from the Warta Ekonomi
11. Best Issuer and Acquirer of ATM Bersama
12. 1st NSICC Implementation for State Bank of ATM Bersama

Strategic Objectives in 2017

In relation to the aspiration of Bank Mandiri becoming the biggest bank in Indonesia by 2020 and Transaction banking vision to dominate Transaction Banking segment with comprehensive solution and platform to support development of low cost fund, transaction switching to better and cheaper channel, and collection of Fee Based Income (FBI), Transaction Banking strategy put in line with Bank Mandiri Corporate Plan of 2015-2020, was to deepen client relationship, accelerate in growth segment and integrate the group.

In terms of wholesale, the focus was set in the development of both generic and customized transaction solution to its customers based on complexity, condition and customers need.

In the retail segment, the focus was the development of general channels such as ATM, EDC, Mobile and Internet Banking. On the other hand, for complex transactions, appropriate platforms will be tailor-made according to customers' need.

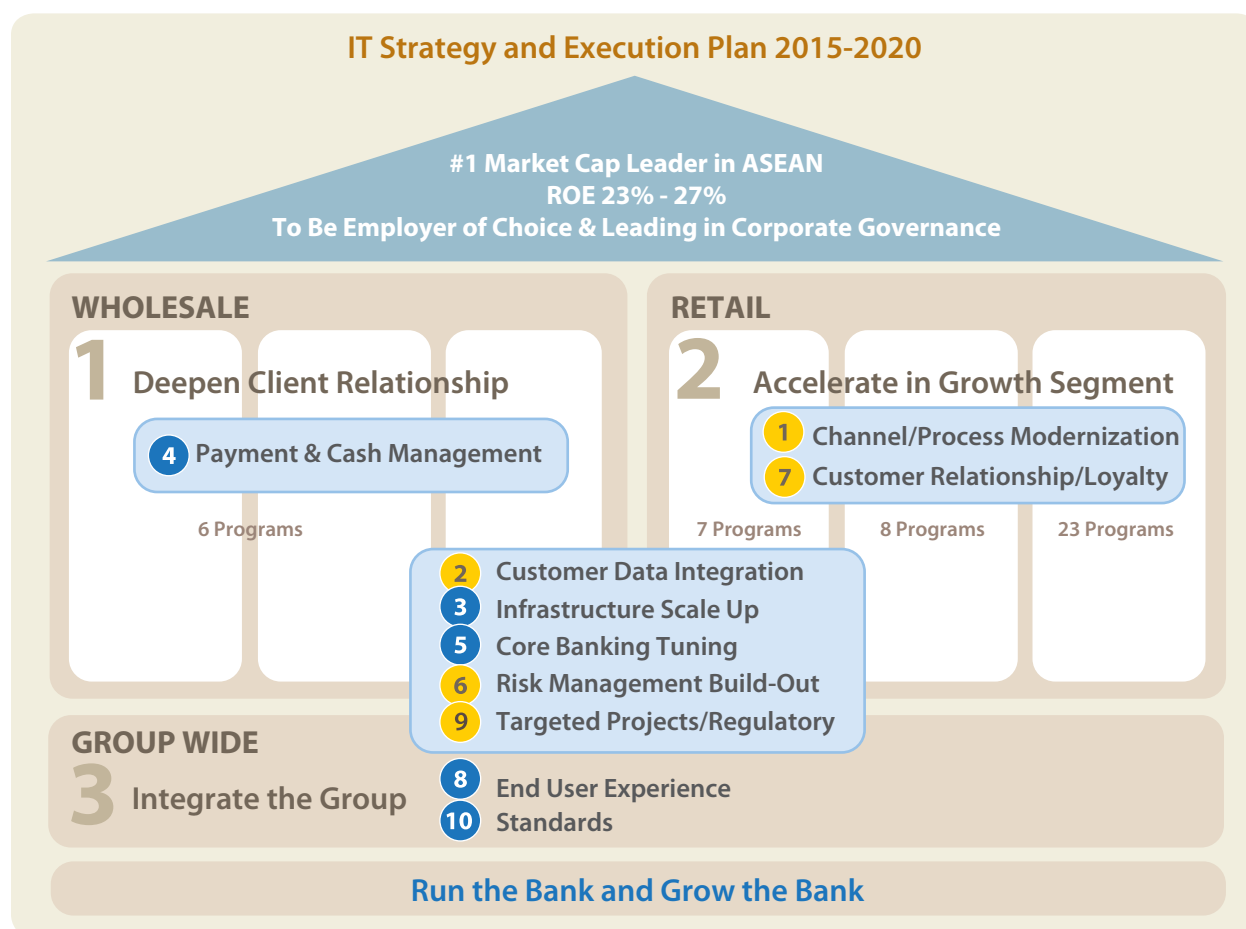
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Information Technology

"Bank Mandiri Information Technology (IT) Transformation Framework utilize as guidance in IT development with reliable, robust, agile, secure and efficient concept in supporting short-term and long-term business needs"

IT Development Strategy

Bank Mandiri's IT Development Strategy are based on the IT Strategy and Execution Plan (ISP) 2015-2020 consisting of two grand strategies, supporting vision and fixing the basics. There were five programs under the supporting vision strategy, namely Channel/ Process Modernization, Customer Data Integration, Risk Management Build-Out, Customer Relationship/Loyalty and Targeted Projects/Regulatory. Fixing the basic strategy advocates 2015-2020 grand strategy of Bank Mandiri especially in Integrate Across Groups. Fixing the basic strategy includes five programs namely Infrastructure Scale-Up, Payment & Cash Management, Core Banking Tuning, End-User Experience and Standards.



Economic slowdown in 2016 was the trigger for the IT of Bank Mandiri to shape down and move forward with its system stability, implemented through IT Transformation Strategy with the vision "Reliable, Robust, Agile, Secure and yet Efficient IT Management to support short-term and long-term business needs".

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IT Transformation Strategy consisted of three points as follows:

3. Infrastructure & Security

1. Problem Management

- Keep the lights on: 24/7 automated monitoring, problem handling supported by appropriate experts, accuracy of recovery time, and reliable backup systems.
- Tidy up the basics: daily monitoring on production issue, disciplinary on permanent fix and solution propagation in preventing similar matter to other system, check the status on all applications, capacity planning to maintain system reliability.

2. Development

- Synergy with working unit in excavating the development system requirement, utilize Agile Methodology concept using micro services architecture for in-house development team, detailed and efficient testing, staging release environment to alpha release beta release and production.
- Mandiri Group synergizes through technology investment optimization, execution of IT architecture roadmap, comprehensive prioritizing IT strategic initiative, accommodating disruptive technology.

- Infrastructure: 3-site data center standard implementation to support the needs of high availability for critical application, roadmap private cloud execution, fulfillment of branches and ATMs backup link, BYOD implementation to gain more flexible working environment.
- Security: enhancement of IT Security in transactional and operational activities in form of end point, application, infrastructure, data and perimeter and network security to ensure the security of both internal and external IT services users.



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IT Organization

Bank Mandiri IT Management in 2016 was under Director of Digital Banking and Technology and IT Senior Executive VP that focused on IT management. Bank Mandiri IT management working unit consists of 4 units namely:

1. **IT Applications Development**, system developer working unit.
2. **IT Applications Services**, existing management working unit.
3. **IT Strategy & Architecture**, IT development strategy working unit.
4. **IT Infrastructure**, IT infrastructure development working unit.

Human resources development of IT has played an important role for the success of Bank Mandiri's IT development and management. Implementation of IT Officer Development Program (ODP) 2016 class was one method to fulfill HR of IT, with a focus to educate future leaders who are ready to adapt in IT working environment of Bank Mandiri. IT ODP format consisted of in class training, case studies, thematic OJT, talk shows, simulation training and lecturing visit, entirely designed in accordance with the conditions of the IT and technology trends. In addition, the existing IT employees also continue to develop its capabilities through certified training. Some IT certifications that have been executed in 2016 included Certified Ethical Hacker, ICT Project Manager Professional Certification, Certification of Enterprise Architect Competency, CISA, COBIT 5, ISO 9001: 2015 training and IT Quality Assurance training.

IT Governance

IT governance has a crucial role in guide the planning, development, and IT operations in order to support business needs, provide excellent service to customers, and reliability of banking operations. We are working to improve the quality of IT governance through periodic reviews of the policies and procedures referred to in regulations and the industry's best practices by keeping in mind the character and the Bank's business strategy. Throughout 2016, the Bank has been adjusting policies and procedures for its IT governance, with details as follows:

1. Information Technology Standard Operating Procedure

Guidelines for IT governance begin at the planning, development, operational management and security systems at the bank to be in line with legislation and best practice that is aligned with the improvement of business processes by taking into account the principle of confidentiality, integrity, availability, reliability, continuity, and compliancy by taking the principles of effectiveness and efficiency.

2. Information Technology Planning

Working unit guideline in preparing information technology planning which includes Information Technology Strategic

Plan, Standard for Information Technology, Annual Information Technology Planning and Research and Strategic Studies on Information Technology.

3. Information Technology Project Management

Provide guidance at the development stage of IT Strategic Initiatives Project so that every process in the development phase are standardized in the implementation while maintaining the quality of each of the Project.

4. End User Computing (EUC) Management

Working unit guideline in developing an application system with End User Computing mechanism. Updating of the procedures carried out in the framework of the provision of regulatory alignment and process improvement.

5. Information Technology Application User Management

Working unit guideline related in the matter of security protection and access permission management into the main gate of information access to prevent on the risk of leakage, damage, inaccuracies, loss and misuse.

6. Information Security Standard Management

In order to improve the security of IT services, periodic reviews of security baseline are conducted regularly as the reference of IT services security. Through these efforts, the security loophole risk on the Bank Mandiri system / application can be mitigated earlier.

IT Program Implementation In 2016

Throughout 2016, the IT bank has implemented several strategic IT initiatives in order to accelerate business of Bank Mandiri, as follows:

1. Channel Enhancement & Transaction Processing

- Bank electronic channels development on individual segments through the implementation of multivendor ATM to bring a new experience of transaction in Mandiri's ATMs. Development of new Internet Banking and Mobile Banking on a single platform has started in 2016 and pushes forward the concept of developing a unified and seamless experience for each customer transaction.
- Improvement of Supply Chain Management for wholesale segment and implementation of sector-specific solution for the healthcare industry and the port industry. The development of electronic channel for the Government sector, among others through the implementation of Kartu Tani (in cooperation with PTPN). Through Bank Mandiri agent, there were improvements on pilgrimage registration flow on Siskohat and feature enhancements for contribution payment of BPJS Kesehatan.
- Creating a reliable end-to-end business process for corporate customers through Mandiri Cash Management enhancement.

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2. Data Services & Customer Onboarding

- Implementing the first phase of Master Data Management in 2016 to consolidate the data of all Bank Mandiri customers. As well as maintaining data integrity for reporting through implementation Bank wide Report Integration and Executive Information System (EIS) enhancement.
- Improvement on the quality of performance and capacity of the collection system and the fulfillment of Integrated Processing System (IPS) redundancy in the Disaster Recovery System (DRC).

3. Risk Analysis & Fraud Management

- Strengthening the Bank's risk management through the development of Enterprise Risk Management (ERM) to accommodate the implementation of Basel II and III in addition to enhancing the development of New Asset & Liability Management.
- In 2016 the development of Fraud Risk Management System using the new SOA architecture has started.

4. Core Banking Tuning, Sales & Relationship Service

- Development of joint financing applications to support the vehicle leasing business (Mandiri Utama Finance).
- Complaint Handling Social Media Implementation process (capture, categorize and distribute) customer complaints submitted through social media.
- Fiestapoin loyalty program development to be accessed (inquiry and redeem) through mobile banking and internet banking.

5. Network Enhancement & Internal Support

- Implementation of network devices for data center backup and upgrading branches network devices.
- Advancement of transaction processing and critical system availability with the implementation of the monitoring availability system, including alerts for system infrastructure status threshold.

Bank Mandiri IT infrastructure contained in the Data Center (DC) Plaza Mandiri and 2 Disaster Recovery Centers (DRC) in Rempoa and Borneo (3-site Data Center). DRC Rempoa is an investment that began in 2015, built on the assets of the Bank and embrace the concept of Tier-3 Data Center (Uptime Institute). In 2016 DRC Rempoa has officially become operational and backup over DC Bank Mandiri, operational Rempoa DRC has been reported pursuant to the regulator.

As our commitment to deliver excellent support to the Bank's business, IT business unit Bank Mandiri implements certified service standards, namely:

1. ISO 9001:2008 for the Operations and Development of Data Center, DRC, IT Security & Infrastructure.
2. ISO/IEC 20000-1:2011 for the Provision of IT Service Management System to Internal Customer.

IT Synergy for Subsidiaries

As the realization of the vision Integrate the Group, in 2016 IT of Bank Mandiri initiated cooperation with the subsidiaries to jointly undertake the development of technologies to build Mandiri Group with services integration that are reliable, secure, and has the technology for optimization of technology investments.

Some output of synergy that have been successfully executed in 2016, namely:

1. The use of **ATM Switching with Bank Mandiri Taspen POS** (Mantap) make transactions of Bank Mantap customers can be served at 17 thousand Bank Mandiri ATM machine without any additional investment in the Bank Mantap.
2. **Co-location Mandiri Group Data Center**, through the placement of subsidiaries data center in DRC Rempoa with the aim for space optimization, cost efficiency and risk management.
3. **Subsidiaries Synergy Initiative Governance** through the preparation Mandiri Group Principal Guidelines as the basis for IT synergy cooperation of Mandiri Group subsidiaries, as well as the preparation of the Memorandum Procedure for filing synergy initiatives.

IT Investment

Throughout 2016, the Bank has made IT investments. Detailed data is described in the Chapter "Management Discussion and Analysis" with sub-chapter discussion "Investment and Materials Association of Capital Goods".

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2017 Technology Development Plan

In 2017 the Bank launched several IT concept technology developments to accelerate the Bank's business following the corporate strategy as follows:

- 1. Improve distribution network and develop digital** proposition in the retail segment through the Bank at Work development capabilities, improved branch delivery system, development of Gen Y Saving Account, New Internet Banking and Mobile Banking, and enhance customer complaints management on social media.
- 2. Winning the wealth segment, deepen relationships, and revamp cash management capabilities** by improving Mandiri Investment Access(MAKSI), the development of applications to support the trade and foreign exchange transactions, as well as enhance Mandiri Cash Management to serve the needs of corporate customers.
- 3. Electronic channel synergy and enhanced government payment system** to support the Merah Putih ATM government and the National Payment Gateway, distribution of Kredit Usaha Rakyat (KUR), government sector development and refinement of branchless banking solutions.
- 4. Streamline Non Collateral Loan (KTA) and Multipurpose Micro Credit (KSM)** proposition and sales process and Small Medium Enterprise (SME) Solution through the development of micro distribution network, enhanced Retail Loan Originating System (LOS) and develop the capability to support the Indonesia e-Commerce market.
- 5. Build advanced analytics and Customer Relationship Management (CRM)** through the implementation of Big Data, Master Data Management (MDM) and Marketing Engine, strengthening fraud analysis with the consummation of Fraud Risk Management Strategy (FRMS) as well as maintaining the integrity of the reporting of data through Bank wide Report Integration.
- 6. Credit Portfolio Management Strategy and Streamline Business Process** through the development of Retail Business Process Engineering, implementation of the Integrated Risk Management Mandiri Group (IRMG) and early detection system solutions for micro segment.
- 7. Build HR Capabilities and Strengthen Training Program** through the development of SAP capabilities, Culture Excellent Scoreboard and the Learning Management System.

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Human Capital Management

Knowing well that Human Resources (HR) is an important asset in maintaining the continuity of the company's business, especially in realizing the 2020 Bank Mandiri's vision to become the bank with best performance in ASEAN, so the management of human resources becomes one of priority focus of Bank Mandiri. Program improvement of human resources management policy always be carried continuously, such as in the case of employee competence development, evaluation of industrial relations and policies related to the recruitment process. This is done to create a comfortable working environment and harmonious in increasing the employee loyalty so that in the long-term could bring a positive influence on the business continuity of Bank Mandiri. Currently, the Directorate of Human Capital Bank Mandiri led by a Senior Executive Vice President (SEVP) Human Capital and responsible directly to the CEO, as well as the charge of 4 (four) units, namely Human Capital Services, Human Capital Talent, Organisation, & Performance, Mandiri University, and Human Capital Engagement. Currently, the Directorate of Human Capital Bank Mandiri led by a Senior Executive Vice President (SEVP) Human Capital and responsible directly to the President Director, as well as in charge of 4 working units, namely Human Capital Services, Human Capital Talent, Organisation & Performance, Mandiri University, and Human Capital Engagement.

HR Management Policy

In conducting the human resources management, Bank Mandiri always refers to the Human Resources Policy Manual Standard Bank Mandiri and Human Resources Bank Mandiri as a guideline in managing human resources throughout the lifecycle from hire to retire, namely architect, attract, align, advance, appraise, award and actualize. Besides referring to these guidelines, Bank Mandiri also adopted the strategy implementation of HR management best practices which generally accepted globally. Moreover, Bank Mandiri believes that the execution of human resource management policies can not be separated from the practice of Good Corporate Governance (GCG), which always prioritize the precautionary principle, and risk management practices.

As for the strategic initiatives of human resources management policy Bank Mandiri which still running until today, among others:

1. Developing the organization scale that supports the business strategy
2. Creating a system of on boarding of employees aligned with the Bank's culture and build relationships staffing an open, harmonious and equitable
3. Building management systems technical competence and leadership and learning that drives Bank Mandiri's strategy
4. Implementing a competitive total reward system
5. Preparing talent and successor who became the successor of Bank Mandiri in the long-term sustainability
6. Building a work culture that encourages productivity and create a work environment that is open, positive and progressive
7. Developing systems and technology infrastructure of effective human capital

Organization Development

In order for a business could grow and compete in the industry, both in domestic and international scale, so it is necessary having a strong, efficient, and effective organizational foundation as a crutch. Therefore, the development of an organization should focused to the sustainability of organizational reviews, for example by assessing how far the level of productivity and the effectiveness of the organizational structure, updating job competencies, job description and job requirements, as well as continue to evaluate employees promotion policy. Bank Mandiri continue to maintain its commitment to treat all employees as a valuable asset by making careful planning to the needs of employees which aligned with business growth. As for the planning of requirement for Bank Mandiri employees is done through capacity planning process that involves all working units, which then become a reference in the process of fulfillment capacity. Throughout 2016, Bank Mandiri has developed the organization in terms of the preparation of design career path based on job family, the preparation of employees compliance strategies (workforce planning) and evaluation of the organization to support business needs. Throughout 2016, Bank Mandiri has developed the organization in terms of the preparation of design career path based on job family, the preparation of employees compliance strategies (workforce planning) and evaluation of the organization to support business needs.

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Recruitment

In order to strengthen the organization basis, Bank Mandiri continues make plans of employee compliance policy which effective, precise, and accurate with reference to the principle of "the right man for the right place at the right time", aims to support the growth of sustainable business in the future. Until now, the fulfillment of Bank Mandiri employees conducted through two channels, namely internal and external sourcing sourcing. Internal sourcing is to open opportunities for employees to become employees of executive level leadership, while external sourcing through hire fresh graduates and experience, both for executive and leadership levels. In carrying out the program of employees fulfillment, Bank Mandiri opened up the same opportunities for the best children of the best area accross Indonesia to join, work and grow with Bank Mandiri. Optimalization the program of employees fulfillment through e-Recruitment system at Mandiri Career Website in harmony with the more conventional recruitment methods such as advertising, participated in the job fairs and campus hiring. In addition, BankMandiri also began offering internship programs for prospective best graduates from the best universities both domestic and overseas

Employees' Profile

In 2016, Bank Mandiri recorded the increase of total employees by 6% to 38,940 employees from previous year which only recorded at 36,737 employees. This increase was primarily due to Bank Mandiri's business development. The explanations which related to the composition of Bank Mandiri employees based on gender, hierarchy, level of education, employment status, work location, length of service and group age as well as the comparison within 3 (three) years, has been reviewed in chapter "Company at a Glance", sub-chapter "Employees' Composition, on page 88-91 in this report.

Learning & Development

In order to improve the quality of its human resources, Bank Mandiri held some training and employee development programs which refers to the People Development Framework, which is an employees development program that based on the talent or advantages (strength based) and have been adjusted with the competencies required by each working unit and also harmonized with the strategic plan of Bank Mandiri which given for all position levels as a part of the Comprehensive Leadership Development Program as illustrated in the scheme below:



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Along with the growing number of employees with a wider distribution, Bank Mandiri utilizes the development of information technology through the online portal, i.e. three-learn, i-share, and i-know. I-learn portal contains information about e-learning, training registration and assessment tools. i-Share portal is a social media learning so that it becomes a means of sharing information among all employees, while i-Know portal contains knowledge management systems to manage knowledge and collaboration means corresponding international best practices.

Throughout 2016, Bank Mandiri has held 714 educational programs, training, and development followed by 170,172 participants. From the following table can be seen the comparison of number of participants in the learning & development activities within last (three) years:

Total Employees Attending Education, Training and Development Programs in 2014-2016

PROGRAM	2016	2015	2014
Classroom	46,023	50,501	28,822
eLearning	121,827	152,531	36,739
ODP (Officer Development Program)	666	709	844
SDP (Staff Development Program)	1,456	1,176	1,022
P3K (Pegawai Pelaksana Pemegang Kewenangan)	144	1,010	270
P3K (Executive Officer)	-	-	-
Post Graduate	56	45	72
TOTAL	170,172	205,972	67,769

In addition to the internal training programs, all employees are also given the opportunity to attend public training or specialized training which appropriate to the needs of their job. The company's achievement target at least 60% of total employees took 16 hours of training. The total budgeted cost of training in 2016 reached Rp540,075.02 million, an increase of 9.73% compared to 2015 (Rp492,182.80 million) where this year's budget allocation is more focused on developing the capability of personnel in supporting Corporate Plan of Bank Mandiri 2016 and Development of "Future Leader" Bank Mandiri. During 2016, Bank Mandiri has cost up to Rp530.832 million or equivalent to 5.18% of the total Cost of Labor in 2016, which reached Rp10,801,512 million.

Costs of Education, Training and Development Programs in 2014-2016 (Rp million)

PROGRAM	2016	2015	2014
Executive Development Program	5,540	29,714	13,473
Management Development Program	186,541	83,625	101,337
Retaining Competency Development Program	44,582	37,097	40,181
Change & Culture Development Program	13,379	17,000	17,000
Organization Capability Development Program	30,433	39,000	29,500
Leadership Capability Development Program	2,166	18,750	36,999
Pre-Retirement Program	12,571	23,000	11,000
Employee Engagement Activities	16,133	16,350	15,000
Mandatory Skill Development Program	219,486	227,647	90,395
TOTAL	530,832	492,183	354,885

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The number of trainees participants in each month that can be delivered are as follows:

Table of Training Participant in 2016

Months	Number of Participants
January	1,510
February	6,262
March	5,047
April	5,969
May	6,607
June	1,776
July	1,680
August	4,328
September	2,898
October	3,778
November	4,183
December	4,271

Mandiri University

To generate employees whom have a knowledge and excellent personality, Bank Mandiri continually enhance strategy and policy learning and development regularly which aligned through the harmonization of business, and the strategic functions into a corporate university learning center called Mandiri University.



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Mandiri University's vision "To be a producer of best leader and excellent employee for Mandiri and Indonesia", means that the existence of Mandiri University is not only to be a machine that produce the best talents for Bank Mandiri but also for the Nation. In this case, "best talent" does not mean that they only have the best competence or best technical capabilities on the market, but also have a leadership spirit that qualified so that they can become role models for their environment. To achieve this vision, it has been declared three Mandiri University's mission as follows:

1. Speed up learning to sustain high performance culture
2. Boost talent mobility
3. Leverage intangible assets to attract, retain, and motivate the best talent

The construction of Mandiri University refers to the Bank Guiding Principle Enterprise Learning Strategy which consists of five strategies Mandiri University, as follows:

Bank Mandiri Guiding Principle Enterprise Learning Strategy



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To realize these 5 strategies, the development of Mandiri University carried out gradually, which is now has entered the third phase, namely Learning Organization and Implementation of Mandiri University completely. In line with Mandiri University strategy, the development of capabilities that focus on four technical, professional, managerial, and leadership capabilities, so, at this time, Mandiri University have formed academies which refers to the business segmentation of Bank Mandiri as a whole, each headed by a Dean, namely:

1. Wholesale Banking Academy
2. Retail Banking Academy
3. Banking Operations, Sales & Service Academy
4. IT & Supporting Academy
5. Governance, Risk Management, Compliance & Support Academy
6. Leadership Academy
7. Sharia Finance Academy

Infrastructure of Mandiri University

Mandiri University infrastructure development which focus on three aspects, namely the establishment of the organization and the overall business process, campus building construction, and technology as the impact of the application of the method of Blended Learning Solution. The construction of Mandiri University campus has been planned accross Indonesia and classified into three (3) types of campuses, types A, B, and C, where the the campus of type A has the most complete facilities including classroom, conference call, dormitory, e-learning facilities, space simulation, breakout room per international standards, wi-fi, cafe, gym, theater room, and other supporting facilities. Mandiri University technology infrastructure built by developing Enterprise Learning Management System to facilitate and support the administrative activities of learning and integrate human resources functions in the context of people development as a whole. Besides that, Enterprise Knowledge Management System also developed to support business processes through the presentation of information that is current, accurate, provide answers to the challenges of existing businesses, provide improved service to customers and drive innovation within the company and increase employee productivity.

Mandiri University has completed enhance organizational structure focused on increasing the role as a business partner as well as improving the curriculum in keeping with international best practices. The development of infrastructure to support the new business process is also conducted. In 2016, has been operating 15 (fifteen) Mandiri University Campus that scattered across Indonesia, optimization of the implementation of Bank Mandiri employees' assessment through Enterprise Learning Management System (ELMS) with the total implementation of the assessment as much as 12,569. Increased competence of trainers is also being conducted by holding certifications for Learning Consultant and Learning Facilitator.

Performance and Reward Management

Bank Mandiri distribute the company's target to each individual based on the potential and capability of personnel, as outlined in the Key Performance Indicator (KPI) Employees.

Furthermore, the individual performance planned, established, reviewed and rated using tools system named the Individual Performance Management System (IPMS) which specifically arranged structured so employees can carry out their duties optimally, enhances employee loyalty and drive the work climate that is open, positive and progressive. IPMS assessment process carried out in the form of an annual cycle Working Planning (planning and goal setting) as well as monitoring and evaluation. This process is done online at Mandiri system Easy Internet-based so it can be accessed by any employee anywhere and anytime.

Bank Mandiri give rewards to employees whom their performance becomes the foundation of the principles of competitiveness and fairness, where reward given to employees, either in financial or non-financial things that are tailored to the ability of Bank Mandiri. One form of financial reward to Bank Mandiri employees is the annual performance bonus which given because of the optimum performance of Bank Mandiri that has been achieved. Meanwhile, performance bonuses are granted in accordance with the assessment of the performance of each employee assessed through Mandiri Easy. In addition to the compensation that is cash, Bank Mandiri also provides benefits to employees in the form of a health facility, days off, credit employee welfare and other facilities by location and occupation.

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Non-financial reward is given in a series of event Mandiri Excellence Award which is the highest appreciation for employees and work units best in various categories involving the subsidiary. In order to support and improve Bank Mandiri performance, the Company ensure the presence of top talent to fill all strategic positions. Programs in preparation for succession among other talent as a leadership development program for senior and middle management through Coaching and Mentoring program, the Great Leader Program, and Leadership Forum Program. Senior and middle management were also measured levels of capabilities through the Mandiri program for assessment by a consultant to prepare a development program that suits each individual.

Employment Engagement Survey

The employee engagement survey of Bank Mandiri which conducted in 2016 has successfully got score of 73.7% which is the highest category (platinum) for the employee engagement survey. By the results of this survey, Bank Mandiri obtained 2 (two) awards, namely Platinum and Best of the best Award Winner in Indonesia Employee Engagement Award 2016 that organized by the Indonesian Banking Development Institute (LPPI), Stability, Performance and BlessingWhite Indonesia.

Several factors that contribute to the high score of Bank Mandiri employee engagement survey in this year, among others, good relation with colleagues, clarity about the priorities and objectives of the work, as well as an understanding of the contribution of the work performed to support the company's strategy.

Career Development

Bank Mandiri ensure that all employees have a big chance and same career opportunities based on the principles and provisions that applicable in Bank Mandiri. Related to this, employees whom can be promoted are employees who have met the criteria in the guidelines Promotion. This promotion and transfer program is one form of employee career development and implemented in accordance with the promotion cycle that takes place in May and November.

Retirement

Bank Mandiri has defined contribution pension plan for all its permanent employees through DPBM (Bank Mandiri Pension Fund) with the provisions of defined contribution funds paid from employees' salaries by 5% and 10% is paid by the company. Besides this program, Employees who have reached retirement age also get health facility that has been prepared since the active employees work called Mandiri Health Care. For those employees who would and have reached retirement age, Bank Mandiri also conducted special training special training for employee retirement preparation programs i.e. pre-retirement, where this training aims to establish a mental and expertise as well as a briefing for employees to remain productive despite being a retired employee. In 2016, 610 employees already trained which divided in 39 batches number and cost amounted to Rp13 billion.

Cultural Internalization

Corporate Culture

In running the process of internalization of the corporate culture, Bank Mandiri has a guiding team that involves all employees from the highest to the lowest level. Moreover, Bank Mandiri also has a team that is responsible for the internalization of the corporate culture at every work unit called Team Culture Internalization.

The Internalization of Bank Mandiri Cultures Program done systematically and intensively and actively communicated to all employees through a series of annual activities, including:

Mandiri Corporate Culture Summit

Is an activity that aims to support the internalization of cultural program of Bank Mandiri by inviting representatives from each team Internalization Cultural Work Unit in Bank Mandiri to make the perception in supporting the implementation of culture.

Change Agent Sharing Forum

Is an activity that aims to support the internalization of cultural program of Bank Mandiri by inviting the representatives Change Agent from each business unit in Bank Mandiri with the aim of strengthening collaboration and synergy between the Change Agent and enriching the intellectuality of Change Agent.

Monitoring

Is an activity that aims to ensure the process of internalization of culture in Bank Mandiri has been going well. Monitoring activities conducted through two ways, by direct visits or on-site monitoring and through written reports or on-desk monitoring.

SMS Blast dan Email Blast

Is a communication media that is both 1-way and aims to provide information that is deemed necessary by the Board of Management to be known all employees.

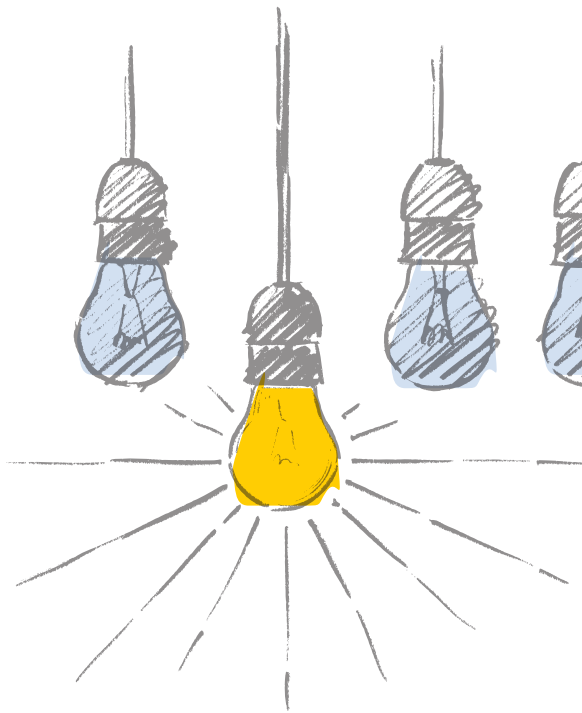
Recognition and Enforcement

Is an activity that organized in giving appreciation to employees and the best work unit at Bank Mandiri.

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From the following table can be seen criterias and parameters used by Bank Mandiri to provide an assessment of the Best Work Unit in terms of the internalization of corporate culture:

Criteria	Parameter
Understanding of Vision, Strategy and Culture Bank Mandiri	• Vision& Strategy of Bank Mandiri in 2020 • TIPCE New Horizon, 11 Key & Specific Behaviors • Mandiri Employee Value Proposition (EVP) "Spirit Memakmurkan Negeri" • "Culture and One Mandiri Concept" – Alliances and Collaboration
The role as Role Model	• Being and gives examples of applying behaviors TIPCE New Horizon • Have a mindset as a Player and Learner • Having a leadership spirit
The role as Change Agent	• As Facilitator: Initiate and facilitate the process of improvement in the work unit (through implementation of the program, improvements in business process/ work processes, etc) • As Motivator: to encourage, motivate, take corrective action and affect the environment positively to also act as a role model. • As an Innovator: developing new ideas that value added in accelerating the transformation of culture and improved performance.
Engagement Level	• Passionate about working (showing passion) • Seeing an opportunity to grow with Bank Mandiri • Initiate do our best for the benefit of Bank Mandiri
Activities in Culture Excellence Scoreboard	• Success in resolving Challenge which related to WIRA Badges, RAKSA, MITRA, DUTA



The implementation of Mandiri Innovation Award from year to year were evaluated and refined continuously, so that the selection criteria, categories and methods of assessment could be adjusted. In 2016, the implementation of Mandiri Innovation Award undergone a number of adjustments that aligned with the Transformation Phase III which also in line with Bank Mandiri's vision "To Be the Best Bank in ASEAN 2020" and Culture Strategy 2015-2020 ("Culture of Excellence"), so the competition of Mandiri Innovation Award are classified into following categories:

Culture of Innovation

In accordance with the Conduct of Bank Mandiri, especially on the behavior of the tenth, "Innovative in creating opportunities to achieve performance beyond expectations", Bank Mandiri seeks to achieve this goal by organizing the internal competition called Mandiri Innovation Award which has been started since 2011. By convening this competition, Bank Mandiri is hoping that all employees may be more encouraged and motivated to innovate so that in the long run can improve the business growth, accelerate business processes, encouraging employee engagement, and enhancing Bank Mandiri's image among stakeholders.

- a) Mandiri Inovasi is an innovation project competition that focus on sector:
 - Business development of the Company
 - Improvement of internal processes
 - Increment of customer satisfaction
 - Cost efficiency
- b) Mandiri Pemimpin Inovasi, as the appreciation for the Head of Working Unit which successfully registered a highest number of innovations as well as the most qualified. It is intended so that the Head of Working Unit may continue to participate actively in supporting the development of a innovation culture.
- c) Mandiri Solusi Kreatif consisting of:
 - Mandiri Ide Kreatif, is an innovation competition on ideas that directly related to the job but has not been activated.
 - Mandiri Ideathon, is an innovation competition in the form of CEO Challenge from Bank Mandiri management for all participants in order to make them able in finding solutions to the current issues faced by the company.

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Industrial Relations

As a big company, Bank Mandiri always comply and obey any regulations and rules that exist in Indonesia. In managing and develop its HR policies, Bank Mandiri always refers to Law No. 13 of 2003 on Manpower reflected guarantees freedom to all employees to sign union of employee organization. Bank Mandiri Employees Union (SPBM) is a trade union which was formed to establish a good relationship between employees and management Bank Mandiri, so as to create harmonious industrial relations. Related to that, Bank Mandiri has already had a Collective Labor Agreement (CLA) which is the result of negotiations between the Bank and the Bank Mandiri Employees Union (SPBM), which contains the work terms, rights and obligations of both parties under the provisions of law. CLA first apply for the period 2004-2006 and the current CLA is the 5th CLA for the period of 2015-2017.

Human Resources Development Plan For 2017

In order to improve the quality and capability of the entire human resources, Bank Mandiri has set and prepare measures in the future as form of a sustainability strategy in the management of human resources optimally. Bank Mandiri always setting up its targets and objectives of the human resources development in the coming year which has adjusted with Bank Mandiri's Business Plan as part of its commitment to realize the long-term vision of Bank Mandiri. Therefore, Bank Mandiri has established various strategic initiatives related to human resources management for the year 2017, among other things:

1. The design and implementation of succession management program
2. The preparation of core capability of banks to support succession management program
3. Managing top talent through "Talent Management Program"
4. Evaluation of compensation and benefits strategy
5. Training & development program that supports organizational change and business needs
6. Re-energize the excellence working culture
7. Increasing productivity and effectiveness of the organization

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Introduction

For Bank Mandiri, a GCG implementation is not merely addressed to comply with the regulations, but also a fundamental element which refers to international best practices. The management believes that GCG implementation will be able to enhance value creation of the Company.

The effort of GCG implementation conducted by Bank Mandiri so far has been demonstrating a positive contribution as well as delivering the real to Bank Mandiri, such as improved competitiveness, company performance and Bank Mandiri's stakeholders trust, both domestic and foreign investors. Based on these benefits and in order to maintain the stakeholders' trust and interests, Bank Mandiri continues to consistently strengthen its commitment on promoting integrity and GCG values in running all of its business activities.

Aside from considering ethics and the best business practice as the interest, Bank Mandiri is aware of the importance of GCG implementation for the company to achieve vision and mission as well as to grow sustainably. Bank Mandiri's vision is constantly adjusted as reflected in 2016 vision of Bank Mandiri to be The Most Admired and Progressive Financial Institution and starting mid of 2016 the Board of Directors and Board of Commissioners of Bank Mandiri has launched a new aspiration, which is Indonesia's best, ASEAN's prominent. To achieve the vision and mission, Bank Mandiri is committed to always placing GCG as the primary basis of doing business Companies as well as to keep the existence of the company in the face of challenges and competition increasingly stringent in the future, especially in the sector the banking industry.

This commitment is fully support by all the board of management and the employees of Bank Mandiri. As a highly regulated company, the GCG implementation within Bank Mandiri refers to several applicable provisions, among others:

1. Law No. 19 Year 2003 on State Owned Enterprise
2. Law No. 40/2007 on Limited Liability Company; Law No. 19/2003 on State Owned Enterprise; Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 on GCG Implementation in Commercial Banks, as amended by PBI No. 8/14/PBI/2006.
3. Regulation of the Minister of State Owned Enterprise No. PER-01/MBU/2011 on GCG Implementation in State Owned Enterprise.
4. Regulation of the OJK No. 18/POJK.03/2014 sanctioned on November 18, 2014 on the Integrated Corporate Governance.
5. Regulation of the Financial Services Authority (OJK) No. 8/POJK.04/2015 on the Website of Issuer or Public Company.
6. Regulation of the OJK No. 55/POJK.03/2016 on Corporate Governance Implementation of Commercial Bank.

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Principle and Roadmap of Corporate Governance

In order to achieve sustainable business, Bank Mandiri consistently puts some efforts to run a healthy banking business based on GCG principles as the foundation. Best practices of GCG at national, regional as well as international levels which are relevant to be continuously implemented within Bank Mandiri as an effort of GCG Structure improvement. Bank Mandiri also disseminates information of GCG Structure sustainably and conducts self-assessment on GCG implementation on regular basis to become more effective.

The implementation of GCG principles in Bank Mandiri is described below:

GCG Principles	Description
Transparency	1) The Bank discloses information in a timely, adequate, clear, accurate and comparable manner, as well as makes it accessible to the concerned parties (the stakeholders). 2) The Bank discloses information that includes but is not limited to the vision, mission, business objectives, strategy, financial and non-financial conditions, structure of the Board of Directors (BOD) and the Board of Commissioners (BOC), controlling shareholders, risk management, internal monitoring and control system, implementation of compliance function, GCG system and implementation, as well as material information and fact that may affect investors' decision. 3) The Bank's policy shall be made in writing and communicated to the stakeholders who have the right to obtaining information on the said policy. 4) The principles of transparency are subject to the banking secrecy rules, professional confidentiality and personal rights in accordance with the applicable regulations.
Accountability	1) The Bank determines its business objectives and strategies with regard to accountability to the stakeholders. 2) The Bank sets up clear roles and responsibilities for each BOC and BOD member, along with all subordinate staff in accordance with the vision, mission, corporate values and the Bank's business objectives and strategies. 3) The Bank must ensure that each BOC and BOD member and all subordinate staff have the competencies suitable to their responsibilities and that they understand their roles in GCG implementation. 4) The Bank applies check & balance system in conducting its management 5) The Bank has the performance benchmark of all positions in the Bank in reference to the agreed standard, in accordance with the Corporate Culture Values, the Bank's business objectives and strategies, which are equipped with a rewards and punishment system.
Responsibility	1) The Bank adheres to the principles of prudential banking practices and guarantees compliance with the applicable regulations. 2) The Bank, as a good corporate citizen, shows concerns on the environment and duly fulfills its social responsibilities.
Independence	1) The Bank avoids undue domination by any stakeholders and is not affected by unilateral interest and conflict of interest. 2) The Bank makes decision objectively and free from pressure exerted by any parties.
Fairness and Equality	1) The Bank takes into account the interests of all stakeholders in accordance with the principles of equality and fairness (equal treatment). 2) The Bank gives all stakeholders equal opportunities to express opinions and makes suggestions in its greater interests, and provides access to information according to the principle of transparency.

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Purposes of Corporate Governance Implementation

Bank Mandiri has committed to implement GCG which has the following main purposes:

1. Encouraging earnestness of the management in implementing the principles of transparency, accountability, responsibility, independence, fairness and prudence in managing the Bank;
2. Improving the Bank's performance, efficiency and service to the stakeholders;
3. Attracting interest and securing trust from the investors;
4. Serving the shareholders' interests on the improvement of shareholder' values;
5. Protecting the Bank from political intervention and legal claim;

By implementing GCG, Bank Mandiri believes that Corruption, Collusion and Nepotism (KKN) practices will be avoided and the supervisory function in managing Bank Mandiri will increase.

Basic Policy of GCG

Bank Mandiri has several basic policies of GCG which are in conjunction with the prevailing rules and regulations as well as the Company's needs covering GCG Code, Code of Conduct, Business Ethics, Board Manual, Whistle-Blowing System (WBS) Policy and various bank operational policies. The existence of such policies have shown a strong commitment of Bank Mandiri to improve the quality and scope of work in implementing GCG on an ongoing basis.

Flashback of the Implementation of GCG

Bank Mandiri GCG implementation has been carried out in a structured way, consistently and sustainably with the following stages:

Year	GCG Achievements
1998 Early Merger	Awareness of GCG implementation was raised by banking crisis due to comprehensive bad governance in banking industry that led to banks bailout and eventually required the Bank's Directors and Commissioners to sign a Management Contract with the World Bank, in which the banks were obliged to implement GCG.
2000 - 2001 Laying Down the Fundamental of Governance Commitment, Structure and Mechanisms	• Bank Mandiri followed up on the Management Contract with the World Bank by issuing the following provisions: • A Joint Decree of BOC and BOD on the GCG Principles, • A Joint Decree of BOC and BOD on Bank Mandiri's Code of Conduct, which serves as a guideline for proper interaction with the customers, partners and fellow employees, • Decree of BOD on Compliance Policy which requires all Bank Mandiri employees to hold individual responsibility for running the Bank's operations in their respective fields. • Bank Mandiri has assigned independent consultant to make diagnostic review on GCG implementation. • In accordance with this GCG implementation, the Independent Rating Agency has rated 2003 GCG implementation with a score of 6.2, higher than the score for the previous year of 5.4.
2003 Initial Public Offering (IPO) of Bank Mandiri	With regard to the IPO, Bank Mandiri made improvements on GCG implementation by taking the following measures: • Establishment of Committees at the BOC level, namely: • Audit Committee • Risk Monitoring Committee • Remuneration and Nominations Committee • GCG Committee • Establishment of a Corporate Secretary • The holding of General Meeting of Shareholders (RUPS) in accordance with the applicable laws and regulations for public company • Providing disclosure of information in a timely manner, including publication of Financial Statements, information and any material incident or fact • Providing timely, adequate, clear and accurate Annual Report • Considerate the interests of minority shareholders • Engaging in assessment of GCG implementation by Independent Agency, namely the Indonesian Institute for Corporate Governance (IICG)

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Year	GCG Achievements
2005 Cultural Transformation	- Bank Mandiri began this transformation by applying shared values and formulating key corporate behaviors (TIPCE), which encapsulates its Corporate Culture. - Preparation of a GCG Charter as set forth in a BOC Decree, which sets the basic guidelines for implementing GCG in Bank Mandiri. - For the first time ever, GCG Rating in the Corporate Governance Perception Index (CGPI) was "Highly Trusted".
2008-2010 Advanced Cultural Transformation	- Bank Mandiri continues to improve the implementation of prudent banking, GCG and internal control by developing a GCG website, Compliance Risk Management System, Anti-Money Laundering and Terrorism Funding SOP, Risk-Based Audit Tools and Audit Management Information System. - Business and other management decisions were made upon consideration of the GCG principles, in addition to the applicable regulatory provisions. - The implementation of further culture internalization programs includes, among other things, holding Culture Fair, Culture Seminar and Recognition Program that provided awards for the best work units and change agent in the implementation of such programs.
2011 – 2013	- Bank Indonesia issued PBI No. 13/1/PBI/2011 on Assessing the Soundness of Commercial Bank's, which requires the Bank to make either consolidated or unconsolidated GCG assessment using Risk-Based Bank Rating (RBBR) approach. - Consistent GCG implementation by Bank Mandiri won accolades from various - independent and professional agencies, both nationally and internationally. - With regard to GCG Rating given by the Indonesian Institute for Corporate Directorship (IICD) for 100 public companies having the highest market capitalization in the Indonesia Stock Exchange, Bank Mandiri was awarded with the Best Financial. - With regard to GCG Rating by the Hong Kong-based Corporate Governance Asia (CGA), Bank Mandiri has always been rated the best company in GCG implementation since 2009. - Implementing gratification control by providing Gift Disclosure Statement dated July 2, 2013 as an effort to prevent gratification in line with the suggestion of the Corruption Eradication Commission (KPK). - Actively participated in developing anti-corruption culture, including taking part in the 2013 Anti-Corruption Week held by KPK.
2014	- With regard to GCG Rating by the IICD in ASEAN CG Scorecard, Bank Mandiri won the "Best Overall" category. - With regard to GCG Rating by the CGA in Hong Kong, Bank Mandiri won the ICON title in Corporate Governance. - Implementation of Good Corporate Citizen (GCC) complies with the Bank's Corporate Plan 2015-2020 which includes socio-economic impact, in which one of the components is the role model corporate citizen. Bank Mandiri had completed a diagnostic review on its implementation of GCG. - Revising the provisions on prevention of gratification as set forth in the Operating Technical Guideline (OTG) for Gift Disclosure Statement in accordance with the KPK's suggestion.
2015	- Executing Transformation Stage III - The CGPI is a research and rating program for GCG implementation carried out by an independent agency, i.e. the IICG, in which Bank Mandiri has taken part in the assessment for the last 12 years since 2003. In 2015, Bank Mandiri was once again rated the "Highly Trusted" for the 9th consecutive times. - As for GCG Rating by the IICD in ASEAN CG Scorecard, Bank Mandiri won the "Best Financial Sector" category. - With regard to GCG Rating by the CGA, Bank Mandiri won the ICON title in Corporate Governance. - Implementation of Integrated Corporate Governance - Implementation of the integrated corporate governance and work unit under Mandiri Group according to the Regulation of OJK No. 18/POJK.03/2014 dated November 18, 2014 on the Integrated Corporate Governance. - Establishment of Compliance Unit, Integrated Risk Management Unit and Integrated Internal Audit Unit, as well as Integrated Corporate Governance Committee. - Preparation of a Guideline for Integrated Corporate Governance. - Upgrading OTG for Gift Disclosure Statement into OTG for Gratification Control that came into effect as of July 3, 2015 and launching of a Gratification Control Unit (UPG) on July 9, 2015. Bank Mandiri's UPG was awarded the SOE with Best Gratification Control Unit in 2015 by KPK.
2016	- Corporate Governance Perception Index (CGPI) is a research and rankings program GCG implementation carried out by independent institutions, namely the Indonesian Institute for Corporate Governance (IICG), where Bank Mandiri has followed CGPI ratings for 13 (thirteen) years in a row since 2003. In 2016 the Bank achieved the title of "Most Trusted" as many as 10 times in a row. - GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the event of ASEAN CG Scorecard. In 2016, Bank Mandiri won the category "The Best Overall". - Following Gratification Control Unit of the National Forum held on 31 October to 3 November 2016 in Bogor, West Java. - Following the Festival International Anti-Corruption Day 2016, held on 8-10 - December 2016 in Pekanbaru Riau, where Bank Mandiri was elected as a state with The Best Gratification Control Systems.

Corporate Governance Structure

In line with the provisions of the Company Law Limited No. 40 of 2007, the structure of Bank Mandiri consists GCG of the General Meeting of Shareholders (AGM), the Board of Commissioners, and the Board of Directors.

GMS is the highest forum which has authority exclusive that is not owned by the Board of Commissioners and Board of Directors.

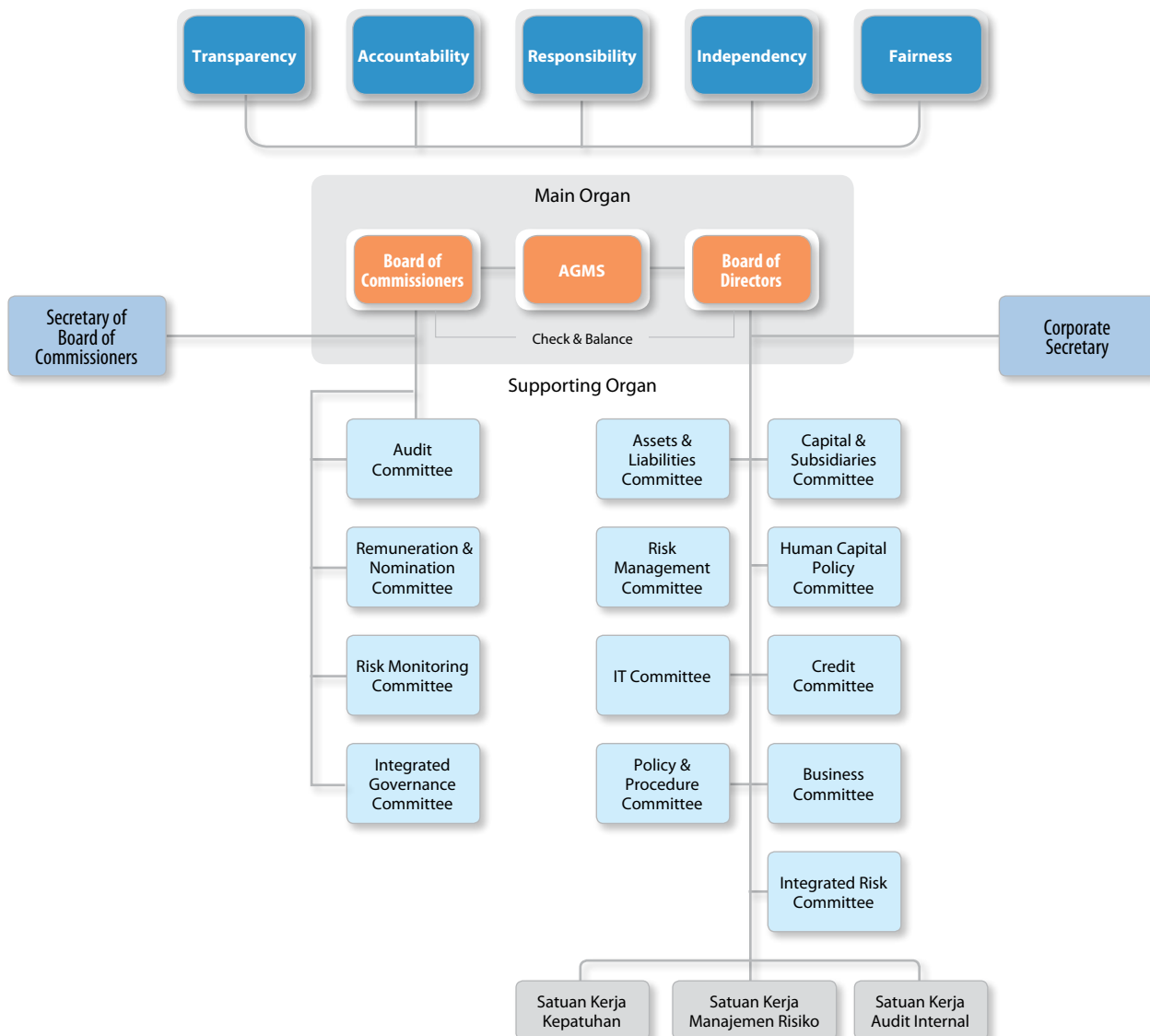
In order to improve the oversight function, the Board of Commissioners are supported by committees which are in

underneath. These committees work in accordance with the scope of the relevant committee assignments established by the Decree of the Board of Commissioners.

While the Board of Directors is assisted by the management of the bank tasked to manage, control, oversee, and responsible for implementing the GCG assisted by committees under the Board of Commissioners, the Secretary of the Board of Commissioners, Committees under the Board of Directors and Corporate Secretary.

Here is a chart of Corporate Governance Structure:

Bank Mandiri Corporate Governance Structure



Focus of Corporate Governance of Bank Mandiri in 2016

Bank Mandiri realizes that non-financial factors such as GCG is an important factor in maintaining Company's sustainability with a culture that upholds professionalism, integrity, quality service and prudent banking for financial achievement is not the only indicators that a company has managed to be in the forefront.

Recognizing that the implementation of GCG is one of main things to be achieved then in 2016 Bank Mandiri seeks to strengthen GCG implementation, among others focus on:

1) ASEAN Corporate Governance Scorecard

Bank Mandiri has made synchronization practice governance standards in line with the ASEAN Corporate Governance (CG Scorecard) and Guidelines for governance the implementation and application of the principle aspects of management public company. Bank Mandiri is one of the company is participating in the rating ASEAN Corporate Governance (CG) Scorecard held by Indonesian Institute for Corporate Directorship (IICD). The increasing value in ASEAN CG Scorecard is one of Key Performance Indicator (KPI) of the entire Board of Directors and Board of Commissioners of Bank Mandiri.

The Bank Mandiri's breakthrough to improve the ASEAN CG Scorecard Score is to form an ASEAN CG Scorecard cross reference in website to be available accessed by all stakeholders. As a result of the continuous improvement was "Best Overall in GCG Implementation" from IICD at the 8th IICD Corporate Governance Conference & Award on November 7, 2016.

2) Gratification Control

Continuing the gratuity control program which has been actively carried out since 2015, Bank Mandiri consistently improves the implementation of gratuity control. In addition to 2015, Bank Mandiri has established Gratuity Control Unit on July 9, 2015 and imposed the Operating Technical Guideline (PTO) of Gratuity Control since July 3, 2015. In 2016, (i) Bank Mandiri became KPK's strategic partner in gratuity control by actively participating in activities organized by Corruption Eradication Commission (KPK), (ii) adjusting the determination of the limit values of gratification imposed fairness to all Bank Mandiri level from the Board of Commissioners, Board of Directors, up to employees including part-time employees. (iii) Specify the commitments in each labor agreement together with customers, vendors, partners, partners and all stakeholders based on ethics, sense mutual trust and responsibility.

Aside from that, Bank Mandiri strives to build the values of Good Corporate Governance and invests the integrity value to the subsidiaries. Bank Mandiri has gathered all Compliance Divisions of subsidiaries on June 9, 2016 to disseminate the gratification control. As the implementation of gratification control in subsidiaries, the preparation of control guidelines gratification by subsidiaries has been undertaken. Whereas, some of its subsidiaries are still in the process of establishing guidelines for gratification control.

STATEMENT OF THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE PRINCIPLES

All members of the Board of Commissioners, Board of Directors and employees of Bank Mandiri are committed and have implemented the Good Corporate Governance Principles and there was no material violation to the prevailing rules and regulations. In addition, Bank Mandiri conducts Governance principles in accordance with ASEAN Corporate Governance Scorecard. The principles which have not been accommodated by Bank Mandiri have been explained in Bank Mandiri website.

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Assessment on GCG Implementation

Assessment to Fulfill OJK Requirement

GCG assessment in Bank Mandiri refers to Bank Indonesia Regulation (PBI) No. 8/14/PBI/2006 on Amendment to PBI No.8/4/PBI/2006 on GCG Implementation for Commercial Banks, Bank Indonesia Circular No. 15/15/DPNP on GCG Implementation for Commercial Banks and Bank Indonesia Circular No. 13/24/DPNP on Assessment on the Level of Commercial Bank's Soundness.

As fulfillment of GCG commitment, Bank Mandiri regularly conducts internal GCG assessment using a self-assessment method, both unconsolidated and consolidated with its Subsidiaries. An OJK Circular under document No. 15/SEOJK.03/2015 on Integrated Corporate Governance of Financial Conglomeration regulates a compulsory assessment of Integrated Corporate Governance for the Main Entities each semester, which shall be performed at the end of June and December.

Self Assessment comprises of 11 (eleven) assessment factors of Governance implementation, namely: implementation of duties and responsibilities of the Board of Directors; implementation of duties and responsibilities of the Board of Commissioners; completeness and implementation of duties of committee; handling the conflict of interest; implementation of compliance function; implementation of internal audit function; implementation of external audit; implementation of risk management including internal control system; provision of funds to related party and provision of large exposure; transparency of financial and non-financial condition of Bank, governance implementation report and internal reporting; and bank strategic plan.

Individual self-assessment of GCG implementation in Bank Mandiri for Semester I of 2015 had also been Submitted to OJK. Bank Mandiri was assigned to Ranking 1 ("Very Good"). This was indicated by the sufficient fulfillment of GCG principles. With regard to the weakness in GCG implementation, such weakness was considered less significant and improvement through normal measures could be made by the Bank's management.

The result individual self-assessment of GCG implementation has submitted to OJK. The results of self-assessment in first and second semester of the year 2016 obtained the rating 1 (one) or Very Good reflecting the Bank Management has generally made a very good implementation of good corporate governance. This is reflected in a very adequate fulfillment of the principles of good corporate governance. If there are weaknesses in the application Good Corporate Governance principles, then generally these weaknesses are not significant and can immediately be repaired by the Bank's management.

The results of individual self-assessment of the Bank in the first half of 2016 has been getting feedback from OJK in the prudential meeting on 30 November 2016, and Bank Mandiri got 2nd rank or Good. This is reflected in an adequate fulfillment of the principles of good corporate governance. If there are weaknesses in the application of the principles of Good Corporate Governance, it must be less significant weakness and can be solved with normal action by the Bank's management. With these results, Bank Mandiri will continue to follow up on the results of OJK assessment so that the assessment results the bank will continue to increase.

Additionally, Bank Mandiri had submitted Report on the Implementation of Integrated Corporate Governance to the OJK for the assessment period Semester I and II of 2016. Bank Mandiri was assigned to Ranking 1 which indicated that the Financial Conglomeration was considered as having properly conducted GCG implementation. This was indicated by the highly satisfying fulfillment of GCG principles. In the event of weakness found in the implementation of Integrated Corporate Governance, such weakness was considered insignificant and the Main Entity and/or LJK was capable of making immediate improvements. Bank Mandiri has not received any feedback from OJK regarding Integrated Corporate Governance assessment.

ASEAN CG Scorecard

In order to improve the implementation of GCG, Bank Mandiri consistently participates in the ASEAN CG Scorecard. Bank Mandiri continues to achieve higher score of ASEAN CG Scorecard. Following is the results of Bank Mandiri.

ASEAN CG Scorecard Bank Mandiri
2012 - 2016



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Rating GCG – CGPI Award

Bank Mandiri participates in Corporate Governance Perception Index (CGPI) rating and survey every year. CGPI is a GCG research and rating program for assessment of Corporate Governance quality. Participants of CGPI are public companies (issuers), State Owned Enterprises, banking and other private Companies. Bank Mandiri has been participating in CGPI assessment for 13 (thirteen) consecutive years since 2003. The purposes, benefits and aspects of CGPI assessment are described below:

Purposes

- 1) To develop ethical, sound, distinguished and sustainable business practices.
- 2) To encourage all stakeholders, including the Government, Business Entities and Business
- 3) Community and Business Supports to implement GCG best practices.
- 4) To motivate businesses to implement CG concept and promote participation of the wider community in proactively developing and implementing GCG.

Benefits

- 1) To reform corporate organization to support GCG implementation and map strategic issues in companies, especially those related to GCG implementation.
- 2) To build the capacity of both the organizations and their personnel in terms of GCG implementation.
- 3) To enhance mutual awareness within the company and among the stakeholders in regards to the importance of GCG for sustainable growth.
- 4) To improve the quality of GCG implementation for developing the competitiveness and achieving corporate sustainability.

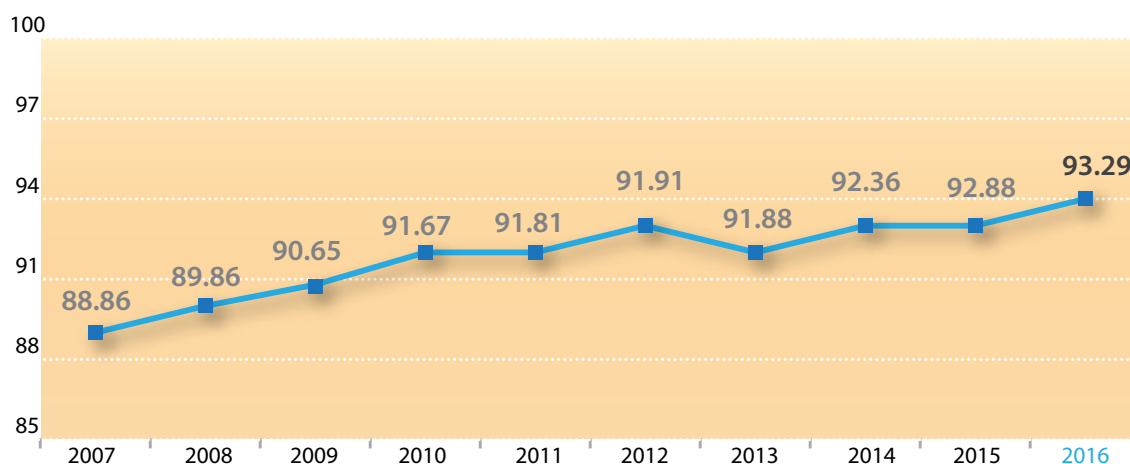
Assessment aspects in 2016:

Stage	Proportion of Assessment	Score of Bank Mandiri
Self Assessment	30%	27.74
Documentation System	26%	24.17
Papers	15%	14.22
Observation	29%	27.17
Score		93.29

In the 2015/2016 CGPI “GCG in Sustainable Perspective”, Bank Mandiri achieved the highest GCG score and was rated as a “The Most Trusted Company”. This became the tenth consecutive award for Bank Mandiri won during 2007-2016. In the 2016 CGPI Assessment, Bank Mandiri scored 93.29 earning the title “The Most Trusted Company”. The result of CGPI assessment for the last ten years is as follows:

Bank Mandiri’s CGPI Score in 2007-2016

Corporate Governance Perception Index (CGPI)



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GCG Quality Improvement

Bank Mandiri puts some efforts to continuously improve the implementation of corporate governance based on TARIF principle. One of the aspects that should be improved by Bank Mandiri is transparency aspect which aims at:

Quality Improvement on Conducting GMS

In a bid to enhance transparency aspect, improvements had been made on disclosure of information regarding the announcement and invitation to GMS, detailed information on the Meeting's code of conducts and agenda including description of each agenda item, voting and improvements on the transparency of information put on Bank Mandiri's website at www.bankmandiri.co.id.

Public Official's Wealth Report (LHKPN)

In order to further the effectiveness of its GCG implementation, Bank Mandiri complies with the mandatory provisions on LHKPN pursuant to Decree of the Head of the KPK No. KEP.07/KPK/02/2005 on Procedures for Registration, Examination and Announcement of Public Official's Wealth Report as has been replaced by Commission Regulation No. 7 year 2016 regarding Registration Procedures, Announcements and News State Officials Wealth dated May 31, 2016, and Circular No. SE-O8/01/10/2016 on the instructions LHKPN technical delivery and management.

As a concrete effort in achieving transparency and preventing corruption in the Bank, as well as building a country that is clean and free from corruption, collusion and nepotism, the BOC and BOD members, Executive Officials at 1 (one) level below BOD and other Structural Officials in the Bank are required to submit their LHKPN.

The provisions for LHKPN are stipulated in specific policies set forth in a BOD Decree are updated from time to time in accordance with the applicable regulations.

1) Determining Officials required to submit the LHKPN

No	Decree	Subject
1	KEP.DIR/091/2015, dated March 20, 2015	Public Official's Wealth Report at PT Bank Mandiri (Persero) Tbk
2	KEP.DIR/071/2011, dated March 22, 2011	Extension of Appointing Officials Required to Submit Public Official's Wealth Report of PT Bank Mandiri (Persero) Tbk.
3	KEP.DIR/090/2009, dated June 29, 2009	List of PT Bank Mandiri (Persero) Tbk. Officials Required to Submit Public Official's Wealth Report

- The above policies set out the obligation of Public Officials to submit LHKPN by virtue of their offices (ex-officio), with such reports stating the officials' wealth before, during and after serving the offices.
- The list of officials required to submit LHKPN is based on the designated criteria as stipulated in the prevailing legislation, including all members of the BOC and BOD, Group Heads/equivalent, Regional CEO, Branch Heads and other Structural Officials who are required to submit the report pursuant to the BOD Decree

2) Appointment of LHKPN Coordinator

No	Decree	Subject
1	KEP.DIR/342/2013, dated December 27, 2013	Appointment of Coordinator and Application User of LHKPN at PT Bank Mandiri (Persero) Tbk
2	KEP.DIR/214/2010, dated August 5, 2010	Adjustment on Appointment of Coordinator and Application User of LHKPN at PT Bank Mandiri (Persero) Tbk
3	KEP.DIR/091/2009, dated June 29, 2009	Appointment of Coordinator and Application User of Officials' LHKPN at PT Bank Mandiri (Persero) Tbk

- The managing coordinator determines the officials required to submit LHKPN, monitors the submission of LHKPN and disseminates information on LHKPN obligation.
- In addition, the managing coordinator should updates LHKPN data in collaboration with the KPK and informs every change within Bank Mandiri.

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Submission of LHKPN until the end of 2016 was continuously monitored and evaluated, particularly with regard to structural positions subjected to compulsory LHKPN submission totaling 285 personnel which consist of the management, including BOC, BOD, SEVPs and Structural Officials. Those subject to compulsory LHKPN submission have fulfilled their obligation according to the proportion of reporting submission until October 7, 2016 as indicated by the issuance of Wealth ID Number (NHK) by the KPK for those who had met their relevant obligations; and the majority of these Officials have submitted their wealth report.

The following is the recapitulation of LHKPN Compliance at PT Bank Mandiri (Persero) Tbk as of October 7, 2016

No	Work Unit	Number of LHKPN Reporting Officials	Total Reporting Official Number		Non-Reporting Officials					
			Number	%	Form A	%	Form B	%	Total	%
					Number		Number		Number	
1	Board of Commissioners	8	4	50.00	0	0.00	4	50.00	4	50.00
2	Board of Directors	10	4	40.00	2	20.00	4	40.00	6	60.00
3	PT Bank Mandiri (Persero) Tbk	233	152	65.24	34	14.59	47	20.17	81	34.76
4	Subsidiaries	34	12	35.29	9	26.47	13	38.24	22	64.71
Total		274	285	172	60.35	45	15.79	68	23.86	113

Quality Improvement Plan for Implementation of GCG in 2017

Bank Mandiri realizes that the implementation of sustainable corporate governance has an important role in ensuring the maximum benefit gained by the company, which then will further strengthen the company's internal condition, improve the performance of the company, improve the management of the risk and improve their reputation or positive image as a company that supports national economy. In accordance with the Corporate Plan (2015-2020), the management has committed to make Bank Mandiri to be the leader in the implementation of Good Corporate Governance.

In addition, Bank Mandiri also implements Integrated Governance to create added value for sustainable financial conglomerate that includes initiatives to improve the quality and execution of the organs integrated governance. Bank Mandiri also constantly enhances governance structure of the subsidiaries to achieve the implementation of good governance in their respective industries. This is done to realize synergy of Mandiri Group to achieve the aspirations of Indonesia's best, ASEAN's prominent.

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General Meeting of Shareholders

General Meeting of Shareholders is the organ with the highest power within the company and has the authority that is not given to the Board of Directors and Board of Commissioners. Through GMS, the shareholders are able to use their rights, express opinions and submit their votes in important decision-making process related to the development and the future of Bank Mandiri fairly and transparent.

Authority and Responsibilities of Shareholders in GMS

The GMS's authority which, among others, includes appointing and dismissing members of the Board of Commissioners (BOC) and the Board of Directors (BOD); evaluating the performance of the BOC and BOD; approving the amendments and ratifications of the Articles of Association; approving annual reports and determining the form and the amount of remuneration for BOC and BOD members; and taking decisions pertaining to corporate actions or other strategic resolutions proposed by BOD, profit allocation and payment of dividends. Resolutions achieved through GMS are in the best interest of the Company. Without prejudice to the power and authority it exercises, GMS or shareholders may not perform any interventions with the performance of duties, functions and authorities of both BOC and BOD in fulfilling their rights and obligations pursuant to the Articles of Association and legislation. Decision making in GMS is carried out in a reasonable and transparent manner.

The responsibilities of Shareholders can be distinguished among others:

1. The controlling shareholders must be able to:
 - a. Have regard to the interests of minority shareholders and stakeholders in accordance with the prevailing rules and regulations;
 - b. In the event of suspected violation to the applicable laws and regulations, the controlling shareholders' names up to Ultimate Shareholders shall be disclosed to law enforcement agencies or whenever requested by the competent authorities.
2. In the event of the controlling shareholder is also the controlling shareholder in several companies, efforts have to be made to maintain transparency in accountability and inter-listed companies relationship;
3. Properly exercising rights by Minority shareholders in accordance with the Articles of Association and the laws and regulations;
4. The shareholders must be able to:
 - a. Separate the ownership of Company assets from their private assets;
 - b. Separate their functions as shareholders and as members of BOC or BOD in the event that a shareholder sits on one of the said two corporate organs.

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The Execution of 2016 Annual GMS

Throughout 2015, Bank Mandiri has convened one GMS, namely Annual GMS on:

Day/Date : Monday, March 21, 2016
Time : 14.47 until 18.02 Western Indonesia Time
Venue : Auditorium Plaza Mandiri 3rd Floor
Jl. Jend. Gatot Subroto Kavling 36 - 38
Jakarta Selatan

The execution of such GMS began from pre-GMS until post-GMS through several stages according to the regulations as follows:

No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
1.	Notification of GMS to OJK		Article 8 Clause 1-3 No later than 5 (five) working days before the announcement of the GMS, excluding the announcement date. The meeting agenda as mentioned must be disclosed clearly and in detail.	3 February 2016	Submitted to OJK through letter No.FST/083/2016 dated February 3, 2016 concerning Holding Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) for the year 2015.
2.	GMS Announcement		Article 10 Clause 2 and 4 14 (fourteen) days at the latest before the calling for GMS, excluding the date of the announcement and the date of calling. The GMS announcement to the shareholders must be made at least via: a. 1 (one) Indonesian language daily newspaper with national circulation; b. The Stock Exchange's website; and c. The Public Limited Company's website, in the Indonesian and foreign languages, at least English. Article 10 Clause 3 Shall state that the GMS is held by the Public Limited Company based on the request the shareholders.	11 February 2016	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website (www.bankmandiri.co.id) at the same day.
3.	Submission of GMS Announcement Proof to OJK and IDX	IDX Rule No.1-E Point IV.5: At the latest on the same Exchange Day as the date of the advertisement.	Article 10 Clause 8 No later than 2 (two) working days after the announcement of GMS. Article 10 Clause 9 If the GMS is conducted based on the request of the shareholders, the submission of the proof of GMS announcement as mentioned in clause (8) shall also be accompanied by a copy of the request letter to hold a GMS.	11 February 2016	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
4.	Recording Date	.	Article 19 Clause 2 1 (one) working day before the calling of GMS.	25 February 2016	

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No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
5.	Calling of GMS		Article 13 Clause 1 and 3 No later than 21 (twenty one) days before the GMS is held, excluding the date of calling and the date of the GMS which shall be made at least via: 1 (one) Indonesian language daily newspaper with national circulation; - The Stock Exchange's website; and - The Public Limited Company's website, in the Indonesian and foreign languages, at least English. The curriculum vitae of the Board of Commissioners and/or the Board of Directors to be appointed must be available: - At the website of the Public Limited Company at least since the calling of GMS until the day it is held; or - At another time besides the time specified in point (a), however it should not be no later than the time when the GMS takes place, provided that it is stipulated in laws and regulations.	26 February 2016	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website (www.bankmandiri.co.id) at the same day.
6.	Submission of the proof of announcement of GMS Calling to OJK and IDX	IDX Rule No.1-E Point IV.5: At the latest on the same Exchange Day as the date of the advertisement.	Article 13 Clause 7 No later than 2 (two) working days after the calling of GMS.	26 February 2016	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
7.	GMS		Article 26 Clause 1.a GMS can be done if it is attended by more than ½ (half) of total shareholders with voting rights or their representatives, unless the Law and/or Articles of Association of the Public Limited Company defines a bigger quorum number.	21 March 2016	
8.	Publication on GMS Result	IDX Rules No.I-E Item IV.6: At the latest 2 (two) days Exchange next after General Meeting of Shareholders equipped resume the meeting of the created Notary.		22 March 2016	Pursuant to ASEAN CG Scorecard, Bank Mandiri published the GMS Resolutions through website (www.bankmandiri.co.id) one day prior to holding GMS.
9.	Submission of GMS Resolutions to OJK and IDX	IDX Rule No.I-E B Point IV.6: At the latest 2 (two) following Exchange Days after the GMS or GMB, attaching summary of meeting resolution made by a Notary.		23 March 2016	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
10.	GMS Brief Minutes Ads		Article 34 Clause 2 and 6 Not later than 2 (two) working days after the GMS is conducted which shall be announced to the people at least via: 1 (one) Indonesian language daily newspaper with national circulation; - The Stock Exchange's website; and - The Public Limited Company's website, in the Indonesian and foreign languages, at least English.	23 March 2016	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website (www.bankmandiri.co.id) at the same day.

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No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
11	Submission of the proof of announcement of the GMS brief minutes to OJK and IDX		Article 34 Clause 7 Not later than 2 (two) working days after the announcement is made.	23 March 2016	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
12.	GMS Minutes		Article 33 (1) GMS minutes must be submitted to the Financial Services Authority not later than 30 (thirty) days after the GMS is conducted. (2) If the submission day of GMS minutes as mentioned in clause (1) falls on a holiday, the GMS minutes must be submitted on the following working day at the latest.	18 April 2016	Submitted to OJK through letter CEO. CSC/CMA.794/2016 dated 18 April 2016 concerning Submission of Brief Summary of Annual GMS Minutes of PT Bank Mandiri (Persero).

The GMS was chaired by Mr. Wimboh Santoso as President Commissioner pursuant to the resolution of the Board of Commissioners' meeting dated February 17, 2016 and was attended by all the Board Members as follows:

Board of Commissioners

1. President Commissioner : Mr. Wimboh Santoso
2. Deputy Chief Commissioner: Mr. Imam Apriyanto Putro
3. Independent Commissioner : Mr. Abdul Aziz (Chairman of Risk Management Committee and Integrated Governance Committee)
4. Independent Commissioner: Ms. Aviliani (Chairman of Audit Committee)
5. Commissioner: Mr. Askolani
6. Commissioner: Mr. Suwhono
7. Independent Commissioner: Mr. Goei Siauw Hong
8. Independent Commissioner: Mr. Bangun S. Kusmulyono (Chairman of Nomination and Remuneration Committee)

Direksi

1. President Director : Mr. Budi G. Sadikin
2. Vice President Director: Mr. Sulaiman A. Arianto
3. Director of Distributions : Mr. Sentot A. Sentausa
4. Director of Technology & Operations : Mr. Ogi Prastomiyono
5. Director of Treasury & Market : Mr. Pahala N. Mansury
6. Director of Corporate Banking : Mr. Royke Tumilaar
7. Director of Consumer Banking : Mr. Hery Gunardi
8. Director of Micro & Business Banking : Mr. Tardi
9. Director of Risk Management & Compliance: Mr. Ahmad Siddik Badruddin
10. Director of Commercial Banking : Ms. Kartini Sally
11. Director of Finance & Strategy : Mr. Kartika Wirjoatmodjo

Besides Board of Commissioners and Directors, the Audit Committee members from independent parties who attended at the Meeting are: Mr. Budi Sulistio dan Mr. Ridwan Dharmawan Ayub.

The shareholders and/or their proxies/representatives who represented 19,860,757,741 shares, among them Series A Dwiwarna Share or constituting 85.117% of the total shares with valid voting rights issued by the Company up to the day when the Meeting was held, i.e. 23,333,333,333 shares comprising:

- 1 (one) Series A Dwiwarna Share; and
- 23,333,333,332 (twenty-three billion three hundred thirty-three million three hundred thirty-three thousand three hundred thirtytwo) Series B Shares; having regard to the Company Shareholder Register as per November 25, 2015 up to 16.00 Western Indonesia Time.

Such numbers increased to 84.73% compared to the previous year, indicating that the announcement and invitation of Bank Mandiri's GMS have been effectively executed as well as the great concern and participation of the Shareholders.

The Meeting provided the opportunities to the Shareholders and their proxies to raise questions and/or to submit opinions for each of the Meeting agenda.

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Mechanism of Decision-Making

Decision-making mechanism will be resolved based on an amicable deliberation to reach mutual consensus. In the event that the resolutions based on the amicable deliberation fail to reach a mutual consensus, the resolutions shall be resolved by voting. The resolutions of the first agenda until the sixth agenda were resolved through open voting system by raising their hands. Meanwhile, the seventh agenda concerning the change in the Board of Commissioners and the Board of Directors will be resolved by closed-door voting system. The voting which is carried out by voting cards will be counted electronically.

Independent Party Vote Counter

The Company has appointed Notary Ashoya Ratam SH, Mkn and PT Datindo Entrycom as independent parties to calculate and or validate votes.

Following is the detail of resolutions as stipulated in the deed "Minutes of Annual General Meeting of Shareholders of PT BANK MANDIRI Tbk" No. 25 dated March 21, 2015 which was made before Notary Ashoya Ratam SH, MKn

First Agenda	Approval of Financial Statements including Approval of Corporate Consolidated Financial Statements and Supervision Report of the Board of Commissioners for the financial year ended on December 31, 2015, and the Approval of Annual Report including Partnership and Community Development Program (Partnership and Community Development Program) for the financial year ended on December 31, 2015 and granting full responsibility release and discharge (acquitt et de charge) to the Board of Directors and Board of Commissioners of the Company for their management and supervision during the financial year ended on December 31, 2015.		
Number of Shareholders submitting questions	6 person		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	99.547% shares or 100% of all shares with voting rights presented at the Meeting.	0.312% shares or 100% of all shares with voting rights presented at the Meeting.	0.139% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	1. Approve the Annual Report of the Company including Supervisory Report of the Board of Commissioners for the financial year ended on December 31, 2015, and approve the Consolidated Financial Statements of the Company for the financial year ended on December 31, 2015 as audited by the Public Accounting Office of Purwantono, Sungkoro & Surja with an audit opinion of no modification (formerly unqualified). 2. Approve the Annual Report of the Implementation of Partnership and Community Development Program for the financial year ended on December 31, 2015 as audited by the Public Accounting Office Purwantono, Sungkoro & Surja with an audit opinion of no modification (formerly unqualified). 3. For the approval of the Annual Report of the Company including approval of Supervisory Report of the Board of Commissioners for the financial year ended on December 31, 2015, and the approval of Consolidated Financial Statements of the Company for the financial year ended on December 31, 2015 and Annual Report of the Implementation of Partnership and Community Development Program for the financial year ended on December 31, 2015, provide full release and discharge of responsibility (volledig acquitt et decharge) to all members of the Board of Directors and Board of Commissioners for the management and supervision acts for the financial year ended on December 31, 2015, as long as the acts are not a criminal act and the acts are reflected in the Annual Report, Consolidated Financial Statements of the Company and Annual Report of Partnership and Community Development Program for the financial year ended on December 31, 2015. The release and discharge are also awarded to: - Mr. Yasin, Mr. Pradjoto, Mr. Anton H. Gunawan, Mr. Krisna Wijaya who on January 1, 2015 until March 16, 2015 served as a member of the Board of Commissioners and Mr. Nasution who on June 11, 2015 until August 12, 2015 served as Commissioner of the Company; and - Mr. Riswinandi, Mr. Abdul Rachman, Mr. Kresno Sediarsi, Mr. Sunarso and Ms. Fransisca N Mok on January 1, 2015 until March 16, 2015 served as member of the Board of Directors.		
Realization Year	2016		

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Second Agenda	Determination of the allocation of net income of the Company for the financial year ended on December 31, 2015		
Number of Shareholders submitting questions	3 person		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	99.086% shares or 100% of all shares with voting rights presented at the Meeting.	0.286% shares or 100% of all shares with voting rights presented at the Meeting.	0.627% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	Approve and set the use of net income of the Company for the financial year ended on December 31, 2015 at Rp20,334,967,510,904.70 with the following allocation: a. 30% of net income of the Company for the period of January 1, 2015 to December 31, 2015 or Rp6,100,490,253,271.41 is allocated as cash dividends to shareholders and dividends for the state of the Republic of Indonesia will be transferred in accordance with the rules and regulations. To grant the power and authority to the Board of Directors to manage the cash dividends payout procedure and implementation and then announce it in accordance to the prevailing regulations. b. 11.2% of net income of the Company for the period of January 1, 2015 to December 31, 2015 or Rp2,277,516,361,221.33 is allocated as Targeted Reserve for the investment purposes of the Company. The Targeted Reserve will be used gradually and the implementation will be in line with the conditions and needs of the Company. c. 58.8% of net income of the Company or 11,956,960,896,411.96 is allocated as Retained Earnings. Fund for Partnership and Community Development Program for the financial year of 2016 is equivalent to (around) 0.5% of net income for the financial year ended on December 31, 2015 which source of fund is from Corporate cost and the remaining balance of PKBL fund from previous years.		
Realization Year	2016		
Third Agenda	Determination of remuneration and honorarium for the financial year of 2016 and tantiem on the performance for the financial year ended on December 31, 2015 for the members of Board of Directors and Board of Commissioners of the Company		
Number of Shareholders submitting questions	None		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	96.601% shares or 100% of all shares with voting rights presented at the Meeting.	0.885% shares or 100% of all shares with voting rights presented at the Meeting.	2.512% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	To grant the power and authority to the Board of Commissioners by first asking for approval from the A Dwiwarna series shareholders to determine the salary for the members of Board of Directors and honorarium for the members of Board of Commissioners of the Company for the financial year of 2016 and tantiem for the performance of the members of Board of Directors and Board of Commissioners for the financial year ended on December 31, 2015 following the Regulation of State Owned Enterprise Minister number PER-04/MBU/2014 on Guidelines to Determine Income of Board of Directors, Board of Commissioners and Supervisory Board of State Owned Enterprise.		
Realization Year	2016		
Fourth Agenda	Appointment of the Public Accountant Office to audit the Financial Statements of the Company and the Annual Report of on the Partnership and Community Development Program for the financial year ended on December 31, 2016		
Number of Shareholders submitting questions	None		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	96.601% shares or 100% of all shares with voting rights presented at the Meeting.	0.885% shares or 100% of all shares with voting rights presented at the Meeting.	2.512% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	- To approve Public Accounting Office of Purwantono, Sungkoro & Surja as the Public Accounting Office to audit the Consolidated Financial Statements of the Company and Annual Report of the Implementation of the Partnership and Community Development Program for the financial year ended on December 31, 2016. - To grant the authority to the Board of Commissioners to determine honorarium and other requirements for the Public Accounting Office, and appoint substitute Public Accounting Office in the event the Public Accounting Office Purwantono, Sungkoro & Surja, due to any reason whatsoever could not finish the audit of Consolidated Financial Statements of the Company and Annual Report of the Implementation of the Partnership and Community Development Program for the financial year ended on December 31, 2016.		
Realization Year	2016		

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Fifth Agenda	Approval to amend the Fund Adequacy Ratio of the pension fund of Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat as set out in the resolution of the Annual General Meeting of Shareholders dated April 2, 2013 from a minimum of 115% to a minimum of 105% which the implementation of resolution to increase Pension Benefits and Other Benefits have been delegated to the Board of Commissioners.		
Number of Shareholders submitting questions	None		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	78.403% shares or 100% of all shares with voting rights presented at the Meeting.	2.032% shares or 100% of all shares with voting rights presented at the Meeting.	19.564% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	To change the minimum RKD for Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat as decided in the resolution of Annual GMS dated April 2, 2013 from a minimum of 115% to a minimum of 105% which the decision on pension and/or other benefits upgrade is delegated to the Founding Board of Commissioners, hence the delegation of authority to the Founding Board of Commissioners in relation to the pension or other benefits upgrade in Dana Pensiun Bank Mandiri Satu to Dana Pensiun Bank Mandiri Empat, has fulfilled the following minimum conditions: 1. RKD after the upgrade in pension and/or other benefits at a minimum of 105% based on the mortality table as determined by the Company as the Founder. 2. There is a surplus and no additional contribution and accounting obligation based on PSAK number 24		
Realization Year	2016		

Sixth Agenda	Approval for the share ownership program by management and employees to provide long-term performance-based incentive.		
Number of Shareholders submitting questions	4 person		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	77.309% shares or 100% of all shares with voting rights presented at the Meeting.	1.217% shares or 100% of all shares with voting rights presented at the Meeting.	21.472% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	To approve the provision of share ownership program to provide long-term performance-based incentive to the management of the Company and power and authority to the Board of Commissioners of the Company by first obtaining approval from A series Dwiwarna shareholders to determine the method and mechanism including the amount of share ownership program by the management to provide long-term performance-based incentive.		
Realization Year	2016		

Seventh Agenda	Change in the management of Company.		
Number of Shareholders submitting questions	None		
Voting Result	Affirmative Votes	Abstain Votes	Disapproving Votes
	78.403% shares or 100% of all shares with voting rights presented at the Meeting.	2.032% shares or 100% of all shares with voting rights presented at the Meeting.	19.564% shares or 100% of all shares with voting rights presented at the Meeting.
Resolutions	1. To cordially dismiss the following names as members of the Board of Directors of the Company: a. BUDI GUNADI SADIKIN as President Director; b. SENTOT A SENTAUSA as Director; c. ROYKE TUMILAAAR as Director. The dismissal of the members of the Board of Directors shall be from the Meeting adjournment with gratitude for their work during their term as members of the Board of Directors of the Company. 2. To switch the assignment of Mr. KARTIKA WIRJOATMODJO who is appointed pursuant to the resolution of 2015 GMS of the Company from Director to President Director of the Company with a term of office of continuing the remaining term of office following the resolution of the GMS. 3. Appoint the following names as members of the Board of Directors of the Company: a. Mr.RICO USTHAVIA FRANS as Director; b. Mr.ROYKE TUMILAAAR as Director. The expiration of the term of office of the appointed members of the Board of Directors is until the adjournment of the fifth Annual GMS since the appointment, by considering the rules and regulations of the capital markets and without reducing the right of the GMS of the Company for dismissal at any time.		

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	4. Appoint ARDAN ADIPERDANA as Commissioner of the Company. The expiration of the term of office of the appointed members of the Board of Directors is until the adjournment of the fifth Annual GMS since the appointment, by considering the rules and regulations of the capital markets and without reducing the right of the GMS of the Company for dismissal at any time.
	5. To transfer the appointment of WIMBOH SANTOSO who is appointed based on the resolution of the 2015 Extraordinary GMS of the Company from the President Commissioner of the Company to President Commissioner and Independent Commissioner of the Company with the term of office of the remaining term of the office as set out in the resolution of the Extraordinary GMS. Notes: Bank Mandiri did not continue the GMS resolution due to the unmet provision of six months cooling off period. Therefore, the concurrent position as President Commissioner and Independent Commissioner shall not be effective.
	6. With the dismissal, appointment and transfer of position of members of Board of Directors and members of Board of Commissioners, the composition of members of Board of Directors and Board of Commissioners of the Company is as follows: Board of Directors President Director: Mr. Kartika Wirjoatmodjo; Vice President Director: Mr. Sulaiman A. Arianto; Director : Mr. Ogi Prastomiyono; Director : Mr. Pahala N. Mansury; Director : Mr. Hery Gunardi; Director : Mr. Tardi; Director : Mr. Ahmad Siddik Badruddin; Director : Ms. Kartini Sally; Director : Mr. Royke Tumilaar; Director : Mr. Rico Usthavia Frans; Board of Commissioners President Commissioner/Independent Commissioner : Mr. Wimboh Santoso; Deputy Chief Commissioner: Mr. Imam Apriyanto Putro; Independent Commissioner : Ms. Aviliani; Independent Commissioner: Mr. Goei Siau Hong. Independent Commissioner: Mr. Bangun S. Kusmulyono; Independent Commissioner: Mr. Abdul Aziz; Commissioner : Mr. Askolani; Commissioner : Mr. Suwhono; Commissioner : Mr. Ardan Adiperdana.
	7. To grant the power and authority to the Board of Directors of the Company with substituting right to perform all necessary acts in relation to the resolution of such agenda in accordance with the prevailing laws and regulations, including preparation of a separate Notary Deed and announce the composition of the members of the Board of Directors and Board of Commissioners of the Company to the Ministry of Justice and Human Rights, and ask the Financial Services Authority to perform Fit & Proper Test to the candidates for the member of Board of Directors and Board of Commissioners of the Company following the prevailing regulations.
Realization Year	2016

Previous AGMS Resolutions and Its Realization

1. AGMS (March 6, 2015)

Agenda	Resolutions	Realization Date	Description
Approval of the Annual Report and Approval of the Consolidated Financial Statements, Approval of Report on Supervisory Duties of the Board of Commissioners and Approval of the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014	1. To approve the Company's Annual Report, including Report on Supervisory Duties conducted by BOC for the fiscal year ending on December 31, 2014, and approve the Consolidated Financial Statements for the fiscal year ending on December 31, 2014 as audited by the Public Accounting Firm (KAP) TANUDIREDDJA, WIBISANA & Partners, with an "unqualified" opinion as reflected in its report dated February 2, 2015, and with the approval of the Annual Report, the Report on Supervisory Duties by BOC and the Consolidated Financial Statements for the fiscal year ending on December 31, 2014, the GMS fully released and discharged (volledig acquit et de charge) all BOC and BOD members who held their offices during the aforementioned fiscal year to the extent that their acts did not constitute criminal offenses and such acts were reflected in the Company's Annual Report and Consolidated Financial Statements.	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
	2. To approve the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014 as audited by KAP TANUDIREDA, WIBISANA & Partners. With an "unqualified opinion" as reflected in its report dated February 20, 2015, and with the approval of the Company's Annual Report for the said fiscal year and the approval of the Annual Report on the Implementation of Partnership and Environmental Development Program for the same fiscal year, the GMS fully released and discharged (volledig acquit et de charge) all BOC and BOD members from the management and supervision conducted during the fiscal year ending on December 31, 2014 to the extent that their acts did not constitute criminal offenses and such acts were reflected in the Company's Annual Report and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014	2015	Implemented
Approval of the Company's allocation of net profit for the fiscal year ending on December 31, 2014;	1. To approve and set out the Company's allocation of (consolidated) net profit in FY 2014 amounting to Rp19,871,873,276,792.6 (nineteen trillion eight hundred seventy-one billion eight hundred seventy-three million two hundred seventy-six thousand seven hundred ninety-two rupiahs and sixty cents) as follows: a) As much as 25% of the Company's net profit for the period January 1-December 31, 2014, or Rp 4,967,968,319,198.15 (four trillion nine hundred sixty-seven billion nine hundred sixty-eight million three hundred nineteen thousand one hundred ninety-eight rupiahs and fifteen cents) to be distributed as cash dividends to the shareholders. b) To grant the authority and power with the right of substitution to BOD to establish procedures for dividend payment in accordance with the applicable regulations.	2015	Implemented
	2. As much as 13.20% of the Company's net profit for the period January 1- December 31, 2014, or totaling Rp2,622,936,000,000.36 (two trillion six hundred twenty-two billion nine hundred thirty-six million Rupiahs and thirty-six cents) to be set aside as Reserves to support investment.		
	3. The rest of the Company's net profit from FY 2014, after allocation for dividend payments and Reserves as mentioned in point 1 and 2, is designated as Retained Earnings.		
Appointment of a Public Accounting Firm to audit the Company's Financial Statements and the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2015.	To grant the authority as specified in Article 11 paragraph (2) letter c of the Articles of Association stipulating that "In the Annual GMS, a Public Accounting Firm shall be appointed to audit current Company's books based on recommendation from the Board of Commissioners" to BOC to choose an Accounting Firm that will audit the Company's Consolidated Financial Statements and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2015, including to determine the fee and other requirements for such Accounting Firm, including to choose a substitute Accounting Firm in the event that the Accounting Firm appointed and chosen, due to any reasons, cannot complete the audit of the Company's Consolidated Financial Statements and Annual Report on the Implementation of Partnership and Environmental Development Program for 2015.	2015	Implemented
Determining the salaries of BOD, honorarium of BOC and bonuses as well as other benefits for all members of BOC and BOD	To grant the power and authority to BOC with prior approval from the Shareholder of Series A Dwiwarna to decide the amount of bonuses paid to members of BOC and BOD serving in FY 2014 and to determine the amount of salaries, honorarium, and other benefits, including allowances and facilities, for BOC and BOD members in 2015.	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
Amendments to the Company's Articles of Association in connection with the provisions of (i) Regulation of the Financial Services Authority (POJK) No. 32/POJK.04/2014 on Planning and Holding a Public Company's General Meeting of Shareholders, and (ii) POJK No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of an Issuer or Public Company	- To approve the amendments to Company's Articles of Association conforming to POJK No. 32/POJK.04/2014 concerning Planning and Holding a Public Company's General Meeting of Shareholders and POJK No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of an Issuer or Public Company. - To approve the reconstitution of all provisions in the Articles of Association which relate to the amendments referred to in point no. 1 of the resolutions above. - To grant the power and authority with the right of substitution to BOD to take the necessary acts pertaining to the resolutions on the Meeting's agenda, including to reconstitute and restate all Articles of Association pursuant to the resolutions mentioned on point 2 (two) into a Notarial Deed and thereafter to submit the same to the competent authority for approval and/or receipt of notification concerning amendments to the Company's Articles of Association, and to conclude all matters as deemed necessary and useful for such purpose without any exception, including making any addition and/or change in the amendments of the Articles of Association, if required by the competent authority.	2015	Implemented
Approval of changes in the members of the Company's BOC and BOD	- To honorably discharge BOC and BOD members ending their tenure on the closing of the Meeting with deepest gratitude for their great contributions in their respective capacity as BOC and BOD members. - To accept the resignation of Mr. Mahmuddin Yasin from his tenure as the Chief Commissioner pursuant to his letter dated March 10, 2015 with deepest gratitude for his contributions in his capacity as a member of BOC. - To honorably discharge Mr. Anton Hermanto Gunawan as an Independent Commissioner effective from the closing of the Meeting with deepest gratitude for his great contributions in his capacity as a member of Company's BOC. - To appoint: - Members of the Company's BOC - Mr. Darmin Nasution as Chief Commissioner; - Mr. Imam Apriyanto Putro as Deputy Chief Commissioner; - Mr. Goei Siau Hong as Independent Commissioner; - Mr. Suwhono as Commissioner; - Mr. Bangun S. Kusmulyono as Independent Commissioner; - Ms. Cahaya Dwi Rembulan Sinaga as Independent Commissioner; - Members of the Company's BOD - Mr. Sulaiman Arif Arianto as Vice President Director; - Mr. Pahala Nugraha Mansury as Director; - Ms. Kartini Sally as Director; - Mr. Kartika Wirjoatmodjo as Director; - Mr. Ahmad Siddik Badruddin as Director; - Mr. Tardi as Director;	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
	The appointment of BOC and BOD members was declared effective following approval from the OJK based on the Fit and Proper Test and upon compliance with the applicable legislation, except for the appointment of Mr. Pahala Nugraha Mansury which was effective as of the closing of this Meeting. The tenure of the appointed members of BOC and BOD shall end by the closing of the fifth Company's Annual GMS as of their appointment without prejudice to the rights of the Meeting to dismiss any of them at any time. To re-assign Mr. Abdul Aziz from Commissioner to Independent Commissioner post for the remainder of his tenure as a Commissioner. Therefore, upon the closing of the Meeting, the members of the Company's BOC and BOD shall be as follows: Board of Commissioners • President Commissioner: Mr. Darmin Nasution • Deputy Chief Commissioner: Mr. Imam Apriyanto Putro • Independent Commissioner: Ms. Aviliani • Independent Commissioner: Mr. Goei Siau Hong • Commissioner: Mr. Suwhono • Independent Commissioner: Mr. Abdul Aziz • Commissioner: Mr. Askolani • Independent Commissioner: Mr. Bangun S. Kusmulyono • Independent Commissioner: Ms. Cahaya Dwi Rembulan Sinaga Board of Directors • President Director: Mr. Budi Gunadi Sadikin • Vice President Director: Mr. Sulaiman Arif Arianto • Director: Mr. Royke Tumilaar • Director: Mr. Hery Gunardi • Director: Mr. Sentot A Sentaosa • Director: Mr. Ogi Prastomiyono • Director: Mr. Pahala Nugraha Mansury • Director: Ms. Kartini Sally • Director: Mr. Kartika Wirjoatmodjo • Director: Mr. Ahmad Siddik Badruddin • Director: Mr. Tardi	2015	Implemented
	5. To grant the power and authority with the right of substitution to BOD to take all the necessary acts relating to the resolutions on the Meeting's agenda in line with the applicable legislation, including stating changes in the membership of BOC and BOD in a Notarial Deed and notifying the Ministry of Law and Human Rights of the Republic of Indonesia of the BOC and BOD membership as well as requesting the OJK to conduct a Fit and Proper Test for appointed Board's members in accordance with the applicable legislation.		

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2. EGMS (December 18, 2015)

Agenda	Resolutions	Realization Date	Remarks
Perubahan Pengurus Perseroan	1. Approved the dismissal of Mr. Darmin Nasution as the Chief Commissioner as of his official appointment as the Coordinating Minister for Economic Affairs of the Republic of Indonesia on August 12, 2015 by extending deepest gratitude for his great contributions in his capacity as the Chief Commissioner. 2. Approved and appointed Mr. Wimboh Santoso as the Chief Commissioner. The appointment of the Chief Commissioner was effective following approval from the OJK based on the Fit and Proper Test and compliance with the applicable legislation. The tenure of the newly appointed Chief Commissioner would end on the closing of the fifth Annual GMS as of his appointment, with due observance of legislation regulating Capital Market and without prejudice to the rights of the Meeting to dismiss him at any time. 3. Therefore, following the approval from OJK of that appointment, the membership of BOC would be as follows: Board of Commissioners: President Commissioner: Mr. Wimboh Santoso Deputy Chief Commissioner: Mr. Imam Apriyanto Putro Independent Commissioner: Mr. Abdul Aziz Independent Commissioner: Ms. Aviliani Commissioner: Mr. Askolani Commissioner: Mr. Suwhono Independent Commissioner: Mr. Goei Siau Hong Independent Commissioner: Mr. Bangun Sarwito Kusmuljono 4. To grant the power and authority to BOD with the right of substitution to take all the necessary acts relating to the resolutions of the Agendas in accordance with the applicable legislation, including stating the structure of BOC membership in a Notarial Deed and giving notification to the Ministry of Law and Human Rights of such membership, and requesting OJK to conduct a Fit and Proper Test for the Appointed Chief Commissioner in accordance with the applicable legislation.	2015	Implemented
Determining the enforcement of Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 2015 concerning Partnership and Environmental Development Program of State Owned Enterprises	To approve the decision to enforce Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 2015 concerning Partnership and Environmental Development Program of State Owned Enterprises as a guideline for conducting Partnership and Environmental Development Programs which will be implemented in 2016.	2015	Implemented

The Board of Commissioners

Board of Commissioners (BOC) is the main organ of the Company who has function in terms of supervision, providing advices and approval as well as other functions given based on the Articles of Association, provisions and regulations.

Duties and Responsibilities of the BOC

In performing its function, the BOC is responsible collectively and collegially, assisted by 4 (four) committees under the BOC, namely Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and Integrated Governance Committee.

According to Article 19 of the Articles of Association, the BOC has the following duties and responsibilities:

Duties of BOC:

1. To conduct supervision and responsible for supervision over the management policies, management in general, either upon the Company or the Company's business and to provide advice to the Board of Directors for the interest of the Company and in accordance with the purposes and objectives of the Company.
2. To perform duties specifically mandated based on the Articles of Association, prevailing laws and regulations and/or under the resolutions of the GMS;
3. To perform duties and responsibilities in accordance with the provisions set forth in the Articles of Association of the Company and resolutions of the GMS in good faith, with full responsibility and due care;
4. In performing their duties, the Board of Commissioners shall act for the interests of the Company and shall be responsible to the GMS;
5. To examine and review the annual report prepared by the Board of Directors and sign such annual report.

Responsibilities of BOC encompass:

1. To supervise the implementation of the Business Plan and the Company's budget;
2. To follow the development of the Company's activities and in the event that the Company indicates a decline, the Board of Commissioners shall immediately report to the GMS as soon as possible and shall render advice on the improvements steps that shall be taken;
3. To propose to the GMS on the appointment of a Public Accountant that will audit the Company's books;
4. To perform other supervisions determined by the GMS;
5. To render response to a periodical report of the Board of Directors and at any time required to give response to the Company's development and report the results thereof to the Shareholders of Series A Dwiwarna share in a timely manner.
6. To respond and approve the Business Plan and annual budget as well as long-term Business Plan of the Company

prepared and submitted to the Board of Directors;

7. To approve the Business Plan and annual budget of the Company at the latest on the thirtieth (30th) day of the first month after the commencement date of the new financial year;
8. In case of until the deadline as referred to in point 7 of this paragraph, the Board of Commissioners have not yet approved the Business Plan and annual budget of the Company, the Company's Business Plan and annual budget of last financial year shall apply.

The abovementioned duties and responsibilities are applied to all members of BOC, however the President Commissioner has special assignment, which are leading the internal meetings and performing invitation in writing to all members of BOC to attend the meeting

Duties and Responsibilities of President Commissioner

- a. Serving a notice to the Meeting of the Board of Commissioners in written which is submitted to all members of the Board of Commissioners by mentioning the agenda, date, time, and the venue of Meeting.
- b. Acting as Chairman in the Board of Commissioners' Meetings.
- c. Ensuring the arrangement of the Board of Commissioners' Meeting and other Committees' Meetings including the administration or Minutes of Meeting.
- d. Receiving reports from the Committees under the Board of Commissioners
- e. Coordinating all the duties of the Board of Commissioners which should, to the greatest possible extent, already been evenly distributed.

Working Guidelines and Code of Conduct for BOC (Board Charter)

In order to carry out the supervisory function as a part of duties and responsibilities in an efficient, effective, transparent, competent, independent, and accountable, the BOC in the Decree number KEP. KOM/002/2015 dated December 21, 2015, has established guidelines and rules of conduct which include:

1. General Provisions;
2. Function and Duties of the BOC;
3. Obligation of the BOC;
4. Rights and Authorities of the BOC;
5. Information, Bank Confidentiality and Conflict of Interests;
6. Committees and Other Supporting Institutions.
7. Meetings of the BOC and
8. the Division of Tasks.
9. Others

The working guidelines were prepared under the following regulations:

1. Articles of Association.
2. Law No.40/2007 on Limited Liability Companies.
3. Law No.19/2003 on SOE.
4. OJK Regulation No. 33-POJK.04-2014 on the Board of Directors and Commissioner of Listed or Public Companies.
5. SOE Minister Regulation No.PER-09/MBU/2012 concerning Amendment to the Regulation of the Minister of State Owned Enterprise No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOEs.
6. Indonesia's Code of the National Committee on Governance (NCG) and Guidelines for GCG (GCG Code) Bank Mandiri.

Rights and Authorities of the BOC

Based KEP.KOM/005/2016 on the order of the Board Commissioner, the rights and authority of the Board of Commissioners is as following:

1. Provide decisions for the actions of the Board of Directors as set forth in the Articles of Association.
2. Any Commissioner shall, jointly or independently, be entitled to enter the premises or any other places used or controlled by the Bank and to examine the books, evidence documents, stock of goods, to examine and verify the cash condition for the purpose of verification and commercial papers as well as to be informed of any actions which have been taken by the Board of Directors.
3. Such actions as referred to in paragraph (2) shall be taken in the capacity as the Board of Commissioners and must be reported in the Meeting of the Board of Commissioners concerning such actions.
4. If deemed necessary, the Board of Commissioners shall be entitled to request for the assistance of experts in performing its duties for a limited period at the account of the Bank.
5. Any Commissioner shall be entitled to require an explanation concerning any matters from the Board of Directors as well as from all the lines under it and the Board of Directors shall be obligated to give an explanation.
6. Any Commissioner shall be entitled to attend the meetings held by the Board of Directors or its subordinate units without participating in making decisions.
7. The Board of Commissioners shall, by majority votes, be entitled at any time to suspend one or more members of the Board of Directors, if it is evident that they have acted against the Articles of Association or if they are proven to have neglected their obligations or in the event of any reason which is urgent to the Bank.
8. Such suspension shall be notified in writing to the persons concerned accompanied with the reason for such action.
9. Within 90 (ninety) days following the date of suspension, the Board of Commissioners shall be obligated to hold a GMS to decide whether the members of the Board of Directors concerned will be permanently dismissed or be returned to their position, where the persons concerned shall be given the opportunity to appear and defend themselves.

Obligations of the BOC

Based on KEP.KOM/005/2016 regarding Board of Commissioners rules, the BOC has obligations which can be described as follows:

1. Approve and supervise the implementation of RKAP.
2. Follow-up the results of supervision and recommendations provided in the event of any deviation from the applicable laws and regulations, articles of association and prudential banking practices.
3. Following the progress of Bank's activities, and in the event that the Bank shows any sign of decline, immediately holding a GMS for reporting to the Shareholders accompanied with remedial actions to take.
4. Providing opinions and advice to the GMS on any issues deemed important for the Bank's management.
5. Performing other supervisory duties as determined by the GMS and the laws and regulations.
6. Developing anti-fraud culture and concern throughout the Bank's organization.
7. Giving directives in credit consultancy and reviewing the approval of credit exceeding a certain amount as agreed upon by the Board of Commissioners and the Board of Directors.

Criteria for BOC

Besides Articles of Association and Bank Indonesia regulation, the appointment criteria for BOC of Bank Mandiri also refers to other provisions, among others POJK No. 33/POJK.04/2014 and Regulation of the Minister of State Owned Enterprises No. PER-02/MBU/02/2015.

The BOC members shall meet the following competency requirements:

1. Having adequate knowledge in the field of banking relevant to the position;
2. Having expertise and experience in banking and/or finance; and
3. The ability for strategic management in order to develop a healthy bank.

Other requirements that should be fulfilled by members of BOC are related to integrity as follows:

1. Having a good character, morals and integrity;
2. Capable to perform legal actions;
3. Never been sentenced due to a crime charged with 5 years or more imprisonment; and/or
4. In the last 5 (five) years prior to the appointment and during his/her term of office:
 - a. Never been declared bankrupt;
 - b. Never become a member of board of directors and/or BOC being declared guilty causing a company being bankrupt;
 - c. Never been sentenced due to a crime causing losses to the state finance and/or related to financial sectors; and.

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5. Never become a member of board of directors and/or BOC who is during his/her term of office:
 - a. Once refrained from convening an annual GMS;
 - b. His/her accountability as a member of Board of Directors and/or Board of Commissioners was once not accepted by the GMS or he/she once did not provide accountability as a member of Board of Directors and/or Board of Commissioners to the GMS; and
 - c. He/she once causing a company that had obtained license, approval, or registration from Financial Service Authority failed to be in compliance with the obligation for submission of annual reports and/or financial statement to the Financial Service Authority.
6. Having commitment to comply with the laws and regulations;

BOC Determination Procedure

Determination of the Board of Commissioners must go through the process of fit and proper test by the Financial Services Authority through a petition filed by the Bank. Board of proposed amounted to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been conducted in accordance with the applicable legislation. The fit and proper test conducted by the Financial Services Authority, covering the administrative examination and interview. Approval or rejection of the application by the Financial Services Authority no later than 30 (thirty) days after receipt of the complete application.

In the case of candidates who requested the approval of the Financial Services Authority has been approved and appointed as the Bank Management in accordance GMS, but is concerned not approved by the Financial Services Authority, the Bank through the AGM shall dismiss concerned.

Candidate Management of Banks that have not been approved by the Financial Services Authority are prohibited from doing duty as a Member of the Board in the operations of the Bank and or other activities that have a significant influence on the policies and financial condition of the Bank, although it has been approved and appointed by the AGM.

Composition of the Board of Commissioners prior to the Annual GMS

Pursuant to Article 18 of the Articles of Association, the BOC shall comprise at least 3 (three) members, one of them may be appointed as the President Commissioner and if deemed necessary, another one of them may be appointed as the Deputy Chief Commissioner.

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper	Domicile
Wimboh Santoso	President Commissioner	EGMS dated December 18, 2015	2016 - present	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Aviliani	Independent Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Goei Siauw Hong	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Bangun S. Kusmulyono	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Abdul Aziz	Independent Commissioner	AGMS dated April 2, 2013	2013 - present	OJK	Indonesia
Askolani	Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Suwihono*	Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia

*) Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero).

In 2016, there was change in composition of the Board of Commissioners, which was the appointment of Ardan Adiperdana as member of the Board of Commissioner and the termination period of Suwihono as member of the Board of Commissioner due to his appointment as President Director at one of SOE Companies. Therefore, the number of the Board of Commissioners as of December 31, 2016 were 8 person which consisted of one President Commissioner, one Deputy Chief Commissioner, four Independent Commissioners and two Commissioners with the following details:

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Wimboh Santoso	President Commissioner	EGMS dated December 18, 2016	2016 - present	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia

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Aviliani	Independent Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Goei Siauw Hong	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Bangun S. Kusmulyono	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Abdul Aziz	Independent Commissioner	AGMS dated April 2, 2013	2013 - present	OJK	Indonesia
Askolani	Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Ardan Adiperdana	Commissioner	AGMS dated March 21, 2016	2016 - present	OJK	Indonesia

Fit and Proper Test

The Board of Commissioners as the Bank's management shall meet the requirements of integrity, competence and financial reputation as well as pass the fit and proper test organized by Financial Services Authority as stipulated in POJK No.27/POJK.03/2016 on Fit and Proper Test for Primary Party of Financial Services Institutions

Each member of the Board of Commissioners has participated in Fit and Proper Test conducted by Financial Services Authority and being considered passed the test.

Table of Fit and Proper Test

Name	Designation	Fit and Proper Test Organizer	Date of Assignment
Wimboh Santoso	President Commissioner	OJK	February 16, 2016
Imam Apriyanto Putro	Deputy Chief Commissioner	OJK	June 11, 2015
Aviliani	Independent Commissioner	OJK	September 3, 2014
Goei Siauw Hong	Independent Commissioner	OJK	June 25, 2015
Bangun S. Kusmulyono	Independent Commissioner	OJK	June 25, 2015
Abdul Aziz	Independent Commissioner	OJK	June 25, 2015
Askolani	Commissioner	OJK	September 3, 2014
Suwhono*)	Commissioner	OJK	June 25, 2015
Ardan Adiperdana	Commissioner	OJK	September 27, 2016

*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri has ended due to his new assignment as President Director of PT Berdikari (Persero)

Policy of Diversity in Composition of the Board of Commissioners

Diversity is one of the elements that should be considered in determining the composition of the Board of Commissioners which are also tailored to the needs and complexity of business. Bank Mandiri strives to maintain the diversity of the composition of the Board of Commissioners, as reflected in the BOC Profile page 72-75.

Aspects of diversity in the composition of the Board of Commissioners can be seen from some of the elements that are owned by the members of the Board of Commissioners including among them is the independence, expertise/education, work experience, age and gender.

Diversity Aspects

Education	The diversity of educational backgrounds of the Bank Commissioners, indicated by a mix of education, namely: - Educational qualification from Bachelor, Master to Doctorate - Competence fields including the field of Economic Accounting, Development Studies, Strategic Management, Business Administration, Finance, Marketing, Environmental Management, Social Politics, Agronomy/Agriculture, Fisheries/Social Economy.

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Working Experience	The diversity of work experience of the Board of Commissioners of Bank Mandiri, among others, namely: • Director of IMF (2013-2015) • 1st Rank Officials of the Ministry of SOEs • 1st Rank Officials of the Ministry of Finance • Member of Committee for the Acceleration and Expansion of Indonesia's Economic Development (2012-2014) • 20 Chairman of National Committee for Micro Finance Empowerment • President Director at private company • Head of Finance and Development Supervisory Agency
Age	The diversity of ages of the Board of Commissioners is in the quite productive age range, i.e. 50-55 years old = 5 person and 56-60 years old = 2 person, and one person whose age is above 70 years old.
Sex	There is one woman member of the Board of Commissioners at Bank Mandiri.

Composition of the Board of Commissioners has met the diversity elements which are a combination of independence, expertise/ education, work experience, age and gender. All members of the Board of Commissioners of Bank Mandiri has integrity, competence and good financial reputation. All members of the Board of Commissioners have obtained the approval of Financial Services Authority and have passed fit and proper test. In relation to the expertise of the Board of Commissioners of Bank Mandiri has been explained in Profile of the Board of Commissioners in this Annual Report.

Job Descriptions of the Supervisory Board of Commissioners

The BOC has established committee pursuant to Decree of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk No. KEP.KOM/004/2016 on the Change in the Membership of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk as supporting organ of the BOC in conducting supervisory function.

The division of tasks and responsibilities of the Board of Commissioners is set based on the role of each member of the Board of Commissioners as Chairman and Vice Chairman of the committee under the coordination of the Board of Commissioners, in accordance with the competence and experience as can be seen in the following table:

Committees	Member of Committee (Board of Commissioners)
Audit	1. Aviliani as Chairman and Member 2. Askolani as Member 3. Goei Siauw Hong as Member 4. Ardan Adiperdana as Member
Remuneration and Nomination	1. Bangun S. Kusmulyono as Chairman and Member 2. Wimboh Santoso as Member 3. Imam Apriyanto Putro as Member 4. Abdul Azis as Member 5. Askolani as Member 6. Aviliani as Member 7. Goei Siauw Hong as Member 8. Ardan Adiperdana as Member
Risk Monitoring	1. Abdul Azis as Chairman and Member 2. Wimboh Santoso as Member 3. Goei Siauw Hong as Member 4. Bangun S. Kusmulyono as Member
Integrated Governance	1. Membership of Bank Mandiri: a. Abdul Azis as Chairman b. Goei Siauw Hong sebagai Anggota c. Imam Apriyanto Putro as Member d. Aviliani as Member e. Bangun S. Kusmulyono as Member 2. Membership of Subsidiaries

Management Risk Certification

In 2016, Board of Commissioners has passed the certification of risk management as followed:

Name	Certificate Issuer	No. Competence Certificate	No. Reg	Level	Field/Area	Date Issuer	Validity Period	Expiry Date
Wimboh Santoso	National Professional Certification Agency / LSPP	64120 1210 6 000043 2016	KEU. 030 1875016	Level 1	Risk Management	15-Jan-16	4 years	15-Jan-20
Imam Apriyanto Putro	Risk Management Certification Institution (BSMR)	00680024	1504110020068900	Level 1	Risk Management	11-Apr-15		
Abdul Aziz	Bara Risk Forum	BR.149/CTF/11/2016			Refreshment: Revisit Enterprise Risk Management and Learning Best Practices of Credit Risk Management di Bandung	30-Nov-16		
	LSPP	64120 1239 5 0003548 2015	KEU. 030 9392115	Level 2	Banking Risk Management	11-Apr-15	4 years	11-Apr-19
Askolani	LSPP	64120 1239 4 0006885 2014	KEU. 030 9000827	Level 1	Banking Risk Management	24-Jun-14		24-Jun-18
Aviliani	BARa Risk Forum	BR.246/CTF/09/2014			Risk Management Certification Refreshment Program -Moscow	15-Sep-14		
	BARa Risk Forum				Refreshment @ Stockholm 19 - 21 Sept 2016	21-Sep-16		21-Sep-18
Suwono (Non-aktif)	LSPP	64120 1239 4 0003833 2015	KEU.030 9392315	Level 1	Banking Risk Management	17-Apr-15	4 years	17-Apr-19
Goei Siauwh Hong	LSPP	64120 1239 5 0003834 2015	KEU.030 9392215	Level 2	Banking Risk Management	17-Apr-15	4 years	17-Apr-19
Bangun S. Kusmulyono	LSPP				Refreshment: Managing Risk to make a Healthy Credit Portfolio	16-Nov-16		
	BSMR		0508100050000899		Risk Management Certification Refresher Course	14-15 May 2014		
	BSMR				Risk management in Retail Banking	22-25 Feb 2010		
	BSMR				Refreshment Program: Risk Management Certification	23 May 2008		
	Bank Indonesia				Risk Management Training for Bank Commissioner	10-Aug-05		
Ardan Adiperdana	LSPP			Level 1 KOM	Refreshment Manajemen Resiko Perbankan	15-Dec-16		

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Independent Commissioner

In order to support the implementation of GCG as well as to create work environment to be more objective and based on fairness principles among the stakeholders (shareholders, regulators, business partner, customers and others), having an adequate number of Independent Commissioners is a must for Bank Mandiri.

Based on the AGMS Resolutions held on March 21, 2016, four person out of eight members of the Board of Commissioners have been appointed as Independent Commissioners, namely Ms. Aviliani, Mr. Goei Siauw Hong, Mr. Abdul Aziz and Mr. Bangun Sarwito Kusmuljono. Therefore, the composition of Bank Mandiri's Independent Commissioners has reached more than 50% as the regulation of FSA.

Criteria for Independent Commissioner

The criteria for Independent Commissioner within the BOC as required by OJK are as follows.

1. A Member of the BOC with no financial, managerial, share ownership, family relationship with other fellow members of BOC, Board of Directors and/or controlling shareholders and have the relation with the bank, which can affect their judgment to act independently.
2. Have not been people who have worked or have had any authority and responsibility for planning, directing, controlling, or supervising the activities of the Issuer or Public Company within 6 (six) months, except for reappointment as an Independent Commissioner of Public Company for the next period.
3. Shall not have shares either directly or indirectly in the Issuer or the Public Company.
4. Shall not have any affiliation relationship with the Issuer or Public Company, a member of the BOC, a member of the Board of Directors or the primary shareholders of the Issuer or a Public Company.
5. Shall meet the requirements as stipulated in applicable regulations.
6. Shall not have any business relationship, directly or not directly related to the business activities of the Issuer or a Public Company.

Statement of Independent Commissioner

Each Independent Commissioner of Bank Mandiri made a statement of their independence and submitted it to OJK with the following contents::

Statement of Independence

I signed below

Name:

Place/Date of Birth:

Domicile Address (Copy of ID/Driving License attached):

Home Telephone:

Designation:

Name of Company:

Company Telephone:

Herewith I declare that I:

1. Do not have financial, managerial, stock ownership, family relation with other members of the BOC, Board of Directors and/or controlling shareholders or have any relationship with the bank, which would affect my judgment to act independently in the implementation of GCG for the Commercial Bank.
2. If in the future, I am found having any of the above relationships as stated in point 1, therefore I'm willing to surrender my position as Independent Commissioner and willing to be replaced.

Thereby the statement of independence which I made truthfully.

Independence of the BOC

The affiliate relationship between the Board of Directors, BOC and Controlling Shareholders to measure the independence of the BOC which covers:

1. Affiliate relationships between fellow members of the Board of Directors;
2. Affiliate relationships between members of the Board of Directors and the BOC;
3. Affiliate relationships between the Board of Directors with the ultimate and/or controlling Shareholders;
4. Affiliate relationships between fellow members of the BOC; and
5. Affiliate relationship between members of the Board of Commissioners with the ultimate and/ or controlling shareholder

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Table of Affiliate Relationship of the BOC

Name	Financial and Family Relationship of BOC											
	Financial Relationship With						Family Relationship With					
	BOC		BOD		Controlling Shareholders		BOC		BOD		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Wimboh Santoso		√		√		√		√		√		√
Imam Apriyanto Putro		√		√		√		√		√		√
Aviliani		√		√		√		√		√		√
Goe Siau Hong		√		√		√		√		√		√
Bangun S. Kusmulyono		√		√		√		√		√		√
Abdul Aziz		√		√		√		√		√		√
Askolani		√		√		√		√		√		√
Suwono*)		√		√		√		√		√		√
Ardan Adiperdana		√		√		√		√		√		√

* Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero).

Stock Ownership of the Board of Commissioners

Until December 31, 2016, the stock ownership of the Board of Commissioners of Bank Mandiri did not reach 5% (five percent) of the paid up capital of Bank Mandiri, other banks, non-bank financial institutions and other companies domiciled inside or outside the country as provided on the following table:

Board of Commissioners	Designation	Stock Ownership of 5% or Above of Paid Up Capital				
		Bank Mandiri	By Family at Bank Mandiri	Other Companies	Other Bank	Non-Bank Financial Institution
Wimboh Santoso	President Commissioner/ Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Imam Apriyanto Putro	Deputy Chief Commissioner	Nil	Nil	Nil	Nil	Nil
Aviliani	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Goei Siau Hong	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Bangun S. Kusmulyono	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Abdul Aziz	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Askolani	Commissioner	Nil	Nil	Nil	Nil	Nil
Suwono*)	Commissioner	Nil	Nil	Nil	Nil	Nil
Ardan Adiperdana	Commissioner	Nil	Nil	Nil	Nil	Nil

* Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero)..

Concurrent Position and Conflict of Interest

The members of Bank Mandiri BOC do not serve in a concurrent position beyond which are admitted by the regulations and may cause a conflict of interest prohibited by legislation.

The BOC may serve in a concurrent position as a member of a BOC, Board of Directors or as an Executive Officer at 1 (one) institution/ company that is not a financial institution; or in order to carry out oversight functions on one (1) non-bank subsidiaries controlled by Bank Mandiri.

If a non-independent member of the Board of Commissioners runs functional tasks of the shareholders which are legal entities in the group effort, and/or members of the Board of Commissioners hold positions at organizations or nonprofits, all concerned not neglect the duties and responsibilities as a member of the Board of Commissioners of Bank Mandiri, therefore it does not count as double post.

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Name	Designation	Designation at Other Companies/ Institutions	Name of Other Companies/ Institutions
Wimboh Santoso	President Commissioner	Director	Indonesian Banking Development Institute
Imam Apriyanto Putro	Deputy Chief Commissioner	Secretary to Ministry	Ministry of Soe
Aviliani	Independent Commissioner	Independent Commissioner	PT Dyandra Media Internasional, Tbk.
Goei Siau Hong	Independent Commissioner	President Director	PT Gagah Prima Solusi
Bangun S. Kusmulyono	Independent Commissioner	-	-
Abdul Aziz	Independent Commissioner	-	-
Askolani	Commissioner	Director General of Budget	Ministry of Finance
Suwhono*)	Commissioner	-	-
Ardan Adiperdana	Commissioner	Chairman	Finance and Development Supervisory Agency

* Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri is ended due to his new assignment as President Director of PT Berdikari (Persero)

Management of the BOC's Conflict of Interest

The Board of Commissioners are prohibited from taking actions that could harm the Company and must disclose conflicts of interest referred to Board of Commissioners charter, the transparency of information and conflicts of interest are set as follows:

- Each Commissioner shall keep the information shall be kept confidential by legislation including provisions on Insider Trading and other information that the Company has not been disclosed to the public.
- Each Commissioner shall :
 - Their shareholding in the Company as well as in other companies domiciled inside or outside the country
 - Financial relations and family relations with other members of the Board of Commissioners and Board of Directors members and their families
 - Other information which according to legislation must be disclosed to the public
- Board of Commissioners are prohibited to involved in decision making related to banking operations and/or decision-making that may pose a conflict of interest.
- The Board of Commissioners in performing their duties, responsibilities and authority are forbidden to take advantage of the Company for personal, family, company or certain parties in a manner contrary to the laws and the Company's code of conduct.

Meeting of the BOC

The Board of Commissioners shall convene a meeting at least 1 (one) time in two (2) months or at any time when deemed necessary by one or more members of the Board of Commissioners on written request of the Board of Directors according to the provisions stipulated in the Articles of Association. In addition, the Board of Commissioners is required to convene meetings with the Board of Directors periodically at least 1 (one) time in 4 (four) months.

A notice for the meeting of Board of Commissioners shall be served by the President Commissioner, and in case of the President

Commissioner is prevented from doing so, the meeting shall be notified by the Deputy Chief Commissioner. In the event that the Deputy Chief Commissioner is prevented from doing so, the notice to the meeting shall be served by one of the members of the Board of Commissioners. The notice to the meeting of Board of Commissioners shall be served in writing containing the agenda, date, time, and the venue of Meeting, then delivered to each member of the Board of Commissioners against a sufficient receipt, or by the prepaid registered mail or courier service, email or any other means at the latest 5 (five) days prior to the meeting so that the BOC had the opportunity to examine information and/or request information additional prior to the meeting. However, if the meeting has been scheduled by the decision of the previous meeting, then do not call another meeting.

Meeting of the Board of Commissioners is chaired by the President Commissioner, if unable to do by the Deputy Chief Commissioner, and if unable to do by a member of the Board of Commissioners. Meeting is valid and may adopt binding resolutions if attended or represented by more than 2/3 (two third) the number of members of the Board of Commissioners. All decisions taken in a meeting with deliberation and consensus, if not achieved, the meeting decisions taken by majority vote. All decisions of the meeting are binding to all members of the Board of Commissioners.

There will be minutes of meeting made on each Board of Commissioners meeting which is signed by the Chairman of the Meeting and the Board of Commissioners in attendance.

In addition to the meetings as described above, the meeting of the Board of Commissioners also can be held through media teleconference, video conference or other electronic media that enables all meeting participants can see each other and/or hear directly as well as participating in the meeting.

Besides the Board of Directors and Secretary to the Board of Commissioners, the meeting is also attended by members of the Committees under the Board of Commissioners upon invitation of the President Commissioner. The President Commissioner may invite other guests as listed in Article 8 of the Board Charter.

Throughout 2016, the Board of Commissioners held 35 internal meetings with level of attendance as provided on the following table:

[illegible]

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Meeting Date	Meeting Agenda	Wimboh Santoso***	Imam Apriyanto Putro	Aviliani	Goei Siauw Hong	Bangun S. Kusmulyono	Abdul Aziz	Askolani	Suwihono *	Ardan Adiperdana **
20 Jun	Approval of Revision of RBB (2016-2018) and 2016 RKAP	✓	✓	✓	✓	✓	✓	✓		
22 Jun	1. Approval of Pension Benefit Increase and Other Benefits for Pension Fund Bank Mandiri 1 until 4 Participants in 2016 2. Approval of Credit Facility for Kimia Farma Group 3. Miscellaneous	✓	✓	✓	✓	✓	✓	✓		
29 Jun	1. Approval of Credit Line Facility Extension under name Bank Mandiri (Europe) Limited 2. Approval of the Change in Provisions and Credit Covenant under name Mandiri Utama Finance	✓	✓	✓	✓	✓	✓	✓		
20 Jul	1. Approval of Capital Injection for PT Bank Syariah Mandiri (Persero) Tbk. 2. Approval of Land Capping of PT Bank Mandiri (Persero) Tbk for MRT area	✓	✓	✓	✓	✓	✓	✓		
27 Jul	Update on Problematic Debtors Handling	✓	✓	✓	✓	✓	✓	✓		
3 Aug	Presentation of the Performance of PT Mandiri Sekuritas as of June 2016	✓	✓	✓	✓	✓	✓	✓		
9 Aug	Interview with the Candidate of Audit Committee's Member	✓	✓	✓	✓	✓	✓	✓		✓
15 Aug	Follow Up on the Result of BPKP Review on Joint Venture Process with BC Card	✓	✓	✓	✓	✓	✓	✓		✓
24 Aug	1. The Commissioners' Approval for: • Extension, additional and provision of Credit Facility for Astra Group • Commercial Line New Facility Counter Guarantee of LC Import/ SKBDN for PT Asuransi Jasa Indonesia (Persero)/ Jasindo 2. Monitoring reports of Business plans Bank (RBB) Semester 1/2016	✓	✓	✓	✓	✓	✓	✓		✓
7 Sep	Approval of Organizational Structure	✓	✓	✓	✓	✓	✓	✓		✓
14 Sep	1. Approval of Period Extension of Intraday Facility under name PT Mandiri Sekuritas 2. Approval on Extension of Credit Line Facility of PT Bank Syariah Mandiri 3. Proposed QAB in Malaysia and Development Plan for Bank Mandiri's Network in ASEAN	✓	✓	✓	✓	✓	✓	✓		✓
28 Sep	Proposed the Additional Budget for 2016 Credit Account Write Off	✓	✓	✓	✓	✓	✓	✓		✓
12 Oct	Approval of Capital Injection Plan for PT Bank Mandiri Taspen Pos (Bank Mantap)	✓	✓	✓	✓	✓	✓	✓		✓
19 Oct	1. Approval of Proposal of Facility Extension for PT Federal International Finance and New Facility to several companies within Astra Group 2. Approval of KPBM Revision	✓	✓	✓	✓	✓	✓	✓		✓
26 Oct	1. Approval of Fund Provision to Related Party on Consumer Credit Facility and Credit Card 2. Approval of Period Extension of Facility and Facility Limit Increase to Related Party under name PT Ananta Auto Andalan 3. Approval of Investment Credit Facility, Extension of Facility Validity Period, and Changes in Terms and Condition under name Kimia Farma	✓	✓	✓	✓	✓	✓	✓		✓
2 Nov	Approval on the Extension and Enhancement of Credit Line Facility under the name of PT Bank Mandiri Taspen Pos	✓	✓	✓	✓	✓	✓	✓		✓
23 Nov	1. Approval of Proposal for Additional Budget -Write Off 2. Approval of Proposal for 2017 RKAP and RBB (2017-2019) 3. Approval of Proposal for 2016-2020 Bank Mandiri Corporate Plan 4. Approval of Credit Facility Extension to Related Party under name PT Tunas Ridean and PT Mandiri Utama Finance 5. Approval of Limit Increase and Availability Period Extension for Astra Group 6. Approval of Fund Provision to Related Party on Consumer Credit Facility and Credit Card.	✓	✓	✓	✓	✓	✓	✓		✓
30 Nov	Approval on Provision of Investment Credit Facility to PT Trans Bumi Serbaraja (TBS) - Astra Group	✓	✓	✓	✓	✓	✓	✓		✓
14 Dec	1. Update Collection tahun 2016 dan Strategi tahun 2017 2. Update on 2016 Collection and 2017 Strategy 3. Update on Operational Progress of BMEL and Overseas Offices 4. Update on Bank Mandiri Assets	✓	✓	✓	✓	✓	✓	✓		✓
21 Dec	1. Approval of Validity Period Extension and Limit Increase of PKS and MTF 2. Improvement of 2016 Board Charter	✓	✓	✓	✓	✓	✓	✓		✓
Number of Meetings		32	35	35	35	35	35	35	10	8
Number of Attendance		32	35	35	35	35	35	35	10	8
Percentage of Attendance		100%	100%	100%	100%	100%	100%	100%	100%	100%

*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri is ended due to his new assignment as President Director of PT Berdikari (Persero)

**) According to Fit and Proper Test result, Mr. Ardan Adiperdana served as a member of the BOC effective as of September 27, 2016.

***) Mr. Wimboh Santoso effectively served as President Commissioner with regard to fit & proper test as of February 16, 2016.

Decrees of the Board of Commissioners in 2016

Throughout 2016, the Board of Commissioners has released the following policies:

Number	Date	Subject
KOM/036/2016	April 4, 2016	Change of Organizational Structure of PT Bank Mandiri (Persero) Tbk
KOM/070/2016	June 21, 2016	Revised 2016 RKAP and 2016-2018 Annual RBB of PT Bank Mandiri (Persero) Tbk
KOM/084/2016	July 20, 2016	Planning of Additional Capital of PT Bank Syariah Mandiri in 2016
KOM/123/2016	September 29, 2016	Proposal on Additional Budget for 2016 Credit Write Off
KOM/131/2016	October 19, 2016	Material of Credit Policy of Bank Mandiri

Induction Program for the New Commissioner

In order to provide an overview of business activities, the Company's future plans, guides and other work that is the responsibility of the Board of Commissioners, Bank Mandiri conducts an induction program for new members of the Board of Commissioners which is prepared by the Corporate Secretary of the Group in the form of soft copy and hard copy documents.

Such documents among others Annual Report, the Work Plan and Budget (CBP), Long-Term Plan of the Company (RJPP), Articles of Association, Corporate Governance Policy, Code of Ethics, Work Program Committee of the Board of Commissioners and the Board of Commissioners, the Code of Conduct of the Board of Commissioners, Board of Directors Code of Conduct and the Code of Conduct of Committees under the Board of Commissioners, as well as laws and regulations related to the business process of Bank Mandiri.

Induction program is also conducted through on site (visits) to units in the Head Office, as well as in the region to meet and face to face with the ranks of Bank Mandiri in the Central and Regional Offices.

Regarding the change in composition of the Board of Commissioners of Bank Mandiri based on the AGMS Resolution dated March 21, 2016, Bank Mandiri conducted program of induction and enhancement of capabilities for the new Commissioner by distributing Codes Board (Board Manual) as a reference in carrying out the functions of supervisory duties.

Mr. Ardan Adiperdana as the new member of the Board of Commissioners who was appointed at AGMS has participated in the following induction program:

Type of Program	Date of Implementation
Refreshment Public Training – Optimizing Market Risk Management	15 December 2016

Program of Training/Competence Development for the BOC

In carrying out duties and responsibilities, the BOC shall possess strong commitment to enhance his/her knowledge and competence, particularly related to the banking industry development. The program of training/competency development for the Board of Commissioners can be viewed on page 108-109.

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Assessment of the Board of Commissioners' Performance

Once a year, the assessment of performance of the Board of Commissioners is conducted by using the method of self assessment. The success of the performance of the Board of Commissioners is measured by observing risk profile aspects, Good Corporate Governance (GCG), earnings and bank capital which are reflected the Healthy Level of Bank. The Board of Commissioners performance measurement of success is an integral part in the scheme of compensation/incentives for the Board of Commissioners which can be viewed in the realization of the Annual Work Plan Budget (CBP) as the result of the collegial work of the entire Board of Commissioners.

The Shareholders render the results of the performance evaluation of the Board of Commissioners as a whole and the performance of each of the Board of Commissioners individually as basic considerations for Shareholders to discharge and/or reappointed Board of Commissioners concerned.

Assessment Procedures for the Board of Commissioners' Performance

The performance of the Board of Commissioners is reported to the shareholders at GMS and assessed based on criteria which are relevant to the implementation of duties and responsibilities of the Board of Commissioners covering several aspects: structural and operational, briefing and supervision as well as reporting.

Indicators of Performance Evaluation of the BOC

The indicators that used in evaluating the performance of the BOC are as follows:

1. Implementation of duties and supervisory function of the Commissioner according to the Articles of Association;
2. Compliance with regulations;
3. Healthy level of Bank;
4. Level of attendance at the meeting of the Board of Commissioners as well as meetings with existing committees;
5. Involvement of the BOC in specific assignments.

Parties to Conduct Assessment

Aside from the Self Assessment method, the assessment of the performance of the Board of Commissioners can be conducted by GMS and Bank Indonesia. The assessment by Bank Indonesia is conducted with reference to the Circular of Bank Indonesia No.15/15/DPNP on Implementation of Corporate Governance for Commercial Banks whereas the assessment is based on the report of GCG self assessment to Bank Indonesia on regular basis. The indicators used for assessment are related to the implementation of duties and responsibilities of the Board of Commissioners including the TARIF principles in running the supervisory function to the management of Bank Mandiri.

While the assessment by GMS is conducted when the Board of Commissioners submits the supervisory report that has been done during the fiscal year as mentioned in the Annual Report. Furthermore, the GMS will grant full release and discharge (acquitt et decharge) to the Board of Commissioners for the relevant financial year of operations.

Mechanism of Resignation and Dismissal of the BOC

As stipulated in Article 15 of the Articles of Association of Bank Mandiri, the mechanism of resignation of the BOC is as follows:

- a. A member of the BOC may voluntary resign from his/her office prior to expiry of his/her term of office and the relevant member of the BOC shall submit the written notice regarding such intention to the Company.

The Company shall convene a GMS to resolve the application for resignation of the said member of the BOC not later than 90 (ninety) days as of the date of the said application for such resignation received.

If the GMS is convened less than 90 (ninety) days and resolves to accept such resignation of the said member of the BOC, the GMS may resolve to accept such resignation effective earlier than 90 (ninety) days after such application for resignation.

- b. The resigned member of the BOC shall be discharged from any duties after the GMS properly accepts such resignation and obtain release and discharge from the Annual GMS.

While the mechanism of dismissal of the BOC is as follows:

- a. The BOC can be dismissed by virtue of a resolution of the GMS by stating the reasons thereof, i.e.:
 3. failed to comply with the laws and regulations and/or provisions of the Articles of Association.
 4. involved in any action harming the Company and/or the State;
 5. being declared guilty under the final and enforceable court verdict; or
 6. voluntary resignation ;
 7. other reasons deemed properly by the GMS for the purposes and interests of the Company.
- b. The relevant member of the BOC is being rendered an opportunity to defend him/her self in the relevant GMS in respect of the dismissal.

Loan Policy for the Board of Commissioners

The internal regulation of Bank Mandiri discloses that the Board of Commissioners is treated equally with regular customers and there is no special interest loan for the Board of Commissioners. In 2016, none of the members of the Board of Commissioners received the loan from Bank Mandiri. If there is loan for the Board of Commissioners, therefore it will be counted based on legal lending limit of Bank Mandiri pursuant to Regulation of Bank Indonesia No. 8/13/PBI/2006 dated 5 October 2006.

The Board of Directors

Board of Directors is one of the Company's main organs that plays an important role which is responsible collegially on the Company's management for the interest and purpose of the Company.

As stipulated in the Articles of Association of the Company, the Board of Directors is entitled to represent the Company, both inside and outside the court.

As a manifestation of the accountability of the Company's management, the Board of Directors is responsible to GMS according to the GCG principles.

Duties and Responsibilities of the Board of Directors

The main duties of the Board of Directors according to the Articles of Association are:

- a. To operate and responsible for the management of the Company for the interests of and in accordance with the purposes and objectives of the Company stipulated in the Articles of Association, and lead the management of the Company.
- b. To maintain and manage the Company's assets.

The Board of Directors shall be fully responsible for the performance of their duties for the interests of the Company in order to achieve the Company's purposes and objectives.

Charter of the Board of Directors

As a commitment of the Board of Directors in order to carry out the role and management function of the company as well as to manage the relationship with the Board of Commissioners effectively, therefore the Board Manual was established by virtue of the Decree of the Board of Directors No KEP. DIR/69/2015 dated February 23, 2015 which consists of:

1. General Provisions
2. Capacity to Act
3. Organization and Area of Division
4. General Policy
5. Work Ethics and Working Time
6. Meetings of the Board of Directors
7. Committee
8. Correspondences

Such Board Manual contains the explanation of the working relationship between the Board of Directors and the Board of Commissioners in carrying out their duties in order to create a professional, transparent and efficient management of the Company.

The establishment of such Board Manual has been complied with corporate law principles, legislation in force, Articles of Association, resolutions of the GMS and GCG principles.

Authorities of the Board of Directors

As stipulated in the Board Charter, the Board of Directors has two authorities, namely authority to represent and authority to make decision as specified below:

1. Capacity to Represent

- a. The Board of Directors will be entitled to represent the Bank before and outside the court and to take any actions and perform, whether concerning the management or concerning ownership, as well as to bind the Bank with other parties and/or other parties with the Bank.
- b. The President Director will be entitled and authorized to represent the Company for and on behalf of the Board of Directors. If the President Director is not available or is unavailable for any reason, the Vice President Director will be entitled and authorized to represent the Bank for and on behalf of the Board of Directors. In the event that the Vice President Director is not available or is unavailable for any reason 1 (one) other member of the Board of Directors will be appointed and authorized by virtue of a resolution of the Board of Directors Meeting to represent the Bank for and on behalf of the Board of Directors. In the absence of the resolution of the Board of Directors on such appointment, 2 (two) other members of the Board of Directors will be entitled and authorized to represent the Bank for and on behalf of the Board of Directors.
- c. For facilitating the performance of its daily duties, the Board of Directors confers authorities to each Director to independently represent the Bank according to their respective duties for and on behalf of the Board of Directors as stipulated in a separate document.
- d. For certain actions the Board of Directors will be entitled to appoint one person or more as its representatives or proxies by conferment him or them authorities to take such certain actions as provided for in the power of attorney.

2. Capacity to Make Decision

- a. Authority of the Board of Directors to make decisions may be specifically delegated to other Members of the Board of Directors, as stipulated in the Bank's Articles of Association.
- b. Authority to make decisions as referred to in point 1 may be specifically delegated to the members of the Board of Directors in compliance with the provisions of the Articles of Association, Job Description and the provisions of the Bank's Alternate Board of Directors.

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Obligations of the Board of Directors

The Board of Directors is obliged to carry out management of the company with good faith and put the Bank's interest in priority above personal interest.

Criteria for Determination of Board of Directors

Bank management should meet the requirements of integrity, competency, and financial reputation. In order to meet the requirements of integrity, candidates for the BOD of bank must have good moral character and commitment to comply with applicable laws and regulations, have a strong commitment to the development of a healthy bank operations and are not included in the Disqualified List.

Meanwhile, in order to meet the competency requirements of Directors shall have adequate knowledge in the field of banking relevant to the position, having experience and expertise in banking and/or finance and have the ability to perform strategic management in order to develop a healthy bank. In addition, it required also that the majority of members of the Board of Directors shall have operational experience in the bank at least 5 (five) years as an executive officer at the bank.

Prospective members of the Board of Directors must meet the requirements of financial reputation, namely:

- Not included in the list of bad debts; and
- Not been declared bankrupt or become directors or commissioners found at fault in causing a company to go bankrupt, within 5 (five) years prior to nomination.

Directors' Determination Procedure

Someone who was appointed as Directors must undergo Fit and Proper Test before performing their duties as Directors of the Bank, as stipulated in the Regulation of the Financial Services Authority No. 27/POJK.03/2016 on Fit And Proper Home For The Financial Services Institute. Since 2014 the function of Fit and Proper Test for BOD and BOC has been transferred from Bank Indonesia to Financial Services Authority. Therefore management of a Bank must graduate in the fit and proper test conducted by the Financial Services Authority.

In a fit and proper test. Board candidates submitted by the Bank in the petition amount to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been conducted in accordance with the applicable legislation. The fit and proper test conducted by the FSA, including administrative research and interviews. Approval or rejection of the application by the FSA no later than 30 (thirty) days after receipt of the complete application.

If the candidate who requested the approval of the FSA has been approved and appointed as the Bank Management in accordance GMS, but is concerned not approved by the FSA,

the Bank through the AGM shall dismiss concerned. Candidate Management of Banks that have not been approved by the FSA prohibited from doing duty as a Member of the Board of Directors in the operations of the Bank and or other activities that have a significant influence on the policies and financial condition of the Bank, although it has been approved and appointed by the AGM.

Policy of Diversity in Board of Directors' Composition

Composition of the Board of Directors of Bank Mandiri established taking into account the needs and complexity of the bank including attention to elements of diversity that includes education, skills, knowledge, and experience required. Composition of the Board of Directors of Bank Mandiri, which at this time has met the elements of such diversity as reflected in the Profile of Directors on page 78-83.

The diversity of the composition of the Board of Directors has met the elements of diversity which is a combination of the education, work experience and age. Associated with such diversity, the bank has a Director in charge / charge of accounting or finance, Mr Pahala N. Mansury, qualifications, background, certification training and work experience in finance (his profile can be viewed at the Board of Directors profile page 80).

Aspects of Diversity

Education	The diversity of educational backgrounds Directors of the Bank, indicated by a mix of education, namely: • Qualification includes the level of Bachelor and Masters • Competence areas including Finance, Accounting, Management, Electrical Engineering, Information Systems Management, Business Administration, Dentistry, Agriculture, Animal Husbandry.
Work Experience	Diversity of work experiences Directors of Bank Mandiri, among others, namely: besides there is coming from a career officer of Bank Mandiri, Bank Mandiri Board members are professionals in various hierarchy at the national banks, multinationals and other financial institutions. While Based on the experience of all members of the Board of Directors have work experience in the field of Financial Services in particular Bank.
Age	Diversity Directors of the Bank are in the age range is quite productive, the age group 43-50 years = 3 and 51-68 years = 7
Gender	There is one woman member of the Board of Directors in Bank Mandiri

The diversity of the composition of the Board of Directors has met the elements of diversity which is a combination of the education, work experience and age.

As the Company grows, Bank Mandiri has dealt with more complex problems. Therefore, with the diverse composition of the Board of Directors, it is expected to provide several alternatives to solve the problem and produce the best result.

Scope of Work and Responsibilities of Each Member of the Board of Directors

President Director

1. To conduct management of the Company for the interest of the Company and in accordance with the purposes and objectives of the Company.
2. To perform all acts and deeds regarding the management as well as the ownership of the Company's assets.
3. To perform his duties in good faith and with full responsibility with due observance of the Articles of Association, Resolutions of GMS and prevailing laws and regulations.
4. To take full responsibility personally for the loss of the Company when deemed guilty or negligent in their duties for the interest and business of the Company unless it can be proved, among others, by managing the Company with good faith and prudence for the interest and in accordance with the purposes and objectives of the Company.
5. To represent the Company before and outside the Court in all respects and events; both the management and the ownership, binding the Company with other parties and other parties with the Company.
6. To coordinate policy and strategy unit under the supervision of President Director as contained in the Decree of the Board of Directors related to the job descriptions and authorities of members of the Board of Directors.
7. To monitor and evaluate the activities of Region Builder Director.

Vice President Director

1. Policies and Strategies

- a. Directing, evaluating, and promoting policies and strategies across areas of responsibility.
- b. Directing and evaluating the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company as set out in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. To direct, evaluate, and coordinate the work units under the coordination of the Vice President Director, in coordination with the President Director and other Directors.
- c. Together with President Director in directing the processes of change that are needed to meet the challenges of market competition of the Company's products and services by taking into account risk aspects.
- d. Together with President Director coordinate the implementation of the Region Builder Director in directing and fostering Regional CEO to achieve the target market (market share) and increase the volume of business (funding and credit) of the Company throughout Region/Regional.

- e. To maintain the company image and establish a good relationship with regulators and stakeholders.

3. Human Resources

- a. To assist the President Director to provide direction of Human Resources Policy of Bank Mandiri
- b. Together with President Director determine the job descriptions between the Board of Directors and establish organizational structure with due observance of the Articles of Association of the Company.

Director of Operations

1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in operations.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the areas of Operations, as stipulated in the Articles of Association, the Resolutions of AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating work units in the areas of Operations, as well as coordinating with other Directors.
- c. Coordinating and directing the preparation of the Company's service strategy, consolidation of communication and programs to improve the quality of service to customers.
- d. Coordinating and directing the optimization of the use of customer data to support the business activities of the Company.
- e. Coordinating and directing the preparation and management procedures for handling complaints and customer disputes.
- f. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- g. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Operations, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

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Director of Finance & Treasury

1. Policy and Strategy

- Directing, evaluating, and socializing the policy and strategy in Finance & Treasury.
- To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Finance & Treasury as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Finance and Treasury, as well as coordinating with other Directors.
- Leading, directing, and coordinating the development as well as offering the best products of Finance and Treasury and ensuring that development as well as the offering are the products with high quality and competitive.
- Leading and coordinating the arrangement of Finance & Treasury products aggressively with due observance of Company policy and the precautionary principle.
- Leading and coordinating an effective promotion of Finance & Treasury products according to the market research and customer segments.
- Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Finance & Treasury, including proposing the recruitment, promotion, transfer/rotation, coaching and training through coordination with SEVP Human Capital.

Director of Corporate Banking

1. Policy and Strategy

- Directing, evaluating, and socializing the policy and strategy in Corporate Banking.
- To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.

- To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Corporate Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Corporate Banking, as well as coordinating with other Directors.
- Leading, directing, and coordinating the development as well as offering the best products of Corporate Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- Leading and coordinating the arrangement of Corporate Banking products aggressively with due observance of Company policy and the precautionary principle.
- Leading and coordinating an effective promotion of Corporate Banking products according to the market research and customer segments.
- Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Corporate Banking, including proposing the recruitment, promotion, transfer/rotation, coaching and training through coordination with SEVP Human Capital.

Director of Distributions

1. Policy and Strategy

- Directing, evaluating, and socializing the policy and strategy in Distributions.
- To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Distributions as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Distributions, as well as coordinating with other Directors.
- c. Leading and coordinating the distribution of Bank Mandiri products through units which run the Distribution function aggressively with due observance of the Company policy and precautionary principle.
- d. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- e. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- f. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Operations, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

Director of Retail Banking**1. Policy and Strategy**

- a. Directing, evaluating, and socializing the policy and strategy in Retail Banking.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Retail Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Retail Banking, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Retail Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Retail Banking products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Retail Banking products according to the market research and customer segments.

- f. Leading and directing the front liner marketers to implement Standard of Procedures in Retail Banking correctly.
- g. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- h. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- i. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Retail Banking, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

Director of Risk Management & Compliance**1. Policy and Strategy**

- a. Directing, evaluating, and socializing the policy and strategy in Risk Management & Compliance.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Risk Management & Compliance as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Risk Management & Compliance, as well as coordinating with other Directors.
- c. Coordinating and directing the implementation of good corporate governance principles
- d. Determining actions needed to ensure that Bank has complied with all prevailing rules and regulations as well as maintaining the business activity for not being distorted from the regulations.
- e. Monitoring and maintaining the Bank's compliance to all agreements and commitments made by Bank to external party.
- f. Developing work organization of Risk Management & Compliance so that the Company has policy, procedure and reliable method in implementing Risk Management & Compliance.
- g. Monitoring compliance and supervision action attached to all work units of Risk Management & Compliance.
- h. Coordinating, directing and monitoring the handling of complex and/or bankwide legal cases through legal advice provision to work units, management as well as optimizing legal officer.

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- i. Coordinating, directing and monitoring legal action effectively through integrated case handling with clear target.
- j. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- k. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Risk Management & Compliance, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

Director of Commercial Banking

1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Commercial Banking.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Commercial Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Commercial Banking, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Commercial Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Commercial Banking products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Commercial Banking products according to the market research and customer segments.
- f. Leading and directing the front liner marketers to implement Standard of Procedures in Commercial Banking correctly.
- g. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- h. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- i. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Commercial Banking, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

Director of Digital Banking & Technology

1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Digital Banking & Technology.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Digital Banking & Technology as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Digital Banking & Technology, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Digital Banking & Technology and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Digital Banking & Technology products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Digital Banking & Technology products according to the market research and customer segments.
- f. Developing Information Technology to work as a business partner with all units within the Company's organization and ensure that the Company has the most appropriate technology solutions for the current situation and business requirements in the future through planning of information technology effectively and efficiently, development, achievement, implementation, maintenance and ongoing support.
- g. Coordinating and directing the optimization of customer data usage to support the Company's business activities.
- h. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- i. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- j. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Digital Banking & Tehcnology, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

Number and Composition of the Board of Directors

The determination of the Board of Directors' number as referred to in the applicable regulations such as PBI No.8/4/PBI/2006 as amended by PBI No.8/14/PBI/2006 on Implementation of GCG for Commercial Banks, stating that a number of the members of the Board of Directors at, while pursuant to POJK No.33/POJK.04/2014 on Board of Directors and Board of Commissioners, mentioning that members of the Board of Directors

In order to achieve effectivity in decision making, the number of the Board of Directors has been determined by virtue of the needs to achieve purpose and objective of the company and being adapted for the company's condition which covers characteristic, capacity and size of the Company.

Composition of the Board of Directors Before Annual GMS

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Budi Gunadi Sadikin	President Director	The Annual General Meeting's decision, dated April 2, 2013 (shifting positions of Director became President Director	April 23, 2013 – 2016	Bank Indonesia 31 Juli 2013 (as President Director)	Indonesia
Sulaiman A. Arianto	Vice President Director	The Annual General Meeting's decision, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Sentot A. Sentausa	Director of Distributions	The Annual General Meeting, dated June 2, 2006	June 2, 2006 – 2016	Bank Indonesia October 3, 2006	Indonesia
Ogi Prastomiyono	Director of Technology & Operation	The Annual General Meeting dated May 29, 2008	May 29, 2008 – Current	Bank Indonesia July 12, 2010	Indonesia
Pahala N. Mansury	Director of Treasury & Markets	The Annual General Meeting dated May 17, 2010	May 17, 2010 – Current	Bank Indonesia July 12, 2010	Indonesia
Royke Tumilaar	Director of Corporate Banking	The Annual General Meeting dated May 23, 2011	May 23, 2011 – Current	Bank Indonesia July 15, 2011	Indonesia
Hery Gunardi	Director of Consumer Banking	The Annual General Meeting dated 2 April 2013	2 April 2013 – Current	Bank Indonesia June 27, 2013	Indonesia
Tardi	Director of Micro & Business Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority September 16, 2015	Indonesia
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	The Annual General Meeting, dated March 16, 2015	March 16, 2015– Current	Financial Services Authority June 19, 2015	Indonesia
Kartini Sally	Director of Commercial Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 1, 2015	Indonesia
Kartika Wirjoatmodjo	Director of Finance & Strategy	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority July 3, 2015	Indonesia

In 2016, there was change in composition of the Board of Directors. Pursuant to the resolutions of AGMS dated March 21, 2016, Kartika Wirjoatmodjo who previously served as Director was then appointed as President Director, replacing Budi Gunadi Sadikin. At the same time, Rico Usthavia Frans was also appointed as Director, replacing Sentot A. Sentausa. Therefore, the members of the Board of Directors as of December 31, 2016 were 10 person consisting one President Director, one Vice President Director and 8 Directors with the following details:

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Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Kartika Wirjoatmodjo	President Director	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority May 11, 2016	Indonesia
Sulaiman A. Arianito	Vice President Director	The Annual General Meeting's decision, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Ogi Prastomiyono	Director of Operations	The Annual General Meeting's decision, dated May 29, 2008	May 29, 2008 – Current	Bank Indonesia December 12, 2008	Indonesia
Pahala N. Mansury	Director of Finance & Treasury	The Annual General Meeting dated May 17, 2010	May 17, 2010 – Current	Bank Indonesia July 12, 2010	Indonesia
Hery Gunardi	Director of Distributions	The Annual General Meeting dated 2 April 2013	2 April 2013 – Current	Bank Indonesia June 27, 2013	Indonesia
Tardi	Director of Retail Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority September 16, 2015	Indonesia
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Kartini Sally	Director of Commercial Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 1, 2015	Indonesia
Royke Tumilaar	Director of Corporate Banking	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority	Indonesia
Rico Usthavia Frans	Director of Digital Banking & Technology	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority July 18, 2016	Indonesia

Fit and Proper Test

As well as the Board of Commissioners, the Board of Directors as the Bank's management shall meet the requirements of integrity, competence and financial reputation as well as to pass fit and proper test organized by Financial Services Authority as stipulated in POJK No.27/POJK.03/2016 on Fit and Proper Test for the Primary Party of Financial Services Institutions.

Each member of the Board of Directors has passed Fit and Proper Test held by Bank Indonesia or Financial Services Authority as can be seen in the following table:

Name	Designation	Fit and Proper Test Organizer	Effective Appointment Date
Kartika Wirjoatmodjo	President Director	Financial Services Authority	May 17, 2016
Sulaiman A. Arianito	Vice President Director	Financial Services Authority	June 25, 2015
Ogi Prastomiyono	Director of Technology & Operation	Bank Indonesia	December 24, 2008
Pahala N. Mansury	Director of Finance & Treasury	Bank Indonesia	July 16, 2010
Hery Gunardi	Director of Distribution	Bank Indonesia	July 4, 2013
Tardi	Director of Retail Banking	Financial Services Authority	September 22, 2015
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Financial Services Authority	June 25, 2015
Kartini Sally	Director of Commercial Banking	Financial Services Authority	June 10, 2015
Royke Tumilaar	Director of Corporate Banking	Financial Services Authority	June 15, 2015
Rico Usthavia Frans	Director of Digital Banking & Technology	Financial Services Authority	July 20, 2016

Criteria and Independence of the Board of Directors

Independence of Bank Mandiri's Board of Directors is proved by not having any family relationship until second degree either vertical or horizontal and financial relationship with Controlling Shareholders, fellow member of the Board of Directors, and member of the Board of Commissioners as presented on the following table.

Name	Financial and Family Relations											
	Financial Relations						Family Relations					
	Board of Commissioners		Board of Directors		Controlling Shareholder		Board of Directors		Board of Commissioners		Controlling Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Kartika Wirjoatmodjo		√		√		√		√		√		√
Sulaiman A. Arianto		√		√		√		√		√		√
Ogi Prastomiyono		√		√		√		√		√		√
Pahala N. Mansury		√		√		√		√		√		√
Hery Gunardi		√		√		√		√		√		√
Tardi		√		√		√		√		√		√
Ahmad Siddik Badruddin		√		√		√		√		√		√
Kartini Sally		√		√		√		√		√		√
Royke Tumilaar		√		√		√		√		√		√
Rico Usthavia Frans		√		√		√		√		√		√

Stock Ownership by the Board of Directors

As of December 31, 2016, stock ownership by each member of the Board of Directors of Bank Mandiri did not reach 5% (five percent) of the paid up capital of Bank Mandiri, other banks, non bank financial institutions and other companies domiciled in the country or overseas. Following is the table of stock ownership by the Board of Directors:

Board of Directors	Position	Share ownership 5% or more from paid in capital				
		Bank Mandiri	By Family in Bank Mandiri	Other Company	Other Bank	Financial Institution other than Bank
Kartika Wirjoatmodjo	President Director	Null	Null	Null	Null	Null
Sulaiman A. Arianto	Vice President Director	Null	Null	Null	Null	Null
Ogi Prastomiyono	Director	Null	Null	Null	Null	Null
Pahala N. Mansury	Director	Null	Null	Null	Null	Null
Hery Gunardi	Director	Null	Null	Null	Null	Null
Tardi	Director	Null	Null	Null	Null	Null
Ahmad Siddik Badruddin	Director	Null	Null	Null	Null	Null
Kartini Sally	Director	Null	Null	Null	Null	Null
Royke Tumilaar	Director	Null	Null	Null	Null	Null
Rico Usthavia Frans	Director	Null	Null	Null	Null	Null

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Concurrent Positions of the Board of Directors

According to POJK No. 55/POJK.03/2016 on Implementation of GCG for Commercial Banks, each member of the Board of Directors is prohibited to serve in concurrent positions as the member of the Board of Commissioners, Board of Directors or Executives of the Bank, other companies/institutions except it is allowed by such regulations.

The members of Bank Mandiri's Board of Directors do not serve in a concurrent position beyond which are admitted by the regulations and may cause a conflict of interest prohibited by legislation.

If a member of the Board of Directors who is responsible for supervision on the subsidiaries, carries out functional tasks as a member of the Board of Commissioners at non-bank Subsidiaries controlled by Bank, all concerned not neglect the duties and responsibilities as a member of the Board of, therefore it is not considered as double post.

Conflict of Interest Management Policy

As stipulated in the GCG Charter, Bank Mandiri has conflict of interest management policy as follow:

- Board of Commissioners, Board of Directors and executive Officers having commitment to avoid all types of conflict of interest.
- In the event Board of Directors personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Directors and the relevant member of Board of Directors reserve no rights for voting.
- In the event Board of Commissioners personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Commissioners and the relevant member of Board of Commissioners reserve no rights for voting.

Implementation of Duties and Responsibilities of the Board of Directors in 2016

In general, aside from conducting internal meetings and GMS, the implementation of duties and responsibilities of the Board of Directors is related to the performance of Bank Mandiri during 2016, among others:

1. Issuance of Sustainable Bonds I of Bank Mandiri Year 2016 as much as Rp5,000,000,000,000 with effective date September 22, 2016.
2. Development plan of Mandiri University which is addressed to employees of Mandiri Group and other institutions.
3. Conducting various events such as Mandiri Investment Forum (MIF) 2016, Mandiri Art Charity exhibition.

4. To hire disabled workers as Call Center Operator.
5. Development of e-Commerce business through various electronic banking channel.
6. Launching the technology innovation in the form of online CPO Supporting Fund.
7. Conducting anticipative moves to grow healthy and sustainable, among others by establishing strong allowances in order to strengthen productive assets structure to be more solid and anticipate the Non Performing Loan increasing trend in banking industry in the future.
8. Supporting Digital Financial Services Program in order to create banking financial system which is easy, fast, and can reduce deviation risk as well as to extend the financial inclusion program to public.
9. Conducting tax amnesty socialization in order to support government policy to improve tax basis and government revenue.
10. Collaborating with Indonesian Institute for Corporate Governance (IICG), Bank Mandiri constantly monitors corporate governance perception index.
11. Supporting national strategic infrastructure projects through Special Transaction Loan of Rp1.2 trillion to PT Kereta Api Indonesia (KAI).

Meeting of the Board of Directors

Meeting of Bank Mandiri's Board of Directors is held at least once a month, attended by all directors and executive officers reporting to the Board of Directors to supervise operational performance. Meeting decision is taken by deliberation and consensus. In the event that consensus can not be reached a decision, the decision taken by majority voting agreed and the decision shall be accepted as a joint decision (mutual).

In addition, the Board of Directors may also adopt valid and binding decisions without convening a meeting, with the requirement of all members of the Board of Directors have known the intended decision proposal, given their written approval and signed the agreement. The decision making shall have an equal power to the decision making through formal meetings.

The meeting schedules also correspond with Circular Letter of the Minister of SOE No. SE-03/MBU/2011 dated October 27, 2011 which requires the Board of Directors to conduct meetings every Tuesday and if necessary the Board of Directors may invite the Board of Commissioners for participated in the meeting. Board of Directors meeting scheduled before the start of financial year.

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Meeting Frequency, Level of Attendance and Meeting Agenda of the Board of Directors

During 2016, the Board of Directors has convened 53 internal meetings with the following details of agenda and frequency of attendance of each member of the Board of Directors:

Date of Meetings	Meeting Agenda	Budi Gunadi Sadikin*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausa**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
5 Jan	- Proposed Agenda 2016 Board of Directors Meeting and Agenda Review Meeting of the Board of Directors 2015 - Discussion on Human Capital - Strategic Agenda Retail Update	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
12 Jan	- Discussion on Human Capital - Financial Performance December 2015 - KLN Initiatives Update - Strategic Agenda Retail Update	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	
19 Jan	- Update Risk Management - Industrial Sector Forecast 2016 - Strategic Agenda Wholesale Update - Strategic Agenda Retail Update		✓	✓	✓	✓	✓	✓	✓		✓	✓	
26 Jan	- Update Audit of Financial Statements per December 31, 2015 - Discussion of Performance Review 2015 - Risk Based Bank Rating Q IV/2015 - Discussion on the Implementation of the Annual General Meeting - Strategic Agenda Wholesale & Retail Update - Customer Satisfaction Survey	✓	✓	✓	✓	✓	✓	✓			✓	✓	
2 Feb	Discussion of Bank Mandiri Pension Fund	✓	✓		✓	✓	✓	✓		✓	✓	✓	
5 Feb	Discussion on Human Capital	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
9 Feb	- Proposed FTP - Discussion on Human Capital - Risk-based Bank Rating Integrated - Policy revision Bank Mandiri - Strategic Agenda Retail Update - Update Report Internal Audit Q1 2016			✓		✓	✓	✓	✓	✓	✓	✓	
16 Feb	- Financial performance in January 2016 - Media Plan Q1 2016 - Update Strategic Agenda Retail & IT - Discussion on the Implementation of the Annual General Meeting - Update Legal - Discussion on Human Capital	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
23 Feb	- Culture Excellence Award and Independent Innovation Award 2015 - Update Distribution Network Transformation - Wholesale Funding Strategy - Preparation of a Public Expose Q4 2015 & Analyst Meeting - Update Cooperation Customer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
1 Mar	- Discussion on Human Capital - Update Strategic Agenda Wholesale - Update Strategic Agenda Retail - Update Strategic Agenda IT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
5 Mar	- Discussion on Human Capital - Update Audit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
15 Mar	- Financial performance in February 2016 - Discussion on the Implementation of the Annual General Meeting - Update Business Strategy Subsidiary Companies - Discussion on Human Capital - Update Strategic Agenda Retail	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	
22 Mar	Follow-up Decision of the Annual General Meeting		✓	✓		✓	✓	✓	✓	✓	✓	✓	

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Date of Meetings	Meeting Agenda	Budi Gunadi Sadikin*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausa**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
29 Mar	- Job descriptions of Directors - Discussion on Human Capital - Update Implementation Revaluation of Assets - Proposed Use "Plafon Hapus Buku" Q1 2016 - Update Strategic Agenda Retail		√	√		√	√	√			√	√	
5 Apr	- Job descriptions and Alternate Directors - Discussion on Human Capital		√			√	√	√	√	√		√	
12 Apr	- Discussion of Human Capital - Financial performance in March 2016		√	√		√		√	√	√	√	√	
19 Apr	- Discussion of Human Capital - Discussion on Corporate Initiatives and Program Plan - Update Strategic Agenda Wholesale & Retail - Update Committee under the Board of Directors		√	√		√	√	√	√	√	√	√	
26 Apr	- EY KAP Management Letter - Update Asset Revaluation Implementation - Business Update Special Asset Management - Discussion on Human Capital		√	√		√	√	√	√	√	√	√	
28 Apr	Discussion Human Capital		√	√		√	√	√	√	√	√	√	
3 May	- Update and Credit Analysis Corporate & SAM - Update Strategic Agenda Retail - Update Strategic Agenda IT		√	√		√	√	√	√	√		√	
10 May	- Financial Statements Audited In March 2016 - Update Plan Issuance of Senior Debt - Update Strategic Agenda Retail		√	√		√	√	√	√	√		√	
17 May	- Update Credit Corporate & Commercial - Discussion on Human Capital - Review Fee Based Income - Update Distribution Network Transformation - Financial performance in April 2016		√	√		√	√	√	√	√	√	√	
18 May	- Financial performance in April 2016 - Update Program Communications Bank Mandiri		√	√		√	√		√	√	√	√	
24 May	- Update Strategic Agenda Wholesale & Retail - Discussion of Findings Audit & Fraud					√	√	√		√	√	√	
31 May	- Update Credit, Distribution and SAM - Update Strategic Agenda IT - Update Business Development in ASEAN - Update Legal I		√	√		√	√	√	√	√	√	√	
7 Jun	- Proposed credit authority - Update Strategic Agenda IT - Update Business Strategic Subsidiary		√	√		√	√	√	√	√	√	√	
10 Jun	Revised CBP 2016		√	√		√	√	√	√	√	√	√	
14 Jun	- Discussion of Human Capital - Update Corporate Real Estate Group - Update Business Subsidiary - Update IT developments - Update Strategic Agenda Wholesale - Financial performance in May 2016		√	√		√	√	√	√	√	√	√	
21 Jun	- Proposed Benefit pension and Other Benefits pension Fund Bank Mandiri - Proposed Corporate Real Estate Group - Update Distribution Network Transformation - Review Request portfolio Treasury - Update Legal Strategy		√	√		√	√		√	√	√	√	
28 Jun	- Proposed Use "Plafond Hapus Buku" Q2 2016 - Update Strategic Agenda Retail - Update Project Acquiring Aggregator		√	√		√	√	√	√	√	√	√	

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Date of Meetings	Meeting Agenda	Budi Gunadi Sadikin*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausta**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
12 Jul	- Proposed Sponsorship Bank Mandiri - Proposed Benefit pension and Other Benefits pension Fund Bank Mandiri - Update Business Strategic Subsidiaries - Financial performance of the Company as at June 30, 2016		√	√		√	√	√	√	√	√	√	
19 Jul	- Update Design Calendar & Agenda Year 2017 - Proposed Project Strategic - Proposed credit authority - Update e-Channel services and Coping Strategies Customer		√			√	√	√	√	√	√	√	
20 Jul	Financial performance in June 2016		√	√		√	√	√	√	√	√	√	
26 Jul	- Update Preparation Tax Amnesty - Update Collection Strategy - Risk Based Bank Rating Q2 2016 - Proposed Incentives Service - Credit Terminate Proposed authority		√	√		√	√	√	√	√	√	√	√
2 Aug	- Proposed Credit Terminate authority - Update Strategic Agenda Wholesale			√		√	√		√	√	√	√	√
9 Aug	- Risk Based Bank Rating Integrated - Strategic Agenda IT Update - Update Small Business Segment Strategy		√			√	√	√		√		√	√
10 Aug	- Update Consumer Business Strategy - Discussion on Human Capital		√	√		√		√	√		√	√	√
15 Aug	- Financial Performance in July 2016 - Consumer Business Strategy Update - Update Micro Business Strategy - Discussion on Human Capital		√	√		√	√		√	√	√	√	√
19 Aug	- Commercial Business Strategy Update - Update Development of IT - Discussion on Human Capital		√	√		√			√		√	√	
30 Aug	- Proposed Use "Plafond Hapus Buku" Month August 2016 - Discussion on Human Capital		√			√	√	√	√	√	√	√	√
6 Sep	- Update Corporate Secretary - Update Strategic Agenda Retail		√	√		√	√	√		√	√	√	√
13 Sep	- Financial Performance in August 2016 - Proposed Independent Entrepreneur Program 2016 - Commercial Business Strategy Update - Update Strategies Subsidiary		√	√		√	√	√	√	√	√	√	√
20 Sep	- Update Events Anniversary Bank Mandiri - Update Network Development Office		√	√		√	√		√	√			
27 Sep	- Discussion on Human Capital - Review of the Performance Fee Based Income - Proposed Use "Plafond Hapus Buku" Q3 2016 - Update Corporate Real Estate Group - Update Strategic Agenda Retail - Discussion on Corporate Plan		√	√		√		√	√	√	√	√	√
4 Oct	- Proposed Corporate Secretary Group - Review of the Performance Fee Based Income - Kick-off RKAP 2017 - Update Strategies Subsidiary		√	√		√	√	√	√	√	√	√	√
11 Oct	- Financial Performance in September 2016 - Update Business Development in ASEAN - Update Corporate Real Estate Group - Proposed Policy Revisions			√		√	√	√	√	√	√	√	√
18 Oct	- Update POJK Changes - Update Strategic Agenda Retail - Discussion on Human Capital		√	√			√	√	√	√	√	√	√

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Date of Meetings	Meeting Agenda	Budi Gunadi Sadikin*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausa**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
1 Nov	- Update Compilation CBP 2017 - Corporate Governance Perception Index (CGPI) 2015/2016 - Discussion on Distribution Review and Corporate Plan		√	√			√	√	√	√	√	√	√
8 Nov	- Proposed Provision of CSR - Legal Strategy - Update Strategic Agenda Retail - Projection NPL		√	√		√	√	√	√	√	√	√	√
15 Nov	- Corporate Plan Initiatives - Discussion on Human Capital - Projection NPL - Financial Performance Month October 2016 - Update Strategic Agenda Retail		√			√	√	√	√	√	√	√	√
22 Nov	- Update Strategic Agenda Retail - Strategic Update Subsidiary - Discussion on Human Capital		√	√		√	√	√	√	√	√	√	
29 Nov	- Proposed Use "Plafond Hapus Buku" November 2016 - Discussion on Human Capital		√	√		√	√	√	√				√
13 Dec	Proposed Treasury Group							√	√	√	√	√	√
20 Dec	- Proposed Use "Plafond Hapus Buku" in December 2016 - Subsidiary Strategic Update - Proposed Sponsorship Bank Mandiri - Discussion on Human Capital		√	√		√		√	√	√	√	√	√
21 Dec	Financial Performance in November 2016		√	√		√		√	√	√	√	√	
29 Dec	- Discussion of Human Capital - Proposed Corporate Secretary Group		√	√		√	√			√	√	√	
Number of Meetings		12	56	56	12	56	56	56	56	56	56	56	24
Total Attendance		10	50	48	9	53	50	49	49	50	51	54	18
Percentage of Attendance		83%	89%	86%	75%	95%	89%	88%	88%	89%	91%	96%	75%

*) Serving until March 21, 2016

**) Serving until March 21, 2016

***) According fit and proper test result, Mr. Rico Usthavia Frans effectively held position as of July 18, 2016

Joint Meeting of the Board of Directors and the Board of Commissioners

In addition, the joint meeting is also conducted at least once in 4 (four) months as mentioned in the Articles of Association.

Throughout 2016, the Joint Meeting has been conducted 12 times whereas 3 meetings held upon request of the Board of Directors, while the rest of 9 meetings were upon request of the Board of Commissioners.

[illegible]

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Date of Meetings	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Aviliani	Goei Siauw Hong	Bangun S. Kusmulyono	Abdul Aziz	Askolani	Suwihono*)	Ardan Adiperdana *)	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Ogi Prastomyono	Pahala N. Mansury	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Royke Tumilaar	Rico Usthavia Frans**
20 Jul	Financial Performance in June 2016	√	√	√	√	√	√	√			√	√	√	√	√	√	√	√		√
31 Aug	Financial Performance in July 2016	√	√	√	√	√	√	√			√	√			√		√		√	√
21 Sep	- Financial Performance in August 2016 - Approval of the budget increase to remove the book credit the financial year 2016 amounting to Rp2.5 trillion	√	√	√	√	√	√	√				√	√	√						√
19 Oct	- Financial Performance In September 2016 - POJK Regulation No. 34/POJK/03/2016 about the minimum capital requirement for commercial banks their impact in the quarterly financial statements September 30, 2016 positions	√	√	√	√	√	√	√		√	√	√			√	√	√	√	√	√
23 Nov	- In October 2016 Financial Performance - RKAP 2017 and RBB 2017-2019 Proposal	√	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√	√	√
21 Dec	Financial performance in November 2016	√	√	√	√	√	√	√		√	√	√	√	√	√	√	√	√	√	√
Number of Meetings		11	12	12	12	12	12	12	0	12	12	12	12	12	12	12	12	12	12	6
Total Attendance		11	12	12	12	12	12	12	0	9	11	9	9	10	9	7	10	9	8	6
Percentage of Attendance (%)		100%	100%	100%	100%	100%	100%	100%	0	75%	92%	75%	75%	83%	75%	58%	83%	75%	66%	100%

The Board of Directors who attended are the Directors relating to the material covered in the meeting.

*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri was over due to his new assignment as President Director of PT Berdikari (Persero)

**) According to fit and proper test result, Mr. Rico Usthavia Frans effectively held position as of July 18, 2016

Induction Program for New Member of the Board of Directors

In order to provide an overview of business activities, the Company's future plans, guides and other work that is the responsibility of the Board of Directors, Bank Mandiri conducts an induction program for new members of the Board of Directors which is prepared by the Corporate Secretary of the Group in the form of soft copy and hard copy documents.

Such documents among others Annual Report, the Work Plan and Budget (CBP), Long-Term Plan of the Company (RJPP), Articles of Association, Corporate Governance Policy, Code of Ethics, Work Program of the Board of Directors and Committees under the Board of Directors, Code of Conduct of the Board of Directors, Code of Conduct of Committees under the Board of Directors, as well as laws and regulations related to the business process of Bank Mandiri.

Induction program is also conducted through on site (visits) to units in the Head Office, as well as in the region to meet and face to face with the ranks of Bank Mandiri in the Central and Regional Offices.

Regarding the change in composition of the Board of Directors of Bank Mandiri based on the AGMS Resolution dated March 21, 2016, Bank Mandiri conducted program of induction and enhancement of capabilities for the new Director by distributing Codes Board (Board Manual) as a reference in carrying out the functions of management duties.

Competence Development of the Board of Directors

The Board of Directors is demanded to always improve competence and update his/her knowledge. For that reason, Bank Mandiri constantly facilitate their needs through various sustainable education such as training, workshop, seminar, conference in order to improve the effectivity of the Board of Directors' function which are held routinely both domestic and overseas. The training/competency program for the Board of Directors can be viewed on page 109.

Risk Management Certification

In 2016, the Directors who have earned the certification of risk management were as follow:

Name	Agency that issued the certificate	No. certificate of competence	No. Reg	Level	Field/Area	Certificate date issued	Validity period	Expiry date
Kartika Wirjoatmodjo	Badan Nasional Sertifikasi Profesi/ LSP	64120 1210 8 0003832 2015	KEU. 030 9415015	Level 5	Banking Risk Management	17-Apr-15	2 Years	17-Apr-17
Sulaiman A. Arianto	BARa-LSP	BR.083/ CTF/03/2015	-	-	Risk Management Certification Refreshment Program in Jakarta	1-2 April 2015	2 Years	1-2 April 2017
	BARa-LSP	BR.717/ CTF/07/2012	-	-	Risk Management Certification Refreshment Program in Frankfurt	10 July 2012	2 Years	9 July 2014
Ogi Prastomiyono	IBI-LSP-MMUGM	027/IRMRP/ MMUGM/X/2016	-	-	Refreshment program - International Risk Management Refreshment Program for Executives Europe Class 2016 (Milan)	21-Oct-16	2 Years	21 October 2018
	LSP	-	KEU. 030 0001931 2014	-	Refreshment - Risk management Banking level 5 in Hong Kong	27-Nov-14	2 Years	27 October 2016
	BARa- LSP	BR.1053/ CTF/11/2012	-	-	Risk management certification refreshment program in Tokyo	12-Nov-12	2 Years	12 November 2014
	BSMR	-	040820031 0000315	-	Risk management certification refreshment Program for Executives in Bali	19-Feb-08	2 Years	19 February 2010
	Indonesian risk professional association	-	-	-	Program for Executives Risk management certification	20-Aug-04	2 Years	20 August 2006
Pahala N. Mansury	Badan Nasional Sertifikasi Profesi/ LSP	00027090695011	-	Level 5	Banking Risk Management	17 December 2011	2 Years	17 December 2013
	BARa Risk Forum	BR.049/CTF/3/2015	-	-	Risk Management Certification Refreshment Program in Bandung	5-Mar-15	2 Years	5-Mar-17

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Name	Agency that issued the certificate	No. certificate of competence	No. Reg	Level	Field/Area	Certificate date issued	Validity period	Expiry date
Royke Tumilaar	Badan Nasional Sertifikasi Profesi/ LSPP	0012152.0440911	-	Level 5	Banking Risk Management	12-Jun-12	2 Years	12 June 2014
	BARa Risk Forum	-	-	-	Refreshment at Stockholm 19 - 21 Sept 2016	21-Sep-16	2 Years	21-Sep-18
Hery Gunardi	Badan Nasional Sertifikasi Profesi/ LSPP	64120 1210 8 0008004 2015	KEU.030 0849471	Level 5	Banking Risk Management	2 Juli 2015	2 Years	13-Apr-17
Tardi	Badan Nasional Sertifikasi Profesi/ LSPP	64120 1210 8 0003351 2015	KEU. 030 9350715	Level 5	Banking Risk Management	4-Apr-15	2 Years	4-Apr-17
Ahmad Siddik Badruddin	Badan Nasional Sertifikasi Profesi/ LSPP	64120 1210 8 0003544 2015	KEU. 030 8521914	Level 5	Banking Risk Management	11-Apr-15	2 Years	11-Apr-17
	BARa Risk Forum	-	-	-	Refreshment @ Stockholm 19 - 21 Sept 2016	21-Sep-16	2 Years	21-Sep-18
Kartini Sally	Badan Nasional Sertifikasi Profesi/ LSPP	64120 1210 8 0003545 2015	KEU. 030 9392015	Level 5	Banking Risk Management	11-Apr-15	2 Years	11-Apr-17
Rico Usthavia Frans	Badan Sertifikasi Manajemen Resiko (BSMR)	00002270/000322	06111801 20009897	Level 5	Banking Risk Management	7-May-16	2 Years	7-May-18
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	06111801 20009897	Level 4	Banking Risk Management	25-Apr-10	2 Years	25 April 2012
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	06111801 20009897	Level 2	Banking Risk Management	2-Jun-07	2 Years	2 June 2011
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	-	Level 1	Banking Risk Management	9-Aug-07	2 Years	9 August 2011

Performance Assessment of the Board of Directors

Every year, the performance of each member of the Board of Directors including President Director will be assessed individually according to their field of work that refers to four criteria of assessment i.e financial, people, process, and customer. The performance assessment is conducted based on achievement target and Key Performance Indicator (KPI) which have been agreed at the beginning of the year.

Parameter for the performance assessment is related to the implementation of duties and responsibilities comprising of TARIF principles in performing function to manage Bank Mandiri. The parameter is considered as benchmark for the Board of Directors to conduct assessment based on GCG self assessment result submitted to Bank Indonesia periodically which refers to Circular of Bank Indonesia No.15/15/DPNP on Implementation of Good Corporate Governance for Commercial Banks.

Successful Indicators for performance of the Board of Directors is inseparable part in compensation scheme/ incentive for the Board of Directors which can be seen on the realization of Work and Budget Plan (RKAP) of the Company yearly whereas such RKAP is a reflection of the achievement of the Board of Directors collegially.

BOD Performance Evaluation Criteria

Following are the criteria that used for the assessment of each member of the Board of Directors which is conducted annually :

1. Implementation of duties and management function by the Board of Directors according to Articles of Association.
2. Compliance with the applicable regulations.
3. The healthy level of Bank.
4. Level of attendance in Meeting of the Board of Directors as well as Committees' Meetings.
5. Involvement of the Board of Directors in certain assignments.
6. Key Performance Indicator of each member of the Board of Directors is presented on the following table:

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President Director

- Market Capitalization BMRI
- Earning after tax
- Return on equity
- Market share of funds and credit
- Maximum NPL (Non Performing Loan)
- Fee Based Income Ratio
- Growth and volume of credit and loan volume retail
- Growth and volume CASA and funding mix CASA
- Ranked ASEAN CG Scorecard
- MRI Survey
- Strategic Initiatives Corporate Plan
- Cost Efficiency Ratio, and Income Factor (Total Revenue – Total Operating Expense) / FTE

Vice President Director

- RORWA (Return on Risk Weighted Assets) Wholesale segment
- Contribution margin Wholesale segment
- Average balance of low cost funds and credit the Wholesale segment
- NPL rate Wholesale segment
- Market share of low cost funds and credits area 8 Surabaya
- Crosssale ratio
- Anchor clients revenue (CASA, loan, and transaction)
- CASA value chain
- Human capital score.
- Ranked ASEAN CG Scorecard

Director of Operations

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Ranked ASEAN CG Scorecard
- Operational Reliability
- Availability e-Channel
- Credit cycle end-to-end bankwide
- Implementation of strategic initiatives IT and Non IT under the Directorate of operations
- Human Capital Score Bankwide
- Composite Group Index

Director of Finance & Treasury

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Total Revenue Treasury and FI Segment
- Growth of International Product Revenues
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Mandiri Sekuritas and BMEL Net Profit
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Finance & Treasury
- Human Capital Score Bankwide
- Composite Group Index

Director of Corporate Banking.

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Corporate Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Volume Average Balance Kredit dan Dana Murah Corporate Banking
- Profit after tax of all subsidiaries under the Directorate of Corporate Banking
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Corporate Banking
- Human Capital Score Bankwide

Director of Distributions

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Profit of subsidiaries
- Ranked ASEAN CG Scorecard
- Human Capital Score Bankwide
- Development of new network in accordance RBB
- Composite Regional Index

Director of Retail Banking

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Retail Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Retail Customer Satisfaction Index
- Volume Average Balance Dana Pihak Ketiga dan Kredit segmen Retail Banking
- Profit after tax of all subsidiaries under the Directorate of Retail Banking
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Retail Banking
- Human Capital Score Bankwide
- Composite Group Index

Director of Risk Management & Compliance

- Contribution Margin
- Average balance CASA
- Average balance kredit
- Delinquency rate 30+ DPD for the main products of individual credit (credit quality)
- Profit of subsidiaries
- ROMI (Return on Marketing Investment) bankwide
- Market share index , market share and credit funds 7 regional offices Semarang
- Survey customer satisfaction
- Cross sell ratio nasabah prioritas
- Strategic Initiatives Corporate Plan
- Human capital score.
- Ranked ASEAN CG Scorecard

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Director of Commercial Banking

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Commercial Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Average Balance Dana Masyarakat dan Kredit Commercial Banking
- Percentage of Transactions Operations Debtors Main Directorate of Commercial Banking
- BSM Net profit
- Wholesale Customer Satisfaction Index
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Commercial Banking
- Human Capital Score Bankwide

Director of Digital Banking & Technology

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Revenue from transactions of wholesale trade & e-channel
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Volume Average Balance Giro Bankwide
- Productivity Quadrant ATM A, B, dan C
- Sales Volume EDC
- Frequency of transactions Mobile & Internet Banking
- Ranked ASEAN CG Scorecard
- Human Capital Score Bankwide
- Implementation of strategic initiatives IT and Non IT under the Directorate of Digital Banking & Technology.
- Composite Group Index

In 2016, the performance assessment of each member of the Board of Directors has been conducted based on the above mentioned criteria with the following results:

Name	Designation	Result
Kartika Wirjoatmodjo	President Director	95.78
Sulaiman A. Arianto	Vice President Director	95.78
Ogi Prastomiyono	Director	98.78
Pahala N. Mansury	Director	95.57
Hery Gunardi	Director	96.49
Tardi	Director	93.35
Ahmad Siddik Badruddin	Director	98.2
Kartini Sally	Director	96.15
Royke Tumilaar	Director	98.46
Rico Usthavia Frans	Director	93.86

Party to Conduct Assessment:

The measurement of performance success of the Board of Directors is reflected in realization of Annual Work Plan and Budget as well as the bank healthy level covering Risk Profile, Good Corporate Governance, Rentability and Capital. The parties who conduct assessment to the performance of the Board of Directors are the Board of Commissioners and GMS.

In addition, several issues related to the assessment of performance of the Board of Directors are as follows:

- As SOE, the performance of the Board of Directors is measured by Controlling Shareholders (Ministry of SOE) periodically every year by using Criteria for Performance Excellence method which adopts Malcomm Balridge criteria.
- For the implementation of GCG, the assessment of the Board of Directors' performance can be conducted through Self Assessment mechanism by virtue of BI and OJK regulations and can be measured through Third Party Assessment by using International Standar, namely ASEAN CG Scorecard.

Mechanism of Resignation and Dismissal for the Board of Directors

As referred to in Article 15 of Articles of Association of Bank Mandiri, the mechanism of resignation for the Board of Directors is as follow:

- A member of the Board of Directors may voluntary resign from his/her office prior to expiry of his/her term of office and the relevant member of the Board of Directors shall submit the written notice regarding such intention to the Company.
- The Company shall convene a GMS to resolve the application for resignation of the said member of the Board of Directors not later than 90 (ninety) days as of the date of the said application for such resignation received.
- If the GMS referred to in this paragraph is convened less than 90 (ninety) days and resolves to accept such resignation of the said member of the Board of Directors, the GMS may resolve to accept such resignation effective earlier than 90 (ninety) days after such application for resignation.
- The resigned member of the Board of Directors shall be discharged from any duties after the GMS properly accepts such resignation and obtain release and discharge from the Annual GMS.

While the dismissal mechanism for the Board of Directors is as follow:

- The Board of Directors may be dismissed by virtue of the GMS by stating the reasons thereof, i.e.:
 - failed to comply with the laws and regulations and/or provisions of the Articles of Association;
 - involved in any action harming the Company and/or the State;
 - being declared guilty under the final and enforceable court verdict; or
 - voluntary resignation ;
 - other reasons deemed properly by the GMS for the purposes and interests of the Company.

- b. Members of the Board of Directors may be suspended at any time by the Board of Commissioners by specifying the reasons thereof. Upon suspension, the following provisions shall apply:
- Resolution of the Board of Commissioners shall be performed in accordance with the procedures of decision making of the Board of Commissioners.
 - The written notice shall be served to the relevant person by describing the reasons of such action with a copy of such notice delivered to the Board of Directors.
 - Such notice shall be submitted no later than 2 (two) working days as of the stipulation of suspension.
 - No later than 90 (ninety) days as of the date of the suspension, the Board of Commissioners shall convene the GMS to revoke or sustain such resolution on suspension.
 - The suspended member of the Board of Directors, shall not be entitled;
 - a) to carry out the Company's management on behalf of the Company in accordance with the purposes and objectives of the Company.
 - b) to represent the Company within or outside the Court.
 - Upon the expiry of the time period for convening the GMS as referred to in letter d of this paragraph or the GMS fails to resolve resolutions, the suspension shall be annulled.
 - In the GMS, such member of the Board of Directors shall be rendered an opportunity to defend him/her self.
 - The GMS shall be presided over by one of the Shareholders selected by and amongst the attending Shareholders.

Decree of the Board of Directors in 2016

Throughout 2016, the Board of Directors has released several decrees as follows:

Number	Date	Subject
KEP.DIR/134/2016	11 April 2016	Organizational Structure
KEP.DIR/134/2016	11 April 2016	Job Descriptions and Authorities of Members of the Board of Directors and Determination on List of Substitute Director
KEP.DIR/135/2016	11 April 2016	Determination of Region Builder Director Along with the Duties and Authorities
KEP.DIR/169/2016	28 April 2016	Establishment of 2016 Marketable Securities Issuance Team of PT Bank Mandiri (Persero) Tbk
KEP.DIR/352/2016	26 September 2016	Organizational Structure

Reconsideration of Annual Strategy of the Company

The Board of Directors encourages the Company performance for next year by reconsidering the annual strategy of the Company conducted at the end of the current year. In 2016, the reconsideration of annual strategy of the Company was conducted through Meeting of the Board of Directors

Loan Policy for the Board of Directors

There is no privilege given to the Board of Directors in terms of loan and interest. Otherwise, Bank Mandiri treats the members of the Board of Directors as regular customers. According to PBI No.8/13/PBI/2006, the loan for the Board of Directors will be counted as legal lending limit.

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Remuneration Policy for the Board of Commissioners and the Board of Directors

The formulation of Remuneration policy for the Board of Commissioners and the Board of Directors members has considered aspects which cover short term and long term liquidity needs, strengthening the Bank's capital adequacy, financial stability, creating effectiveness of risk management and earnings potential in the future.

In providing both the Fixed Remuneration and Variable-Dependent Remuneration. Bank Mandiri considers the prudential principles. Aside from not conflicting with legislation in force, Fixed Remuneration considers the scale of business, business complexity, peer group, the rate of inflation, conditions, and financial capacity. Meanwhile, the Variable-Dependent Remuneration Policy shall pay attention to things related to the Fixed Remuneration and also encourages prudent risk taking.

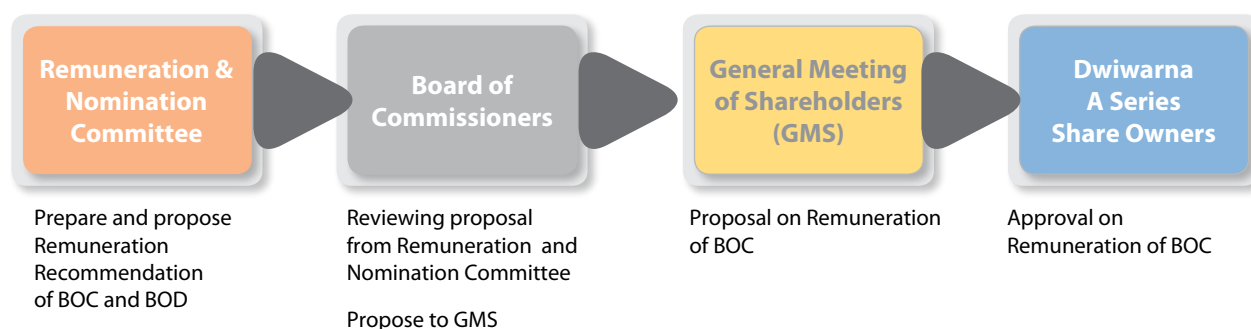
Determination of the Board of Commissioners' Remuneration

The indicators used for determining remuneration of members of the Board of Commissioners are as follows:

1. Key Performance Indicator (KPI)
2. Performance of the Company
3. Business Size
4. Remuneration benchmarking of Banking Industry
5. Long-term goals and strategies of the Bank

Procedure for Determination of the Board of Commissioners' Remuneration

The GMS determines the remuneration the Board of Commissioners based on a formula set by GMS is being reviewed at the first place. The Board of Commissioners will propose the remuneration with the involvement of Nomination and Remuneration Committee for further review. In terms of allowances and other facilities as well as post-service allowance for the Board of Commissioners, the Nomination and Remuneration Committee will consult with the Minister of SOEs, as the holder of the Series A Dwiwarna share.



Remuneration and Facilities Structure of BOC

No.	Type of Income	Regulation
1	Honorarium	
		Amount of Position Factor
		President Commissioner 50% of President Director
		Chief Deputy Commissioner 47.5%
		Commissioner 45%
2	Company's Strategic Initiative	
	Religious Allowance	1 time of honorarium
	Communication Allowance	Not eligible
	Transportation Allowance	20% of honorarium
	Annual Leave Allowance	Not eligible
	Post Employment Benefit	Insurance Premium not exceeded 25% of honorarium
	Suit Allowance	Eligible for any special occasion that need special suit

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No.	Type of Income	Regulation
3	Employees Strategic Plan	
	Company Car	Transportation allowance 20% of honorarium
	Medical Facility	Medical reimbursement according Internal Policy KEP. KOM/003/2014
	Professional facility collector	Maximum two membership for registration and annual fee
	Legal council facility	As needed, according to KEP.KOM/003/2014

Following is the detail of remuneration for the Board of Commissioners

Name	Salary	Routine Allowance	Tantiem	Benefits	Total Remuneration per Commissioner in a Year	
					Above Rp2 Billion	Above Rp1 billion to Rp2 billion
Wimboh Santoso	√	√	√	√	√	-
Imam Apriyanto Putro	√	√	√	√	√	-
Aviliani	√	√	√	√	√	-
Goei Siau Hong	√	√	√	√	√	-
Bangun S. Kusmulyono	√	√	√	√	√	-
Abdul Aziz	√	√	√	√	√	-
Askolani	√	√	√	√	√	-
Suwono	√	√	√	√	√	-
Ardan Adiperdana	√	√	-	√	√	-
Darmin Nasution	-	-	√	-	√	-
Mahmudin Yasin	-	-	√	-	-	√
Pradjoto	-	-	√	-	-	√
Krisna Wijaya	-	-	√	-	-	√
Anton H. Gunawan	-	-	√	-	-	√
TOTAL (in million Rp)	Rp15,977	Rp4,670	Rp65,783	Rp2,965	-	-

2015 Tantiem was given to the Board of Commissioners who served until the closing of 2015 Annual GMS, namely: Wimboh Santoso, Imam Apriyanto Putro, Aviliani, Goei Siau Hong, Bangun S. Kusmulyono, Abdul Aziz, Askolani, Suwono, Darmin Nasution, Mahmudin Yasin, Pradjoto, Krisna Wijaya, Anton H. Gunawan.

Determination of the Board of Directors' Remuneration

The indicators used for determining remuneration in order to comply with the objective of the remuneration policy are as follows:

1. Key Performance Indicator (KPI)
2. Performance of the Company
3. Business Size
4. Remuneration benchmarking of Banking Industry
5. Long-term goals and strategies of the Bank

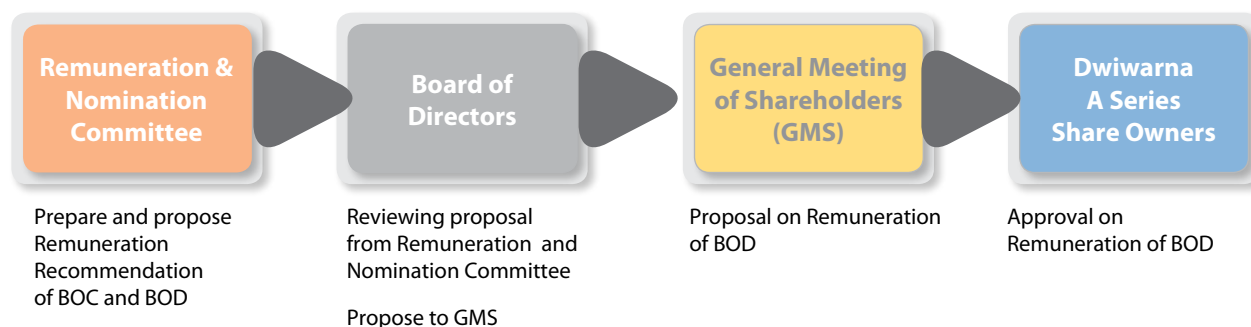
Procedure for Determination of the Board of Directors' Remuneration

Other than as reflected in the Bank Mandiri Business and Budget Plan (CBP), the determination of the Board of Directors' remuneration is also studied and proposed by virtue of the following procedures:

1. Submission of Bank Business Plan (RBB) to stakeholders and regulators at the end of the year;
2. Defining Key Performance Indicators (KPI) for the President Director which is approved by the Board of Commissioners, and signed by the President Director and the President Commissioner;
3. Defining KPI for the Vice President Director and individual Directors to cover the President Director's KPI;
4. Performance of each business unit is regularly evaluated and the key targets are evaluated on a monthly basis through performance reviews;
5. At the end of the year, a comprehensive assessment is conducted which is then discussed at the meeting of the Board of Directors;
6. The assessment results are reported to the Board of Commissioners and the tantiem will be distributed to the Board Directors based on the assessment following the GMS, so that the tantiem may differ from one Director to another.

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The GMS determines the remuneration the Board of Directors based on a formula set by GMS is being reviewed at the first place. The Board of Commissioners will propose the remuneration with the involvement of Nomination and Remuneration Committee for further review. In terms of allowances and other facilities as well as post-service allowance for the Board of Directors, the Nomination and Remuneration Committee will consult with the Minister of SOEs, as the holder of the Series A Dwiwarna share.



Remuneration and Facilities Structure of BOD

No.	Type of Income	Regulation
1	Honorarium	
		Amount of Position Factor
		President Director 100%
		Vice President Director 95%
		Director 90%
2	Allowance	
	Religious Allowance	1 time of honorarium
	Communication Allowance	At cost
	Post Employment Benefit	Insurance Premium not exceeded 25% of honorarium/year
	Housing Allowance	Rp27,500,000 per month including utility cost, if did not utilize the company house
	Annual Leave Allowance	Not eligible (12 days annual leave, not included collective leave)
	Suit Allowance	Eligible for any special occasion that need special suit
3	Facility	
	Company Car	Provided 1 rental car, vehicle specification based on internal policy KEP.KOM/003/2014
	Medical Facility	Medical reimbursement based on internal policy KEP. KOM/003/2014
	Professional facility collector	Maximum two membership for registration and annual fee
	Legal council facility	As needed, according to KEP.KOM/003/2014
	Housing Facility	Directors are not eligible for company housing facility nevertheless provided housing allowance included utility allowance Directors that appointed before the Regulation of State Owned Enterprises No. PER-04/MBU/2014 and stayed at the company housing, were eligible to utilize the facility prior to the end of his/her tenure

Following is the detail of remuneration for the Board of Directors

Name	Salary	Routine Allowance	Tantiem	Benefits	Housing	Remuneration per Director in a Year Above Rp2 billion
Kartika Wirjoatmodjo	√	√	√	√	√	√
Sulaiman A. Arianto	√	√	√	√	√	√
Ogi Prastomiyono	√	√	√	√	-	√
Pahala N. Mansury	√	√	√	√	√	√
Hery Gunardi	√	√	√	√	√	√
Tardi	√	√	√	√	√	√
Ahmad Siddik Badruddin	√	√	√	√	√	√
Kartini Sally	√	√	√	√	-	√
Royke Tumilaar	√	√	√	√	-	√
Rico Usthavia Frans	√	√	√	√	√	√
Budi Gunadi Sadikin	√	-	√	√	-	√

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Name	Salary	Routine Allowance	Tantiem	Benefits	Housing	Remuneration per Director in a Year
						Above Rp2 billion
Sentot A. Sentausa	√	√	√	√	√	√
Riswinandi	-	-	√	-	-	√
Abdul Rachman	-	-	√	-	-	√
Sunarso	-	-	√	-	-	√
Fransisca N. Mok	-	-	√	-	-	√
Kresno Sediarsi	-	-	√	-	-	√
TOTAL (in million Rp)	Rp39.062	Rp7.804	Rp212.039	Rp2.965	Rp337	-

Note:

Scale and business complexity in every company are different, therefore Bank Mandiri still considers to disclose the remuneration of the Board of Commissioners and the Board of Directors in total amount and has not yet disclosed the remuneration of each individual.

2015 Tantiem was given to the Board of Directors who served until the closing of 2015 Annual GMS, namely: Kartika Wirjoatmodjo, Sulaiman A. Arianto, Ogi Prastomiyono, Pahala N. Mansury, Hery Gunardi, Tardi, Ahmad Siddik Badruddin, Kartini Sally, Royke Tumilaar, Rico Usthavia Frans, Budi Gunadi Sadikin, Sentot A. Sentausa, Riswinandi, Abdul Rachman, Sunarso, Fransisca N. Mok, Kresno Sediarsi.

Remuneration Policy Based on OJK Regulation No.45/POJK.03/2015 on Implementation of Governance in Providing Remuneration for Commercial Banks

The remuneration policy of Bank Mandiri is on progress for improvements to meet the OJK regulation concerning the remuneration, which is tailored to the complexity of Bank Mandiri organization. There are certain parts in drawing up the remuneration policy with due observance of inputs from independent consultant such as Willis Towers Watson.

Policy on Resignation of the Board of Commissioners and the Board of Directors if Involved in Financial Crime

The Articles of Association of Bank Mandiri has regulated the policy on resignation of the Board of Commissioners and the Board of Directors if involved in financial crime. When the members of the Board of Commissioners are no longer fulfilled the legislation requirements including involved in financial crime, therefore the term of office of the Board of Commissioners will be automatically ended.

Working Relationship of the Board of Commissioners and the Board of Directors

As stipulated in the GCG Charter, the working relationship of the Board of Commissioners and the Board of Directors is the relationship of checks and balances with the principle that the two organs have equal footing, but both have duties, responsibilities and authority which differ according to the Articles of Association of the Company. The main duty of the Board of Commissioners at its core is exercising oversight and advisory, while the main duty of the Board of Directors is to manage the Company, maintain and take care of the company assets with due observance of GMS resolutions and guidance from the Board of Commissioners. However, they continue to coordinate and work together to achieve the goals and the company's sustainability in the long term.

The Board of Commissioners and the Board of Directors in accordance with their respective functions responsible for the long-term continuity of the Bank's business. This is reflected in:

1. The Bank's health with regard to the prudential principles and criteria specified by the Banking Authorities is preserved.
2. Well implementation of risk management as well as internal control system.
3. Achievement of fair return for the stakeholder;
4. Fair protection to interest of the stakeholder;
5. Fulfillment of implementation of GCG;
6. Succession and management continuity in all organization lines are implemented.

In order to meet the responsibility and performing check and balances, the Board of Commissioners and the Board of Directors have agreed on the followings:

1. Vision, mission and Corporate Values;
2. Business target, strategic, long term plan as well as working plan and annual budget;
3. Policies for fulfillment of regulation, Article of Association of Bank and prudential banking practices including commitment for avoidance of all types of conflict of interest;
4. Policy and methods of performance appraisal of bank, work units within Bank and their personnels.
5. Structure of organization at executive level which has capability of supporting the achievement of business target of Bank.

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Committee Under the Board of Commissioners

In carrying out its duties related to supervisory function, the Board of Commissioners established Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, as well as Integrated Governance Committee. The four Committees are responsible directly and collectively to the Board of Commissioners.

Audit Committee

Audit Committee (previously known as Audit Board) was established by the Board of Commissioners of Bank Mandiri pursuant to Decree Number 013/KEP/KOM/1999 dated August 19, 1999. Aside from ensuring the compliance of the Company to the prevailing rules and regulations, the Audit Committee also supports the Board of Commissioners in carrying the duties and supervisory function on matters which are related to the financial information, internal control system, audit effectivity by external and internal auditors, collaborating with Risk Monitoring Committee to ensure the effectiveness of the risk management implementation.

Basis of Establishment

The establishment of the Audit Committee based on regulations as follows:

1. Financial Services Authority (OJK) Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
2. OJK Regulation No. 55/POJK.04/2015 on the Establishment and Implementation of Audit Committees.
3. Regulation I-A Attachment I Decree of the Board of Directors of PT Bursa Efek Indonesia No.KEP-00001/BEI/01-2014 dated January 20, 2014 on Listing of Stock and Other Equity Based Securities Issued by Issuer Companies.
4. Decree of the Board of Commissioners No. KEP. KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP.DIR/374/2016 concerning The Establishment of Audit Committee Membership.

Duties and Responsibilities of Audit Committee

The Chairman of Committee has the duties and responsibilities for conducting coordination to the whole activities of the Audit Committee activities according to its establishment, among others being responsible for any matters as follows:

1. To determine annual work program and annual report schedule.
2. To prepare periodical report concerning the activities of the Audit Committee, as well as any matters that are deemed necessary to become the attention of the Board of Commissioners.
3. To prepare Self Assessment concerning the effectiveness of activities of the Audit Committee.
4. To conduct analysis on the independency and objectivity of the Public Accountant Office that will join the tender and provide recommendation concerning the appointment of Public Accountant and Public Accountant Office to the Board of Commissioners. In addition, Audit Committee also provides recommendation to the Board of Commissioners on changes or termination of Public Accountant Office.

Authorities of Audit Committee

The Audit Committee has the authorities for implementing the matters as follows:

1. To provide opinion to the Board of Commissioners concerning financial report and or other matters as submitted by the Board of Directors.
2. To conduct communication with the Head of Work Unit and other parties in Bank Mandiri for acquiring information, clarification as well as requesting documents and reports as required.
3. Requesting report on the result of examination by internal auditor and external auditor as well as other supervisory/examination institutions.
4. Requesting the internal auditor and or external audit for conducting special examination/investigation, in the event that it is found strong assumption that it has occurred fraudulence, violation against the law and violation against prevailing laws and regulations.
5. To access the record or information concerning employees, funds, assets as well other resources of the company relating to the implementation of their duties.

Independence of Audit Committee

All Audit Committee members of the Bank have met the independence criteria as follows:

1. Not a member of a public accounting firm, law firm or other party that provides audit services, Non-audit services and/or other consulting services to the Bank within 1 (one) year prior to becoming a member of the Committee.
2. Having no shares of Bank Mandiri, either directly or indirectly.
3. Having no affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri.
4. Having no business relationships, directly or indirectly, with the Bank.

Structure, Membership and Expertise of Audit Committee

Members of Audit Committee shall consist of at least 1 (one) person Independent Commissioner as Chairman concurrently member, 1 (one) person of Independent Party who has expertise in financial or accounting sector and 1 (one) person of Independent Party who has expertise in Law and Banking sector. Independent Commissioner and Independent Party who become members of audit committee at least 51% of total members of audit committee. Member of Audit committee which constitute independent commissioner shall be appointed as chairman of Audit Committee. In case of independent commissioner who becomes audit committee more than 1 (one) person, then one of them shall be appointed as chairman of audit committee.

As of December 31, 2016, composition of Audit Committee is as follow:

Name	Designation	Legal Basis of Appointment
Aviliani	Chairman (Independent Commissioner)	KEP.DIR/374/2016
Askolani	Member (Commissioner)	KEP.DIR/374/2016
Goei Siau Hong	Member (Independent Commissioner)	KEP.DIR/374/2016
Ardan Adipermana	Member (Commissioner)	KEP.DIR/374/2016
Budi Sulistio	Member (Independent Party)	KEP.DIR/374/2016
Lisa Irna	Member (Independent Party)	KEP.DIR/374/2016

Period and Term of Office of Audit Committee Members

Term of Office of Audit Committee members who serve as Commissioner shall not be longer than the term of office of Commissioners and shall be reappointed only for the next one period.

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Brief Profile of Audit Committee

Members of Audit Committee who serve as members of the Board of Commissioners, their profile have been presented in section of the Board of Commissioners' Profile on page 72-75.

Profile of Mr. Budi Sulistio and Ms. Lista Irna as members of Audit Committee who are non-members of the Board of Commissioners can be seen as follow.

	Budi Sulistio Indonesian Citizen, 62 years old Term of Office: 2014 - present <table> <tr> <td data-bbox="501 712 874 1104"> Educational Background • Master Degree, Master of Business Administration, University of Illinois (1994) • Bachelor Degree, Economic Faculty, University of Indonesia (1985) </td><td data-bbox="874 712 1366 1104"> Work Experience • 2014-present: Member of Audit Committee of PT Bank Mandiri (Persero) Tbk • 2014-2016: Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk • 2006-2010: Group Head Accounting, PT Bank Mandiri (Persero) Tbk • 2005-2006: Regional Manager Kanwil VII Semarang, PT Bank Mandiri (Persero) Tbk </td></tr> </table>	Educational Background • Master Degree, Master of Business Administration, University of Illinois (1994) • Bachelor Degree, Economic Faculty, University of Indonesia (1985)	Work Experience • 2014-present: Member of Audit Committee of PT Bank Mandiri (Persero) Tbk • 2014-2016: Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk • 2006-2010: Group Head Accounting, PT Bank Mandiri (Persero) Tbk • 2005-2006: Regional Manager Kanwil VII Semarang, PT Bank Mandiri (Persero) Tbk
Educational Background • Master Degree, Master of Business Administration, University of Illinois (1994) • Bachelor Degree, Economic Faculty, University of Indonesia (1985)	Work Experience • 2014-present: Member of Audit Committee of PT Bank Mandiri (Persero) Tbk • 2014-2016: Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk • 2006-2010: Group Head Accounting, PT Bank Mandiri (Persero) Tbk • 2005-2006: Regional Manager Kanwil VII Semarang, PT Bank Mandiri (Persero) Tbk		
	Lista Irna Indonesian Citizen, 49 years old Term of Office: 2016-present <table> <tr> <td data-bbox="501 1229 874 1653"> Educational Background • Master Degree, Master of Business Administration, Swiss German University – Serpong Indonesia (2005) • Bachelor Degree, Technic Faculty – Mining, University of Sriwijaya (1990) </td><td data-bbox="874 1229 1366 1653"> Work Experience • 2016 – present: Member of Audit Committee, PT Bank Mandiri (Persero) Tbk • 2014 – 2016: Chief Credit Officer (CCO) Consumer and Mass Market, Bank Danamon Indonesia (EVP) • 2010 – 2014: Enterprise Risk & Policy Integrated Risk, Bank Danamon Indonesia. • 2007 – 2010: Head of Consumer Risk Credit Operation (VP), Standard Chartered Bank • Feb 2007 – Aug 2007: Credit Planning, MIS Reporting & QA Head, Credit – Consumer Banking (AVP), Standard Chartered Bank. • 2006 – 2007: National Head of Telemarketing, Shared Distribution, Standard Chartered Bank </td></tr> </table>	Educational Background • Master Degree, Master of Business Administration, Swiss German University – Serpong Indonesia (2005) • Bachelor Degree, Technic Faculty – Mining, University of Sriwijaya (1990)	Work Experience • 2016 – present: Member of Audit Committee, PT Bank Mandiri (Persero) Tbk • 2014 – 2016: Chief Credit Officer (CCO) Consumer and Mass Market, Bank Danamon Indonesia (EVP) • 2010 – 2014: Enterprise Risk & Policy Integrated Risk, Bank Danamon Indonesia. • 2007 – 2010: Head of Consumer Risk Credit Operation (VP), Standard Chartered Bank • Feb 2007 – Aug 2007: Credit Planning, MIS Reporting & QA Head, Credit – Consumer Banking (AVP), Standard Chartered Bank. • 2006 – 2007: National Head of Telemarketing, Shared Distribution, Standard Chartered Bank
Educational Background • Master Degree, Master of Business Administration, Swiss German University – Serpong Indonesia (2005) • Bachelor Degree, Technic Faculty – Mining, University of Sriwijaya (1990)	Work Experience • 2016 – present: Member of Audit Committee, PT Bank Mandiri (Persero) Tbk • 2014 – 2016: Chief Credit Officer (CCO) Consumer and Mass Market, Bank Danamon Indonesia (EVP) • 2010 – 2014: Enterprise Risk & Policy Integrated Risk, Bank Danamon Indonesia. • 2007 – 2010: Head of Consumer Risk Credit Operation (VP), Standard Chartered Bank • Feb 2007 – Aug 2007: Credit Planning, MIS Reporting & QA Head, Credit – Consumer Banking (AVP), Standard Chartered Bank. • 2006 – 2007: National Head of Telemarketing, Shared Distribution, Standard Chartered Bank		

Brief Report of Activities Implementation of Audit Committee in 2016

In 2016, Audit Committee has carried out its function to assist and facilitate the Board of Commissioners in running its duties and supervisory function on matters which are related to the financial information, internal control system, audit effectivity by external and internal auditors, and the compliance of prevailing rules and regulation.

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Such function and duties were conducted through formal meetings with respected work unit throughout 2016 as follow :

No.	Date	Subject	Work Unit
1	January 28, 2016	Discussion on Final Result Audit of Bank Mandiri F/S as of Dec 31 2015 with Accounting Public Office (KAP) PSS-EY	- Internal Audit - Accounting Group
2	February 10, 2016	- Report of Audit Result for the fourth Quarter 05 2015 - List of Follow Up Monitoring by BPK and OJK - 2016 Annual Audit Plan of Internal Audit Directorate	- Internal Audit - Accounting Group
3	March 14, 2016	Discussion on Selection of KAP for 2016 Financial Statement of Bank Mandiri	- Internal Audit - Accounting Group
4	March 14, 2016	Credit Risk to Business Entity & Debtors Group financed by Cross Directorate with limit >Rp500 billion Principal Permit on collaboration proposal for land use and borrowing of Mandiri Tower as location of Cooling Tower Station MRT Jkt Istora	- Directorate of Corporate Banking - Directorate of Commercial Banking - Directorate of Consumer Banking - Directorate of Risk Management & Compliance - Directorate of Wholesale Risk - Corporate Real Estate Group
5	March 23, 2016	Approval of Additional Plafond and New Facility of Commercial Line for PT Astra Sedaya Finance Approval of Short Term Credit Facility and TL Facility for PT Astra Sedaya Finance Approval of CL and NCL Facilities for PT United Tractor Semen Gresik (SI Group) Approval of KI Facility and Change in Terms and Condition of Existing Credit Facility for PT Marga Mandalasakti (Astra Group)	Directorate of Corporate Banking
6	March 30, 2016	Approval of Additional Capital for PT MAGI Approval of Additional Capital for PT MUF Risk Based Bank Rating (RBBR) Semester II 2015 Outstanding Legal Cases	- Directorate of Finance & Treasury - Directorate of Risk Management & Compliance - Legal Group
7	April 27, 2016	Management Letter from KAP PSS - EY due to Audit of Bank Mandiri for the year ended Dec 31, 2015	- Internal Audit - Accounting Group - SPM Group
8	May 11, 2016	Explanation of Bank Mandiri Financial Statement as of March 31, 2016 (Unaudited)	- Internal Audit - Accounting Group
9	May 25, 2016	Significant Findings and Fraud Case in First Quarter of 2016	Internal Audit
10	June 22, 2016	Update on additional review for Commercial Credit by KAP PSS-EY	- Internal Audit - Accounting Group
11	August 15, 2016	Audit Result Report Semester I/2016 List of Monitoring on Follow Up of BPK finding, OJK and Accounting Public Office (KAP) PSS-EY	Internal Audit
12	Sept 14, 2016	Update on Performance of Subsidiaries as of July 2016 Position of Bank Mandiri against Competitors as of June 2016	Strategic Performance Management Group
13	Sept 21, 2016	Request for the approval of additional budget for 2016 write off	- Directorate of Special Assets Management - Directorate of Wholesale Risk - Directorate of Retail Risk
14	October 19, 2016	Explanation of update on Credit Audit Sample by Accounting Public Office (KAP) PSS-EY for audit as of December 2016 Update on OJK Regulation No.34/POJK.03/2016 on Obligation to Provide Minimum Capital of Commercial Banks and the Implication in Quarterly Financial Report as of Sept 30, 2016	Accounting Group Accounting Group
15	November 16, 2016	Significant Findings and Fraud Cases at Third Quarter of 2016 and Follow Up on Findings of BPK and OJK	Internal Audit
16	November 23, 2016	NPL Projection and Proposal of Additional Budget for Write Off Proposal of 2017 RKAP and 2017-2019 RBB Proposal of 2016-2020 Restart Corporate Plan	- Directorate of Risk Management & Compliance - Directorate of Wholesale Risk - Directorate of Special Assets Management - Directorate of Retail Risk

Statement of Audit Committee on Effectiveness of Internal Control System and Risk Management

Internal Control System conducted by Bank Mandiri is considered effective and adequate which is reflected by the effectiveness of internal control function implementation, among others function of internal audit, risk management, compliance, financial and control operations.

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Audit Committee Meeting

Audit Committee meeting shall be organized at least 12 (twelve) times in a year and shall be considered legitimate in the event that it is attended by at least 51% from total members including a Commissioner and an Independent Party. The meeting shall be presided over by the Chairman of Audit Committee or member who is appointed in writing, in the event that the Chairman of Audit Committee is absent. The meeting resolution is conducted based on consultation to achieve an agreement. In case that it has not occurred a consultation to achieve an agreement, the resolution adoption is conducted based on majority votes. Dissenting opinion as occurred in the meeting of committee is obligatory to mention clearly in the minutes of meeting along with the reasons of such dissenting opinion. The Audit Committee meeting has to be laid down in the minutes of meeting which is signed by the whole members who are present as well as it is documented properly.

Meeting Frequency and Attendance Level of Audit Committee

Throughout 2016, Audit Committee held 16 meetings with the following level of attendance of each member:

Date of Meeting	Meeting Agenda	Aviliani	Askolani	Goel Siauw Hong	Ardan Adiperdana**	Budi Sulistio	Ridwan Ayub *	Lista Irma**
28 Jan	Update on additional review for Commercial Credit by KAP PSS-EY	√	√	√		√	√	
10 Feb	- Report of Audit Result Q4/2015 - List of Monitoring on Follow Up of BPK and OJK 2016 Annual Audit Plan of Internal Audit Directorate	√	√	√		√	√	
14 Mar	Discussion on Selecting KAP for 2016 Financial Report of Bank Mandiri	√	√	√		√	√	
14 Mar	- Credit Risk to Business Entity and Debtors Group financed by Cross Directorate with limit >Rp500 billion - Principal Permit on collaboration proposal for land use and borrowing of Mandiri Tower as location of Cooling Tower Station MRT Jkt Istora	√	√	√		√	√	
23 Mar	- Approval of Additional Plafond and New Facility of Commercial Line for PT Astra Sedaya Finance - Approval of Short Term Credit Facility and TL Facility for PT Astra Sedaya Finance - Approval of CL and NCL Facilities for PT United Tractor Semen Gresik (SI Group) - Approval of KI Facility and Change in Terms and Condition of Existing Credit Facility for PT Marga Mandalasakti (Astra Group)	√		√		√	√	
30 Mar	- Approval of Additional Capital for PT MAGI - Approval of Additional Capital for PT MUF - Risk Based Bank Rating (RBBR) Semester II 2015 - Oustanding Legal Cases	√	√	√		√	√	
27 Apr	Management Letter from KAP PSS - EY due to Audit of Bank Mandiri for the year ended Dec 31, 2015			√		√	√	
11 May	Explanation of Bank Mandiri Financial Statement as of March 31, 2016 (Unaudited)	√	√	√		√	√	
25 May	Significant Findings and Fraud Case in First Quarter of 2016	√		√		√	√	
22 Jun	Update on additional review for Commercial Credit by KAP PSS-EY	√		√		√	√	
15 Aug	- Report of Audit Result Semester I/2016 - List of Monitoring on Follow Up of BPK finding, OJK and Accounting Public Office (KAP) PSS-EY	√	√			√	√	
14 Sep	- Update on Performance of Subsidiaries as of July 2016 - Position of Bank Mandiri against Competitors as of June 2016	√	√	√		√	√	
21 Sep	Request for the approval of additional budget for 2016 write off		√	√		√	√	
19 Oct	- Explanation of update on Credit Audit Sample by Accounting Public Office (KAP) PSS-EY for audit as of December 2016 - Update on OJK Regulation No.34/POJK.03/2016 on Obligation to Provide Minimum Capital of Commercial Banks and the Implication in Quarterly Financial Report as of Sept 30, 2016	√		√	√	√		√
16 Nov	Significant Findings and Fraud Cases at Third Quarter of 2016 and Follow Up on Findings of BPK and OJK		√	√	√	√		√
23 Nov	- NPL Projection and Proposal of Additional Budget for Write Off - Proposal of 2017 RKAP and 2017-2019 RBB - Proposal of 2016-2020 Bank Mandiri Corporate Plan	√	√	√	√	√		√
Number of Meeting		16	16	16	3	16	13	3
Number of Attendance		13	11	15	3	16	13	3
Percentage of Attendance		81%	69%	94%	100%	100%	100%	100%

*) No longer serving as Audit Committee Member since October 19, 2016.

**) Serving as Audit Committee Member since October 19, 2016.

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Education and/or Training for Audit Committee Members

Education and training for Audit Committee who also serves as member of the Board of Commissioners can be viewed on page 108-109, while members of Audit Committee who are not members of the Board of Commissioners can be seen on page 110.

Statement of Audit Committee Charter

In performing its duties and responsibilities, Audit Committee of Bank Mandiri has Charter as a guidance which was established pursuant to Decree No.013/KEP/KOM/1999 dated August 19, 1999 and contains matters, among others: (a) Duties and Responsibilities of Committee, (b) Authorities of Committee, (c) Meeting of Committee and (d) Organization of Committee and miscellaneous. The Charter has been reviewed and updated in 2015. The Committee Audit Charter is available and can be accessed by public through official website of Bank Mandiri.

Remuneration of Audit Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Audit Committee Independent Members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Audit Committee/sitting as Committee member is not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

Follow Up on Duties and Recommendation of Audit Committee

Throughout 2016, Audit Committee has provided several recommendation or advices to the Board of Commissioners, among others:

1. Proposal of Public Accounting Firm's name which has undergone a complete procurement procedure for conducting audit process of 2016 Financial Statements of Bank Mandiri.
2. In relation to the Internal Audit work unit or the chosen Public Accounting Firm, Audit Committee provided advices, among others:
 - The necessity to perform intensive audit to debtors accounts, particularly to business units with higher Non Performing Loan (NPL).
 - Due to the audit findings on the fraud occurrence at branch offices, Internal Audit was suggested to strengthen the implementation of overall procedures that need dual control.
 - The audit sample selection by the chosen Public Accounting Firm is expected to represent the current condition.
 - The audit on Information Technology is expectedly well performed by Internal Audit or the chosen Public Accounting Firm to prevent.

- Audit shall be performed toward preventive actions on the event occurrence. For example NPL of the Bank, audit is expected to acknowledge the fairness of NPL value and shall be an early warning signal/detection prior to NPL.
3. Proposal on Approval of 2017 RKAP and 2017-2019 Business Plan as well as 2016-2020 Corporate Plan proposed by the Board of Directors.

Appointment and Discharge of the Audit Committee Members

The Chairman and members of the Audit Committee are appointed and dismissed by BOC. The Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation.
- 2) Loss of citizenship.
- 3) Passed Away.
- 4) Acting contrary to the interests of Bank Mandiri.
- 5) Violating or failing to fulfill the requirements for serving as a member of the Audit Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by BOC.

Members of the Audit Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

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Risk Monitoring Committee

Risk Monitoring Committee is established by the Board of Commissioners of PT bank Mandiri (Persero) under the framework of assisting the Board of Commissioners in performing its tasks and responsibilities under the framework of supervising and providing advices to Board of Directors for obtaining proper confidence in order that the implementation of the risks management of the Bank will keep complying with the procedures compliance and methodologies of risk management, thus activities of Bank will keep under control within the acceptable limit and profitable for Bank.

Basis of Establishment of Risk Monitoring Committee

Establishment of the Committee was relied on and based on regulation of laws as well as the best applicable practices in banking institutions in Indonesia, i.e.:

- Article of Association of PT Bank Mandiri (Persero) Tbk and amendments thereof.
- Regulation of Financial Service Authority No. 17/POJK.03/2014 dated 18 November 2014 regarding Implementation of Integrated Risk Management for Financial Conglomeration.
- Financial Services Authority (OJK) No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Regulation of Bank of Indonesia No. 5/8/PBI/2003 regarding Risk Management Application for Commercial Bank.
- Regulation of Minister of the State-Owned Enterprise Number PER-09/MBU/2012 dated 6 July 2012 regarding amendment to Regulation of Minister of the State Owned Enterprise Number PER-01/MBU/2011 dated, regarding Implementation of Good Corporate Governance at the State Owned Enterprise.
- Regulation of Minister of the State-Owned Enterprise Number PER-12/MBU/2012 regarding Supporting Organ of Board of Commissioners / Board of Supervisory of the State Owned Enterprise.

Duties and Responsibilities of Risk Monitoring Committee

The Committee has tasks and responsibilities of assisting Board of Commissioners in performing monitoring and advising tasks to Board of Directors by providing opinions in form of suggestion and recommendation related but not limited to:

- Evaluation on conformity between risk management policy of Bank with the integrated risk management policy with implementation of those policies.
- Monitoring and evaluation to implementation of tasks of the integrated risk management policy and Work Unit of Integrated Risk Management.
- Review to performance of Integrated Risk Management consist of:
 - Risk profile report both individually (Bank only) and consolidated with subsidiary companies (integrated risk profile)
 - Risk based Bank's health level report both individually (Bank only) and consolidated with subsidiary companies (integrated risk profile)

- Other reports related to management of 10 (ten) types of risks, they are credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, inter-group transaction risk and insurance risk
- Monitoring adequacy of identification, measurement, monitoring, controlling processes and risk management information system.
- Evaluating compliance of Bank to Article of Association, regulations of Bank Supervisory Authority and Capital Market, as well as other regulations related to risk management.
- Arranging working manual and orders of the committee (charter) and reviewing based on the needs at least once in 2 (two) years.
- Performing other tasks and responsibilities mandated by Board of Commissioners from time to time.
 - Determining the annual working plan, specifying schedule of annual meeting.
 - Drawing up regular reports regarding activities of risk management committee and matters considered necessary for attention of Board of Commissioners.
 - Preparing Self-Assessment on effectively of activities of risk monitoring committee.
- Members of the Committee shall have the following tasks and responsibilities:
 - Organizing regular meetings
 - Learning meeting material in advance
 - Presenting the meeting
 - Actively participating and having contribution in each activities of the committee
 - Drawing up minutes of the meeting
 - Performing site working visit

Authorities of Risk Monitoring Committee

Committee within scope of responsibilities of Committee has the following authorities :

- Searching and obtaining various of information including required documents from ;
 - Bank's Party (including staff of the Bank)
 - Other interested parties.
- Obtaining input and or suggestion from external party of the Bank related to tasks thereof.

Independence of Risk Monitoring Committee

All members of Risk Monitoring Committee has fulfilled the following criteria of independence:

- Having no shares of Bank Mandiri, either directly or indirectly;
- Having no affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri;
- Having no business relationships, directly or indirectly, with the Bank

Structure, Membership and Expertise of Risk Monitoring Committee

Risk Monitoring Committee is under coordination of the Board of Commissioners and structurally responsible to the Board of Commissioners.

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The membership of Risk Monitoring Committee consists of:

- An Independent Commissioner
- An Independent party with financial expertise; and
- An Independent party with risk management expertise.

As of December 31, 2016, membership composition of Risk Monitoring Committee is as follow:

Name	Designation	Legal Basis of Appointment
Abdul Aziz	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/375/2016
Wimboh Santoso	Member (President Commissioner)	
Goei Siau Hong	Member (Independent Commissioner)	
Bangun S. Kusmulyono	Member (Independent Commissioner)	
Ridwan D. Ayub	Member (Independent Party)	
Lista Irna	Member (Independent Party)	

Period and Term of Office of Risk Monitoring Committee Members

The term of office of Risk Monitoring Members who serve as members of the Board of Commissioners shall not be longer than the Commissioners' term of office and shall be reappointed only for the next one period.

Brief Profile of Risk Monitoring Committee

The profiles of Risk Monitoring members who serve as the Board of Commissioners can be viewed in Profile of the Board of Commissioners section on page 72-75.

Profile of Ms. Lista Irna can be seen in profile of Audit Committee members on page 310, while profile of Mr. Ridwan D. Ayub is presented as follow.

	Ridwan D. Ayub Indonesia Citizen, 54 years old Period and Term of Office: 2014-present	
	Educational Background - Master Degree, Specializing in Financial Management, University of Mercu Buana (2008) - Bachelor Degree, Faculty of Social and Political Science, Catholic University of Parahyangan (1985)	Work Experience - Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk (2014 - present) - Member of Audit Committee, PT Bank Mandiri (Persero) Tbk (2014 - 2016) - Member of Risk Monitoring Committee, PT Bank Rakyat Indonesia (Persero) Tbk (2006 - 2014) - Vice Head of Operational Risk Division, PT Bank Internasional Indonesia Tbk (2002 -2005)

Brief Report on Activities of Risk Monitoring Committee in 2016

Risk Monitoring Committee has function to assist the Board of Commissioners to perform duties and responsibilities in evaluating and ensuring the implementation of risk management of Bank Mandiri has met the elements of procedure adequacy and risk management methodology, therefore the activities of Bank Mandiri can be manageable on acceptable risk limit.

For that purpose, during 2016, the Risk Monitoring Committee has conducted meetings with the Board of Directors/respected Work Unit in order to evaluate the implementation and management of risk

No	Date	Subject	Work Unit
1	15 February 2016	- Discussion on Fixed Assets dormant - Performance of the Year in 2015 and 2016 Work Plan Mandiri Pension Fund	- Corporate Real Estate Group - Mandiri DPLK

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No	Date	Subject	Work Unit
2	14 March 2016	- Credit Risk into Enterprises & Debtor Group Traffic Directorate which is financed with limit >Rp500 million - Permit Principle Land Use and loan cooperation proposals Mandiri Tower as the building site Jakarta Istora MRT Station Cooling Tower	- Directorate of Corporate Banking - Directorate of Commercial Banking - Directorate of Consumer Banking - Directorate of Risk Management & Compliance - Directorate of Wholesale Risk - Corporate Real Estate Group
3	23 March 2016	- Discussion on the addition of plafond and Giving New Facilities Commercial Line PT Asuransi Sedaya Finance - Discussion on Short-term Loan Facilities and Treasury Line Facilities for PT Astra Sedaya Finance (ASF). - Discussion of CL and NCL provision of facilities for PT United Tractors Semen Gresik (SI Group) - Discussion KI Facility and Amendment of Existing Credit Facility Requirements PT Marga Mandalasakti (Astra Group)	Directorate of Corporate Banking
4	30 Maret 2016	- Discussion on Capital Increase PT MAGI - Discussion of Capital Increase PT MUF - Risk Based Bank Rating (RBRR) Semester II 2015 - Outstanding Legal Cases	- Directorate of Finance & Treasury - Directorate of Risk Management & Compliance - Legal Group
5	06 April 2016	- Realization of Strategic Initiatives in 2015 and Plan for 2016 Strategic Initiatives - Update Distribution Network Transformation Project Implementation	Corporate Transformation
6	13 April 2016	- Liquidity Position (USD and ISR) Q1 2016 & Position Trading (Forex, MM, Bond Recap/SUN and MTM, derivatives) - Study of Macro economic conditions in 2016 related to a decrease in interest rate and its impact into Bank Mandiri Business	- Treasury Group - Chief Economist
7	04 Mei 2016	- Discussion on New Lending and Extension term of Credit payment to Related Party PT Sasmita Bakti Mulia - Vendor Usage Reduction Strategy Plan under Development Application	- Directorate of Commercial Banking - Chief Technology Officer
8	11 Mei 2016	Discussion Provision of Funds to Related Parties in the form of the New Credit facility to PT Surya Sudeco	Directorate of Commercial Banking
9	18 Mei 2016	Discussion on the Credit Facility PT Astra International Tbk, PT Federal International Finance and PT Surya Artha Nusantara	Directorate of Corporate Banking
10	08 June 2016	Discussion Extension Period and Additions Fas. KMK to PT Indonesian post	Directorate of Corporate Banking
11	15 June 2016	Proposed Revision RBB 2016-2018 and CBP 2016	- Directorate of Corporate Banking - Directorate of Commercial Banking
12	22 June 2016	- Proposed Increase Award Retirement Benefits and Other Benefits Provision to DPBM 1 to 4 Participants 2016 - Granting Credit Facility to Kimia Farma Group - Providing New Credit Facility and Extension term of Credit payment to PT Bank Mandiri Tunas Finance	- Directorate of Human Capital - Directorate of Commercial Banking
13	29 Juni 2016	- Proposed Extension of Facility Credit Line BMEL is mandated - Proposed Changes to these Terms & Conditions / Covenant Credit Related Party to PT MUF	- Directorate of Finance & Strategy - Directorate of Commercial Banking
14	20 July 2016	Proposed Capital Increase PT BSM - Proposed acquisition Most of the land owned by PT Bank Mandiri to land MRT	- Directorate of Commercial Banking - Directorate of Operasional
15	03 August 2016	- Business Management and Performance Foreign Office - Progress Repair Credit Process Segment Commercial	- Directorate of Finance Treasury - Directorate of Commercial Banking
16	24 August 2016	- Policy Architectures BM - Discussion of Extension of Credit Facilities Astra Group - Discussion Extension Commercial Line facility to PT Asuransi Jasindo	- Directorate of Risk Management & Compliance - Directorate of Corporate Banking

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No	Date	Subject	Work Unit
17	07 Sept 2016	- Implementation of Risk Appetite Statement Update 2016 - Implementation of New Credit Rating System Process Segments Wholesale - Bases Banking Risk Rating (RBRR) semester I 2016	Directorate of Corporate Banking
18	14 Sept 2016	- Proposed Renewal Intraday term of payment PT Mandiri Sekuritas - Proposed Extension of Fas. Credit Line BSM	Directorate of Corporate Banking
19	21 Sept 2016	Update Mandiri University Group	Mandiri University
20	28 Sept 2016	Handling Credit Intrakomtabel and ekstrakomtabel to Special Asset Management	- Special Asset management Group - Directorate of Commercial Banking - Directorate of Retail Banking - Directorate of Risk Management & Compliance
21	05 Oct 2016	Role and Function of Customer Care and Strategic Handling of Complaints Customer	Customer Care Group
22	12 Oct 2016	Proposal on Capital Increase Plan of PT Bank Mandiri TASPEN Pos (Bank Mantap)	Directorate of Retail Banking
23	19 Oct 2016	- Proposed Facility Extension PT Federal International Finance and Administration the new facility to the Astra Group - Proposed Revised KPBM	- Directorate of Risk Management & Compliance - Directorate of Corporate Banking
24	26 Oct 2016	- Proposal for Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card - Proposed Additions to the associated Facility Limit PT Ananta Auto Mainstay - Proposed Facility KI, Extension of Period of Practice Facilities As well as changes Terms to Kimia Farma Group - Update Asset Abandoned	- Directorate of Corporate Banking - Directorate of Operation - Directorate of Commercial Banking - Directorate of Micro
25	2 Nov 2016	Proposed Approval of Extension and Improvement of Credit Line Facility PT Bank Mandiri TASPEN Pos	Directorate of Finance & Strategy
26	23 Nov 2016	- Proposed Extension of Credit Facility Agreement on Related Party PT Tunas and PT Mandiri Utama Finance - Proposed Improvement and Extension Limit Availability period to the Astra Group - Proposed Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card	- Directorate of Commercial Banking - Directorate of Retail Banking - Directorate of Corporate Banking
27	30 Nov 2016	Proposed Facility Investment Credit to the PT Trans Earth Serbaraja (TBS) - Astra Group	Directorate of Corporate Banking
28	21 Dec 2016	Application for Extension and Additions to the Joint Financing Limit PT Mandiri Tunas Finance (MTF)	Directorate of Retail Banking

Meeting of Risk Monitoring Committee

Meeting of Risk Monitoring Committee can be held at least of once in 1 (one) month. Meeting of Risk Monitoring Committee will be considered as valid if attended by at least 51% from the total members including one Commissioner and Independent Party. In the absence of Head of Monitoring Committee, then the Meeting will be presided over by Head of Monitoring Committee or member appointed in written. Resolution of the Meeting will be taken based on amicable negotiation. For the non-occurrence of amicable negotiation, resolution will be taken based on majority votes. Any difference of opinions in committee meeting must be clearly attached in minutes of the meeting including reasons of such difference of opinions. Meeting of Risk Monitoring Committee must be included in a minutes of the meeting signed by all presenting members and to be well documented.

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Meeting Frequency and Level of Attendance of Risk Monitoring Committee

Throughout 2016, the Risk Monitoring Committee held 28 meetings with the following level of attendance:

Meeting Date	Meeting Agenda	Wimboh Santoso	Abdul Aziz	Imam Apriyanto Putro *)	Suwahono *)	Goei Siauw Hong **)	Bangun S. Kusmulyono **)	Budi Sulistio *)	Ridwan D. Ayub	Lista Ima **)
15 Feb	- Discussion on Fixed Assets dormant - Performance of the Year in 2015 and 2016 Work Plan Mandiri Pension Fund		√		√			√	√	
14 Mar	- Credit Risk into Enterprises & Debtor Group Traffic Directorate which is financed with limit >Rp500 million - Permit Principle Land Use and loan cooperation proposals Mandiri Tower as the building site Jakarta Istora MRT Station Cooling Tower		√	√	√		√	√	√	
23 Mar	- Discussion on the addition of plafond and Giving New Facilities Commercial Line PT Astra Sedaya Finance - Discussion on Short-Term Credit Facilities and amenities TL for PT Astra Sedaya Finance - Discussion of CL and NCL provision of facilities for PT United Tractors Semen Gresik (SI Group) - Discussion KI Facility and Amendment of Existing Credit Facility Requirements PT Marga Mandalasakti (Astra Group)		√				√	√	√	
30 Mar	- Discussion on Capital Increase PT MAGI - Discussion of Capital Increase PT MUF - Risk Based Bank Rating (RBBR) Semester II 2015 - Outstanding Legal Cases		√	√				√	√	
6 Apr	- Realization of Strategic Initiatives in 2015 and Plan for 2016 Strategic Initiatives - Update Distribution Network Transformation Project Implementation		√					√	√	
13 Apr	- Liquidity Position (USD and ISR) Q1 2016 & Position Trading (Forex, MM, Bond Recap/SUN and MTM, derivatives) - Study of Macro economic conditions in 2016 related to a decrease in interest rate and its impact into Bank Mandiri Business		√	√				√	√	
4 Mei	- Discussion on New Lending and Extension term of Credit payment to Related Party PT Sasmita Bakti Mulia - Vendor Usage Reduction Strategy Plan under Development Application		√	√				√	√	
11 Mei	Discussion Provision of Funds to Related Parties in the form of the New Credit facility to PT. Surya Sudeco		√	√				√	√	
18 Mei	Discussion on the Credit Facility PT Astra International Tbk, PT Federal International Finance and PT Surya Artha Nusantara		√					√	√	
8 Jun	Discussion Extension Period and Additions Facilities KMK to PT Indonesian post		√					√	√	
15 Jun	Proposed Revision RBB 2016-2018 and CBP 2016		√	√				√	√	
22 Jun	- Proposed Increase Award Retirement Benefits and Other Benefits Provision to DPBM 1 to 4 Participants 2016 - Granting Facilities Credit to Kimia Farma Group - Providing Facilities New Credit and Extension term of Credit payment to PT Bank Mandiri Tunas Finance		√	√				√	√	
29 Jun	- Proposed Extension of Facilities Credit Line BMEL is mandated - Proposed Changes to these Terms & Conditions/Covenant Credit Related Party to PT MUF		√	√				√	√	
20 Jul	Proposed Capital Increase PT BSM - Proposed acquisition Most of the land owned by PT Bank Mandiri to land MRT		√	√				√	√	
3 Aug	- Business Management and Performance Foreign Office - Progress Repair Credit Process Segment Commercial		√	√				√	√	
24 Aug	- Policy Architectures BM - Discussion of Extension of Credit Facilities Astra Group - Discussion Extension Commercial Line facility to PT Asuransi Jasindo		√	√				√	√	
7 Sep	- Implementation of Risk Appetite Statement Update 2016 - Implementation of New Credit Rating System Process Segments Wholesale - Bases Banking Risk Rating (RBBR) semester I 2016		√	√				√	√	

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Meeting Date	Meeting Agenda	Wimboh Santoso	Abdul Aziz	Imam Apriyanto Putro *)	Suwahono *)	Goei Siauw Hong **)	Bangun S. Kusmulyono **)	Budi Sulistio *)	Ridwan D. Ayub	Lista Ima **)
14 Sep	• Proposed Renewal Intraday term of payment PT Mandiri Sekuritas • Proposed Extension of Facilities Credit Line BSM		✓	✓				✓	✓	✓
21 Sep	Update Mandiri University Group		✓	✓				✓	✓	✓
28 Sep	Handling Credit Intrakomtabel and ekstrakomtabel to Special Asset Management		✓	✓				✓	✓	✓
5 Oct	Role and Function of Customer Care and Strategic Handling of Complaints Customer		✓	✓				✓	✓	✓
12 Oct	Proposal on Capital Increase Plan of PT Bank Mandiri TASPEN Pos (Bank Mantap)		✓	✓		✓	✓	✓	✓	
19 Oct	• Proposed Facility Extension PT Federal International Finance and Administration the new facility to the Astra Group • Proposed Revised KPBM	✓	✓			✓	✓		✓	✓
26 Oct	• Proposal for Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card • Proposed Additions to the associated Facility Limit PT Ananta Auto Mainstay • Proposed Facility KI, Extension of Period of Practice Facilities as well as changes Terms to Kimia Farma Group • Update Asset Abandoned					✓	✓		✓	✓
2 Nov	Proposed Approval of Extension and Improvement of Credit Line Facility PT Bank Mandiri TASPEN Pos	✓	✓			✓	✓		✓	✓
23 Nov	• Proposed Extension of Credit Facility Agreement on Related Party PT Tunas and PT Mandiri Utama Finance • Proposed Improvement and Extension Limit Availability period to the Astra Group • Proposed Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card	✓	✓			✓	✓		✓	✓
30 Nov	Proposed Facility Investment Credit to the PT Trans Earth Serbaraja (TBS) - Astra Group	✓	✓				✓		✓	✓
21 Dec	Application for Extension and Additions to the Joint Financing Limit PT Mandiri Tunas Finance (MTF)	✓	✓			✓	✓		✓	✓
Number of Meeting		6	28	22	2	6	19	28	28	6
Number of Attendance		5	27	17	2	5	6	22	28	6
Percentage of Attendance		83%	96%	77%	100%	83%	100%	100%	100%	100%

Note

*) No longer serving as member of Risk Monitoring Committee since October 19, 2016

**) Serving as member of Risk Monitoring Committee since October 19, 2016

Education and/or Training for Members of Risk Monitoring Committee

Education and training for Risk Monitoring Committee who also serves as member of the Board of Commissioners can be viewed on page 108-109, while members of Risk Monitoring Committee who are not members of the Board of Commissioners can be seen on page 110.

Charter of Risk Monitoring Committee Statement

In performing duties and responsibilities, the Risk Monitoring Committee of Bank Mandiri has charter as working guidance which was updated in 2015 and consists of matters, among others: (a) Duties and Responsibilities of Committee, (b) Authorities of Committee, (c) Meetings of Committee and (d) Organization of Committee and miscellaneous. The Charter of Risk Monitoring Committee is available to be accessed by public through official website of Bank Mandiri.

Remuneration of Risk Monitoring Committee

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Risk Monitoring Committee independent members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Risk Monitoring Committee members are also not allowed to receive any other income in addition to the honoraria. Members of the Board of Commissioners who chairs the Risk Monitoring Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

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Follow Up on Activities and Recommendation of Risk Monitoring Committee

Throughout 2016, the Risk Monitoring Committee has provided several recommendation or advices to the Board of Commissioners, among others :

1. Proposal on credit facility and provision of funds to respected party, either extension, additional, changes or new provision.
2. Proposal on organizational structure of Bank Mandiri proposed by the Board of Directors.
3. Review on the achievement of financial performance of Bank Mandiri quarterly
4. Review on strategy and implementation of Non Performing Loan management at Bank Mandiri.
5. Review on implementation of integrated risk management at Bank Mandiri.

Appointment and Discharge of the Risk Monitoring Committee Members

The Chairman and members of the Risk Monitoring Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Risk Monitoring Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Risk Monitoring Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Risk Monitoring Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

Remuneration and Nomination Committee

In order to support the effectiveness of implementation of duties and responsibilities, the Board of Commissioners is assisted by Remuneration and Nomination Committee who is responsible for matters related to the determination of qualification, process of nomination and remuneration of the Board of Commissioners, Board of Directors and Executives of the Company.

Establishment Basis of Remuneration and Nomination Committee

The establishment of Remuneration and Nomination Committee referred to:

1. Articles of Association of the Company
2. Law No.19/2003 on SOE
3. Financial Services Authority (OJK) Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Bank.
4. Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises.
5. Financial Services Authority (OJK) Regulation No. 34/POJK.04/2014 on Remuneration and Nomination Committee of Public Company, and OJK Regulation No. 45/POJK.03/2015 on Remuneration Procedures for Commercial Banks
6. Decree of the Board of Commissioners No. KEP.KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP.DIR/376/2016 concerning The Establishment of Remuneration and Nomination Committee Membership.

Duties and Responsibilities of Remuneration and Nomination Committee

Remuneration and Nomination Committee has duties and responsibilities as follow:

1. To prepare the concept and analysis relating to the function of the Committee for Remuneration and Nomination.
2. To assist the Board of Commissioners for providing recommendation concerning total members of Board of Commissioners and Board of Directors.
3. To assist the Board of Commissioners in stipulating general policy on Human Resources.
4. To recommend the approval for change of organizational structures up to one level below the Board of Directors.
5. To assist the Board of Commissioners to acquire and analyze the data of prospective candidate of Board of Directors from one level below the Board of Directors quarterly and any time if there is any change.
6. To assist the Board of Commissioners in providing recommendation concerning option to the Board of Commissioners, Board of Directors and Employee, among others share option as well as supervision in its implementation.

7. To possess data base and talent pool of candidates of members of Board of Directors and Board of Commissioners
8. To conduct evaluation against the policy on remuneration and providing recommendation to the Board of Commissioners concerning
 - Remuneration policy for the Board of Commissioners and the Board of Directors for submission to the General Meeting of Shareholders.
 - The policy on remuneration for Executive Official and Employee in its entirety for submission to the Board of Directors.
9. To prepare and provide recommendation concerning system as well as procedure of election and/or change or members of Board of Commissioners and Board of Directors to the Board of Commissioners for further submission to the General Meeting of Shareholders.
10. To Provide recommendation regarding members candidates of the Board of Commissioners and/or the Board of Directors to the Commissioners to be delivered in the General Meeting of Shareholders.
11. To identify candidate of the Board of Directors either from internal or external and candidate of the Board of Commissioners who has met the requirements to be proposed for the appointment as Director or the Board of Commissioners which is tailored to the Company strategy.
12. To provide recommendation concerning independent party who will become the member of Audit Committee and Risk Monitoring Committee.

Authorities of Remuneration and Nomination Committee

1. To request PT Bank Mandiri (Persero) Tbk for conducting survey according to the needs of Committee for Nomination and Remuneration.
2. To request information on matters as required from various parties both within and outside of PT Bank Mandiri (Persero) Tbk.

Independence of Remuneration and Nomination Committee

All members of Remuneration and Nomination Committee has met the following independence criteria:

1. Not include in the management team.
2. Free from business relationships and other relationship which may affect the decision.
3. Not the majority shareholders of the Company or employee who is directly related to the Company's majority shareholders.
4. Not employee of previously worked as executive of the company or affiliated company member, at least 3 (three) years prior to the appointment as committee member.
5. Not an advisor or professional primary consultant who is considered material to the company or affiliated company or employee who is directly related to the service provider, at least 3 (three) years prior his/her appointment as committee member.
6. Not supplier or primary customers from company or affiliated company or employee from/or directly or indirectly related to the supplier or primary customers.
7. Having no agreement relationship with the company or other affiliated company as the Board of Directors.

Structure, Membership and Expertise of Remuneration and Nomination Committee

The number and composition of members of Remuneration and Nomination Committee of Bank Mandiri consist of at least 3 (three) person: an Independent Commissioner as Chairman, an independent party who has expertise in Accounting/ Finance and an independent party who has expertise in legal as stipulated in Circlar of Bank Indonesia No.15/15/DPNP concerning Implementation of GCG for Commercial Banks. Other members are an Executive in Human Resources or an employee representative according to POJK No.45/POJK.03/2015.

As of December 31, 2016, the composition of Remuneration and Nomination membership of Bank Mandiri is as follow:

Name	Designation	Legal Basis of Appointment
Bangun S. Kusmulyono	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/376/2016
Imam Apriyanto Putro	Member (Deputy Chief Commissioner)	
Wimboh Santoso	Member (President Commissioner)	
Abdul Aziz	Member (Independent Commissioner)	
Askolani	Member (Commissioner)	
Aviliani	Member (Independent Commissioner)	
Goei Siau Hong	Member (Independent Commissioner)	
Ardan Adiperdana	Member (Commissioner)	
Sanjay N. Bharwani	Member	

Term of Office of Remuneration and Nomination Committee Members

Term of office of Remuneration and Nomination Committee members shall not be longer than term of office of the Board of Commissioners and may be reappointed for the next period.

Brief Profile of Remuneration and Nomination Committee

Members of Remuneration and Nomination Committee who also serve as the Board of Commissioners' members, their profile can be seen in Profile of the Board of Commissioners on page 72-75.

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Meanwhile the profile of Mr. Sanjay N. Bharwani who is not a member of the Board of Commissioners can be seen as follow:

	Sanjay N. Bharwani
	Indonesian Citizen, 55 years old. Domiciled in Jakarta
	Basis of Appointment Appointed as SEVP Wholesale Risk through BOD Decree No. KEP.DIR/009/2015 dated January 2, 2015
	Educational Background Bachelor Degree in the field of Technology & Business from University of Australia – Victoria (1993)
	Work Experience • Director of Human Capital at PT Rajawali Corpora • Group Head Human Capital Strategy & Policies at Bank Mandiri (2008-2012) • Senior Vice President HR Centres of Expertise & Operation at Bank Permata (2007-2008) • Senior Consultant di Gyann Consultant Jakarta dan Australia (2006-2007) • Country Head Watson Wyatt - Mumbai India (2004-2005) • Senior Manager Consulting at Accenture – Jakarta (1997-2004)
	Seminars and Workshops • <i>Executive Overview of Islamic Banking</i>, Lembaga Pengembangan Perbankan Indonesia (2013) • <i>Risk Management Certification Refreshment Program</i>, BARA (2013) • <i>Leading high impact teams</i>, Kellogs School of Management (2011) • Certified Recruiter, Standard Charter Bank (2008) • Watson Wyet Proprietary Job Evaluation tools, Watson Wyatt (2004) • Finance for non-finance manager, Accenture (2003)

Brief Report on the Implementation of Activities and Recommendation of Remuneration and Nomination Committee in 2016

In 2016, as stipulated in Charter of Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk concerning Nomination system, the Committee has submitted recommendation/proposal of candidates who met the requirements as President Director and members of the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk to the Board of Commissioners to be delivered to GMS. The proposal was obtained through a series of processes conducted by Remuneration and Nomination Committee covering establishment of policy, criteria and qualifications needed in the process of nominating candidates of the the Board of Directors and the Board of Commissioners which correspond with strategic plan of the Company. The Remuneration and Nomination Committee also assisted the Board of Commissioners to acquire and analyze data of prospective candidate of Board of Directors from the talent pool of official of one level below the Board of Directors.

In addition to nomination system, the Remuneration and Nomination Committee also assisted the Board of Commissioners in proposing remuneration system which suited the Board of Directors and the Board of Commissioners of PT Bank mandiri (Persero) Tbk in the form of payroll/honoraria system, facilities/allowances, tantiem and so on in 2016.

During 2016, the Nomination and Remuneration Committee has issued several recommendation to the Board of Commissioners as follow :

1. Proposal of Prospective Candidates of President Director and Directors of PT Bank Mandiri (Persero) Tbk
2. Recommendation on Candidates of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
3. Proposal of Long Term Incentives for the Management of PT Bank Mandiri (Persero) Tbk

4. Proposal of 2016 Salaries/Honoraria for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
5. Proposal of Determination of Remuneration and Tantiem for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
6. Proposal of determination of 2016 facilities and allowances for the Board of Directors of PT Bank Mandiri (Persero) Tbk.

Meeting of Remuneration and Nomination Committee

The meeting of Committee for Remuneration and Nomination shall be organized according to the needs and assignment from the Board of Commissioners, at least 2 (two) times in 1 (one) year and can only be implemented in the event it is attended by at least 51% (fifty one percent) of total members including one member of Board of Commissioners and Group Head Human Capital Group. The meeting shall be attended by all members and if necessary it can be attended by members with voting right (voting member). The meeting shall be presided over by the Chairman or member who is appointed by the members who are present, in the event that the Chairman is impeded. The Resolution of Meeting shall be conducted based on consultation to achieve an agreement. In case that the consultation to achieve an agreement has not occurred, the adopted decision shall be conducted based on majority votes. The result or the resolution of meeting is obligatory to be laid down in the minutes of meeting which is signed by the whole members who are present and it is documented properly.

Meeting Frequency and Level of Attendance of Remuneration and Nomination Committee

Throughout 2016, the Remuneration and Nomination Committee held 11 meetings with the following level of attendance:

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Meeting Date	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Abdul Aziz	Askolani	Aviliani	Goel Siauw Hong	Bangun S. Kusmulyono	Ardian Adiperdana*	Suwono	Sanjay N Bharwani
3 Feb	Candidate Recommendation on Directors		√	√	√	√	√	√		√	√
17 Feb	Recommendations Candidate Manager PT Bank Mandiri (Persero) Tbk.	√		√		√	√	√		√	√
24 Feb	Discussion Draft Letter to the Minister of State Enterprises	√			√	√	√	√		√	√
2 Mar	Implementation Interviews with Directors of PT Bank Mandiri (Persero) Tbk.	√	√	√	√	√	√	√		√	√
16 Mar	Proposal of the Remuneration Board of Bank Mandiri	√	√	√	√	√	√	√		√	√
21 Mar	Proposed Candidates for the Board in the Annual General Meeting for financial year 2015**							√			
6 Apr	Discussion Follow Up Result of Annual General Meeting regarding Remuneration for Bank Mandiri Management Team (Especially LTI)	√		√		√	√	√			√
13 Apr	Follow-up Discussion Proposed Long Term Incentives (LTI)		√	√		√	√	√			√
24 Jun	Discussion on Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√		√	√	√	√	√			√
29 Jun	Discussion Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√	√	√	√			√			√
15 Agt	Discussion SOE Minister Regulation No. 02/MBU/06/2016 Discussion on Revised Rules of Conduct of the Board of Commissioners	√	√	√	√	√					√
Total Meetings		9	10	10	10	10	10	11	-	5	10
Total Attendance		8	6	9	7	9	8	10	-	5	10
Percentage of Attendance		89%	60%	90%	70%	90%	80%	91%	-	100%	100%

Note

*) Serving as Remuneration and Nomination Committee member since October 19, 2016

**) Meeting at the Ministry of SOEs represented by the Chairman of the Remuneration and Nomination Committee

Education and/or Training for Remuneration and Nomination Members

Education and/or trainings for Committee Members who concurrently serve as the Board of Commissioners can be viewed on page 108-109. While the education and/or trainings for Committee Members who are not member of the Board of Commissioners can be seen in Profile of Mr. Sanjay N. Bharwani as mentioned above.

Charter of Nomination and/or Remuneration Function Committee

In performing duties and responsibilities, the Remuneration and Nomination Committee of Bank Mandiri is guided by Charter which has been stipulated based on Decree No. KEP.KOM/004/2016 dated October 19, 2016. The Charter of Remuneration and Nomination function which consists of matters related to:

- (a) Function, Authorities and Responsibilities of Committee,
- (b) Membership and Rules of Order, (c) Remuneration and Nomination System and miscellaneous. The Charter has been reviewed and updated in 2016.

The Charter of Remuneration and Nomination Committee is available to be accessed by public through official website of Bank Mandiri.

Remuneration of Remuneration and Nomination Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Remuneration and Nomination Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

Appointment and Discharge of the Remuneration and Nomination Committee Members

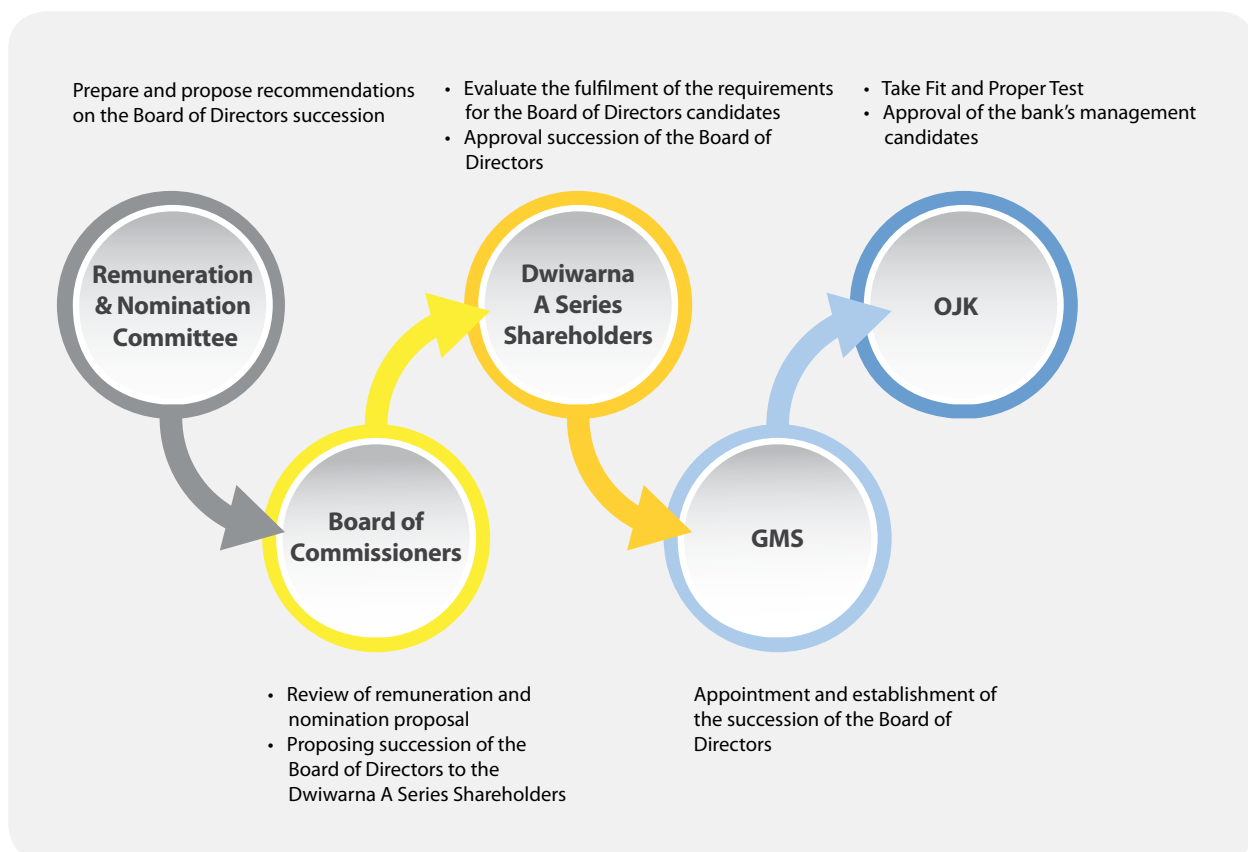
The Chairman and members of the Remuneration and Nomination Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Remuneration and Nomination Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Remuneration and Nomination Committee, as stipulated in the relevant POJK.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Remuneration and Nomination Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends..

Directors Succession Policy

In order to prepare the regeneration of the Bank's leadership in the future, Bank Mandiri has designed Talent & Succession Management, a Directors Succession Policy which has been harmonized with the Regulation of the Minister of State Enterprises No. PER-03/MBU/02/2015 on Terms and Procedures for Appointment and Dismissal of Directors of State Owned Enterprises. In addition, as a public company, Bank Mandiri also refers to OJK regulation No.33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuer or Public Companies.



Appraisal Company for the Selection of Candidates of the Board of Commissioners and the Board of Directors

The Remuneration and Nomination Committee determines criteria of candidates of the Board of Commissioners and the Board of Directors, and then performing selection on the candidates who meet the established criteria. Furthermore, Bank Mandiri teams up with the Appraisal Company to assess the candidates of the Board of Commissioners and the Board of Directors.

In 2016, Bank Mandiri teamed up with several Appraisal Companies such as PT Daya Dimensi Indonesia. The names recommended by the Appraisal Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners as candidates which then will be submitted to GMS for the approval.

Integrated Governance Committee

Integrated Governance Committee was established by the Board of Commissioners of PT Bank Mandiri (Persero) Tbk with the objective to assist and facilitate the Board of Commissioners in performing its tasks and functions to supervise the implementation of Governance in each Financial Service Institution (FSI) under Financial Conglomeration of Bank Mandiri in order to comply with the Manual on Integrated Governance; supervising performance of tasks and responsibilities of the Board of Directors of Bank Mandiri, as well as providing direction or advices to the Board of Directors of Bank Mandiri for implementation of Manual for Integrated Governance; and evaluating Manual for Integrated Governance as well as directing for improvement.

Basis of Establishment of Integrated Governance Committee

Aside from guiding by best practices in general applied in banking institutions in Indonesia, the Integrated Governance Committee was also established with due observance of rules and regulations

1. Articles of Association of PT Bank Mandiri (Persero) Tbk and amendments thereof
2. Regulation of Financial Service Authority Number 18/POJK.03/2014 dated 18 November 2014 regarding Implementation of Integrated Governance for Financial Conglomeration.
3. Law Number 21 of Year 2011 regarding Financial Service Authority
4. OJK Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
5. Regulation of Minister of the State Owned Enterprise Number PER-09/MBU/2012 dated 6 July 2012 regarding amendment to Regulation of Minister of the State Owned Enterprise Number PER-01/MBU/2011 dated, regarding Implementation of Good Corporate Governance at the State Owned Enterprise
6. Regulation of Minister of the State Owned Enterprise Number PER-12/MBU/2012 regarding Supporting Organ of the Board of Commissioners / Board of Supervisory of the State Owned Enterprise
7. Decree of the Board of Commissioners No. KEP KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP. DIR/377/2016 concerning The Establishment of Integrated Governance Committee Membership.

Brief Report of Implementation of Duties of Integrated Governance Committee in 2016

During 2016, the Integrated Corporate Governance Committee already discuss and assign related matters :

1. On February 12, 2016, Integrated Governance Committee held meeting to discuss self assessment result for the second semester of 2015 and efforts to be taken for improvements.

2. On October 12, 2016, Integrated Governance Committee has discussed the self assessment result for the first semester of 2016 and efforts to be taken for improvements. In addition, the meeting also discussed initiatives of Integrated Compliance Work Unit (SKKT). Integrated Internal Audit Work Unit (SKAIT), and Integrated Risk Management Work Unit (SKMRT) during 2016.

Duties and Responsibilities of Integrated Governance Committee

A. Properness of Integrated Internal Control :

a) Adequacy of Internal Control Integrated

- 1) Performing evaluation that Bank Mandiri and Subsidiary Companies have had standard integrated internal control system in compliance with the applicable practice by reviewing the Manual for Integrated Governance applicable at Bank Mandiri.
- 2) Performing monitoring and evaluation on effectiveness of implementation of integrated internal control by reviewing Regular Report and Investigation Report issued by the Integrated Internal Audit Unit.
- 3) Performing regular meetings with the Integrated Internal Audit Unit to discuss matters related to integrated internal control and implementation thereof.
- 4) Performing monitoring and evaluation on implementation of follow-up by the Board of Directors of Bank Mandiri and Subsidiary Companies on the results of findings by the Integrated Internal Audit Unit, Public Accountant Office, and results of supervision by Financial Service Authority on weakness to system and implementation of integrated internal control.
- 5) Make regular reports to results of monitoring and provide advice on matters related to integrated internal control need to become attention by the Board of Commissioners of Bank Mandiri and Subsidiary Companies.

b) Implementation of Integrated Compliance Function

- 1) Performing monitoring and evaluation on the compliance of Bank Mandiri and Subsidiary Companies against the applicable legislations in Capital Market as well as regulation of Financial Service Authority, Bank Indonesia and other regulation related to banking, insurance, securities and financing business through coordination with Integrated Compliance Unit.
- 2) Studying on the regular report and investigation report related to compliance to internal and external regulations issued by the Integrated Compliance Unit and external auditor.
- 3) Performing regular meetings with Integrated Compliance Unit to discuss matters related to compliance by Bank Mandiri and Subsidiary Companies to internal and external regulations.
- 4) Performing monitoring and evaluation on the implementation of follow-up by the Board of Directors of Bank Mandiri and Subsidiary Companies for result of findings by Integrated Compliance Unit, Public Accountant Office, and result of supervision by Financial Service authority regarding weakness

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on system and implementation of integrated compliance function.

- 5) Reporting in regular basis on the monitoring results and provide advices to matters related to compliance of Bank Mandiri and Subsidiary Companies to internal and external regulations need to become attention of the Board of Commissioners of Bank Mandiri and Subsidiary Companies.
- B. Provide recommendation to the Board of Commissioners of Bank Mandiri to improve Manual for Integrated Governance.

Authorities of Integrated Governance Committee

Integrated Governance Committee has authorities to conduct the following things:

1. Rendering opinions to the Board of Commissioners of Bank Mandiri regarding implementation of Integrated Governance by assessment on properness of internal control and implementation of integrated compliance functions.
2. Establish communication with the Integrated Compliance Unit and the Integrated Internal Audit Unit for the purposes of obtaining information, clarification as well as requesting documents and necessary required reports.

Independence of Integrated Governance Committee

Independence of Integrated Governance Committee of Bank Mandiri is measured by the following criteria:

1. Free from business relationships and other relationship which may affect the decision.
2. Not the majority shareholders of the Company or employee who is directly related to the Company's majority shareholders.
3. Not employee of previously worked as executive of the company or affiliated company member, at least 3 (three) years prior to the appointment as committee member.
4. Not an advisor or professional primary consultant who is considered material to the company or affiliated company or employee who is directly related to the service provider, at least 3 (three) years prior his/her appointment as committee member.
5. Not supplier or primary customers from company or affiliated company or employee from/or directly or indirectly related to the supplier or primary customers.
6. Having no agreement relationship with the company or other affiliated company as the Board of Directors.

All members of Integrated Governance Committee of Bank Mandiri have met the abovementioned criteria.

Structure, Membership and Expertise of Integrated Governance Committee

According to Integrated Governance Committee Charter, mentioning that:

1. The Committee Members shall consist of at least one Independent Commissioner who holds concurrent position as Chairman and member, one independent party with expertise in finance and one independent party with expertise in risk management.
2. Former members of the Board of Directors or Executive Officer of the Bank or parties who have a relationship with the Bank

may affect the ability to act independent, it can not be an independent party as a member of the committee at the Bank Mandiri before cooling off period as provided in the provisions of the applicable Bank Indonesia.

3. The Committee members originated from external party shall meet the following requirements
 - a. Having no business relation with Bank
 - b. Having no family relationship with the Board of Directors, the Board of Commissioners and Controlling Shareholders.
4. Having highly integrity, ability, knowledge, and adequate experience in their field of duties as well as having comprehension of banking.

As of December 31, 2016, the composition of Integrated Governance Committee is as follow:

Name	Designation	Legal Basis of Appointment
Abdul Aziz	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/377/2016
Aviliani	Member (Independent Commissioner)	
Goei Siauw Hong	Vice Chairman and Member (Independent Commissioner)	
Bangun S. Kusmulyono	Member (Independent Commissioner)	
Imam A. Putro	Member (Commissioner)	
Ridwan D. Ayub	Member (Independent)	

Term of Office of Integrated Governance Committee Members

Term of office of Integrated Governance Committee members who are the members of the Board of Commissioners shall not be longer than term of office of Commissioners and may be reappointed only for the next 1 (one) period.

Brief Profile of Integrated Governance Committee

Most of Integrated Governance Committee members also serve as members of the Board of Commissioners. Therefore, their profiles have been presented in Profile of the Board of Commissioners on page 72-75. Meanwhile, profile of non-independent members can be seen as follow :

Meeting of Integrated Governance Committee

Pursuant to OJK Regulation No.18/POJK.03/2014, the Integrated Governance Committee shall conducts at least one meeting in every semester. The meeting can be convened through video conference.

Meetings of the Integrated Governance Committee shall be held at least once in 6 (six) months which is led by Chairman of Integrated Governance Committee and is considered as valid if being attended by at least 51% from total members including one Independent Commissioner of Bank Mandiri and the Independent Party. Recommendation of the Meeting will be taken based on an amicable negotiation for reaching a mutual consensus. Dissenting of opinion occurred in a meeting of the committee must be expressly described in the minutes of the

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meeting including reasons of the dissenting opinion. Meeting of the Integrated Governance Committee must be included in a minute of the meeting signed by all presenting members and to be well documented.

Meeting Frequency and Level of Attendance of Integrated Governance Committee

Throughout 2016, the Integrated Governance Committee has conducted 2 meetings with the following level of attendance of Committee Members:

Meeting Date	Meeting Agenda	Abdul Aziz	Aviliani	Goei Siauw Hong	Bangun S. Kusmulyono	Imam A. Putro*	Ridwan D. Ayub	Budi Sulistio**
Feb 12	- Presentation and Explanation on Self Assessment Result of Integrated Governance in Second Semester of 2015 - Presentation on Performance of Subsidiaries in 2015, namely Bank Syariah Mandiri, Mandiri Sekuritas and Mandiri Manajemen Investasi	√	√	√	√	-	√	√
Oct 12	- Assessment Result of Integrated Governance in the 1st Semester of 2016 - Implementation of Duties and Responsibilities of Integrated Governance Committee	√	√	√	√	-	√	√
Number of Meetings		2	2	2	2	-	2	2
Percentage of Attendance		100%	100%	100%	100%	-	100%	100%

* Serving as Integrated Governance Committee member since October, 19, 2016.

** No longer serving as Integrated Governance Committee member since October, 19, 2016.

Education and/or Training for Integrated Governance Committee Members

Education and/or training for Committee Members who serve as the members of the Board of Commissioners can be viewed on page 108-109.

Charter of Integrated Governance Committee

In carrying duties and responsibilities, the Integrated Governance Committee of Bank Mandiri has Charter as working guidance which was established in 2016 pursuant to Decree No. KEP.KOM/004/2016 dated October 19, 2016. The Charter regulates matters related to among others duties, authorities and responsibilities of Committee as well as conducting Committee Meeting.

Remuneration of Integrated Governance Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Integrated Governance Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

Follow Up on Execution of Activities of Integrated Governance Committee

1. Respected work unit conducted recommendation on Committee Meeting on February 12, 2016, among others to improve initiatives of implementing duties and responsibilities of SKKT, SKAIT, and SKMR.
2. In Integrated Governance Committee meeting on October 12, 2016, it has been reported either the accomplished and on progress initiatives from the implementation of duties and responsibilities of SKKT, SKAIT, SKMRT as well as discussing action plan to encounter 2017.

Recommendation of Integrated Governance Committee

After discussing the follow up on the implementation of Integrated Governance, the TKT Committee has agreed to convene meeting to discuss the progress of the implementation duties and responsibilities of Integrated Governance Committee, including the implementation duties and responsibilities of other organs of Integrated Governance such as SKKR, SKAIT, and SKMRT.

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Appointment and Discharge of the Integrated Governance Committee Members

The Chairman and members of the Integrated Governance Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Integrated Governance Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Integrated Governance Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Integrated Governance Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

Assessment of Performance of Committees Under the Board of Commissioners

Evaluation and assessment of performance of Committees under the Board of Commissioners are conducted once a year by using the method designated by the Board of Commissioners. The implementation of activities and performance of Committees under the Board of Commissioners is constantly evaluated and assessed by the Board of Commissioners for the interest to improve the effectiveness of implementation of activities and performance of Committees in the years to come.

Secretary to the Board of Commissioners

Pursuant to Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises, the Board of Commissioners may form a Secretariat to the Board of Commissioners led by the Secretary to the Board of Commissioners to assist the smoothness administration of the duties and responsibilities of the Board of Commissioners. The Secretary to the Board of Commissioners is originated from outside the Company and is appointed, dismissed as well as responsible to the Board of Commissioners.

Duties and Responsibilities of Secretary to the Board of Commissioners

Pursuant to Working Guidelines as stipulated in Decree No. KEP.KOM/005/2016 about The board of Commissioners code of conduct, the secretary to the Board of Commissioners has the following duties and responsibilities:

1. To make preparations for meetings, to provide materials and information for meetings or reports of the Board of Commissioners, to draw up minutes of meetings.
2. To provide information required by the Board of Commissioners in the decision making process and any required information periodically.
3. To assist the Board of Commissioners in preparing reports and work plan and budget plan.

Profile of Secretary to the Board of Commissioners

Secretary to the Board of Commissioners is currently held by Dini Desvalina who was appointed pursuant to Decree of the Board of Commissioners No.001/2016. Following is her brief profile.

	Dini Desvalina Indonesian Citizen, 31 years old Term of Office: January 13, 2016 - present	
	Educational Background • Master Degree, Sharia Financial Management, Magister of Management University of Indonesia. Graduated in 2013. • Bachelor Degree, Accounting, University of Indonesia. Graduated in 2009. • Diploma in Accounting, State College of Accounting. Graduated in 2006	Work Experience • Financial Analyst at Ministry of SOE (2007) • Section Head of Logistic and Industrial Estate IIb at Ministry of SOE (2014) • Section Head of Bureaucracy Reformation at Ministry of SOE (2015-present)

Brief Report on Duties Implementation of Secretary to the Board of Commissioners

Secretary to the Board of Commissioners has formed the following 2016 work program principles:

1. Prepare and compile materials and coordinate meetings related to the monitoring, evaluation and provision of feedback on the implementation of Bank Mandiri strategic policy in the Corporate Plan for the period 2016-2020, the 2016-2018 Bank Business Plan (RBB), and 2016 CBP 2016 with due respect to liquidity aspect, NPL, the achievement of market share, the value of market capitalization and profitability;
2. Prepare and draw up materials as well as coordinating meetings related to monitoring and providing feedback on the policy and strategy of the Board of Directors/ management in order to implement strategic goals in 2016 CBP and business development program;
3. Prepare and compose materials as well as coordinating meetings related to monitoring and providing inputs/ suggestions to the Board of Directors in the implementation of the nonorganic company's development;
4. Prepare and compile materials as well as coordinating meetings related to the monitoring of infrastructure development (IT and non IT) program, Human Capital and sustainable legal in compliance with the business strategy and the capacity of the Bank;

5. Prepare and draw up materials as well as coordinating meetings related to monitoring the implementation of the principles of Good Corporate Governance, Compliance and Risk Management which is integrated with subsidiaries;
6. Prepare and compose materials as well as coordinating meetings related to the monitoring and evaluation of the planning and execution of audit / internal control system as well as monitoring on the follow up of audit results /other examination, including subsidiaries;
7. Prepare and coordinate meetings related to training for refreshment in order to increase insight in the field of Risk Management and others for the Board of Commissioners;
8. Prepare and coordinate field trips for the Board of Commissioners;
9. Develop a refinement concept against the Board of Commissioners Rules of Conduct to conform with current/ the latest legislation.

Secretary to the Board of Commissioners use this work program as a guideline in carrying out their duties in order to support and facilitate the work program of the Board of Commissioners. Outside the referred work program, Secretary of the Board of Commissioners also perform other duties to facilitate monitoring duties and providing inputs made by the Board of Commissioners.

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Committees Under the Board of Directors

In order to support the effectiveness of implementation of duties and responsibilities of the Board of Directors, Bank mandiri established committees which are responsible directly to the Board of Directors and collectively provide certain assistance which requires specific expertise.

Up to present, Bank Mandiri has 9 Committees under the Board of Directors or being known as Executive Committee.

Assets & Liabilities Committee (ALCO)

ALCO has tasks to carry out the function in determining assets and liabilities management strategy, interest and liquidity as well as other things related to the management of assets and liabilities of the Company.

Structure and Membership of ALCO

Pursuant to KEP.DIR/387/2016 concerning Assets & Liabilities Committee dated November 2, 2016, the composition of ALCO Members is as follow:

Members of Assets & Liabilities Committee (ALCO)	
Chairman	President Director
Secretary	Group Head Market Risk
Secretary (Alternate II)	Group Head Treasury
Permanent Voting Member	1. President Director 2. Vice President Director 3. Director of Finance & Treasury 4. Director of Commercial Banking 5. Director of Corporate Banking 6. Director of Retail Banking 7. Director of Distributions 8. Director of Digital Banking & Technology 9. SEVP Wholesale Risk 10. SEVP Retail Risk 11. SEVP Special Asset Management 12. SEVP Corporate Banking 13. PE Digital Banking & Technology
Non-Permanent Voting Member:	Member of the Board of Directors / SEVP-related material is present as an invitation.
Permanent Non-Voting Members:	Director of Risk Management & Compliance*) or the Group Head of Compliance Group Compliance or appointed officials.

*) In the case of the material covered in the committee is a matter proposed by SEVP Internal Audit, the SEVP Internal Audit acts as a Voting Member

Term of Office of ALCO Committee Members

When someday there is a change in the Company's organizational structure, therefore the membership of committee remains unchanged to the extent the job descriptions are suitable with the new organizational structure and still included in job description of committee members. In addition, the term of offices of ALCO committee members who serve as the Board of Directors or SEVP will be ended as their term of offices as the Board of Directors or SEVP are over.

Statement of Independence of ALCO Committee

Members of ALCO Committee shall constantly act independently in performing duties thereof. The independence means free from conflict of interest which may interfere the implementation of duties and responsibilities thereof.

Duties, Authorities and Responsibilities of ALCO

Duties, authorities and responsibilities of ALCO are as follows:

1. Establishing, developing and reviewing strategies management of assets and liabilities.
2. Evaluating the position of assets and liabilities of the Company in accordance with the objectives of liquidity risk, interest rate and exchange rate.
3. Evaluating the Company's position and strategy of Assets & Liabilities Management (ALM) to ensure that the Company's risk taking position has been consistent with the objective of interest rate risk management, liquidity and exchange rate risk.
4. Reviewing the pricing of assets and liabilities to ensure that pricing can optimize the results of placement of funds by minimizing the cost of funds and maintain the balance sheet structure of the Company in accordance with the Company's ALM strategy.
5. Reviewing the deviation between actual with projected budgets and business plans of the Company.
6. Conducting a study limitation liquidity management, gap management, pricing management, and FX management.
7. Establishing a fund transfer pricing methodology.
8. Discussing the scope of ALM including subsidiaries/entities under the control of the Company.

However, ALCO has no authority to act on behalf of and on behalf of the Company, or signing of binding agreements with third parties, where all actions for and on behalf of the Company must be made in accordance with the Articles of Association of the Company.

Brief Profile of ALCO Members

Profile of ALCO Committee Members who serve as the members of the Board of Directors can be viewed in Profile of the Board of Directors on page 78-83. While the profile of ALCO Committee members hold position as SEVP can be seen on the following:

**Riyani T. Bondan**

Indonesian Citizen, 55 years old. Domiciled in Jakarta

Basis of Appointment

Appointed as Senior Executive Vice President Retail Risk of Bank Mandiri through BOD Decree No. KEP.DIR/093/2015 dated March 26, 2015

Educational Background

- Bachelor of Soil Science from Bogor Agricultural University (IPB) (1984)
- Master of Business Administration, University of Illinois, Urbana Champaign (1994)

Work Experience

- Senior Executive Vice President Retail Risk at Bank Mandiri (2015 - present)
- Executive Vice President Coordinator Internal Audit (2008-2015)
- Group Head Learning Center at Bank Mandiri (2005)
- Group Head Retail Credit Risk Approval at Bank Mandiri (2002)
- Head of Commercial Credit III at Bank Mandiri (2000-2001)
- Group Head Corporate & Commercial Credit at Bank Mandiri
- Executive Secretary to President Director at Bank Exim (1997-1999)
- Head of the Corporate Bureau Section at Exim Bank (1994)
- Credit Analyst in the Plantation Credit Bureau at Bank Ekspor Impor Indonesia (Exim Bank) (1987)

Workshop and Training

- Strategic for Leadership in Lausanne (2010)
- IIA International Conference in Atlanta (2010)
- Leverage Finance Asia Conference in Hongkong (2008)
- Specialized Corporate Credit in Shanghai (2008)
- Advanced Corporate Credit Workshop in New York (2006)
- Human Performance Improvement in Athena (2004)

**Kepas Antoni Manurung**

Indonesian Citizen, 55 years old. Domiciled in Jakarta

Basis of Appointment

Appointed as SEVP Wholesale Risk through BOD Decree No. KEP.DIR/094/2015 dated March 26, 2015

Educational Background

- Master in the field of Management from Gajah Mada University (1997)
- Master in the field of Management from IPPM (1989)
- Bachelor Degree in the field of Agronomy from Bogor Agricultural Institute (1984)

Work Experience

- Senior Executive Vice President Wholesale Risk (2015 - present)
- Group Head Corporate Risk I (2013)
- PKMK Risk Management di Commercial Risk Group (2011)
- Regional Risk Manager di Commercial Risk Group (2007-2010)
- Department Head – Credit Policy (2006)
- Professional Staff Portfolio & Operational Risk Management (2001)
- Group Head CRM-Retail KUK Region 3 & 6 (1999)
- Senior Officer CRM-Retail KUK Region 3 (1999)

Workshop and Training

- Wholesale Bankers Program 2014
- Seminar Green Banking (AFD) (2014)
- Mandiri New Horizon Workshop (2013)
- Workshop Great Leader Program (2012)
- Risk Management Competency Certification (2011)
- Great Leader Training Program Phase III (2011)
- Workshop 4DX – Direktorat Risk Management (2011)
- Training Service Mindset (2010)

**Toni Eko Boy Subari**

Indonesian Citizen, 52 years old. Domiciled in Jakarta

Basis of Appointment

Appointed as SEVP Special Asset Management through BOD Decree No. KEP.DIR/137/2016 dated April 11, 2016

Educational Background

Bachelor Degree in Technology of Agricultural Industry from Bogor Agricultural University (1988)

Work Experience

- Senior Executive Vice President Special Asset Management (2016 – present)
- Regional CEO I/Sumatera I (2015-2016)
- Executive of CEO I/Sumatera I in region I Medan (2015)
- Group Head Business Banking I (2014 – 2015)
- Executive of Group Head Business Banking I (2013)
- Executive of Group Head Business Banking III (2013)
- Executive Business Officer – Category B in PKMK Commercial & Business Banking (2010-2013)
- Corporate Banking Manager Medan (2009 – 2010)
- Client Service Team Manager (2008 – 2009)
- Senior Recovery Manager (2003 – 2008)
- Started his professional career and has served in various key positions (1989-2003)

Seminar dan Pelatihan

- Mandiri Club Senior Risk Forum (2016)
- Quickwin Trn Plan Wave II: Entrepreneurial (2015)
- Wholesale Bankers Summit (2014)
- Euromoney Corporate Valuations-Techniques & Mode (2009)

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Meeting of ALCO

ALCO Meeting of Bank Mandiri is held at least 3 (three) times in a year or any time when considered as necessary upon request of one or more voting members or upon request of the Board of Directors or written request from respected work unit by submitting material to be discussed and team up with Secretary to the Committee.

Meeting Frequency and Level of Attendance of ALCO Committee

Throughout 2016, ALCO Committee has conducted 12 meetings with the following level of attendance:

Before Reorganization

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	Budi G. Sadikin	3	1	2	33%
2	Sulaiman A. Arianto	3	3	0	100%
3	Kartika Wirjoatmodjo	3	3	0	100%
4	Kartini Sally	3	2	1	67%
5	Royke Tumilaar	3	2	1	67%
6	Pahala N. Mansury	3	2	1	67%
7	Tardi	3	2	1	67%
8	Hery Gunardi	3	2	1	67%
9	Sentot A. Sentausa	3	2	1	67%
10	Riyani T. Bondan	3	2	1	67%
11	Rico Usthavia Frans	3	2	1	67%
12	Kepas Antoni Manurung	3	3	0	100%
Non-Permanent Voting Member					
13	Ahmad Siddik Badruddin	3	3	0	100%

After Reorganization

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	Kartika Wirjoatmodjo	7	4	3	57%
2	Sulaiman A. Arianto	9	6	3	67%
3	Pahala N. Mansury	9	8	1	89%
4	Royke Tumilaar	9	7	2	78%
5	Hery Gunardi	9	6	3	67%
6	Kartini Sally	9	4	5	44%
7	Tardi	9	8	1	89%
8	Rico Usthavia Frans	9	5	4	56%
9	Riyani T. Bondan	9	8	1	89%
10	Kepas Antoni Manurung	9	6	3	67%
11	Toni Eko Boy Subari	9	4	5	44%
Non-Permanent Voting Member					
13	Ahmad Siddik Badruddin	9	5	4	56%

Education and/or Training for ALCO Committee Members

Education and/or training for ALCO Committee members who are the Board of Directors' members can be seen on page 109.

While the education and/or training for ALCO Committee members who hold position as SEVP can be seen in the abovementioned profile of ALCO Committee members.

Brief Report of Activities of ALCO Committee in 2016

Throughout 2016, ALCO Committee has conducted activities, among other to convene meetings with the following discussion:

- Optimizing Balance Sheet** which aims at improving Net Interest Margin (NIM) and strategy to reduce Cost of Liabilities with measurable risk.
- Funding**
Related to the funding of Bank Mandiri, ALCO has conducted studies covering:

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- a. Strategy of liquidity management on stringent liquidity market condition
- b. Strategy of reducing fund interest as a follow up on OJK direction related to Single Digit Credit
- c. Deposit On Call (DOC) Program
- d. Issuance of Negotiable Certificate of Deposit (NCD)
- e. Strategy to anticipate the liquidity needs on Eid Mubarak holiday
- f. Determination on Current Account Interest Rate
- g. Management of Loan to Funding Ratio and Liquidity at the end of the year
- h. Determination of strategy on potential repatriation fund from Tax Amnesty

3. Credit

Related to credit interest rate, ALCO has reviewed and taken decision on the following:

- a. Determination of Credit Basic Interest Rate
- b. Review on Fixed Rate Loan
- c. Strategy of reducing fund interest for Single Digit Credit program

Statement of ALCO Charter

In carrying out its duties and responsibilities, ALCO Committee of Bank Mandiri refers to Decree of the Board of Directors No.KEP.DIR/387/2016 dated November 2, 2016 concerning Assets & Liabilities Committee.

Business Committee (BC)

Business Committee (BC) is a committee established to assist BOD in determining the Company's integrated business management strategy, the Company's products and/or services arrangement and determine strategy and effectiveness of marketing communication both in wholesale banking and retail banking. Prior to became Business Committee in November 2, 2016, the committee was separated into two different committee, namely Retail Business Committee (RBC) and Wholesale Business Committee (WBC).

Structure and Membership of BC

Structure of BC members according to BOD Decree of KEP. DIR/392/2016 dated November 2, 2016 as follows:

Retail Business Committee Member Structure	
Chairman	President Director
Secretary (Wholesale Segment)	Transaction Banking Wholesale Product Group Head
Secretary (Retail Segment)	Consumer Deposits Group Head
Permanent Voting Member	Permanent Voting Member: 1. President Director 2. Vice President Director 3. Finance & Treasury Director 4. Distributions Director 5. Retail Banking Director 6. Commercial Banking Director 7. Digital Banking & Technology Director 8. SEVP Retail Risk 9. SEVP Wholesale Risk 10. SEVP Corporate Banking Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Permanent Non-Voting Member	Risk Management and Compliance Director or Compliance Group Head or appointed Compliance Group officer.

Period and Term of Service of the BC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of BC Committee

BC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

BC Duties, Authorities and Responsibilities

In carrying out its functions, BC has duties, authorities and responsibilities include:

1. Discussing and establishing a business strategy of the Company's wholesale segment and retail segment includes the subsidiaries' business strategy.
2. Discussing, evaluating and establishing business development wholesale segment and the retail segment in an integrated manner, including product development, business process, tariff, infrastructure facilities and infrastructure as well as supporting technology marketing communication business.
3. Discussing, evaluating and defining business strategies with the Company's anchor clients.
4. Monitoring and evaluating the performance results of the strategic and business initiatives/projects the wholesale segment and the retail segment.
5. Discussing and resolving business issues including strategic alliances between units of the Company and alliances with subsidiaries or corporate entities under the control of the Company.
6. Delegating authority to designated officials to decide upon and implement the things that are the operational business.

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In its capacity as a committee, BC does not have authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

Brief Profile of BC Members

Committee member profile BC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83. The profile of SEVP as member of BC Committee as follows:

	Alexandra Askandar Indonesian Citizen, 47 years old. Domicile in Jakarta
	Basis of Appointment Appointed as SEVP Corporate Banking based on BOD Decree No. KEP.DIR/138/2016 dated April 11, 2016 Educational Background • Master in Finance from Boston University (1999) • Bachelor in Economics from Universitas Indonesia (1995) Work Experience • March 2016-present: Senior Executive Vice President Corporate Banking of Bank Mandiri • Senior Vice President - Syndication, Oil & Gas Group of Bank Mandiri (2011-2016) • Senior Vice President - Syndicated & Structured Finance Group of Bank Mandiri (2010-2011) • Vice President – Corporate Banking III of Bank Mandiri (2006-2008) • Senior Relationship Manager of Bank Mandiri (2000-2005) • Account Manager – Loan Work Out Division of Bank Mandiri (1999-2000) • ISO 9000 & 14000 Consultant in PT Surveyor Indonesia (1996-1997)
Workshop and Training • 17th Annual Coaltrans Asia Conference, Bali (2012) • Team Work Session 4DX, Jakarta (2011) • Transactional Banking – Level Managerial, Jakarta (2010) • Transactional Banking – Level Managerial, Jakarta (2010) • Structuring & Financing Telecom- Euromoney Training Project, Dubai (2008) • Competitive Marketing : Strategy and Tac- Michigan Business Asia, Hong Kong (2008) • Designing Optimal Capital Structured- Training Center Bank Mandiri, Jakarta (2007) • Workshop Corporate Finance for Bank - Learning Center Group, Jakarta (2006) • 14th Asia Petrochemical Summit Workshop - Centre for Management Technology, Hong Kong (2006)	
	Joseph Georgino Godong Indonesian Citizen, 55 years old. Domicile in Jakarta
	Basis of Appointment Appointed as Chief Technology Office/SEVP Information & Technology based on DOC Decree No. KEP.DIR/010/2015 dated January 2, 2015. Educational Background Bachelor's degree in Electrical Engineering from Trisakti University (1986) Work Experience • Chief Technology Officer di Bank Mandiri (2015-present) • Chief Information Officer di Bank Mandiri (2014-2015) • Executive Officer in Bank Mega (2014) • Technology and Operational Director in Bank Mega (2013-2014) • Technology, Operational and Finance Director in Bank Mega (2010-2013) • Information Technology and Operational Director in Permata Bank (2008-2009) • Compliancy Director in Permata Bank (2008, 2009-2010) • Information Technology and Operational Director in Permata Bank (2006-2008, 2009)

Profiles of other BC Committee members with a level of SEVP, namely Riyani T. Bondan and Kepas Antoni Manurung available in the profile of ALCO Committee at page 331.

BC Meetings

The BC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary. The RBC of Bank Mandiri conducted meeting at least once in a month lead by Chairman of RBC Committee.

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Meeting Frequency and Attendance Level of BC

In 2016 BC has conducted 12 times of meetings with the attendance level as follows:

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
1	Kartika Wirjoatmodjo	12	4	8	33%
Voting Member					
2	Sulaiman A. Arianto	12	9	3	75%
3	Pahala N. Mansury	12	8	4	67%
4	Royke Tumilaar	12	9	3	75%
5	Hery Gunardi	12	7	5	58%
6	Tardi	12	10	2	83%
7	Kartini Sally	12	11	1	92%
8	Rico Usthavia Frans	12	9	3	75%
9	Riyani T. Bondan	12	6	6	50%
10	Kepas Antoni Manurung	12	11	1	92%
11	Alexandra Askandar	12	8	4	67%
Non-Permanent Voting Member					
1	Toni Eko Boy Subari	2	1	1	50%
2	Ogi Prastomiyono	1	1		100%
3	Joseph Georgino Godong	1	1		100%
Permanent Non-Voting Member					
1	Ahmad Siddik Badruddin	12	12		100%

Education and/or Training of BC Members

Education and/or training of BC Committee members positioned as BOD available in page 109.

Education and/or training of BC Committee members positioned as SEVP available in the section of ALCO Committee profile (Riyani T. Bondan and Kepas Antoni Manurung) in BC Committee.

Report of 2016 BC Activities

BC has conducted several meeting activities, with the agenda as follows:

- Management Limit Astra Group
- Management Limit Salim Group
- Management Limit Gama Group
- Management Limit Incasi Group
- Management Limit Ciputra Group
- Management Limit Pertamina Group
- Management Limit Pupuk Indonesia Group
- Management Limit Sungai Budi Group
- Recovery Credit and Waivers of Interest and Penalty Program
- Management Limit Gudang Garam Group
- Management Limit Permata Hijau Group
- Management Limit PLN Group
- Anchor Clients Commercial Banking
- Management Limit Djarum Group
- Management Limit Pembangunan Perumahan Group
- Export Money Order Document Takeover Simplification Based on Region LC/SKBDN
- Management Limit Wilmar Group
- Management Limit Republik Indonesia Group
- Revisi Management Limit PLN Group
- Management Limit PGN Group
- Management Limit Teladan Group
- Management Limit Semen Indonesia Group
- Management Limit Pelindo II Group
- Management Limit Pelindo III Group
- 1st Semester Performance Expose of MUF of 2016 and Limit Extension Proposal of MKK
- Cobranding and Loyalty Card Cooperation Plan with Pertamina
- Leads Management System Implementation
- Account Strategy ASML Group (Argyle Street Management Limited)
- Leads Management System
- Treasury Line Management
- IT Strategic Initiative of 2017
- Bank at Work
- Appointment of Anchor Clients Commercial Banking
- E-Biz Financing
- Account Strategy Astra Group
- Account Strategy Salim Group
- Product Manual Revision Proposal of Mandiri Working Kapital Credit
- New Approach Small Business Retail – Mandiri KUK

Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/392/2016 dated November 2, 2016 regarding Business Committee.

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Retail Business Committee (RBC)

Structure and Membership of RBC

Members of RBC according to BOD Decree No. KEP.DIR/35/2015 dated January 15, 2015, as follows:

Members of Retail Business Committee (RBC)	
Chairman	President Director
Secretary	Group Head Consumer Deposits
Alternate Secretary	Group Head Value Chain Solution (Alternate)
Permanent Voting Member	1. President Director 2. Consumer Banking Director 3. Micro & Business Banking Director 4. Distributions Director 5. SEVP Transaction Banking 6. SEVP Retail Risk 7. SEVP Chief Technology Officer
Non-Permanent Voting Member	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees Permanent Non-Voting Member Appointed Risk Management & Compliance Director ^{*)} or Group Head Compliance or appointed Compliance Group Officer

^{*)} In term of the absence of Risk Management & Compliance Director in seven straight days, the function of Compliancy Director delegated to Group Head Compliance or appointed Compliance Group officer.

Period and Term of Service of the RBC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of RBC Committee

RBC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Profile of RBC Committee Members

Profile of RBC Committee members which is a member of the Board of Directors can be found on the Profile of the Board Directors on page 78-83.

Profile of RBC Committee members positioned as SEVP, Riyani T. Bondan available in the section of ALCO Committee in page 331 and Josep G. Godong available in the section of BC Committee in page 334.

Meeting Frequency and Attendance Level of RBC

RBC Meeting held at least three (3) times in a year and led by RBC Committee Chairman. In 2016 RBC has conducted 4 times of meetings with the attendance level as follows:

Name	Total			% Attendance
	Meeting	Attendance	Absence	
Budi G. Sadikin	4	0	4	0
Hery Gunardi	4	2	2	50
Tardi	4	1	3	25
Sentot A. Sentaosa	4	3	1	75
Rico Usthavia Frans	4	3	1	75
A. Siddik Badruddin	4	4	0	100
Riyani T. Bondan	4	3	1	75
Joseph G. Godong	4	4	0	100
Mustaslimah	4	3	1	75
Kartini Sally	1	1	0	100
Ogi Prastomiyono	1	1	0	100

Education and/or Training of RBC Members

Education and/or training of RBC Committee members positioned as BOD available in page 109.

Education and/or training of RBC Committee members positioned as SEVP of Riyani T. Bondan available in the section of ALCO Committee and Josep G. Godong available in the section of BC Committee.

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Report of 2016 RBC Activities

During 2016, Retail Business Committee has carried out the activities of which held meetings, with routine, strategic and ad hoc agendas as follows:

1. Strategic:

- Mandiri Ebiz
- e-Commerce Strategy Update
- Micro Risk Management Update
- Wealth Management System Digital Platform
- SME Digital Solutions Update
- Micro operating platform

2. Adhoc:

- EDC & Branchless Banking Dili Update
- Bundling Retail Product for client tiering corporate banking
- KPR, KTA & Kartu Kredit Acceleration Process Proposal
- Solution for Settlement Consumer Credit Debtors with covers from 3 non-operating insurance
- KLN Dili Credit Process Review

Statement of RBC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/35/2015 dated January 15, 2015 regarding Retail Business Committee.

Wholesale Business Committee (WBC)

Wholesale Business Committee (WBC) is an executive committee with responsibility to determine the Company's integrated business strategy, product and/or activity arrangement and determine marketing communications strategy and effectiveness on wholesale banking segment.

Structure and Membership of WBC

Members of WBC according to BOD Decree No. KEP.DIR/34/2015 dated January 15, 2015, as follows:

Members of Wholesale Business Committee (WBC)	
Chairman	Vice President Director
Secretary	Transaction Banking Product Development Group Head
Alternate Secretary	Transaction Banking Sales Group Head (Alternate)
Permanent Voting Member	Permanent Voting Member: 1. Vice President Director 2. Director of Corporate Banking 3. Director of Commercial Banking 4. Director of Treasury & Markets 5. SEVP Transaction Banking 6. SEVP Wholesale Risk Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Permanent Non-Voting Member	Appointed Risk Management & Compliance Director ^{*)} or Group Head Compliance or appointed Compliance Group Officer

^{*)} in term of the absence of Risk Management & Compliance Director in seven straight days, the function of Compliance Director delegated to Group Head Compliance or appointed Compliance Group officer.

Period and Term of Service of the WBC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational

structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of WBC Committee

BC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of Wholesale Business Committee (WBC)

Duties, Authorities and Responsibilities of Wholesale Business Committee (WBC), include:

1. Evaluating and establishing the Company's business strategy Wholesale segment
2. Discussing and establishing the wholesale segment of business development in an integrated manner, including the development of product development, business process, tariff, infrastructure facilities and infrastructure as well as supporting technology businesses.
3. Discussing and establishing a business strategy with the Company's anchor client.
4. Monitoring and evaluating the performance of the business strategic initiatives/projects the wholesale segment.
5. Discuss and resolving business issues including strategic alliances between units of the Company and alliances with subsidiaries.
6. Delegating authority to designated officials to decide upon and implement the things that are the operational business.

In its capacity as a committee, the WBC did not have the authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

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Members Brief Profile WBC

Committee member profile WBC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of WBC Committee members positioned as SEVP of Kepas Antoni Manurung available in the section of ALCO Committee in page 331 and Josep G. Godong available in the section of BC Committee profile in page 334.

WBC Meetings

The WBC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary. Committee meetings may be held if they meet the quorum of presence, which was attended by more than ½ (one half) of the number of members of the Permanent Voting Member. For director/SEVP duplicate is only calculated for the Main posts.

WBC Meeting Frequency and Attendance Level

In 2016, WBC Committee conducted 4 times meetings with attendance level is as follows:

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
1	Budi G. Sadikin	4	1	3	25%
Permanent Voting Members					
1	Sulaiman A. Arianto	4	4	-	100%
2	Royke Tumilaar	4	2	2	50%
3	Kartini Sally	4	4	-	100%
4	Pahala N. Mansury	4	2	2	50%
5	Rico Usthavia Frans	4	3	1	75%
6	Kepas Antoni Manurung	4	4	-	100%
Non-Permanent Voting Members					
1	Ogi Prastomiyono	2	2	-	100%
2	Kartika Wirjoatmodjo	1	1	-	100%
3	Joseph Georgino Godong	1	1	-	100%
Permanent Non-Voting Members					
1	Ahmad Siddik Badruddin	4	3	1	75%

Education and/or Training of WBC Members

Education and/or training of WBC Committee members positioned as BOD available in page 109.

Education and/or training of WBC Committee members positioned as SEVP of Kepas Antoni Manurung available in the section of ALCO Committee and Josep G. Godong available in the section of BC Committee.

Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/34/2015 dated January 15, 2015 regarding Wholesale Business Committee.

Brief Report of WBC Activities in 2016

1. Updating Business Bond Potential, Automotive Sector Potential and Sinarmas Group Business
2. Changing the Bank Guarantee Manual Product
3. Re-Engineering Credit Process
4. Approving MP Mandiri Deposit Swap Approval
5. Upgrading MIS Tools and MCM System Initiative

Risk Management Committee (RMC)

Risk Management Committee (RMC) is an executive committee that responsible in discussion and provide recommendation of policy and procedure except of human capital and reviewing and managing entire the Company's risks profile.

Structure and Membership of RMC

Members of RMC according to BOD Decree No. KEP. DIR/388/2016 dated November 2, 2016, as follows:

Members of Risk Management Committee (RMC)	
Chairman	Vice President Director
Secretary	Group Head Credit Portfolio Risk
Alternate Secretary	Group Head Wholesale Operational Risk (Alternate I) Group Head Retail & IT Operational Risk (Alternate II)
Permanent Voting Member	Permanent Voting Member: 1. Vice President Director 2. Risk Management & Compliance Director 3. Operations Director 4. Finance & Treasury Director 5. SEVP Corporate Transformations 6. SEVP Wholesale Risk 7. SEVP Retail Risk Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Non-Permanent Voting Member	Group Head Compliance or appointed Compliance Group officer shall attend in Committee Meeting

Period and Term of Service of the RMC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of RMC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of RMC Committee

RMC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities

RMC Duties, Authorities and Responsibilities

Duties, authorities and responsibilities are as follows :

1. Monitoring the risk profile and management of all risks in order to set risk appetite, integrated risk management strategy and capital adequacy.
2. Establishing methodology, scenarios, including the evaluation of the stress condition in the risk assessment and contingency plan.
3. Improving the implementation of risk management on a regular basis and incidental to follow up changes in internal and external conditions that affect capital adequacy and risk profile.
4. Conducting a strategic discussion within the scope of risk management, including subsidiaries.
5. Establishing matters related to business decisions that have special conditions (such as business expansion decision is significant in comparison with the business plan of the Company are set).
6. Delegating authority to designated officials to decide upon and implement the things that are operational.

In its capacity as a committee, RMC does not have the authority to act on behalf of and on behalf of the Company or signing agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

Brief Profile of RMC Members

Committee member profile RMC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of RMC Committee member positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee in page 331 and Alexandra Iskandar available in section of BC Committee profile in page 334. Profile of Ventje Rahardjo available below:

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	Ventje Rahardjo Indonesian Citizen, 62 years old. Domicile Jakarta
	Basis of Appointment Appointed as SEVP Corporate Transformation, previously known as Change Management, based on BOD Decree No. KEP.DIR/005/2015 dated January 2, 2015
	Educational Background • Master in Economics from The University of New England, Australia (1986) • Bachelor in Economics from Universitas Indonesia (1980)
	Work Experience • Senior Executive Vice President Corporate Transformation (2015-present) • Senior Executive Vice President Change Management Office di Bank Mandiri (2012-2015) • CEO BRI Syariah (2008-2011) • Managing Director SME Commercial & Syariah Banking Bank International Indonesia (2007-2008) • Senior Advisor Batasa Tazkia Consulting (2006-2007) • Direktur Retail & Micro Banking in BRI (2005-2006) • Member of Merger Team and positioned as Commercial Banking Director in Bank Mandiri (1999-2005) • Analyst and General Manager in Bapindo (1981-1999)
	Workshop and Seminars • Certified Risk Management in di Amsterdam (2004) • SESPIBANK in Jakarta (1998) • Advance Course on Banking (1983) • Advance Management Programme for Overseas Banker (1993) • Top Management Programme di Manila (1995)

RMC Meetings

The RMC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

Meeting Frequency and Attendance Level of RMC

In 2016 RMC has conducted 8 times of meetings and 1 circular with the attendance level of BOC and SEVP as follows:

No	Name	TOTAL			% Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	Kartika Wirjoatmodjo	2	0	2	0%
2	Sulaiman A. Arianto	8	8	0	100%
3	Ogi Prastomiyono	8	7	1	88%
4	Pahala N. Mansury	6	5	1	83%
5	Ahmad Siddik Badruddin	8	8	0	100%
6	Riyani T. Bondan	8	7	1	88%
7	Ventje Rahardjo	8	5	3	63%
8	Kepas Antoni Manurung	8	8	0	100%
Non-Permanent Voting Member					
9	Kartini Sally	1	1	0	100%
10	Tardi	1	1	0	100%
11	Alexandra Askandar	1	1	0	100%
Permanent Non-Voting Member					
12	Chrisna Pranoto / (Pejabat Compliance)	8	8	0	100%
13	Baban Sudarman	8	7	1	88%

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Note

Based on AGMS in March 2016, there was changes in Permanent Voting Member positioned as BOD/ Direksi / SEVP of RMC as follows :

BOD / SEVP	Before AGMS in March 2016	After AGMS in March 2016
a. Kartika Wirjoatmodjo	Finance & Strategy Director 2 times invited as permanent voting member in January 20, 2016 and March 15, 2016 RMC Meeting before positioned as President Director.	President Director Based on RMC Decree, President Director not Permanent Voting Member of RMC.
b. Pahala N. Mansury	Treasury Director Treasury Director not Permanent Voting Member of RMC, therefore were not invited as permanent voting member in January 20, 2016 and March 15, 2016 RMC Meeting	Finance & Treasury Director Finance & Strategy Directorate and Treasury Directorate was reorganized into Finance & Treasury Directorate. Finance & Treasury Director was invited in 6 times RMC Meeting as permanent voting member.

Education and/or Training of RMC Members

Education and/or training of RMC Committee members positioned as BOD available in page 109.

Education and/or training of RMC Committee members positioned as SEVP available in the section of RMC Committee profile (Kepas Antoni Manurung).

Statement of RMCCommittee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri RMC Committee refers to BOD Decree No. KEP.DIR/388/2016 dated November 2, 2016 regarding Risk Management Committee.

Report of 2016 RMC Activities

RMC has conducted several meeting activities and resulted decrees, with the agenda as follows:

1. Bank Mandiri Risk Profile Assessment Report (Bank Only) Q4-2015
2. Approval on External Rating Initiative Proposal by CB-CBC Rating Institute
3. Approval on Plan Risk Management Committee Working Plan Proposal for 2016
4. Report on Bottom Up Stress Test Implementation for 2016 (OJK)
5. Report in Integrated Risk Profile Assessment for Q1-2016
6. Approval on Delta Limit Treasury Head Office and Overseas Branch Proposal
7. Q1-2016 Leverage Ratio Calculation Trial Report Update
8. Q1-2016 Liquidity Coverage Implementation Update
9. Approval on Portfolio Guideline Proposal for 2016
10. Approval on 2016 Risk Appetite Statement Proposal
11. Mandatory Reporting Compliancy Monitoring Update
12. Q2-2016 Liquidity Coverage Implementation Report Update
13. Q2-2016 Leverage Ratio Calculation Trial Report Update
14. Approval on New Rating System Implementation Proposal
15. Review on Individual Risk-based Bank Rating (RBBR) Methodology
16. Review on 2016 Portfolio Guideline
17. Review on Subsidiaries Rule-rating Risk-based Bank Rating
18. Bank Mandiri Risk Profile Assessment Report (Bank Only/Individuai) Q3-2016
19. Approval on 2016 Bank Mandiri Debtor Rating by External Rating Institution
20. Report on 2016 Consolidated Risk Profile Assessment
21. Approval on 2016 Bank Mandiri Debtor Rating by External Rating Institution
22. Approval on 2017 Bankwide Risk Appetite Statement (RAS) Proposal
23. Q3-2016 Liquidity Coverage Implementation Update
24. Q3-2016 Leverage Ratio Calculation Trial Report Update

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Human Capital Policy Committee (HCPC)

Human Capital Policy Committee is an executive committee that responsible in determining human capital strategy of the Company.

Structure and Membership of HCPC

Members of HCPC according to BOD Decree No. KEP. DIR/391/2016 dated November 2, 2016, as follows:

Members of Human Capital Policy Committee (HCPC)	
Chairman	President Director
Secretary	Group Head HC Talent, Organization & Performance
Alternate Secretary	Group Head Human Capital Engagement
Permanent Voting Member	Permanent Voting Member: 1. President Director 2. Vice President Director 3. Distributions Director 4. Operations Director 5. Finance & Treasury Director 6. Risk Management & Compliance Director 7. SEVP Human Capital
Non-Permanent Voting Member	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees. Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

Period and Term of Service of the HCPC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of HCPC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of HCPC Committee

HCPC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of HCPC

HCPC has the duties, authorities and responsibilities as follows:

1. Establishing strategic direction and operational management of Human Capital, including the company's culture and values.
2. Establishing Human Resources management policies that are strategic in Subsidiary Companies, Financial Institutions Pension Fund (Pension Fund), the pension fund of Bank Mandiri (DPBM), Foundation second tier subsidiary.
3. Establishing strategic direction of development of information systems Human Capital.
4. Establishing and developing organizations including compliance, development and training of Human Capital according to business needs of the company.
5. Establishing individual performance management and rewards, talent & succession management and employee relations.
6. Establishing limits of authority in Human Capital management.
7. Discussing and resolving problems in the management of strategic Human Capital.

In its capacity as an executive committee, HCPC does not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

Brief Profile of HCPC Members

Committee member profile HCPC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of HCPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 322.

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Meeting Frequency and Attendance Level of HCPC

In 2016 HCPC has conducted 1 time of meeting with the attendance level of BOC and SEVP as follows:

No	Name	Position	TOTAL		% Attendance
			Meeting	Attendance	
Permanent Voting Member					
1	Kartika Wirjoatmodjo	President Director	1	1	100%
2	Sulaiman A. Ariananto	Vice President Director	1	0	-
3	Ogi Prastomiyono	Operations Director	1	1	100%
4	Pahala N. Mansury	Finance & Treasury Director	1	1	100%
5	Hery Gunardi	Distributions Director	1	1	100%
6	Ahmad Siddik Badruddin	Risk Management & Compliance Director	1	1	100%
7	Sanjay N. Bharwani	SEVP Human Capital	1	1	100%
Non-Permanent Voting Member					
8	Tardi	Retail Banking Director	1	1	100%

Education and/or Training of HCPC Members

Education and/or training of HCPC Committee members positioned as BOD available in page 109.

Education and/or training of HCPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee.

Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri HCPC Committee refers to BOD Decree No. KEP.DIR/391/2016 dated November 2, 2016 regarding Human Capital Policy Committee.

Report of 2016 HCPC Activities

HCPC has conducted several activities in 2016 as follows:

1. Officer Fulfillment Policy Adjustment
2. Sales Incentive Governing Board
3. Back Office Skill and Adjustment of Pensiun Age Limit for Operations Position
4. Maximum Age Limit for TAD Placement
5. Disability Skill
6. Internal Job Posting

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Information Technology Committee (ITC)

IT Committee (ITC) is an executive committee responsible in decision making process related to the management policy of the Company's operations in the field of Information Technology (IT). IT Committee assists the BOD in determining the IT Strategic Plan and IT budgeting, the establishment of the Strategic IT projects and IT security.

Structure and Membership of ITC

Members of ITC according to BOD Decree No. KEP.DIR/390/2016 dated November 2, 2016, as follows:

Members of Information Technology Committee (ITC)	
Chairman	President Director
Secretary	Group Head IT Strategy & Architecture
Alternate Secretary	Group Head IT Application Development
Permanent Voting Member	Permanent Voting Member: 1. President Director 2. Finance & Treasury Director 3. Digital Banking & Technology Director 4. SEVP Corporate Transformations 5. SEVP Retail Risk 6. SEVP Chief Technology Officer
Non-Permanent Voting Member	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees. Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

Period and Term of Service of the ITC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of ITC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of ITC Committee

ITC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of ITC

ITC has the duties, authorities and responsibilities as follows:

1. Discuss and establishing IT Strategic Plan (ITSP) of PT Bank Mandiri (Persero).
2. Establishing strategic reference framework for managing IT Resources.
3. Establishing a strategy and plan of action on the projects and their budget.
4. Establishing IT security strategies and risk management of IT usage.
5. Ensuring and monitoring the implementation of IT projects in accordance with the ISP, IT budgets and IT project delivery.
6. Setting priorities and IT budget allocations have been decided by the Board of Directors.
7. Breaking or provide direction related to the planning, development and addition of strategic IT systems.
8. Discuss and resolve issues that are strategic in scope and direction of IT investment in IT including subsidiaries.
9. Delegating authority to designated officials to decide upon and implement the things that are IT operations.

In its capacity as a committee, IT Committee has no authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

Brief Profile of ITC Members

Committee member profile ITC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of HCPC Committee members positioned as SEVP (Riyani T. Bondan and Kepas Antoni Manurung) available in the section of ALCO Committee member in page 331 and profile of BC Committee (Joseph G. Godong) in page 334. Profile of Ventje Rahardjo available in profile of RMC Committee in page 340.

ITC Meetings

The ITC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

Meeting Frequency and Attendance Level of ITC

In 2016 ITC has conducted 5 times of meeting with the attendance level of BOC and SEVP as follows:

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Name	Number of Meeting	Attendance	Absence	% of Attendance
Permanent Voting Member				
Budi G. Sadikin	2	2	0	100%
Ogi Prastomiyono	2	2	0	100%
Kartika Wirjoatmodjo	2	2	0	100%
Riyani T. Bondan	2	2	0	100%
Ventje Rahardjo	2	0	2	0%
Joseph Georgino Godong	2	2	0	100%
Non-Permanent Voting Member				
Sulaiman A. Arianto	2	2	0	100%
Rico Usthavia Frans	2	2	0	100%
Permanent Non-Voting Member				
Ahmad Siddik Badruddin	2	2	0	100%

Prior to Reorganization

Name	Number of Meeting	Attendance	Absence	% of Attendance
Permanent Voting Member				
Kartika Wirjoatmodjo	3	3	0	100%
Pahala N. Mansury	3	3	0	100%
Rico Usthavia Frans	3	3	0	100%
Riyani T. Bondan	3	3	0	100%
Ventje Rahardjo	3	3	0	100%
Joseph Georgino Godong	3	3	0	100%
Non-Permanent Voting Member				
Sulaiman A. Arianto	3	2	1	66,7%
Ogi Prastomiyono	1	1	0	100%
Royke Tumilar	1	1	0	100%
Hery Gunardi	2	1	1	50%
Tardi	3	3	0	100%
Kepas Antoni Manurung	2	2	0	100%
Kartini Sally	1	2	0	100%
Alexandra Askandar	1	1	0	100%
Permanent Non-Voting Member				
Ahmad Siddik Badruddin	2	2	0	100%

Education and/or Training of ITC Members

Education and/or Training of ITC Members which is a member of the Board of Directors can be found on page 109.

Education and/or Training of ITC Members positioned as SEVP (Riyani T. Bondan and Kepas Antoni Manurung) available in the section of ALCO Committee member and profile of BC Committee (Joseph G. Godong). Profile of Ventje Rahardjo available in profile of RMC Committee.

Statement of ITC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri ITC Committee refers to BOD Decree No. KEP.DIR/390/2016 dated November 2, 2016 regarding Information Technology Committee.

Report of 2016 ITC Activities

ITC has conducted several activities in 2016 as follows:

1. Approval on Implementation and Construction of Second DC/ DRC and reviewing the new location.
2. Approval on changes of 2016 IT Initiative related to grouping changes, drop project implementation, 2016 merging activity project, bankwide initiative management, new incentive scheme and budget allocation and composition of 2016 IT initiative budget.
3. Approval on budget management mechanism of IT strategic investment budget and activity changes mechanism.
4. Approval on IT cost efficiency related to operations of DRC engine.
5. Approval on strategy of maximizing IT services operational performance through optimizing on system critical infrastructure capacity.
6. Acceptance on expose of strengthening IT governance strategy.
7. Approval on 2017 IT Initiative Budget management mechanism.
8. Acceptance on expose of prioritizing IT strategic initiative and principal acceptance 2017 IT Strategic Initiative principle.

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Capital & Subsidiaries Committee (CSC)

Capital & Subsidiaries Committee (CSC) is executive committee responsible in setting the strategic management of a subsidiary, investment and divestment recommendations as well as board remuneration and determination of subsidiaries.

Structure and Membership of CSC

Members of CSC according to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016, as follows:

Members of Capital & Subsidiaries Committee (CSC)	
Chairman	President Director
Secretary	Group Head Strategy & Performance Management
Alternate Secretary	Head of Project Merger & Acquisition
Permanent Voting Member	1. President Director 2. Vice President Director 3. Finance & Treasury Director 4. SEVP Corporate Transformations 5. SEVP Wholesale Risk 6. SEVP Retail Risk
	Non-Permanent Voting Member: BOD Members
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

Period and Term of Service of the CSC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of CSC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of CSC Committee

CSC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of CSC

CSC has the duties, authorities and responsibilities as follows:

1. Establishing management strategy and restrictions on subsidiaries, Including company under subsidiaries if needed.
2. Discuss, recommend and approve the equity participation of subsidiaries including the release of additional equity and equity/divestiture with the provisions in terms of ownership or disposal of the capital resulted in the change of control in subsidiaries under the authority of the Board of Directors Meeting.

3. Evaluate and discuss the financial performance of subsidiaries include companies that are under the control of subsidiaries if needed.
4. Discuss, recommend, and approve remuneration (include salaries, honoraria, allowances and facilities) members of the Board of Directors and Board of Commissioners subsidiaries include companies that are under the control of subsidiaries that have been recommended by the Human Capital business unit responsible for the material remuneration.
5. Discuss, recommend and approve the remuneration (include salaries, honoraria, allowances and facilities) members of the Board of Directors and Board of Commissioners subsidiaries include companies that are under the control of subsidiaries that have been recommended by the Human Capital business unit responsible for the material remuneration.
6. Discuss, recommend and approve the candidacy/nomination of members of the Board of Directors and/or Board of Commissioners subsidiaries include companies that are under the control of subsidiaries is derived from the Company's internal or external without prejudice to the authority of the Board of Directors Meeting to continue to break the candidature/nomination of members of the Board of Directors and BOC subsidiaries, and companies that are under the control of subsidiaries.
7. Discuss, recommend and approve the Work Plan and Budget ("CBP") subsidiaries, including companies which are under the control of subsidiaries if needed.
8. Discuss, recommend, specify/disconnects implementation as well as the agenda of the General Meeting of Shareholders ("AGM") of subsidiaries, including companies which are under the control of subsidiaries when necessary and decide on the requests or proposals that require a decision of the Company as Shareholders.
9. Discuss, recommend and approve the management and financial strategies Financial Institution Pension Fund ("Pension Fund").
10. Set up a power to represent the Company as shareholders in subsidiaries (Proxy Shareholder).

In its capacity as a committee, CSC not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

Brief Profile of CSC Members

Committee member profile CSC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of CSC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 322, Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 331 and profile of BC Committee (Joseph G. Godong) in page 334. Profile of Ventje Rahardjo available in profile of RMC Committee in page 340.

CSC Meetings

The CSC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

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Meeting Frequency and Attendance Level of CSC

In 2016 CSC has conducted 9 times of meeting with the attendance level of BOC and SEVP as follows:

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member *					
1	Budi G. Sadikin**	3	0	3	0%
2	Kartika Wirjoatmodjo	9	6	3	66%
3	Sulaiman A. Arianto	9	7	2	77%
4	Pahala N. Mansury *	6	6	0	100%
5	Ventje Rahardjo	9	8	1	88%
6	Riyani T. Bondan	9	9	0	100%
7	Kepas Antoni Manurung	9	9	0	100%
Non-Permanent Voting Member					
1	Sentot A. Sentausa**	3	0	3	0%
2	Ogi Prastomiyono	6	5	1	83.3%
3	Pahala N. Mansury**	2	2	0	100%
4	Royke Tumilaar	6	5	1	83.3%
5	Heri Gunardi	6	5	1	83.3%
6	Tardi	9	7	2	77%
7	Kartini Sally	8	7	1	87.5%
8	Rico Usthavia Franz	6	6	0	100%
9	Sanjay N. Bharwani	6	6	0	100%
10	Joseph Georgino Godong	5	5	0	100%
11	Alexandra Wiyoso	4	4	0	100%
Permanent Non-Voting Member					
1	Ahmad Siddik Badruddin	9	7	2	77.7%

Note:

*) Permanent voting member changes prior to Bank Mandiri reorganization stated in AGMS dated March 16, 2015. Pahala N. Mansury effective date on June 25, 2015 based on letter number FST/528/2015.

**) Meeting Period (January-February)

Education and/or Training of CSC

Education and/or Training of CSC which is a member of the Board of Directors can be found on page 109.

Education and/or Training of CSC members positioned as Profile of CSC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee, Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee and profile of BC Committee (Joseph G. Godong). Profile of Ventje Rahardjo available in profile of RMC Committee.

Statement of CSC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri CSC Committee refers to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016 regarding Capital & Subsidiaries Committee.

Report of 2016 CSC Activities

CSC has conducted several activities in 2016 as follows:

1. Appointment of Subsidiary's Management – Mandiri Inhealth.
2. Appointment of Project Acquiring Aggregator (AA) Management.

3. Proposal of 2015 AGMS of Mandiri subsidiary, beside Management and Remuneration Agenda for MTF, MAGI, AMFS, MMI, MUF, Mantap, MCI
4. Proposal of 2015 AGMS of Mandiri subsidiary (Inhealth, BSM, Mansek, MIR, BMEL) and Additional AGMS agenda of MUF.
5. Appointment of Coordinating Director of Mandiri Capital Indonesia (MCI).
6. Discussion on Proyek Majapahit.
7. Proposal on appointment of management (MAGI, MUF, BSM, Inhealth, Mansek dan MIR) and remuneration of subsidiaries management (all subsidiaries).
8. Subsidiaries management update:
 - a. Mandiri Sekuritas (Mansek)
 - b. Mandiri Utama Finance (MUF)
9. Appointment of subsidiaries proxy.
10. BSM Capital Plan and Management of subsidiaries
11. Proposal of Additional Capital for Bank Mandiri Taspen Pos (Mantap)
12. Proposal of management changes in subsidiaries:
 - a. Mandiri International Remittance (MIR)
 - b. Mandiri Sekuritas (Mansek)
13. Proposal Additional Capital for Bank Mandiri Taspen Pos (Mantap)
14. Proposal Additional Capital for Mandiri Manajemen Investasi (MMI).

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Credit Committee (RKK)

Every credit in the wholesale segment must be made via the discussion forum Credit Committee Meeting as a means of implementation of the four - eye principle and the process of checks and balances between the Business Unit as an initiator unit with Credit Risk Management as Risk Mitigation Unit. In these committees, Legal Group and Compliance Group also must always be present to give an opinion on the legal and compliance aspects in order to strengthen the independence, avoid the domination of one unit, to avoid conflict of interest and ensure decisions are objective and free of pressure. In the event that one member of the credit committee functioning credit recovery called Restructuring Credit Committee.

Credit Committee established based on BOD Decree No. KEP. DIR/386/2016, dated November 2, 2016 regarding executive committee. RCC members regulated in standard of credit procedure, which were every member stands to Four Eyes Principles (balanced composition between business authority and credit risk authority). The Committee's secretary is Group Head Corporate Risk and Group Head Commercial Risk.

Structure and Membership of RKK

Credit Committee Member (RKK)	
Chairman	: There is no Head of Credit Committee
Secretary	: Group Head Corporate Risk & Commercial Risk
Voting Member	Permanent Voting Member: Business: 1. Budi G. Sadikin, ¹⁾ 2. Kartika Wirjoatmodjo, 3. Ogi Prastomiyono, 4. Ventje Rahardjo, 5. Sulaeman, 6. Pahala N. Mansury, 7. Royke Tumilaar, 8. Hery Gunardi, 9. Tardi, 10. Kartini Sally, 11. Rico Usthavia Frans, 12. Toni Eko Boy Subari, 13. Alexandra Askandar, 14. Sucipto Prayitno, 15. Executive business officer, that regularly evaluated of its authority. ¹⁾ until March 21, 2016 Risk: 1. Sulaiman A. Arianto 2. Riyani T. Bondan, 3. Kepas Antoni A. Manurung 4. Tatang Tabroni, 5. Karya Prasetya Budi, 6. M. Sigit Pambudi 7. Executive risk officer that regularly evaluated of its authority.
Non-Voting Member	: Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

Period and Term of Service of the RKK Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of RCC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of RKK Committee

RCC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of RKK

RCC has the duties, authorities and responsibilities as follows:

- A. Authorities of the Credit Committee
Credit Committee has the authority to recommend or decide on the granting of credit (new, additional, reduced, extension, and or restructuring) which is managed according to the authority limit Business Unit, including the establishment/change the credit structure. Credit structure including but not limited to credit limit, purpose/object financing, loan types, the nature of credit, the credit period, the grace period, the portion of the financing, credit conditions/agreement and collateral.
- B. Credit Committee - Restructuring has the authority to recommend or decide on:
 1. Restructuring and settlement of loans collectability 3, 4, 5 and collectability 1 and 2 after the restructuring is still manageable Credit Recovery Unit.

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2. Restructuring credit collectability 1 and 2 category watch list established by the Credit Risk Management Unit.
 3. Rescuing/resolving extra compatible credit including deciding foreclosed assets.
 4. Removing the book and removing credit bill.
- C. Credit Committee/Credit Committee - responsible for the Restructuring of loans recommended or disconnected according to the authority limit, including the determination/change of the credit structure, as mentioned above by doing the following :
1. Ensuring any loans granted in compliance with the general norms of banking and in accordance with the principles of a healthy credit.
 2. Ensuring the implementation of the provision of credit in accordance with basic provisions/ guidelines applicable lending in the Bank.
 3. Ensuring the provision of credit has been based on an assessment of honest, objective, accurate, and thorough as well as from the influence of parties with an interest in credit applicants.
 4. Ensuring credit to be given can be repaid on time, and will not develop into a credit crunch.

Brief Profile of RKK Members

Committee member profile RKK which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of RKK Committee members positioned as Profile of CSC Committee members positioned as SEVP of Riyani T Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 331, Alexandra Askandar available in the section of BC Committee member in page 334 and profile of Ventje Rahardjo available in profile of RMC Committee in page 340.

RKK Meetings

The RKK of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

Meeting Frequency and Attendance Level of RKK

In 2016 RCC has conducted 417 times of meeting with the attendance level of BOC and SEVP as follows:

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
Risk Management Function					
1	Budi G. Sadikin	2	2	-	100%
2	Kartika Wirjoatmodjo	23	23	-	100%
3	Ogi Prastomiyono	146	146	-	100%
4	Ventje Rahardjo	0	0	-	100%
5	Riyani T. Bondan	14	14	-	100%
6	Kepas Antoni Manurung	392	392	-	100%
7	Sulaeman	111	111	-	100%
8	Tatang Tabroni	345	345	-	100%
9	Karya Prasetya Budi	235	235	-	100%
10	M. Sigit Pambudi	93	93	-	100%
Business Unit Function					
1	Pahala N. Mansury	45	45	-	100%
2	Royke Tumilaar	324	324	-	100%
3	Hery Gunardi	40	40	-	100%
4	Tardi	156	156	-	100%
5	Kartini Sally	261	261	-	100%
6	Rico Usthavia Frans	79	79	-	100%
7	Toni Eko Boy Subari	66	66	-	100%
8	Alexandra Askandar	280	280	-	100%
9	Sucipto Pravitno	63	63	-	100%

Education and/or Training of RKK Members

Education and/or Training of RKK Members which is a member of the Board of Directors can be found on page 109.

Education and/or Training of RKK Members positioned as SEVP of Riyani T Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee, Alexandra Askandar available in the section of BC Committee and profile of Ventje Rahardjo available in profile of RMC Committee.

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Statement of RKK Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri RKK Committee refers to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016 regarding Risk Credit Committee.

Integrated Risk Committee (IRC)

Integrated Risk Committee (IRC) is a committee that responsible to assist the Directors in the preparation of, among others, Integrated Risk Management policy and revision or improvement of Integrated Risk Management policy based on evaluation of the implementation.

Structure and Membership of IRC

Members of IRC according to BOD Decree No. KEP.DIR/394/2016 dated November 2, 2016, as follows:

Members of Integrated Risk Committee (IRC)	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Credit Portfolio Risk
Alternate I Secretary	Group Head Wholesale Operational Risk
Alternate II Secretary	Group Head Retail & IT Operational Risk
Permanent Member	1. Risk Management & Compliance Director 2. Finance & Treasury Director 3. Operations Director 4. SEVP Corporate Transformations 5. SEVP Wholesale Risk 6. SEVP Retail Risk
Subsidiaries Permanent Member	1. Risk Management Director Bank Syariah Mandiri 2. Risk Management Director Mandiri Sekuritas 3. Risk Management Director Mandiri Tunas Finance 4. Risk Management Director Axa Mandiri Financial Services
Non-Permanent Member (related to discussion material)	1. Director/SEVP other than Permanent Member 2. Subsidiaries Director other than Subsidiaries Permanent Member

Period and Term of Service of the IRC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of IRC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of IRC Committee

IRC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Report of 2016 RKK Activities

RKK has conducted several decision making in 2016 regarding distribution of the Company's credit.

Duties, Authorities and Responsibilities of IRC

IRC has the duties, authorities and responsibilities as follows:

1. Adequacy of identification, measurement, monitoring, controlling risks in an integrated manner, and Integrated Risk Management information systems;
2. Adequacy of the internal control system and comprehensive response to the implementation of the Integrated Risk Management;
3. Implementation of Risk Management in their respective Subsidiaries;

Brief Profile of IRC Members

Committee member profile IRC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of IRC Committee members positioned as Profile of IRC Committee members positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 331 and profile of Ventje Rahardjo available in profile of RMC Committee in page 340.

IRC Meetings

The IRC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

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Meeting Frequency and Attendance Level of IRC

In 2016 IRC has conducted 5 times of meeting with the attendance level of BOC and SEVP as follows:

Name	Designation	Number of Meeting	Attendance	Absence	% of Attendance
Permanent Member (Bank Mandiri)					
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	5	4	1	80%
Ogi Prastomiyono	Director of Operations	5	4	1	80%
Kartika Wirjoatmodjo	Director of Finance & Strategy	5	0	5	0%
Riyani T. Bondan	SEVP Retail Risk	5	4	1	80%
Kepas Antoni Manurung	SEVP Corporate Transformation	5	4	1	80%
Ventje Radhardjo	SEVP Wholesale Risk	5	4	1	80%
Subsidiaries Permanent Member					
Bank Syariah Mandiri	Director of Risk Management Bank Syariah Mandiri	5	5	0	100%
Mandiri Sekuritas	Director of Risk Management Mandiri Sekuritas	5	3	2	60%
Mandiri Tunas Finance	Director of Risk Management Mandiri Tunas Finance	5	5	0	100%
AXA Mandiri Financial Services	Director of Risk Management AXA Mandiri Financial Services	5	4	1	80%

Education and/or Training of IRC Member

Education and/or Training of IRC Member which is a member of the Board of Directors can be found on page 109.

Education and/or Training of IRC Member positioned as Profile of IRC Committee members positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee and profile of Ventje Rahardjo available in profile of RMC Committee.

Statement of IRC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri IRC Committee refers to BOD Decree No. No. KEP.DIR/394/2016 dated November 2, 2016 regarding Integrated Risk Committee.

Report of 2016 IRC Activities

IRC has conducted several activities in 2016 in relation with:

1. Q4-2015 Risk Based Bank Rating
2. Q4-2015 Integrated Risk Profile
3. Semester II-2015 Integrated Governance Assessment
4. Q1-2016 Integrated Risk Profile
5. Q2-2016 RBBR Assessment
6. Q3-2016 Risk Profile

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Policy & Procedure Committee (PPC)

Policy & Procedure Committee (PPC) is an executive committee with the responsibility to discuss and recommend adjustments/improvement of the Company's policies and establish procedures including human capital policies and procedures and to discuss and decide on the granting of authority to an officer of the Company (ex-officio).

Structure and Membership of PPC

Members of PPC according to BOD Decree No. KEP. DIR/393/2016 dated November 2, 2016, as follows:

PPC Category A

Policy & Procedure Committee Member	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Policy & Procedure
Alternate Secretary	Group Head Compliance
Permanent Voting Member	Permanent Voting Member: 1. Risk Management & Compliance Director 2. Operations Director 3. Distributions Director 4. SEVP Corporate Transformations
	Non-Permanent Voting Member: BOD Members/SEVP
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer

PPC Category B

Policy & Procedure Committee Member	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Policy & Procedure
Alternate Secretary	Group Head Compliance
Permanent Voting Member	Permanent Voting Member: 1. Risk Management & Compliance Director 2. Group Head Policy & Procedure 3. Group Head Legal 4. Group Head Operational Risk 5. Group Head Compliance
	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees.

Period and Term of Service of the PPC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of PPC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

Independency Statement of PPC Committee

PPC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

Duties, Authorities and Responsibilities of PPC

PPC has the duties, authorities and responsibilities as follows:

1. PPC Category A:
 - a. Discussing and making recommendations to the BOD on adjustments/improvements of corporate policies including human capital policies.
 - b. Discussing and deciding on the granting of authority to the Company ex-officio officers
2. PPC Category B:
 - a. Discussing and determining and/or adjustment/ finalizing of corporate policies including human capital policies.
 - b. Discussing and deciding on the granting of authority to the Company ex-officio officers other than Category A authority.

In its capacity as a committee, PPC not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

Brief Profile of PPC Members

Committee member profile PPC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of PPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 322, Riyani T. Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 331 and profile of Ventje Rahardjo available in profile of RMC Committee in page 340.

PPC Meetings

The PPC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

Meeting Frequency and Attendance Level of PPC

In 2016 PPC has conducted 10 times of meeting with the attendance level of BOC and SEVP as follows:

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1. BOD and SEVP: (included PPC Category A and B)

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	Ahmad Siddik Badruddin	10	10	-	100%
2	Ogi Prastomiyono	6	5	1	83%
3	Sentot A. Sentaosa (ex)	5	4	1	80%
4	Hery Gunardi	2	2	-	100%
5	Ventje Rahardjo	6	6	-	100%
Non-Permanent Voting Member					
6	Kartika Wirjoatmodjo	3	3	-	100%
7	Pahala N. Mansury	5	4	1	80%
8	Royke Tumilaar	3	3	-	100%
9	Tardi	3	2	1	67%
10	Kartini Sally	3	2	1	67%
11	Rico Usthavia Frans	4	3	1	75%
12	Riyani T. Bondan	3	3	-	100%
13	Sanjay N. Bharwani	3	3	-	100%
14	Joseph Georgino Godong	3	3	-	100%
15	Kepas Antoni Manurung	4	9	-	100%
16	Toni Eko Boy Subari	3	9	-	100%

2. Group Head (PPC Kategori B)

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	GH Policy & Procedure	4	4	-	100%
2	GH Legal	4	4	-	100%
3	GH Compliance	4	4	-	100%
4	GH Operational Risk	4	4	-	100%
Non-Permanent Voting Member					
5	GH IT Infrastructure	1	1	-	100%
6	GH IT Application & Development	1	1	-	100%
7	GH IT Application Support	1	1	-	100%
8	GH Wealth Management	1	1	-	100%
9	GH Special Asset Management 1	1	1	-	100%
10	GH Special Asset Management 2	1	1	-	100%
11	GH Retail Credit Recovery	1	1	-	100%
12	GH International Banking & Financial Institutions	1	1	-	100%
13	GH Strategy & Performance	1	1	-	100%
14	GH Enterprise Data Management	1	1	-	100%
15	GH Credit Portfolio Risk	1	1	-	100%

Education and/or Training of PPC Member

Education and/or Training of PPC Member which is a member of the Board of Directors can be found on page 109.

Education and/or Training of PPC Member positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee, Riyani T. Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee and profile of Ventje Rahardjo available in profile of RMC Committee.

Statement of PPC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri PPC Committee refers to BOD Decree No. KEP.DIR/393/2016 dated November 2, 2016 regarding Policy & Procedure Committee.

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Report of 2016 PPC Activities

PPC has conducted several activities in 2016 as follows:

1. The Company's policy adjustment, included
 - a. Revision on Bank Mandiri Legal Procedure
 - b. Revision on HR Policy
 - c. Revision on Bank Mandiri Credit Policy
2. Adjustment of Standard Guidance/Produce, included
 - a. Revision on SPO of Cash Money Management
 - b. Revision on SPO of Electronic Money
 - c. Revision on SPO of Product or New Activities
 - d. Revision on SPO of Credit Collection and Recovery
 - e. Revision on SPO of Operational Risk Management
 - f. Revision on SPO of Information Technology
 - g. Revision on SPO of Wealth Management Services
 - h. Revision on SPO of Credit Collection and Recovery
 - i. Revision on SPO of Overseas Office
 - j. Revision on SPO of Customer's Segmentation
 - k. Revision on SPO of Financial Institution
 - l. Revision on SPO of Assets and Liability Management
 - m. Revision on SPO of Risk Model
3. Reporting on Operational Technical Guidance
4. Authority Segregation to the Company's officer
5. Adjustment of Subsidiary Guideline and Data Management Framework

Assessment of Committees Under the BOD

Activities and performance of the Committees under the BOD are regularly evaluated and assessed by the BOD for the sake of increasing the effectiveness of implementation and performance of committees in the coming year. Based on the assessment, the performance of Committees under the BOD is rated Good.

Corporate Secretary

The Corporate Secretary assumes as supported organ of the Company positioned as a liaison officer between the Bank and stakeholders including regulator, investor and public particularly in connection with capital markets community with the responsibility to ensure the Company's compliancy to applied regulations as part of Good Corporate Governance (GCG) implementation.

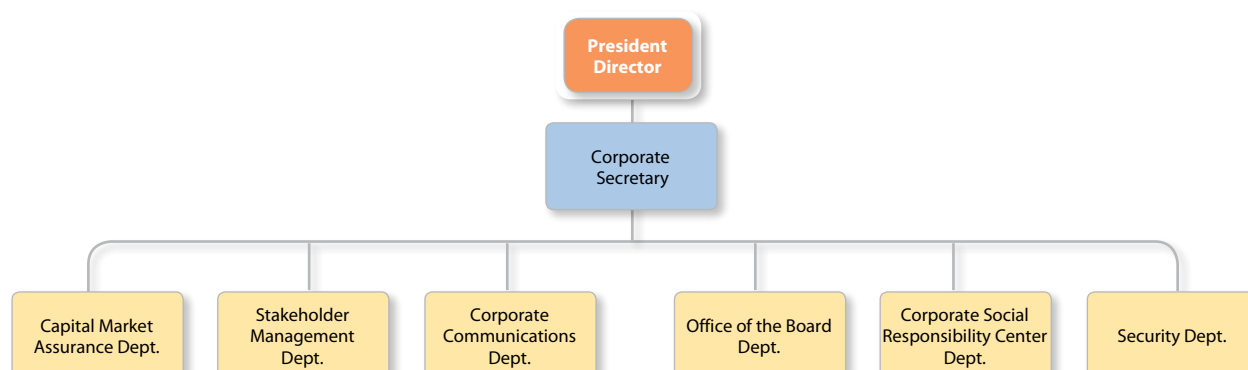
The Bank's Corporate Secretary was established in view of, among others, the following regulations:

- Regulation of the Financial Services Authority (POJK) No. 35/POJK.04/2014 concerning Corporate Secretary of Issuers or Public Companies.
- Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 as amended by PER-09/MBU/2012, Chapter Nine concerning Corporate Secretary.

Duties and Responsibilities of Corporate Secretary

The Corporate Secretary has the duties and responsibilities as follows:

1. To coordinate, carry out administrative and development of corporate communication strategies and programs.
2. To meet the obligations of the Company as a public company based on GCG principles.
3. To support the BOC, BOD, SEVP and other executive officers.
4. To maintain the reputable image of the Bank.
5. To exercise the Bank's security system control.
6. To carry out Corporate Social Responsibility (CSR) activities through Partnership and Environmental Development Program (PKBL) in accordance with the appropriate targets so as to give positive contribution to improving the image of Bank Mandiri.



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Corporate Secretary Profile



Rohan Hafas

Corporate Secretary

Indonesian citizen, 55 years old. Domicile in Jakarta

He was appointed as Corporate Secretary of Bank Mandiri since October 1, 2014, virtue of Decree of the Senior Executive Vice President (SEVP) No. KEP. SEVP/272/2014 concerning the Appointment and Designation of a Bank Mandiri Official. He began his career at Bank Susila Bakti in 1987 as Assistant Manager, prior to his career in the Indonesian Bank Restructuring Agency (BPPN) and positioned as Communication Division Team Leader, Communication Division Group Head and Communication Division Head. Prior to his career in Bank Mandiri, he graduated from the Faculty of Economics, the University of Indonesia in 1987 was Corporate Secretary Division Head at PT Bank Mutiara Tbk.

2016 Corporate Secretary Competency Enhancement Program

As a liaison with external parties, Company Secretary must always follow the development of capital markets and consistently improve their competence in the field of Law/Legal, Accounting and Secretariat. To that end, Corporate Secretary of Bank Mandiri regularly attend various useful training to maximize its important role in the company.

Throughout 2016, the Corporate Secretary has attended various training/Workshop/Seminar which can be seen on page 111.

Organization Structure of Corporate Secretary

Secretary appointed and dismissed and is directly responsible to the President Director. Some Department under Secretary of the Company, namely Capital Market Assurance Department, Stakeholder Management, Corporate Communications Department, Office of the Board Department, Corporate Social Responsibility Center Department and Security Department.

Duties Corporate Secretary 2016

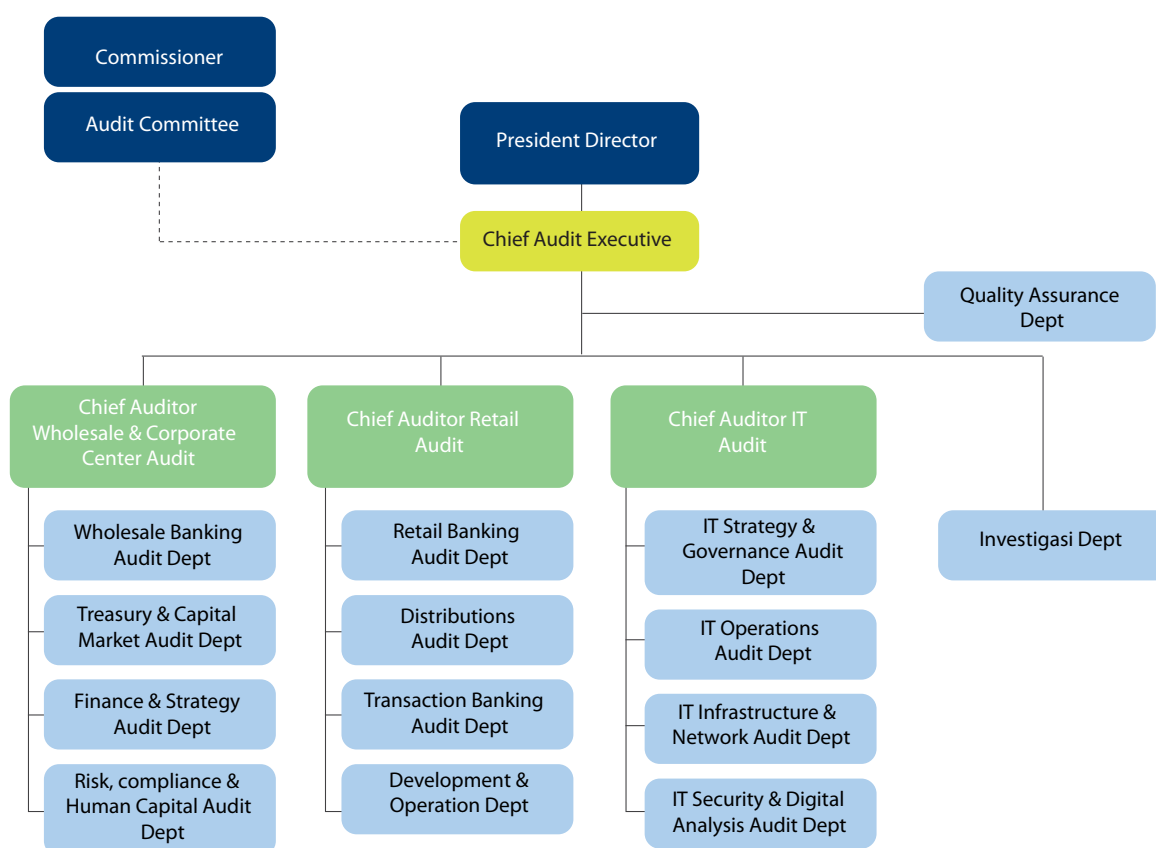
1. Holding a General Meeting of Shareholders dated March 21, 2016.
2. Organizing the annual mandatory public expose.
3. Organizing Meeting of Board of Directors and Board of Commissioners.
4. Preparing the Board of Directors Decree.
5. Reporting to the regulators in the position of the Bank duty as public company
6. Organizing Mandiri Jakarta Marathon 2016.
7. Corporate activity ceremonial coverage.
8. Publishes 2016 corporate advertising materials.
9. Organizing and distributing the Community Development program.
10. Carrying out service function, order and security of offices and assets of Bank Mandiri.

Internal Audit

Internal Audit of Bank Mandiri, with the role as third line of defenses, ensure that internal control in every line of defenses getting stronger and mature. Internal Audit continues to innovate in the use of audit methodologies and tools so that the implementation of more effective and efficient audit. In accordance with a long-term plan 2015-2020 Internal Audit with the theme "Creating Long-Term Value Through Sustained Assurance to be The Best in Class IA Function" in 2016, Internal Audit has completed 5 of 14 strategic initiatives.

Internal Audit Position In Organizational Structure

Internal Audit in the organization at the level of the Directorate and reports directly to the President Director and be able to communicate with the Board of Commissioners through the Audit Committee. Since December 18, 2014, Internal Audit has divided into 3 Group as an adjustment of Bank Mandiri business strategy, namely Wholesale & Corporate Center Audit Group, Retail Group Audit and IT Audit Group. On the other hand, the internal audit also has two departments responsible directly to CAE namely Audit Investigation Department and Quality Assurance Department.



Appointment and Dismissal of Chief Audit Executive (CEA)

Chief Audit Executive (CEA) is appointed and dismissed and directly responsible to the President Director with the approval of the Board of Commissioners or Audit Committee and subsequently reported to Bank Indonesia, the Financial Services Authority (FSA).

Chief Audit Executive (CAE) Profile



Mustaslimah

Indonesian Citizen, 51 years old
Term of Office: 2015 - present

Basis of Appointment

Appointed as Chief Audit Executive pursuant to Decree of the Board of Directors
No. SK.DIR/161/2015 dated March 17, 2015

Educational Background

Bachelor Degree from Bogor Agricultural Institute (1988)

Work Experience

- Member of Audit Committee, PT Bank Mandiri (Persero) Tbk (2016 – present)
- Group Head Human Capital & Services (2014 – 2015)
- Group Head Procurement & Fixed Asset (2010 – 2014)
- Group Head Compliance (2006 – 2010)
- Department Head Credit Operation (2004 – 2005)
- Department Head Asset Maintenance & Warehouse (2004)
- Department Head Procurement & Fixed Asset Services (2001)
- Group Head Logistics (2001)
- Group Head CRM-MOL Risk (2000)
- Senior Officer Support Function (1999)
- Regular Instructure (1997)
- Marketing Officer (1993)
- Assistant Marketing Officer (1990)

Workshop and Seminars

- Bank Risk Management Level 5, Banking Professional Certification Agency-LSPP (2016)
- International Internal Auditor (IIA) Conference, IIA (2016)
- High Performance Leadership for Influencing and Collaboration Workshop, International Institute for Management Development /IMD, Switzerland (2016)
- International Internal Auditor (IIA) Conference, IIA (2015)
- Achieve Outstanding Performance Course, INSEAD (2012)
- Workshop Taking The Leap Before Any Crisis, Bank Mandiri (2011)
- Communication forum of Compliance, Bank Mandiri (2010)
- Smart Procurement, Edge Commerce (2010)
- Leadership Course, Center of Creative Leadership (2009)
- Workshop Marshal Goldsmith, Training Center Bank Mandiri (2009)
- Leaders Forum, Bank Mandiri (2009)
- Executive Program, Australia Graduate School of Management (2008)
- Asia Project Finance, Euromoney Training (2007)
- ESQ Leadership – National Executive, Training Center Bank Mandiri (2006)
- National Seminar – Good Corporate Governance, IBC Asia (2006)
- Improvement of Credit Quality, LCG(2006)

Duties and Responsibilities of Internal Audit

The scope of work covers all areas of Internal Audit operations of the Bank, its subsidiaries and affiliates (appropriate governance applicable) to determine the adequacy of internal control quality, risk management practices and the implementation of good corporate governance in order to achieve its vision and mission. The scope of the activity described in assurance, consulting and investigations.

Assurance

Conduct testing objectively on the evidence in order to provide an independent assessment of the adequacy of internal control, risk management and governance process in the organization.

Consulting

Provide advisory services based on the client needs and consent in order to provide added value and internal control improvement, the application of risk management and governance processes without operational transfer of responsibility.

Investigation

Evidence findings using investigative techniques on the review of the indications and / or fraud that occurred. The

objective of investigation to reveal the modus operandi, the causes, the potential losses, actors and other parties involved. Investigations include the acquisition of evidence and statements, preparation of reports, statements on their findings and follow-up monitoring is required.

The authority of Internal Audit

1. Conducting internal audit activities of all organizational units within the Bank, its subsidiaries and affiliates which apply the appropriate governance.
2. To communicate directly with the Director, the Board of Commissioners through Audit Committee.
3. Communication with external parties including regulators, in particular those relating to the audit.
4. Hold regular meetings and incidental to the Director, the Board of Commissioners, and/or the Audit Committee.
5. Accessing all information, notes, employee, and including but not limited to accounts/records of employees and resources as well as other matters as may be necessary related to its duties and functions.
6. Investigation activity on the case/problem on every aspect and element of activities that indicated fraud and breach of code of conduct.

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Responsibility of Internal Audit

1. Plan and execute internal audit activities with an emphasis on areas/activities are high risk and evaluate procedures/control system is there to gain confidence that the Bank's goals and objectives can be achieved in an optimal and sustainable
2. Carry out an investigation, report and make recommendations/conclusions on fraud to the Management.
3. Developing and running a program to evaluate and improve the quality of Internal Audit.
4. Provide recommendations on the results of the audit and monitor the follow-up results of the internal audit activity and investigative activity.
5. Cooperating with the Audit Committee in carrying out oversight functions.
6. To coordinate its activities with the activities of the external audit and the units/functions other assurance providers, in order to achieve a comprehensive audit results and optimal.

In accordance POJK No. 18/POJK.03/2014 Internal Audit of Bank Mandiri as an Integrated Internal Audit Unit (SKAIT) has duties and responsibilities as stipulated in the Code of Integrated Governance namely:

1. Monitoring the implementation of internal audit at each of its subsidiaries in the financial conglomerate. In the implementation of the Internal Audit include :
 - a. Evaluation of the internal audit plan audit of subsidiaries in the conglomeration of Finance in the framework of an integrated audit plan alignment.
 - b. Evaluation of the results of internal and external audits of subsidiaries in financial conglomeration its follow-up in the framework of integrated internal audit report preparation.
2. Carry out audits in subsidiaries in the financial conglomerate either individually, jointly or audit by internal audit report of Subsidiary Companies in the financial conglomerate.

In order to implement POJK 18 SKAIT has made synchronization that includes:

Commitment

SKAIT and SKAI Subsidiary has made synchronization IA Charter where the Children's Charter Process Management has included a clause stating "Bank Mandiri as the main entity can perform audit services to children in order to ascertain the activities of internal control, risk management and governance process". IA Charter should be signed by each Commissioner and Director of subsidiaries.

Structure

- Placement of the Head of Internal Audit of subsidiaries with regard to the recommendation SKAIT.
- Implementation of Application Integration Audit Committee Meeting Kids can invite SKAIT.
- Implementation of Internal Audit forum Mandiri Group on a quarterly basis.

Methodology & Tools

- Harmonize the Internal Audit policies and procedures of subsidiaries with Bank Mandiri's Audit Policy which includes among others the alignment of audit methodology and Internal Control Rating.
- Alignment of Bank Mandiri audit plan and SKAI Subsidiary with workshops held each year end.

Reporting

Preparation of Internal Audit Integrated Reporting framework that contains Reports Fundamentals and Developments Follow-up Audit PA, which lists as follows:

- The audit results.
- The audit investigation/handling fraud.
- Development of Follow-up of audit results and external SKAIT.

This report is submitted biannually to the Director, the Director of Supervision of subsidiaries, and the Board of Commissioners through the Audit Committee and the Director of the Bank in charge of the compliance function.

Internal Audit Charter

Internal Audit has the Internal Audit Charter which was passed by the Managing Director and Commissioner of Bank Mandiri with the latest revision dated December 17, 2015. Internal Audit Charter provides guidelines for the purpose, position, authority, responsibilities and internal audit scope of work. Position, authority and responsibility are formally defined in the Internal Audit Charter in accordance with Bank Indonesia regulations regarding the implementation of Standards Internal Audit Bank (SPFAIB) and the Chairman of Capital Market and Financial Institutions Supervisory Board on the Establishment and Guidelines for Internal Audit Charter and international best practices based on on the standard IPPF (International Professional Practices Framework) by IIA (the Institute of Internal Auditors).

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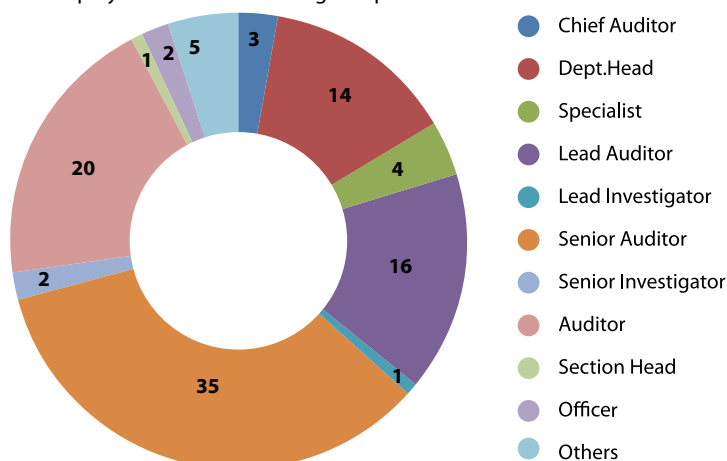
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Human Resources

Internal audit headcount of 103 employees with the following composition:



Internal Audit is always working to provide continuing education for all personnel to have adequate qualify and competency. The Education provided through certified professional education whether they are national or international, program attachment and trainings both local and overseas.

Internal audit establishes an auditor with following qualifications:

1. Have integrity by building confidence (trust), which became the basis of reliable assessment (judgment).
2. Demonstrate a high objectivity in accordance with professional standards in collecting, evaluating, and communicating information about the activity or examined process.
3. Conduct an assessment (judgment) is balanced (balanced) by taking into account all relevant circumstances and not be influenced by personal or other people's.
4. Respect the value and ownership of information received and does not disclose such information without the authorization of the authorities unless there is a legal or professional obligation to information disclosure.
5. Using the knowledge, skills, and experience necessary in conducting audit.

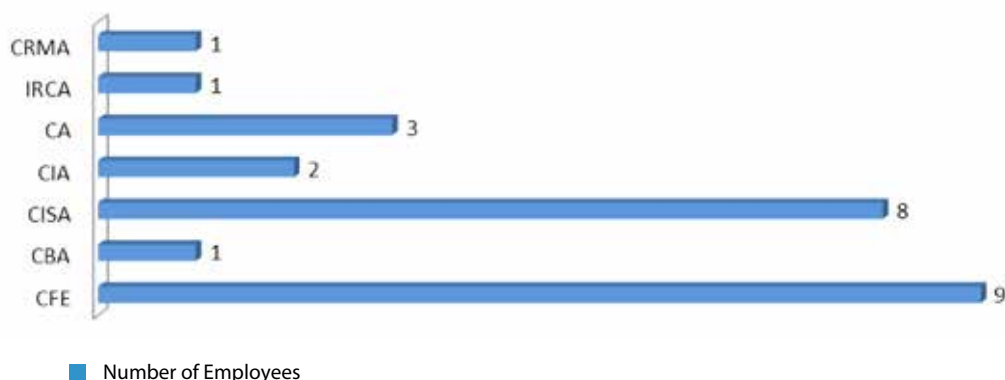
The program to improve the competence and employee development has referred to the Internal Audit Internal Audit Competency Framework (IACF) to ensure targeted development program and as needed. IACF is framework which indicates the level of good behavior and technical competency that need to be owned by any position in Internal Audit. 2016 has conducted an assessment to determine the competency gap between the existing and subsequently prepared a development program for each auditor. Employee development programs implemented in the various approaches as follows: e-learning, training, nationwide and international professional certification, internships/attachments, and special assignment project. The program is monitored continuously and measured its success in supporting employee performance and organizational performance.

Below is the certification of employees of Internal Audit to the end of December 2016:



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International Certification



Notes

QIA	: Qualified Internal Auditor
LSPP-A	: LembagaSertifikasiProfesiPerbankan - Auditor
LSPP S	: LembagaSertifikasiProfesiPerbankan - Senior Auditor
LSPP AM	: LembagaSertifikasiProfesiPerbankan - Auditor Manajer
ASESSOR	: Penguji
CPA (Ind)	: Certified Public Accountant
SMR I	: SertifikatManajemenRisiko level I
SMR II	: SertifikatManajemenRisiko level II
SMR III	: SertifikatManajemenRisiko level III
SMR IV	: SertifikatManajemenRisiko level IV
CFE	: Certified Fraud Examiner
CBA	: Certified Bank Auditor
CISA	: Certified Information System Auditor
CIA	: Certified Internal Auditor
CA	: Chartered accountant
IRCA	: International Register of Certificated Auditor
CRMA	: Certification in Risk Management Assurance

Internal Audit Work Plan 2016

Bank Mandiri has faced various challenges while started its third phase of transformation, both internally and externally. From an external, due to falling of global economy and fluctuation of oil prices, slowdown in China economy, and strengthen of United States economy, has an impact on national economy and industry that cannot be denied, also affect the bank. Bank Mandiri, in line with the business, also faced on potential operational risks, especially related to the IT field by the complexity of expansive products through e -Channel. Internally, Bank Mandiri has a one-year run in which one strategy to support third phase of transformation program is to strengthen the distribution network by integrating all business segments and subsidiaries. Implementation of these strategies followed with challengers in infrastructure readiness, changes in work culture and capability of Human Resources.

Through the audit plan in 2016 with the theme "Effective Internal Audit: Driving Towards Sustainable Growth", Internal Audit wants to ensure the growth of the business can be run Bank Mandiri sustain. Internal Audit also want to believe aspiration to become The Best Bank in ASEAN in 2020 can be realized with the stronger support in internal controls throughout the area of operations of the Bank.

2016 Internal Audit has set 7 Audit Thematic, 9 Audit General, 4 Audit Mandatory, 9 Audit of subsidiaries, and 5 studies that cover areas of significant and relevant to the conditions and challenges facing the Bank, which is an audit of the Credit Quality, end-to-end management of Microcredit and KUR, Distribution Network Transformation Implementation, e-Channel Security and Availability, implementation APU PPT, Procurement and Regulatory Reporting.

In preparing the 2016 audit plan, Internal Audit has analyzed 9 key input through workshops and focus group discussion involving the 1st line and 2nd line of defense includes the External Auditor. The nine key inputs are:

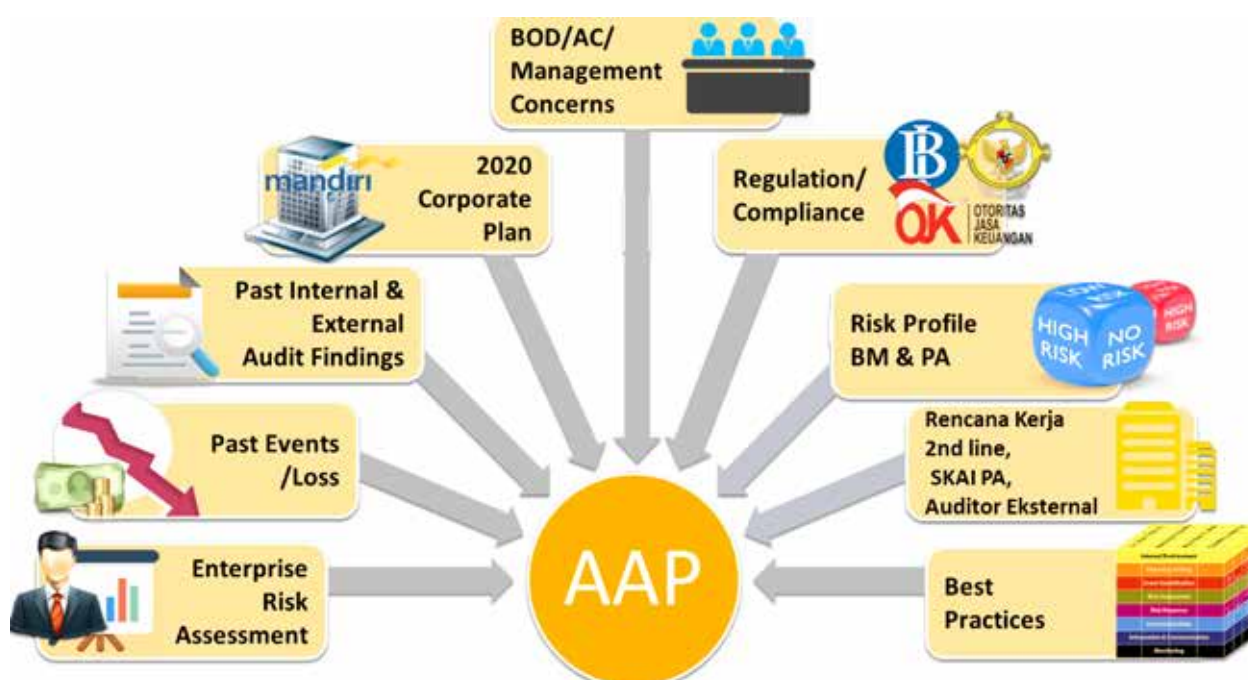
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Information:

1. Results of Enterprise Risk Assessment (ERA) in 2016-2015 for forward looking.
2. Loss Events: Data event/significant losses over the last three years.
3. Internal and External Findings 2015: internal and external significant audit findings in the previous year.
4. Bank Mandiri Corporate Plan 2020: alignment with long-term plans which are Corporate Plan 2020.
5. Concern Management and the Audit Committee of the Board of Directors, Audit Committee dan Management of Bank Mandiri.
6. Regulation and Compliance: Compliance with internal and external regulation (Regulation/Compliance).
7. Risk Profile Bank Mandiri and Subsidiaries
8. Work up Business Risk Control, Internal Audit of subsidiaries, and the External Auditor
9. Best Practices: Emerging topics in today's banking world according to best practices

Internal Audit continues to innovate in the use of audit methodologies and tools so that the implementation of more effective and efficient audit. In 2015, the Internal Audit has set up Long Term Plan (RJP) Internal Audit 2015 to 2020 with the theme "Creating Value Through Sustained long term Assurance to be The Best in Class IA Function" with 14 strategic initiatives which will be implemented 2015-2020 Internal Audit to escort reorganization implementation in Bank Mandiri towards Corporate Plan 2020. In 2016, the internal audit has been completed five initiatives are:

1. IA Audit Rating Methodology

2016 audit rating of Internal Audit methodology to develop a more implemented expected to be more powerful in decision-making by management primarily related to the prioritization of internal control improvements. The rating structured audit approach which has been aligned with the Bank's Operational Risk Management so that output can also support the implementation of a combined assurance at Bank Mandiri

2. Tools integrated IA

Since 2015 internal audit have developed the Internal Audit Tools consisting of Access Management Information Systems Audit-TR (SIMA-TR) via the Internet, the implementation of resource management, the data analytic software tools and dashboards. SIMA 2016, improvements TR and data analytics tools that the implementation of more effective and efficient tools to support audit activities. In addition, training/knowledge transfer to all auditors related to the use of tools is also being conducted to ensure that all auditors can operate tools-tools in each audit assignment.

3. IA Training Plan dan IA Competency Framework

Internal Audit has had an internal auditor competency framework for each position level consisting of Independent Behavior Competency, IA Behavior Competency, General Technical Competency, Specific Technical Competency. 2016, Internal Audit has conducted assessments to all auditors and have acquired competence profile of each auditor for the next training program drawn up in accordance with the competency gap.

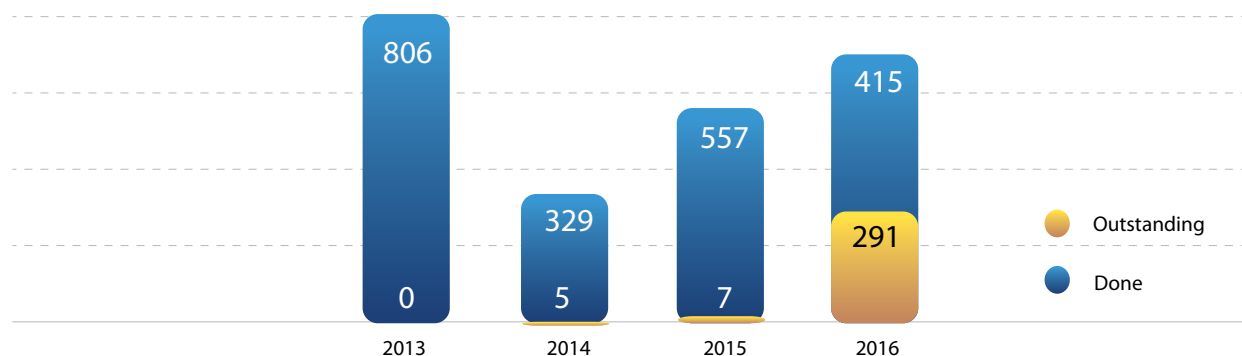
4. Risk, Compliance, and Audit Alliance Framework

Internal Audit in collaboration with the Group Operational Risk and Compliance Group compiled a Risk Register which is group wide. The purpose of the strategic initiative is that all units of both the Bank and its subsidiaries have the same risk language. 2016 development focus on the preparation of Integrated Risk Register Level 4, IRR database mapping with Subsidiary risk event and make the results of re-cleansing dissemination of IRR Level I to subsidiaries.

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In addition to audit and CPR, Internal audits are also constantly monitoring plan follow-up on audit findings. The following tables follow-up status Internal Audit:

Internal Findings that Monitored its Follow Up



Internal Audit also conducted external coaching and monitoring, along with following up monitoring in internal findings. Table of status on external auditor follow up as follows

Auditor	2013		2014		2015		2016	
	Finished	Process	Finished	Process	Finished	Process	Finished	Process
Bank Indonesia	187	0	0	0	45	0	0	0
OJK	0	0	87	2	9	0	68	12
BPK	0	0	763	2	146	0	195	8
KAP	29	0	48	2	0	0	8	3

Bank compliance to the rules and regulations and a commitment to the competent authorities

Internal Audit as a contribution in realizing the corporate governance practices in Bank Mandiri is to ensure banks have and comply with all applicable laws as well as the commitment by the relevant authorities. In preparing the audit plan at the end of 2015, an internal audit has been analyzing all the external conditions that require a specific activity to be carried out an audit each year. 2016, Internal Audit implement mandatory audits including audits of SKNBI, RTGS, SSSS, eMas Loan, eMas Remittance, Risk Management, People's Business Credit.

In addition, Internal audit also make adherence to regulation as one focus of the audit in every assignment. Internal audit has ensured internal regulations based on bank activities in the scope of the audit in 2016 refers to the external conditions.

Meanwhile, the internal audit concern towards the fulfillment of commitments by followed up by the competent authorities have reflected throughout recommendations for improvement on the results of external audit procedures in accordance commitments agreed upon. Internal audit has a special unit that is equipped with monitoring tools to monitor the completion of that commitment. In addition, to be more convincing in terms of implementation of recommendations of Internal Audit to check on the field when the audit assignment.

Effectiveness of Internal Audit

In an effort to improve the effectiveness and efficiency of the audit, the Internal Audit has implemented a Management Information System (SIMA). The audit by SIMA, enabling tiered review done remotely so that the audit process can be done more quickly and surely audit quality is maintained. Attention to quality is also supported by the Quality Assurance which ensures compliance and quality audits in accordance with the standards.

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Following the realization of the audit year 2014-2016:

Tasks	2014			2015			2016		
	Target	Realization	Achievement	Target	Realization	Achievement	Target	Realization	Achievement
Rutin	12	60		20	20		28	28	
Mandatory	22	22		12	12		7	7	
Tematik	157	158	126%	110	110	117%	49	49	157%
Consulting				8	8		8	8	
Adhoc				0	25		0	52	

The use of SIMA is also one form of responsibility of Internal Audit to secure information assets from the bank's risk of information leakage given the role of Internal Audit is very close to the Bank of confidential information. In addition, SIMA also be part of the competence development process for its benefits as a knowledge center for all auditors.

Implementation of Anti-Fraud Strategy

Bank Mandiri has implemented an AFS set out in each Policies, Standard Operating Procedures, Technical Instructions Operating and other settings. AFS Bank Mandiri Bank Indonesia Circular reference No. 13/28 / DPNP regarding Anti Fraud Strategy Implementation for Commercial Banks. Implementation of AFS in each Policies, Standard Operating Procedures and Technical Instructions Operating become one of the refinement of the Internal Control System Policy Bank. The formulation of the AFS is as follows:

1. Prevention Function

Is the responsibility of all employees of Bank (work unit) and is part of the Fraud Control System in order to reduce the potential for fraud.

2. Detection Function

Is the responsibility of the entire unit, both 1st line of defense, 2nd and 3rd line of defense line of defense and is part of the Fraud Control System in order to identify and locate fraud in banking operations.

3. Functions of Investigation, Reporting, & Sanctions

It is the responsibility of the Directorate of Internal Audit and Fraud sections of the Control System in the handling of fraud that occurred through the investigation and the results are reported to the President Director, BOC and Bank Indonesia, including the proposed imposition of sanctions for the perpetrators of fraud.

4. Function Monitoring, Evaluation, and Follow-Up

It is the responsibility of the Directorate of Internal Audit and Control System is part of the monitoring of fraud in order to follow up the results of the investigation and evaluation of the incidence of fraud to correct weaknesses and strengthen the Internal Control System in order to prevent the reoccurrence of similar fraud in weakness.

Repair programs SAF both Pillar I "Prevention", Pillar II "Detection", Pillar III "Investigating, Reporting and Sanctions" and Pillar IV "Monitoring, Evaluation and Follow-up" continues to anticipate potential future risks in line with business development bank. One improvement that is done is to implement the Memorandum of Procedure Delegation of Authority and sanctions. Through the implementation of the MP, the handling of cases of fraud including loss recovery process becomes faster, expand the range of event detection and follow-up monitoring of the repair fraud incident evaluation conducted by the Internal Audit Regional Business Center (RBC) in the region.

Here is the number of internal fraud in 2016:

Internal Fraud in a year	Total Fraud Conducted by:					
	BOC and BOD members		Permanent Employees		Contract Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Fraud	-	-	22	22	13	22
Settled	-	-	22	21	13	21
Internal Process	-	-	-	1	-	1
Unprocessed	-	-	-	-	-	-
Legally Processed*	-	-	6	1	4	1

*Legally process fraud is part of settled fraud

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External Auditor

Implementation of the External Auditor Function

External Auditor has audit function of the Financial Statements of the Bank, to form and express an opinion on the fairness of financial statements of the Bank and testing of internal control (Internal Control Review), including re-testing of items that have been tested by the Internal Audit and observation of procedures performed by the Internal Audit.

Appointment of Public Accountant

Public Accounting Firm (KAP) Purwantono, Sungkoro and Surja determined as External Auditor who audited Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the fiscal year ended December 31, 2016 (Financial Statements for FY 2016) at the Annual General Meeting dated March 21, 2016 based on the provisions of Bank Indonesia, the Financial Services Authority and other relevant provisions. The fiscal year 2016 was second audit year period for KAP Purwantono, Sungkoro & Surja.

Chronological process in establishing the External Auditor Financial Statements for Fiscal Year 2016 are as follows:

- 1) The Board of Commissioners of Bank Mandiri submit a request to the Board of Directors of the Bank to perform pitching KAP financial reports audited 2016 financial year.
- 2) The Board of Directors of Bank Mandiri procurement process KAP election request the Board of Commissioners of Bank Mandiri, which began with the formation stages Procurement Team up with the stage of evaluating the technical aspects and financial aspects of the proposals KAP bidder.

- 3) Annual Shareholder's Meeting on March 21, 2016, decided: Establish Purwantono, Sungkoro & Surja as a public accounting firm to audit the Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the year will end on December 31, 2016, including giving authority to the Board of Commissioners to determine the honorarium and other requirements for KAP, as well as set KAP analogs in KAP Purwantono, Sungkoro & Surja, for whatever reason cannot complete the audit of Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the year will end on December 31 2016.
- 4) Bank Mandiri convey the determination AGM by mail to KAP bidder on the results of the procurement process of the Consolidated Financial Services PT Bank Mandiri (Persero) Tbk and Subsidiaries and Financial Report of Partnership and Community Development PT Bank Mandiri (Persero) Tbk. the date and for the Year ended December 31, 2016.

Bank Mandiri apply these principles in making the determination of Professional Ethics of External Auditors/ Independent Auditor, namely:

1. The responsibility of the profession;
2. The public interest (public);
3. Integrity;
4. Objectivity;
5. Competence and professional prudence;
6. Confidentiality;
7. Professional Conduct;
8. The technical standards.

Total Period Public Accounting Firm (KAP) and the Public Accountant (AP)

The following chronological assignment of KAP and the AP have audited financial statements of Bank Mandiri 2010-2016 fiscal year as follows:

Fiscal Year	Name of KAP	KAP Period	Name of AP	AP Period
2016	Purwantono, Sungkoro & Surja (EY)	2	Danil Setiadi Handaja, CPA	2
2015	Purwantono, Sungkoro & Surja (EY)		Danil Setiadi Handaja, CPA	
2014	Tanudiredja, Wibisana & Rekan (PwC)	5	Drs. Haryanto Sahari, CPA	2
2013	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	
2012	Tanudiredja, Wibisana & Rekan (PwC)		Lucy Luciana Suhenda, SE, AK, CPA	1
2011	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	2
2010	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	

Review Result

Opinion of review on Financial Report Audited for years of 2010-2016 are as follows:

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Year	Financial Report Opinion
2016	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2015	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2014	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2013	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2012	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2011	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2010	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard

Compensation of Audit Service

Compensation on audit services for year of 2016 was Rp7,850 million, comprises of audit services fee amounted Rp6,096 million and other attestation service fee amounted Rp1,754 million.

Following chart is reference for audit fee services for fiscal year 2010 to 2016:

Year	Audit Service Fee (in million rupiah)*
2016	7,850
2015	7,330
2014	8,300
2013	9,975
2012	9,500
2011	11,800
2010	11,495

*Charges included OPE & VAT and included other attestation services.

Other Provided Attestation Services

Other attestation services provided by the KAP (External Auditor) is a top audit services Compliance with Laws and Regulations and Application Procedures Agreed (Agreed Upon Procedures) on the reporting system of PT Bank Mandiri (Persero) Tbk to Bank Indonesia, Depository Services, Security Systems Recording scripless securities (S4), Bank Performance Evaluation and Performance Evaluation Partnership Program and Community Development.

Effectiveness on implementation of external audit and the Bank compliancy to the regulation

To meet the principles of Good Corporate Governance and the rules and legislation applicable, the necessary result of financial statement audit performed by an independent party, the Public Accounting Firm, the audit report was further submitted to Financial Services Authority.

Basic implementation of the transparency of the financial statements are based on the provisions of Bank Indonesia and the Financial Services Authority are as follows:

1. POJK No. 55/POJK.03/ 2016 on Good Corporate Commercial Banks Implementation.
2. POJK No. 6/POJK.03/2015 on Transparency and Publication Bank Reports.

3. POJK No. 32/POJK.03/2016 on Amendments to POJK No. 6/POJK.03/2015 on Transparency and Publication Bank Reports.

Relationship Between Bank, Public Accountant and Regulator

In performing audit, aside from complying with prevailing rules and regulations, Bank Mandiri constantly improves communication with Public Accountant Firm (KAP). Accounting Unit is responsible for coordinating KAP activities with Internal Audit. Moreover, the Audit Committee along with Internal Audit always watch over the audit process performed by KAP.

The chosen KAP will communicate the plan of audit implementation on Bank Mandiri Financial Report to Audit Committee and propose the audit plan coupled with audit methodology and sample audit which will be used to Internal Audit. During implementation, discussion on audit progress and audit findings as well as other important issues are discussed periodically by both parties including audit findings related to internal control. Periodically, Audit Committee has monitored KAP performance through Audit Committee meetings in which Internal Audit and related Board of Directors participated. At the meeting, follow up on audit findings by KAP are also discussed. Through such coordination, it is expected to achieve comprehensive and optimal audit result.

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Risk Management

The principle of the Bank's risk management is to proactively support the Bank in achieving healthy and sustainable growth as well as maintaining the level of risk-adjusted return that is optimized in accordance with the desired risk appetite.

Risk management is the Bank's mission is to create and implement a comprehensive approach to identify, quantify, prioritize, manage and monitor the risks affecting the business, operations and organization, and seek business opportunities to optimize the risk-adjusted return and shareholder value. Bank Mandiri formulate policies, processes, competence, accountability, reporting and technology in order to support the implementation of risk management is effective and efficient.

Implementation of the Bank's risk management refers to the FSA Regulation No. 18/POJK.03/2016 and the FSA Circular Letter No. 34/SEOJK.03/2016 concerning Application of Risk Management for Commercial Banks. With the development of risk management for financial institutions in Indonesia, FSA FSA has issued Regulation No. 17/POJK.03/2014 and the FSA Circular Letter No. 14/SEOJK.03/2015 on Integrated Risk Management Application for Financial conglomerate.

Bank Mandiri approach Enterprise Risk Management (ERM), which is a risk management framework in an integrated manner to maximize shareholder value, which was built by the four building blocks, namely the Organization and Human Resources, Policies & Procedures, Systems & Data and Methodology/Model & Analytics.

Bank Mandiri Risk Management System

Risk management plays an important role for the Bank in risk management in order to support the Bank's business activities in a sustainable manner. With good risk management, the Bank seeks to minimize potential losses that will occur. Through risk management is appropriate and effective, the Bank get the latest information about the potential risks to be faced so that it can quickly take steps to mitigate those risks. In the end, the Bank can provide added value (value added) for the shareholder.

The application of the precautionary principle and risk management not only done within the Bank but also performed in subsidiaries. This is because the continuity of the Bank's business is affected by exposure to risks arising, directly from business activities or indirectly from the business activities of subsidiaries.

Framework and governance of risk management at the Bank consists of the Board of Commissioners that exercises risk oversight by the Audit Committee, Risk Monitoring Committee, Remuneration & Nomination Committee, Corporate Governance Committee Integrated, as well as the Board of Directors that perform the function of risk policy through the Executive Committee related to risk management is the risk management Committee, Asset & Liability Committee, Capital & Subsidiaries Committee, and Integrated risk Committee. At the operational level, the Risk Management Unit together Business Unit and the Compliance Unit perform the functions of risk identification, risk assessment, risk mitigation and risk control.

Bank Mandiri Risk Management Framework developed by factors internal and external factors which include but are not limited to provisions Regulator, development methodologies and best practices, Business Bank, Data risk loss data.

Bank Mandiri has a policy of Enterprise Risk Management (ERM), which is used as a guideline in the implementation of integrated risk management, linking strategic planning, risk appetite, business execution, risk assessment and performance evaluation. ERM implementation as well as a vehicle for the implementation of Basel II and III in Bank Mandiri gradually in accordance with the regulations of Bank Indonesia.

Enterprise Risk Management (ERM) Bank Mandiri

Through the implementation of ERM, Bank Mandiri was able to determine capital needed to cover the Bank's risks, to allocate capital to all business lines and to identify the opportunity to diversified and optimized its portfolios.

The application of risk management at Bank Mandiri through ERM framework uses a two-prong approach, namely risk management through capital and risk management through operational activities, which is expected to achieve hierarchical risk management in the overall management of the business.

The four principal components supporting the application of this approach are :

1. Organization and Human Resources

Bank Mandiri's Risk Management Unit is responsible for the management of risks encountered by the Bank, including developing supporting tools needed for business processes and risk management. In addition, there is a line unit that acts as the risk counterpart for business units in the four-eye lending process.

Risk management is the common responsibility and involves all units in Bank Mandiri. Essential to the successful implementation of the risk management function are risk awareness and sufficient technical capabilities on the part of all line units in Bank Mandiri. Consequently, regular internal training is provided through the Governance, Risk & Compliance (GRC) Academy, both for the staff of the Risk Management Directorate and of other Directorates. In addition, every year the Bank organizes risk management information campaigns, discussion forums, internships, and programs that are consistent with the internalization of the Bank Mandiri corporate culture.

2. Policies & Procedures

Bank Mandiri has adopted the Bank Mandiri Risk Management Policies (KMRBM) to serve as the principal guideline for the application of risk management. At the more specific level, the Bank has adopted separate policies and procedures, for example, specific policies and procedures for credit, treasury and operations. All the policies and procedures that have been adopted by Bank Mandiri in this respect are based on hierarchical risk management in all of the Bank's operations, and are reviewed as well as updated at least once a year.

In the application, each Bank Risk Operational Management Unit shall be guided by technical operation direction/procedure/guideline, implement Operational Risk Management based on its business target, implement Operational Risk Management instrument and provided Operational Risk Profile Report.

3. System & Data

The risk management system has been developed to support greater efficiency in business processes so as to speed up the decision making process while at the same time adhering to prudential principles. In order to maintain the integrity and quality of data, Bank Mandiri has established an Integrated Processing System and Loan Origination System which is designed to improve the efficiency of the lending process and maintain data quality in the corporate, commercial and retail segments. The system also includes an Integrated Collection System to improve collection productivity, particularly in the consumer and retail segments.

Bank Mandiri uses the Summit System and the Sendero System to manage its trading book and banking book risks for treasury and asset & liability management.

To provide an accurate overview of its risk profile as parent company and as consolidated and integrated with its subsidiaries, the Bank has established the Bank Mandiri Risk Profile System (RPX) which refers to a web-based system designed to expedite access and simplify control.

To integrate risk management bank-wide, Bank Mandiri has adopted the ERM system so as to facilitate the holistic monitoring of risk management, including calculating the capital needed to cover all types of risk. The ERM system has the capacity to calculate capital charges (using the Standardized Approach and Advanced Approach), and apply operational risk management tools, active portfolio management, stress testing and value-based management.

4. Methodology/Models & Analytics

Bank Mandiri consistently conducts risk assessment based on international best practices using both the quantitative and qualitative modeling approaches through the development of risk models such as rating, scoring, value at risk (VaR), portfolio management, stress testing and other models so as to support judgmental decision making. The Bank's risk models are regularly recalibrated and validated by the independent Risk Model Validator Unit, whose function is to maintain the reliability and validity of models and ensure that they satisfy the regulatory requirements.

In order to align the application of Basel II and ERM with the Basel II regulations and best practices, the Bank has worked closely with one of the leading consultants in the field of risk management for the adoption and implementation of the Basel II framework and ERM. The implementation of Basel II and ERM in Bank Mandiri covers Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book Position, Operational Risk, Capital Management and the Internal Capital Adequacy Assessment Process (ICAAP).

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Implementation of Basel II and ERM

Implementation Aspect	Implementation Scope
Credit Risk	Development and refinement of Basel II Risk Parameters for the implementation of the Internal Rating Based Approach (PD, LGD, and EAD)
Market Risk	Measurement of risk structured products, treasury trading limits, and infrastructure treasury system
Liquidity Ratio and Interest Rate	Development of liquidity limit framework, core deposit analysis, Risk Appetite Statement (RAS), stress testing liquidity, re-pricing gap method, and system implementation banking book market risk.
Operational Risk	Development Framework and Governance Operational Risk Management (ORM).
Capital Management	Completion of Economic Capital models, development framework and Capital Optimization Portfolio Optimization
Internal Capital Adequacy Assessment Process (ICAAP)	Application of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronization premises related regulations Risk Based Bank Rating (RBBR).

Risk Management Application

The risk management and internal control of Bank Mandiri are implemented in all lines (three layers of defense) and at all levels as explained below:

1. Active Supervision of the BOC and BOD
 - a. The BOC and BOD understand the risks faced by the Bank and have provided clear direction, carried out active supervision and mitigation as well as developed Risk Management culture in the Bank.
 - b. The BOD establishes an organization structure that clearly reflects the limits of authority, responsibility and functions, as well as independency between the Bank's business units and line units of risk management.
 - c. The BOC assumes the responsibility for the approval and periodical observation of the risk strategy and policy that covers the Bank tolerance levels toward risk, the cyclic trends of domestic and international economy, as well as the design for long-term requirements.
 - d. The BOD is responsible for implementing risk strategy and policy by clearly outlining and communicating risk strategy policy, monitoring and controlling risks and evaluating the implementation of the related policy and strategy.
 - e. The BOD monitors the internal and external conditions to ensure the execution of the Bank strategy has taken into account the risk impacts and ensure that the line units have the authority and responsibility that support the formulation and monitoring of strategy implementation, including the corporate plan and business plan.
 - f. The BOD establishes the procedure for adequate review on the accuracy of risk assessment methodology, risk management information system implementation adequacy, as well as risk limit and procedure policy
2. The Adequacy of Policy, Limit Establishment and Procedure
 - a. Risk Management application at Bank Mandiri is supported by a framework that covers policies and procedures for Risk Management and risk limits which are clearly defined in line with the vision, mission and business strategy of the Bank.
 - b. Bank Mandiri has written policies and procedures that fulfill the principles of transparency, improving service quality towards customers and stakeholders, and the policy must comply with the prevailing legislation.
 - c. Bank Mandiri risk management policies are prepared according to the Bank's mission, business strategy, capital adequacy, human resource capacity and risk appetite.
 - d. Bank Mandiri conducts evaluation and updates the risk management policies by taking into consideration development in internal and external conditions.
 - e. The establishment of risk limits, which include limits per product/transaction, per type of risk and per functional activity, has been sufficient and monitoring limit is carried out periodically.
3. The Adequacy of Identification Process, Measurement, Monitoring and Risk Control as well as the Risk Management Information System
 - a. The Bank undertakes accurate risk identification and measurement processes on every product or transaction deemed to be having risks.
 - b. Risk identification is proactive, covers all business activities of the Bank and is conducted to analyze the sources and the possibility of risk incidence and its impact.
 - c. The Bank already has adequate risk exposure monitoring systems, including the existence of independent functions to routinely monitor risk exposure, provide accurate and timely information, feedback and follow-up on corrective actions and improvements.

- d. The Bank develops a management information system tailored to the characteristics, activities and complexities of the Bank business activities.
4. A Comprehensive Internal Control System
 - a. The Bank implements internal control systems into Bank Risk Management application in reference to the established policies and procedures.
 - b. There are delegation of authority and responsibility for monitoring the compliance with the policies, procedures and limits.
 - c. There are clear reporting line and separation of functions between operational line units and line units assuming control functions.
 - d. Bank Mandiri has established sufficient procedures for ensuring compliance with the prevailing laws.
 - e. The Bank conducts an effective, independent and objective review of the policies, framework and procedures for Bank operations of which the frequency/intensity of these procedures can be improved based on the risk exposure, market movements, measurement methods and risk management.
 - f. Internal Audit line unit conducts the audit on a regular basis with adequate coverage, documenting the findings and the management's feedbacks on audit results and reviewing the follow-up on such findings.
 - g. A comprehensive description of the risk factors and efforts to manage each risk may also be consulted in the Overview of Business Support Functions, in Risk Management section.

Types of Risk and Risk Mitigation

The risk management focused especially on the types of risks determined by the OJK, such as credit risk, market risk, liquidity risk, operations risk, strategic risk, reputational risk, legal risk, compliance risk and insurance as well as intragroup transactions. However, the Bank also manages other risks, such as those associated with information technology.

In line with the global economic that has not yet been its post-crisis recovery, high volatility of foreign exchange rates, trend in declining commodity prices and the volatile growth of the Indonesian economy, Bank Mandiri conducts risk management in an a proactive and anticipatory manner including, inter alia, through stress testing, intensive monitoring of each business segment and the preparation of contingency plan.

Bank Mandiri conducts a bank-wide integrated evaluation of the risks encountered. Some of the uncertainty faced by the Bank following mitigation undertaken as follows:

Uncertainty	Description	Mitigation
Credit Concentration	Overexposure to one individual or entity, a related entity group, a geographical region, certain products and the likes with common systematic criteria, with a potential of highly material loss	- Use a tool called Portfolio Guidance on all credit risk management stage - Limit exposure by limit policy (industrial limit and debtor limit) - Monitoring on credit distribution through Loan at Risk (LaR) report , both for wholesale and retail segment
Business Process Complexity and wide network coverage	In line with the aggressive and nonorganic business growth, Bank Mandiri has a diverse and complex business as well as an extensive network encompassing overseas offices and subsidiaries.	- Apply the ERM to risk management. - Carry out consolidated risk management with subsidiaries engaged in the financial sector in a gradual and viable manner.
Internal & external fraud	Deliberate acts of deviation and omission to deceive, defraud, or manipulate the Bank, customers or other parties, which occur in the Bank domain and/or use Bank facilities thus causing the Bank, customers or other parties to suffer a loss and/or the fraud perpetrators to obtain direct or indirect financial benefits	- Operational risk management by all work units. - Increase risk awareness through a series of publication programs including the "NO Surprise" program to all work units. - Implementation of Operational Risk Management which is periodically monitored by operational risk management forum (MRO) in central and regional offices. - Complete due diligence and risk management processes to customers by referring to regulations of Bank Indonesia and using risk-based approach principles..

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Global crisis and slowdown in economic growth	Capital outflows from Indonesia due to US Federal Reserve plan to increase the interest rate.	• Mel• Conducting regular comprehensive stress testing and set up the contingency plan.
	China economic slowdown threatened commodities demand.	• Efficient AFS exposure and fixed assets portfolio management.
	There was uncertainty prior to British plan to exit from European Community (Brexit).	• Strict review on industry sector that impacted from China economic slowdown, included mining, commodity and textile.
	Changes on the benchmark rate from BI Rate to 7-days Reverse Repo Rate & Operational Term Structure	• Development of calculation method and Value at Risk (VaR) monitoring based on Risk Factor. • Managing exposure that exposed by interest rate risk through PV01 limit implementation.
Indonesia Economic Condition	Changes on improvement on national economic growth .	• Conduct prudent portfolio management (obtain prospective sector and less volatile to economic turnover, watchlist monitoring, and better end-to-end credit management).
Banking Liquidity	Financial market volatility caused tighter banking liquidity, thus increasing market interest rates and competition to obtain funds.	• Proactive and prudent liquid assets management and increasing market access.
Regulation Changes from the Government and Regulator	Changes in regulations concerning regulator which increases the Bank's exposure.	• Review and plan of implementation based on time limit of the changes or newly issued regulation that impacted to the Bank. • Adjust the risk portfolio or exposure for the Bank thus reducing the impact of changes in regulator/ government regulations, including by Bank portfolio diversification, higher capital and likes.
The increase of banking industry competition	Better economic conditions support higher competition in banking industry, including in interest rate pricing and credit processing time.	• Implement market leader strategy in funding pricing. • Implement risk-based pricing, which is different credit interest rates based on credit risk level.

Evaluation of the Effectiveness of the Risk Management System

The risk management system applied by Bank Mandiri is useful for analyzing risks or potential risks to be faced at the moment and in the future, and finding mitigation of such risks. The system in place needs to be evaluated in order to evaluate its effectiveness. Through this evaluation, Bank Mandiri is able to analyze whether the strategies employed to handle the risks have complied with what has been determined.

Evaluation and reviews on Bank Mandiri risk management system are conducted both internally and externally. Internally, the Risk Monitoring and Integrated Corporate Governance and Audit Committees have the duty and responsibility of conducting studies and evaluation of integrated policies and implementation of risk management of the Bank, as well as providing input and recommendations to the BOC as part of the oversight functions carried out. Internal audit, on a regular basis, reviews and audits the implementation of risk management based on the principle of risk-based auditing, with the aim of not only ensuring internal control, but also continuously improving risk management. Externally, the evaluation of risk management is performed by external auditors and Bank Indonesia auditors. Bank Mandiri worked closely with international external consultants to carry further development on infrastructure of Enterprise Risk Management (ERM) in Bank Mandiri based on Basel II and best practices.

Risk Management Strategic Goals in 2017

In order to support business growth and anticipate changes in macroeconomic conditions and the implementation of new regulations, the Bank is continuing to develop the infrastructure and risk management capabilities, among others, include the following:

1. Alignment of the level of risk in the Bank
 - a. Implementation of Risk Appetite Statement (RAS) as formal guidelines in the process of taking the risk to achieve business targets.
 - b. Develop systems that aggregate calculation of stress testing for credit risk, liquidity risk, market risk, the impact on the profit/loss and capital adequacy ratio (CAR), in Bank Mandiri and Subsidiaries.
2. Strengthening Credit Portfolio Management Strategy through Portfolio Management, Portfolio Mix, Pipeline Management, and Credit Supervisory via Credit Portfolio Management Strategy Project.
3. Improve end to end credit process in the wholesale segment through:
 - a. Business process improvement wholesale segment with limits for anchor client and specific sectors.
 - b. Implementation Name Clearance on the determination of the debtor pipeline and Proactive Loan Monitoring System for credit monitoring.
 - c. Strengthening the resources of the debtor in order to analyze and monitor credit quality.
 - d. Credit Enhancement Processing System in order to improve end-to-end credit process.
 - e. Optimizing the use of limit management system.
4. Efficient use of capital through :
 - a. IRBA implementation of Phase III.
 - b. Modeling Enhancement Basel II Risk Parameters for Retail Portfolio.
 - c. Implementation of New Operational Risk Reporting System.
 - d. Enhancement Calculation of Operational Risk Capital Expenses.
 - e. Intended and extended of Validation Functions.
5. Development of a model Expected Credit Loss in preparation for the implementation of IFRS 9.
6. Optimizing the Management of Assets & Liabilities by managing yield of earning assets and cost of liabilities, Pricing Strategy, and Implementation of New ALM Solutions.
7. Optimizing the implementation of Operational Risk management framework by improving the policies, procedures, tools, and systems, as well as the implementation of the Operational Risk Forum.
8. Compliance Disaster Recovery Center (DRC) in the framework of sustainability of the Risk Management System.

More information related to risk management can be found in Chapter Management Discussion and Analysis on page 147-206.

Internal Control System

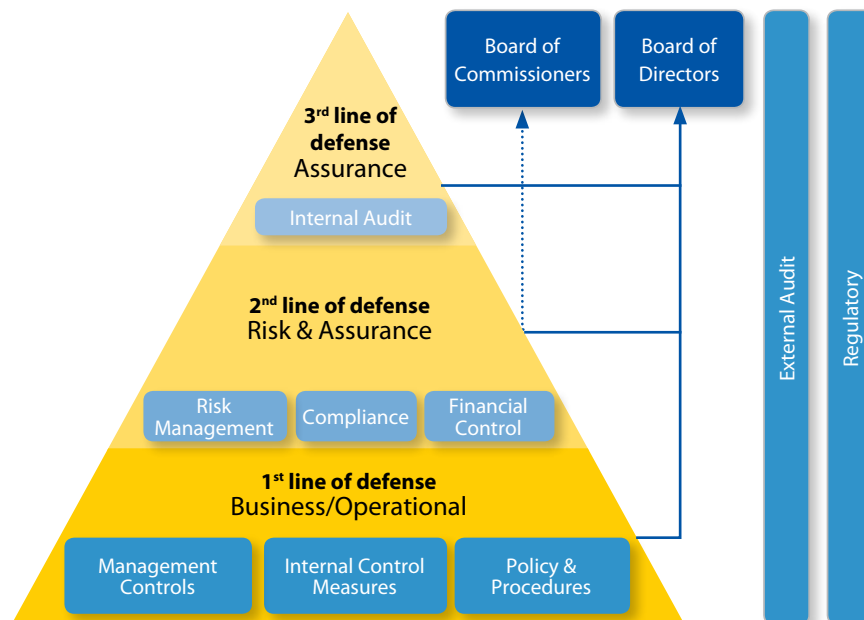
Implementation of Good Corporate Governance sustainable and prudential principles in the organization and management of the Bank, the management committed to improve work ethics and integrity as well as creating a culture that emphasizes the importance of the implementation of the Internal Control System (SPI), a reliable and effective in each level of organization.

Implementation of Internal Control System effectively that help the Bank in maintaining assets, ensure the availability of accurate information and reporting, increasing the Bank's compliance to the rules and regulations in force, as well as reduce the risk of loss, fraud and violation of the principle of prudence.

Internal Control System Framework

The internal control system framework is implemented in all the processes and decisions that include the process of planning, execution and evaluation of the implementation of the Code of Conduct, the division of duties, powers, procedures which included a risk assessment, risk mitigation, limits, approval, and the presence of adequate reporting.

The internal control system framework adopted by Bank Mandiri is a Three Lines of Defense concept which represents a recent implementation of a control strategy in accordance with COSO – Internal Control Framework system. This concept refers to a collaboration of the roles in on-going monitoring and separate monitoring by involving the business unit in managing internal control, unit that acts as Quality Assessment, Compliance unit, inspection, Risk Management with the function to monitor specific risk as well as Internal Audit with the function in providing independence assurance.



Note :

- 1) **Business/Operational Unit (first line of defense):** As the owner of the risks that play a role managing the internal control aspects in their work unit, ensuring a conducive environment to exerting control and consistency in the implementation of risk management policies and procedures.
- 2) **Risk and Compliance Unit (second line of defense):** Develop and monitor the implementation of the risk management of companies overall, the supervision order business function to implement risk management policies and procedures standard operating according to the corridors which have been established as well as monitor and report the risks companies thoroughly to the organ that has the highest accountability in the Company.
- 3) **Internal Audit Unit (third line of defense):** As an Independent Assurance role is to conduct the Review and evaluation of the design and implementation of an overall risk management as well as ensure that the defense of the first layer and the second layer goes as expected.

With the implementation of the three lines of defense are expected to strengthen the internal control system of the Bank Mandiri as a result of cooperation across the lines of the Bank ranks ranging from first, second and third lines of defense. In addition, the Bank has set the Internal Control System Policy Bank Mandiri (KSPIBM) as a cornerstone in the implementation of the Internal Control System, which is a control mechanism established by the Board of Directors with the approval of the Board of Commissioners on an ongoing basis (on-going basis) for the following purposes:

1. Maintaining and securing the assets of the Bank,
2. Ensuring the availability of more accurate reports,
3. Improving compliance with applicable regulations,
4. Reducing financial impacts/losses, irregularities including fraud, and violation of the precautionary principle, and
5. Improving organizational effectiveness and cost efficiency

As the process is being run by all levels of the Bank, the Internal Control System applied in determining the strategy throughout the organization and is designed to be able to identify the potential for an occurrence that may affect the company, and to manage risk in order to remain within the limits of tolerance (risk appetite), for provide reasonable assurance in order to achieve company goals. Internal Control System consists of eight components that are interrelated with each other and determine the effectiveness of the application, namely:

1. Internal Environment

Internal environment is the basis for assessing the risk management and control as well as how to react. This forms the basis and the driving factor goes seven other components of the Internal Control System.

2. Objective Setting

The Bank set a target (objective setting) as a requirement for the event identification, risk assessment and risk response is effective.

3. Event Identification

The management identifies events that could potentially affect the Bank's ability to implement strategies and achieve goals effectively. Such identification is carried out on the events of the estimated negative impact (risk) which requires assessment and response to the Bank. Identification is also made to the events that are expected to positively impact opportunities for management in the preparation of strategies to achieve the goals of the Bank. The management also considers all aspects of the organization in identifying potential events.

4. Risk Assessment

Risk assessment is a series of actions starting from the identification, analysis and risk measurement Bank to achieve the goals set. The risk assessment was conducted

on all types of risks inherent in any process/activity that could potentially harm the Bank.

5. Risk Response

The Management establishes measures to respond to the risks based on an assessment of risks and the relevant control.

6. Control Activities

Control activities cover the activities in control and segregation of duties.

7. Information & Communication

- a. The Bank has information system that can generate reports or provide data/information that is sufficient and comprehensive information regarding the business, financial condition, risk management practices, adherence to rules and regulations, market information or external circumstances and conditions necessary in order right decision.
- b. The Bank has information system that can generate reports or provide data/information that is sufficient and comprehensive information regarding the business, financial condition, risk management practices, adherence to rules and regulations, market information or external circumstances and conditions necessary in order right decision.

8. Monitoring

Monitoring activities include monitoring and corrective weakness and aberration correction action.

Internal Control System Evaluation

Management is responsible for the implementation of the Internal Control System is a reliable and effective and is obliged to promote effective risk culture and shall ensure that it has been embedded at every level of the organization.

Internal Audit is responsible to evaluate and take an active role in improving the effectiveness of the Internal Control System on an ongoing basis with regard to the implementation of the operations of the Bank in achieving the goals that have been established by the Bank.

Internal Audit conducted a review and periodic inspection of all activities in the Unit of Work and subsidiaries. The evaluation results submitted to management for follow up and monitor their implementation to ensure the Internal Control System was effective. In order to strengthen the Internal Control System, in particular to control fraud, the Bank adopted a strategy of comprehensive anti-fraud and integrated as part of a strategic policy.

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Compliance Function

The greater competition and the bigger scope of business of Bank Mandiri came with challenge to put attention to compliance risk. Preventive action is needed to minimize the violation of respective regulations. Compliance function implementation not limited to prevention of violation on regulations, but also to the spirit as the base of mind. It is important to put the Bank reputation as financial services institution.

As part of Good Corporate Governance process and in relation with implementing compliance function as stipulated in Bank Indonesia Regulation No. 13/2/PBI/2011 regarding Implementation of Compliance Function for Public Bank, Bank Mandiri already have the policy and compliance standard guideline that emphasize role and responsibilities of Compliance Unit in implementing compliance function.

Organizational Structure of Compliance Unit

The structure and status of the Compliance Unit (SKK) is set out in the Bank Mandiri Compliance Policy (KKBM), which contains detailed Compliance Standards (SPKP). The organizational structure of the Compliance Unit is as follows :

1. Director responsible for compliance function;
2. Compliance Unit in Head Office;
3. Compliance Unit in Business Units.

Director Responsible for Compliance Function

Director in charge of compliance function is Ahmad Siddik Badruddin as Risk Management & Compliance Director. Brief profiles can be seen on the profiles of Directors.

The Process of Director Appointment, Dismissal and/or Resignation

The process of appointment, dismissal and/or resignation of Director in charge of compliance function in the bank has been set as follows :

- 1) The appointment, dismissal and/or resignation of the Director of the Compliance Function in charge of the bank has reference to the provisions on the appointment, dismissal and/or resignation of members of the Board of Directors as stipulated in Bank Indonesia regulating commercial banks, and Bank Indonesia Regulation (PBI) No. 13/2/ PBI/2011 dated January 12, 2011 on the Implementation of Compliance Function.
- 2) If the Director is in charge of the Compliance function remains incapacitated, resigns, or outgoing, the Bank immediately appoint a successor Director in charge of Compliance Function.
- 3) During the process of replacing the Director in charge of Compliance Function, designated one of the other Directors

to temporarily carry out the duties Director in charge of Compliance Function.

- 4) Directors who carry out duties temporarily as Director in charge of the Compliance function, either because absent temporary or permanent, is not held by Director and/or Deputy Director and the Director in charge of functions that may affect independence. In the case of other directors who concurrently post of executive director in charge of compliance function does not exist, then the post of executive director in charge of compliance functions while concurrently by another Director in charge of operational functions.
- 5) Any replacement post of executive director in charge of Compliance Function is always reported to Bank Indonesia.

Appointment of Director in charge of Compliance Function has been through the Fit and Proper Test in accordance with the provisions of Bank Indonesia.

Compliance Unit at Head Office

Compliance Group is a Compliance Unit at the Head Office of Bank Mandiri that directly reports to the Director in charge of Compliance functions. Compliance Unit at Head Office does not take over the responsibility of each Head of Work Unit at the Bank for the implementation of compliance in each unit.

Compliance Unit at Head Office have to fulfill several criteria in implementing compliance function, as follows:

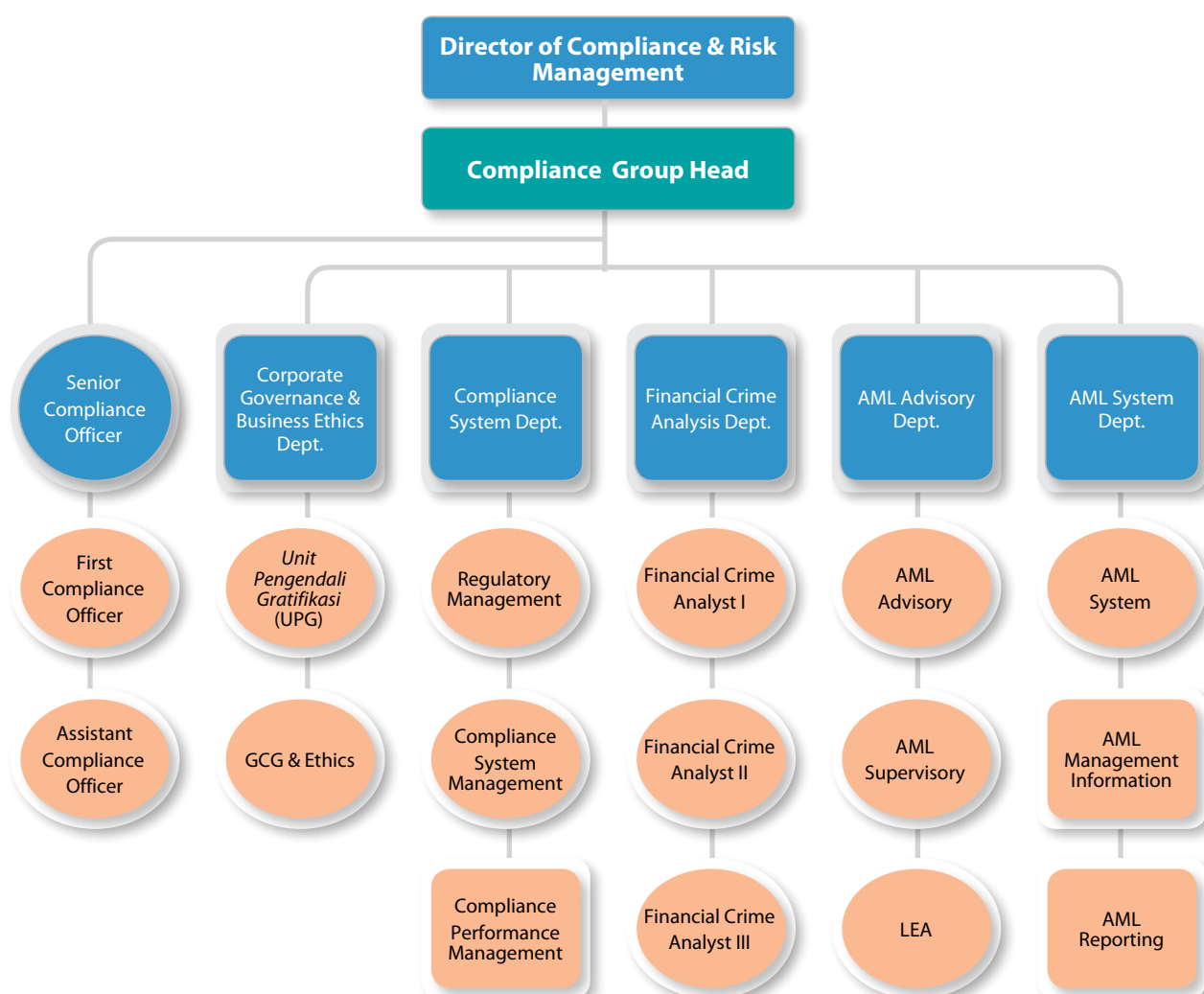
- a. Independent.
- b. Mastering in Bank Indonesia and other regulations.
- c. Do not carry other function in addition to Compliance Function.
- d. High level of commitment to implement and develop compliance culture

Duties and responsibilities of the Compliance Unit at the Central Office in relation to the implementation of the compliance function are as follows :

- 1) Making the steps in order to support the creation of a Culture of Compliance in all bank business activities at every level of the organization.
- 2) Performing the identification, measurement, monitoring, and control of the Compliance Risk with reference to Bank Indonesia regulation concerning Risk Management Implementation for Commercial Banks.
- 3) Assessing and evaluating the effectiveness, adequacy and suitability of policies, regulations, system and procedures that are owned by the Bank with the legislation in force.
- 4) Conducting a review and/or recommend updating and refinement of policies, regulations, systems and procedures that are owned by the Bank to comply with Bank Indonesia regulations and legislation in force.
- 5) Taking measures to ensure that policies, regulations, systems and procedures, as well as the business activities of the Bank in accordance with Bank Indonesia and the legislation in force.

Moreover, in line with the implementation POJK No. 18/POJK.03/2014 on the Application of Integrated Governance For conglomeration of Finance, Bank Mandiri has set Compliance Group as Integrated Compliance Unit (SKKT) which oversees the implementation of the compliance function in Mandiri.

In pertaining compliance function, the Compliance Group consists of 5 Department and 1 Compliance Officer Function, as follows:



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Compliance Group Head

Head Office Compliance Unit (SKK) lead by Head of Compliance Unit. Every appointment and/or dismissal of the Head of Compliance Unit, Bank Mandiri has referred to the Compliance Policy Bank Mandiri and Bank Indonesia and Financial Services Authority (FSA)

Profile of Compliance Group Head

Chrisna Pranoto

Chrisna Pranoto was born in Jakarta December 28, 1962. Graduated from the Bogor Agricultural University Department of Agronomy in 1986 and Magister International Business University of Gajah Mada in 1998 and followed various training at home and abroad related to risk management, trading, leadership, finance and training related to other banking business.

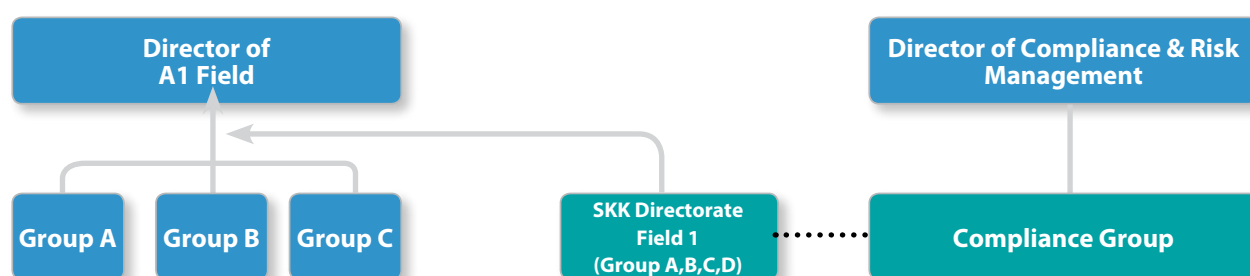
Chrisna Pranoto has experience as a Branch Manager Employees Medan City Hall (1989-1992), Branch Semarang (1992-1995), P. International (1995-1996), PJ KA. Section JPD Headquarters & LN; Eczema & FX; EKSIM Forex Foreign Exchange Services (1996-1997), the head of the International P. Head Office; EXIM-FX; Currency EXIM- exports (1997-1999), SRM: Group Head Trade Services Operation; Trade Service (1999-2001), SRM: Department Head Central Operations; Trade Service Operations (2001-2003), AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2003-2005), AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2005-2006), DH Trade Service Operations Central Operations Group; Trade Service Operations (2006), PJ Group Head Credit Operations (2006-2007), Group Head Credit Operations (2007-2012), Group Head Distribution Network II (2013-2014), Servant Leadership Change Management Office (2014) and PJ Group Head Policy, System & Procedure (2014-2015).

Chrisna Pranoto also been carrying out other duties as a member of the team merged Bank Mandiri of Operations (1998-2002), Application Systems Implementation Team Trade, Member of the Supervisory Board of Bank Mandiri Pension Fund (2006-2009), Member of the Supervisory Board of Bank Mandiri Pension Fund (2009-2010), Program Manager Solutions Development Loan Factory (2010-2013), Management Representative during CLA Negotiation (2013), Commissioner of PT Mandiri Manajemen Investasi (2013-2014), Secretary of the RCC-RMC (2014) and President Commissioner of PT Mandiri Manajemen Investasi (2014- present).

Appointment of Chrisna Pranoto as Group Head of Compliance by the Decree of the Senior Executive Vice President of PT Bank Mandiri No. KEP.SEVP/338/2014 on Appointment and Position Determination in the Context of Changes in Organizational Structure.

Compliance Unit at Business Units

Compliance Unit (SKK) at Work Unit is the technical implementation of operational in each Directorate to assist in carrying out the Director of Compliance Function. Compliance Unit (SKK) on the work unit headed by Chief SKK in work units directly responsible to in charge Director. The existence of SKK Head Unit of Work does not eliminate the responsibility of the Director of Compliance/ Group SEVP and Head of the implementation of the compliance function in their work unit.



In order to monitor the implementation of the compliance function in the work unit, the SKK at Headquarters have no direct reporting relationship with SKK at Work Unit

Policies and Standards Compliance Guidelines

Efforts are ex-ante is necessary to minimize the potential risk of the Bank's business activities. Therefore, the Bank has established policies and standards compliance guidelines are the basis for all employees in growing compliance culture so that the Bank's activities always in line with the rules and regulations in force and based on the precautionary principle. Policy guidelines and standards referred to be periodically examined at least once a year according to the needs of banks and follow the changing legislation and regulations.

Compliance Policy Bank Mandiri (KKBM)

In general, the Bank Compliance Policy contains guidelines for all employees in the running of Culture of Compliance include: Public Policy, Organization, Authority and Responsibility, Compliance Risk Management, Reporting, Monitoring and principles of compliance. The principles of compliance of the Bank are as follows :

1. The Bank always obey the laws and regulations and apply the precautionary principle in implementing all the activities (mandatory).
2. The Board of Commissioners and Board of Directors to be an example (role model) that is based on honesty and integrity so that the implementation of a culture of compliance Bank (starts from the top).
3. The whole range of the Bank shall be fully responsible for implementing compliance within each activity respectively.

Standards Compliance Guidelines (SPKp) Bank Mandiri

SPKp a more detailed elaboration of the Compliance Policy which contains guidelines for the implementation of the Compliance Function, which includes procedures for the implementation of the compliance function, device compliance, handling compliance incidents, mitigate compliance risks, as well as the relationship Compliance Unit (SKK) with Unit Internal Audit (SKAI) and risk Management unit (SKMR), particularly operational risk management unit.

Compliance incident is a violation (non-compliance event) or event that may be regarded as a violation of (potential non-compliance event) to the legislation and regulations.

Technical Guidelines Compliance (PTKp)

PTKp procedures and operational technical work processes in the implementation of compliance, which is a translation of SPKp. Especially for the implementation of the compliance with the relevant provisions of the Anti-Money Laundering and Combating the Financing of Terrorism (AML and CFT), apply policies and standards guidelines for Anti-Money Laundering and Combating the Financing of Terrorism (AML PPT) of its own.

In relation to the implementation of the compliance function is integrated, which Bank Mandiri as main Entity, Subsidiary Companies are required to have compliance policies in line with the Bank Compliance Policy and comply with the provisions in force in each of the industries Subsidiary question. As for Overseas Branch adapted to legislation and regulations in the local country.

Compliance Strategy 2016

To support the achievement of the vision of the Bank in 2020, Bank Mandiri has set compliance strategies so as to minimize the likelihood of compliance risk and improve the culture of compliance at each of the Bank.

Risk Appetite Statement (RAS) Compliance Risk

The complexity of the business and the aggressive growth in the coming year should be balanced with compliance risk management more forward looking and more sensitive to the dynamic changes. For 2016, the bank has set the level of compliance risk to be taken (risk appetite) as one of the strategies of compliance.

Risk appetite is poured in the form of the Risk Appetite Statement (RAS), which is a reference for all levels of banks in running the bank so that the business targets can be achieved by taking into account the limits of risk that may occur. RAS compliance risk prudently prepared using the historical data according to compliance risk assessment parameters as stipulated in Bank Indonesia Circular Letter No. 13/24/DPNP dated October 25, 2011 concerning Commercial Bank Rating. RAS compliance risk is determined by the Risk Management Committee (RMC) through the process of alignment between the two perspectives, namely top-down perspective of Commissioners and the Board of Directors and the bottomup based on the input and synchronization with the business units and work units. In the future, RAS will be regularly reviewed in accordance with the needs of banks and business developments as well as regulatory changes.

End-to-End Regulatory e-Submissions

As a highly regulated industry in which some major advances in the regulation mechanism of various financial services, Bank Mandiri innovative approach through the creation of monitoring reporting system to cope with the volume of reporting that must be fulfilled.

Innovation system is designed to provide end-to-end regulatory management system ranging from resume preparing new regulations, assess their impact on the bank's activities, preparation of the reporting obligation, compliance reporting reminder to the submission of evidence reporting to regulators. With this system is expected to breach some critical areas, such as delays in reporting of Commercial Bank Daily Report (LHBU), late reporting of Commercial Bank Monthly Report (LBBU), and the delay in transfer of tax transactions can be mitigated.

Compliance Implementation Work Plan 2016

In support of the vision, mission and business plan of the bank, the implementation of the compliance function refers to the work plan of compliance in 2016 focused on strengthening the role of compliance ranks as the second line of defense so that the bank's activities is always directed and maintained in accordance with applicable law. Broadly speaking, compliance work plan in 2016 include the following :

1. Implementation of Compliance Function
 - a. Compliance risk management.
 - b. Strengthening a culture of compliance through a review of policies and standard procedures of the Bank and publishing product plans and activities of the Bank.

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2. Implementation of the Anti-Money Laundering and Combating the Financing of Terrorism (AML-PPT)
 - a. Submission of reports on suspicious financial transactions to the regulator in accordance with applicable regulations
 - b. Increased understanding of the holders of authority related to APU-PPT and Improvement Branch operational quality in the field of APU PPT
 - c. AML System Implementation and monitoring application development of new CIF.
3. Implementation of Integrated Compliance
In line with POJK No. 18/POJK.03/2014 on the Application of Integrated Governance Share Financial conglomerate, then the Bank as the main entity shall apply the integrated supervision to all subsidiaries as a member of the financial conglomerate.

Compliance Implementation Work Plan 2016

a. Compliance Risk Management

- a. Enterprise Risk Management (ERM) concepts in risk management is one of the bank's compliance risk management strategy that is comprehensive and integrated, tailored to the needs of the business and operations of the Bank. Compliance risk management through ERM will provide added value (value added) for the Bank and its stakeholders, especially for the effective implementation of the compliance function is more forward looking and more sensitive to the dynamic changes. In 2016, the bank has set a Risk Appetite Statement (RAS) on the compliance risk is the reference for all levels of the bank in carrying out business activities of the bank. Implementation RAS compliance risk will continue to be monitored realization by Group Compliance and risk management unit. RAS compliance risk will be reviewed once a year to see compliance with changes in business strategy targets and the Bank as well as regulatory developments and historical data breach that occurred.
- b. In addition, the Bank has also developed integrated risk library (IRL) previously obtained from the database of compliance risk by each Directorate turned into a single database bank wide. It supports the improvement of the accuracy of the determination of the Top 10 bank wide compliance risk.

b. Strengthening Compliance Culture

- a. In line with the development of the bank's business activities have a major impact on increased risk exposure faced, one of the efforts to mitigate the risks in order to maintain performance is sustained among others through the development of a culture of compliance that is inherent in any decision-making. Routinely, bank compliance unit reviewed the Policies and Procedures Standard Bank to ensure that policies, regulations, systems and procedures as well as business activities conducted by the Bank in accordance with Bank Indonesia regulations and legislation in force. Additionally, the unit also monitors the banks' compliance discipline units in realizing the plan to the products and activities of the Bank in accordance with the schedule.

- b. To optimize the implementation of the compliance function, the Bank also has developed a monitoring system for reporting to do a reminder to the reporting unit automatically making compliance risk, particularly the risk for delay in submission of reporting can be minimized.
- c. The Bank also increased competence of personnel unit compliance through compliance certification program consisting of three (3) levels, as follows :

Level Competency	Certification
Compliance & AML Officer (Level 1)	Knowledgeable
Compliance & AML Officer (Level 2)	Analytical (Case Study)
Compliance & AML Officer (Level 3)	Concept, Strategy, Policy, Plan, Evaluate

a. Implementation of Integrated Compliance

Synergies implementation of compliance with its subsidiaries can enhance cooperation and coordination are more solid. The synergy of the compliance function is performed by aligning compliance policies and compliance risk management, particularly compliance risk assessment parameters between Bank Mandiri as the Main Entities (EU) and its subsidiaries as members of the Financial conglomerate.

Fulfillment of commitments to the competent authority

Bank Mandiri is committed to fulfill all commitments to Bank Indonesia and authorities. To ensure compliance with the commitments made to Bank Indonesia, Bank Compliance Unit is continuously monitoring the whole of the commitments outlined in the form of services supervisory function, Review/ Examination services, consultation services and Regulatory services.

During 2016, all the commitments to regulators and authorities have been completed/fulfilled properly.

Application of Anti-Money Laundering (AML) and Combating the Financing of Terrorism (PPT)

Money laundering is a threat for the banks, because basically banks can be used by the perpetrators, especially the perpetrators of money laundering. Banking, in this case facing various risks due to the use of banks as a means of money laundering, such as operational risk, legal risk, compliance risk, concentration risk, and reputation risk.

Therefore, application of the AML Program PPT becomes a necessity, and has become a commitment for the bank to run it consistently and effectively. In order to improve the effectiveness of APU PPT Program in Bank Mandiri, has also been supported by active supervision of the Board of Directors and Board of Commissioners. The role of the Board of Directors and Board of Commissioners in supervising obviously affects the attainment of organizational goals in implementing APU PPT Program, including at subsidiaries. In addition, the role of the Board of Directors and Board of Commissioners also can motivate employees and work units in encouraging a culture of compliance throughout the organization.

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Implementation of APU PPT program conducted by the Special Working Unit (UKK) APU PPT is structurally under the Compliance Unit (SKK) Bank Mandiri Head Office and directly responsible to the Director of Risk Management & Compliance is in charge of the compliance function in the bank.

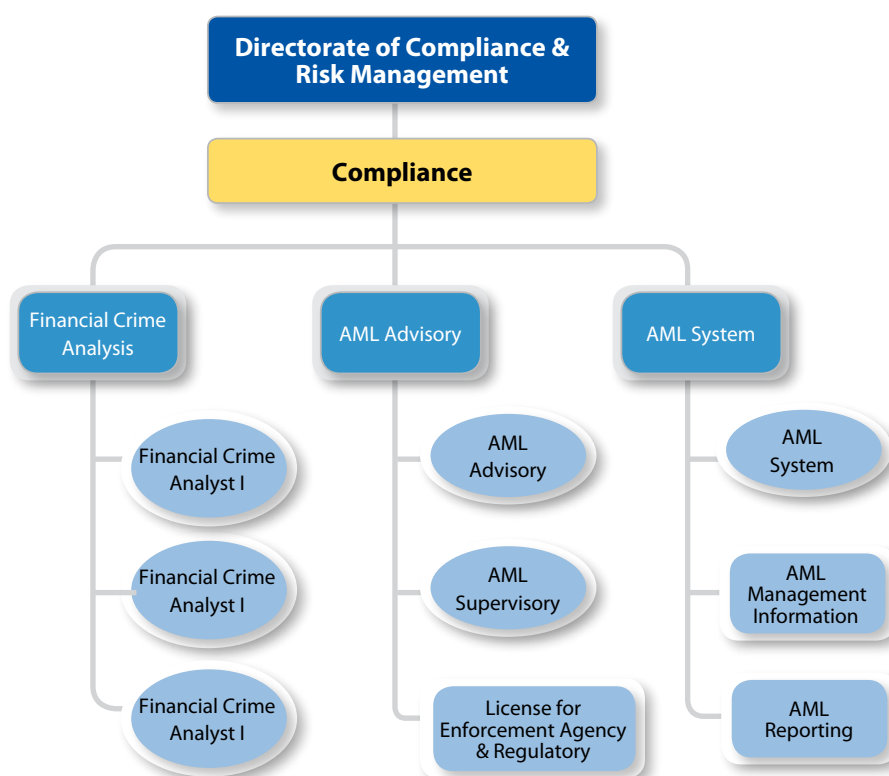
PPT APU Policy

In accordance Indonesia Bank Regulation No. 14/27/PBI/2012 dated December 28, 2012 on the Implementation of Anti-Money Laundering and Combating the Financing of Terrorism for Banks, the implementation of APU PPT program is part of the implementation of risk management as a whole are at least include :

1. Active Supervision Board of Directors and Board of Commissioners;
2. Policies and procedures;
3. The internal control;
4. The management information system; and
5. Human resources and training

Organizational structure

The increasing complexity of the business, products and financial services offered by the Bank, the higher the risk of the use of the Bank is used as a means of Money Laundering and Financing of Terrorism. APU PPT UKK organizations focus on ensuring the implementation of APU PPT program is getting stronger, with developing UKK APU PPT in the Central Office into 3 (three) Department, as shown in the chart of the organizational structure as follows:



In line with the Bank in ensuring the implementation of APU PPT can be run effectively and comply with the regulator as well as to protect the Bank as a means of money laundering, the implementation of the tasks APU PPT Unit Head Office attached to the Compliance Unit at the Unit of Work, and in branch by anti-Money Laundering Officer (AMLO) based in the Regional Office. In addition to considering the workload and complexity of business operations, has also been appointed Person in Charge (PIC) APU PPT in every branch tasked to carry out or supervise the application program at APU PPT branch supervision.

Evaluation of Effectiveness of the Compliance Function

Implementation of the activities and performance of the Compliance Function regularly evaluated and assessed by the Director of Risk Management & Compliance for the sake of increasing the effectiveness of the implementation of the activities and performance of the Compliance Function in the years to come. Compliance Function assessment criteria based on the Annual Work Plan, Key Performance Indicator (KPI) and the Work Program/Work Activity Non Key Performance Indicator (Non KPI). The assessment is based on KPI cover aspects of the Financial Perspective, perspective Customer, Internal Business Perspective and Development Perspective. Evaluation is expected to improve the quality of the implementation of a culture of compliance and compliance risk management in minimizing the risks that may occur as a result of non-compliance with applicable regulations.

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Control Program Gratification

Bank Mandiri realizes that controlling gratification is an important activity to keep business processes running in accordance with the business ethic that values integrity. Therefore, since 2013, Bank Mandiri has the Technical Guidelines of Operations (PTO) Gift Disclosure Statement governing the admission prohibition Gratuities for all employees of the Bank. In addition, the control Gratification aims to build the values of Good Corporate Governance and instill value integrity to all employees of the Bank so that in performing activities of daily business with customers, vendors, partners and all stakeholders based on ethics, mutual trust, and responsible, thus the interests of the business continues to run well and ethically, but not contrary to the prohibition of gratification. Until now, the bank seeks continuous improvement in the implementation of gratification controls.

As part of its commitment as a strategic partner of Bank Mandiri Commission in establishing the National Integrity System signed on 4 November 2014 and the Commission Regulation No. 2 of 2014 on December 9, 2014 on Guidelines for the Reporting and Determination of Status Gratuities, then perfecting control of gratification in Bank Mandiri has been done through changes PTO Gift Disclosure Statement becomes PTO Gratuity Control which will then be reviewed periodically and predefined Control Unit Gratification (UPG) by Decree (SK) the Board of Directors is valid from July 3, 2015, in addition the bank also has implemented control Gratification through continuous socialization, the signing of the pact of integrity and centralized reporting UPG Gratification through Bank Mandiri.

Following up on landing the Corruption Eradication Commission (KPK) in relation to the determination of the limit values of fairness and adjustments to the current conditions in which the Bank in performing activities of daily business needs to maintain good cooperative relationship with customers, vendors, partners, business partners and all stakeholders that are based on ethics, mutual trust, and responsible, then the bank has complete control program by revising PTO

gratification gratuity control that came into effect in August 2016. Under the revised gratuity control PTO has arranged some new things as follows:

- a. Extended coverage gratification receiver in the Bank Mandiri
- b. Settings gratification of Subsidiary
- c. Determination of the value limit of reasonableness
- d. Changes in reporting deadline rejection/acceptance of gratuities
- e. Storage mechanisms of money/goods /parcel
- f. The signing of Integrity Pact

In order to support the eradication of corruption, the Bank actively participates in activities coordinated by the Commission include:

- a. Following the workshop together with the Commission and fit (Ministries, Institutions, Organizations and Government) in the discussion Indonesia Corporate University to support the National Integrity System.
- b. Following Gratification Control Unit of the National Forum held on 31 October to 3 November 2016 in Bogor, West Java.
- c. Following the Festival International Anti-Corruption Day 2016, held on 8-10 December 2016 in Pekanbaru Riau, where the Bank was elected as a state with Best Gratuity Control System.

Gratification Control Unit

Gratification Control Unit (UPG) the Bank is in Compliance Group, the Corporate Governance and Business Ethics (CGB) Department. UPG serve to control the environment Gratification in Bank Mandiri and assisted in their duties by the DCOR and AMLO. The UPG organizational structure of the bank is as follows:

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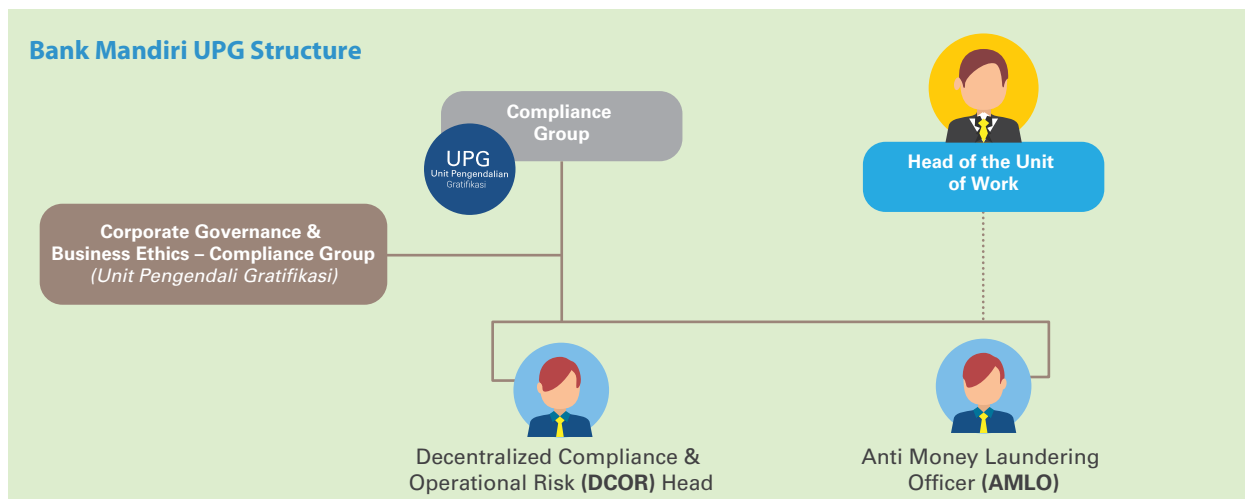
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Bank Mandiri UPG Structure



Gratification Control Implementation in Bank Mandiri

A. Integrity Pact

In order to support control programs gratuities, Bank Mandiri has a program Integrity Pact is a statement of the whole range of the Bank's commitment to uphold morality and integrity, protect and preserve the image, credibility and interests of the Bank by not soliciting or accepting gratuities from parties having a conflict interests.

Integrity Pact will be signed by the Board of Commissioners and Board of Directors at the time of signing re-established and once every year and signed by the Board of the Bank (other than the Board of Commissioners and Board of Directors) the first time they worked at the bank and the signing of a birthday once every 2 years.

B. Socialization Gratification Control

Socialization is done in a sustainable manner by UPG coordinate with any DCOR Head and AMLO told Work Unit at the Central Office, Region or through regular classes ODP/SDP/Basic Branch Manager (BM)/Intermediate BM/BM Advance.

Until December 2016, has been socialized to-face to the approximately 3,450 employees of Bank Mandiri. Besides socialization done through the installation poster Gratification Control Region (Banking Hall) and Central Office (Plaza Mandiri), through the delivery of Email Blast, Screen Saver, Tabloid Mandiri, the manufacture of a display of goods gratuities and appealed to all the partners/partner Bank for does not provide gratuities related to religious celebrations and the new year through the medium of national newspapers.

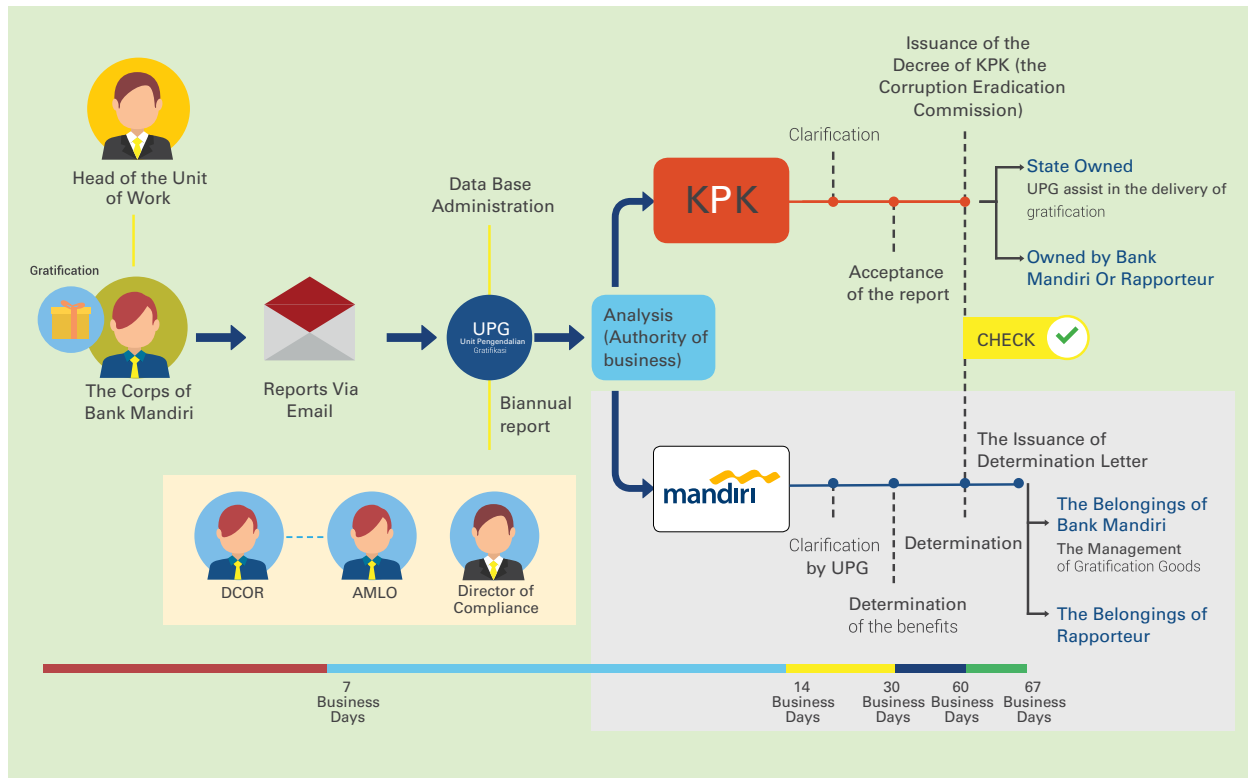
C. Reporting Gratification

Gratification reporting in Bank Mandiri is done by sending an email to UPG. Bank Mandiri employees who accept/reject gratuities reported acceptance/rejection of the UPG via email functionality at the most 5 workday after acceptance/rejection of gratification by sending a reporting form of gratification that can be obtained through the office of the Commission or website KPK or through files at PTO Gratification Control accompanied by documents supporting items such as photographs, proof of the handover ceremony, invitations and other supporting documents. After receiving the report, UPG will review and categorize report gratuities whether the authority of the Bank or the authority of the Commission. Until December 2016, the number of reports acceptance/rejection Gratification many as 126 reports. Acceptance Gratification reported included honorarium, electronic goods, souvenirs and food.

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D. Reporting Mechanism Gratification

Bank Mandiri has a reporting mechanism gratification customized reporting mechanisms KPK. The mechanism can be seen from the image below:



E. Gratification Control Program in Subsidiaries

As a step to embody a culture of integrity as one of the standard "One Culture" in the Mandiri Group, has conducted a meeting with all the Compliance Division Subsidiary Company on June 9, 2016.

Following up the meeting, PT AXA Mandiri Finance Services (AMFS) has had Gratification Control Guidelines that apply to all employees, Energy Marketing and Partners AMFS, such guidelines had been established on October 20, 2016 and is valid from the date of the determination.

In addition to the above, in the framework of the implementation of the Integrated Compliance Unit program, has done an internship program for Compliance Unit PT Bank Syariah Mandiri since October to December 2016 which includes also material control program Gratuities at Bank Mandiri.

F. "Budaya RAKSA" Program

As one of the efforts for implementation of controls gratuities in Bank Mandiri, then Control Program Gratification has been added to Team Program Internalization Cultural Centre, through Badges Mercury - Culture Excellent Scoreboard, the program is a reward from the program fiestapoin and Work Culture Winning the Bank related to the theme of Governance, the purpose of this program is in order to establish values of Good Corporate Governance and Integrity instill value to all employees of Bank Mandiri.

Codes and Culture

As part of Bank Mandiri's commitment to continually apply the principles of GCG, Bank Mandiri pick The code contains the basic rules guiding the behavior for all employees of the Bank in carrying out their duties and responsibilities of everyday so as to promote the establishment of professional behavior, responsible, reasonable, fair and trustworthy in doing business with customers, partners and colleagues.

Standards of conduct that must be applied by all individuals of the Bank consists of:

1. the work ethic as an elaboration of the basic principles of personal and professional behavior that is expected to be done by all beings Bank Mandiri in their duties.
2. The business ethics is a moral principle related to the behavior of individuals, protection of property bank, and the bank's business organizing one of them in interacting with stakeholders, as the basis of all human behavior Bank Mandiri in conducting business activities.

The Existence of the Code of Ethics

Based on the Joint Decree of the Board of Directors and Board of Commissioners No. 002/KEP.DIR.KOM/2000, the bank made a Code of Conduct containing the basic principles of personal and professional behavior performed by all employees of Bank Mandiri. Therefore, the existence of a code of conduct to guide the behavior and responsibilities for the Board of Commissioners, Directors and all employees of the Bank at all levels of the organization. In 2013, the Code was revised to suit the company's development.

The Contents of the Code of Ethics

Bank Mandiri's code of ethics includes setting the work ethic and business ethics.

The work ethic that governs the behavior of individuals Bank Mandiri, covering the following aspects:

1. Conflict of Interest

Conflict of interest is a condition in which the Board of the Bank in carrying out its duties and responsibilities have interests beyond the interests of the service, both concerning personal, family or the interests of other parties so that the Board of the Bank of the possible loss of objectivity in making decisions and policies appropriate authority has been given Bank him. Therefore:

- a. The entire Board of the Bank shall avoid activities that may pose a conflict of interest. If one reason or another cannot be avoided, then the question shall report to the direct supervisor.
- b. The entire Board of the Bank is prohibited from giving consent or request approval for the loan, as well as preferential rates or other specificity:

- i. Himself/herself.
- ii. Family.
- iii. Companies where he or his family have interests.
- c. The entire Board of the Bank are prohibited from working in another company as directors, employees, consultants or commissioners, unless the assignment or have obtained written permission from the Bank. Exclusively for members of the Board of Commissioners and Board of Directors, have a position to follow the provisions regarding corporate governance regulator.
- d. The entire Board of the Bank was barred from the partner directly or indirectly, either partner for goods or services to the Bank.
- e. The entire Board of the Bank is prohibited from taking goods belonging to the Bank's own interest, family or other outside interests.
- f. The entire Board of the Bank is only allowed to conduct securities transactions, foreign exchange, precious metals, derivatives and other goods for their own interests if there is no conflict of interest, breach of insider trading rules of the Capital Market Authority, and other regulations.

2. Confidentiality

- a. The entire Board of Bank is required to understand and maintain the confidentiality of any information, good information about customers and other information in accordance with prevailing regulations.
- b. The entire Board of the Bank to use the information received only for the banking activities and not for personal gain, and other family or activities outside the Bank.
- c. In providing information, each line of the Bank shall act in accordance with applicable regulations.
- d. To prevent abuse, the spread of customer information internally within the Bank carried out carefully and only to interested parties.
- e. The entire Board of the Bank are prohibited from disseminating information to outsiders about:
 - i. Bank activities with the Government of the Republic of Indonesia.
 - ii. Internal policies and procedures of the Bank.
 - iii. Management Information Systems, Data and Reports
 - iv. Data employee, whether active or not
 - v. Bank's business activities, including activities with customers and partners. Except with the consent of the Bank authorized officer or as a command based on applicable legislation.
- f. The obligation to keep the special things that should be kept secret remains in effect for former employees of the Bank.

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3. Abuse of Position

- a. Prohibited abuse their authority and taking advantage, either directly or indirectly, from the knowledge gained from the Bank's business activities:
 - i. Personal gain.
 - ii. Benefits for family members.
 - iii. Benefits for other parties.
- b. May solicit or accept, allow, or agree to receive gratification associated with his position and contrary to its obligations under the legislation in force. It also includes a ban solicit or accept, approve or agree to accept a gift or remuneration from third parties obtaining or trying to obtain facilities from the Bank in the form of credit facilities (cash loan or non-cash loan), or in order to purchase or discounting letters bill of exchange, promissory notes, checks and paper trading or other liabilities of evidence, or other facilities related to the operations of the Bank. The types of gratuities and reporting mechanism will be regulated in separate provisions.
- c. May solicit or accept, approve or agree to accept a gift or remuneration from third parties obtaining or trying to get a job related to the procurement of goods and services of the Bank.
- d. In terms of customers, partners, and others to give gifts in the form of goods or in any other form at certain moments such as the Eid ul Fitr celebrations, disasters and others, if:
 - i. As a result of acceptance of the gift is believed to have a negative impact and influence the bank's decision, and
 - ii. The parcel prices beyond reasonable limits, the Board of the Bank who receives the gift should immediately return the gift with a polite explanation that the Board of the Bank are not allowed to receive gifts.
- e. In terms of gift giving as mentioned in paragraph (d) above for one reason or another hard-refundable, Bank Board member who receives the gift should be immediately reported to his superior to take follow-up in accordance with applicable regulations.
- f. In terms of customers, partners, and other parties provide goods sale, then throughout the campaign due to the receipt of goods believed to not cause a negative impact and influence the decision of the Bank, the Bank Board is possible to receive such promotional items.
- g. In order to procure goods and services from third parties for official purposes Bank, Board Bank should strive to get the best price with maximum price cuts. Rebate (discount) obtained should be recorded for the benefit of the Bank.
- h. Prohibited recourse to borrowing from clients or owed to customers.
- i. May not take the opportunity to use facilities Bank for its own advantage beyond that provided by the Bank.

4. Conduct

- a. The Bank's employees who have confidential information are not permitted to use such information to take advantage for himself, his family or other third parties, with:
 - i. Affect customers or individuals or institutions in conducting transactions with the Bank.
 - ii. Spread the information to customers or individuals or institutions.
- b. Prohibited from using internal information to make a purchase, or trade in securities, unless the information is already known by the public at large.
- c. Shall not abuse his position and take advantage, either directly or indirectly, for himself, his family members or other parties and/or influence the decision process related to him.
- d. The decision to sell or buy the assets of the Bank as well as other services to do with the interests of the Bank without being influenced by Insiders.

5. Integrity and Accuracy of Data Bank

- a. Must present data that is accurate and reliable.
- b. Not allowed to record and/or modify and/or delete bookkeeping, with the intent to obscure the transaction.
- c. Only allowed to make any changes or deletion of data based on the authorization of the competent authorities in accordance with procedures established Bank.
- d. Not allowed to manipulate the document.

6. Banking System Integrity

- a. Must always introspective and avoid the Bank's involvement in criminal activities in the field of finance and banking.
- b. Mandatory suspect unusual transactions and required preventive action in detecting suspected accounts have been used for activities such as money laundering, terrorism financing, corruption and other crimes

As for business ethics as the basis of the behavior of every member of the bank in operation, covering the following aspects:

1. Individual Behavior

- a. Personal integrity
 - i. Uphold moral, self-esteem and a strong discipline.
 - ii. The Bank's employees maintain personal integrity according to the rules, regulations, policies and systems in place.
 - iii. Committed to maintain the image and reputation of the Bank.
 - iv. Leaned all the acts and behavior of the pure conscience.
 - v. Act in a responsible and respectable and free from the influence that allows the loss of objectivity in the discharge of the Bank or cause loss of business or reputation.
 - vi. Refrain from activities associated with an organization or individual that allow conflicts of interest.

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- vii. Both individually and together constantly strive to not get involved in things that can weaken or degrade the integrity of the banking system in Indonesia.
- b. Treatment / Action Discrimination
 - i. Uphold human rights.
 - ii. Discourage the practice of discrimination in all its forms.
 - iii. Harassment Board of Bank action required to avoid any action that violate public order and morality.

2. Protection of Possession Bank

- a. Bank Owned property
 - i. always maintain and protect all assets of the Bank both tangible and intangible.
 - ii. Banks use the property only for activities related to the interests of the Bank.
 - iii. Utilize the bank's possessions Bank with full responsibility, including the suitability of its designation.
- b. Protection of Confidential Information
 - i. Protect and prevent the information is valuable and confidential from loss, misuse, leakage and theft.
 - ii. Not disseminate reports/information regarding the Bank which are not intended for the public.
- c. Intellectual Property rights of Bank
 - i. Bank safeguards intellectual property rights.
 - ii. dedicate their competence for the benefit of the Bank as the Bank of intellectual property rights.
- d. Recording and reporting

Responsible for the accuracy and completeness of records and reports presented.

3. The organization Business Bank

- a. Mis-representation
 - i. The Bank's employees who represent the Bank in dealings with third parties acting according to the capacity and authority.
 - ii. The Bank's employees who represent the Bank to provide information, documents and reports are correct in the right way.
 - iii. The Bank management refrain from actions that could lead to a misunderstanding of the other party.
- b. Relationships with Partners
 - i. Always prioritize the interests of the Bank in dealing with business partners.
 - ii. Preventing corruption, collusion, and nepotism as well as a negative image in dealing with business partners.
 - iii. In collaboration with partners to apply the principles of professionalism and fairness which is based on good faith.
- c. Behavior in Compete
 - i. Was responsible for creating and maintaining healthy competition in the running business.
 - ii. Away, avoiding and preventing ways unhealthy competition in to develop his career.

- d. Relations with Other Organizations
 - i. Can make business contacts with other organizations including competitors along provide benefits to the Bank.
 - ii. Refrain from all forms of collaboration/partnership is not worth the other parties.
- e. Obtaining and Using Third Party Information
 - i. Avoid the acquisition of confidential information from third parties / competitors in a way that inappropriate.
 - ii. Not recruit employees of a competitor in order to obtain confidential information of the company's competitors.
- f. Relationship with Regulator

Uphold the principles of ethics and regulations in relationships with the Regulator.

Disclosure and dissemination of the code of ethics

Disclosure and dissemination of the code of conduct has been made to all employees of Bank Mandiri, which consists of the Board of Commissioners, Board of Directors, senior officers under the Board of Directors and all employees of the Bank, including through:

1. The official site of the company.
2. Email administrator sent to all employees of the Bank.
3. At the signing of the collective agreement made between the union and company management company.
4. Installation Standing banners, flyers and other advertising media at the company's office area.

Efforts Implementation and Enforcement of the code of ethics

Letter to CEO (LTC) is a reporting mechanism that can be used by employees to report alleged violations of the implementation of the code of conduct to superiors. Such violations will be further processed if accompanied by data and/or accurate evidence. Sanctions will be imposed for any violation of the code of conduct in accordance with applicable regulations. Throughout the 2016 complaint for violations of the code of conduct documented integrated on LTC mechanism as described in section Whistleblowing System on page 392-393.

Efforts implementation and enforcement of the code of ethics of Bank Mandiri in the form of commitment, attitude, actions and conditions that can be done in a sustainable manner described as follows:

1) Statement of Compliance with the Code of Bank Mandiri

Every human being the Bank was required to read and understand the fine and required to sign a "Statement of Compliance the Board of the Bank of the Code of Conduct and corporate culture.

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2) Management Commitment and Employee entire Bank Mandiri

Commitment not to accept gratuities in the form of money and/or goods and/or gifts associated with the obligations or duties. Publication commitment publicized through the media and the official website of the company.

3) Annual Statement of Conflict of Interest

Every year, all human the Bank shall make an annual statement (annual disclosure) related to conflicts of interest. Each quarter there is an obligation for every unit to report transactions/decisions that conflict of interest. This statement is in line with the Conflict of Interest Guidelines for Handling of Bank Mandiri, which is a derivative policy of the Code of Bank Mandiri.

4) The Integrity Pact

The integrity pact signed by the competent authorities and all partners / partner the Bank is involved in the loan process, procurement of goods and services, as well as accreditation partner. In addition, in order to control the implementation of Gratification, the Board of Commissioners, Board of Directors, Executive Officers of the Bank and all employees of the bank also required to sign an Integrity Pact Annual

5) Awareness Program

Bank Mandiri has an induction program Code of the Bank in the form of a jump start education programs and dissemination of Bank Mandiri continuous and consistent policy aimed at new employees of Bank Mandiri. For the entire unit of the Bank Mandiri also provided socialization related codes of conduct such as anti-fraud strategy of the Bank, compliance culture, and a culture of service.

Internalization of corporate culture

As the embodiment of the spirit of the Bank to grow and develop together as a large group, the Bank has a Working Culture of Excellence "Culture of Excellence" which is based on the 5 TIPCE Cultural Values and Behavior 11 Insan Mandiri Utama.

Bank Mandiri process of internalizing and socializing Working Culture of Excellence "Culture of Excellence" at all levels within the Group Mandiri through various media such as in class training, discussion and direction of management during a visit to the region, SMS/email, article in the magazine Self, materials teleconference/video, and others.

In addition to using the media mentioned above, Bank Mandiri also creates a system called culture excellence scoreboard. To improve human enthusiasm Mandiri in implementing the work culture is superior.

The internalization process superior work culture is intended that the bank not only excel in the financial aspect, but also in the non-financial aspects. In addition, the bank may have qualified individuals who may be supporting the achievement of the Bank's vision to be the best in ASEAN by 2020.

Type Sanctions Violations Code

Sanctions are categorized into three types, namely sanctions mild, moderate and severe. Each violation of the Code will be penalized in accordance Employee Discipline Regulations in force at the Bank, including criminal sanctions provided for in the legislation in force.

Reports are Completed Actionable

During 2016 there were 354 the number of code violations or violations of discipline consisting of 164 lighter penalties, 166 penalties and 24 being severe sanctions.

Report Procurement of Goods and Services

With the growing size of the Bank's business activities, the greater the funds needed by the Bank in the procurement of goods and services to support the Bank's business wheel. It is necessary to get attention and special handling by the Bank so as not to cause harm and violation of applicable law. At this time, the bank has had a work unit to process the procurement of goods and services as well as provisions in the form of SOPs (Standard Operating Guidelines) Procurement (Procurement) which serve as guidelines in carrying out procurement activities.

Procurement of Goods and Services

Related Conditions Procurement of Goods and Services Procurement SPO is determined by the Board of Directors of the Bank. SPO Procurement Bank Mandiri is a guideline in the process of procurement of goods and services that are strategic and non-strategic to support the Bank's operations according to the quality, quantity and time are set at the best price as well as applying the principles of risk control management.

To realize the procurement activities with the procurement principles of effective, efficient, open, competitive, transparent, fair and not discriminatory, accountability, responsibility, and the Independent, the Bank implemented the following matters:

1. Segregation of duties on Procurement Implementation Unit that is, units which perform the candidate selection partners/vendors, the unit undertaking the procurement process, the units that make up Estimate Alone; and Compliance Work Unit
2. Always subject to and comply with internal and external regulations
3. Application of the principles of risk management includes the identification, assessment, mitigation and monitoring and measurement of operational risk.
4. Guided by the work culture of the Company, which is based on the values TIPCE (Trust, Integrity, Professionalism, Customer Focus, and Excellence), GCG, and adhere to the Code of Conduct and to implement the precautionary principle

Procurement Ethics

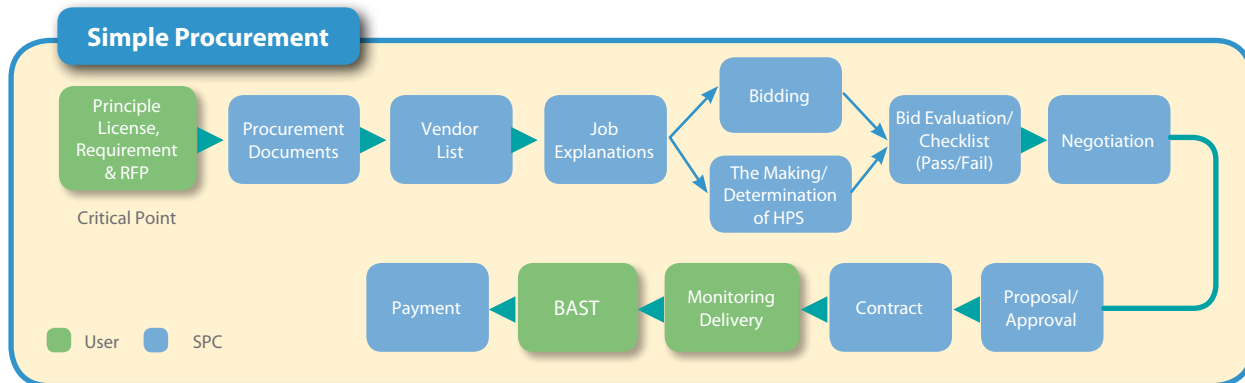
All parties involved in the procurement process of the Bank include Executive Unit Procurement of Goods and Services Users and providers of goods and services required from time to time in compliance with ethics as follows:

- a. Implement their respective obligations in an orderly manner with a sense of responsibility to achieve smoothness and accuracy achievement of Procurement.
- b. Work professionally and independently on the basis of honesty and confidentiality of documents should not be disclosed, such as the Self-Estimated Price (HPS), to prevent the occurrence of irregularities in the implementation of procurement activities.
- c. Not affect each other, either directly or indirectly to prevent and avoid unfair competition.
- d. Accept and be responsible for any decision taken in accordance with the agreement of the parties.
- e. Avoid and prevent conflicts of interest between the parties.
- f. Avoid and prevent wastage in the implementation of procurement activities.
- g. Avoiding and preventing the abuse of authority and/or collusion with the purpose of personal gain, class or other parties that may directly or indirectly impair the Bank.
- h. Avoid and prevent corruption, collusion and nepotism (KKN) in the procurement process.
- i. Not receiving a gift or compensation in any form, either directly or indirectly.

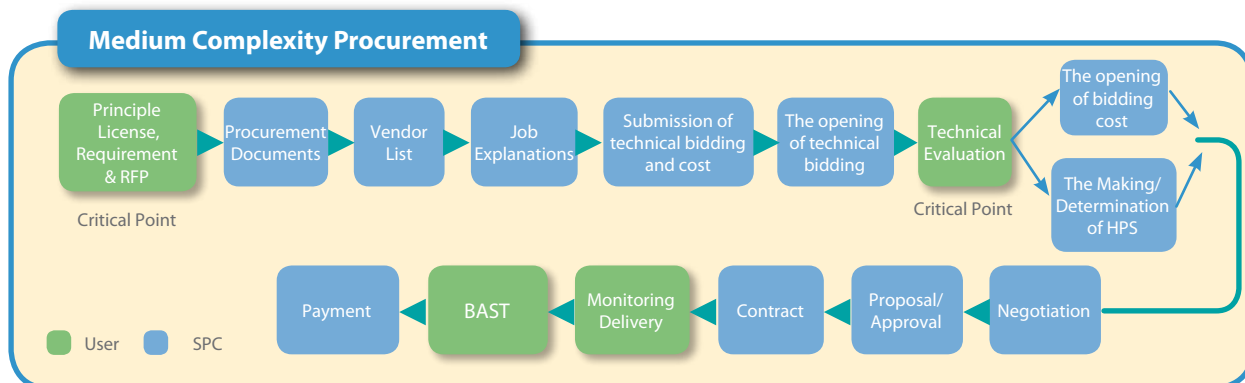
Procurement Procedures

Bank Mandiri has procedures in the procurement of goods and services which can be described through three schemes below

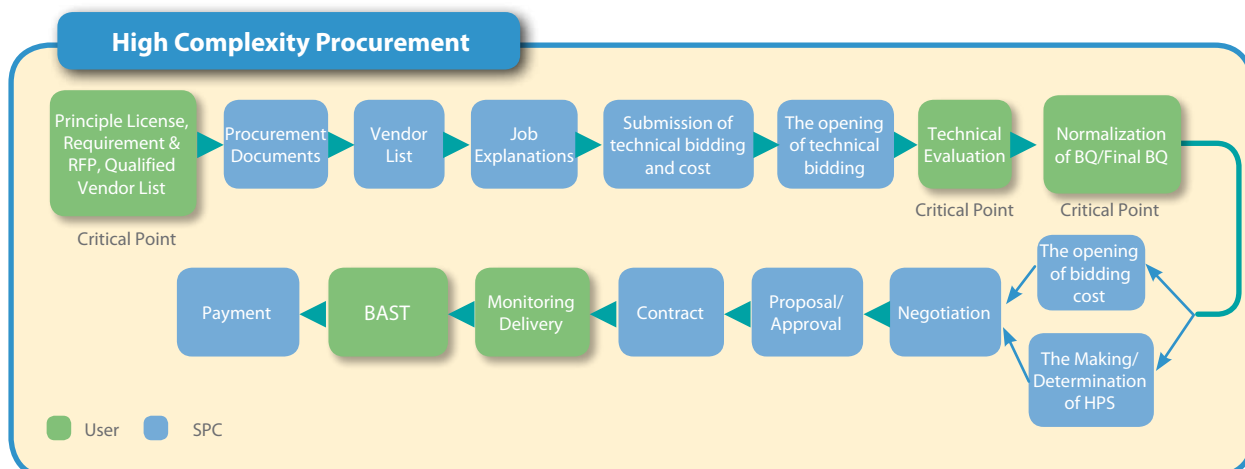
Flow Process Simple Procurement (One Step One Page)



Flow Process Medium Complexity Procurement (One Stage Two Pages)



Flow Process High Complexity Procurement (Two Stages)



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Authority and Responsibility Procurement

Working Unit	User	Group PFA
Budget/Preliminary Approval	v	-
Product Policy	v	-
Procurement Policy	-	v
Procurement Request Nota	v	
User Requirement/Technical Specs/RFP & BoQ	v	-
Procurement Documents	v	v
Vendor Qualification/Vendor Shortlist	-	v
OE/ HPS	-	v
Sending of RFP/Procurement Documents	-	v
Acceptance of Proposal	-	v
Technical Evaluation	v	
Sign Off SOW	v + IT *)	-
Administrative Evaluation	-	v
Technical Evaluation	v + IT*) + IT**)	
Price Evaluation	-	v
Negotiations	v	v
Proposal Memorandum	v + IT **)	v
Contract	V * *)	v
License Agreement (If Any)	v + IT **)	v
Implementation	v	-
BAST	v	-
Recomendation on Payment	-	v
Payment	-	v + Accounting

Note :

*) Exclusively for IT procurement

**) If it is deemed necessary

***) For the contracts, one of which was signed by GH SPC, SPC Legal Unit be reviewed

Conditions for Procurement of Goods and Services

Provisions of the procurement of goods and services of the Bank include the following aspects:

Procurement	a. Through the providers of goods and services: Procurement can be implemented if the specification of goods which will be held clearly, more efficient, timely manner. b. Self-management: Activities to obtain goods and services carried out by a planned, carried out and supervised by the Bank using its own power, owned-equipments, or piece rate workers.
Implementing Organization Goods and Services	a. Procurement Implementation Unit b. Users Work Unit Goods / Services hereinafter User c. Related Work Unit d. Procurement Officer Tim breakers
Procurement Planning	Each Procurement Planning Procurement process to be carried out should be preceded by careful planning that includes clear specifications, the number of work packages to be undertaken, budget and implementation time. Planning question must be well coordinated between the relevant work units, among others, work unit owner's budget, the work unit system Trustees and work units responsible for the implementation of the procurement process.
Handover of Work	Unit of Work Users of Goods/Services (User) is responsible for ensuring that all work submitted by the vendor has met all the requirements, scope and specifications according to which has been set in the document of Employment and supporting documents.

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Guarantees In Procurement	In order to control the risks that may arise on Procurement of Goods and Services caused wan achievement, then the provider of goods and services required to provide a guarantee
Procurement Implementation Activities To Solve Specific Conditions	In conditions requiring rapid handling due to natural disasters and other Force Majeure circumstances, so handling should be done immediately, it can be : 1. Pointed Directly, without issuing HPS/Entry deals/Publishing SP/SPK/Contract, the Real Cost is reimbursable without adding margin, Fee for providers of goods and services based on agreements and fairness. 2. If there is not a reasonable price based on the results of the review, the Executive Unit Procurement clarification and negotiation with providers of goods and services that carry out the work specified in the Minutes of Clarification & Negotiation. 3. Head of Procurement Implementation Unit shall monitor the implementation of the work and make accountability reports to officials and one level above or Natural Disaster Team.
Document and Payment Process	Payment Process include : 1. Payment Document Research, 2. Approval of the payment by the competent authority, 3. Payments are made in Rupiah or other currency according to the value or price listed in the CMS or the Contract, 4. Recording the actual cost of each payment in accordance with the eyes of its budget.

Procurement of Goods and Services in 2016

Here's a comparison of the procurement of the Bank in 2015 and 2016 that have been realized:

Work unit	Value Procurement (in billion Rp)		Acquisition Value Currency (in million USD)		Rated Total (in billion Rp)		Amount Procurement	
	2015	2016	2015	2016	2015	2016	2015	2016
SPC (Headquarters)	5,596	7,310	89	26	6,404	7,670	1,833	1,936
Regional Offices	310	470	-	-	310	470	1,098	1,078
Working Units	1,183	978	13	1	1,368	1,465	2,898	2,661

Until December 2016, the total value of procurement conducted by the Bank in the Central Office (SPC) of Rp7,670 billion, while the Regional Office of Rp470 billion, and to the work unit is Rp1,465 billion.

Number Procurement conducted for the Bank until December 2016 SPC many as 1,936, while the Regional Office as much as 1,078, and for as many as 2,661 Work Unit.

Procurement Audit

To ensure SPO Procurement and Bank policies have been implemented in accordance with the provisions, the Bank continues to do audits periodically and at any time, through the Internal and External Audit.

During 2016, there were no findings of an audit, either by the external auditors and internal auditors regarding the procurement of adverse Bank Mandiri.

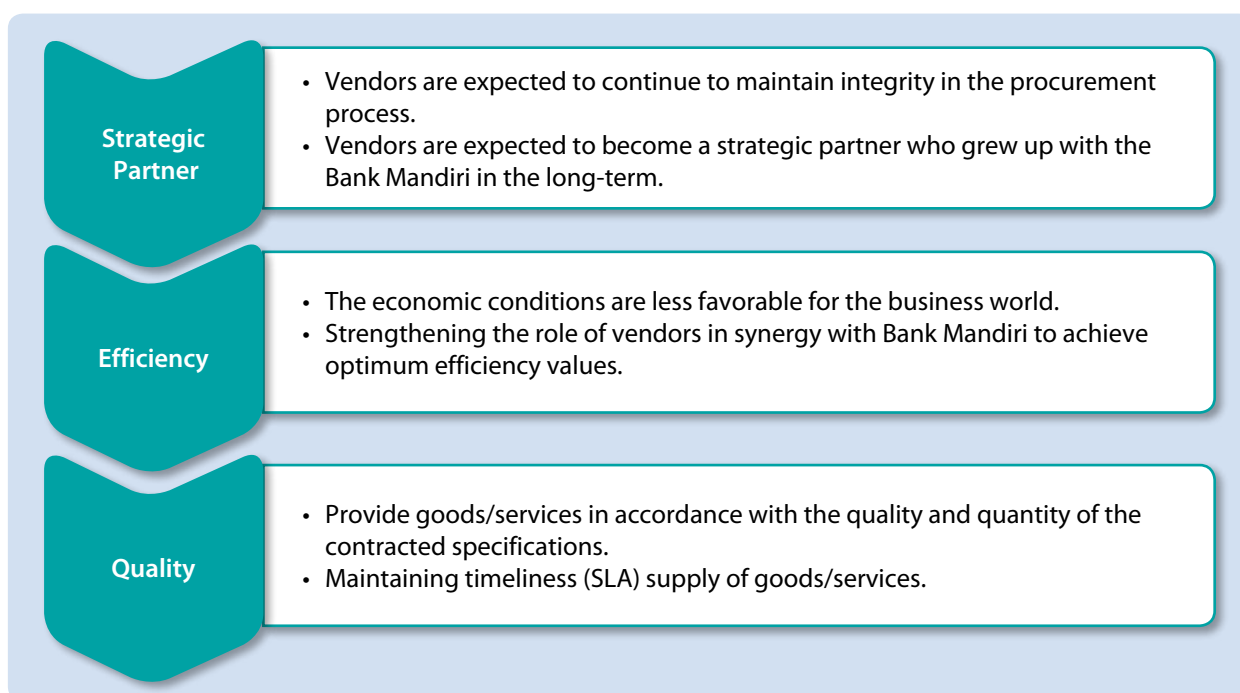
Competence Development Program Supplier

Bank Mandiri has been carrying out development activities to improve the quality of vendor Bank Mandiri, through the implementation of Vendor Award Gathering and conferring with the following caption:

Implementation Date	November 16, 2016
Venue	Auditorium, 3rd Floor, Plaza Mandiri - Jakarta
Partner Invited	• IT Fields (Software and Hardware): 23 vendors • Non-IT Fields (i.e. Advertising and Promotion, Vehicles, Office, Printing, Insurance, Expedition): 35 vendors • Construction: 10 vendors

Gathering the materials Vendor as follows :

1. Sharing values between Bank Mandiri with the vendor.
2. Economy Outlook Update Indonesia, including Indonesia's macroeconomic conditions and the performance of the national banking sector.
3. Refreshment important aspects related to th procurement of goods and services, among others



4. Communication and discussion among vendor and Bank Mandiri to gain input in relation with efficient and effective procurement process.

Creditor's Rights Policy

In general, fulfillment of creditor's rights which is the payment of interest and total loan conducted in timely manner, information regarding financial report easily access by creditors, and to assure that all term and condition of credit agreement has been settled.

Whistleblowing System

Presence and Purpose WBS

With reference to Bank Indonesia Regulation No. 5/8/PBI/2003 amended by Regulation No. 11/23/PBI/2009 and Bank Indonesia Circular Letter No. 13/28/DPNP the Anti-Fraud Policy, Whistleblowing Policy System (WBS) called Letter to CEO (LTC) is applied by Bank Mandiri.

LTC is the delivery of media reports of complaints of fraud or indications of fraud, of employees as well as suppliers to the CEO with an emphasis on the disclosure of complaints that aims to make the implementation of internal control systems within the Bank is becoming increasingly effective.

Some of the benefits obtained with the implementation of LTC within the Bank include:

1. The improvement of aspects such as (a) the fulfillment of the requirements of customers; (b) business development; (c) increased market share; (d) an increase in revenue and cost reduction; (e) decreased processing time and (f) the involvement of employees.
2. Prevention of Abuse (anti-fraud) which includes (a) an increase in employee participative control; (b) means of early warning system of fraud and (c) reduction in the risk of bank losses.

Delivery and Media Abuse Report

Reporting can report fraud indication with the following mechanism:

- a. Complaints through media reporting, namely:
 - 1) Email to lettertoceo@bankmandiri.co.id
 - 2) Letter submitted to JKTM PO BOX 14000 12700
 - 3) SMS to 0811900777
 - 4) Website, by typing letter to CEO on the browser (intranet).
- b. Reporting will get a Unique Random Number (RUN) on report indicates fraud.
- c. Reports on complaints received directly by the Group CEO and followed up by the relevant Working Unit.
- d. Related work units to follow up the report, if necessary will be investigated further.
- e. Reporting will get feedback on the status of complaints reported.

Complaint handling and party business

Internal Audit Division is a unit that manages Work-related complaints where the reports received by the Group CEO and then followed up by the related units. Where appropriate, the work unit will be investigated further.

Submission Scheme of Violation Report



For Whistleblower Protection

Each complainant will be given a guarantee of protection from Bank Mandiri where the reporter's identity (name, address, telephone number, email and work unit/company) will be kept confidential. Moreover, the complainant is allowed to not include the identity (anonymous).

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Socialization Whistleblowing System

In order to improve understanding of the Whistleblowing System at all levels in the organization, the Bank has consistently held socialization related to it in various ways, including through the placement of brochures or posters around the office environment, do a variety of presentations and using print media such as internal magazines Mandiri.

Violation Type to Reported

1. Complaints that go through LTC Bank Mandiri is fraud-related reports/indications of fraud with the following definition:
 - a. Measures irregularities or omissions deliberately done to deceive, cheat, or manipulate the bank, customers or other parties, which occurred in the Bank, and/or
 - b. Using the means Bank resulting bank, customers or other parties suffers from loss, and/or
 - c. Perpetrators of fraud obtaining financial benefit either directly or indirectly.
2. Types of fraud
 - a. Corruption is receiving/requests reward and/or misappropriation or misuse of bank money for personal interests or others and/or mobilizing others or make plans to harm the Bank.
 - b. Namely trick Bank fraud, the customer or a third party and/or falsified documents, signature, physical evidence and/or any authentic evidence.
 - c. Theft is taking partial and/or total assets or data bank that is not a right.
 - d. Ignorance is ignoring the procedure obligation or responsibility as an employee of the Bank knowingly and intentionally.
 - e. Violations that violate the provisions of the Bank's internal or external or do piercing Bank with the technology (cybercrime), and/or without technology, including engineering financial reporting or criminal offense banking (banking criminal acts) as stipulated in the Basic Law of Banking and other measures thereto.

Whistleblowing System Reports 2016

The report complaints of violations that go through the channel LTC either by phone, email, facsimile or the mailbox is as follows:

Year	Media Submission					Classification Report		Status report	
	Letter	Email	Website	SMS	Others	Fraud	Non Fraud	Report in process	Reports are completed actionable
2016	0	4	0	0	2	2	4	0	6

The Development Plan WBS

To demonstrate the commitment of the Bank to the LTC policies, the Bank continues to make improvements LTC policy to be able to adapt to a dynamic business environment Bank.

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Material Cases Involving Bank Mandiri in 2016

Material Cases Involving Serving Directors and Commissioners

During 2015, no serving members of the Board of Directors (BOD) or the Board of Commissioners (BOC) of Bank Mandiri were involved in any legal issue, whether civil or criminal.

Legal Issues of Bank Mandiri

In 2015 Bank Mandiri faced legal problems in the form of important lawsuit/ accusation and have been filed through the legal process, as the following table:

No.	Legal Issue	Total		
		Civil	Criminal Cases	Industrial Relations
1.	In the Resolution Process	187	3	N/A
2.	Has been completed (already own a permanent legal force)	5	N/A	N/A

Among all legal issues, there were 6 (six) significant cases that affected the Company condition as stipulated in below table:

No.	Law Suit	Resolution Status	Effect to the Company	Sanction
1	Asset Law Suit No. 487/Pdt.G/2015/PN.Mdn between Tjong Afie Trading Company and PT Bank Mandiri (Persero) Tbk	It is currently in process of High Court of Appeal in Medan	Risk of Losing of Assets	None
2	Asset Law Suit in Diponegoro Street Pontianak No. 154/Pdt.G/2016/PN.Ptk between H. Abdul Razak and PT Bank Mandiri (Persero) Tbk	It is currently in mediation process of Pontianak State Court		None
3	Law Suit of PT. Dewata Royal International No. 683/Pdt.G/2016/PN.Jkt.Sel of Rustandi Yusuf	It is currently in process of Pontianak State Court	Reputation risk	None
4	Alleged Corruption in Giving Faskred to PT Central Steel Indonesia (CSI) in the Attorney	Investigation in Attorney General	Reputation risk	
5	Alleged Crime Fraud, forgery of documents and/or in connection with the provision of Banking Credit Facility to PT Rockit Aldeway	Investigation in Criminal Office of Central Police		
6	Alleged Corruption in provision of Credit Facility to PT Anugerah Lautan Luas	Investigation in Attorney General		

Disclosure of Administrative Sanctions from OJK

Throughout 2015, no significant administrative sanctions that would hinder the business viability of Bank Mandiri were imposed, and no administrative sanctions were imposed on members of the BOC and BOD too.

Impact on the Company

The impact of civil and criminal cases where Bank Mandiri was involved in the legal proceedings was insignificant as the Bank had taken mitigation measures through its Legal Unit under the Risk Management & Compliance

Access to Information and Data Company

The public can access the full report on the condition of financial and non-financial that has delivered the bank a transparent manner through various print and electronic media, including the publication of financial statements in the official website of Bank Mandiri, Bank Indonesia, the Indonesia Stock Exchange and Portal Ministry of SOEs provided timely, complete and accurate.

Access to information and corporate data to the public, facilitated by Bank Mandiri through:

1. Mandiri Call Center 14000, 62-21 5299 7777;
2. The official website of the Company:
www.bankmandiri.co.id;
3. Investor Relations:
Website: ir.bankmandiri.co.id;
Email: ir@bankmandiri.co.id;
Phone: 62-21 524 5299
Fax: 62-21 526 3460
4. The mass media;
5. Mailing list, bulletin analyst meetings regularly; and/or through Branch of Bank Mandiri.

Policy Communication and Media Company Information

Communication policy with shareholders or investors conducted by Bank Mandiri Investor Relations Division under the coordination of the Corporate Secretary. It is intended that shareholders or investors get a clearer understanding of the information that has been published to the public such as newsletters, information disclosure, condition or business prospects and performance, as well as the implementation of corporate governance Open. The policy has been disclosed on the website of Bank Mandiri,

Some media that can be used by the public, especially the shareholders to access information and data concerning the Bank are as follows :

Website

Through the <http://www.bankmandiri.co.id> site, which includes a variety of updated information the Bank, including the Profile Bank Mandiri, bank products and services, 24 hours services, information governance, organizational structure and corporate groups, the ranks Board of Commissioners and Board of Directors, shareholder information, financial performance and stock information, and so forth. Through the website, the public can upload a variety of information such as the Annual Report and Financial Statements 5 (five) years, Press Release, and others. Bank Mandiri also ensure that all information contained on the company's website is always up-to-date.

Print Media

The provision of information in the form of posters or magazine Bank Mandiri and others covering all internal activities of the Company to be known by the shareholders, stakeholders and the public at large.

Electronic Media

- As a means of dissemination of information or correspondence with stakeholders use of electronic media such as email.
- Ad serving on the promotion of its activities or products through the national private television or Youtube.

Annual Report

Annual Report is prepared each year and submitted to the shareholders, regulators, the media and the public that can be accessed through the official website of Bank Mandiri.

Sustainability Report

Bank Mandiri activities related to social responsibility contained in the Sustainability Report published in conjunction with the Annual Report and communicated to shareholders, regulators, the media and the public.

Bank Mandiri provision requires all *Insan Mandiri* to keep bank secrecy and office as well as possible. Bank Mandiri can express access to confidential information if there are legitimate reasons as required by the legislation in force.

Internal Communications Forum and Media Engagement Program

In addition to a communication medium that has been described above, the bank also has an internal communication forum intended for employees who are means of discussion for employees with management conducted periodically by each work unit either through a family gathering, meeting, morning briefing and in the forms of competition (sports and events of the company) as well as through newsletters such as Mandiri's Magazine and Publications of Mandiri Institute.

Bank Mandiri realizes that the role of mass media is very important in the dissemination of corporate information. Therefore, in order to improve communication and maintaining relationships with the media, Bank Mandiri organize Media Engagement Program with various parties, especially the media which generally includes, among others, media briefings, press conferences, dinner with the editor, an informal meeting with the media, gathering together managing editor, lunch meeting, visit media, *iftar* and media training.

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Internal Communication Forum and Media Engagement Program

Below is the detail of Media Engagement Programs with various parties in 2016:

No.	Month	Date	Activity	Target Media	Information released
1	January	6	Press Release Submission	All Media	Mandiri Distributes KUR Amounted to Rp3.5 trillion
2		8	Media visit to Mataram	The Jakarta Post, Media Indonesia, Bisnis Indonesia	"Introducing the archipelago to students" program
3		8	Press Release Submission	All Media	Mandiri Strengthens the Students Pride in Nation's Culture
4		9	Press Release Submission	All Media	Mandiri Opens New Branches in Gili Trawangan and Senggigi
5		14	Press Release Submission	All Media	Bank Mandiri Operates Normally
6		15	Press Release Submission	All Media	Mandiri Serves Online Payment for Public University Selection
7		20	Press Release Submission	All Media	Mandiri Finances Health Facilities Charges for BPJS Kesehatan Care Partners
8		21	Press Release Submission	All Media	
9		22	Press Release Submission	All Media	Mandiri Donates Auditorium Building for Bogor Agricultural University Students
10		25	Press Release Submission	All Media	
11		27	Press Release Submission	All Media	800 IT Developers Compete the Idea in e-Cash Mandiri Hackaton Indonesia
12		27	Press Release Submission	All Media	
13		27	Press Release Submission	All Media	Active Users of Mandiri Fiestapoin Grow 185% in 2015
14		28	Press Release Submission	All Media	Boost the Investment, Bank Mandiri Held Mandiri Investmen Forum 2016
15		29	FGD arrangement in Solo	Local Media in Solo and representative of national media	Mandiri Capital Indonesia Officially Operates
16		29	Press Release Submission	All Media	Promoting Automotive Markets, Mandiri Held Autofiesta
17		31	Press Release Submission	All Media	Bank Mandiri Distributes Macro Credit of Rp42.4 trillion
18	February	1	Press Release Submission	All Media	Mandiri Cooperates with Ministry of Agrarian to Facilitate Collateral Debtor Certification
19		1	Press Release Submission	All Media	Bank Mandiri Facilitates GMRA Indonesia in All BPD
20		3	Press Release Submission	All Media	Bank Mandiri Strengthens Credit Syndication
21		4	Press Release Submission	All Media	Welcoming Chinese New Year, Mandiri Gives Promotion
22		9	Press Release Submission	All Media	Mandiri Develops Micro Entrepreneurship through KUR
23		15	Press Release Submission	All Media	Boost Customers Transaction, Mandiri Promotes Program Fiestapoin
24		16	Press Release Submission	All Media	Strengthening Loyalty, Mandiri Held Chinese New Year Gathering with Priority Customers
25		22	Press Release Submission	All Media	Bank Mandiri Delivers Investment Credit of Rp1.6 trillion to Blue Bird

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No.	Month	Date	Activity	Target Media	Information released
26	February	23	Lunch Meeting with managing editor	Kompas, Bisnis Indonesia, Investor Daily, Republika, Koran Sindo, Suara Pembaruan, TV One	Bank Mandiri's Performance and its capability in managing sustainable business growth
		23	FGD Event in Pekanbaru	Local Media in Riau Islands	Surviving Farmers' Economy amidst the Fall Down of Palm Oil Price
27		23	Submission of Press Release	All Media	Growth of 12.4%, Bank Mandiri Credit Pushes the Increase of Asset up to Rp910.1 trillion
28		25	FGD Event in Batu	radar malang, malang pos, jawa pos and representative of national media	KUR for Economic Development
29		25	Submission of Press Release	All Media	Mandiri and PRKI Held Cap Gomeh Festival in Krendangan Raya
30		25	FGD Event in Lombok	Economic Journalist Association in NTB	Calculating Tourism Potential in MEA
31		25	FGD Event in Medan	Local Media in Medan and North Sumatera	Boost the Strength of Creative Industry in Medan
32		26	FGD Event in Bandung	Local Media in Bandung	Opportunity in Creative Economy Development in Jawa Barat
33		26	Press Release Submission	All Media	Seeding Technopreneur seeds, Mandiri Held Hackathon Competition
34		29	FGD Events in Denpasar	Bali Pos, Bisnis Bali, Radar, representative of national media	Bali Tourism Opportunity and Challenges in MEA era
35		29	FGD Event in Batam	Local Media in Batam	Increasing Competitiveness of SMEs
36		29	Press Release Submission	All Media	Creating Excellent HR in Banking, Bank Mandiri Builds Integrated Campus
37	March	1	Press Release Submission	All Media	Handling Agriculture Sector, Bank Mandiri Cooperates with NongHyup Financial Group
38		8	Press Release Submission	All Media	Mandiri Group Held Automotive Expo in Yogyakarta
39		8	Press Release Submission	All Media	Strengthening Entrepreneur Ecosystem, Bank Mandiri Introduces 24 Young and Potential Entrepreneur
40		10	Press Release Submission	All Media	Accelerating Business Mortgage, Bank Mandiri Focuses on Existing Customers
41		11	Press Release Submission	All Media	Mandiri and UNS Solo Synergize Debit Cards
42		13	Press Release Submission	All Media	Develops Micro Customers, Mandiri Distributes TabunganMu Gifts
43		17	Press Release Submission	All Media	Bank Mandiri Publishes Co-Branding Membership of NU Card
44		18	Press Release Submission	All Media	Strengthens Quality of KTA, Bank Mandiri Cooperates with Jamkrindo
45		21	Press Release Submission	All Media	AGMS approves Kartika Wirjoatmodjo as Managing Director of Bank Mandiri
46		23	Press Release Submission	All Media	Mandiri Strengthens its Expansion in East Timor
47		27	Press Release Submission	All Media	Mandiri Decreases its Interest Rate
48		29	FGD Event in Surabaya	Jawa Pos, Bisnis Harian, Surya, Radar Surabaya, representative of national media	e-Commerce Opportunities and Product Marketing Improvement in SMEs in facing the ASEAN Economic Community
49		29	Press Release Submission	All Media	Bank Mandiri disburses Rp7 trillion of Syndication Loan for Infrastructure

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50	April	3	FGD Event in Medan	National Media in North Sumatera and Local Media	Creating Solutions to Strengthen tis Service to BPJS Health
61		5	Press Release Submission	All Media	Bank Mandiri Serves Government Receipt of Rp324.6 trillion in 2015
62		6	Press Release Submission	All Media	Bank Mandiri Set Commercial Bottom Line of Counter-Guarantee of Rp2.7 trillion to Jasindo
63		10	FGD Event in Pekanbaru	Local and National Media in Pekanbaru	Creating Solutions to Strengthen Service BPJS Kesehatan
64		10	Press Release Submission	All Media	Bank Mandiri disburses KUR Rp3,659 trillion in the first quarter / 2016
65		11	Press Release Submission	All Media	Mandiri Contributes to Certification Process of 12 Land Collateral Micro Debtors in Brebes
66		14	Press Release Submission	All Media	As of March, Bank Mandiri Syndicated Loan for Infrastructure Reaches Rp15.11 trillion
67		16	FGD Event in Pangkal Pinang	Media lokal di Kepri	Pepper production development in Bangka Belitung
68		18	FGD Event in Semarang	Local Media in Central Java	KUR Boosts SME Business Scale
69		20	FGD Event in Yogyakarta	Local Media in Yogyakarta	Micro Enterprise Development by KUR
70		20	Press Release Submission	All Media	Encourages Infrastructure Development, Mandiri Cooperates with KfW IPEX-Bank
71		22	Press Release Submission	All Media	Mandiri Supports Street Lighting and Waste Management in Gili Trawangan
72		24	FGD Event in Surabaya	Local Media in East Java	Discussion on Investment Differentiation and Money Game
73		25	Press Release Submission	All Media	Business runway mortgage, mortgage Introduce 8.5%
74		27	Press Release Submission	All Media	Mandiri Develop e-Commerce
75	May	3	Press Release Submission	All Media	Anticipation of Long Break on 5-8 May 2016, Mandiri prepares Rp 4 trillion
76		9	Press Release Submission	All Media	Held Mandiri Sahabatku, Bank Mandiri Educated 1,000 Indonesian Labors for Entrepreneurship
77		10	FGD Event in Batam	Local and National Media in Batam	Banking and Strengthening Shipyard Industries
78		10	Press Release Submission	All Media	Bank Mandiri Cooperates with K24 to Expands Access Community Health
79		11	Press Release Submission	All Media	Bank Mandiri Disburses Microcredit of Rp45.47 trillion per April 2016
80		12	Press Release Submission	All Media	As of April 2016, Bank Mandiri Disburses SME Loans of Rp55.2 trillion
81		13	Press Release Submission	All Media	Mandiri Serves Non-Cash Payments to The Body Shop®
82		15	Press Release Submission	All Media	Bank Mandiri Operating Profit Grows by15.9%
83		16	Press Release Submission	All Media	Mandiri Lowers Interest Rates For Credit Under Rp500 million
84		19	Press Release Submission	All Media	Supports the effectiveness of Airport Management, Mandiri Serves Financial Transactions of AP2
85		23	Press Release Submission	All Media	Mandiri Expands Public Access to Bank through Branchless Banking
86		23	Press Release Submission	All Media	Mandiri Donates 3 Trash Motorcycles to Labuan Bajo District Government

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87	May	25	FGD Event in Malang	Media lokal di Malang dan Jawa Timur	Arts & Culture Discussion as Tourism Assets
88		26	FGD Event in Mataram	Media lokal NTB	Strengthening Micro Economics in Tourism Sector
89		26	Press Release Submission	All Media	Bank Mandiri Serves Oil Palm Levy Payment via e-Channel
90		28	Media Visit to Danau Toba	Photo Antara and Bisnis Indonesia	SOE Expedition to Lake Toba
91		30	FGD Event in Kupang	Pos Kupang and Local Media of NTT	The Role of Banking to Support the Development of SMEs in Tourism Sector
92		30	FGD Event in Denpasar	Local and National Media in Bali	Encouraging access to financing SME Sector in Bali
92		30	FGD Event in Bandung	Pikiran Rakyat, National Media in Bandung	Supporting Infrastructure of Jabar In Facing MEA in Bandung
93		27	Press Release Submission	All Media	Strengthening the Culture, Mandiri Supports Arts Festival event ART JOG
94	June	2	Press Release Submission	All Media	Bank Mandiri Strengthens National Fertilizer Industry
95		2	Press Release Submission	All Media	Bank Mandiri Strengthens Quality of its Service
96		8	Press Release Submission	All Media	Boosting the Automotive Market, Mandiri Supports GIIAS 2016
97		9	Press Release Submission	All Media	Boosting Transactions, Mandiri Serves Payment in SOGO
98		10	Breakfasting with Chief Editor	National Media	Bank Mandiri's business plan and efforts to improve non-performing loans
99		13	Press Release Submission	All Media	Mandiri e- Money Serves Border Toll of Cikopo- Palimanan- East Brebes
100		15	Breakfasting with Reporters	National Media	Bank Mandiri efforts to maintain and update NPL Lending of Bank Mandiri
101		15	Press Release Submission	All Media	Mandiri Operates 200 Branch Offices During Leaves Lebaran 2016
102		21	Media Visit and Garthering in Palembang	Republika, Antara, Bisnis Indonesia	Breakfasting with Himbara and orphans
103		22	Press Release Submission	All Media	Bank Mandiri disburses Grocery Deals TNI and Polri
104		24	Press Release Submission	All Media	Bank Mandiri Serves New Money Changer
105		28	Press Release Submission	All Media	Developing Entrepreneurship, Mandiri Presents Mandiri Business Incubator
106		29	Media Gathering in Medan	All Media	Preparation of Bank Mandiri Region I Sumatra to Face Lebaran 1437 H and Socialization of Cashless Society and Digital Banking
107		29	Press Release Submission	All Local Media	Bank Mandiri dispatched 3,195 <i>pemudik</i> to hometown.
108	July	21	Press Release Submission	All Media	Mandiri Develops Business Distributor and Retailer of Semen Gresik
109		25	Press Release Submission	All Media	Strengthening Telecommunications Infrastructure, Mandiri Distributes Rp875 Billion for Palapa Ring Project West
110		26	Press Release Submission	All Media	Strengthening Business, Mandiri Will Grow Inorganically in Southeast Asia
111		27	Press Release Submission	All Media	Mandiri Prepares Finance for Khong Guan Group Distributor
112		29	Press Release Submission	All Media	Reserves Repatriation Fund, Bank Mandiri Prepares New Products

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113	August	3	Press Release Submission	All Media	Mandiri Launches Online Debit Product to Serve Ads Payments on Facebook
114		3	Press Release Submission	All Media	Bank Mandiri Cooperates with Other Banks to Boost Micro Financing for Civil Servants and Members of TNI / Polri
115		3	Press Release Submission	All Media	Bank Mandiri Operating Profit Grows by 13.3%
116		10	FGD Event in Jakarta	Justice Announcers and Police	Discretion Authority Officials to Support Economy
117		11	Press Release Submission	All Media	Mandiri Group Serves Financial Transactions in GIIAS 2016
118		12	FGD Event in Banjarmasin	Banjarmasin Post, Radar	Wise and Smart Investment
119		15	FGD Event in Denpasar	All Local Media	Tax Amnesty Socialization and Implementation Constraints
120		17	Media Visit to P. Haruku, Ambon	Photo Antara, Kompas, Media Indonesia	Bank Mandiri's Commitment in Increasing Financial Inclusion in Indonesia
121		22	Press Release Submission	All Media	Mandiri Disburses Loan of Rp700 billion to Cempaka Sinergy Realty
122		23	Media Visit to Atambua	Kompas, Bisnis Indonesia, The Jakarta Post	Improving the quality and quantity of services in the border region of Indonesia
123		24	Press Release Submission	All Media	Bank Mandiri Issues Sustainable Bonds I Phase I Worth Rp5 trillion
124		26	FGD Event in Surabaya	Jawa Pos, Surya, Antara, Radar	Synergizing Potential of e-Commerce Industry in Property Sector
125		26	FGD Event in Palembang	Sumek, Palembang Post, Tribun	Improving Financial Access to SMEs in South Sumatra
126		29	FGD Event in Balikpapan	Local Media in East Kalimantan and National Media Representative	Harbor As Economic Locomotive in Balikpapan
127		29	Press Release Submission	All Media	Bank Mandiri Encourages KPR Business Growth
128		30	Press Release Submission	All Media	Mandiri Supports MCI Developing Business of Fintech Business Communities
129		31	FGD Event di Banjarmasin	Media lokal Sumatera Utara	Assessing Banking Support At Cooperatives World and SMEs
130		31	Press Release Submission	All Media	Together with Pelindo III, Mandiri Launches e-Port Card
131	September	1	Press Release Submission	All Media	Bank Mandiri Boosts Tax Amnesty Socialization
132		8	Press Release Submission	All Media	Bank Mandiri disburses KUR of Rp7,417 trillion on Jan - July 2016
133		12	Press Release Submission	All Media	Bank Mandiri Shares and Donates Qurban for the Nation
134		14	Press Release Submission	All Media	Bank Mandiri Competes Fintech in the Event of WMM 2016
135		16	Press Release Submission	All Media	Boosting End of Year Holidays transaction, Bank Mandiri Supports ASTINDO Jakarta Travel Fair 2016
136		22-24	Media Training in Belitung	National and Local Media in Each Region	Bank Mandiri's Performance Nationally and in the Region of Sumatra I and Update the Macro economic Conditions
137		22	Press Release Submission	All Media	Bank Mandiri Distributes Aid To Flood Victims in Garut
138		22	Press Release Submission	All Media	Continuous Bond I Phase I of Bank Mandiri Attracts Investors
139		22	Press Release Submission	All Media	Bank Mandiri Disburses Rp92.8 trillion for Infrastructure Development
140		22	Press Release Submission	All Media	Tax Amnesty Funds of Bank Mandiri Reaches to Rp6.6 trillion
141		23	Press Release Submission	All Media	Bank Mandiri Disburses KUR of Rp7,817 trillion
142		25	Press Release Submission	All Media	Tax Amnesty Funds In Bank Mandiri Achieves Rp7.37 trillion
143		28	Press Release Submission	All Media	Strengthening Connectivity, Mandiri Disburses Credit of Rp 1 trillion for KAI

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144	October	2	Press Release Submission	All Media	Realizing SOE Synergy, Mandiri Gives Wholesale and Retail Banking Services for KAI
145		6	Press Release Submission	All Media	Empowering Fishermen in Lamongan, Bank Mandiri Distributes KUR
146		9	Media Visit to Gianyar	Republika, Antara and Local Media in Bali	Distribution of Non-cash Donation in Gianyar
147		13	Press Release Submission	All Media	Developing Marine Sector, Mandiri Continuously Disburses Funding Nets Scheme
148		16	Media Visit to Maumere	Kompas, Media Indonesia	Maumere Jazz Performances
149		23	Press Release Submission	All Media	Absorbency Repatriation Fund, Bank Mandiri Develops Non-Financial Product Innovation
150		24	Press Release Submission	All Media	Bank Mandiri Boosts Utilization of e-Money for Electronic Parking
151		25	Press Release Submission	All Media	Bank Mandiri Books Credit Increase to 11.5% in Third Quarter of 2016
152		26	Press Release Submission	All Media	Strengthening Human Resources Quality, Mandiri Holds Leadership Seminar
153		26	Press Release Submission	All Media	Strengthening Customer Experience, Mandiri Organizes Carnival
154		27	Media Visit to NTT	Kompas, TV One, Antara, Media Indonesia, Republika, Detik, Bisnis Indonesia	Implementation of Joint Anniversary of SOE
155		30	Press Release Submission	All Media	Accelerating Electronic Transactions, Bank Mandiri Holds Anniversary Carnival
156	November	2	Press Release Submission	All Media	Increasing Debit And Credit Card Transactions, Mandiri Conducts an Auction
157		9	Press Release Submission	All Media	Develops Fintech Startup Through Mandiri Competition
158		10	Press Release Submission	All Media	Bank Mandiri and HSBC Signs GMRA Indonesia
159		15	Press Release Submission	All Media	Bank Mandiri Restores Branches of Cultural Property
160		23	Press Release Submission	All Media	Strengthening Syariah Business, Mandiri Injects Capital to BSM of Rp500 billion
161		24	Press Release Submission	All Media	Bank Mandiri Becomes the Best Main Dealer of SUN
162		25	Press Release Submission	All Media	Bank Mandiri Assures Micro Credit to Askrindo
163		26	Press Release Submission	All Media	Strengthening Financial Literacy, Bank Mandiri Promotes Laku Pandai in Malang
164		28	Press Release Submission	All Media	Encouraging Investments, Bank Mandiri Serves Receipts Transaction in BP Batam
165		28	Press Release Submission	All Media	Bank Mandiri Facilitates Receipt Payment of Enseval Business Network
166		29	Press Release Submission	All Media	Bank Mandiri Funds Business Expansion for Bukit Asam
167	December	1	Media Visit to Cirebon	Antara, Bisnis Indonesia, Media Indonesia, Investor Daily	Distribution of Aids to Boarding School
168		1	Press Release Submission	All Media	Supporting Achievement in Sustainable Finance Agenda, Mandiri Continuously Grows Laku Pandai
169		5	Press Release Submission	All Media	Bank Mandiri Expands Inclusive Financial Services Access
170		6	Press Release Submission	All Media	Mandiri Recruits Disability Employees
171		7	Press Release Submission	All Media	Realizing Sea Toll Program, Bank Mandiri Focuses to Develop Port Sector

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No.	Month	Date	Activity	Target Media	Information released
172	December	8	Press Release Submission	All Media	Acceleration of Infrastructure Development, Mandiri Supports PT Pembangunan Perumahan
173		14	Press Release Submission	All Media	Mandiri Develops Debtor Business Capacity of Micro KUR
174		15	Press Release Submission	All Media	Bank Mandiri Cooperates with Tokopedia to Facilitate BPJS Payment
175		15	Press Release Submission	All Media	Bank Mandiri Set up an Online Application to Develop SMEs
176		27	Press Release Submission	All Media	Mandiri Distributes Rp1.2 trillion to KAI for the Development of Double Track in South Sumatera
177		29	Press Release Submission	All Media	Developing SMEs, Mandiri Synergizes MIB with Creative House of SOE

Policy on Insider Trading

Policy related to insider trading is recorded in the Bank Mandiri Ethical Code on the Conflict of Interest points F, where it is said that the entire Management of the Bank is only allowed to conduct securities transactions, foreign exchange, precious metals, derivatives and other goods for their own interests and if there is no conflict of interest, violation of insider trading regulations of the Capital Market Authority, and other regulations.

Other Important Information

Transaction with Conflict of Interest

Throughout 2016, there is no conflict of interest transactions during 2016 as mentioned in the regulations of Bapepam-LK No. IX.E.1 "Conflict of Interest".

Bank Mandiri Internal Conflict

During 2016, there were no internal disputes in Bank Mandiri with regard to intervention by owners, remuneration policy and other causes.

Provision of Funds to Related Party and Large Exposure

In accordance with the regulation of Bank Indonesia on Maximum Lending for Commercial Banks, Bank Mandiri has established guidelines policies and procedures related to the provision of funds to related party and/or large exposures.

Bank Mandiri seeks to implement the deployment/diversified portfolio of provision funds as part of the implementation of prudence principles and risk management in providing funds.

This was done in order to prevent business failure as a result of the concentration of provision of funds, and in order to increase the independence committee towards potential intervention from the parties involved.

Provision of funds to related parties and large exposures position as of 31 December 2016 are as follow:

No	Provision of Fund	Total	
		Debtor (person)	Number (million Rp)
1	To related party	355 *	9,626,830
2	To main debtor/lender:		
	a. Personal	5	22,517,836
	b. Group	20	124,061,271
Total main debtor/lender		25	146,579,107

*) Consist of 14 subsidiary companies of Bank Mandiri and 341 executive officials

In reference to Bank Mandiri internal policy on loan, the provision fund to related party (personal or group, including executive official, Directors and Commissioners of the Bank) has been executed in a proper way and approved by the Board of Commissioners.

Providing Fund for Social Activities and/or Politics

Funds for Social Activities 2016

Bank Mandiri has to prove to its stakeholders that the bank is not only on profit, but also show interests to the society and its surroundings (non-financial) around the working unit Bank Mandiri across Indonesia.

As a form of responsibility to the society, Bank Mandiri has put aside part of its profits to develop the people and its surroundings.

Description related to corporate social responsibility presented in the "Corporate Social Responsibility" section and the Sustainability Report 2016, which became an integral part in this Annual Report.

Funds for Political Activities 2016

Throughout the year 2016, Bank Mandiri has not provided any fund for political activities or parties.

Highest and Lowest Salary Ratio

In 2016, highest and lowest Salary ratio Bank Mandiri were as follow:

1. Highest and lowest employees Salary ratio: 57: 1
2. Highest and lowest Directors Salary ratio: 1, 1: 1
3. Highest and lowest Commissioners Salary ratio: 1, 1: 1
4. Highest Director and Employees Salary ratio: 1, 3: 1

Bank Buy Back Stock and Bond Issuance

Throughout the year 2016, Bank Mandiri Issues Sustainable Bonds I Phase I worth Rp5 trillion and didn't purchase buy back shares.

Internal Conflict

Throughout the year 2016, no internal conflicts in Bank Mandiri occurred related to ownership intervention, remuneration policy or other conflicts.

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Press Release 2016

There are 127 Press Releases distributed throughout the year 2016, such as:

No.	Month	Date	Title
1	January	6	Disburses KUR of Rp 3.5 trillion
2		8	Mandiri Strengthens Students' Pride in Nation's Culture
3		9	Mandiri Opens New Branches in Gili Trawangan and Senggigi
4		14	Bank Mandiri Operates Normally
5		15	Mandiri Serves Online Payment for the Joint Selection of Public University
6		20	Mandiri to Finance BPJS Kesehatan Charges of BPJS Kesehatan Partners
7		21	Mandiri Donates Building Auditorium for Students in Institut Pertanian Bogor
8		22	800 TI Developers Compete in e-Cash Mandiri Hackaton Indonesia
9		25	Mandiri Fiestapoin Active Users Grow 185% in 2015
10		27	Accelerating the Investments, Bank Mandiri Mandiri Conducts Investment Forum in 2016
11		27	Mandiri Capital Indonesia Officially Operates
12		27	Supporting Market Automotive, Mandiri Organizes Autofiesta
13		28	Microcredit of Bank Mandiri Disburses of Rp42.4 trillion
14		29	Mandiri Bandung Autofiesta Targets 10 thousand of Visitors
15		31	Bank Mandiri Distributes Rp1 trillion of Loan to Kalbe Farma
16	February	1	Cooperated with the Ministry of Agrarian, Mandiri Facilitates Debtor Collateral Certification
17		1	Bank Mandiri Facilitates GMRA Indonesia in All BPD
18		3	Bank Mandiri Strengthens Loan Syndication
19		4	Welcoming Chinese New Year, Mandiri Gives Promotion
20		9	Mandiri Develops Micro Entrepreneurship through KUR
21		15	Boosting Customers Transactions, Mandiri Accelerates Fiestapoin Program
22		16	Strengthening Loyalty, Mandiri Conducts Priority Customers' Lunar Gathering
23		22	Bank Mandiri Disburses Investment Credit of Rp1.6 trillion to Blue Bird
24		23	Grow up to 12.4%, Bank Mandiri's Credit Increase in Assets up to Rp910.1 trillion
25		25	Mandiri and PRKI Conducts Festival Cap Gomeh in Krendangan Raya
26		26	Seeding Technopreneur Seeds, Mandiri Conducts Hackathon Competition
27		29	Creating Excellence HR Banking, Bank Mandiri Builds Integrated Campus
28	March	1	Working on Agriculture, Bank Mandiri Cooperates with Nonghyup Financial Group
29		8	Mandiri Group Holds Vehicle Expo in Yogyakarta
30		8	Strengthening Entrepreneurship Ecosystem, Bank Mandiri Introduces 24 Potential Young Businessman
31		10	Boosting Mortgage Business, Bank Mandiri Targets Existing Customers
32		11	Mandiri and UNS Solo Synergizing Debit Cards
33		13	Developing Micro Customers, Mandiri Gives TabunganMu Gift
34		17	Bank Mandiri Publishes Co-Branding of NU Membership Card
35		18	Strengthening KTA Quality, Bank Mandiri Cooperates with Jamkrindo
36		21	AGMS Approves Kartika Wirjoatmodjo as Managing Director of Bank Mandiri
37		23	Mandiri Strengthens Expansion in Timor Leste
38		27	Mandiri Lowers Interest Rate
39		29	Bank Mandiri Disburses Rp7 trillion of Loan Syndication for Infrastructure

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No.	Month	Date	Title
40	April	5	Bank Mandiri Serves Government Receipt of Rp324.6 trillion in 2015
41		6	Bank Mandiri Set Commercial Bottom Line of Counter-Guarantee of Rp2.7 trillion to Jasindo
42		10	KUR of Rp3,659 trillion in the first quarter/2016
43		11	Mandiri Supports Certification Process of Land Collateral for 12 Micro Debtors in Brebes
44		14	As of March, Bank Mandiri's Loan Syndication for Infrastructure Reaches Rp15.11 trillion
45		20	Boosting Infrastructure Development, Mandiri Cooperates with KfW IPEX-Bank
46		22	Mandiri Supports Street Lighting and Waste Management in Gili Trawangan
47		25	Boosting Mortgage Business, Mandiri Introduces Mortgage of 8.5%
48	May	27	Bank Mandiri Continues to Grow e-Commerce
49		3	Anticipating Break Long in 5-8 May 2016, Mandiri Sets Rp4 trillion
50		9	Held Mandiri Sahabatku, Bank Mandiri Educated 1,000 Indonesian Labors for Entrepreneurship
51		10	Bank Mandiri Cooperates with K24 Expands Access Community Health
52		11	Bank Mandiri Disburses Microcredit Rp45.47 trillion per April 2016
53		12	As of April 2016, Bank Mandiri Disburses Rp 55.2 trillion SME Loans
54		13	Mandiri Serves Non-Cash Payments to The Body Shop®
55		15	Bank Mandiri Operating Profit Grows 15.9%
56		16	Mandiri Lowers Interest Rates for Credit Under Rp500 million
57		19	Supports the effectiveness of Airport Management, Mandiri Serves Financial Transactions of AP2
58		23	Mandiri Expands Public Access to Bank through Branchless Banking
59		23	Mandiri Donates 3 Trash Motorcycles to Labuan Bajo District Government
60		26	Bank Mandiri Serves Oil Palm Levy Payment via e-Channel
61		27	Strengthening the Culture, Mandiri Supports Arts Festival event ART JOG
62	June	2	Bank Mandiri Strengthens National Fertilizer Industry
63		2	Bank Mandiri Strengthens Service Quality
64		8	Mandiri Group Serves Financial Transactions in GIIAS 2016
65		9	Boosting Transactions, Mandiri Serves Payment in SOGO
66		13	Mandiri e- Money Serves Border Toll of Cikopo- Palimanan- East Brebes
67		15	Mandiri Operates 200 Branch Offices During Leaves Lebaran 2016
68		22	Bank Mandiri Disburses Grocery Offers TNI and Polri Environment
69		24	Bank Mandiri Serves New Money Changer
70		28	Developing Entrepreneurship, Mandiri Presents Mandiri Business Incubator
71		29	Bank Mandiri Dispatches 3,195 Persons to Homeland
72	July	21	Mandiri Develops Business Distributor and Retailer of Semen Gresik
73		25	Strengthening Telecommunications Infrastructure, Mandiri Distributes Rp875 billion for Palapa Ring Project West
74		26	Strengthening Business, Mandiri Will Grow Inorganically in Southeast Asia
75		27	Mandiri Prepares Finance for Khong Guan Group Distributor
76	August	29	Reserves Repatriation Fund, Bank Mandiri Prepares New Products
77		3	Mandiri Launches Online Debit Payment Products to Serve Ads on Facebook
78		3	Bank Mandiri Cooperates with Other Banks to Boost Micro Financing for Civil Servants and Members of TNI/Polri
79		3	Bank Mandiri's Operating Profit Grows 13.3%
80		11	Mandiri Group Serves Financial Transactions in GIIAS 2016
81		22	Mandiri Disburses Loan of Rp700 billion to Cempaka Sinergy Realty
82		24	Bank Mandiri Issued Sustainable Bonds I Phase I Worth Rp5 trillion
83		29	Bank Mandiri Encourages KPR Business Growth
84		30	Mandiri Supports MCI Developing Business of Fintech Business Communities
85		31	Together with Pelindo III, Mandiri Launches e-Port Card

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No.	Month	Date	Title
86	September	1	Bank Mandiri Boosts Tax Amnesty Socialization
87		8	Bank Mandiri Disburses KUR Rp7,417 trillion on Jan - July 2016
88		12	Bank Mandiri Shares and Donates Qurban for the Nation
89		14	Bank Mandiri Competes Fintech in the Event of WMM 2016
90		16	Boosting End of Year Holidays transaction, Bank Mandiri Supports ASTINDO Jakarta Travel Fair 2016
91		22	Bank Mandiri Distributes Aid To Flood Victims in Garut
92		22	Continuous Bond I Phase I Bank Mandiri Attracts Investors
93		22	Bank Mandiri Disburses Rp92.8 trillion for Infrastructure Development
94		22	Bank Mandiri's Tax Amnesty Fund Reaches Rp6.6 trillion
95		23	Bank Mandiri Disburses KUR of Rp7,817 trillion
96		25	Tax Amnesty Funds in Bank Mandiri to Achieve Rp7.37 trillion
97		28	Strengthening Connectivity, Mandiri Disburses Credit of Rp1 trillion for KAI
98	October	2	Realizing SOE Synergy, Mandiri Gives Wholesale and Retail Banking Services for KAI
99		6	Empowering Fishermen in Lamongan, Bank Mandiri Distributes KUR
100		13	Developing Marine Sector, Mandiri Continuously Disburses Funding Nets Scheme
101		23	Absorbency Repatriation Fund, Bank Mandiri Develops Non-Financial Product Innovation
102		24	Bank Mandiri Boosts Utilization of e-Money for Electronic Parking
103		25	Bank Mandiri Books Credit Increase of 11.5% in Third Quarter 2016
104		26	Strengthening Human Resources Quality, Mandiri Conducts Leadership Seminar
105		26	Strengthening Customer Experience, Mandiri Organizes Carnival
106	November	30	Accelerating Electronic Transactions, Bank Mandiri Holds Anniversary Carnival
107		2	Increasing Debit And Credit Card Transactions, Mandiri Conducts an Auction
108		9	Develops Fintech Startup Through Competition
109		10	Bank Mandiri and HSBC Signs GMRA Indonesia
110		15	Bank Mandiri Restores Branch of Cultural Property
111		23	Strengthening Syariah Business, Mandiri Injects Capital Rp500 billion to BSM
112		24	Bank Mandiri Becomes the Best Main Dealer of SUN
113		25	Bank Mandiri Assures Micro Credit to Askrindo
114		26	Strengthening Financial Literacy, Bank Mandiri Promotes Laku Pandai in Malang
115		28	Encouraging Investments, Bank Mandiri Serves Receipts Transaction in BP Batam
116		28	Bank Mandiri Facilitates Receipt Payment of Enseval Business Network
117		29	Bank Mandiri Funds Business Expansion for Bukit Asam
118	December	1	Supporting Achievement in Sustainable Finance Agenda, Mandiri Continuously Grows Laku Pandai
119		5	Bank Mandiri Expands Inclusive Financial Services Access
120		6	Mandiri Recruits Disability Employees
121		7	Realizing Sea Toll Program, Bank Mandiri Focuses to Develop Port Sector
122		8	Acceleration of Infrastructure Development, Mandiri Supports PT Pembangunan Perumahan
123		14	Mandiri Develops Business Capacity of KUR Debtor Micro
124		15	Bank Mandiri Cooperates with Tokopedia to Facilitate BPJS Payment
125		15	Bank Mandiri Sets up an Online Application to Develop SMEs
126		27	Mandiri Distributes Rp1.2 trillion to KAI for the Development of Double Track in South Sumatera
127		29	Developing SMEs, Mandiri Synergizes MIB House Creative with SOE

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Investor Relations Activity 2016

To improve the communications with the Capital Market Analyst in 2016, PT Bank Mandiri (Persero) Tbk has done the following activities:

No.	Types of Activities	Details	Location
1	Analyst Meeting	Full Year 2015 (February), 1 st Quarter 2016 (May), 2 nd Quarter 2016 (July), 3 rd Quarter 2016 (October)	Jakarta
2.	Public Expose	Full Year 2015 (February), 1 st Quarter 2016 (May), 2 nd Quarter 2016 (July), 3 rd Quarter 2016 (October)	Jakarta
3	Investor Conference	Local Investor Conference: 5	Indonesia
		International Investor Conference: 7	Asia & US
4	Non Deal Roadshow	Local Non Deal Roadshow: 2	Indonesia
		International Non Deal Roadshow: 9	Asia, Europe & US

To provide clear and latest strategic guidance to both local and foreign shareholders, Bank Mandiri actively participated in investors meetings. Such meetings help them to increase their confidence to our business model and our management team strength.

Over the past 12 months we have addressed this through our active participation in several events including the organizing of Analyst Meetings to provide financial results quarterly to the analyst, press releases distribution on important developments, one-on-one meeting, organized an event for the Analysts, facilitating visits to the branch/business under Bank Mandiri network and attended a domestic and overseas conference, and Non-Deal Roadshows.

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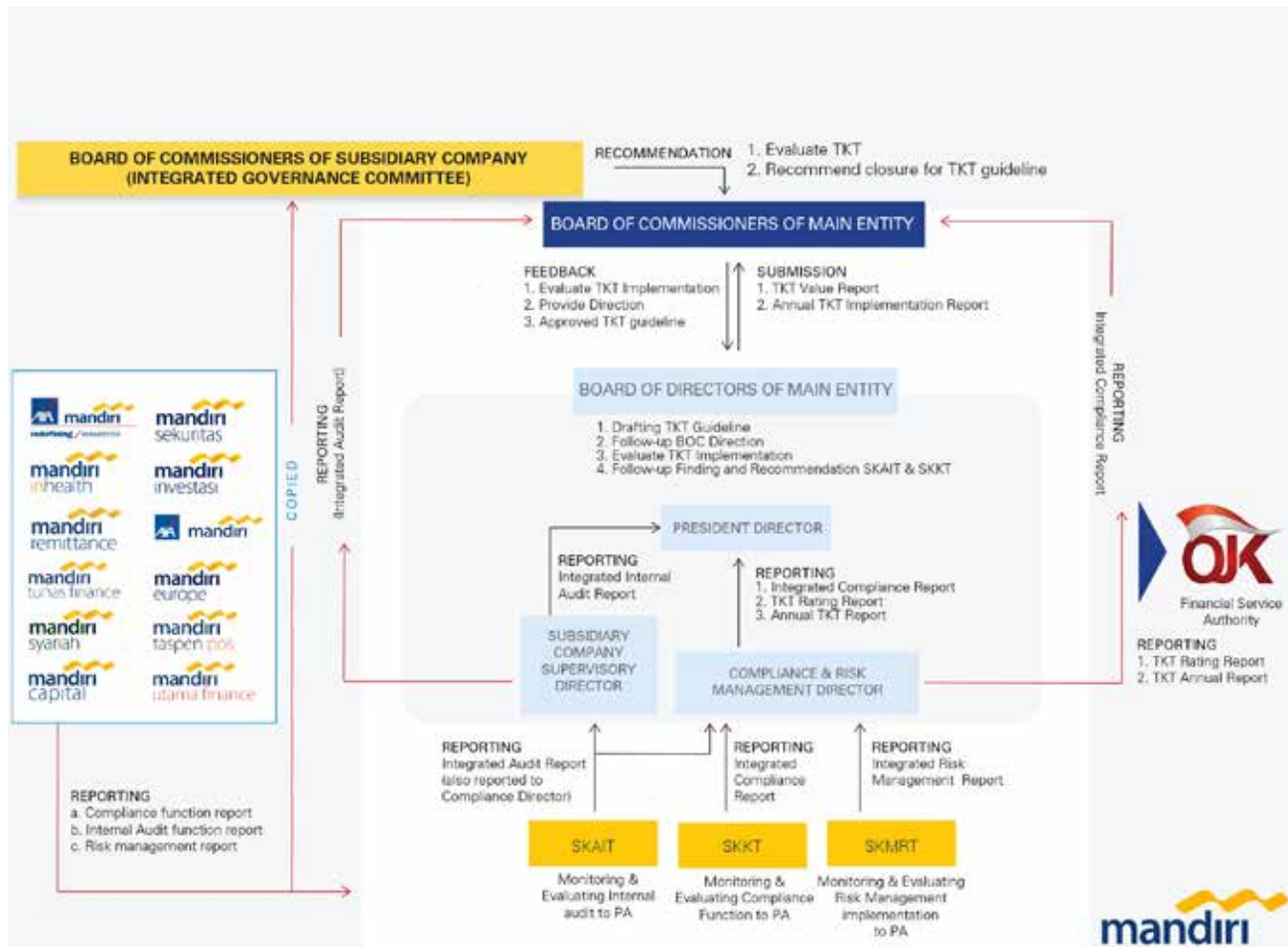
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Banking business growth has developed rapidly. Such business development has a consequence to the increased potential risks in banking activities, including in relation to the risks faced by financial business conglomerate/group.

According to Financial Service Authority (OJK) regulation No.18/POJK.03/2014 regarding the implementation of Integrated Governance for financial conglomerates (POJK TKT), Bank Mandiri as the Main Entity in financial conglomerates with 11 (eleven) Subsidiary Company and one Sub-Subsidiary Company, has drafted a TKT guidelines as a reference for Bank Mandiri and all of its subsidiaries company under the Group of Bank Mandiri. Bank Mandiri has also completed the organization governance by forming TKT Committee, Integrated Compliance Unit (SKKT), Integrated Risk Management Unit (SKMRT) and the Internal Audit Unit (SKAIT):

Integrated Corporate Governance Framework of Bank Mandiri

According to Financial Service Authority (OJK) regulations No.18/POJK.03/2014 regarding the implementation of Integrated Corporate Governance for financial conglomerates, following is Framework Integrated Governance Bank Mandiri and its subsidiary companies:



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Integrated Corporate Governance Organization

Integrated Corporate Governance Committee (TKT)

Bank Mandiri has formed TKT committee with member coming from Independent Commissioner of Bank Mandiri and its Subsidiary Companies representing each industry. TKT committee has the least duty and responsibility, which is:

- 1) Evaluating internal implementation and execution of an integrated compliance functions. In conducting the evaluation, TKT Committee obtains the information in the form of an evaluation of internal audit and compliance functions implementation of each Subsidiary Company and its Board of Commissioners whom become member of TKT Committee.
- 2) Provide recommendation to Bank Mandiri Board of Commissioners on:
 - a) TKT implementation evaluation result;
 - b) Completion of TKT guidance.
- 3) Conducting meeting of Integrated Corporate Governance Committee at least 1 (one) time per semester.

TKT Committee Bank Mandiri chaired by Mr. Abdul Aziz as an Independent Commissioner of Bank Mandiri. During 2016, the Integrated Corporate Governance Committee has conducted two (2) meetings which held on 12 February 2016 with an agenda of presentation and explanation of the results of self-assessment on integrated corporate governance in semester II of 2015, and on 12 October 2016 in discussion ratings of integrated corporate governance integrated on semester I 2016 and tasks and responsibilities of TKT Committee.

Integrated Compliance Working Unit

Along with the implementation of POJK No. 18/POJK.03/2014, Bank Mandiri has appointed Compliance Group as the Integrated Compliance Working Unit (SKKT) that monitor the implementation of compliance function at Mandiri Group.

Following are duty and responsibilities of SKKT:

- 1) Monitoring and evaluating the implementation of compliance function to all subsidiary companies.
- 2) Drafting and submitting implementation report on task and responsibilities to Bank Mandiri Compliance Director or Appointed Director to conduct monitoring function to all subsidiary companies.
- 3) Organized forum with the Subsidiary Company on the implementation of integrated compliance function.

Throughout the year 2016, SKKT Bank Mandiri has done a number of initiative as part of TKT implementation, which are as follow:

- 1) On quarterly basis, the subsidiary company has submitted Compliance report to SKKT.
- 2) In 2015, Bank Mandiri has draft the Integrated Corporate Governance Annual Report with its subsidiary company.
- 3) Completion of Governance Mechanism of Corporate Governance for the Subsidiary Company by forming the organization of governance in each subsidiary company such as Compliance, Risk Management Policy and Whistleblowing System.

Integrated Audit Working Unit

Main entities have established Internal Audit as an independent SKAIT to operational work units. SKAIT, in this case the Internal Audit, has also collaborated with the internal audit of 1st line, 2nd line and subsidiary company to ensure the implementation of effective internal control in Mandiri Group. SKAIT have duty and responsibility as stipulated in TKT Guidelines as follow:

- 1) Conduct audit to Subsidiary Company both individual, joint audit or based on report from subsidiary company SKAI;
- 2) Monitor the implementation of internal audit on each Subsidiary Companies by doing the following task:
 - a. Evaluate audit plan for SKAI Subsidiary Company to get in line integrated audit plan;
 - b. Evaluate subsidiary company internal and external audit results and follow up as part of drafting integrated audit report.

In 2016, SKAIT Bank Mandiri has confirmed the implementation of internal control function for its subsidiary company:

- 1) Conduct audit to 9 (nine) subsidiary companies individually by SKAIT and joint audit with SKAI subsidiary company especially for BSM and Bank Mantap
- 2) Evaluate and leverage audit plan with subsidiary company before drafting Annual Audit Plan of Bank Mandiri and its subsidiary company
- 3) Review the Audit Result Report of SKAI Subsidiary Company and its follow up on quarterly basis.
- 4) Draft Report on the implementation of Integrated Internal Audit Function

Other than that, SKAIT Bank Mandiri has also done a number of initiatives as part of improving Integrated SKAI function such as:

- 1) Drafting Audit Rating Methodology.
- 2) Provide integrated IA Tools such as SKAIT and subsidiary company SKAI.
- 3) Drafting methodology and implementation of subsidiary company control rating.
- 4) Internal audit Long Term Plan implementation for Subsidiary Company related to leverage risk database for Groupwide in the form of Integrated Risk Register (IRR) Project.

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Integrated Risk Management Working Unit

Integrated Risk Management Working Unit stand-alone from other operational working unit and has own adequate policies, procedures and risk limits. Integrated Risk Management Working Unit has the following duty and responsibility as stipulated in TKT Guidelines:

- 1) Provide inputs to Board of Directors in drafting integrated risk management policy;
- 2) Monitor the implementation of integrated risk management including the procedure development and instrument to identify, measure, monitor and control the risk;
- 3) Conduct risk monitoring to financial conglomerate based on the following rate:
 - a. Risk profile each Subsidiary Company in financial conglomerate;
 - b. The risk level of each risk in an integrated way;
 - c. Risk profile in an integrated way.

Throughout the year 2016, SKMRT has done a number of initiative as part of the implementation of integrated governance, such as:

- 1) Monitoring the improvement of sustainable risk awareness through Risk Awareness Survey (RAWS).
- 2) The implementation of integrated risk management between Bank Mandiri and its subsidiary company has referred to Mandiri Group Principle Guideline and TKT Guideline, as well as Integrated Risk Committee as part of better decision process.

The implementation of Compliance Function, Internal Control and Risk Management of Subsidiary Companies

The implementation of compliance function, internal control and risk management of Bank Mandiri subsidiaries in 2016 already stated in the Annual Reports of Subsidiary Companies.

Integrated Corporate Governance Report

Integrated Corporate Governance Rating

Bank Mandiri and its subsidiary companies has done Ratings (self-assessment) in reference to SE OJK No. 15/SEOJK.03/2015 regarding Integrated Corporate Governance Implementation for Financial Conglomerate and refer to subsidiary companies sector regulations.

The results of integrated corporate governance throughout the year 2016 are as follow:

Semester I 2016 Rating

Bank Mandiri TKT rating results on semester I 2016 was 1 or assessed to have done Integrated Corporate Governance generally very good. This is reflected in a very adequate fulfilment for the application of TKT principle. Should there is weaknesses in the implementation of Integrated Corporate Governance, in general these weaknesses were not significant and can be immediately repaired by the Main Entities and/or LJK.

Bank Mandiri conglomerate has made the implementation of TKT generally very good, by fulfilling three aspects of TKT which consist of structure aspects, process and outcome. Fulfilment of sufficient structural aspects and effective TKT process has an outcome on the implementation of good TKT in Bank Mandiri Conglomerate, which reflected through performance, transparency of the financial statements and the implementation of audit and compliance functions.

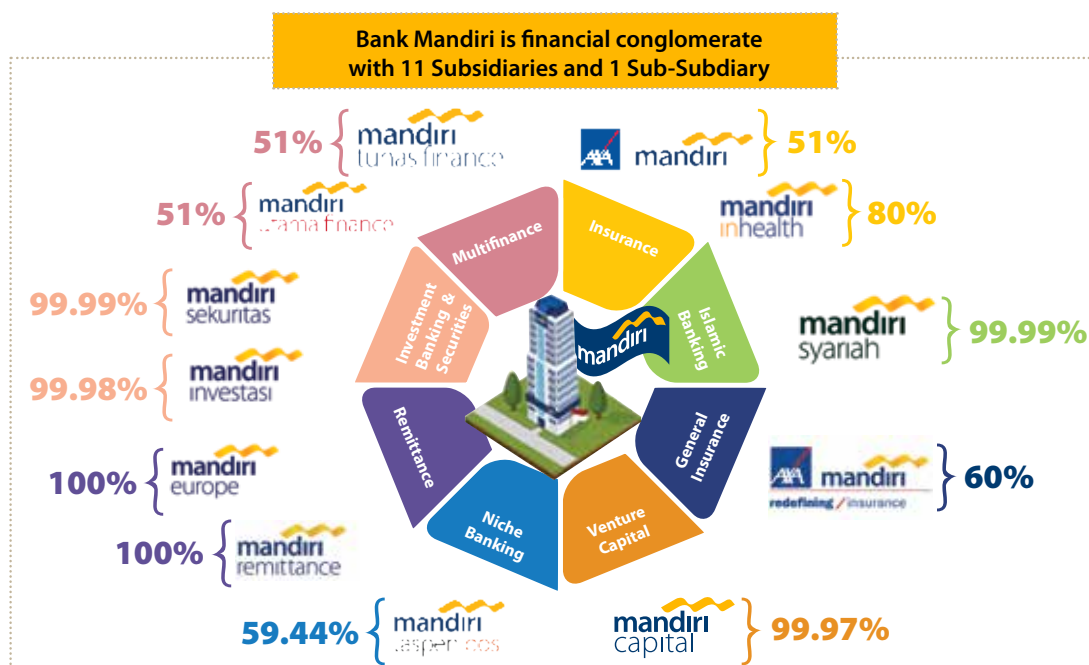
TKT implementation assessment conducted by Bank Mandiri involving all of its subsidiary companies. Of the seven (7) the parameters stated in the SE OJK No. 15/SEOJK.03/2015 we can say that all of these parameters have been well implemented. Nevertheless, there are still some Subsidiary companies that should complete its Corporate Governance Guidelines according to Bank Mandiri TKT Guideline.

Semester II 2016 Rating

Bank Mandiri TKT rating results on semester II 2016 was 1 or assessed to have done Integrated Corporate Governance generally very good. This is reflected in a very adequate fulfilment for the application of TKT principle. Should there is weaknesses in the implementation of Integrated Corporate Governance, in general these weaknesses were not significant and can be immediately repaired by the Main Entities and/or LJK. Bank Mandiri conglomerate has made the implementation of TKT generally very good, by fulfilling three aspects of TKT which consist of structure aspects, process and outcome.

Fulfilment of sufficient structural aspects and effective TKT process has an outcome on the implementation of good TKT in Bank Mandiri Conglomerate, which reflected through performance, transparency of the financial statements and the implementation of audit and compliance functions.

Of the seven (7) the parameters stated in the SE OJK No. 15/SEOJK.03/2015 we can say that all of these parameters have been well implemented. Nevertheless, with regard to rating parameter for TKT Committee, TKT Guideline and Remuneration Policy still need to be completed.

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Statements**Financial Conglomerate Membership Structure****Shareholders Ownership Structure on Financial Conglomerate**

Until December 2016, Bank Mandiri financial conglomerate consist of Bank Mandiri as the main entity and 11 (eleven) subsidiary company and 1 (one) sub-subsidiary company as follow:

Status	No.	Name of Company	Ownership Percentage	
Main Entity	1	PT Bank Mandiri (Persero) Tbk		
Member	1	PT Bank Syariah Mandiri	Bank Mandiri	99.99%
			Mandiri Sekuritas	0.01%
	2	Bank Mandiri (Europe) Limited	Bank Mandiri	100.00%
	3	PT Bank Mandiri Taspen Pos	Bank Mandiri	59.44%
			Taspen	23.30%
			Pos	16.17%
			Lainnya	1.09%
	4	PT AXA Mandiri Financial Services	Bank Mandiri	51.00%
			AXA	49.00%
	5	PT Mandiri AXA General Insurance	Bank Mandiri	60.00%
			AXA	40.00%
	6	PT Asuransi Jiwa Inhealth Indonesia	Bank Mandiri	80.00%
			Kimia Farma	10.00%
			Jasindo	10.00%
	7	PT Mandiri Tunas Finance	Bank Mandiri	51.00%
			Tunas Ridean	49.00%
	8	PT Mandiri Sekuritas	Bank Mandiri	99.99%
			Koperasi Mandiri	0.01%
	9	Mandiri International Remittance Sdn Bhd	Bank Mandiri	100.00%
	10	PT Mandiri Utama Finance	Bank Mandiri	51.00%
			Tunas Ridean	12.00%
			Asco	37.00%
	11	PT Mandiri Manajemen Investasi **)	Mandiri Sekuritas	99.98%
			Koperasi Mandiri	0.02%
	12	PT Mandiri Capital Indonesia	Bank Mandiri	99.97%
			Mandiri Sekuritas	0.03%

**) sub-subsidiary

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Management and Financial Conglomerate Structure

Management structure of Bank Mandiri's financial conglomerate can be seen on the profile of the Board of Directors and Board of Commissioners of Bank Mandiri. For each subsidiary companies already stated in the Annual Report of respective subsidiaries.

Table Management and Financial Conglomerate Structure

GCG Mechanism	Subsidiary Company											
	BSM	Taspen Pos	MTF	MIR	MI	MAGI	BMEL	AMFS	MMI	MS	MUF	MCI*
1 Corporate Governance Guideline	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	On progress
2 Compliance Working Unit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	On progress
3 Policy and Compliance Procedure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	On progress
4 Internal Audit Working Unit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5 Policy & Internal Audit Procedure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	On progress
6 Risk Management Working Unit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7 Policy & Risk Management Procedure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

*Mandiri Capital Indonesia (MCI) is the latest subsidiary company of Bank Mandiri which has yet to full operate, and has the legal entity on 26 June 2016.

Internal Group Transaction Policy

The development of Bank Mandiri and its subsidiary companies aggressively in various business segments make the Bank and its subsidiaries to synergize and collaborate in one business ecosystem. This has led to transaction exposure of intragroup in the Mandiri Group. The Bank continues to maintain that intragroup transactions are in accordance with external and internal regulation in terms of both exposure and process.

The whole process of intragroup transactions as well as the cooperation in the Mandiri Group is run in accordance with the applicable internal provisions (Standard Operating Procedures and Technical Guidelines) and always guided by the Mandiri Group Principles Guideline, which is a guideline for the Mandiri Group in building the ecosystem of business collaboration. The policy regarding the risk of intragroup transactions in Bank Mandiri refers to POJK 17/POJK.03/2014 dated 18 November 2014 and SEOJK 14/SEOJK.03/ 2015 dated 25 May 2015 regarding Integrated Risk Management for Financial Conglomerate. Policies on the risks of intragroup transactions stated on Bank Mandiri Risk Management Policy (KMRBM) and Standard Procedures Risk Based Bank Rating (SP RBBR).

Bank always monitors the performance of the business and risks arising from the business synergies with its subsidiary companies. In this case, the Bank always make sure that the Mandiri Group Intragroup Transactions always in accordance with the rules and established limits Regulator.

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Mandiri Subsidiary Management Principles Guideline (MSMPG)

MSMPG is a guidance for Bank Mandiri and Subsidiaries in building ecosystem of business collaboration through performance culture which can create added value sustainably by holding on Good Corporate Governance principles and Articles of Association of each subsidiary.

MSMPG is a manifestation of Bank Mandiri commitment to constantly implement GCG and Integrated Risk. MSMPG is established with regard to mandate of OJK Regulation No.17/POJK.03/2014 dated November 18, 2014 concerning The Implementation of Integrated Corporate Governance for Financial Conglomeration.

The management principle of Subsidiaries is in accordance with the provision of MSMPG which cover activities of controlling, consolidation, and/or assistance of aspects, namely Integrated Governance; Financial Statement; Human Capital; Procurement; Anti Money Laundering and Prevention of Terrorism Funding; Synergy of Subsidiaries Businesses; Corporate Culture Values; and Collaboration of Information Technology. MSMPG is enacted by referring to Basic Principle of Subsidiary Management as follows:

- Subsidiary is a separate entity from Bank Mandiri.
- The management of subsidiaries is conducted professionally with no intervention in operational activities of subsidiaries.
- The management of subsidiaries is conducted without ruling out the duties and responsibilities of the Board of Directors and the Board of Commissioners of Subsidiaries according to Articles of Association.
- The management of Subsidiaries is addressed to obtain sustainable profit optimization, reduce risk and regulatory compliance.
- The management of Subsidiaries in business development aspect is directed to harmonize business strategy of Subsidiaries with Bank Mandiri business strategy to constantly develop alliance/ synergy between Subsidiaries and Bank Mandiri as well as inter-Subsidiaries by constantly placing basic principle that Subsidiary is a separate entity which has different business characteristics.

Implementation of Integrated Corporate Governance Bank Mandiri and Its Subsidiary Companies Activity

No.	Activity	Details	Name of Subsidiary Company	Time Activity	
				Month	Date
1.	Audit to Subsidiary Company	Audit was done on its own by SKAIT and joint audit with SKAI PA specific for BSM and Bank Mantap	MMI	March – April	1 - 30
			Bank Mantap	April – May	1 - 30
			Mandiri Sekuritas	June – July	1 - 30
			Bank Syariah Mandiri	August – October	1 - 30
			MTF	October	1 - 30
			Inhealth	October	1 - 28
			Bank Mandiri Europe Ltd	November	21 - 30
			AMFS	November	3 - 22
			MAGI	December	1 - 16
2.	Subsidiary Company Audit Committee Meeting	SKAIT periodically attended in Subsidiary Company Audit Committee Meeting as Non-Voting Member as a support to encourage the monitoring function of Subsidiary Company SKAI.	MTF	January	21
				July	14
				October	10
			AMFS	February	24
				April	20
				May	13
				June	23
				August	26
				September	30
				October	31
			MMI	June	21
			Mandiri Sekuritas	December	5

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No.	Activity	Details	Name of Subsidiary Company	Time Activity	
				Month	Date
3.	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q1.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	March	29-31
4.	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q1.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	April	15
5.	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q2.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	June	27-29
6.	Assisting Subsidiary Company	Integrated Risk Register	All PA Jakarta	July	19 - 28
7.	Self-Assessment Presentation on Subsidiary Company GCG rating	Review audit on Self-Assessment GCG rating of subsidiary company	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	July	20 - 22
8.	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q2.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	August	3
9.	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q3.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	September	22-28
10.	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q3.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	October	21
11.	Focus Group Discussion Internal Audit Bank Mandiri and Internal Audit Subsidiary Company		All PA	December	21
12.	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q4.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	December	15-20
13.	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q4.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	December	30
14.	Drafting Integrated Internal Audit Function Report.	Review on internal audit by SKAI on subsidiary company		December	31

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Aspect and Principle of Corporate Governance Implementation According to Financial Service Authority

No	Aspect; Principle; Recommendation	Comply or Explain
A	Aspect 1: Company Open Relations with the Shareholders in Guaranteeing the Shareholders rights.	
A.1.	Principle 1: Improving the value of shareholders Annual General Meeting (RUPS) management.	
A.1.1.	Recommendation 1: Public Listed Company has way or technical procedure of voting both an open or close vote by placing independence ahead and the need of shareholders.	In the Shareholders Annual General Meeting (RUPS) and Extraordinary General Meeting, Bank Mandiri has done voting process both open and closed as stated in the AGM regulations. At 2015 AGM for Closing Book, voting mechanism was done open by raising hand follow by card submission for those who does not agree. While the mechanism of a closed ballot conducted by officers approached all shareholders who then put a card into the provided box The Company has made the AGM Regulation which can be downloaded in the Company's website and distributed to shareholders at the time of the AGM. Note : Comply
A.1.2.	Recommendation 2: All member of Board of Directors and Board of Commissioners of the Company attended the AGM.	In 2015 AGM for Closing Book, all member of the BOD and BOC presented. Note : Comply
A.1.3.	Recommendation 3 : Summary of AGM is available in the Public Listed company website for at least 1 (one) year.	Bank Mandiri has made summary of AGM in both Bahasa Indonesia and English, and has been announced 2 (two) working days after the AGM which was through the Company's website. In details it can be found in Standard Guide for Corporate Secretary (SPCS) Chapter III.A.2.b.1) Summary after AGM b) AGM summary must be announce to the public at least 2 (two) working days after the AGM through: (1) 1 (one) National daily newspaper in Bahasa Indonesia; (2) Stock exchange website; and (3) Public Listed Company website in Bahasa Indonesia and Foreign language in condition to use at least English as the foreign language. Note : Comply
A.2.	Principle 2: Improving the Public Listed Company Communications Quality with Shareholders or Investors.	
A.2.1.	Recommendation 4 : Public Listed Company has a Communications Policy with Shareholders or Investors.	Bank Mandiri has a communications policy with shareholders and investors as stipulated in the Standard Guideline of Corporate Secretary (SPCS) Chapter III.A.I. Information disclosure. In addition, Bank mandiri has an agenda of Public Expose held every three (3) months which aims to meet the regulations requirement and providing information to the public and investors, such as periodic report, information disclosure, business condition or prospects and performance, and the implementation of corporate governance of Public listed company. Information disclosure to stakeholders giving importance has been drafted in reference to the regulations of Capital Market and Stock Exchange and other relevant regulations, briefly and grouped into: - Reporting both periodic and incidental to the relevant institutions (the Financial Services Authority, Bank Indonesia LPS, Ministry of Law and Human Rights, the Stock Exchange) and reporting through the website - Shareholders Annual General Meeting (AGM) Held in reference to the regulations and Bank Budget which consist of annual AGM and other AGM (Extraordinary AGM) - Conduct other activity related to corporate action and/or open information Activity includes : - Public Expose (quarterly) - Analyst Meeting Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
A.2.2.	Recommendation 5 : Public Listed company stated the communication policy of Public Listed Company with the shareholders and investor in the website.	The company has communications policy of Public listed company with shareholders or other issuer as stipulate under SP Corporate Secretary and has been uploaded in Bank Mandiri website. Note : Comply

B.	Aspect 2: Function and Role of Board of Commissioners

B.1.	Principle 3 : Strengthen the Membership and Composition of Board of Commissioners.

B.1.1.	Recommendation 6 : Determine the number of Board of commissioners member considering the Public listed company condition.	Bank Mandiri has met the requirement as stipulate under Article 20 POJK No. 33/POJK.04/2014 which is the number of Board of Commissioners member more than 2 (two) person. Number of Board of Commissioner Bank Mandiri is 8 (eight) person consist of 4 (four) independent commissioner and 4 (four) person non-independent. Note : Comply

B.1.2.	Recommendation 7 : Determining the composition member of Board of Commissioners in reference to diversity, skills, knowledge and experience needed.	Based on the shareholders policy, the composition of Board of Commissioners should refer to the need and complexity of Bank Mandiri business which is by considering diversity, skills, educational background, and experience without distinguish gender. Such thing is needed for duty effectivity of BOD, for that Bank mandiri should maintain mixture of skills and experience of its BOC member. Note : Comply

B.2.	Principle 4 : Improving the Quality of Duty and Responsibility of BOC.

B.2.1.	Recommendation 8 : BOC has its own policy for self-assessment to rate BOC performance	BOC has its own policy of self assessment as stated in the board manual as described in the BOC performance evaluation part. Note : Comply

B.2.2.	Recommendation 9 : Self-assessment to rate BOC performance stated in the Annual Report of Public Listed Company.	The self assessment policy to rate BOC performance, stated in the Annual Report on Procedure of Assessment Implementation for BOC performance. Note : Comply

B.2.3.	Recommendation 10 : BOC has a policy related to membership withdrawal when involve in the financial crime.	The Company has a policy related to the resignation of members of the Board of Commissioners if it is involved in financial crimes as stipulated in the Articles of Association. Referring to the Articles of Association Article 18, paragraph 12, when members of the Board of Commissioners no longer meets the requirements of the legislation, including engaging in financial crimes, the membership terms of the Board of Commissioners by itself ends. In the case of the Board of Commissioners members resignation as part of financial crimes involvement, then the members of the Board of Commissioners shall submit a request to the Company and the Company is obliged to carry out the AGM to decide on such resignation no later than 90 (Ninety) days after resignation submitted by the Company. Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
B.2.4.	Recommendation 11 : Board of Committee or Committee which done the function of Nomination and Remuneration should draft success policy in Nominating BOD process.	Bank Mandiri has the Remuneration and Nomination Committee to assist the BOC to submit recommendations to the shareholders of Series A Dwiwarna in term of: 1. Drafting, conducting and analyzing the nomination criteria and procedures for potential BOC and BOD 2. Identifying potential BOD both from the internal or external and potential BOC which meet the requirement to be proposed/appointed as BOC or BOD. The appointment and dismissal of the Board of Directors is based on the principles of professionalism and corporate governance. As State-own Enterprise, the policy of successor BOD refers to the Regulation of State Own Enterprise Minister No. PER-03/MBU/2015 regarding the requirements, procedures for the appointment and dismissal of members of the Board of Directors of SOEs. In addition, as a public listed company, the Company policy also refers to the Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Public Company.

Note : Comply

C.	Aspect 3 : Function and Role BOD	
C.1.	Principle 5 : Strengthening Membership and Composition of BOD.	
C.1.1.	Recommendation 12 : Determining the number of BOD member in consideration with the Public listed Company condition and effectivity in making decision.	Determining the number of Board of Directors referred to the Regulations applied which is based on POJK 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Public Company stated that the Board of Directors of Public Company consist of at least two (2) members the Board of Directors. The number of Directors of the Bank is 10 (ten) people and in its determination was based on the need to achieve the objectives of the Company and the Company adapted to the conditions suit the needs and complexity of Bank Mandiri.
		Note : Comply
C.1.2.	Recommendation 13 : Determining the composition of BOD member by considering diversity, skills, knowledge, and experience needed.	Diversity composition of the Board of Directors is expected to provide an alternative solution to a problem that banks face which gets more complex compared to BOD that is homogeneous, so that the decisions made are the best after considering various alternatives decision from diversity of the Board of Directors. Based on the policy of Shareholders, the Board of Directors composition determination has been made to suit the needs and complexity of the Bank Mandiri.
		Note : Comply
C.1.3.	Recommendation 14 : BOD member for accounting or finance should have skills and knowledge on accounting.	Director in charge of accounting or finance is Mr. Pahala N. Mansury with a brief history as follows: He holds a Bachelor of Economics in Accounting from University of Indonesia, and an MBA in Finance from the Stern School of Business, New York University, USA. Qualifying as a CFA charterholder from the CFA Institute since 2003. He joined Bank Mandiri and held various positions, including Group Head of Corporate Development, Change Management Office, Accounting and Economic Research (2003-2006), EVP Coordinator Finance & Strategy (2006) and Chief Financial Officer. He is currently active as a board in CFA Indonesia as Vice President. Thus, it can be concluded that Mr. Pahala N. Mansury meet the criteria of expertise and/or knowledge in the field of accounting

Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
C.2.	Principle 6 : Improving the Quality of Implementing Task and Responsible of BOD.	
C.2.1.	Recommendation 15 : BOD has self-assessment policy to rate BOD performance.	The Board of Directors had a self-assessment policy which listed in the manual board as described in the performance evaluation of the Board of Directors. Note : Comply
C.2.2.	Recommendation 16 : Self-assessment policy to rate BOD performance stated in the annual report of Public listed company.	Self assessment in order to assess the performance of the Board of Directors has been done. Self assessment of company's management presented in the Annual Report contained in the Corporate Governance section. Note : Comply
C.2.3.	Recommendation 17 : BOD has policy regarding resignation from the BOD membership when involved in the financial crime.	The Company has a policy related to the resignation of members of the Board of Directors if it is involved in financial crimes as stipulated in Company Budget. Based on the Company Budget article 15, paragraph 2, which can be a member of the Board of Directors are those who meets the requirements upon appointment and during his tenure, one of which is within 5 (five) years prior to appointment and during his tenure: not been declared bankrupt; never a member of the Board of Directors and/or members of the Board of Commissioners who were found guilty for causing a company to go bankrupt; never been sentenced for a criminal offense that is detrimental to the country's financial and/or related to the financial sector. Referring to the Articles of Association Article 15, paragraph 13, where members of the Board of Directors no longer meets regulatory requirements, including financial crimes involved in the tenure of the Board on its own ends. In the case of members of the Board of Directors his resignation if it is involved in financial crimes, then the members of the Board of Directors is obliged to submit a request to the Company and the Company is obliged to carry out the AGM to decide upon such resignation no later than 90 (Ninety) days after receipt of the resignation by the Company. Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
D.	Aspect 4 : Stakeholders Participation	
D.1.	Principle 7 : Improving Corporate Governance Aspect through Stakeholders Participation.	
D.1.1.	Recommendation 18 : Public listed company has a policy to avoid insider trading.	The policy to avoid insider trading is stipulate under SP SDM - Chapter III.D. 2 regarding the Code of Conduct and Business Ethics is the ethical standards that must be followed by all levels of the bank in performing official duties and every day and doing business with customers, partners as well as with colleagues. - Chapter III.D.4 concerning employee Disciplinary Regulations governing the obligations, prohibitions and sanctions to employees. SP Corporate Secretary Chapter III.A.5 Information Disclosure principle, which governs: - Employee who have insider information are prohibited from influencing any party, including the family Insiders to purchase or sell shares - People In addition to the Board of Directors and Board of Commissioners of the offense as set out above and proven transaction and/or provide insider transformation will be subject to disciplinary sanctions as stipulated in the Standard Guidelines for Human Resources (SPSDM) - The Board of Directors and the Board of Commissioners and the parties because of the position, profession/ specific relationship with the Bank and insider trading responsibilities under the applicable provisions
D.1.2.	Recommendation 19 : Public Listed Company has Corruption and anti-fraud policy.	Note : Comply Bank Mandiri has Anti-Fraud policy effective 2 May 2012, as a follow up of Bank Indonesia disposition letter No. 13/28/DPNP dated 09 December 2011 regarding Anti-Fraud Strategy Implementation (SAF). SAF regulate about organization and 4 SAF Pillars of Bank Mandiri, namely: Pilar 1 : Anticipation Pilar 2 : Detection Pilar 3 : Investigation, Reporting and Sanction Pilar 4 : Monitoring, Evaluation and Follow up Bank Mandiri submitted SAF Report to OJK regularly every semester and incidental report on cases which may impact Bank operational as the applicable regulation. Gratuity Control Bank Mandiri has made improvements PTO on Gift Disclosure Statement to be PTO Gratuity Control and formed Gratification Control Unit (Unit Pengendalian Gratifikasi/UPG) to function as controller as per BOD Decree (SK) dated 3 July 2015. Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
D.1.3.	Recommendation 20 : Public Listed Company has a policy on selection and improvement of supplier or vendor.	The Implementation Corporate Governance Practice of Public Listed Company regarding Selection and Improvement of Supplier/Vendor skills has been applied by Bank Mandiri on: 1. Bank Mandiri Operational Policy (KOBM), Article 420 regarding Procurement 2. Standard Operational Guideline (SPO) Procurement, Chapter III.B. Regulations for the Implementation of Procurement of Goods and Services includes: a. Procedures of procurement of goods and services b. Procurement process c. Steps of procurement process d. Work execution and handover e. Procedures of additional work (additional/reduce) especially on construction services f. Execution activities on procurement to manage special condition g. Documenting and payment process 3. On PTO Procurement, procedures of partner selection is described in Chapter XIII. The selection procedures of Partner with Pre-qualification/Post-qualification and accredited potential goods and services provider. 4. Basic principle for Procurement 5. Selection criteria of good and services provider (Partner) 6. In the event of selecting Goods and Services Provider, company has determine aspect that should be reviewed periodically as a basic for Vendor selection. 7. Company has determine partner criteria which recommended to be invited in the Procurement process. 8. Vendor evaluation should be done through 2 (two) model which are project performance evaluation and periodic evaluation Note : Comply
D.1.4.	Recommendation 21 : Public Listed Company policy on creditor rights.	Policies on creditor rights stipulate on : SPO Fund Product, Manual Product and SPO Customer Complaints Management, which in summary regulate : 1. Rights to receive enough explanation on product characteristic 2. Rights to receive access on rules and regulations product through Bank Mandiri website 3. Access to transaction from branches, e-banking services and other facilities provided by the Bank 4. Receive interest which number determine by the Bank regulation 5. Procedures on handling and solving customer's complain Note : Comply

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No	Aspect; Principle; Recommendation	Comply or Explain
D.1.5.	Recommendation 22 : Public Listed Company has a policy on whistleblowing system.	- Whistleblowing system at Bank Mandiri implemented through a letter to CEO (LTC). LTC is a facility to submit fraud complain report or fraud indication from employee as well as vendor to Group CEO by highlighting in the complaint statement to increase effectivity the implementation of internal control system at Bank Mandiri. - Company has a policy which rules about whistleblowing system. - LTC has been implemented since 2009 and revitalized in 2013. - Type of violation which can be reported through LTC are: corruption, fraud, theft, ignorance and violation. - Complain can be made by reporter using the following channels: - Email to lettertoceo@bankmandiri.co.id - Letter to Po Box 14000 JKTM 12700. - SMS to 0811900777. - Website, by clicking lettertoceo in the browser (intranet). - Bank guarantee the confidentiality of reporter and allow not to include his/her name (anonymous) in the report/complaint. Bank also guarantee protection for reporter as stipulate in internal bank regulations. - Incoming report handled and follow up by Internal Audit according to service level agreement (SLA) which has been stated. Note : Comply
D.1.6.	Recommendation 23 : Public listed company has policy on giving long term incentive to BOD and Employees.	At the Shareholders Annual General Meeting dated 21 March 2016, the shareholders have determined long-term incentives to directors and employees of the Company. The Company has implemented a long-term incentive as stipulated in the Shareholders Annual General Meeting and applicable Laws. The Company is currently working on a long-term incentive policy to the Directors and employees in reference to OJK Regulation No. 45/POJK.03/2015 regarding Governance In Granting Remuneration for Commercial Banks and Regulation of Minister of State-own Enterprise No. PER-04/MBU/2014 on Guidelines Income for BOD, BOC and Board of Trustees for State Owned Enterprises. Note : Comply
E.	Aspect 5 : Transparent Information	
E.1.	Principle 8 : Improving the Implementation of Transparent Information.	
E.1.1.	Recommendation 24 : Public listed company utilize the use of information technology broadly other than website as media of transparency information	Bank Mandiri website provide all information related to transparency information. Beside the website, Company utilize technology and other social media application such as SMS Banking, Phone Banking, Instagram, Facebook and Twitter. Note : Comply
E.1.2.	Recommendation 25 : the Company Annual Report disclose benefit to share owner of Public Listed Company at least 5% (five percent), in addition to the beneficial for main shareholder and controller.	The company stated information on shareholder which own more than 5% shares or more of the Company in the Annual Report. Note : Comply

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Corporate Social Responsibility



Preface

As one of the largest State Owned Enterprises (SOE) in Indonesia, Bank Mandiri realizes that the company's performance is not only measured by economic aspects, but also based on social and environmental performance.

This consideration is based on the corporate sustainability reflected in the concept of the triple bottom line, namely people, profit, and planet. Therefore, the implementation of Corporate Social Responsibility (CSR), is an inseparable part of the Company's operational activities.

Through the implementation of CSR programs, Bank Mandiri strives to create synergies and a strong alliance with the Stakeholders through the employees' involvement in the implementation of the CSR program. Bank Mandiri continues to improve the quality of its programs and its CSR activities held each year in order to continue Bank Mandiri's business to be in line with the increase of society welfare and the environment.



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Bank Mandiri CSR Kaleidoscope 2016

Throughout 2016, Bank Mandiri held various CSR activities as an answer to its environmental and community responsibility, ensuring synergy between Bank Mandiri and all stakeholders. This year, Bank Mandiri CSR program focuses on education, entrepreneurship, and poverty alleviation, among others:

January & February The Judging and Coaching of Wirausaha Muda Mandiri (WMM)	March Wirausaha Muda Mandiri (WMM) Award and Expo	April Flood Aid for Madiun district
May CSR in the form of Public Facilities support in Flores NTT	June The launch of Mandiri Digital Incubator	June The launch of Mandiri Business Incubator 2016
July Bazaar	July Break-fasting with orphans	August Students learned about the Archipleago
September The launch of WMM 2016 program	October Mandiri education & SOE teaching	November Renovation Veterans' Home in Maluku
December Fostering SME retail segment	December SOE creative home	

Bank Mandiri CSR Policies, Methodology & Programs

CSR Policies

Bank Mandiri strives to obey all regulations, legislations, and other prevailing rules implemented in the scope of CSR activities in Indonesia, among others:

1. Minister of State Enterprises Regulation No.PER-09/MBU/07/2015 dated July 3, 2015 on the SOE Partnership Program with Small Businesses and Community Development Programs.
2. Law No. 8 of 1999 on Consumer Protection.
3. Financial Services Authority Regulation No. 1/ POJK.07/2013 on Consumer Protection in the Financial Services Sector.
4. Law No. 13 of 2003 on Employment.

These provisions govern how Bank Mandiri creates synergies with communities and the environment to secure synergies between the Bank and all its stakeholders. Bank Mandiri consistently provides solutions through well-designed programs, as reflected in the Bank's CSR vision.

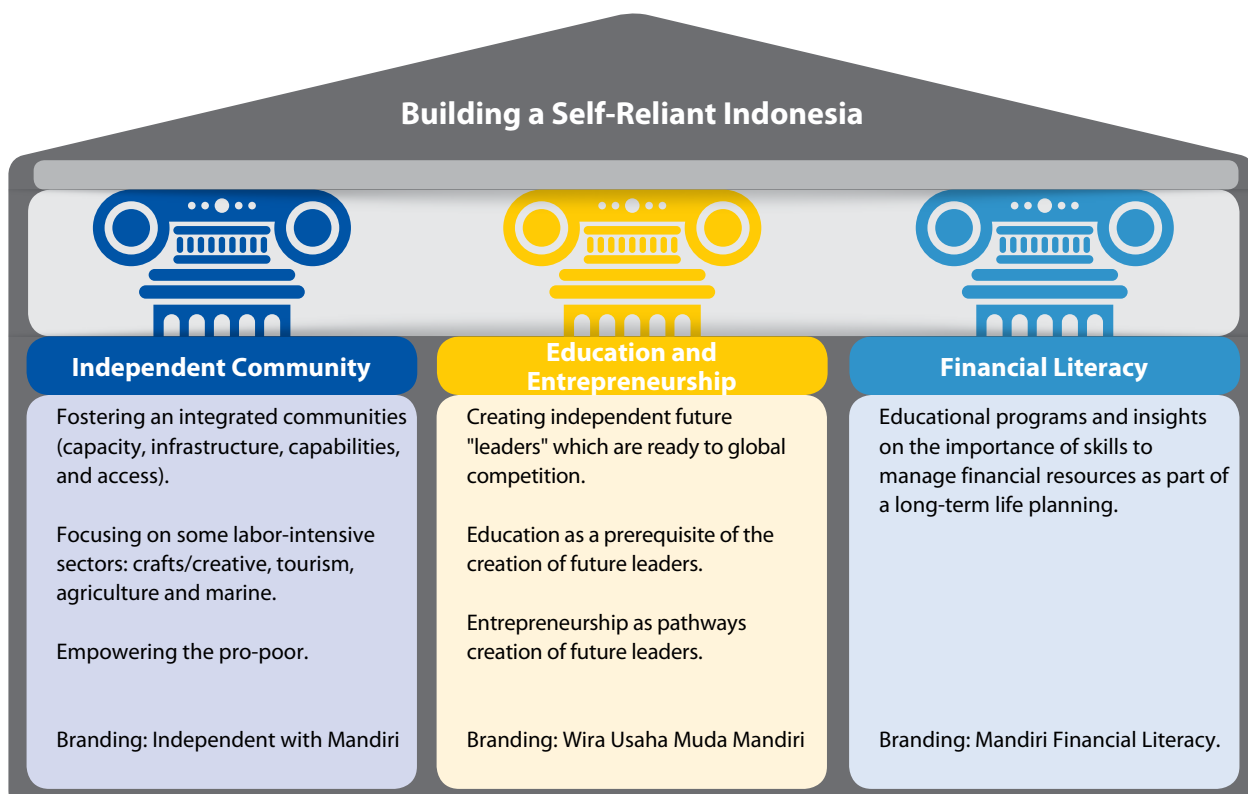
CSR Vision

"Building Self-Reliant Indonesian communities through CSR programs as inspiration to becoming a progressive Indonesian financial institution that grows in tandem with the growth of Indonesia"

CSR Mission

1. Being the main reliable partner for the development of independent and prosperous societies.
2. Conduct PKBL programs that strengthen Bank Mandiri's strategy by implementing the best governance.

In accordance to manifest Bank Mandiri CSR vision, the following are the key pillars of the Bank Mandiri CSR program in 2016:



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CSR Methodology

As part of its overall CSR program implementation, Bank Mandiri uses 2 (two) approaches, namely:

1. The implementation of the 3 (three) pillars of sustainable CSR programs undertaken upon initiation of Bank Mandiri, i.e: Mandiri Bersama Mandiri (MBM), program MBM initiated in 2010, aims to foster a community able to be competitive and able to process local potentials become a source of sustainable community economic wheel. Wirusaha Muda Mandiri (WMM) started in 2007 and focuses on the creation and development of entrepreneurial young seedlings in Indonesia. Financial literacy and programs that are integrated with banking educational programs to the community.
2. CSR programs that are philanthropic, in line with the needs of the community and stakeholder. For example, the construction of places of worship, public facilities support, and disaster relief. In the implementation, Bank Mandiri adopted a participatory method, a method formulated to ensures that all stakeholder elements are be fully engaged therefore the people themselves can influence and control the Bank's development initiatives, and are able to use the provided resources to improve their lives and protect the environment.

CSR Programs

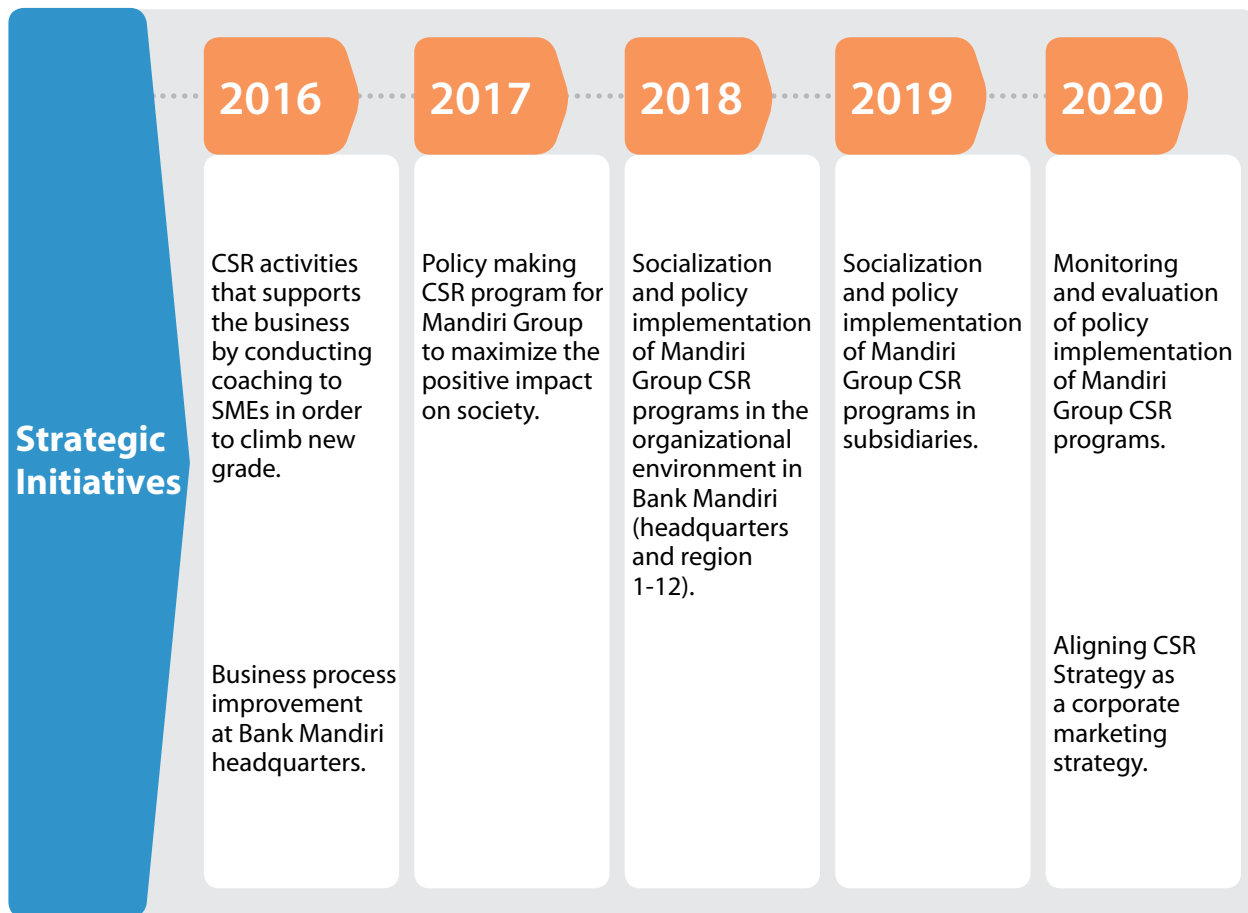
In carrying out the entire company's CSR activities along 2016, Bank Mandiri has considered all CSR programs with meticulous planning, responsible, and complying with the provisions and regulations prevailing in Indonesia.

In general, the pillars of Bank Mandiri's CSR programs in 2016 refers to the 4 (four) aspects, such as:

01	Product and customer (Customers)
02	CSR related to Employee, Health & Safety (K3)
03	CSR related to the relationship with the environment
04	CSR related to the relationship with the community

CSR Roadmap

In order to realize the long term aspiration of Bank Mandiri namely "Indonesia's best, Asean's prominent", Bank Mandiri is committed in running its programs and sustainable CSR activities to create the implementation of CSR framework 2016-2020 as follows:

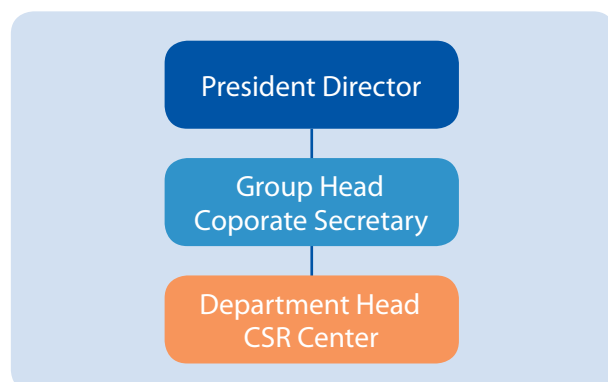


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CSR Management Structure and CSR Budget

CSR Management Structure

Bank Mandiri designates a working unit specifically responsible for managing company's overall CSR programs and sustainability. Their jobs range from planning, implementation, monitoring and evaluation of programs and activities of CSR Bank Mandiri. The unit designated to carry out the duties, responsibilities and oversight over the implementation of the entire CSR program is the CSR Center Department that works under the coordination of the Corporate Secretary Group unit. However, the realization of the Company's CSR activities remains to be done by all Bank Mandiri units. More clearly, the management structure of Bank Mandiri's CSR program is shown below:



Corporate Social Responsibility department is also responsible for managing Bank Mandiri's CSR funds in a professional manner, by promoting the principles of good corporate governance, especially in terms of accountability and transparency. Therefore, Bank Mandiri CSR funds are always audited together with financial statements. The CSR unit creates an annual CSR report that is submitted to the management of Bank Mandiri.

CSR Budget

Bank Mandiri considers CSR activities as a form of long-term investment that can bring added value in the stakeholders's eyes. In addition, Bank Mandiri also assessed that the implementation of CSR programs and activities can also provide a positive impact on society and the environment, ensuring business continuity. Therefore, Bank Mandiri ensures careful planning and precise calculation in order to realize all CSR programs and activities. In general, the main source of Bank Mandiri CSR funding are:

1. Community Development program (BL) & CSR funds is formed from a backup cost companies for social responsibility, which amount is tailored to the needs and capabilities of Bank Mandiri.
2. Community Development Program (BL) funds account originating from the setting aside of part of the Bank Mandiri's profits allocated until the end of 2012.
3. Partnership Program (PK) funds account originating from the setting aside of part of the Bank Mandiri's profits allocated until the end of 2012.
4. Loan administration services/margins/profit sharing/ interest on term deposits/current accounts in relation to PK and BL funds after deducting operating expenses.
5. Placement of PK funds by other SOEs, if any
6. Other legitimate source(s).

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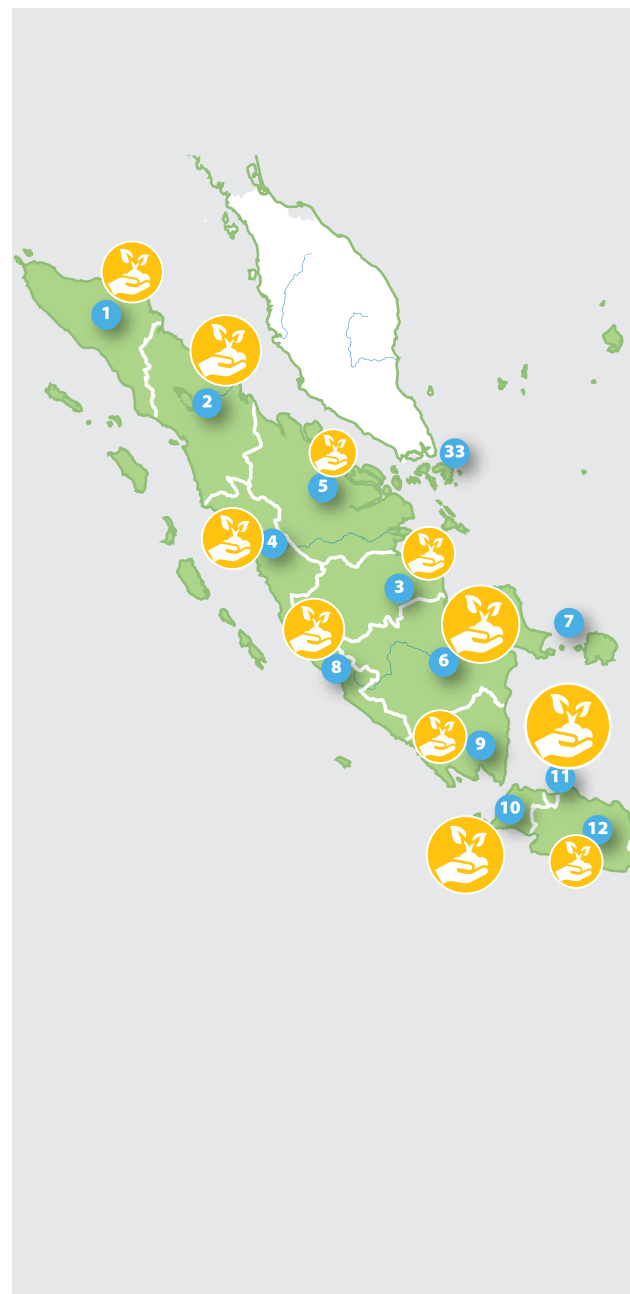
The following table shows the budgetary allocation and realization of CSR funds for the latest 2 (two) years:

**Table Realization of BL Commitments & PK Allocation
(2015-2016) (in million Rp)**

No	Province	BL Commitments		PK Allocation	
		2015	2016	2015	2016*
1.	Nanggroe Aceh Darussalam	52.50	297.50	-	-
2.	North Sumatra	99.12	1,242.79	-	-
3.	Jambi	29.55	92.20	-	-
4.	West Sumatra	-	445.00	-	-
5.	Riau	-	10.00	-	-
6.	South Sumatra	20.00	2,200.81	-	-
7.	Bangka Belitung	-	-	-	-
8.	Bengkulu	-	100.00	-	-
9.	Lampung	-	75.00	-	-
10.	Banten	-	1,889.00	-	-
11.	Special Capital City District of Jakarta	31,947.49	44,338.44	-	-
12.	West Java	427.15	2,049.55	-	-
13.	Central Java	1,438.10	7,487.49	745.00	-
14.	Special Region of Yogyakarta	-	2,410.57	-	-
15.	East Java	2,805.33	6,183.35	235.00	-
16.	Bali	-	1,436.44	-	-
17.	West Nusa Tenggara	-	479.54	-	-
18.	East Nusa Tenggara	-	445.03	-	-
19.	West Kalimantan	-	240.00	-	-
20.	Central Kalimantan	-	-	-	-
21.	South Kalimantan	295.62	432.96	-	-
22.	East Kalimantan	-	826.45	-	-
23.	North Kalimantan	-	-	-	-
24.	North Sulawesi	-	405.80	-	-
25.	Central Sulawesi	259.00	197.81	-	-
26.	Gorontalo	291.51	75.00	-	-
27.	Southeast Sulawesi	4.33	643.45	-	-
28.	South Sulawesi	689.35	2,483.73	-	-
29.	Maluku	440.00	751.52	-	-
30.	North Maluku	-	110.00	-	-
31.	Papua	310.71	1,861.14	-	-
32.	West Papua	-	394.00	-	-
33.	Riau Islands	99.75	-	-	-
34.	West Sulawesi	-	-	-	-
		39,209.51	79,604.55	980.00	-

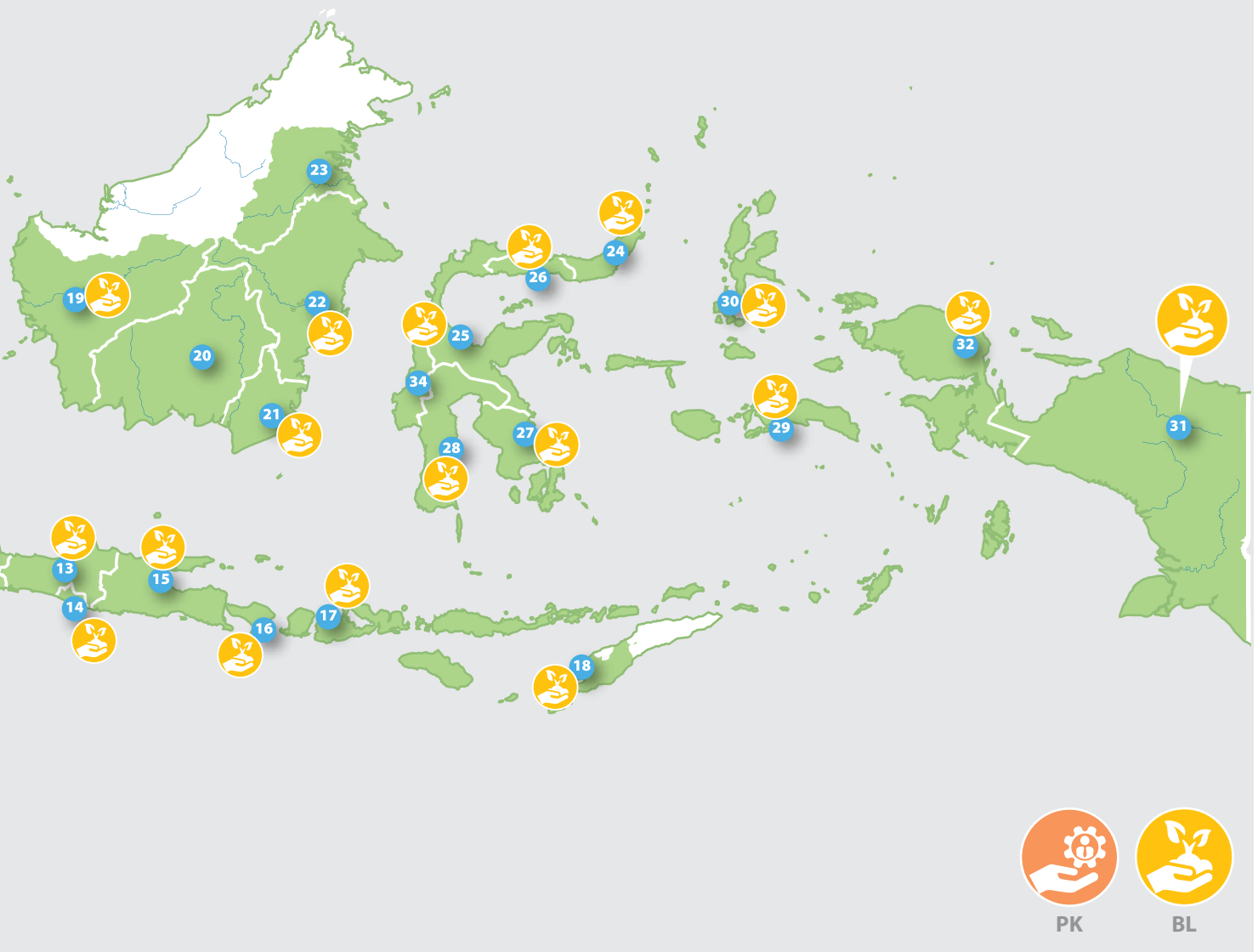
* PK fund distribution since 2013 were channeled selectively because Bank Mandiri is still awaiting the rules/regulations which comprehensively related to the use and the distribution of PK budget source. So that by 2016 Bank Mandiri will be more focused on improving the loan portfolio and the improvement of business processes.

Furthermore, for the realization of the distribution of Community Development program in 2016 has used the source of On Balance Sheet budget of Rp66,444.09 million and Off-Balance Sheet of Rp13,160.47 million. The distribution of BL Program with Off-Balance Sheet is the realization of the BL program which has multi years program period and its commitment has been implemented in previous years. Meanwhile, the distribution of BL programs in 2016 recorded an increase compared to the previous year, this became a real form of commitments contribution of Bank Mandiri to the welfare of society and to build the Nation.



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BL Commitments & PK Allocation in 34 Provinces



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Social Responsibility to the Environment

As Bank Mandiri's commitment towards the management and protection of the environment, Bank Mandiri decided that the environment is one of the main pillars in CSR activities. Bank Mandiri aims to create balance and harmony between operational activities and other parties, including the environment and stakeholders.

Bank Mandiri obviously took steps and policies aimed to minimize the negative impacts from the company's operational activities.

Policies

Bank Mandiri implementation of policies related to the management and protection of the environment is manifested in the form of appeals, edicts and regulations of the Company in order to minimize the impact of the Company's operations on the environment.

The Implementation of 2016 Activities

Throughout 2016, Bank Mandiri has implemented series of CSR activities programs in the environmental field with the following explanation:

Green Office Program

Green office program is a real contribution in managing head office areas with environment-friendly principles. In practice, the office management and all employees strive to implement various austerity programs such as paper-saving, electricity-saving and water-saving through socialization and encouragement program given by the Company. The program provides tangible benefits such as reducing operational costs, increasing efficiency and also improving the image of Bank Mandiri. Activities to support the realization of Green Office is done through the use of materials and energy consumption.

Use of Materials

Bank Mandiri divides the category of materials used for its business purposes into office supplies and materials needed for other operations. The explanation which related to the disclosure of office supplies in this CSR report is limited about paper use and fuel consumption. The issue of reducing paper consumption has become an urgent matter conducted by Bank Mandiri in recent years, considering the negative impact resulted from massive tree logging as well as very large waste from paper production process, either in the form of liquid, gas, or solid. Various initiatives have been taken by Bank Mandiri to reduce paper consumption, such as supporting documentation

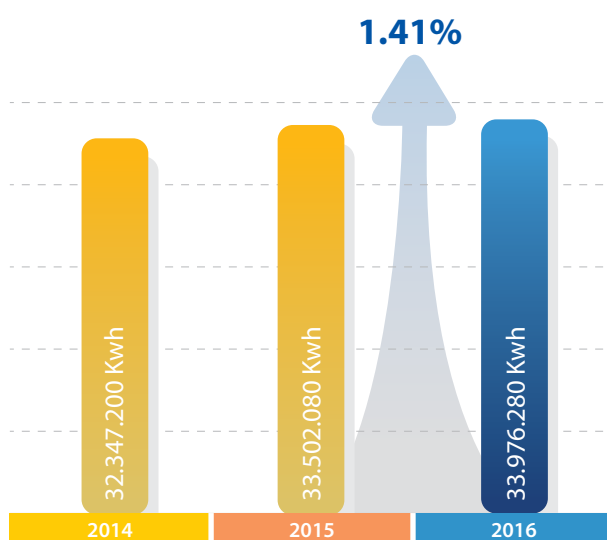
system without paper (paperless), utilizing email as a communication media to disseminate announcements or internal socialization, using recycled papers or printing on the other side of papers for less important documents.

Not only for employees, Bank Mandiri also educates all customers to reduce paper usage by implementing paperless systems on ATMs machine on every transaction which was started at the banking hall, including paper usage for deposit, withdrawal, transfer and other payment forms. This policy was made in order to motivate all customers to conduct transactions online (Internet Banking, Phone Banking and SMS Banking), we have redesigned our forms and reports using recycled paper as the management policy related to day-to-day operations.

As a real step in preserving the environment, Bank Mandiri has committed to implementing austerity policies of paper usage by the use of Xerox Multi-Function Printer with double sided printing capability or duplex printing since 2011 and annually intensified by Bank Mandiri.

Energy Consumption

Bank Mandiri always keeps its commitment to save the energy in every company's operations. It is shown by the implementation of quality improvement of supporting office equipments, for example by turning off the computer and other electronic equipment whenever being left or does not used in a couple of hours. Then, in order to save the electricity, Bank Mandiri has made some efforts, such as by turning off lights and computers during recess. In 2016, the total of electricity consumption at Head Office amounted to 33.97628 million Kwh. This figure shows a slight increase of 1.41% compared to electricity consumption in 2015 of 33.50208 million Kwh which was due to the monthly adjustment of the electrical base made by PT PLN.

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Water Use

In addition to the electrical energy savings, Bank Mandiri also commits to use water wisely according to the needs as Bank Mandiri's concern to the problem of lack of clean water that plagued several regions in Indonesia and even throughout the world. Bank Mandiri always reminds all employees by putting up board sign "Use water wisely" in toilets, mosques and other working areas.

Below is the allocation of water usage in Bank Mandiri Head Office in 2016:

Office Facilities	Water Consumption (m ³)
Cooling Tower	54,418
Park	5,100
Toilet	105,600
Foodcourt	13,200
Others	55,882

During 2016, PDAM water consumption was amounted to 234,200 m³, or 23.14% higher than 190,183 m³ in 2015. This increase was in line with the development of Bank Mandiri's operational activities in 2016. Since 2012, Bank Mandiri has been maximizing the utilization water recycle technology in Plaza Mandiri Building, that is by using recycled water used to operate the air conditioning machine (cooling tower) and for watering the garden at Plaza Mandiri building as well as other office units. During 2016, the water supplied by the Water Recycle technology is equal to 54,418 m³ or reaching 18.85% of total clean water usage. The table below illustrate the volume of water usage to support Bank Mandiri's operations in the last 4 (four) consecutive years:

	2013	2014	2015	2016
Volume of Water Supplied by PDAM (m ³)	148,321	189,322	190,183	234,200
Volume of Recycled Water (m ³)	96,652	87,566	66,278	54,418

Reforestation

As a form of Bank Mandiri's contribution to improve the quality of environment, Bank Mandiri has implemented a reforestation program as an alternative program that effectively in managing and conserving the environment. Therefore, throughout 2016 Bank Mandiri has carried out numerous activities such as longan tree seedling in Solo, Social Activity (planting 1,000 trees, free medical treatment as well as child support), and planting of mangrove seedlings in Hutumuri Beach and Coral Beach Hakurila.

Certification

During 2016, Bank Mandiri has not got any certifications yet related to the environment.

In carrying out social responsibility in the field of environment, Bank Mandiri has spent a total cost up to Rp317,644,235 for natural disaster relief and amounted to Rp240,090,250 for natural conservation activities.

Social Responsibility to the Occupational Health and Safety (K3)

Bank Mandiri abides by the rules and regulations placed in the field of employment as a form of consciousness that occupational safety and health (K3) for employees are critical to reach optimum work productivity. Therefore, Bank Mandiri is committed to ensure the safety and well being of all employees without discrimination.



Policies

Bank Mandiri recognizes that all employees are valuable assets that can support the sustainability of company's business. Bank Mandiri understands that the Occupational Health and Safety (K3) of the employees is a main factor to ensure professionalism in their work. Therefore, in managing the Human Resources (HR), Bank Mandiri complies with the Law of the Republic of Indonesia No. 13 Year 2003 on Employment and Labour Agreement (CLA) PT Bank Mandiri (Persero) Tbk.

The Implementation of 2016 Activities

Throughout 2016, Bank Mandiri has implemented series of CSR activities programs in the Health and Safety (K3) field with the following explanation:

Manpower Practices

1. Employee Welfare

Bank Mandiri always concerns about the welfare of all its employees in order to build synergy in achieving optimum productivity. The welfare programs cover both material and non-material, where material welfare directly relates to employee's performance, and can be given in the form of such compensation as transport allowance, meal allowance, pension, holiday allowance, functional allowance, bonuses, educational assistance, medical allowance, uniforms, leave allowance and bereavement assistance.

Meanwhile, non-material welfare is facilities and services provided to employees by the Company without any discrimination. Non-material welfare program that has been running until now is lactation rooms for female employees who are breastfeeding by providing comfort and steril rooms which also fully equipped by various facilities and standard needs for lactating mother, either at head offices or branch offices. Besides, Bank Mandiri also provides facilities for the employees' children by opening up child day care called Mandiri Day Care at Plaza Mandiri Basement 1 with operating hours at 07:30 to 17:30 pm, and open every weekdays (except weekend and national holidays).

2. Equality in Gender and Employment

In recruitment process, Bank Mandiri is committed to provide equal rights and opportunities to all people regardless of religion, ethnicity, race, social status, skin color, gender, or other physical conditions. Likewise, in the case of the worker appointment, Bank Mandiri does not discriminate on any grounds for its decisions are based on the results of the selection, evaluation results on probation and orientation of workers.

3. Equality in Education and Training Program

In order to improve the capability and capacity of its employees, Bank Mandiri held several methods of learning and development programs in order to support company's operation. Bank Mandiri guarantees that all employees have an equal opportunity to participate in any education and training program held to meet the Company's needs and development plans. Further explanation about Education and Training Program which has implemented in 2016 can be

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found in Chapter "The Overview of Support Functions", sub-chapter of the Human Capital Management on page 236-245.

4. Career Development

Related to the career development, Bank Mandiri always guarantees that all employees have an equal career opportunity either male or female by building career path system in which the requirements of each job and the competency of each employee is integrated into the performance appraisal system. Bank Mandiri views that good practice of career development is an important thing that can improve productivity and work attitude create job satisfaction in order to achieve company goals.

5. Industrial Relations

Bank Mandiri consistently strives to create a harmonious working relationship with all of its employees. Therefore, Bank Mandiri guarantees freedom to all employees to join union of employee organization as a protection step which is provided by the Company to improve the employees' welfare. Further explanation related to industrial relations can be found in Chapter "The Overview of Support Functions", sub-chapter of the Human Capital Management on page 236-245.

6. Remuneration

Bank Mandiri already comply with all regulation and laws applied related to remuneration, where the remuneration of all employees have been adjusted above the standard minimum wage applicable in the operational area of Bank Mandiri. Related to remuneration, Bank Mandiri strives to maintain the gap ratio of salaries of all employees so that the difference will not be too high.

The following table shows the ratio of the highest and lowest salaries of Bank Mandiri during 2016:

Descriptions	Ratio
The highest and lowest employee salaries	57:1
The highest and lowest salaries of the Board of Directors	1.1:1
The highest and lowest salaries of the Board of Commissioners	1.1:1
The highest salaries of the Board of Directors and the highest employee salaries	1.3:1

7. Employee Turnover Level

Bank Mandiri considered that a conducive working atmosphere can reduced the employees turnover. In 2016, Bank Mandiri recorded the number of employees amounted

to 38,940, an increase of 5.66% compared to the previous year, amounting 36,737 employees. In the meantime, in 2016, Bank Mandiri has done termination of employment (retirement age, resigned, dismissed, health reasons) to 1,249 employees. The implementation of the termination (PHK) carried out by Bank Mandiri with reference to the applicable provisions laws and guided by Collective Labour Agreement (CLA) that governing the termination process of employment, the implementation guidelines for termination of employment and the rights and obligations of employees when the employment relationship ends.

Health Practice

Policies

Bank Mandiri understands that the health of all employees is one of the main factors that must be considered due to its importance in supporting the performance of employees as individuals, therefore the performance companies as a whole. Due to this, Bank Mandiri fully supports the quality of all employees' health by providing general medical check-up and health insurance facilities to all employees, both to permanent and temporary employees with the expectation that all employees will maintain good health. In addition, Bank Mandiri also provides health facilities to the employees' family by providing health facilities for children with the age limit of 21 years, for those who have not worked and not married yet. Especially for children who are still attending school, unemployed and not married yet the limit is up to 25 years old. In terms of health assistance to all employees, Bank Mandiri refers to the CLA PT Bank Mandiri (Persero) Tbk Period 2015-2017 Regarding Health Care Facilities.

The Implementation of 2016 Activities

Throughout 2016, Bank Mandiri has organized several activities related to the health field, such as blood donation activity which held at the Auditorium of Plaza Mandiri, 3rd floor, and was followed by a total of 700 participants in every activities. This blood donation activity regularly held four times a year and in 2016 has been held on the following date:

- 1 - 2 March 2016.
- 30 - 31 May 2016
- 30 - 31 August 2016
- 29 - 30 November 2016

Safety Practice

Policies

Besides health, work safety also becomes an important aspect for the management. Bank Mandiri always tries to minimize the working accident risks in order to create a safe and comfortable working environment in optimizing Company's productivity. As the commitment to maintain safety for all employees, Bank Mandiri also has managed the working accident risk in

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accordance with the needs of the employees in the office and in the field when on duty, among others:

1. In the Office

- Provision of training and information on evacuation of high-rise buildings on a regular basis.
- Basic training on use of fire extinguishers.
- Training for the rescue of victims from inside buildings for building security staffs.
- Provision of adequate safety equipment and facilities, including oxygen tubes, first aid kits, sliding ladder and emergency exit windows.
- Provision of ambulances at head office and branch offices.

2. On Duty in the Field

- Making a regulation for all employees to attend safety induction.
- Providing all employees with occupational and personal accident insurance, and occupational accident benefits program.

The Implementation of 2016 Activities

Throughout 2016, Bank Mandiri implemented a series of CSR activities in the Work Safety Field with the following explanation:

1. The readiness practice of emergency response procedures

The readiness practice of emergency response procedures in Bank Mandiri building only conducted once a year namely on the 4th quarter. This practice consisting of three phases as follows:

1. Socialization of Building Emergency Response, which was held on October 18, 2016.
 2. Matching training to Team Roles Fire Brigade, which was held on 5 November 2016.
 3. The Simulation of Building Emergency Evacuation, which was held on December 22, 2016.
- To increase the security team's performance in ensuring the security and safety of all employees during the

work, until 2016 there were 11 employees who had attended K3 training.

2. The inspection of fire tools

In addition to the training of emergency response readiness procedures of the building, Bank Mandiri also conducted the equipment checking and means of building safety. The checking carried out internally and externally. Checking carried out by the internal security team conducted every three months, while external checks carried out by the Fire Department conducted as much as once a year.

3. Social Security

In order to give comfort and certainty for all employees against the risks of socio-economic or others, such as workplace accidents risk, disability, old age and death, leading to a reduction or interruption of labor income, Bank Mandiri involve all employees as member of Jamsostek through BPJS Ketenagakerjaan. As for the program followed Bank Mandiri including JHT, JKK dan JK.

Certification

Bank Mandiri has obtained some certifications that ensure the safety of employees as bellow:

Type of Certification	Validity Period	Institution Name
BS OHSAS 18001:2007 - General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation	17 June 2016-23 July 2017	NQA
BS EN ISO 9001:2008 - General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation	15 May 2016-14 July 2017	NQA

In carrying out social responsibility in the field of Occupational Health and Safety (K3) Bank Mandiri has spent a total cost up to Rp7,690,772,000 for education/training activities.

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Social Responsibility to Communities

Bank Mandiri keeps its commitment of not only concerning corporate profits, but also its commitment with public welfare and the environment. The series of Bank Mandiri CSR programs for the surrounding communities has been implemented in the form of community development.

Policies

Bank Mandiri policies related to the societal responsibility has been regulated and set in Standards and Procedures of PKBL which contains the Partnership Program, Community Development program and the standards Procurement of PKBL program.

The Implementation of 2016 Activities

As part of the community, Bank Mandiri continues to align its business presence and activity in the community. Therefore, Bank Mandiri is committed to continuously run the development and community empowerment program in order to achieve an independent and prosperous society.

Throughout 2016, Bank Mandiri implemented a series of CSR activity programs in the society field with the following explanations:

Community Self-Sufficiency Programs

As the first pillar of Bank Mandiri CSR entire strategy, Mandiri Community pillar runs through "Mandiri Bersama Mandiri" (MBM) is a development and coaching society program empowered by utilizing local wisdom and local potential existing with the participatory approach. Held since 2010, this program aims to promote economic progress in one area by empowering locals to work together and promote competitiveness in conducting business together. Until 2016, Bank Mandiri implemented various forms of activities to achieve the sustainable MBM program, among others:

1. MBM - Oganllir, South Sumatera

A training program for songket weavers that have obtained a working capital loan from Bank Mandiri small businesses located in the village of Tanjung Pinang and Limbang Jaya Village, Tanjung Batu subdistrict Oganllir, South Sumatera. This training program aims to improve the skills of the songket weavers and limar.

2. MBM-Desa Karawang

Is the provision program of supporting facilities and infrastructure for the community-based mushroom industry cluster in Balonggandu village, Karawang. In addition, this program also aims to provide training on how to increase production capacity, management skills, institution building, mushroom processing and machinery as well as product standardization training.

3. MBM Pariwisata Berkelanjutan - Desa Mola, Wakatobi/ MBM Sustainable Tourism - Mola Village, Wakatobi

Is Bajo tribe's community development program. The tribe lives in the Mola village, Wakatobi, Southeast Sulawesi. The aim was to empower the tribe economically through the tourism sector. The natural beauty and biodiversity of the underwater that has been globally recognized in the world in addition to Bajo's tribal culture as a sailors, creates a great opportunity for the Mola Village to develop its tourism sector. Conducted since 2014, Bank Mandiri contributes by aiding tourism facilities, establish and give training to groups for tourism awareness, and even assist in the marketing of Wakatobi MBM program into developing the village into the 10 leading tourist destinations in Indonesia.

4. MBM Sustainable Tourism- Bayan Village, North Lombok

Bayan Village located at the foot of Mount Rinjani has subliminal natural beauty and cultural heritage. There are numerous historical sites and cultural heritage of a society that are influenced by the culture acculturation of Hinduism religion, Animism, and Muslim religion. This potential is developed and empowered by a program of Sustainable Tourism-MBM Bayan Village. Through this program the villagers are involved and participating in the formation of the Parrot tourism business. The program, implemented since 2014 and in collaboration with the British Council program, is expected to preserve the cultural heritage of the nation as well move the wheels of the local economy.

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Entrepreneurship Education and Self-Sufficiency Program

As a second pillar, Entrepreneurship and Education were used as a basis to generate young leaders who are independent and have high competitiveness in facing the challenges of global competition that gets tougher in future generations. In realizing this second pillar, Bank Mandiri has two strategic programs, as follows:

1. Wirausaha Muda Mandiri (WMM)

Started from the awareness that one of the main pillars of country's economy are entrepreneurs in addition to the concern on seeing our industry's limited ability to absorb the labor force, especially in the productive age, in 2007 Bank Mandiri launched WMM program that focuses on fostering the entrepreneurial spirit of the young generation in Indonesia by giving appreciation and sustainable development to those who are courageous to be involved in the entrepreneurship world so the business continuity to the next level is guaranteed. Young entrepreneurs who are successful will be the agent of Bank Mandiri to spread the spirit and inspiration to the younger generations across Indonesia.

The WMM program implementation is in unison with the strategic position of Small Micro and Medium Enterprises (SMEs) in the national economic's growth. As has been proven, the SME sector is able to survive through economic and monetary crisis. In addition, in developing a business requires knowledge, good education, and skills to create sustainable businesses. Above this, the WMM program is designed to support SMEs, especially students that received higher education.

This program have received more than 36,000 young entrepreneurs from all over Indonesia and continues to synergize with stakeholders such as corporate/private sector, media, academia and government. Through this program we hope to create a friendly ecosystem to all entrepreneurs in Indonesia, creating a platform to answer any issues in regards to social, economic, or employment that are being faced by the country.

The WMM program is originally designed to provide an appreciation for young entrepreneurs in Indonesia that continues to innovate in delivering wide impact for the community. The WMM program innovations that have been developed include:

a. Entrepreneurship Workshop

A workshop aims to inspire and give new perspectives for Indonesia's young generation especially to those who aspires in becoming entrepreneurs, or even to those who already are entrepreneurs, about business issues and the global trend. Activities include several speakers from within and outside the country. More than 3,000 young people who aim to be successful entrepreneurs in the future attend the workshop.

b. Entrepreneurship Coaching

Many entrepreneurs failed in running their business due to lack of experience and knowledge in business. Unlike other award programs, in addition to receiving great appreciation, the winners are also involved in training programs and business assistance especially to those whose dreams are to become a successful and ethical entrepreneurs.

By providing business coaching and mentoring program, the alumni of WMM programs are prepared with skills in conducting business. It is for these reasons that Bank Mandiri synergizes with other parties such as professional business coaches, corporations, state-owned enterprises and the government.

Besides providing training and competence development support, Bank Mandiri also strives to promote the products of the winners and the WMM program alumni in the form of an exhibition and publication support via print media, social media and the WMM website.

c. The entrepreneurship module

Launched in 2009, the entrepreneurship module is a development of the WMM program that aims to

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provide entrepreneurship curriculum to assist students in developing business strategies and framework for starting business at the earliest possible age.

In preparation phase, Bank Mandiri synergizes together with business practitioners and academics from various universities. This intellectual work is expected to give contribution in the development of entrepreneurship around Indonesia. Until now the Entrepreneurship Module has been used in more than 100 universities throughout Indonesia.

d. WMM Goes to Pesantren

Bank Mandiri continues to realize its commitment in generating young entrepreneurs who are brave enough to boost the country's economy. After successfully developing the entrepreneurial spirit in universities, Bank Mandiri also conducted an activity WMM Goes to Pesantren.

The background of the implementation of these activities is to promote the role of pesantren in the national economy, remembering the existence of Pesantren in the community has strategic significance in order to develop economic centers that can improve people's welfare. The development of entrepreneurship in Pesantren can also foster economic centers that can improve life quality of people around Pesantren.

Through the program of WMM Goes to Pesantren, Bank Mandiri also wants to upgrade all santri skills in terms of fostering their sense of business in order to generate young entrepreneurs.

In 2012, the activity of WMM Goes to Pesantren has been held at five pesantren, namely Pondok Pesantren (PP) Martapura, PP Dormitory Islamic University (API) Tegalrejo Magelang, PP Tasikmalaya Manonjaya, PP Qodratulloh Palembang and PP Bago Mataram Lombok, Mataram.

e. Wirusaha Mandiri Forum

Entrepreneurs must establish relationships and networks in order to develop its business. Understanding these needs, as one form of innovation the WMM program, in 2014 had formed Wirusaha Mandiri Forum. Organizations formed by joint initiative of Bank Mandiri and alumni WMM can provide a variety of benefits to its members such as opportunities in doing business visits to a national company, an entrepreneurial class, networking with young entrepreneurs from across Indonesia, business matching and others.

Wirusaha Muda Mandiri Forum aims to embody aspirations and support young entrepreneurs who are members of the WMM program and disseminate entrepreneurial spirit for Indonesian youths. In the long-term, this organization is expected to provide multiplier effect for WMM program in spreading the spirit of entrepreneurship to the Indonesian young generation.

f. Mandiri Inkubator bisnis

In order to build a supporting ecosystem for start-up businesses, Bank Mandiri launched Mandiri Inkubator Bisnis (MIB) in 2015. The MIB program is designed to provide ongoing coaching and support by co-working space.

Motivated by Bank Mandiri's attention to the young entrepreneurs that possess great potential to be developed into a large enterprise as well as the development concept of a business incubator as one solution to accelerate the growth of start-up business globally, the MIB program continues to improve as a support system for WMM alumni program and other young entrepreneurs.

2. Mandiri Sahabatku

Is a program of education and awareness about entrepreneurship to Indonesian migrant workers in several countries destinations such as Hong Kong, Korea, Singapore and Malaysia. Knowledge and inspiration given to the migrant workers is expected can foster a spirit to back immediately to Indonesia and work as an entrepreneur.

Besides that, the participants of Mandiri Sahabatku program who have returned and start doing business in the country will still be accompanied by entrepreneurs from the alumni of WMM program or Bank Mandiri customers as a foster father to conduct business mentoring.

3. Mandiri Peduli Pendidikan

Education is one of the keys to improve the quality of human resources and a nation's competitiveness. Therefore, as the bank that gives concerns on society welfare and national economy growth, Bank Mandiri is committed to be a part of the sustainability and improvement of the education quality in Indonesia. In order to realize these noble ideals, Bank Mandiri has been carrying out various activities which are summarized in the Mandiri Peduli Pendidikan (MPP) program.

a. Mandiri Edukasi

Held every year since 2009 Mandiri Edukasi is an excellent program implemented in the form of teaching and learning activities in schools (elementary, junior high schools) and universities that aim to enrich the knowledge of learners, especially related to banking, entrepreneurship and leadership.

In accordance with the theme of "Banking and Entrepreneurship", the implementation of Mandiri Edukasi activities in 2016 focused on the students' level of SMA/SMK which is expected to provide new insights related to the products and services of the bank that previously unknown and prepare young generation for the community. As for the university level, the implementation of Mandiri Edukasi in previous years often attended by the speaker of Indonesian young entrepreneurs who was expected to give encouragements to learners to be achievers and to dream as high as the sky.

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As a form of the corporate culture implementation in terms of giving care to the corporate environment, the implementation of Mandiri Edukasi programs involves any ranks of Bank Mandiri in all regional offices in Indonesia. Until 2016, this program has been attended by more than 25,000 students and 4,500 students spread across Indonesia.

b. Scholarship programs and Educational Support Facilities

Besides Mandiri Edukasi, Bank Mandiri consistently provides aid in the form of Beasiswa Mandiri Prestasi to Elementary School students until S1 degree that achieve outstanding performance but has limited financial capabilities as well as support for the means of educational facilities. The distribution of scholarship programs and support of educational facilities has always cooperated with educational institutions and credible educational fund management institution.

In 2016 the scholarships and educational support facilities implemented through cooperation with various parties, including:

- Cooperation Commitment to disburse scholarship with the University of Technology Sumbawa amounting to Rp300 million.
- Cooperation Commitment to disburse scholarship with the Polytechnic of Jember amounting to Rp240 million.
- Cooperation Commitment to disburse scholarship with the Open University amounting to Rp1,2 billion.
- Construction of new classrooms for Islamic Elementary School (SDIT) Al Baisuny Kokop Bangkalan worth to Rp150 million.

Through this partnership, Bank Mandiri aid that has been given can be used both by students and scholarship recipients to assist in education as well as providing motivation.

Financial Literacy Program

The implementation of the third pillar of Bank Mandiri CSR, Financial Literacy, implemented through various consumer education activities in particular and society in general. The operational implementation of this program is synergized with working units and business processes in Bank Mandiri which has aligned with the financial inclusion policies of FSA. Through this program, Bank Mandiri expects that society knowledge can be more open, especially on banking services and other financial services products industry in order to optimize the achievement of financial goals on an ongoing basis.

Other CSR Programs

In addition to the three main pillars of the implementation of the company's CSR activities, Bank Mandiri distributes other social assistance to stakeholders around the company's operations environment by regarding to the good corporate governance principles, among other things:

1. Mandiri Peduli Kesehatan

Mandiri Health Care Program intends to improve the quality of life implemented in the form of a free treatment program, supports treatment cost for chronic diseases, distribution of health facilities and ambulance assistance. A few examples of Mandiri Health Care Program implementation are: commitment of delivering ambulance units to RSUD Sleman, Yogyakarta amounted to Rp250 million, commitment of delivering ambulance units to the Royal Prima Hospital, Medan amounted to Rp450 million and commitment of delivering health motor aid to the District government Atambua, NTT amounted to Rp100 million. The previous aids are in form of company's concern on the provisions of health services required by the society.

2. Mandiri Peduli Sarana Umum dan Ibadah

Distribution of public facilities assistance and worship is a CSR activities of Bank Mandiri carried out in the form of development and renovation of public facilities, construction and renovation of houses of worship, support of religious festivities, as well as economic assistance for the less fortunate.

During 2016, Bank Mandiri carried out the renovation and construction of public facilities whose existence benefits the community. Another form of implementation of this program is the provision of worship place, as well as the renovation and construction of houses of worship across Indonesia.

In order to welcoming Eid 2016, Bank Mandiri has dispatched more than 500 homecomers from Jakarta to Central Java and East Java by using buses and trains. This homecoming activity is an attempt from Bank Mandiri to help people who would like to celebrate Eid with family in their hometown.

3. Mandiri Peduli Bencana

As a form of Bank Mandiri's concern to the numerous disasters occurred in Indonesia, during 2016 Bank Mandiri provides emergency assistance to all flood victims at Garut, Solo and Madiun.

In carrying out social responsibility in the field of communities, Bank Mandiri has spent a total cost up to Rp1,674,884,059 to build places of worship, as many as Rp3,225,000,000 to build health facilities and amounted to Rp19,947,675,984 to build public facilities.

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Social Responsibility to the Product and the Customer

Recognizing Bank Mandiri business activities that engaged in the banking sector, Bank Mandiri considers that all customers of Bank Mandiri is one of the important external stakeholders to spearhead the sustainability of company's operational activity.

Therefore, Bank Mandiri strives to improve the quality of every product and service provided to give maximum satisfaction and comfort to all customers. In taking responsibility for the product and the customer, Bank Mandiri always prioritize one of 3 (three) Performance Pillar namely Service Excellence as a Bank Mandiri's commitment for always prioritizing the customers needs. In 2016, the commitment and hard work of Bank Mandiri in delivering service excellence to customers has given satisfactory results by winning the highest award again in the field of Service Excellence of Marketing Research Indonesia (MRI) and Infobank Magazine namely:

- The Golden Trophy for Banking Service Excellence, 5 years in a row (2012 – 2016)
- The Most Consistent Bank in Service Excellence, 7 years in a row (2010 – 2016)
- Best Bank Service Excellence, 9 years in a row (2008 – 2016)

In addition, Bank Mandiri received "The Best in Achieving Total Customer Satisfaction" award in the category of Deposit Account at the Indonesian Customer Satisfaction Award (ICSA) event, 2016.

Policies

To maintain the number of customers, Bank Mandiri runs the program as well as social responsibility activities in the field of product and customer by referring to the policies and regulations that applies in Indonesia i.e the Financial Services Authority Regulation No. 1/POJK.07/2013 regarding Consumers Protection Financial Services Sector and Bank Indonesia Regulation No. 10/10/PBI/2008 regarding Customer Protection. To complement these regulations, Bank Mandiri also developed comprehensive guidelines related to the management of customer complaints in the form of Operating Guidelines Standard (SPO) Management of Customer Complaints.

Customer Complaints

Based on Bank Indonesia Regulation No.7/7/PBI/2005 on Settlement of Customer Complaints, which has been amended by Regulation No.10/10/PBI/2008 on customer protection, Bank Mandiri attempted to solve any grievances and handle customer complaints.

Customer Complaint Mechanisms

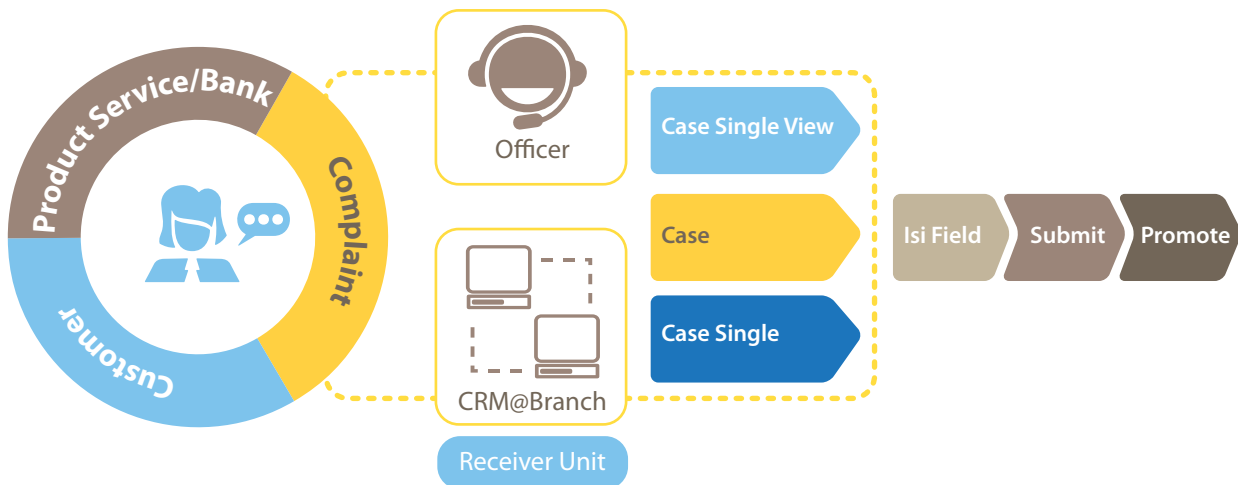
In responding customer complaints, Bank Mandiri uses the basic principle known as "Welcome Complaint" as a form of Bank Mandiri's disclosure in handling complaints, even Bank Mandiri provides many channels that are easily accessible by customers for submitting complaints, such channels include:

1. Mandiri Call, 24-hour service at 14000.
2. Website on www.bankmandiri.co.id, under the menu "Contact Us".
3. E-mail: mandiricare@bankmandiri.co.id
4. Twitter: @mandiricare
5. Facebook: Mandiri Care
6. WhatsApp at numbers: 0811-84-14000 (Telkomsel), 0815-88-14000 (Indosat), 0877-012- 14000 (XL).
7. Telegram at numbers: 0811-84-14000 (Telkomsel), 0815-88-14000 (Indosat), 0877-012- 14000 (XL).
8. Reader's letters column in the mass media both print and electronic.
9. Letter addressed to Bank Mandiri either delivered directly, by post or facsimile.
10. Come to Bank Mandiri Branch Offices throughout Indonesia.

Policy Regarding Handling Resolution Process

So that all customer complaints handled by the quickly and effectively process, Bank Mandiri conducts coordination with the image workflow stages of customer complaints as follows:

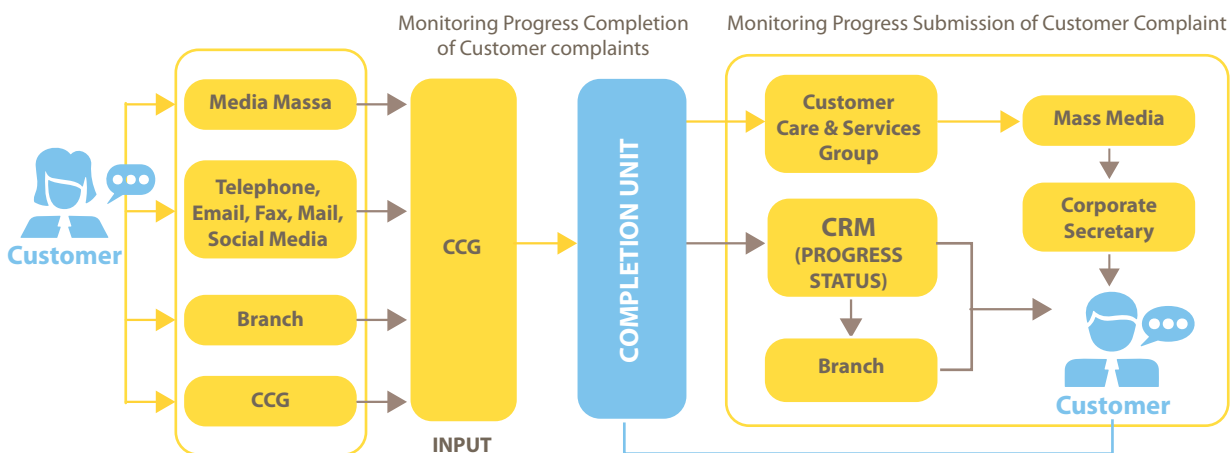
Flow of Customer Complaints



As for the brief explanation about flow stages of customer complaints applied by Bank Mandiri are as follows:

1. All of customer complaints received are recorded in the recording system for customer complaints which called CRM @ Branch.
2. After all customer complaints received, the related units is evaluating based on the flow of Process Complaint of Customer Handling as follows:

Customer Complaint Handling Process



At this stage, all complaints that have been received by CRM@Branch are subsequently forwarded directly to the related settling units and supervised by the Customer Care Group (CCG) in order to assure customers that the completion of handling complaint will be made conform with the Service Level Agreement (SLA) agreed. Meanwhile, particular complaints that made through the mass media, the CCG coordinate with the Corporate Secretary Group in monitoring the response to the complaint in related media.

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As a reflection of service excellence provided by Bank Mandiri to its customers, through the following table shows datas related to resolution and customer complaints that have been made by Bank Mandiri within 2 (two) years:

Type of Customer Complaints	2015 Number of Complaints	2016 Number of Complaints
Bank Interest/Profit Margin	34	8
Penalties	90	31
Administrative Fees/Provisions/Transactions	156	81
Failed Transactions/Late Transactions	295,027	209,879
Bill amount/Account Balance	236	11,625
Others	9,883	5,173
Total	305,426	226,797
Resolved Complaints	302,722	221,760

The number of customer complaints handled by Bank Mandiri in 2016 tends to decline, showing that the whole initiative of fixing root-caused customer complaints has been running well in 2016.

Product Information

To simplify educating customers in understanding all products and services owned by Bank Mandiri, and in order to facilitate the provision of services and access to its customers, Bank Mandiri had socialize their products by way of:

- Website www.bankmandiri.co.id
- On site at the nearest branch office

The Implementation of 2016 Activities

In order to realize a high commitment to protect the rights of customers, then throughout 2016, Bank Mandiri has run various programs and activities of social responsibility in the field of product and customer. The form of policy implementations that have been made include:

Customer Education

As part of the endeavor to transfer knowledge on banking and banking products to Bank Mandiri customers, in 2016 Bank Mandiri has implemented the socialization to Bank Mandiri customers by using the following means:

1. Information dissemination onsite in Bank Mandiri branches
2. Information dissemination through the use of flyers, brochures, billboards, TV, radio, websites, social media and other forms of advertising media
3. The implementation of consumer education activities entitled "Mandiri Ngopi Bareng Sahabat" in 6 cities with the following descriptions:

No.	City	The Schedule Implementation	Topic of Education	Activities
1.	Medan	18 May 2016	Financial Planning	Talkshow Radio
		19 May 2016	Financial Planning	Talkshow Corporate
		20 May 2016	Financial Planning	Talkshow Public
2.	Surabaya	4 August 2016	Financial Planning	Talkshow Corporate
		5 August 2016	Security of Transactions	Talkshow Public
3.	Bandung	10 August 2016	Security of Transactions	Talkshow Radio
		11 August 2016	Financial Planning	Talkshow Corporate
		12 August 2016	Financial Planning	Talkshow Public
4.	Denpasar	15 September 2016	Financial Planning	Talkshow Corporate
5.	Jakarta	5 October 2016	Security of Transactions	Talkshow Radio
		6 October 2016	Security of Transactions	Talkshow Public
		12 October 2016	Financial Planning	Talkshow Corporate
		19 October 2016	Financial Planning	Talkshow Corporate
6.	Cilegon	21 October 2016	Financial Planning	Talkshow Corporate

To measure the effectiveness of education that has been delivered, then carried out Educational Effectiveness Survey in 2016. This survey was conducted against a total of 662 respondents who were participants of the educational event "Mandiri Ngopi Bareng Sahabat" who came from: Medan, Surabaya, Bandung, Denpasar, Jakarta, Cilegon. Data survey retrieval was conducted by using self-completion questionnaire.

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By this survey, it is expected that consumer education conducted by Bank Mandiri will be more effective and efficient.

Customer Satisfaction Survey

To determine how effective the quality of the customer satisfaction level of Bank Mandiri in 2016 is, Bank Mandiri conducted Customer Satisfaction & Experience survey for retail and wholesale segment with the following explanations:

1. Customer Satisfaction & Experience Survey on Retail segment of Bank Mandiri in 2016

In Customer Satisfaction & Experience (CSX) Survey on Retail segment, Bank Mandiri in cooperation with PT. BDRC Asia to measure three values become the benchmark, namely:

1. Customer Satisfaction (CSAT)
2. Customer Effort Score (CES)
3. Net Promoter Score (NPS)

The survey method used in this measurement are using CATI (Computer-Assisted Telephone Interviewing) and FGD (Focus Group Discussion) with the total number of respondents as much as 20.671.

The measurement of CSX on retail segment evaluates 16 Bank Mandiri products, Priority Outlet and Business Banking with the following results are as follows:

No	Product	CSAT	CES	NPS	CSX
1	Savings	84	85	78	82
2	Business Savings	84	84	77	81
3	Business Partners Savings	90	89	82	87
4	Credit Card	85	80	81	82
5	Loans Without Collateral	86	85	83	84
6	Home Mortgage Loan	83	82	82	82
7	Micro Business Loan	92	90	86	89
8	Multipurpose Micro Credit	84	84	81	83
9	Internet Banking	82	82	80	81
10	Internet Bisnis	79	79	78	78
11	Mobile Banking	87	86	84	85
12	e-Cash	84	84	82	83
13	e-Money	80	80	83	81
14	EDCs Machine	84	85	77	82
15	ATMs Machine	85	84	81	83
16	Foreign Currency Transactions	83	84	79	82
17	Priority Outlet	91	-	70	80
18	Business Banking	85	-	80	82
Overall Bank Mandiri		84	83	80	82

*The results of CSX Retail score is rounding down

The value of Customer Satisfaction & Experience (CSX) on the retail segment is obtained from:

$$\text{CSX} = \text{Average Value (CSAT + CES + NPS)}$$

Description:

CSAT : Customer Satisfaction

CES : Customer Effort Score

NPS : Net Promotor Score

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2. Customer Satisfaction & Experience Survey on Wholesale segment of Bank Mandiri in 2016

Customer Satisfaction & Experience Survey on Wholesale segment is conducted with a different approach compared to Customer Satisfaction & Experience Survey on retail segment. The wholesale segment measurement approach is based on the customer target which is intended by the total number of respondents as many as 508 companies.

Bank Mandiri in collaboration with IPSOS to measure the level of customer satisfaction based on the experiences of using any products of Bank Mandiri through face to face interview method with the measurement results are as follows:

PRODUCT	Giro	KMK	KI	MCM	Forex	Issuance LC	Acceptance of LC/ SKBDN	Bank Guarantee
CSAT	81	81	79	79	83	78	77	83

Generally, Bank Mandiri measures the customer satisfaction levels on wholesale segment based on customer satisfaction (CSAT) and the Net Promoter Score (NPS), with the calculation formula as follows:

$$CSX = \text{Average Value (CSAT + NPS)}$$

Description:

CSX = Customer Satisfaction & Experience

CSAT = Customer Satisfaction

NPS = Net Promotor Score

Aspects	Score
Customer Satisfaction (CSAT)	82
Net Promotor Score (NPS)	81
Customer Satisfaction & Experience (CSX)	81

*The results of CSX Wholesale score is rounding down

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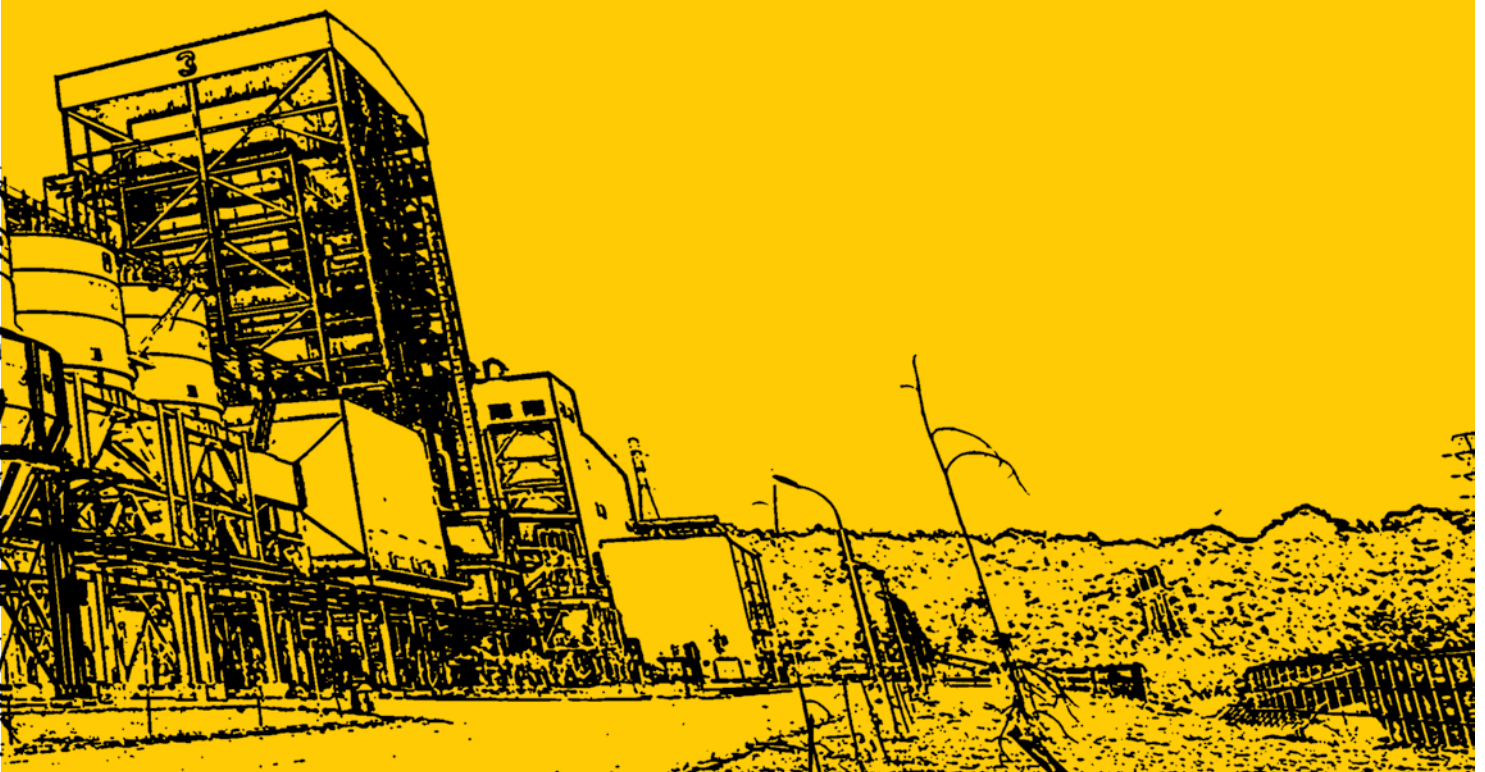
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Criteria of Annual Report Award 2016

No.	Criteria	Description	Page
I. GENERAL			
1.	The Annual Report must be written in good Indonesian, and it is recommended that the report is also presented in English.		✓
2.	The printing of the Annual Report must be of good quality, using an easily readable type and font size.		✓
3.	The annual report clearly presents the company's identity.	The company name and the year of the annual report are shown on: 1. Front cover; 2. Side margin; 3. Back cover; and 4. Each page.	✓
4.	The Annual Report is posted on the company's website.	Including the current annual report and the reports for at least the past 4 years.	✓
II. FINANCIAL PERFORMANCE HIGHLIGHTS			
1.	Information on the Company's operating results with a comparison of 3 (three) fiscal years or since the commencement of business of the company if it has been operating for less than three years.	The information includes, among others: 1. Sales/revenues; 2. Profit (loss): a. Attributable to the owner of the parent entity; and b. Attributable to non-controlling interests; 3. Total comprehensive profit (loss): a. Attributable to the owner of the parent entity; and b. Attributable to non-controlling interests; and 4. Earnings (loss) per share. Note: If the company does not have any subsidiaries, the company should present the net income (loss) and earnings (loss) and other comprehensive income in total.	16
2.	Information on the financial position is presented in the form of a comparison with the previous 3 (three) fiscal years or since the commencement of business of the company if it has been operating for less than 3 (three) years.	Information includes, among others: 1. Total investment in associates; 2. Total assets; 3. Total liabilities; and 4. Total equity.	16
3.	Financial ratios with comparisons for three fiscal years or since the commencement of business of the company if it has been operating for less than 3 (three) years.	The information includes five financial ratios that are common and relevant to the company's industry.	17

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No.	Criteria	Description	Page
4.	Information on stock price in table and chart form.	- Number of outstanding shares; - The information in tables and charts covers: - Market capitalization based on price on the Exchange where the shares are listed; - The highest, lowest, and closing price of shares on the Exchange where the shares are listed; and - Trading volume on the Exchange where the shares are listed. - Information in charts contains at least: - Closing price based on price on the Exchange where the shares are listed; and - Share trading volume on the Exchange where the shares are listed. - For each quarter of the last two fiscal years. Note: if the company has no market capitalization, information on the stock price and share trading volume shall be disclosed.	22
5.	Information on outstanding bonds, sukuk, or convertible bonds of the last two fiscal years.	The information contains: - Number of outstanding bonds/sukuk/convertible bonds; - Interest rate/yield; - Maturity; and - Bonds/sukuk rating in 2015 and 2016. Note: if a company does not have bonds/sukuk/convertible bonds, this should be disclosed.	24
III. REPORTS FROM THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS			
1.	The Board of Commissioners' Report.	Information includes: - Assessment of the performance of the Board of Directors in managing the company and the basis for the assessment; - View on the company's business prospects as prepared by the Board of Directors; - View on the implementation/management of whistleblowing system (WBS) in the Company and role of the Board of Commissioners in such WBS; and - Changes in the composition of the Board of Commissioners and the reason for the change (if any).	32-37
2.	The Board of Directors' Report.	Information includes: - Analysis of the company's performance, including: - Strategic policies; - Comparison between realisations and targets; and - Challenges faced by the company and how these were addressed; - Analysis of business prospects; - Implementation of corporate governance in the fiscal year; - Changes in the composition of the Board of Directors (if any) and the reason behind the change.	38-45
3.	Signatures of the Board of Commissioners and the Board of Directors.	Includes the following: - Signatures are presented on separate sheets; - Statement of full responsibility for the accuracy of the annual report contents by the Board Commissioners and the Board of Directors; - Signed by all members of the Board of Commissioners and the Board of Directors, stating their names and positions; and - Written explanation in a separate letter from the person(s) concerned in the event that a member of the Board of Commissioners or the Board of Directors fails to sign the annual report; or a written explanation in a separate letter from another member(s) in the event that the person(s) concerned fails to provide a written explanation.	47

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IV. COMPANY PROFILE			
1.	Company profile information.	The information includes, among others, the name and address, postal code, phone number(s), facsimile, e-mail, and website address.	50
2.	Brief history of the company.	Include: date/year of establishment, name, and changes in company name (if any). Note: if the company has never changed its name, this should be disclosed.	52-53
3.	Line of Business.	Description of, among others: 1. The company's business activities in accordance with the latest articles of association; 2. Business activities conducted; and 3. Products and/or services produced.	57-60
4.	Organisational structure.	In a chart, showing names and positions, up to at least one level below the Board of Directors.	64-65
5.	Company Vision, Mission and Culture.	Include: 1. Corporate Vision; 2. Corporate Mission; 3. Explanation that the vision and mission have been agreed by the Board of Directors/Board of Commissioners; 4. Statement on the company's corporate culture.	66-69
6.	Identity and brief CV's of the members of the Board of Commissioners.	The information includes, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Education (field of study and educational institution); 6. Work experience (positions, institutions, and period of service); and 7. History of appointments as a Commissioner of the company since the first appointment.	72-75, 272-273, 278
7.	Identity and brief CV's of the members of the Board of Directors.	The information includes, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Education (field of study and educational institution); 6. Work experience (positions, institutions, and period of service); and 7. History of appointments as a Director of the company since the first appointment.	78-83, 289-280
8.	Number of employees (comparative for 2 years) and description of competency building that reflects the opportunities for each level of the organisation.	The information should contain: 1. The number of employees at each level of the organisation; 2. The number of employees at each level of education; 3. The number of employees based on employment status; 4. A description of and data on employee competency development programs undertaken, consisting of the parties (position level) attending the trainings, types of training and purpose of training; and 5. Expenditure on developing employee competencies in the fiscal year.	88-91, 237-241
9.	Shareholders' composition.	Includes, among others: 1. Details of the names of shareholders, covering the 20 largest shareholders and their shareholding percentage; 2. Details of shareholders and their shareholding percentage should include: a. Names of shareholders with 5% or more of the shares; b. Groups of public shareholders with respective shareholdings of less than 5%. 3. Names of Directors and Commissioners as well as their stock ownership, both directly and indirectly. Note: if the Directors and Commissioners do not own shares, either directly or indirectly, this should be disclosed.	92-95

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10.	List of subsidiaries and/or associates.	The information includes, among others: 1. Names of subsidiaries and/or associates; 2. Shareholding percentage; 3. Explanation of the subsidiaries and/or associates' lines of business; and 4. Explanation of the operational status of the subsidiaries and/or associates (operating or not yet operating).	96-100
11.	Group corporate structure	Group corporate structure in chart form showing the subsidiaries, associates, joint ventures, and Special Purpose Vehicles (SPVs).	86-87
12.	Chronology of share issues (including private placements) and/or share listings from the initial issuance up to the end of the financial year.	Include the following items: 1. Year of share issue, number of shares, nominal value and offering price for each corporate action; 2. Number of listed shares after each corporate action; and 3. Name of Stock Exchange where the company's shares are listed. Note: if the company has no stock listing chronology, this shall be disclosed.	21-23
13.	Chronology of other securities listings from initial issuance up to the end of the financial year.	Include the following items: 1. Name of securities, year of issue, interest rate/return, and date of maturity; 2. Offering value of other securities; 3. Name of Stock Exchange where the company's other securities are listed; and 4. Rating of the securities. Note: if the company has no chronology of other securities issue or listing, this should be disclosed.	24
14.	Names and addresses of supporting institutions and/or professionals.	The information includes, among others: 1. Name and address of the Share Registrar/parties administering the company's securities; 2. Name and address of Public Accounting Firm; and 3. Name and address of rating agency.	51
15.	Awards and/or certifications received by the company in the last fiscal year, both national and international.	Includes the following items: 1. Name of the awards and/or certificates; 2. Year of the awards and/or certificates received; 3. Institution presenting the awards and or certificates; and 4. Period of validity (for certificates).	102-105
16.	Names and addresses of subsidiary companies and or branch offices or representative offices (if any).	Information should include: 1. Names and addresses of business entities; and 2. Names and addresses of branch/representative offices. Note: if there are no business entities/branches/representatives, this should be disclosed.	96, 106-107
17.	Information on the company website.	Includes at least: 1. Information on shareholdings up to the ultimate individual shareholder; 2. Contents of the Code of Conduct; 3. Information on the General Meeting of Shareholders (GMS), covering at least the meeting agenda, a summary of the minutes of the GMS and significant dates such as the GMS announcement, GMS invitation, date of the GMS, and announcement of the summary of the GMS minutes; 4. Financial statements (the last 5 years); 5. Profile of the Board of Commissioners and Directors; and 6. Charter of the Board of Commissioners, Board of Directors, Committees and Internal Audit Unit.	107
18.	Education and/or trainings for the Board of Commissioners, Board of Directors, Committees, Corporate Secretary and Internal Audit Unit.	Includes at least the following information (type and participants): 1. Education and/or training for the Board of Commissioners; 2. Education and/or training for the Board of Directors; 3. Education and/or training for the Audit Committee; 4. Education and/or training for the Nomination and Remuneration Committee; 5. Education and/or training for other committees; 6. Education and/or training for the Corporate Secretary; and 7. Education and/or training for the Internal Audit Unit; followed by the financial year. Note: if there were no education and/or trainings in the financial year, this should be disclosed.	108-111

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V. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY'S PERFORMANCE			
1.	Operational review per business segment.	Includes descriptions of: 1. Explanation of each business segment; 2. Performance of each business segment, including: a. Production/business activities; b. Increase/decrease in business capacity; c. Sales/revenues; and d. Profitability.	117-129
2.	Description of the company's financial performance.	Analysis of the financial performance, including a comparison between the current financial performance and the previous year's financial performance and causes of the increase/decrease (in narration and tables), relating to, among others: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long-term liabilities, and total liabilities; 3. Equity; 4. Sales/revenues, expenses and profit (loss), other comprehensive income and total comprehensive profit (loss); and 5. Cash flows.	130-142
3.	Discussion and analysis of the company's solvency and liquidity, presenting ratios that are relevant to the company's industry.	Explanation on: 1. Capacity to pay debts in long term and short term 2. Accounts receivable collectibility	143-145
4.	Discussion of the capital structure and capital structure policy.	Explanation of: 1. Details of the capital structure, consisting of interest/sukuk and equities; and 2. Capital structure policy; and 3. Basis for the management's policy on capital structure.	145-146
5.	Discussion of material commitments for capital investment (not funding commitments) in the last financial year.	Explanation of: 1. Names of parties making the commitment; 2. The purpose of such commitment; 3. Source of funds expected to fulfill said commitment; 4. Currency of denomination; and 5. Steps taken by the company to protect the related foreign currency position against risks. Note: if the company had no material commitments for investment in capital goods in the last fiscal year, this should be disclosed.	207
6.	Discussion of capital investments realised in the last fiscal year.	Explanation of: 1. Types of capital investment; 2. Purposes of the capital investments; and 3. Value of capital investments spent in the last fiscal year. Note: if there was no realisation of capital investment, this should be disclosed.	207
7.	Information on comparisons between the targets at the beginning of the fiscal year and the realisation, and expected targets or projections for the coming year relating to revenue, profit, capital structure, and other matters considered important to the company.	The information includes, among others: 1. Comparisons between the targets at the beginning of the fiscal year and the realisation; and 2. Expected targets or projections for the coming year.	223
8.	Information and material facts occurring after the date of the accountant's report.	Description of significant events after the date of the accountant's report, including their effect on future business performance and risks. Note: if there were no material events after the date of the accountant's report, this should be disclosed.	207
9.	Description of the company's business prospects.	Description of the company's business prospects related to the industry and economy in general, accompanied by quantitative supporting data from a trustworthy source.	223
10.	Description of marketing aspects.	Description of the marketing aspects of the company's products and/or services, including marketing strategies and market share.	224-225
11.	Description of the dividend policy and amount of the cash dividend per share and amount of the dividends per year announced or paid in the last two fiscal years.	Including a description of: 1. Policy on the distribution of dividends; 2. Total dividend distributed; 3. Amount of cash dividends per share; 4. Payout ratio; and 5. Date of announcement and payment of cash dividends for each year. Note: if no dividend was paid, this should be disclosed.	208

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12.	Employee and/or Management Stock Ownership Plan (ESOP/MSOP) operated by the company, which is still in operation up to the fiscal year.	Including a description of: 1. Total ESOP/MSOP shares and their realisation; 2. Time period; 3. Requirements for eligible employees and/or management; and 4. Exercise price. Note: if there is no such program, this should be disclosed.	25, 207
13.	Realisation of the use of proceeds from the public offering (in the event that the company is still required to report the use of proceeds).	Including a description of: 1. Total proceeds; 2. Planned use of the proceeds; 3. Detailed use of the proceeds; 4. Balance of proceeds; and 5. Date of GMS/GMB approval on changes in the use of proceeds (if any). Note: if the company has no information on the use of proceeds from the public offering, this should be disclosed.	24, 212
14.	Information on material transactions containing conflicts of interest and/or transactions with affiliates.	Including a description of: 1. Names of affiliates and the nature of affiliation; 2. Explanation of the fairness of the transaction; 3. Reason behind the transaction; 4. Realisation of transactions in the last fiscal year; 5. Company policy relating to the review mechanism for transactions; and 6. Compliance with relevant regulations and provisions. Note: if there is no such transactions, this should be disclosed.	212
15.	Description of regulatory changes that had a significant impact on the company in the last financial year.	The description includes: 1. The regulatory changes; and 2. Their impacts (quantitative and/or qualitative) on the company (if significant), or statement that they were not significant. Note: if there were no such changes, this should be disclosed.	210-211
16.	Description of changes in accounting policies applied by the company in the last fiscal year.	The description includes: 1. Any change of accounting policies; 2. The rationale for such change; and 3. Its quantitative impact on the financial statement. Note: if there were no such changes, this should be disclosed.	211-212
17.	Information on business continuity.	Disclosure of information about: 1. Issues in the last fiscal year that may have a significant impact on the continuity of business; 2. Management's assessment of the issues in point 1; and 3. The assumptions used by the management in making the assessment. Note: If there were no issues in the last fiscal year that may have a significant impact on the continuity of the business, disclose the assumptions used by management to conclude that this is the case.	225
VI. GOOD CORPORATE GOVERNANCE (GCG)			
1.	Description of the Board of Commissioners.	The description includes, among others: 1. Description of the Board of Commissioners' responsibilities; 2. Assessment of the performance of each committee under the Board of Commissioners and basis for the assessment; and 3. Disclosure about the Board Charter (guidelines and working arrangements for the Board of Commissioners).	270-271, 238
2.	Independent Commissioners (minimum of 30% of total members of the Board of Commissioners).	Covering, among others: 1. The criteria for the appointment of the Independent Commissioners; and 2. Statement of independence of each Independent Commissioner.	276
3.	Description of the Board of Directors.	The description includes, among others: 1. Scope of duties and responsibilities of each member of the Board of Directors; 2. Assessment on the performance of committees under the Board of Directors (if any); and 3. Disclosure about the Board Charter (guidelines and working arrangements for the Board of Directors).	283-289, 354
4.	Assessment of the Implementation of GCG for the fiscal year, covering at least the Board of Commissioners and the Board of Directors.	The description includes, among others: 1. Criteria used for the assessment; 2. Parties conducting the assessment; 3. Score on each criterion; 4. Recommendations on the assessment results; and 5. Reasons for not implementing the recommendations. Note: if there was no GCG assessment in the fiscal year, this should be disclosed.	254-257, 282, 300-302

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5.	Description of the remuneration policy for the Boards of Commissioners and the Boards of Directors.	The description includes, among others: 1. Disclosure of the remuneration procedures for the Board of Commissioners; 2. Disclosure of the remuneration procedures for the Board of Directors; 3. Remuneration structure, showing the nominal amount per component for each Commissioner; 4. Remuneration structure, showing the nominal amount per component for each Director; and 5. Disclosure of indicators for the determination of Board of Directors' remuneration; 6. Disclosure of performance and non-performance bonuses, and/or stock options received by each member of the Board of Commissioners and Board of Directors (if any). Note: if no performance or non-performance bonuses, and/or stock options were received by any member of the Board of Commissioners and Board of Directors, this should be disclosed.	304-307
6.	Frequency and attendance at BOC Meetings (at least once every two months), BOD meetings (minimum once a month), and joint meetings of the BOD and BOC (minimum once every four months).	The information includes: 1. Meeting date; 2. Meeting participants; and 3. Meeting agenda for each BOD and BOD meeting, and joint meeting.	278-280, 292-298
7.	Information on major shareholders and controlling shareholders, directly or indirectly, and individual shareholders.	In the form of scheme or chart that separates major shareholders and controlling shareholders. Note: a major shareholder is a party that directly or indirectly owns at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by the Company, but is not a controlling shareholder.	92
8.	Disclosure of affiliations between the members of the Board of Directors, Board of Commissioners, and major and/or controlling shareholders.	The description includes: 1. Affiliations between members of the Board of Directors; 2. Affiliations between members of the Board of Directors and Board of Commissioners; 3. Affiliations between members of the Board of Directors and Major and/or Controlling Shareholders; 4. Affiliations between members of the Board of Commissioners; and 5. Affiliations between members of the Board of Directors and Major and/or Controlling Shareholders. Note: If there are no such affiliations, this should be disclosed.	277
9.	Audit Committee.	Including: 1. Names, positions, and terms of office of Audit Committee members; 2. Educational qualifications and work experience of Audit Committee members (position, institution, and period of service) of Audit Committee members; 3. Audit Committee members' independence; 4. Description of Audit Committee's duties and responsibilities; 5. Brief report on Audit Committee members' activities; 6. Frequency of meetings and attendance of Audit Committee members.	308-313
10.	Nomination and/or Remuneration Committee.	Including: 1. Names, positions, and brief CVs of nomination and/or remuneration committee members; 2. Independence of nomination and/or remuneration committee members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of the nomination and/or remuneration committee in the financial year; 5. Frequency of meetings and attendance at nomination and/or remuneration committee meetings; 6. Statement about the existence of guidelines for the nomination and remuneration committee; and 7. Policy relating to the Board of Directors' succession.	320-324
11.	Other committees under the Board of Commissioners.	Covering, among others: 1. Names, positions, and brief CVs of members of other committees; 2. Independence of members of other committee; 3. Description of duties and responsibilities; 4. Description of implementation of the activities of other committees; and 5. Frequency of meetings and attendance.	314-320, 325-328

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12.	Description of duties and functions of the Corporate Secretary.	Including: 1. Name and brief CV of Corporate Secretary; 2. Domicile; 3. Description of duties of the Secretary; and 4. Description of execution of duties in the fiscal year.	354-355
13.	Description of the internal audit unit.	Including: 1. Name of the head of the internal audit unit; 2. Number of employees (internal auditors) in the internal audit unit; 3. Certification for internal audit professionals; 4. Position of internal audit unit in the corporate structure; 5. Brief report on the internal audit unit's implementation of activities; and 6. The party that appoints/dismisses the head of the internal audit unit.	356-363
14.	Public accountant.	The information includes: 1. Name and years in which the public accountant has audited the annual financial statements in the past 5 years; 2. Name and number of periods in which the public accounting firm has audited the annual financial statements in the past 5 years; 3. The fee for each service provided by the public accountant; and 4. Other services provided by the accountant apart from the audit of the annual financial statements. Note: if no other services were rendered, this should be disclosed.	364-365
15.	Description of corporate risk management.	Including: 1. Explanation of the risk management system applied by the company; 2. Explanation of the evaluation of the effectiveness of the risk management system; 3. Explanation of the risks faced by the company; and 4. Efforts to manage the risks.	147-206, 366-371
16.	Description of the internal control system.	Including: 1. Brief explanation of the internal control system, including financial and operational control; 2. Explanation of the internal control system's compliance with internationally-recognised frameworks (COSO – internal control framework); and 3. Explanation of the evaluation of the effectiveness of the internal control system.	372-373
17.	Description of corporate social responsibility activities related to the environment.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; 2. Activities implemented and their quantitative impact; and in relation to environmental programs associated with company's operations, such as the use of environmentally friendly and recyclable materials and energy, the company's waste treatment system, mechanism for complaints about environmental issues, consideration of environmental aspects in providing loans to customers, and so on; 3. Environmental certification held by the company.	434-435
18.	Description of corporate social responsibility in relation to employment, occupational health and safety.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; and 2. Activities implemented and their quantitative impact in relation to employment, occupational health and safety practices, such as gender equality and equal work opportunities, safety facilities, employee turnover, workplace accident rate, remuneration, employment-related complaints mechanism, and so on.	436-438
19.	Description of corporate social responsibility in relation to social and community development.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; 2. Activities implemented and their impact; and 3. Costs incurred in relation to social and community development, such as the use of the local workforce, empowerment of surrounding communities, repair of social facilities and infrastructure, other forms of donations, communication related to the anti-corruption policy and procedures, anti-corruption training, and so on.	439-442
20.	Description of corporate social responsibility in relation to responsibility to customers.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; and 2. Activities implemented and their impact in relation to product responsibility, such as consumer health and safety, product information, facilities, number of customer complaints and the response, and so on.	443-447

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21.	Significant cases currently faced by the company, its subsidiaries, and members of the Board of Directors and/or Board of Commissioners member(s) who were serving during the period of the annual report.	Including: 1. The main points of the cases/lawsuits; 2. Dispute/lawsuit settlement status; 3. The risk to the company and the nominal value of the lawsuit/claim; 4. Administrative sanctions imposed on the company or members of the Board of Commissioners or Board of Directors, by the relevant authorities (capital market, banking, and others) in the last fiscal year (or a statement confirming that no administrative sanctions were imposed). Note: if there were no such cases, this should be disclosed.	394
22.	Access to company information and data.	Description of the availability of company information and data to public, such as through the website (in Indonesian and English), mass media, mailing lists, bulletins, analyst meetings, etc.	395-402
23.	Discussion of the code of conduct.	Including information on: 1. Content of the code of conduct; 2. Disclosure about the applicability of the code of conduct for all levels of the organisation; 3. Dissemination of the code of conduct; 4. Sanctions for each type of violation of the code of conduct; and 5. The number of violations of code of conduct and the sanctions imposed in the last fiscal year. Note: If there were no violations of the code of conduct in the last fiscal year, this should be disclosed.	383-386
24.	Disclosure about the whistleblowing system.	Description of the whistleblowing system mechanisms, including: 1. Mechanism for reporting violations; 2. Protection for the whistleblower; 3. Handling of violation reports; 4. The unit responsible for handling violation reports; 5. Number of complaints received and processed in the last fiscal year; and 6. Sanctions/follow up in relation to the complaints processed in the fiscal year. Note: if no complaints were received in the last fiscal year, this should be disclosed.	392-303
25.	Policy on diversity of the composition of the Board of Commissioners and the Board of Directors.	Description of the company's policy on diversity in the composition of the Board of Commissioners and Board of Directors with regard to education (field of study), work experience, age, and gender. Note: if there is no such policy, this should be disclosed.	272-274, 284-285

VII. FINANCIAL INFORMATION

1.	Statement from the Board of Directors and/or Board of Commissioners on their accountability for the financial statements.	Compliance with the relevant regulations on accountability for the financial statements.	Consolidated Financial Statements i
2.	Independent auditor's opinion on the financial statements.		Consolidated Financial Statements iii-iv
3.	Description of the independent auditor's opinion.	The description includes: 1. Name and signature; 2. Date of Audit Report; and 3. Public Accounting Firm's and Public Accountant's License Numbers.	Consolidated Financial Statements iv
4.	Comprehensive financial statements.	Including in full the following elements of the financial statements: 1. Statement of financial position; 2. Statement of profit and loss and other comprehensive income; 3. Statement of changes in equity; 4. Statement of cash flows; 5. Notes to the financial statements; 6. Comparative information on the previous period; and 7. Statement of financial position at the beginning of comparative period, presented when an entity applies an accounting policy retrospectively or restates posts in the financial statements, or reclassifies posts in the financial statements (if relevant).	Consolidated Financial Statements 1-287 Appendix 1-4
5.	Comparison of profitability.	Comparison between profit (loss) in the current year and the previous year.	Consolidated Financial Statements 9-11

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6.	Statement of Cash Flows.	Fulfilling the following requirements: 1. Classification in three categories of activity: operation, investment, and financing; 2. The use of the direct method in reporting cash flow from operational activities; 3. Separation of presentation between cash receipts and/or cash expenses for the current year into operation, investment, and financing activities; and 4. Disclosure of non-cash transactions must be included in the notes to the financial statements.	Consolidated Financial Statements 14-16
7.	Summary of accounting policy.	Consists of at least: 1. Statement of compliance with Financial Accounting Standards (SAK); 2. Basis for the measurement and preparation of the financial statements; 3. Income Tax; 4. Employee benefits; and 5. Financial instruments.	Consolidated Financial Statements 37-77
8.	Disclosure of transactions with related parties.	Items disclosed include: 1. Names of related parties and the nature of the relationship with these parties; 2. The value of the transactional and its percentage of total revenue and relevant expenses; and 3. Total balance and its percentage of total assets or liabilities.	Consolidated Financial Statements 206-218
9.	Disclosure of matters relating to taxation.	Matters that must be disclosed: 1. Fiscal reconciliation and calculation of current tax expense; 2. Explanation of relationship between tax expense (income) and accounting profit; 3. Statement acknowledging that Taxable Profits (LKP) from the reconciliation serve as the basis for the Annual Corporate Income Tax Returns (SPT); 4. Details of assets and deferred tax liabilities recognised in the financial position statement for each period presented, and the amount of deferred tax (income) expenses recognised in the income statements if the amount is not visible in the total assets or liabilities of deferred tax recognised in the statements of financial position; and 5. Disclosure of any tax disputes.	Consolidated Financial Statements 152-158
10.	Disclosure of matters relating to fixed assets.	Matters that must be disclosed: 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate the fair value of fixed assets (for the revaluation model) or disclosure of the fair value of fixed assets (for the cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and end of the period by presenting: addition, reduction, and reclassification.	Consolidated Financial Statements 63-65, 126-131
11.	Disclosure of matters relating to operational segments.	Matters that must be disclosed: 1. General information covering the factors used to identify the segments reported; 2. Information regarding profit and loss, assets, and liabilities of the reported segments; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segments, and material elements of the other segments against relevant amount in the entity; and 4. Disclosure at the entity level, covering information on products and/or services, geographical area, and main customers.	Consolidated Financial Statements 77, 218-223
12.	Disclosure relating to financial instruments.	1. Details of the financial instruments based on their classification; 2. The fair value and the hierarchy of each class of financial instruments; 3. Explanation of the risks associated with financial instruments: market risk, credit risk and liquidity risk; 4. Risk management policy; and 5. Risk analysis related to quantitative financial instruments.	Consolidated Financial Statements 38-52
13.	Publication of financial statements.	Issues to be disclosed include: 1. The date on which the financial statements were authorised for publication; and 2. The party responsible for authorizing the financial statements.	Consolidated Financial Statements 37

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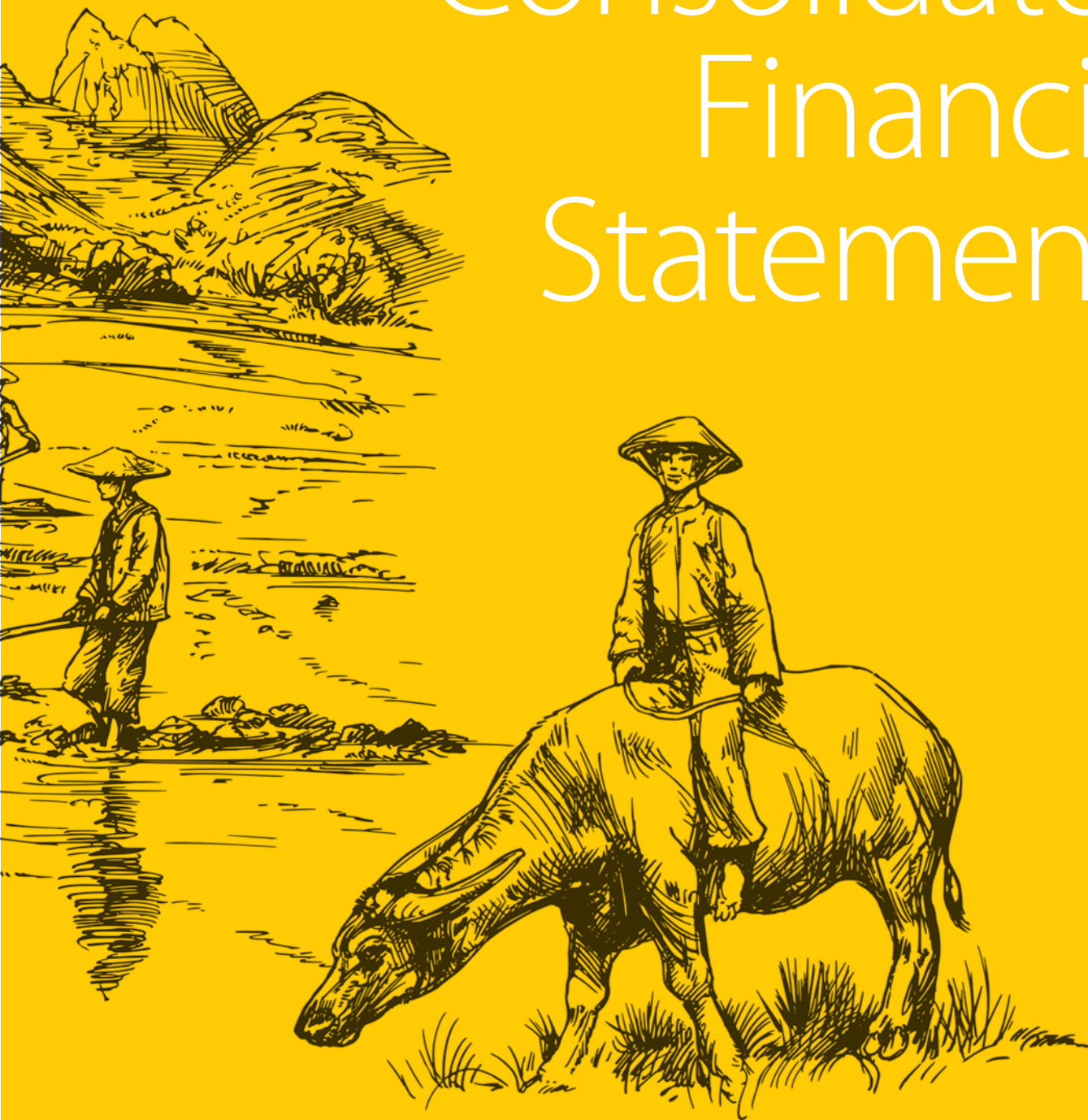
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**PT Bank Mandiri (Persero) Tbk.
and Subsidiaries**

Consolidated financial statements
as of December 31, 2016 and
for the year then ended
with independent auditors' report

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2016
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 35 - 38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
www.bankmandiri.co.id

We, the undersigned:

1. Name : Kartika Wirjoatmodjo
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Duren Tiga Selatan No.14 RT. 004 RW. 002
Kelurahan Duren Tiga, Kecamatan Pancoran,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245653
Title : President Director
2. Name : 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, 30 January 2017




Kartika Wirjoatmodjo **Pahala N. Mansury**
President Director Director

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk.AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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The original report included herein is in the Indonesian language.

Independent Auditors' Report

Report No. RPC-2941/PSS/2017

The Shareholders and the Boards of Commissioners and Directors PT Bank Mandiri (Persero) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The original report included herein is in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-2941/PSS/2017 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2016 and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The above financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the above consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the above consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the above consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the above consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the above consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja



Danil Setiadi Handaja, CPA

Public Accountant Registration No. AP.1008

January 30, 2017

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
ASSETS			
Cash	2c,2g,61.B.(viii)	22,906,775	25,109,124
Current accounts with Bank Indonesia	2c,2g,2h,4	52,484,974	56,314,316
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	55	25,861	24,515
Third parties		10,337,353	10,131,111
		10,363,214	10,155,626
Less: allowance for impairment losses		(3,049)	(3,412)
Total - net		10,360,165	10,152,214
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	55	1,725,571	1,991,278
Third parties		71,974,664	35,396,345
		73,700,235	37,387,623
Less: allowance for impairment losses		(83,308)	(66,760)
Total - net		73,616,927	37,320,863
Marketable securities	2c,2f,2j,7		
Related parties	55	18,571,548	16,516,404
Third parties		38,250,931	27,787,131
		56,822,479	44,303,535
Less: unamortised discounts/premiums, unrealised gains/losses from decrease in fair value and allowance for impairment losses		(270,836)	(661,971)
Total - net		56,551,643	43,641,564
Government bonds - net- related party	2c,2f,2k,8,55	98,933,278	103,869,361
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	55	5,934,300	7,051,775
Third parties		9,989,818	7,860,738
		15,924,118	14,912,513
Less: allowance for impairment losses		(1,756,847)	(1,727,747)
Total - net		14,167,271	13,184,766
Securities purchased under resale agreements	2c,2m,10		
Third parties		5,054,488	676,900
Derivative receivables	2c,2f,2n,11		
Related parties	55	3,660	32,152
Third parties		235,600	668,732
Total		239,260	700,884

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

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2016	December 31, 2015
ASSETS (continued)			
Loans and sharia financing/receivables	2c,2f,2o,12		
Related parties	55	100,201,483	75,405,807
Third parties		549,121,470	511,269,630
		649,322,953	586,675,437
Less: allowance for impairment losses		(32,616,760)	(22,281,842)
Total - net		616,706,193	564,393,595
Consumer financing receivables	2c,2f,2p,13		
Related parties	55	10,532	5,886
Third parties		11,844,684	8,172,177
		11,855,216	8,178,063
Less: allowance for impairment losses		(323,378)	(270,614)
Total - net		11,531,838	7,907,449
Investment in lease financing	2c,2q,14		
Third parties		834,483	604,150
Less: allowance for impairment losses		(4,538)	(5,791)
Total - net		829,945	598,359
Acceptances receivable	2c,2f,2u,15		
Related parties	55	415,848	409,880
Third parties		14,373,396	10,921,393
		14,789,244	11,331,273
Less: allowance for impairment losses		(241,041)	(107,030)
Total - net		14,548,203	11,224,243
Investment in shares	2s,16		
Related parties	55	50,331	50,331
Third parties		205,078	8,313
		255,409	58,644
Less: allowance for impairment losses		(10,273)	(10,250)
Total - net		245,136	48,394
Prepaid expenses	17	2,751,081	2,299,852
Prepaid taxes	2ad,33a	2,612,707	4,817,396
Fixed assets	2r.i, 2r.ii,18	44,736,920	17,470,126
Less: accumulated depreciation		(9,073,630)	(7,708,438)
Total - net		35,663,290	9,761,688
Intangible assets	2r.iii, 2s,19	4,213,322	3,793,181
Less: accumulated of amortisation		(2,257,826)	(1,877,989)
Total - net		1,955,496	1,915,192
Other assets	2c,2t,2v,20	12,071,684	11,724,756
Less: Other allowances		(514,446)	(432,029)
Total - net		11,557,238	11,292,727
Deferred tax assets - net	2ad,33e	5,990,101	4,834,522
TOTAL ASSETS		1,038,706,009	910,063,409

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

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2016	December 31, 2015
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY			
LIABILITIES			
Obligation due immediately	2w	1,569,911	1,156,327
Deposits from customers			
Demand deposits/ <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	55	48,729,926	38,252,185
Third parties		138,253,402	133,902,303
Total		186,983,328	172,154,488
Saving deposits/ <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	55	1,973,087	1,342,075
Third parties		275,196,737	247,609,564
Total		277,169,824	248,951,639
Time deposits	2c,2f,2x,23		
Related parties	55	46,271,999	37,257,210
Third parties		191,635,079	163,968,994
Total		237,907,078	201,226,204
Total deposits from customers		702,060,230	622,332,331
Deposits from other banks			
Demand/ <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24		
Related parties	55	45,912	70,176
Third parties		4,254,853	3,674,113
Total		4,300,765	3,744,289
Interbank call money	2c,2f,2y,25		
Related parties	55	40,000	600,000
Third parties		1,240,952	3,164,363
Total		1,280,952	3,764,363
Time deposits	2c,2y,26		
Related parties	55	286,210	-
Third parties		3,471,269	5,127,585
Total		3,757,479	5,127,585
Total deposits from other banks		9,339,196	12,636,237
Liability to unit-link policyholders	2z,27	19,602,950	17,019,049

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2016	December 31, 2015
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Securities sold under repurchase agreements	2c,2f,2m,28		
Related parties	55	230,024	467,123
Third parties		3,123,018	4,396,048
Total		3,353,042	4,863,171
Derivative payables	2c,2f,2n,11		
Related parties	55	10,058	3,095
Third parties		492,411	295,984
Total		502,469	299,079
Acceptances payable	2c,2f,2u,29		
Related parties	55	2,481,708	606,737
Third parties		12,307,536	10,724,536
Total		14,789,244	11,331,273
Marketable securities issued	2c,2f,2aa,30		
Related parties	55	3,662,000	587,750
Third parties		5,398,035	1,815,018
		9,060,035	2,402,768
Less: Unamortised issuance cost		(34,041)	(4,590)
Total - net		9,025,994	2,398,178
Estimated losses on commitments and contingencies	2c,31c	207,401	395,610
Accrued expenses	2c,2af,32	3,743,496	3,490,801
Taxes payable	2ad,33b	1,258,792	2,131,616
Employee benefit liabilities	2ai,34,50	6,763,068	5,777,077
Provision	62b	435,880	676,170
Other liabilities	2c,35	15,810,036	14,189,412
Fund borrowings	2c,2f,2ab,36		
Related parties	55	-	25,178
Third parties		35,882,757	33,739,493
Total		35,882,757	33,764,671

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2016	December 31, 2015
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Subordinated loans	2c,2f,2ac,37		
Related parties	55	-	1,687,800
Third parties		215,432	2,053,867
Total		215,432	3,741,667
Less: Unamortised issuance cost		-	(3,964)
Total		215,432	3,737,703
TOTAL LIABILITIES		824,559,898	736,198,705
TEMPORARY SYIRKAH FUNDS			
Deposits from customers	2f,2ae,38		
Related parties	55		
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	2a,38a	28,047	228,059
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	886,344	438,297
Total related parties		914,391	666,356
Third parties			
Demand deposits - restricted Investments and <i>Mudharabah Musytarakah</i> demand deposits	1,38a	68,925	11,502
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	2a,38a	25,129,743	22,527,832
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	34,327,415	30,849,240
Total third parties		59,526,083	53,388,574
Total deposits from customers		60,440,474	54,054,930
Deposits from other banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	258,325	244,385
<i>Mudharabah</i> time deposit - unrestricted investment	38b	77,589	73,548
Total deposits from other banks		335,914	317,933
TOTAL TEMPORARY SYIRKAH FUNDS		60,776,388	54,372,863

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2016	December 31, 2015
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
EQUITY			
Equity attributable to equity holders of the parent entity			
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	40a	11,666,667	11,666,667
Additional paid-in capital/agio	40b	17,316,192	17,316,192
Difference arising from translation of financial statements in foreign currencies	2e	202,363	242,807
Difference arising from transaction with non controlling interest	1g	(92,751)	(92,751)
Unrealised losses on available for sale marketable securities and government bonds after deferred tax	2j,2k	(759,364)	(1,565,019)
Asset revaluation reserve	2r.i,18	25,140,523	-
Net actuarial gain on defined benefit plan - net of deferred tax	2ai,33,55	49,515	277,676
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital as a result of quasi - reorganisation as of April 30, 2003)			
Appropriated	40c	5,380,268	12,402,382
Unappropriated		91,550,525	76,822,336
Total retained earnings		96,930,793	89,224,718
		150,453,938	117,070,290
Noncontrolling interests in net assets of consolidated Subsidiaries	2d,39	2,915,785	2,421,551
TOTAL EQUITY		153,369,723	119,491,841
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		1,038,706,009	910,063,409

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

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2016	2015
INCOME AND EXPENSES FROM OPERATIONS			
Interest income and sharia income	2f,2af,41,55		
Interest income		71,145,401	66,366,659
Sharia income		5,564,487	5,203,468
Total interest income and sharia income		76,709,888	71,570,127
Interest expense and sharia expense	2f,2af,42,55		
Interest expense		(22,484,799)	(23,768,912)
Sharia expense		(2,399,720)	(2,438,112)
Total interest expense and sharia expense		(24,884,519)	(26,207,024)
NET INTEREST AND SHARIA INCOME		51,825,369	45,363,103
Premium income	2ag	9,377,741	9,546,893
Claims expense	2ag	(6,725,310)	(6,409,823)
NET PREMIUM INCOME		2,652,431	3,137,070
NET INTEREST, SHARIA AND PREMIUM INCOME		54,477,800	48,500,173
Other operating income			
Other fees and commissions	2ah	11,440,002	10,014,810
Foreign exchange gains and derivative transactions - net	2e,2n	2,265,234	2,238,098
Others	43	5,581,189	6,125,770
Total other operating Income		19,286,425	18,378,678
Allowance for impairment losses	2c,44	(24,943,938)	(11,664,837)
Reversal of/(provision for) impairment losses on commitments and contingencies	2c,31c	181,459	(198,450)
Reversal of/(provision for) other allowances	2t,45	117,637	(179,242)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds and policyholders' investment in unit-link contracts	2j,2k,2z,46	15,638	(18,306)
Gains on sale of marketable securities and government bonds	2j,2k,47	745,904	275,499

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

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2016	2015
Other operating expenses			
Salaries and employee benefits	2f,2ai, 48,50,55	(13,618,745)	(12,376,655)
General and administrative	2r,49	(13,958,211)	(12,799,851)
Others - net	51	(3,691,242)	(3,578,037)
Total other operating expenses		(31,268,198)	(28,754,543)
INCOME FROM OPERATION		18,612,727	26,338,972
Non operating (expense)/income - net	52	(39,762)	30,458
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		18,572,965	26,369,430
Income tax expense			
Current	2ad,33c,33d	(5,088,924)	(5,548,058)
Deferred	2ad,33c,33e	1,166,122	331,026
Income tax expense - net		(3,922,802)	(5,217,032)
NET INCOME FOR THE YEAR		14,650,163	21,152,398
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on fixed asset revaluation	2r.i	25,140,558	-
Actuarial (losses)/gains from defined benefit plan	2ai	(288,896)	339,697
Income tax related to items that will not be reclassified to profit or loss		57,776	(65,960)
		24,909,438	273,737
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	2e	(40,722)	39,182
Changes in fair value of available for sale financial assets	2j,2k	945,231	(1,268,960)
Income tax related to items that will be reclassified to profit or loss		(119,062)	250,472
		785,447	(979,306)
Other comprehensive income/(loss) for the year - net of income tax		25,694,885	(705,569)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		40,345,048	20,446,829
Net income attributable to:			
Parent Entity		13,806,565	20,334,968
Noncontrolling interest	2d	843,598	817,430
		14,650,163	21,152,398

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

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2016	2015
Total comprehensive income attributable to:			
Parent Entity		39,484,138	19,658,155
Noncontrolling interest	2d	860,910	788,674
		40,345,048	20,446,829
EARNINGS PER SHARE	2aj		
Basic (full amount of Rupiah)		591.71	871.50
Diluted (full amount of Rupiah)		591.71	871.50

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

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

		Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised loss on available for sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with non controlling interest	Actuarial gain on defined benefit plan - net of deferred tax	Retained earnings			Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
	Notes							Appropriated	Unappropriated	Total		
Balance as of January 1, 2015		11,666,667	17,316,192	203,625	(571,348)	-	-	9,779,446	64,263,299	74,042,745	2,186,681	104,844,562
First implementation of allowance for impairment losses (net of tax) in a Subsidiary	64	-	-	-	-	-	-	-	(185,027)	(185,027)	-	(185,027)
Dividends payment from 2014 net income	40c	-	-	-	-	-	-	-	(4,967,968)	(4,967,968)	-	(4,967,968)
The establishment of specific reserves from 2014 net income	40c	-	-	-	-	-	-	2,622,936	(2,622,936)	-	-	-
Difference arising from transactions with noncontrolling interest		-	-	-	-	(92,751)	-	-	-	-	-	(92,751)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	(553,804)	(553,804)
Income for the current year		-	-	-	-	-	-	-	20,334,968	20,334,968	817,430	21,152,398
Comprehensive income for the current year		-	-	39,182	(993,671)	-	277,676	-	-	-	(28,756)	(705,569)
Balance as of December 31, 2015		11,666,667	17,316,192	242,807	(1,565,019)	(92,751)	277,676	12,402,382	76,822,336	89,224,718	2,421,551	119,491,841

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

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and fully paid-in capital	Additional paid-in capital	Difference arising from translation of financial statements in foreign currencies	Net unrealised loss on available for sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with noncontrolling interest	Asset revaluation reserve	Actuarial gain on defined benefit plan - net of of deferred tax	Retained earnings		Total	Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
								Appropriated	Unappropriated			
Balance as of January 1, 2016	11,666,667	17,316,192	242,807	(1,565,019)	(92,751)	-	277,676	12,402,382	76,822,336	89,224,718	2,421,551	119,491,841
Dividend payment from 2015 net income	40c	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	-	(6,100,490)
The establishment of specific reserves from 2015 net income	40c	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-	-
Reclassification from specific reserves into retained earnings	40c	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-	-
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	(366,676)	(366,676)
Income for the current year	-	-	-	-	-	-	-	-	13,806,565	13,806,565	843,598	14,650,163
Comprehensive income for the current year	-	-	(40,444)	805,655	-	25,140,523	(228,161)	-	-	-	17,312	25,694,885
Balance as of December 31, 2016	11,666,667	17,316,192	202,363	(759,364)	(92,751)	25,140,523	49,515	5,380,268	91,550,525	96,930,793	2,915,785	153,369,723

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

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income		68,369,500	63,435,118
Receipts from sharia income		5,402,923	5,125,967
Receipts from provision, commissions and premium income - net		14,092,433	13,151,880
Payments of interest expense		(22,253,266)	(23,857,228)
Payments of sharia expense		(2,382,950)	(2,446,213)
Receipts from the sale of government bonds - fair value through profit or loss		47,558,159	31,695,656
Acquisition of government bonds - fair value through profit or loss		(46,378,950)	(32,543,993)
Foreign exchange gains - net		3,151,361	568,115
Other operating income - others		1,879,255	2,695,638
Other operating expenses - others		(3,707,546)	(3,884,426)
Salaries and employee benefits		(12,860,915)	(11,503,062)
General and administrative expenses		(12,200,718)	(11,309,466)
Non-operating (expense)/income - net		(39,882)	30,458
Payment of corporate income tax		(5,943,662)	(5,299,131)
Cash flows from operating activities before changes in operating assets and liabilities		34,685,742	25,859,313
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		1,105,862	(74,344)
Marketable securities - fair value through profit or loss		(3,700,426)	5,930,922
Other receivables - trade transactions		(1,011,605)	(1,674,546)
Loans		(69,655,474)	(67,712,998)
Sharia financing/receivable		(5,983,097)	(3,541,099)
Securities purchased under resale agreements		(4,377,588)	19,109,845
Consumer financing receivable		(4,079,414)	(2,305,938)
Net investment in lease financing		(231,782)	170,521
Prepaid taxes		2,204,689	(2,225,414)
Prepaid expenses		(451,229)	(462,352)
Other assets		(42,059)	627,894
Proceeds from collection of financial assets already written-off	43	3,701,934	3,430,132
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		15,377,874	44,702,559
Saving deposits		28,225,627	17,133,981
Time deposits		35,310,768	(28,721,091)
Inter-bank call money		(2,483,411)	872,363
Obligation due immediately		413,584	(39)
Liability to unit - linked policyholders	27	2,583,901	(324,750)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Other taxes payable		(7,543)	(306,828)
Other liabilities		3,531,241	(1,484,053)
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit - <i>mudharabah musytarakah</i>		57,423	(2,031)
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		2,415,839	1,852,989
- <i>Mudharabah</i> time deposit - unrestricted investment		3,930,263	(653,582)
Net cash provided by operating activities		41,521,119	10,201,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - other than fair value through profit or loss		(8,924,594)	(9,640,061)
Decrease/(increase) in government bonds - other than fair value through profit or loss		5,320,566	(17,604,588)
Proceeds from sale of fixed assets		10,935	4,202
Acquisition of fixed assets		(2,149,547)	(1,135,677)
Acquisition of intangible assets		(420,141)	(573,199)
Net cash used in investing activities		(6,162,781)	(28,949,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of investment in subsidiaries		(546,129)	(675,283)
Increase in marketable securities issued		6,627,816	388,553
Increase in fund borrowings		3,076,681	7,291,307
Decrease in subordinated loans		(3,522,271)	(8,871)
Decrease in securities sold under repurchase agreements	28	(1,510,129)	(1,249,418)
Payments of dividends	40c	(6,100,490)	(4,967,968)
Net cash (used in)/provided by financing activities		(1,974,522)	778,320

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

These consolidated financial statements are originally issued in Bahasa.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2016	2015
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		33,383,816	(17,969,549)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1,491,116)	4,832,573
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		125,667,407	138,804,383
CASH AND CASH EQUIVALENTS AT END OF YEAR		157,560,107	125,667,407
Cash and cash equivalents at end of year consists of:			
Cash		22,906,775	25,109,124
Current accounts with Bank Indonesia	4	52,484,974	56,314,316
Current accounts with other banks	5	10,363,214	10,155,626
Placements in Bank Indonesia and other banks		71,209,865	33,791,391
Certificates of Bank Indonesia		595,279	296,950
Total cash and cash equivalents		157,560,107	125,667,407

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

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

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-16561.HT.01.01.TH.98 dated October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”).

Based on Article 3 of the Bank’s Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on August 1, 1999.

Articles of Association of Bank Mandiri has been amended several times. The latest amendment is in relation to the provisions of (i) Regulation of the Indonesia Financial Services Authority (Otoritas Jasa Keuangan (“OJK”)) No. 32/POJK.04/2014 on the Planning and Implementation of the Shareholders General Meeting of Shareholders of the Public Company and (ii) the FSA Regulation No. 33/POJK.04/2014 of the Board of Directors and Board of Commissioners of Public Company. Amendments to the Articles of Association referred to the amendment of Article 4, paragraph 4, Article 4, paragraph 5, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14, Article 15, Article 16, Article 17, Article 18, Article 19, Article 20, Article 21, Article 22, Article 24, Article 25 and Article 26. This amendment implemented by Deed Ashoya Ratam, SH, M.kn No. 14 dated April 14, 2015 and has been reported to the Ministry of Law and Human Rights Republic of Indonesia with receipt No. AHU-AH.01.03-0924779 on April 16, 2015 and has been registered in the Company Register No. AHU-3493045.AH.01.11.Tahun 2015 dated April 16, 2015.

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 on July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks into Bank Mandiri also covered the following:

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

Based on the notarial deed of Sutjipto, S.H., No. 100 dated July 24, 1999, the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalised by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C-13.781.HT.01.04.TH.99 dated July 29, 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated July 29, 1999. The merger was declared effective by the Chief of the South Jakarta Ministry of Industry and Trade Office in its Decision Letter No. 09031827089 dated July 31, 1999.

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1. GENERAL INFORMATION (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 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 December 31, 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio ("CAR"). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated February 8, 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of "Taken Over Bank", by the Indonesian Bank Restructuring Agency ("IBRA").

On May 28, 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 is set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated July 29, 1999 of the Ministry of Finance and the Governor of Bank Indonesia.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri has accounted the bonds as "Due from the Government" 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 September 29, 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

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

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1. GENERAL INFORMATION (continued)

c. Recapitalisation (continued)

Based on Government Regulation No. 97 of 1999 dated December 24, 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounting to Rp180,000,000.

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on October 13, 1999 and Rp75,000,000 on December 28, 1999 so that as of December 31, 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

Based on the Management Contract dated April 8, 2000 between Bank Mandiri and the Government, the total amount of recapitalisation required by Bank Mandiri was Rp173,931,000, or less than the amount of the Government Recapitalisation Bonds. The excess of Rp1,412,000 was used as additional paid-in capital and the remaining balance of Rp2,657,000 was returned to the Government on July 7, 2000 in the form of Government Recapitalisation Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated April 24, 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on April 25, 2003 (Note 40b).

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

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to FSA, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which been held with notarial deed of Sutjipto, S.H., No. 2 dated June 1, 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 that was published in the State Gazette No. 63 dated August 8, 2003, Supplement State Gazette No. 6590.

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1. GENERAL INFORMATION (continued)

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation (continued)

Initial Public Offering of Bank Mandiri (continued)

On July 14, 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 40a).

On July 14, 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated July 8, 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated July 10, 2003.

Quasi-Reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Meeting of Shareholders ("RUPS-LB") on May 29, 2003.

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

Bank Mandiri's Articles of Association were amended 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 September 29, 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-25309.HT.01.04.TH.2003 dated October 23, 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated October 23, 2003.

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

e. Divestment of Government Share Ownership

On March 11, 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 40a).

f. Public offering of Bank Mandiri subordinated bonds, limited public offering and changes in share capital of Bank Mandiri

Public Offering of Bank Mandiri Subordinated Bonds

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

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1. GENERAL INFORMATION (continued)

f. Public offering of Bank Mandiri subordinated bonds, limited public offering and changes in share capital of Bank Mandiri (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 FSA, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

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 February 14, 2011 until February 21, 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government's ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of pre-emptive rights, to 60.00% after the execution of the pre-emptive rights.

Changes in share capital of Bank Mandiri

The details of changes in issued and paid-in-share capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
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
Total	23,333,333,333

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1. GENERAL INFORMATION (continued)

g. Subsidiaries

Subsidiaries included in the consolidated financial statements as of December 31, 2016 and 2015, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2016	2015
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	Commercial Banking	Denpasar	59.44 ^{*)}	58.25
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
PTAXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PTMandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	60.00	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	80.00	80.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.97 ^{**)}	99.00

^{*)} The Bank has increased its investment in PT Bank Mandiri Taspen Pos with Right Issue mechanism on November 25, 2016

^{**)} Effective since January 21, 2016

The Subsidiaries' total assets as of December 31, 2016 and 2015 (before elimination) are follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2016	December 31, 2015
PT Bank Syariah Mandiri	1955	78,831,722	70,369,709
Bank Mandiri (Europe) Limited	1999	2,344,461	2,543,040
PT Mandiri Sekuritas	1992	2,199,940	1,712,002
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	1970	7,391,270	2,578,095
PT Mandiri Tunas Finance	1989	11,404,062	9,202,994
Mandiri International Remittance Sdn Bhd	2009	12,161	11,404
PT AXA Mandiri Financial Services	1991	25,983,699	23,032,740
PT Mandiri AXA General Insurance	1962	1,647,887	1,551,866
PT Asuransi Jiwa InHealth Indonesia	2008	2,113,984	1,841,695
PT Mandiri Utama Finance	2015	2,007,573	114,121
PT Mandiri Capital Indonesia	2015	354,621	11,376
Total		134,291,380	112,969,042

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with Islamic banking principles, was established under the name PT Bank Industri Nasional ("PT Bina") on June 15, 1955. On October 4, 1967, the subsidiary's name was changed from PT Bina to PT Bank Maritim Indonesia which subsequently changed to PT Bank Susila Bhakti on August 10, 1973 which is a subsidiary of BDN. The latest change of the subsidiary's name to PT Bank Syariah Mandiri (BSM) is based on Notarial Deed of Sutjipto, S.H, No. 23 dated September 8, 1999. BSM obtained an operating license based on the Decision Letter of the Governors of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on Islamic principles and began operating on November 1, 1999.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Syariah Mandiri (continued)

On January 9, 2009, the Bank made additional capital investment in cash at the Subsidiary, amounted to Rp100,000. The Bank has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On December 31, 2008, the Bank made additional capital investment of Rp199,871 at the Subsidiary, in the form of cash and inbreng (non-cash/exchange). The Bank has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On March 18, 2011, the Bank made additional capital investment in cash of Rp200.000 at the Subsidiary. The Bank has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated February 28, 2011 with Notarial Deed No. 19 dated March 21, 2011 on the additional capital investment.

On December 29, 2011, the Bank made additional capital investment in cash at the Subsidiary for Rp300,000. The Bank has received approval from Bank Indonesia through letter dated December 27, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the additional capital investment.

On December 21, 2012, the Bank made additional capital investment in cash at the Subsidiary for Rp300,000. The Bank has received approval from Bank Indonesia through letter dated December 21, 2012 and Circular Resolution of Shareholders dated December 21, 2012 with Notarial Deed No. 38 dated December 28, 2012 on the additional capital investment.

On December 30, 2013, the Bank made additional capital investment in the form of non-cash (*inbreng*) of land and buildings at the Subsidiary for Rp30,778. The Bank has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 20 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the additional capital investment.

On November 24, 2015, the Bank made additional capital investment in the form of cash at the Subsidiary amounted to Rp500,000. The Bank has received approval from the Bank Indonesia through letter dated November 4, 2015 and Circular Resolution of Shareholder dated November 18, 2015 with Notarial Deed No. 33 dated November 25, 2015 on the additional capital investment.

On November 14, 2016, Bank Mandiri made additional capital investment in the form of cash in the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from Indonesian Financial Services Authority (FSA) through letter dated November 3, 2016 and Circular Resolution of Shareholders dated November 25, 2016, that has been notarized with Deed No. 9 dated December 7, 2016 on such additional capital investment. The additional capital investment has not yet been effective until approval from FSA on changes in BSM's share capital has been received. Until the date of consolidated financial statements, such approval from FSA has not yet been received.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on June 22, 1999 under "The Companies Act 1985 of the United Kingdom". It was established from the conversion of Bank Exim London branch to a Subsidiary and operate effectively on July 31, 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, SH Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") is accomplished by means of merging BDS and ES into the MSI. MSI obtain a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, SH, which was approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of total shares of PT Mandiri Manajemen Investasi, a Subsidiary that was established on October 26, 2004 and is engaged in investment management and advisory. Mandiri Securities also owns 100% of the total shares of Mandiri Securities Pte. Ltd., a company engaged in securities business and Advising Corporate Finance and Monetary Authority of Singapore, which was established in 2016.

On December 28, 2012, the Bank made additional capital investment in cash at Mandiri Sekuritas, amounted to Rp29,512. Bank Mandiri has obtained approval from Bank Indonesia through its letter dated October 31, 2012 and the Decision of the Shareholders Meeting Outside (circular resolution) dated December 27, 2012 on the additional capital investment. After the implementation of the additional capital investment, the Bank's ownership at Mandiri Sekuritas increased from 95.69% to 99.99% of the total shares issued by Mandiri Sekuritas.

PT Bank Mandiri Taspen Pos

PT Bank Sinar Harapan Bali ("BSHB") was established as the Bank Market on February 23, 1970 under the name MAI Market Bank Sinar Harapan Bali, then on November 3, 1992 the Bank changes legal form into Limited Liability Company based on Deed 4 made before Ida Bagus Alit Sudiarmika, SH, Notary in Denpasar and obtained a business license as a commercial bank under the decree of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 dated March 10, 1994. On May 3, 2008, the signing of the acquisition deed between shareholders of BSHB and Bank Mandiri, as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, SH, Notary in Denpasar. This acquisition marks the signing of the deed of initial ownership of the Bank early on BSHB 80.00% shares, which further BSHB management will be carried out separately from the Bank as a stand-alone bank mainly focuses on the business development of Micro and Small Enterprises.

On October 22, 2009, the Bank made additional capital investment in BSHB amounted to 1.46% of the total shares issued and fully paid, or at Rp1,460,657,000 (full amount) by purchasing all shares of BSHB owned by the President Director for 2,921,314 shares, as contained in the Deed Sale and Purchase of Shares No. 52 dated October 22, 2009 of a Notary Ni Wayan Widadstri, SH, Notary in Denpasar, Bali.

Additional capital investment of the Bank in BSHB was conducted in order to comply with Bank Indonesia on Good Corporate Governance which among other things requires the President Director of Bank should come from an independent party. Additional capital investment of the Bank in BSHB has been approved by Bank Indonesia as contained in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen Pos (continued)

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

On May 28, 2013, the Bank made additional capital investment in BSHB amounted to 11.77% of the total shares issued and fully paid, or at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by some of BSHB minority shareholders with a total of 23,546,962 shares (full amount). The additional capital investment of the Bank's investments in BSHB has been approved by Bank Indonesia as contained in the letter of Bank Indonesia No. 15/33/DPB1/PB1-1 dated May 6, 2013.

On December 22, 2014, BSHB hold a Extraordinary General Meeting of Shareholders approved the issuance of 800,000,000 (full amount) of new shares to be purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). Changes in the composition of ownership has been effective on May 28, 2015 with the approval of the statement of changes in shareholders BSHB by FSA Banking, with the composition of the final ownership is Bank Mandiri (58.25%), PT Taspen (20.2%), PT Pos (20.2%) and individual shareholders (1.35%). FSA Banking also approved Taspen and PT Pos as a new shareholder as well as the additional capital injection of the Bank in BSHB amounted to Rp198,000.

On July 24, 2015, the FSA has approved the change of name of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos and given permission to conduct business under the name of Bank Mantap. The changes of name and logo are permitted by the FSA on July 31, 2015. The changes of name and logo have been announced to the public on August 7, 2015.

On November 24, 2016, the Bank has received approval from the FSA related to the plan additional capital investment at PT Bank Mandiri Taspen Pos amounted to Rp257,036 through letter No. S-125/PB.31/2016 regarding the Application for Approval of the additional capital investment of Bank Mandiri in PT Bank Mandiri Taspen Pos. The increase in capital has changed the percentage of ownership whereby after the issuance of additional capital, the Bank's ownership in Bank Mandiri Taspen Pos has increased from 58.25% to 59.44% of the total shares issued by Bank Mantap. The increase in the capital will be effective after the approval of the FSA on the change of Bank Mandiri Taspen Pos' authorized share capital. Until the date of the consolidated financial statements, the Subsidiary has not yet received approval from the FSA.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen Pos amounting to Rp19,219 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2016 and 2015 amounted to Rp21,043.

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated May 17, 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated June 1, 1989 and published in State Gazette No. 57, Supplement No. 1369 dated July 18, 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated September 7, 1989, No. 54/KMK.013/1992 dated January 15, 1992 and No. 19/KMK.017/2001 dated January 19, 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., LLM, dated on February 6, 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounting to Rp290,000.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Tunas Finance (continued)

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated February 6, 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its Letter No. AHU-AH.01.10-01575 dated March 11, 2009.

This acquisition has been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated January 8, 2009.

The amendment of the TFS's name to become MTF was undertaken on June 26, 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated June 26, 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-4056.AH.01.02.TH.09 dated August 26, 2009.

Prior to January 1, 2011, goodwill arising from acquisitions of MTF amounted to Rp156,807 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2016 and 2015 amounted to Rp96,697.

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 March 17, 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained an approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated November 14, 2008 and approval from BNM to conduct operational activities through its letter No. KLEC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a joint venture company between PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") and National Mutual International Pty Ltd ("NMI") that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on September 30, 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated October 28, 1991. The Company obtained its life insurance license through General Directorate of Finance Institution decision letter No. KEP.605/KM.13/1991 and officially commenced its operations on December 4, 1991. The Company's name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its decision letter No. C-28747.HT.01.04.TH.2003 dated December 10, 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated August 10, 2004 with composition shareholder 51.00% of NMI and 49.00% of Bank Mandiri.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT AXA Mandiri Financial Services (continued)

The shareholders of Bank Mandiri, at the Annual General Meeting held on May 17, 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On August 20, 2010, Bank Mandiri signed a Sale and Purchase Agreement (AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred forty four) shares (for an amount of Rp48,427) or 2.00% of issued and fully paid in capital of AXA Mandiri from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of shares in AXA Mandiri was approved by Bank Indonesia through its letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri increase to become 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounted to Rp40,128 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2016 and 2015 amounted to Rp37,194.

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance ("MAGI") is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI was formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated July 28, 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated January 20, 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated December 17, 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

In Bank Mandiri's General Shareholder Meeting dated May 23, 2011, Bank Mandiri's shareholders approved the Bank's plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank's investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated July 28, 2011.

On October 11, 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated October 11, 2011. After this acquisition, Bank Mandiri became the shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ratified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated October 11, 2011. The notarial deed has been received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance (continued)

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated October 25, 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI 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 November 22, 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.

FSA through its letter No. S-42/PB.31/2014 dated May 14, 2014 and letter No. 5-94/PB.31/2014 dated October 31, 2014 has approved the Additional Capital Investment of PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounted to Rp24,000 and Rp63,000. The additional capital investment has been approved by circularised decision of the General's Meeting Shareholder (RUPS). As documented in Notarial Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment did not change the percentage of share ownership where as Bank Mandiri own 60% and AXA S.A by 40% of MAGI.

Based on the letter of approval from the FSA No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank to make additional capital investments continued to MAGI amounted to Rp30,000. On July 9, 2015, the Bank has carried out the execution of the additional investment to MAGI amounted to Rp30,000. The total increase in capital to PT MAGI is amounting to Rp50,000 by the amount of additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A amounted to Rp20,000. The increase in capital did not change the percentage of share ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

Based on the letter of approval from the FSA No. S-72/PB.31/2016 dated August 3, 2016 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank made additional capital investments to MAGI amounted to Rp30,000. On August 9, 2016, the Bank has made the additional investment transaction execution to MAGI amounted to Rp30,000. Total additional investment to MAGI is Rp50,000 with the amount of additional capital injection in proportion to its percentage shareholding of the Bank in MAGI by 60% and AXA SA by 40%, therefore the Bank increased its investment of Rp30,000 and AXA SA amounted to Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth ("InHealth") was established on October 6, 2008 based on the notarial deed No. 2 of NM Dipo Nusantara Pua Upa, SH. InHealth has obtained its license based on the Minister of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-90399.AH.01.01 dated November 26, 2008. InHealth obtained its license to operate in life insurance based on the decision letter of the Minister of Finance of the Republic of Indonesia No. KEP-381KM.1012009 dated March 20, 2009.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

On December 23, 2013, Bank Mandiri and PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the purchaser by the Social Security Agency of Health (BPJS Kesehatan; formerly PT Askes (Persero)) and the Cooperative Bhakti Askes as the seller has signed a Share Purchase Agreement Conditional on PT Asuransi Jiwa InHealth Indonesia ("InHealth") where the execution of transactions will be conducted in two phases as follows:

1. phase 1, namely the acquisition of 80% ownership of InHealth, where the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) respectively 10%, as well as Health BPJS still has 20%; and
2. phase 2, namely the acquisition of 20% ownership BPJS on InHealth by the Bank so that the total ownership of Bank Mandiri is 80%. The composition of shareholders after the transaction InHealth stage 2 made Bank Mandiri has 80%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) respectively 10% of the total shares issued and fully paid InHealth.

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, Bank Mandiri also has received the approval of the proposed acquisition of FSA according Letter No. S-37/PB/31/2014 dated April 17, 2014 regarding the Application for Approval of Equity PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On May 2, 2014, Bank Mandiri with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyer with Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan); (formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the seller have signed a Sale and Purchase agreement of InHealth's share as recorded in Notarial deed of sale and purchase agreement No. 01 dated May 2, 2014 by Notary Mala Mukti S.H., LL.M.

With the signing of the Sale and Purchase Agreements, Bank Mandiri has effectively become the majority shareholder in InHealth with ownership of 60% (Rp990,000), PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) respectively by 10% (Rp165,000) and BPJS by 20% (Rp330,000). Changes in share ownership has been approved by the General Meeting of Shareholders InHealth by Notary Mala Mukti SH, LL.M. No. 19 dated May 5, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received through letter No. AHU-06507.40.22.2014 dated May 5, 2014 regarding the Company's Receipt of Notification of change of PTAsuransi Jiwa InHealth Indonesia.

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on December 23, 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LL.M No. 20 dated May 5, 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated May 6, 2014.

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on December 23, 2013.

On March 30, 2015, the Bank carried out additional investment in InHealth shares by buying 200,000 shares owned by Employment Social Security Agency (BPJS) through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, S.H., LL.M., Notary in Jakarta, which is 20.00% of the total shares issued by InHealth. Total purchase price amounted to Rp330,000. The additional of these investments has been approved by the FSA as mentioned in its letter No. S-19/PB.31/2015 dated February 20, 2015. The difference in the number recorded non-controlling interest in the fair value of consideration paid for the additional shares amounting to 20.00% InHealth Rp92,751 amount recorded as "Difference in transactions with non-controlling interest".

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Since the signing date of the Sale and Purchase Deed, Bank Mandiri has effectively become the majority shareholder of InHealth with ownership of 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. It has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti S.H., LL.M. No. 109 dated March 30, 2015 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-AH.01.03-0020238 dated March 30, 2015 regarding Acceptance Notification of the Data Change of PT Asuransi Jiwa Indonesia InHealth.

Bank Mandiri acquired 80% shares in Inhealth with total value of Rp1,320,000. Goodwill arising from the acquisition of InHealth amounted to Rp268,181 as of December 31, 2016 and 2015. The Bank periodically evaluates the impairment of goodwill the accordance with SFAS No. 48, "Impairment of Assets" (Note 2s).

PT Mandiri Utama Finance

On April 16, 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI"), have signed an agreement signing of a preliminary agreement to set up a finance company to be able to accelerate Bank Mandiri finance portfolio, especially in the segment of vehicle financing.

On October 22, 2014, Bank Mandiri with ASCO and TURI have signed a shareholders' agreement which had been agreed on the establishment of a finance company with an authorized capital is Rp100,000 with an ownership composition of the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, the Bank obtained a license principle equity participation in the company's new financing from Bank Supervision FSA.

On January 21, 2015, the deed of incorporation of a new subsidiary of Bank Mandiri named PT Mandiri Utama Finance ("MUF") has been signed as outlined in the notarial deed Ashoya Ratam, SH, M.Kn. No. 19 dated January 21, 2015 and was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decree No. AHU-0003452.AH.01.01.tahun 2015 dated January 26, 2015. Concurrent with the signing of the deed of incorporation, the Bank also made capital injection amounted to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, where such changes have been registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

After the signing of the deed, MUF submitted application of financing company business license to FSA - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the FSA No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516/NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

Based on the Letter of Approval from the FSA No. S-86/PB.31/2016 dated August 25, 2016, regarding the Application for Approval of the Increase in the Share Capital of PT Mandiri Utama Finance, the FSA expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done gradually with a nominal value of Rp51,000 for each stage. On August 29, 2016, the execution of the first stage in increasing the share capital of MUF, with a nominal value of Rp51,000, has been completed. The next stage of issuing additional share capital amounting to Rp51,000 has been carried out on December 16, 2016. The increase in capital did not change the percentage of ownership over MUF as the ownership remained Bank Mandiri amounted to 51%, ASCO amounted to 37% and TURI amounted to 12%.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Capital Indonesia

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas have established new subsidiary engaged in venture capital under the name of PT Mandiri Capital Indonesia ("MCI").

Establishment of the company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounting Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounting to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the FSA per its the letter No. S-48/PB.31/2015 regarding Application for Approval of Equity PT Bank Mandiri (Persero), Tbk. for the establishment of Venture Capital Company on June 11, 2015.

As of June 26, 2015, the establishment of MCI was approved by the Minister of Law and Human Rights through letter No. AHU-2445684.AH.01.01 tahun 2015. MCI has obtained a license to carry out business activities in the field of venture capital on November 10, 2015 through the FSA letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

Based on the Letter of Approval from the FSA No. S-1/PB.31/2016 dated January 7, 2016, regarding the Application for Approval of the Bank's investment in PT Mandiri Capital Indonesia (MCI), the FSA expressed no objection to Bank Mandiri's plan of issuing additional share capital to MCI.

On January 21, 2016, the transaction of issuing additional share capital to MCI amounting to Rp340,000 has been carried out and therefore MCI's authorized share capital has become Rp350,000.

The increase in the share capital of MCI was done through the issuance of 3,400 (full amount) new shares in MCI, each share has a nominal value of 100,000,000 (full amount) in which all such new shares were executed by Bank Mandiri (100%).

With the additional share capital issued amounting to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which has become owned by Bank Mandiri amounting to 99.97% and Mandiri Sekuritas be at 0.03%.

h. Structure and Management

Bank Mandiri's head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia. As of December 31, 2016 and 2015, Bank Mandiri's domestic and overseas offices are as follows:

	December 31, 2016	December 31, 2015
Domestic Regional Offices	12	12
Domestic Branches:		
Area	79	76
Community Branches	1,237	1,143
Mandiri Mitra Usaha offices	1,084	994
Cash Outlets	199	244
	2,599	2,457
Overseas branches	6	6

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2016, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza, and 1 Remittance Office of Hong Kong.

To support Bank Mandiri's vision "To be the Best Bank in ASEAN in 2020", Bank Mandiri divided its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units is responsible for the Bank's main business development consists of 2 (two) segments namely Wholesale segments consists of Corporate, Commercial, Treasury, and Retail segments which consists of Small Medium Enterprise, Micro Banking and Consumer/Individual (include priority customers segment).
2. Support Functions is responsible for supporting unit whom support overall Bank's operational consists of Risk Management & Compliance, Finance & Treasury, Digital Banking & Technology, Operations, Retail Risk, Wholesale Risk, Human Capital, Internal Audit, and Corporate Transformation.
3. Distributions is responsible for selling products and goods unit to all segments of Bank's customers, consist of 12 (twelve) Regional Offices spread across Indonesia.

Effective on January 1, 2015, Bank restructured its organization structure and role and responsibilities of the members of the board of Directors.

Bank Mandiri has made changes in its organizational structure which became effective on April 5, 2016, as stated in the Decree (SK) Board No. KEP.DIR/133/2016 dated April 11, 2016, on the Organizational Structure. Changes in the organizational structure of Bank Mandiri was done through rearranging the organization and forming a new structural and functional working unit to meet the needs and development of the Company.

As of December 31, 2016 and 2015, the members of Bank Mandiri's Boards of Commissioners are as follows:

	December 31, 2016	December 31, 2015
<u>Board of Commissioners</u>		
President Commissioner	: Wimboh Santoso	Wimboh Santoso
Deputy Chief Commissioner	: Imam Apriyanto Putro	Imam Apriyanto Putro
Independent Commissioner	: Abdul Aziz	Abdul Aziz
Independent Commissioner	: Aviliani	Aviliani
Independent Commissioner	: Goei Siau Hong	Goei Siau Hong
Independent Commissioner	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Commissioner	: Askolani	Askolani
Commissioner	: Ardan Adiperdana *)	Suwhono

*) The appointment of a Commissioner has received approval from the FSA on Fit and Proper Test and has become effective since October 3, 2016.

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1. GENERAL INFORMATION (continued)

h. Structure and management (continued)

As of December 31, 2016 and 2015, the members of Bank Mandiri's Board of Directors are as follows:

	December 31, 2016	December 31, 2015
<u>Board of Directors</u>		
President Director	: Kartika Wirjoatmodjo	Budi Gunadi Sadikin
Deputy President Director	: Sulaiman Arif Arianto	Sulaiman Arif Arianto
Director	: Ogi Prastomiyono	Sentot A. Sentaosa
Director	: Pahala N. Mansury	Ogi Prastomiyono
Director	: Royke Tumilaar	Pahala N. Mansury
Director	: Hery Gunardi	Royke Tumilaar
Director	: Kartini Sally	Hery Gunardi
Director	: Ahmad Siddik Badruddin*)	Tardi
Director	: Tardi	Ahmad Siddik Badruddin*)
Director	: Rico Usthavia Frans	Kartini Sally
Director	: -	Kartika Wirjoatmodjo

*) Compliance Director.

The job description of members of the board of Directors are regulated separately by the Decree of Directors.

As of December 31, 2016 and 2015, the members of Bank's Mandiri Audit Committee consists of:

	December 31, 2016	December 31, 2015
Chairman and member	: Aviliani	Aviliani
Member	: Askolani	Askolani
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Ardan Adiperdana*)	Budi Sulistio
Member	: Budi Sulistio	Ridwan Darmawan Ayub
Member	: Lista Irna*)	-

*) Changes in the Audit Committee members of Bank Mandiri is stipulated in the Decree of Directors No. KEP.DIR/374/2016 dated October 20, 2016.

As of December 31, 2016 and 2015, Bank Mandiri's Remuneration and Nomination Committee consists of:

	December 31, 2016	December 31, 2015
Chairman and member	: Bangun Sarwito Kusmuljono	Bangun Sarwito Kusmuljono
Member	: Wimboh Santoso*)	Imam Apriyanto Putro
Member	: Imam Apriyanto Putro	Abdul Aziz
Member	: Abdul Aziz	Aviliani
Member	: Askolani	Askolani
Member	: Aviliani	Suwhono
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Ardan Adiperdana*)	-
Secretary (ex-officio)	: SEVP Human Capital*)	Group Head Human Capital Strategy & Policy

*) Changes in the Membership of Remuneration and Nomination Committee of Bank Mandiri is stipulated in the Decree of Directors No. KEP.DIR/376/2016 dated October 20, 2016

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2016 dan 2015, Bank Mandiri's Risk Oversight Committee consists of:

	December 31, 2016	December 31, 2015
Chairman and Member	: Abdul Aziz	Abdul Aziz
Member	: Wimboh Santoso*)	Imam Apriyanto Putro
Member	: Goei Siau Hong*)	Suwhono**)
Member	: Bangun Sarwito Kusmulyono*)	Budi Sulistio
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Lista Irna*)	-
Secretary (ex-officio)	: Group Head Operational Risk*)	Group Head Operational Risk

*) Changes in the Membership of the Risk Oversight Committee of Bank Mandiri is stipulated in the Decree of Directors No. KEP.DIR/375/2016 dated October 20, 2016.

**) The term of office for Mr Suwhono as the Remuneration and Nomination Committee and Risk Monitoring Committee ended since his appointment as President Director of PT Berdikari (Persero) on March 29, 2016.

As of December 31, 2016 dan 2015, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2016	December 31, 2015
Chairman and Member	: Abdul Aziz	Abdul Aziz
Deputy Chairman and Member	: Goei Siau Hong*)	-
Member	: Imam Apriyanto Putro*)	Goei Siau Hong
Member	: Aviliani	Aviliani
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Ridwan Darmawan Ayub*)	Ramzi A. Zuhdi (PT Bank Syariah Mandiri)
Member	: Edhi Chrystanto (Bank Mandiri Taspen Pos*)	M. Syafii Antonio (PT Bank Syariah Mandiri-DP)
Member	: Frans A. Wiyono (Mandiri AXA General Insurance) *)	I Wayan D. Ardjana (PT Bank Mandiri Taspen Pos)
Member	: D. Cyril Noerhadi (Mandiri Sekuritas) *)	Frans A. Wiyono (PT Mandiri AXA General Insurance)
Member	: Wihana Kirana Jaya (AXA Mandiri Financial Services) *)	I Ketut Sendra (PT Asuransi Jiwa Inhealth Indonesia)
Member	: Hanifah Purnama (Mandiri Tunas Finance) *)	D. Cyril Noerhadi (PT Mandiri Sekuritas)
Member	: Nizar Yamanie (Asuransi Inhealth Indonesia) *)	Jiantok Hardjiman (PT Mandiri Manajemen Investasi)**)
Member	: Ramzi A. Zuhdi (Bank Syariah Mandiri) *)	Hanifah Purnama (PT Mandiri Tunas Finance)
Member	: M. Syafii Antonio (Bank Syariah Mandiri) *)	Wihana Kirana Jaya (PT AXA Mandiri Financial Services)

*) Changes in the Membership of Integrated Governance Committee of the Bank is stipulated in the Decree of Directors No. KEP.DIR/377/2016 dated October 20, 2016.

**) Stopped serving as an independent commissioner since April 8, 2015.

As of December 31, 2016 and 2015, Chairman of the Internal Audit Committee of Bank Mandiri is Mustaslimah which was approved by the Board of Commissioners of Bank Mandiri through letter No. KOM/035/2015 dated April 8, 2015 and has been reported to FSA through letter No. CEO/152/2015 dated April 14, 2015 and Indonesia Stock Exchange by letter No. FST.CSC/CMA.1131/2015 dated April 14, 2015.

As of December 31, 2016 and 2015, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of the Bank Mandiri on December 31, 2016 and 2015 are 38,940 and 36,737 people, respectively (unaudited).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Management is responsible for the preparation of the accompanying consolidated financial statements which were completed and authorised for issuance by the Board of Directors on January 30, 2017.

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 June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

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 since April 1, 2016. The consolidated financial statement are prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

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

Items within Other Comprehensive Income are classified separately, separating between accounts which will be reclassified to Profit or Loss and accounts which will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2014), "Presentation of Financial Statement for Sharia Banking", SFAS No. 102 (Revised 2013) "Accounting for *Murabahah*", SFAS No. 104 "Accounting for *Istishna*", SFAS No. 105 "Accounting for *Mudharabah*", SFAS No. 106 "Accounting for *Musyarakah*", SFAS No. 107 "Accounting for *Ijarah*", SFAS No. 110 "Accounting for *Sukuk*" and other prevailing Statements of Financial Accounting Standards, as long as not contradict with Sharia principle also Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

The preparation of consolidated 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 are disclosed in Note 3.

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies

The principle of accounting policies applied in the preparation of the consolidated Financial Statements of the Bank and its subsidiaries are set out below:

Effective on January 1, 2016, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date as follows:

- Amendments to SFAS No. 4: Separate Financial Statements on Equity Method in Separate Financial Statements
- Amendments to SFAS No. 15: Investments in Associates and Joint Ventures on Investment Entities: Applying the Consolidation Exception
- Amendments to SFAS No. 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization
- Amendments to SFAS No. 19: Intangible Assets on Clarification of the Accepted Method for Depreciation and Amortization
- Amendments to SFAS No. 24: Employee Benefits on Defined Benefit Plans: Employee Contributions
- Amendments to SFAS No. 65: Consolidated Financial Statements on Investment Entities: Applying the Consolidation Exception
- Amendments to SFAS No. 67: Disclosure of Interests in Other Entities on Investment Entities: Applying the Consolidation Exception
- SFAS No. 5 (Improvement 2015): Operating Segments
- SFAS No. 7 (Improvement 2015): Related Party Disclosures
- SFAS No. 13 (Improvement 2015): Investment Property
- SFAS No. 16 (Improvement 2015): Property, Plant and Equipment
- SFAS No. 19 (Improvement 2015): Intangible Assets
- SFAS No. 25 (Improvement 2015): Accounting Policy, Changes in Accounting Estimates, and Errors
- SFAS No. 68 (Improvement 2015): Fair value Measurement
- SFAS No. 110 (Revised 2015): Accounting for Sukuk

The above new and revised standards and interpretations which were effective from January 1, 2016 have no material impact to the Bank and Subsidiaries' consolidated financial statements.

Changes in the Group's accounting policy have been inline with the requirements in each standards and interpretation.

c. Financial instruments

A. Financial assets

The Group classifies its financial assets available for sale in the following categories of (a) financial assets at fair value through profit or loss, (b) loans and receivables, (c) financial assets held-to-maturity, and (d) financial assets available-for-sale. The classification depends on the purpose for which the 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 of fair value through profit or loss upon initial recognition.

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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)

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.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of profit or loss and other comprehensive income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of profit or loss and other 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 of 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 profit or loss and other comprehensive income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement profit or loss and other comprehensive income as "Allowance for impairment losses".

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as of 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(c) Financial assets held-to-maturity (continued)

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on financial assets held-to-maturity is included in the consolidated statement of profit or loss and other comprehensive income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Financial assets 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.

Financial assets available-for-sale 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 other comprehensive income, except for impairment losses and foreign exchange gains or losses for debt instrument. For equity instrument, foreign exchange gains or losses is recognised in the consolidated statement of profit or loss and other comprehensive income, until the financial assets is derecognised. If a financial asset available-for-sale is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised as other comprehensive income is recognised in the profit or loss. Interest income is calculated using the effective interest method.

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 "receivables from assets pledged as collateral", 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.

(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 of 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities (continued)

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

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statement of profit or loss and other comprehensive 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 of fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS No. 55, the fair value option is applied on 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".

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value less 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 that is submitted by the Group under the agreement of securities sold under repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group substantially has all the risks and benefits of the collateral, based on the requirement that the repurchase price has been determined at the beginning, so that the criteria for derecognition are not met.

Write-offs

In the case of financial assets' write-off is a continuation of the financial assets' settlement by taking over collaterals, the amount written off is approximately equal to the difference between the fair value of repossessed assets after taking into account the financial assets' cost of sales and carrying amount.

Financial assets can be written off when the allowance for impairment losses have been established 100%.

Write-off done overall to the financial assets' carrying amount by debiting the allowance for impairment losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 profit or loss and other comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income shall be recognised in consolidated statement of profit or loss and other 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 instruments

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		Class	Sub-classes
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	Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Other receivables - trade transaction	
		Securities purchased under resale agreements	
		Loans and sharia financing/receivables	
		Consumer financing receivables	
		Investment in lease financing	
		Acceptance receivables	
		Other assets	Accrued income
			Receivables from customer transactions
			Receivables from sale of marketable securities
			Receivables to policyholders
			Receivables related to ATM and credit card transaction
			Receivables on collateralized government bonds
	Held-to-maturity investments	Marketable securities	
		Government bonds	
	Available-for-sale financial assets	Marketable securities	
		Government bonds	
		Investments in shares - less than 20%	

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments (continued)

Category		Class	Sub-classes
Financial liabilities	At fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related
	At amortised cost	Deposits from customers	Demand/wadiah deposits
			Saving/wadiah deposits
			Time deposits
		Deposits from other banks	Demand/wadiah and saving/wadiah deposits
			Inter-bank call money
			Time deposits
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
		Other liabilities	Payable to customers
			Guarantee deposits
			Payable from purchase of marketable securities
			Liabilities related to ATM and credit card transaction
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 presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. This means that the right to set off:

- a. Must not be contingent on a future event, and
- b. Must be legally enforceable in all of the following circumstances:
 - i. The normal course of business
 - ii. The event of default
 - iii. The event of insolvency or bankruptcy

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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. There is a probability that the borrower will enter bankruptcy or other financial reorganisation;
5. The disappearance of an active market for that financial asset because of financial difficulties; or
6. Observable data indicating that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Sub-standard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated January 20, 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.
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. Financial assets that are individually assessed but non-impaired, those financial assets are still classified as financial assets that are assessed individually. However, the Group provides allowance for impairment losses based on probability of default for each segment that are generated by evaluating impairment of loans collectively.

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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 impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Bank uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

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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

For the purpose of a collective evaluation of impairment, financial assets 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, consists of roll rates analysis method and migration analysis method for financial assets impairment which are 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 is 9 months.

When a loan is uncollectible, it is written off against the related allowance for loan impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into "allowance for impairment losses".

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Subsequent recoveries of loans written off in previous year, are recognised as other operating 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)

Allowance for possible losses on earning assets of Subsidiary based on sharia

1. Earning assets consist of current account and placements with Bank Indonesia in the form of Bank Indonesia Sharia Certificate (SBIS), Bank Indonesia Sharia Deposit Facility (FASBIS), Reverse Repo Receivables SBSN BI, Term Deposit Foreign Currency Sharia BI, current accounts with other sharia banks, placement with other sharia banks, investment in marketable securities, *istishna* receivables, *ijarah* receivables, funds of *qardh*, *musyarakah* financing, *mudharabah* financing, *ijarah* assets, and commitments and contingencies with credit risk, such as bank guarantees, irrevocable letters of credit (LC) and standby letters of credit.

Allowance for impairment losses of earning assets and non-earning assets for commercial bank conducting business based on sharia principles based on FSA Regulation No. 16/POJK.03/2014 dated November 18, 2014, and FSA Regulation No. 12/POJK.03/2015 dated August 21, 2015.

The guidelines for establishment of the allowance for impairment losses on earning assets based on the aforementioned Bank Indonesia Regulation are as follows:

- a) General reserve, shall be no less than 1% of total earning assets classified as current, excluding Bank Indonesia Sharia Certificates and securities issued by the Government based on sharia principles, and part of earning assets guaranteed by government and cash collateral in the form of demand deposits, saving deposits, time deposits, guarantee deposits, and/or gold which are pledged accompanied with the power of attorney to liquidate.
- b) Special reserve shall be at least:
 - 5% of earning assets classified as Special Mention after 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 assets classified as Loss after deducted by collateral value.
- c) The requirement to establish allowance for impairment losses shall not be applicable for earning assets under leasing transactions in the form of *ijarah* or leasing transaction with transfer of ownership of leasing object in the form of *ijarah muntahiyah bittamlik*. The Bank is required to depreciate/amortize for the assets of *ijarah muntahiyah bittamlik*.

For marketable securities and placements to the bank, the quality rating is classified into 3 (three) classifications: current, substandard, and loss. Quality rating of equity investment is determined into 4 (four) categories: current, substandard, doubtful and loss.

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c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

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

Allowance for possible losses on earning assets of Subsidiary based on sharia (continued)

2. For *murabahah*, Subsidiary evaluates whether there is an objective evidence the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated. Impairment is recognised as allowance and charged to the current statement of consolidated profit or loss and other comprehensive income current year.

For the collective impairment, as allowed under SFAS No. 102 (Revised 2013), Bank Indonesia's circular letter No. 15/26/DPBs dated July 10, 2013 and FSA's letter No. S-129/PB.13/2014 dated November 6, 2014, for the first adoption, the Subsidiary may apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation. The transition rule can be applied at the latest December 31, 2014.

Since January 1, 2015, allowance for impairment on *murabahah* receivables calculated using collective according to SFAS No. 55, "Financial Instruments: Recognition and Measurement". According to the transition rule, the addition (reversal) of allowance for collective impairment as the implementation date of January 1, 2015 is charged to retained earnings as of January 1, 2015. Refer to Note 64 on the impact of the deduction to the financial statements.

3. Directly attributable income and expenses are recognised using the initial effective interest rate used to discount the future cash flow of the assets.

(b) Financial assets classified as available for sale

- The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.(G).(a) for the criteria of objective evidence of impairment.
- In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of profit or loss and other comprehensive income is removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income.
- If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher 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.

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. Investment in sukuk

Since January 1, 2016, the group determines the classification of the investments on the sukuk based on:

Before the initial recognition, the Group determines the classification of investment in sukuk based on the Group's investment objective. Investment in sukuk can be measured as follows:

- Acquisition cost
If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. The acquisition cost for sukuk *ijarah* and sukuk *mudharabah* are included in the transaction cost. The difference between acquisition cost and nominal value is amortized using straight line method during the period of the sukuk instrument.
- Measured at fair value through other comprehensive income
If the investment is held within a business model whose primary purpose is to obtain contractual cash flows and sell off sukuk and the contractual requirements determine by specific date of payment of principal and/or results. The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are included as transaction costs. The difference between the acquisition cost and nominal value is amortized on straight-line basis over the terms of sukuk. The changes in fair value are recognised in other comprehensive income. At the time of derecognition, the changes in fair value in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

H. Investment in sukuk (continued)

- Measured at fair value through profit or loss
The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are measured at fair value through profit or loss excluding transaction costs. For investments in sukuk which are measured at fair value through profit or loss, the difference between the fair value and the carrying amount is recognised in profit or loss.

Prior to January 1, 2016, the group determines the classification of the investments on the sukuk based on:

- Acquisition cost
If the investment is held within a business model whose primary purpose is to obtain contractual cash flows and its contractual terms contained the determine the specified date of payment of principal and / or results. At the time of initial measurement, investments are recorded at acquisition cost which includes transaction costs. After initial recognition, sukuk investment is measured at amortized value. The difference between the acquisition cost and nominal value is amortized on straight-line basis over the terms of sukuk instruments.

If there are indications of impairment, the Bank measures the recoverable amount. If the recoverable amount is less than the carrying amount, the Bank will recognised the impairment loss. Recoverable amount is the amount that would be obtained from the recovery of principal without taking into account the present value.

- Fair value
The fair value of investment is determined by the reference for the following order: quoted prices in an active market, or the price that occurred from the transaction date if there are no quoted prices in an active market, or fair value of similar instruments if there are no quoted prices in an active market and no price which occurred from the transaction date.

At the time of initial recognition, investment sukuk in this classification are recorded at acquisition cost, but the acquisition price does not include transaction costs. After initial recognition, investments are recognised at fair value. The difference between the fair value and the carrying amount is recognised in the consolidated statement of comprehensive income.

I. Sukuk *mudharabah* issued

Recognition and measurement

Sukuk *mudharabah* issued is recognised when the entity has been a party following requirement of sukuk *mudharabah* issuance. Sukuk *mudharabah* is recognised at nominal value. Transaction costs are recognised separately from sukuk *mudharabah* and amortized using straight line following the period of sukuk *mudharabah*.

Presentation

Sukuk *mudharabah* is presented as liability and the transaction costs of sukuk issuance are presented in assets as deferred expenses

J. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

J. Determination of fair value (continued)

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability should be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial instruments traded in active markets, such as marketable securities and government bonds, is determined based on quoted market prices at the statement of financial position date from credible sources such as quoted market prices from Bloomberg, Reuters or broker's quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For government bonds with no quoted market prices, a reasonable estimate of the fair value is determined using the internal model based on the present value of expected future cash flows using next-repricing method with deflator factor.

d. Principles of consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries in which the majority shareholding are owned or controlled by the Bank.

Where subsidiaries either began or ceased to be controlled during the year, the results of operations of those subsidiaries are included in the consolidated financial statements only from the date that the control has commenced or up to the date that the control has ceased.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation (continued)

The Bank controls Subsidiaries if and only if the Bank acquires these rights:

- a) Power over the Subsidiaries (has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the Subsidiaries' returns);
- b) Exposure, or rights, to variable returns from its involvement with the subsidiaries;
- c) The ability to use its power over the Subsidiaries to affect the amount of the Bank's returns

In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of Subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation are presented as part of liabilities in the consolidated statement of financial position.

The consolidated financial statements are prepared using a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

If the control on an entity is obtained or ends in the current year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date of the control is ceased.

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause any change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

Changes in the Bank's ownership interest in Subsidiaries that does not result in a loss of control is accounted for as an equity transaction, in this case a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interest are adjusted and their fair value if the consideration paid or received shall be recognised directly in equity and attributable to the owners of the parent.

The entity that accepts/releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/share premium.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign currency transactions and balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas Subsidiaries of Bank Mandiri denominated in foreign currencies are translated into Rupiah based on the following bases:

- (1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
- (2) Revenues, expenses, income and losses - using the average middle rates during each month when the transaction occurs.
- (3) Shareholders' equity accounts - using historical rates on the date of transaction.
- (4) Statements of cash flows - using the Reuters spot rates at the reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The differences arising from the translation adjustment is presented as "Differences arising from translation of foreign currency financial statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2016 and 2015. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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

	December 31, 2016	December 31, 2015
Great Britain Pound Sterling 1/Rp	16,555.01	20,439.02
Euro 1/Rp	14,175.77	15,056.67
United Stated Dollar 1/Rp	13,472.50	13,785.00
Japanese Yen 100/Rp	11,507.00	11,452.00

Other foreign currencies are not disclosed as above since it is considered not material in the translation of transaction in foreign currencies of the Bank and Subsidiaries.

f. Transactions with related parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures" and Regulation of Bapepam and LK No. KEP-347/BL/2012, dated June 25, 2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with related parties (continued)

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

- 1) A person who a) has control or joint control over the reporting entity; b) has significant influence over the reporting entity; or c) the key management personnel of the reporting entity or the parent of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following:
 - a) The entity and the reporting entity are members of the same group;
 - b) An entity is an associate or joint venture of the entity;
 - c) Both entities are joint ventures from the same third party;
 - d) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e) The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
 - f) The entity is controlled or jointly controlled by a person identified as referred to in point 1); or
 - g) A person identified as referred to point 1) letter a) has significant influence over the entity or the entity's key management personnel;
 - h) The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the local governments which are the shareholders of the entity.
- 3) Parties which are not related parties are as follows:
 - a) Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
 - b) Two joint venturers simply because they share joint control of a joint venture;
 - c) Fund provider, trade unions, public service, and ministry and agencies of government that does not control, jointly control or significantly influence the reporting entity, solely in the execution of normal dealings with the entity;
 - d) Customers, suppliers, franchisor, distributor or general agent with whom an entity enter into transaction with significant volumes of business solely because economic dependence due to circumstances.

All significant transactions with related parties have been disclosed in Note 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 since the date of acquisition.

h. Current accounts with Bank Indonesia and other banks

The minimum statutory reserve

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks (continued)

The minimum statutory reserve (continued)

Based on Bank Indonesia Regulation No. 10/19/PBI/2008 dated October 14, 2008 regarding 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 October 23, 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated October 4, 2010 as amended by Bank Indonesia Regulation No. 13/10/PBI/2011 dated February 9, 2011 which has been amended with PBI No. 15/15/PBI/2013 dated December 24, 2013 and updated by Bank Indonesia Regulation No. 17/21/PBI/2015 dated November 26, 2015, PBI No. 18/3/PBI/2016 dated March 10, 2016 and PBI No. 18/14/PBI/2016 dated August 18, 2016, the Bank should comply with a Minimum Statutory Reserve (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Funding Ratio (LFR) GWM.

Primary GWM in Rupiah is set at 6.50% (2015: 7.50%) from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LFR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LFR and target LFR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting November 1, 2010 and GWM LDR is applied effectively starting 1 March 2011. GWM LFR applied effectively on August 3, 2015 to replace GWM LDR.

GWM in foreign currency is set at 8.00% of foreign currency third party fund.

The subsidiary company that 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 August 3, 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 October 5, 2006 and the latest amendment using Bank Indonesia Regulation No. 10/23/PBI/2008 dated October 16, 2008 and subsequently replace by PBI No. 15/16/PBI/2013 dated December 24, 2013, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah and foreign currencies at 5.00% and 1% from third party fund in Rupiah and foreign currencies.

i. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI (FASBIS), call money, "fixed-term" placements, time deposits and others.

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placement with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Treasury Bills issued by government of other country and Government of Republic of Indonesia, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including Sharia Corporate bonds.

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost.

Investments in mutual funds units are stated at market value, in accordance with the net value of assets of the mutual funds as at the date of the consolidated statement of financial position.

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent impairment in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year's consolidated statement of profit or loss and other comprehensive income.

Reclassification of marketable securities to held to maturity classification from available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the remaining live of the marketable securities using the effective interest rate method to consolidated statement of profit or loss and other comprehensive income.

In 2015, a Subsidiary, AXA Mandiri Financial Services (AMFS) has reclassified the marketable securities (bonds) directly held by the subsidiary related to insurance technical reserves (shareholders fund reserves) in the financial statements. The subsidiary has changed the classification of the aforementioned marketable securities from financial assets at fair value through profit or loss to available-for-sale financial assets. This change is deemed as change in accounting policy therefore applied retrospectively. Since the impact of this change to the prior year's financial statements as a whole is immaterial, therefore the impact of the change is directly charged in 2015 financial statements. No restatement of the prior year's financial statements is considered necessary.

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, held to maturity and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity and at cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 financial assets for 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.

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 qualifies as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in current year.
2. The effective portion arising from gain or loss of derivative contracts, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective portion is recognised as a gain or loss in the current year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative receivables and derivative payables (continued)

3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.
4. Gain or loss arising from derivative contract that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial assets and liabilities at fair value through profit or loss.

o. Loans and sharia receivables/financing

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

Syndicated loans, direct financing and joint financing, and channeling loans are stated at their outstanding balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are financing by Bank Syariah Mandiri ("BSM"), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (*malik, shahibul mal* or Subsidiary) as owner of fund and second party (*amil, mudharib* or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared based on the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* 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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia receivables/financing (continued)

Murabahah receivables are the financing of goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* are the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer. *Murabahah* financing is classified as financial assets under loans and receivables according to SFAS No. 55 "Financial Instruments: Recognition and Measurements".

Murabahah receivables initially are stated at fair value added transaction cost/directly attributable administration fee and additional acquisition cost to acquire those financial assets and after initial recognition are measured at amortised cost using the effective interest rate method less the allowance for impairment losses.

Murabahah receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses. The Bank calculates the allowance for impairment loss according to the *murabahah* financing quality according to each of financing balance.

Istishna receivables are the financing of goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* 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 fee (*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 be borne or paid.

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

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

Loan restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Losses on loan restructurings due to modification the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

For loan restructurings which involve a conversion of loans into share/stock or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia receivables/financing (continued)

Loan restructuring (continued)

In 2016, the Bank formed internal regulation regarding the debtors that are eligible to be removed from the list of restructured loans, i.e. when the loan/debtor has met the following criterias:

- i. Credit quality has been categorized Current (Collectibility 1) according to the review results by three (3) pillars of based on credit quality of Bank Indonesia;
- ii. The interest rate charged on the current loan facility is the commercial interest rates to debtors in accordance with the relevant credit segments above the base lending rate;
- iii. There are no Deferred Delinquency Interest (TBYD) and Deferred Interest (BYDT) which were not yet collected.

The internal provisions are applied since January 1, 2016.

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 financial assets for loans and receivables.

Early termination is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year's consolidated statement of profit or loss and other comprehensive income at the transaction date.

Credit restructuring can be done by transfer of financing, continue to finance, repay back, change the due date, change the tenor and/or increase the down payment.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers 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 profit or loss and other 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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Net investment in lease financing

Net investment in lease financing represent lease receivable plus the residual value which is earned at the end of the lease period and net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognised as unearned lease income. Unearned lease income is allocated to current year consolidated statement profit or loss and other comprehensive income based on a constant rate of return on net investment using the effective interest rate.

The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is recognised in the current year consolidated statement of profit or loss and other comprehensive income.

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

r. Fixed Assets, leased assets and intangible assets

i. Fixed assets and software

On April 1, 2016, the Group changed their accounting policy relating to land from cost model into revaluation model. Subsequently, land are stated at fair value.

Appraisal of the land is carried out by a certified external independent appraiser. Assessment of these assets are conducted regularly to ensure that the fair value of the revaluated asset is not materially different from it's carrying value.

If the fair value of the revaluated asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revaluated asset does not change significantly, it is necessary to revalue at a maximum every 5 years.

The increase in the carrying value arising from the revaluation of land is recorded as "Difference arising from the revaluation of fixed assets" and is presented as "Other comprehensive income". Any impairment arising from the revaluation is recorded as expense of the current year. If the asset had a balance of "Difference arising from the revaluation of fixed assets" that is presented as "Other Comprehensive Income", then the impairment difference recorded is charged against "Difference arising from the revaluation of fixed assets" and the rest is recognised as expense of the current year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets, leased assets and intangible assets (continued)

i. Fixed assets and software (continued)

The Group performed revaluation for accounting and tax purposes in the period the Group receives approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of profit or loss and other comprehensive 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 fixed assets and intangible assets. The estimated useful lives and percentage of depreciation and amortization per annum are as follows:

	Years	Percentage
Buildings	20	5%
Furniture and fixtures, office equipment, computer and vehicles	4-5	20%-25%
Software	5	20%

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

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

In accordance with SFAS No. 16 (Revised 2011) "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 rights is likely to or definitely not obtained.

SFAS No. 48 (Revised 2014), "Impairment of Assets" states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. If the carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets, leased assets and intangible assets (continued)

ii. Leased assets

Under SFAS No. 30, 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 fulfilment 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 benefit related to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits related to ownership of assets.

Based on SFAS No. 30, under a finance leases, Group recognise assets and liabilities in its consolidated statement of financial position as the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance expenses recorded in the consolidated statement of income. Leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that Bank Mandiri will obtain ownership by the end of the lease term.

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

iii. Intangible assets

Intangible assets are recognised if, and if only when its cost can be measured reliably and it is probable that expected future benefits that are attributable to it will flow to the Bank and Subsidiaries. Intangible assets consist of goodwill and computer software that are purchased by the Bank and Subsidiaries.

Software purchased by the Bank and subsidiaries is recorded at cost less accumulated amortization and accumulation of possible losses. Amortization method, estimated useful life and residual value is reviewed at end of reporting period and adjusted if necessary.

Refer to Note 2s for the accounting treatment of goodwill.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in shares

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans to equity.

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

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 January 20, 2005 on "Asset Quality Ratings for Commercial Banks", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investment in shares with ownership below 20.00% 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. The Bank conducts an assessment of goodwill impairment regularly.

t. Allowance for possible losses on non-earning assets

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

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

u. Acceptance receivables and payables

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

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-office accounts and others.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral where the debtor could not fulfil their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

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

Repossessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the repossessed assets less estimated costs of liquidating the repossessed assets. Any excess of the loan balance over the value of the repossessed 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 disposal of the repossessed assets are recognised as current year's gain or loss at the date of disposal.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of profit or loss and other comprehensive income. Any permanent impairment loss occurred will be charged to the current year's consolidated statement of profit or loss and other comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. 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 by overbooking through bilyet giro or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from customers (continued)

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 BSM's policy. *Wadiah* saving and demand deposits are stated at the Subsidiaries'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, time deposits and negotiable certificate of deposits. Deposits from other banks are recorded as liability to other banks.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates *Mudharabah* Investment Bank (SIMA).

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

z. Insurance contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiaries issue insurance contracts that accepted significant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event of at least 10% more than the benefits payable if the insured event did not occur. When an insurance contract does not have significant insurance risk, it is classified as investment contracts.

The Subsidiaries issues insurance contracts for traditional insurance product and investment-linked insurance product. Both of these products have significant insurance risk.

The Subsidiaries's products are divided into the following main categories:

- Traditional non-participating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-link, is the insurance product with single and regular premium payment which linked to investment products, which provide a combined benefit of the protection and investment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

The Subsidiary unbundles the deposit component of unit-link contract as required by SFAS No. 62 when both the following conditions are met:

- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary’s accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.

The Subsidiary does not separate the deposit component because only one of the above condition is met.

Liability adequacy test

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary’s method of acquiring, servicing and measuring the profitability of its insurance contracts.

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow include all guaranteed benefit and guaranteed additional benefit, non-guaranteed participation benefit feature (if any), all expenses for policies issuance and maintainance, as well as reflecting the future cash inflow, i.e. future premium receipt. The liabilities are calculated based on discounted cash flow basis for all related cash flows i.e. both of cash outflows and cash inflows as mentioned above using a set of most recent best estimate assumptions set by the Subsidiary’s appointed actuary, included discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions. Subsidiary operates in life insurance use Gross Premium Reserve with best estimate and margin for adverse deviation therefore liability adequacy test is not required.

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 a deficiency between insurance liabilities carrying amount (deducted with deferred acquisition cost for loss insurance) and estimation of future cash flows, the deficiency will be charged in the consolidated statement of profit or loss and other comprehensive income.

Reinsurance

The Subsidiaries reinsure a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Recovery amount from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiaries present separately reinsurance asset as asset of the insurance liability.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Reinsurance (continued)

If a reinsurance asset is impaired, the Subsidiaries deducted the carrying amount accordingly and recognises that impairment loss in the consolidated statement of profit or loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

Liability for future policy benefits

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary's actuary or registered independent actuary.

The Subsidiaries calculate the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt.

Increase (decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of profit or loss and other comprehensive income.

Liability to unit-link policyholders classified as insurance liability.

The liability to unit-link policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

Funds received from customers for non-sharia unit-link products are reported as gross premium income in the consolidated statements of profit or loss and other comprehensive income. Liabilities to unit-link policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from insurance cost of mortality risk plus reserves for the accumulated invested fund of unit-link policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to unit-link policyholders in the statements of profit or loss and other comprehensive income and liability to unit-link policyholders in the consolidated statement of financial position.

Funds received from customers for sharia unit-link products is recognised as liabilities to unit-link policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-link product income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

aa. Marketable securities issued

Marketable securities issued by the Bank and its Subsidiaries, include bonds, subordinated notes, medium term notes and travellers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of 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.

ad. Income tax

Bank Mandiri and Subsidiaries applies SFAS No. 46 (Revised 2014) "Income Tax" which required Bank Mandiri and Subsidiaries to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in the consolidated statement of financial position; and transactions and other events of the current period.

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income tax (continued)

Group's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

Bank Mandiri and subsidiaries applies the balance sheet liability method to determine income tax expense. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated statement of financial position at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

Deferred tax assets are recognised if there is probable future that taxable income will be sufficient to compensate deferred tax assets arising on the temporary differences.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realized or the liability is settled. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's assessment as of the date of consolidated statement of financial position. Assumptions and estimation used in the 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ae. Temporary *syirkah* funds

Temporary *syirkah* funds represent investment received by a Subsidiary. The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah*, *mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah*, *mudharabah muqayyadah*, *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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *syirkah* funds (continued)

- 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 muqayyadah* represents *mudharabah* in which fund manager also submits its capital or fund in the investment.

Temporary *syirkah* funds cannot be classified as liability because the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realised gain from current asset and other non-investment accounts.

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 as "interest income" and "interest expense" in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and allocating method the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all commissions, provision and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiary's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

Murabahah income through deferred payment or installment is recognised during the period of the contract based on effective method (annuity).

According to SFAS No. 102 (Revised 2013), *murabahah* income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *ljarah* 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 the return at the Bank income.

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

Total of margin income and profit sharing on financing and other productive assets will be distributed to the fund owner and subsidiary, calculated proportionally according to the allocation of fund owner and subsidiary that were used in the financing and other productive assets.

Further, margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and depositor as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined profit sharing with *nisbah* portion. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium income and claims expenses

Premium income received from short-term insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long-term contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ag. Premium income and claims expenses (continued)

Claims and benefits consist of settled claims, claims that are still in process of completion and estimates of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as deduction from claims expenses consistent in the same period with the claim expenses recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

ah. Fees and commissions income

Fees and commissions income and transaction 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 using effective interest rate method.

The directly attributable unamortised fees and commissions balances relating to loans and consumer financing receivables and investment in lease financing which settled prior to maturity are recognised upon settlement date, of such loans, consumer financing and investment in lease financing.

Other fees and commissions income which are not directly related to lending activities or a specific 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 August 1, 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund's management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law No. 13/2003, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined contribution plan is a pension plan that defines an amount of pension contribution based on pension Fund Regulation and all contribution including investment return are recorded in its account's member as pension benefit as stated in Pension Fund Law No. 11 year 1992 dated April 20, 1992 regarding Pension Fund.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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.

Effective on January 1, 2015, the Bank and subsidiaries applied SFAS No. 24 (Revised 2013), "Employee Benefits". The revised SFAS, among others, removes the corridor mechanism and contingent liability disclosures to simplify classification and disclosures. The accumulated unrecognised actuarial gains or losses incurred are recognised as "Other Comprehensive Income" and is presented in the equity section. Past service cost directly charge to profit or loss. Since the impact of the revised SFAS is not significant to the consolidated financial statements, then the implementation of the revised SFAS is applied prospectively.

The post-employment benefits expense recognised during the current year consists of service cost in profit and loss, net interest on the net defined benefit liability in profit and loss and re-measurement of the net defined benefit liabilities in other comprehensive income.

Net interest on the net defined benefit liabilities is the interest income component of plan assets, interest expense of defined benefit liabilities and interest on the effect of asset ceiling.

Remeasurements of the net defined benefit liability consists of:

- Actuarial gains and losses;
- Return on plan assets, excluding amount included in net interest on the net defined benefit liability; and
- Any change in effect of the asset ceiling, excluding amount including in net interest on the net defined benefit liability.

Actuarial gains and losses may arise from the adjustments made based on the experience and changes in actuarial assumption.

Other long-term employment benefit obligations

The entitlement of these benefits is provided to the employees until reaching the retirement age and the completion of a minimum service period. The costs estimation for these benefits are accrued over the period of employment calculated, using similar methodology used for defined benefit pension plans but simplified. These obligations are calculated annually by independent qualified actuaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Tantiem distribution

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statement of profit or loss and other comprehensive income during the year.

aj. Earnings per share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

The weighted-average number of outstanding shares used in computing basis and diluted earnings per share as of December 31, 2016 and 2015 are 23,333,333,333 shares.

ak. Operating segment

An operating segment is a component of entity which:

- (a) involves in 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 for decision making on allocation of resources and performance evaluation on works; and
- (c) separate financial information is available.

In accordance with SFAS No. 5 - Operating Segment, the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The decision maker is the Board of Directors. 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 other Subsidiary.

In accordance with the change in organization structure applied in early April 2016, the operating segment are separated into these operating segments: Corporation, Commercial, Retail, Treasury and Market, Head Office, Subsidiaries: Subsidiary - Sharia, Subsidiary - Insurance and other Subsidiary.

Operating segment as of December 31, 2015 are separated in these operating segments: Corporation, Commercial, Micro and Business, Consumer/Individual, Treasury and Market, Head Office, Subsidiaries: Subsidiary - Sharia, Subsidiary - Insurance and other Subsidiary.

A geographical segment is represent component of the Bank and its Subsidiaries that are providing services in different economic environment and have a different risk and reward compare to others operate in different economic environment. 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

Fund allocation for partnership program and community development program are no longer allocated from retained earning approved by General Shareholders Meeting instead, it is accrued and charged directly to the current year consolidated statement of profit or loss and other comprehensive income of respective year.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Several estimates and assumptions are required in the preparation of the consolidated financial statements in which the management judgment is required in determining the methodology in the valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with Statements of Financial Accounting Standard are 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

Evaluation of impairment losses on financial assets carried at amortized cost and debt securities classified as available for sale are described in Note 2c.

Allowance for impairment losses related to a specific counterparty in the entire allowance for impairment losses established for the charges that are individually evaluated for impairment based on Management's best estimate of the present value of cash flows expected to be received. In calculating the allowance for impairment losses, management makes consideration of the financial condition of the counterparty and the net realizable value of the collateral received. Each asset is impaired are evaluated, and its completion strategy and estimation of cash flows considered recoverable are independently approved by the Credit Risk Management Unit.

Evaluation of impairment losses collectively cover credit losses inherent in the portfolio bill with similar economic characteristics when there is objective evidence that impairment has occurred in the portfolio of the bill, but the decline in the value of the individual cannot be identified. In determining the need to establish allowance for collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required allowance, the assumptions made to determine default and loss model to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of this allowance depends on how precise the estimated future cash flows to determine the individual allowance and the model assumptions and parameters used in determining collective allowance.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and lack 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.

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

Key sources of estimation uncertainty (continued)

c. Pension programs

Pension programs are determined based on actuarial valuation. The actuary valuation involves making assumptions about discount rate, expected rate of return on investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in 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 which are the best estimate assumption and margin for any adverse deviations. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, Unexpired Risk Reserve (URR) and liability to policyholders.

e. Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be used. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognised, based on current usage and the level of taxable income and future tax planning strategies. Banks do not take into account some of the benefits of deferred tax assets as management believes that deferred tax assets will not be recoverable in the future.

f. Depreciation and estimated useful life of fixed assets

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank management estimates the useful lives of the assets between 5 (five) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of Bank's fixed assets is disclosed in Note 18.

g. Impairment of non-financial assets

Bank Mandiri and its subsidiaries assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value of non-financial assets cannot be recovered. Important factors that could cause impairment of non-financial assets are as follows:

- a) Performance is not achieved significantly against expectations of historical or projected operating results in the future;
- b) A significant change in the way the use of the asset or the overall business strategy; and
- c) Industry or economic trends are significantly negative.

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

Key sources of estimation uncertainty (continued)

g. Impairment of non-financial assets (continued)

Management of the Bank and its Subsidiaries recognize an impairment loss if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher value between the fair value minus costs of disposal with the use value of the asset (or cash-generating unit). Recoverable amount is estimated for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

h. Revaluations of land

The group engaged independent valuation specialists to assess fair value for revalued land. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as location and condition of land.

Significant accounting judgements

Accounting judgements that are important in applying accounting policies of the Bank and its Subsidiaries include:

a. Going Concern

The Management of the Bank and its Subsidiaries has assessed the ability of the Bank and its Subsidiaries to continue its business and believes that the Bank and Subsidiaries have the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank and Subsidiaries to maintain its viability. Therefore, the consolidated financial statements have been prepared on the basis of a going concern.

b. Classification of financial assets and liabilities

Management of the Bank and its Subsidiaries determined the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set SFAS No. 55 (Revised 2014) have been met. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 2.c.E.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2016	December 31, 2015
Rupiah	41,014,055	44,557,520
United States Dollar (Note 61B.(v))	11,470,919	11,756,796
	52,484,974	56,314,316

As of December 31, 2016 and 2015, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currencies which has been amended with No. 18/3/PBI/2016 dated March 10, 2016 and No. 18/14/PBI/2016 dated August 18, 2016, which are as follows:

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

	December 31, 2016	December 31, 2015
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	7.50%
- Secondary Minimum Statutory Reserve	4.00%	4.00%
Foreign Currencies	8.00%	8.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the form of Current Accounts with Bank Indonesia. 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 is determined by Bank Indonesia. Minimum Statutory Reserve on Loan to Funding Ratio (LFR) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia for a certain percentage of third party fund calculated based on the difference between the Bank's LFR and the targeted LFR. GWM LFR is imposed if the Bank's LFR is below the minimum of LFR targeted by Bank Indonesia (80%) (December 31, 2015: 78%) and if the Bank's LFR is above the maximum of LFR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is below BI requirement of 14%.

LFR is a ratio of loan to third parties issued by the bank in Rupiah and foreign currency, not include loan to other banks, towards:

- a. Third Party Funds that includes current accounts, saving accounts, and time deposits in Rupiah and foreign currencies, excluding interbank funds; and
- b. Marketable securities in Rupiah and foreign currencies that meet certain requirements issued by the Bank for obtaining capital.

Based on Bank Indonesia (BI) Regulation No. 17/11/PBI/2015 dated June 25, 2015, the citation of Loan to Deposit Ratio (LDR) on Bank Indonesia (BI) Regulation No.15/15/PBI/2013 has been changed into Loan to Funding Ratio (LFR) since August 3, 2015 and calculation of Minimum Statutory Reserve of LFR has become effective since August 3, 2015.

Excess Reserve is an excess Bank's balance of the Rupiah Account of Primary Minimum Statutory Reserve and Minimum Statutory Reserve on Loan to Funding Ratio that should be maintained in Bank Indonesia.

As of December 31, 2016 and 2015 the Bank has fulfilled all the requirements mentioned above. The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as of December 31, 2016 and 2015, are as follows:

	December 31, 2016	December 31, 2015
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	7.50%
- Secondary Minimum Statutory Reserve	9.84%	14.35%
- Minimum Statutory Reserve on Loan to Funding Ratio*)	-	-
Foreign currencies	8.12%	8.50%

*) Bank Mandiri's LFR as of December 31, 2016 is between 78.00%-92.00% (December 31, 2015 is between 78%-92%), therefore no GWM LFR was imposed.

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5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah		
Related parties (Note 55)	25,690	23,070
Third parties	482,680	448,180
Total	508,370	471,250
Foreign currencies		
Related parties (Note 55)	171	1,445
Third parties	9,854,673	9,682,931
Total (Note 61B.(v))	9,854,844	9,684,376
Total	10,363,214	10,155,626
Less: Allowance for impairment losses	(3,049)	(3,412)
Net	10,360,165	10,152,214

Included in foreign currencies are mainly Great Britain Pound Sterling, European Euro, United States Dollar, Japanese Yen, Australian Dollar, Hong Kong Dollar, Chinese Yuan, and Singapore Dollar.

b. By Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Rupiah - Current	508,370	471,250
Foreign currencies		
Current	9,851,849	9,681,195
Loss	2,995	3,181
Total (Note 61B.(v))	9,854,844	9,684,376
	10,363,214	10,155,626
Less: Allowance for impairment losses	(3,049)	(3,412)
	10,360,165	10,152,214

c. The average interest rate (yield) per annum:

	December 31, 2016	December 31, 2015
Rupiah	0.01%	0.01%
Foreign currencies	0.07%	0.04%

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

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

	December 31, 2016	December 31, 2015
Beginning balance	3,412	3,364
Reversal during the year (Note 44)	(176)	(46)
Others*)	(187)	94
Ending balance	3,049	3,412

*) 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" are disclosed in Note 61A.

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By type, currency, maturity and Bank Indonesia's collectibility:

December 31, 2016				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	27,566,169	-	27,566,169
Call money	< 1 month	6,522,000	-	6,522,000
Fixed-term placement	< 1 month	100,000	-	100,000
	≥ 1 month ≤ 3 months	70,000	-	70,000
Time deposit	< 1 month	2,183,958	-	2,183,958
	≥ 1 month ≤ 3 months	1,228,915	-	1,228,915
	> 3 months ≤ 6 months	409,632	-	409,632
	> 6 months ≤ 12 months	76,500	-	76,500
Saving	no maturity	311	-	311
Total		38,157,485	-	38,157,485
Foreign currencies:				
Bank Indonesia	< 1 month	31,660,375	-	31,660,375
Call money	< 1 month	2,777,111	-	2,777,111
	≥ 1 month ≤ 3 months	593	-	593
	> 12 months	-	42,426	42,426
Fixed-term placement	< 1 month	587,401	-	587,401
	≥ 1 month ≤ 3 months	221,153	-	221,153
	> 3 months ≤ 6 months	123,004	-	123,004
	> 12 months	-	977	977
Time deposit	< 1 month	117,618	-	117,618
	≥ 1 month ≤ 3 months	12,092	-	12,092
	> 3 months ≤ 6 months	-	-	-
Total (Note 61B.(v))		35,499,347	43,403	35,542,750
				73,700,235
Less: Allowance for impairment losses				(83,308)
Net				73,616,927

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

a. By type, currency, maturity and Bank Indonesia's collectability (continued):

December 31, 2015				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	5,909,168	-	5,909,168
Call money	< 1 month	1,110,000	-	1,110,000
	≥ 1 month ≤ 3 months	100,000	-	100,000
Time deposit	< 1 month	2,191,281	-	2,191,281
	≥ 1 month ≤ 3 months	1,481,832	-	1,481,832
	≥ 3 months ≤ 6 months	725,358	-	725,358
	≥ 6 months ≤ 12 months	42,500	-	42,500
Saving	no maturity	486	-	486
Total		11,560,625	-	11,560,625
Foreign currencies:				
Bank Indonesia	< 1 month	20,539,650	-	20,539,650
	≥ 1 month ≤ 3 months	689,250	-	689,250
Call money	< 1 month	2,615,015	-	2,615,015
	≥ 1 month ≤ 3 months	68,925	-	68,925
	> 12 months	-	45,063	45,063
Fixed-term placement	< 1 month	1,090,184	-	1,090,184
	≥ 1 month ≤ 3 months	308,780	-	308,780
	> 3 months ≤ 6 months	125,857	-	125,857
	> 12 months	-	1,038	1,038
Time deposit	< 1 month	88,385	-	88,385
	≥ 1 month ≤ 3 months	27,590	-	27,590
Others	> 6 months ≤ 12 months	75,656	-	75,656
	> 12 months	151,605	-	151,605
Total (Note 61B.(v))		25,780,897	46,101	25,826,998
				37,387,623
Less: Allowance for impairment losses				(66,760)
Net				37,320,863

b. By related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)	1,197,075	1,572,113
Third parties	36,960,410	9,988,512
Total	38,157,485	11,560,625
Foreign currencies:		
Related parties (Note 55)	528,496	419,165
Third parties	35,014,254	25,407,833
Total (Note 61B.(v))	35,542,750	25,826,998
	73,700,235	37,387,623
Less: Allowance for impairment losses	(83,308)	(66,760)
	73,616,927	37,320,863

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

- c. Average interest rate (yield) per annum:

	December 31, 2016	December 31, 2015
Rupiah	2.53%	3.79%
Foreign currencies	0.48%	0.17%

- d. As of December 31, 2016, there was no placement in other banks which had been pledged as collateral (December 31, 2015: USD5,488,263 and USD10,997,811) (Notes 36c).
- e. Movements of allowance for impairment losses on placements with other banks:

	December 31, 2016	December 31, 2015
Beginning balance	66,760	95,147
Allowance during the year (Note 44)	21,415	(26,256)
Others*)	(4,867)	(2,131)
Balance at end of year	83,308	66,760

*) 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 November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a set-off with the balance of demand deposit, inter-bank call money and L/C UPAS payable of the Subsidiary to the financial institution. The balances of Bank Mandiri's placement with the financial institution (in liquidation) as of December 31, 2016 and 2015 were EUR3,061,829 (full amount), respectively. As of December 31, 2016 and 2015, 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.

7. MARKETABLE SECURITIES

- a. By purpose, related parties and third parties:

	December 31, 2016	December 31, 2015
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	2,044,697	1,670,013
Available for sale	7,807,931	8,826,132
Held to maturity	1,920,506	1,013,537
At cost*)	392,044	411,507
	12,165,178	11,921,189

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7. MARKETABLE SECURITIES (continued)

a. By purpose, related parties and third parties (continued):

	December 31, 2016	December 31, 2015
Third parties:		
Fair value through profit or loss	2,708,846	1,751,959
Available for sale	14,503,106	8,850,569
Held to maturity	9,348,361	6,299,438
At cost*)	246,146	308,201
	<u>26,806,459</u>	<u>17,210,167</u>
<u>Investments in unit-link contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	6,406,370	4,595,215
Third parties:		
Fair value through profit or loss	11,444,472	10,576,964
Total	56,822,479	44,303,535
Less:		
Unamortised discounts	(5,429)	(1,984)
Unrealised loss on decrease in fair value of marketable securities	(26,463)	(350,818)
Allowance for impairment losses	(238,944)	(309,169)
	<u>(270,836)</u>	<u>(661,971)</u>
	<u>56,551,643</u>	<u>43,641,564</u>

*) Marketable securities owned by Subsidiary,

**) Investments in unit-link contracts are investments owned by policyholders unit-link contracts of Subsidiary's PT Axa Mandiri Financial Services which are presented at fair value.

b. By type, currency and Bank Indonesia's collectability:

	December 31, 2016						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,878,559	-	13,724	1,892,283	-	-	1,892,283
Investments in mutual fund units	1,017,069	-	2,332	1,019,401	-	-	1,019,401
Certificates of Bank Indonesia	971,669	-	2,462	974,131	-	-	974,131
Shares	5,558	-	63	5,621	-	-	5,621
	<u>3,872,855</u>	<u>-</u>	<u>18,581</u>	<u>3,891,436</u>	<u>-</u>	<u>-</u>	<u>3,891,436</u>
<u>Investments in unit-link contracts *)</u>							
Shares	17,658,330	-	-	17,658,330	-	-	17,658,330
Investments in mutual fund units	178,821	-	-	178,821	-	-	178,821
Bonds	13,691	-	-	13,691	-	-	13,691
	<u>17,850,842</u>	<u>-</u>	<u>-</u>	<u>17,850,842</u>	<u>-</u>	<u>-</u>	<u>17,850,842</u>
	<u>21,723,697</u>	<u>-</u>	<u>18,581</u>	<u>21,742,278</u>	<u>-</u>	<u>-</u>	<u>21,742,278</u>

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectability (continued):

December 31, 2016							
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Available for sale							
Investments in mutual fund units	9,002,000	-	52,896	9,054,896	-	-	9,054,896
Bonds	3,447,793	-	(7,683)	3,440,110	-	-	3,440,110
Negotiable Certificate of Deposit	452,394	-	(408)	451,986	-	-	451,986
Medium term notes	499,000	-	-	499,000	-	-	499,000
Certificates of Bank Indonesia	190,330	-	-	190,330	-	-	190,330
	<u>13,591,517</u>	<u>-</u>	<u>44,805</u>	<u>13,636,322</u>	<u>-</u>	<u>-</u>	<u>13,636,322</u>
Held to maturity							
Bonds	2,743,959	-	-	2,743,959	-	-	2,743,959
Certificates of Bank Indonesia	5,250,000	(3,241)	-	5,246,759	-	-	5,246,759
Medium term notes	800,000	(515)	-	799,485	-	-	799,485
Export bills	640,454	-	-	640,262	-	192	640,454
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>9,679,413</u>	<u>(3,756)</u>	<u>-</u>	<u>9,675,465</u>	<u>-</u>	<u>192</u>	<u>9,675,657</u>
At cost****)							
Sharia Corporate bonds	544,000	-	-	407,000	-	137,000	544,000
Export bills	94,190	-	-	94,190	-	-	94,190
	<u>638,190</u>	<u>-</u>	<u>-</u>	<u>501,190</u>	<u>-</u>	<u>137,000</u>	<u>638,190</u>
Total	<u>45,632,817</u>	<u>(3,756)</u>	<u>63,386</u>	<u>45,555,255</u>	<u>-</u>	<u>137,192</u>	<u>45,692,447</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	666,808	-	237	667,045	-	-	667,045
Certificates of Bank Indonesia	213,880	-	606	214,486	-	-	214,486
	<u>880,688</u>	<u>-</u>	<u>843</u>	<u>881,531</u>	<u>-</u>	<u>-</u>	<u>881,531</u>
Available for sale							
Bonds	4,979,168	-	(83,738)	4,895,430	-	-	4,895,430
Treasury bills	874,106	-	(6,263)	867,843	-	-	867,843
Certificates of Bank Indonesia	2,866,246	-	(691)	2,865,555	-	-	2,865,555
	<u>8,719,520</u>	<u>-</u>	<u>(90,692)</u>	<u>8,628,828</u>	<u>-</u>	<u>-</u>	<u>8,628,828</u>
Held to maturity							
Bonds	242,505	(1,673)	-	240,832	-	-	240,832
Export bills	1,346,949	-	-	1,335,455	-	11,494	1,346,949
	<u>1,589,454</u>	<u>(1,673)</u>	<u>-</u>	<u>1,576,287</u>	<u>-</u>	<u>11,494</u>	<u>1,587,781</u>
Total (Note 61B.(v))	<u>11,189,662</u>	<u>(1,673)</u>	<u>(89,849)</u>	<u>11,086,646</u>	<u>-</u>	<u>11,494</u>	<u>11,098,140</u>
	<u>56,822,479</u>	<u>(5,429)</u>	<u>(26,463)</u>	<u>56,641,901</u>	<u>-</u>	<u>148,686</u>	<u>56,790,587</u>
Less: Allowance for impairment losses							(238,944)
Net							<u>56,551,643</u>

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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

****) Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2015						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,707,505	-	11,661	1,719,166	-	-	1,719,166
Investments in mutual fund units	868,552	-	5,425	873,977	-	-	873,977
Certificates of Bank Indonesia	581,325	-	10,044	591,369	-	-	591,369
Shares	27,644	-	(35)	27,609	-	-	27,609
	<u>3,185,026</u>	-	<u>27,095</u>	<u>3,212,121</u>	-	-	<u>3,212,121</u>
<u>Investments in unit-link contracts *)</u>							
Shares	14,962,203	-	-	14,962,203	-	-	14,962,203
Investments in mutual fund units	173,462	-	-	173,462	-	-	173,462
Bonds	36,514	-	-	36,514	-	-	36,514
	<u>15,172,179</u>	-	-	<u>15,172,179</u>	-	-	<u>15,172,179</u>
	<u>18,357,205</u>	-	<u>27,095</u>	<u>18,384,300</u>	-	-	<u>18,384,300</u>
Available for sale							
Investments in mutual fund units	6,300,000	-	43,036	6,343,036	-	-	6,343,036
Bonds	3,085,863	-	(24,808)	3,061,055	-	-	3,061,055
Negotiable Certificate of Deposit	610,599	-	(1,502)	609,097	-	-	609,097
Medium term notes	317,500	-	-	317,500	-	-	317,500
Certificate of Bank Indonesia	48,351	-	-	48,351	-	-	48,351
	<u>10,362,313</u>	-	<u>16,726</u>	<u>10,379,039</u>	-	-	<u>10,379,039</u>
Held to maturity							
Bonds	2,217,000	-	-	2,130,000	-	87,000	2,217,000
Certificates of Bank Indonesia	1,955,000	(773)	-	1,954,227	-	-	1,954,227
Medium term notes	1,150,000	(1,217)	-	1,148,783	-	-	1,148,783
Export bills	740,285	-	-	740,285	-	-	740,285
	<u>6,062,285</u>	<u>(1,990)</u>	-	<u>5,973,295</u>	-	<u>87,000</u>	<u>6,060,295</u>
At cost***)							
Sharia Corporate bonds	515,000	6	-	378,006	-	137,000	515,006
Export bills	204,501	-	-	204,501	-	-	204,501
	<u>719,501</u>	<u>6</u>	-	<u>582,507</u>	-	<u>137,000</u>	<u>719,507</u>
Total	<u>35,501,304</u>	<u>(1,984)</u>	<u>43,821</u>	<u>35,319,141</u>	-	<u>224,000</u>	<u>35,543,141</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	236,946	-	303	237,249	-	-	237,249
Available for sale							
Bonds	6,414,494	-	(393,804)	6,020,690	-	-	6,020,690
Treasury bills	899,894	-	(1,138)	898,756	-	-	898,756
	<u>7,314,388</u>	-	<u>(394,942)</u>	<u>6,919,446</u>	-	-	<u>6,919,446</u>
Held to maturity							
Export bills	1,250,690	-	-	1,250,690	-	-	1,250,690
At cost***)							
Export bills	207	-	-	207	-	-	207
Total (Note 61B.(v))	<u>8,802,231</u>	-	<u>(394,639)</u>	<u>8,407,592</u>	-	-	<u>8,407,592</u>
	<u>44,303,535</u>	<u>(1,984)</u>	<u>(350,818)</u>	<u>43,726,733</u>	-	<u>224,000</u>	<u>43,950,733</u>
Less: Allowance for impairment losses							(309,169)
Net							<u>43,641,564</u>

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
 **) Held to maturity securities are presented at amortised cost.
 ***) Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

c. By remaining period to maturity:

	December 31, 2016	December 31, 2015
<u>Marketable securities</u>		
Rupiah:		
No maturity date	2,069,627	1,883,196
≤ 1 year	12,714,475	6,281,973
> 1 ≤ 5 years	12,205,873	11,763,956
> 5 < 10 years	292,000	400,000
> 10 tahun	500,000	-
Total	27,781,975	20,329,125
Foreign currencies:		
≤ 1 year	6,084,373	2,532,755
> 1 ≤ 5 years	1,396,241	1,414,964
> 5 < 10 years	3,709,048	4,854,512
Total	11,189,662	8,802,231
<u>Investments in unit-link *)</u>		
Rupiah:		
No maturity date	17,837,151	15,135,665
≤ 1 year	13,691	12,668
≥ 1 ≤ 5 years	-	23,846
Total	17,850,842	15,172,179
	56,822,479	44,303,535
Less:		
Unamortised discounts	(5,429)	(1,984)
Unrealised loss on decrease in fair value of securities	(26,463)	(350,818)
Allowance for impairment losses	(238,944)	(309,169)
	(270,836)	(661,971)
	56,551,643	43,641,564

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

d. By issuer:

	December 31, 2016	December 31, 2015
<u>Marketable securities</u>		
Corporate	22,085,455	19,813,436
Central Bank	9,640,796	2,807,843
Banks	4,430,309	4,171,897
Government	2,815,077	2,338,180
	38,971,637	29,131,356

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7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2016	December 31, 2015
<u>Investments in unit-link contracts *)</u>		
Bank	4,448,743	3,966,025
Corporate	13,402,099	11,206,154
	17,850,842	15,172,179
Total	56,822,479	44,303,535
Less:		
Unamortised discounts	(5,429)	(1,984)
Unrealised loss on decrease in fair value of securities	(26,463)	(350,818)
Allowance for impairment losses	(238,944)	(309,169)
	(270,836)	(661,971)
Net	56,551,643	43,641,564

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

e. Details of bonds by rating:

	Rating Agencies	Rating*)		Fair value/At cost/Amortised cost	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Rupiah					
Fair value through profit or loss					
<u>Marketable securities</u>					
Bonds					
Pemerintah Republik Indonesia**)	-	-	-	1,437,182	1,437,312
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	idAAA	-	133,292	-
PT Federal International Finance	Pefindo	idAAA	idAAA	25,209	14,946
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAAA	20,452	34,255
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	idAA+	19,387	45,000
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	4,909	9,977
PT Bank Maybank Indonesia Tbk.	Pefindo	-	idAAA	-	10,942
Others	Various	Various	Various	251,852	166,734
				1,892,283	1,719,166

*) 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 Moody's and Fitch Ratings.

**) Has no rating.

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7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

		Rating*)		Fair value/At cost/Amortised cost	
	Rating Agencies	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Rupiah (continued)					
Fair value through profit or loss (continued)					
<u>Investments in unit-link ***)</u>					
PT Astra Sedaya Finance	Pefindo	idAAA	-	1,969	-
PT AKR Corporindo Tbk	Pefindo	-	idAA-	-	20,418
PT Adira Dinamika Multi Finance Tbk.	Pefindo	-	idAAA	-	2,001
PT Toyota Astra Financial Services	Pefindo	-	idAA+	-	1,929
Others	Various	Various	Various	11,722	12,166
				13,691	36,514
				1,905,974	1,755,680
Available for sale					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	360,905	349,725
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	idAA+	295,093	292,627
PT Telekomunikasi Indonesia Tbk	Pefindo	idAAA	idAAA	266,102	255,484
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	229,000	251,930
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	157,713	204,795
PT Bank OCBC NISPTbk.	Pefindo	idAAA	idAAA	126,713	157,550
PT Medco Energi Internasional Tbk.	Pefindo	idA+	idA+	70,000	68,075
PT Bank Maybank Indonesia Tbk.	Pefindo	idAAA	idAAA	25,020	24,450
PT Panorama Sentrawisata Tbk.	Pefindo	-	idA-	-	49,546
PT Pembangunan Jaya Ancol Tbk.	Pefindo	-	idAA-	-	9,586
Others	Various	Various	Various	1,909,564	1,397,287
				3,440,110	3,061,055
Held to maturity					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Tunas Baru Lampung Tbk.	Pefindo	idA-	idA	500,000	500,000
PT Surya Artha Nusantara Finance	Pefindo	idAA-	idAA-	600,000	600,000
PT Medco Energi International Tbk.	Pefindo	idA+	idA+	223,000	223,000
PT Mayora Indah Tbk	Pefindo	idAA-	idAA-	74,000	74,000
PT Indosat Tbk	Pefindo	idAAA	idAAA	36,000	36,000
Others	Various	Various	Various	1,310,959	784,000
				2,743,959	2,217,000
At cost**)					
<u>Marketable securities</u>					
<u>Sharia Corporate Bonds</u>					
PT Perusahaan Listrik Negara(Persero)	Pefindo	idAAA	idAAA	265,000	265,000
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
Others	Various	Various	Various	192,000	163,006
				544,000	515,006
Total				8,634,043	7,548,741

*) 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 Moody's and Fitch Ratings.

**) Marketable securities owned by Subsidiary.

***) Investments in unit-link contracts are investments own by policyholder of Subsidiary's unit link unit contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

		Rating*)		Fair value/At cost/Amortised cost	
	Rating Agencies	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Foreign currencies					
Available for sale					
<u>Marketable securities</u>					
Bonds					
PT Pertamina (Persero)	Moody's	Baa3	Baa3	3,523,022	4,217,700
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	719,270	1,049,993
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	283,630	292,018
PT Perusahaan Gas Negara (Persero) Tbk.	Moody's	Baa3	Baa3	137,857	132,751
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	121,253	122,204
PT Pelindo (Persero)	Moody's	-	Baa3	-	73,320
Others	Various	Various	-	110,398	132,704
				4,895,430	6,020,690
Held to maturity					
<u>Marketable securities</u>					
Bonds					
PT Pelindo (Persero)	Moody's	Baa3	-	64,536	-
PT Soechi Lines Tbk	Moody's	Baa3	-	134,725	-
PT Pertamina (Persero)	Moody's	Baa3	-	41,571	-
				240,832	-
Total				5,136,262	6,020,690

*) 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 Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2016	December 31, 2015
Rupiah	7.62%	7.85%
Foreign currencies	3.74%	3.88%

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

	December 31, 2016	December 31, 2015
Beginning balance	309,169	301,779
Allowance during the year (Note 44)	24,094	34,394
Write-offs	(87,000)	-
Others*)	(7,319)	(27,004)
Balance at end of year	<u>238,944</u>	<u>309,169</u>

*) 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.

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7. MARKETABLE SECURITIES (continued)

- i. Investment in mutual fund of the Bank are classified as available for sale:

	December 31, 2016	December 31, 2015
Protected Mutual Fund BNP Paribas Selaras IV	2,512,630	2,513,844
Protected Mutual Fund Schroder IDR Income Plan I	1,004,978	1,005,484
Protected Mutual Fund Manulife Dana Utama	1,000,420	-
Protected Mutual Fund Emco VII	904,873	905,628
Protected Mutual Fund Trimegah I	656,200	-
Protected Mutual Fund Schroder IDR Income Plan II	655,976	-
Protected Mutual Fund Emco VIII	602,935	603,764
Protected Mutual Fund Emco	412,767	412,883
Protected Mutual Fund Trimegah II	196,118	-
Protected Mutual Fund Sucorinvest Protection 23	196,079	-
	8,142,976	5,441,603

- j. As of December 31, 2016, marketable securities with total nominal amount of RpNil (December 31, 2015: Rp500,000) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2016, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2015: Rp65,000,000 (full amount)) had been pledged as collateral for funds borrowing from other banks (Note 36c).
- l. On October 2016, there was a buy-back of Medium Term Notes of PT Berlina Tbk. at par value by the issuer.

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2016 and 2015, with details as follows:

	December 31, 2016	December 31, 2015
Related party (Note 55)		
<u>Government bonds</u>		
Fair value through profit or loss	1,191,310	1,583,907
Available for sale***)	80,334,549	74,153,603
Held to maturity	11,142,896	20,811,293
At cost*)	5,027,262	6,054,722
<u>Investments in unit-link contracts **)</u>		
Fair value through profit or loss	1,237,261	1,265,836
	98,933,278	103,869,361

*) Government bonds owned by Subsidiary.

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

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

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8. GOVERNMENT BONDS (continued)

a. By maturity

The government bonds, by remaining period of maturity, are as follows:

	December 31, 2016	December 31, 2015
Rupiah		
Fair value through profit or loss		
<u>Government bonds</u>		
Less than 1 year	18,914	621,972
1 - 5 years	242,405	384,211
5 - 10 years	615,527	407,901
Over 10 years	299,932	137,447
	1,176,778	1,551,531
<u>Investments in unit-link **)</u>		
Less than 1 year	189,725	210,782
1 - 5 years	122,176	44,968
5 - 10 years	393,688	525,698
Over 10 years	531,672	484,388
	1,237,261	1,265,836
	2,414,039	2,817,367
Available for sale***)		
Less than 1 year	1,482,131	2,576,119
1 - 5 years	45,568,301	43,744,002
5 - 10 years	5,885,572	3,097,608
Over 10 years	4,297,009	514,063
	57,233,013	49,931,792
Held to maturity		
Less than 1 year	9,357,392	10,897,849
1 - 5 years	82,625	9,439,045
5 - 10 years	59,405	50,272
Over 10 years	319,712	148,349
	9,819,134	20,535,515
At cost*)		
Less than 1 year	122,659	2,890,495
1 - 5 years	4,761,487	3,013,879
	4,884,146	5,904,374
Total	74,350,332	79,189,048

*) Government bonds owned by Subsidiary.

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

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

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8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	December 31, 2016	December 31, 2015
Foreign currency		
Fair value through profit or loss		
1 - 5 years	5,461	-
5 - 10 years	3,687	4,454
Over 10 years	5,384	27,922
	<u>14,532</u>	<u>32,376</u>
Available for sale		
Less than 1 year	6,379,279	896,439
1 - 5 years	8,062,070	14,656,555
5 - 10 Years	8,241,438	8,166,190
Over 10 years	418,749	502,627
	<u>23,101,536</u>	<u>24,221,811</u>
Held to maturity		
Less than 1 year	26,922	193,320
1 - 5 years	71,160	27,566
5 - 10 years	1,225,680	54,892
	<u>1,323,762</u>	<u>275,778</u>
At cost*)		
1 - 5 years	143,116	150,348
Total (Note 61B.(v))	<u>24,582,946</u>	<u>24,680,313</u>
	<u>98,933,278</u>	<u>103,869,361</u>

*) Government bonds owned by Subsidiary.

b. By type

	December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	<u>1,139,461</u>	5.25%-12.90%	<u>1,176,778</u>	15/03/2017 - 15/02/2044	1 and 6 months
Investments in unit-link contracts **)					
Fixed rate bonds	<u>1,237,261</u>	6.25%-11.00%	<u>1,237,261</u>	06/01/2017 - 15/05/2036	1 and 6 months

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2016					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah (continued)					
Available for sale***)					
Fixed rate bonds	25,773,223	5.25%-12.90%	26,288,246	15/10/2017 - 15/02/2044	1 and 6 months
Variable rate bonds	31,276,192	SPN 3 months	30,944,767	25/09/2017 - 25/07/2020	3 months
	57,049,415		57,233,013		

December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Rupiah				
Held to maturity				
Fixed rate bonds	463,436	5.63%-11.75%	15/07/2017 - 15/05/2037	6 months
Variable rate bonds	9,355,698	SPN 3 months	25/02/2017	3 months
	9,819,134			
At cost*)				
Fixed rate bonds	4,884,146	6.25%-8.75%	27/01/2017 - 15/09/2020	1 and 6 months

December 31, 2016					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	14,483	3.30% -6.13%	14,532	21/11/2018 - 15/04/2043	6 months
Available for sale					
Fixed rate bonds	22,247,576	2.63%-11.63%	23,101,536	09/03/2017 - 08/01/2027	6 months

December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Foreign Currencies				
Held to maturity				
Fixed rate bonds	1,323,762	3.75% -7.00%	09/03/2017 - 08/01/2026	6 months
At cost*)				
Fixed rate bonds	143,116	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2015					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	<u>1,589,173</u>	5.25%-12.80%	<u>1,551,531</u>	27/02/2016- 15/03/2034	1 and 6 months
<u>Investments in unit-link **)</u>					
Fixed rate bonds	<u>1,265,836</u>	6.00%-11.00%	<u>1,265,836</u>	07/01/2016- 15/05/2036	1 and 6 months
Available for sale					
Fixed rate bonds	14,671,740	5.25%-12.90%	14,375,481	27/02/2016- 15/02/2044	1 and 6 months
Variable rate bonds	<u>36,011,774</u>	SPN 3 months	<u>35,556,311</u>	25/03/2016- 25/07/2020	3 months
	<u>50,683,514</u>		<u>49,931,792</u>		
December 31, 2015					
	Nominal/ cost/ amortised cost	Interest rates per annum		Maturity dates	Frequency of interest payment
Rupiah					
Held to maturity					
Fixed rate bonds	296,936	8.25%-11.75%		15/05/2016- 15/05/2037	6 months
Variable rate bonds	<u>20,238,579</u>	SPN 3 months		25/03/2016- 25/09/2017	3 months
	<u>20,535,515</u>				
At cost*)					
Fixed rate bonds	<u>5,904,374</u>	7.00%-8.75%		15/01/2016- 25/01/2019	1 and 6 months
December 31, 2015					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign currency					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	<u>32,856</u>	3.30%-5.25%	<u>32,376</u>	21/11/2022 - 17/01/2042	6 months
Available for sale					
Fixed rate bonds	<u>23,271,954</u>	3.30%-11.63%	<u>24,221,811</u>	15/01/2016- 08/01/2026	6 months

*) Government bonds owned by Subsidiary

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

	December 31, 2015			
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Held to maturity				
Fixed rate bonds	<u>275,778</u>	5.88%-7.50%	15/01/2016- 15/01/2024	6 months
At cost*)				
Fixed rate bonds	<u>150,348</u>	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary

As of December 31, 2016, government bonds with total nominal amount of Rp3,986,742 were sold under repurchase agreements (December 31, 2015: Rp5,072,742) (Note 28).

As of December 31, 2016, government bonds with total nominal amount of Rp3,107,276 and USD597,796,000 (full amount) (December 31, 2015: Rp4,626,109 and USD594,500,000 (full amount)) had been pledged as collateral for fund borrowings from other banks (Note 36b, 36c and 37).

On December 31, 2016 and 2015, Bank Indonesia's collectibility for government bonds are current.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By type, currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	799,513	1,682,124
Others	3,474,664	3,236,509
	<u>4,274,177</u>	<u>4,918,633</u>
Third parties		
Usance L/C payable at sight	1,285,395	1,769,163
Others	4,098,043	2,701,587
	<u>5,383,438</u>	<u>4,470,750</u>
Total	<u>9,657,615</u>	<u>9,389,383</u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

a. By type, currency, related parties and third parties (continued):

	December 31, 2016	December 31, 2015
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	1,251,753	1,639,139
Others	408,370	494,003
	<u>1,660,123</u>	<u>2,133,142</u>
Third parties		
Usance L/C payable at sight	1,632,983	1,417,022
Others	2,973,397	1,972,966
	<u>4,606,380</u>	<u>3,389,988</u>
Total (Note 61B.(v))	<u>6,266,503</u>	<u>5,523,130</u>
	15,924,118	14,912,513
Less: Allowance for impairment losses	<u>(1,756,847)</u>	<u>(1,727,747)</u>
Net	<u>14,167,271</u>	<u>13,184,766</u>

b. By Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Current	14,672,747	13,246,935
Special mention	122,541	503,147
Doubtful	-	58,819
Loss	<u>1,128,830</u>	<u>1,103,612</u>
Total	15,924,118	14,912,513
Less: Allowance for impairment losses	<u>(1,756,847)</u>	<u>(1,727,747)</u>
Net	<u>14,167,271</u>	<u>13,184,766</u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 month	2,586,373	2,494,602
1 - 3 months	4,144,984	4,148,854
3 - 6 months	2,748,940	2,558,731
6 - 12 months	31,374	41,254
Over 12 months	145,944	145,942
Total	9.657,615	9,389,383
Foreign currencies:		
Less than 1 month	1,211,291	1,664,266
1 - 3 months	2,274,143	1,462,208
3 - 6 months	1.844.232	1,430,991
6 - 12 months	879	317
Over 12 months	935.958	965,348
Total (Note 61B.(v))	6.266.503	5,523,130
	15.924.118	14,912,513
Less: Allowance for impairment losses	(1.756.847)	(1,727,747)
	14.167.271	13,184,766

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

	December 31, 2016	December 31, 2015
Beginning balance	1,727,747	1,586,271
Allowance/(reversal) during the year (Note 44)	35,085	(41,428)
Others*)	(5,985)	182,904
Balance at end of year	1,756,847	1,727,747

*) 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	Starting date	December 31, 2016			
		Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Obligasi FR0028	28/12/2016	04/01/2017	1,016,047	402	1,015,645
Obligasi ORI013	29/12/2016	06/01/2017	448,730	423	448,307
Obligasi FR0060	28/12/2016	04/01/2017	437,174	173	437,001
Obligasi FR0056	29/12/2016	05/01/2017	297,961	223	297,738
Obligasi FR0066	30/12/2016	06/01/2017	263,928	238	263,690
Obligasi FR0070	29/12/2016	05/01/2017	203,509	152	203,357
Obligasi FR0073	28/12/2016	04/01/2017	200,534	108	200,426
SPN142-110517	28/12/2016	04/01/2017	185,908	74	185,834
SPN144-080617	28/12/2016	04/01/2017	184,957	73	184,884
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	07/12/2016	04/01/2017	171,686	99	171,587
Obligasi FR0059	19/12/2016	19/01/2017	170,657	594	170,063
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	07/12/2016	04/01/2017	150,226	86	150,140
Obligasi FR0028	28/12/2016	04/01/2017	147,326	58	147,268
Obligasi FR0053	21/12/2016	05/01/2017	92,791	83	92,708
Obligasi FR0073	28/12/2016	04/01/2017	52,521	28	52,493
Shares	18/11/2016	18/05/2017	53,519	2,705	50,814
SBN	27/12/2016	03/01/2017	48,659	19	48,640
SBN	28/12/2016	04/01/2017	46,772	25	46,747
SPN140-130417	28/12/2016	04/01/2017	46,696	18	46,678
SBN	28/12/2016	11/01/2017	40,303	61	40,242
SBN	30/12/2016	31/03/2017	36,599	505	36,094
Shares	10/11/2016	10/11/2017	29,563	3,970	25,593
Shares	14/11/2016	14/11/2017	29,563	4,017	25,546
Shares	16/11/2016	16/11/2017	29,563	4,040	25,523
Total			5,074,812	20,324	5,054,488

Type of securities	Starting date	December 31, 2015			
		Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
SBSN	04/12/2015	04/01/2016	185,179	131	185,048
SBSN	11/12/2015	08/01/2016	184,183	261	183,922
Shares	09/07/2015	05/01/2016	64,800	139	64,661
Shares	24/11/2015	25/05/2016	54,067	3,270	50,797
Shares	22/10/2015	22/02/2016	37,033	890	36,143
Shares	23/07/2015	19/01/2016	32,400	263	32,137
Shares	15/12/2015	15/06/2016	27,033	1,861	25,172
Shares	19/11/2015	09/11/2016	28,956	3,963	24,993
Shares	23/11/2015	11/11/2016	28,933	3,984	24,949
Shares	25/11/2015	15/11/2016	28,956	4,033	24,923
Shares	15/10/2015	29/01/2016	13,651	181	13,470
Shares	29/07/2015	25/01/2016	10,800	115	10,685
Total			695,991	19,091	676,900

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Current	5,054,488	676,900

c. Movements of allowance for impairment losses on securities purchased under resale agreements:

	December 31, 2016	December 31, 2015
Beginning balance	-	41,941
Reversal during the year (Note 44)	-	(41,941)
Ending balance	-	-

Management believes that the allowance for impairment losses on securities purchased under resale agreements is adequate.

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

11. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2016, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 55)			
Foreign exchange related			
1. Forward - sell			
United States Dollar	2,027,885	336	2,882
Others	5,678	2	-
2. Swap - buy			
United States Dollar	1,347,250	-	300
3. Swap - sell			
United States Dollar	6,598,314	3,154	6,824
Interest rate related			
1. Swap - interest rate			
Others		168	52
Total related parties		3,660	10,058

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2016, the summary of derivative transactions is as follows: (continued)

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Third parties			
Foreign exchange related			
1. Forward - buy			
United States Dollar	2,339,530	21,364	3,336
Others	1,987,282	2,176	59,376
2. Forward - sell			
United States Dollar	4,352,298	12,323	27,668
Others	40,381	576	29
3. Swap - buy			
United States Dollar	2,626,577	17,520	2,148
Other	623,476	661	2,413
4. Swap - sell			
United States Dollar	18,001,365	25,038	164,113
Others	2,802,046	63,701	980
5. Option - buy			
United States Dollar	-	116	2,377
Others		15	-
6. Option - sell			
United States Dollar	-	3,012	1,336
Interest rate related			
1. Swap - interest rate			
United States Dollar		87,941	225,747
Others		1,157	2,888
Total third parties		235,600	492,411
Total		239,260	502,469

As of December 31, 2015, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 55)			
<u>Foreign exchange related</u>			
1. Forward - sell			
United States Dollar	2,222,820	18,861	1,504
2. Swap - sell			
United States Dollar	1,184,300	12,924	1,290
<u>Interest rate related</u>			
1. Swap - interest rate			
United States Dollar		-	2
Others		367	299
Total related parties		32,152	3,095

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2015, the summary of derivative transactions is as follows (continued):

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Third parties			
Foreign exchange related			
1. Forward - buy			
United States Dollar	800,095	851	12,385
Others	45,691	524	-
2. Forward - sell			
United States Dollar	6,736,246	211,196	1,132
Others	138,559	840	249
3. Swap - buy			
United States Dollar	8,778,275	34,575	33,976
Other	3,340,455	42,858	194
4. Swap - sell			
United States Dollar	9,964,506	128,560	18,065
Others	762,529	631	3,067
Interest rate related			
1. Swap - interest rate			
United States Dollar		15,921	224,998
Others		232,776	1,918
Total third parties		668,732	295,984
Total		700,884	299,079

As of December 31, 2016 and 2015, derivative contracts were not designated as hedge accounting.

As of December 31, 2016 and 2015, Bank Indonesia's collectibility for derivative receivables is current.

12. LOANS AND SHARIA RECEIVABLES/FINANCING

A. Details of loans and sharia receivables/financing:

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)	78,579,405	51,584,235
Third parties	478,173,216	442,937,919
Total	556,752,621	494,522,154
Foreign currencies:		
Related parties (Note 55)	21,622,078	23,821,572
Third parties	70,948,254	68,331,711
Total (Note 61B.(v))	92,570,332	92,153,283
Less: Allowance for impairment losses	649,322,953 (32,616,760)	586,675,437 (22,281,842)
Net	616,706,193	564,393,595

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

b.1 By type:

	December 31, 2016		
	Non-impaired ^{**})	Impaired ^{*)**})	Total
Rupiah:			
Working capital	223,899,951	29,197,623	253,097,574
Investment	119,239,087	16,620,750	135,859,837
Consumer	125,252,871	3,288,718	128,541,589
Syndicated	16,744,279	1,884,271	18,628,550
Export	14,230,417	59,184	14,289,601
Employees	5,627,776	48,148	5,675,924
Government program	562,536	97,010	659,546
Total	505,556,917	51,195,704	556,752,621
Foreign currencies:			
Working capital	23,007,517	4,281,727	27,289,244
Investment	29,812,065	7,699,829	37,511,894
Consumer	395,303	-	395,303
Syndicated	19,999,125	3,712,674	23,711,799
Export	2,844,092	817,432	3,661,524
Employees	568	-	568
Total (Note 61B.(v))	76,058,670	16,511,662	92,570,332
	581,615,587	67,707,366 ¹⁾	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) ²⁾	(32,616,760)
Net	576,136,850	40,569,343³⁾	616,706,193

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

	December 31, 2015		
	Non-impaired ^{**})	Impaired ^{*)**})	Total
Rupiah:			
Working capital	208,014,952	15,610,895	223,625,847
Investment	119,075,029	8,985,836	128,060,865
Consumer	111,634,458	2,162,270	113,796,728
Syndicated	12,444,018	754,225	13,198,243
Export	10,702,639	149,861	10,852,500
Employees	4,008,931	67,680	4,076,611
Government program	759,051	152,309	911,360
Total	466,639,078	27,883,076	494,522,154

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2013).

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

b.1 By type (continued):

	December 31, 2015 (continued)		
	Non-impaired ^{*)}	Impaired ^{*)}	Total
Foreign currencies:			
Working capital	28,485,384	5,220,454	33,705,838
Investment	27,410,237	7,464,351	34,874,588
Consumer	278,873	-	278,873
Syndicated	12,936,393	242,545	13,178,938
Export	9,251,222	863,087	10,114,309
Employees	737	-	737
Total (Note 61B.(v))	78,362,846	13,790,437	92,153,283
	545,001,924	41,673,513 ¹⁾	586,675,437
Less: Allowance for impairment losses	(5,507,533)	(16,774,309) ²⁾	(22,281,842)
Net	539,494,391	24,899,204³⁾	564,393,595

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp30,423,173 and Rp11,250,340, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp13,265,021 and Rp3,509,288, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp17,158,152 and Rp7,741,052, respectively.

b.2 By type and Bank Indonesia's collectibility:

	December 31, 2016					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	228,380,147	9,610,239	6,417,582	1,537,514	7,152,092	253,097,574
Investment	126,315,123	4,393,028	2,030,464	209,724	2,911,498	135,859,837
Consumer	119,358,666	6,996,906	480,810	572,467	1,132,740	128,541,589
Syndicated	18,255,518	254,458	-	-	118,574	18,628,550
Export	14,136,640	97,052	9,047	3,901	42,961	14,289,601
Employees	5,446,459	218,593	5,313	1,223	4,336	5,675,924
Government program	589,792	17,789	6,449	5,181	40,335	659,546
Total	512,482,345	21,588,065	8,949,665	2,330,010	11,402,536	556,752,621
Foreign currencies:						
Working capital	23,418,079	2,197,826	305,614	162,346	1,205,379	27,289,244
Investment	35,128,070	1,086,854	528,265	-	768,705	37,511,894
Consumer	395,303	-	-	-	-	395,303
Syndicated	23,248,765	-	98,020	132,260	232,754	23,711,799
Export	3,497,590	95,067	19,829	-	49,038	3,661,524
Employees	568	-	-	-	-	568
Total (Note 61B.(v))	85,688,375	3,379,747	951,728	294,606	2,255,876	92,570,332
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: Allowance for impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
Net	586,384,043	20,418,885	5,830,816	1,517,140	2,555,309	616,706,193

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

b.2 By type and Bank Indonesia's collectability (continued):

	December 31, 2015					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	205,509,646	9,563,744	1,596,981	1,070,148	5,885,328	223,625,847
Investment	120,452,660	4,927,420	580,394	198,996	1,901,395	128,060,865
Consumer	104,952,575	6,789,491	465,328	585,609	1,003,725	113,796,728
Syndicated	12,599,908	343,794	254,541	-	-	13,198,243
Export	10,592,324	120,717	99,730	20,000	19,729	10,852,500
Employees	3,808,837	240,478	21,547	1,980	3,769	4,076,611
Government program	753,864	54,785	23,152	26,169	53,390	911,360
Total	458,669,814	22,040,429	3,041,673	1,902,902	8,867,336	494,522,154
Foreign currencies:						
Working capital	30,726,925	2,750,266	-	228,557	90	33,705,838
Investment	32,818,873	1,430,134	138,091	286,516	200,974	34,874,588
Consumer	278,873	-	-	-	-	278,873
Syndicated	12,936,393	191,008	72	-	51,465	13,178,938
Export	9,321,662	133,000	46,621	61,468	551,558	10,114,309
Employees	737	-	-	-	-	737
Total (Note 61B.(v))	86,083,463	4,504,408	184,784	576,541	804,087	92,153,283
	544,753,277	26,544,837	3,226,457	2,479,443	9,671,423	586,675,437
Less: Allowance for impairment losses	(5,868,080)	(6,319,154)	(1,281,970)	(1,464,641)	(7,347,997)	(22,281,842)
Net	538,885,197	20,225,683	1,944,487	1,014,802	2,323,426	564,393,595

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.1 By economic sector:

	December 31, 2016		
	Non-impaired ^{**})	Impaired ^{*)**})	Total
Rupiah:			
Trading, restaurant and hotel	107,149,575	13,957,534	121,107,109
Manufacturing	90,362,185	15,315,418	105,677,603
Business services	42,510,056	3,795,187	46,305,243
Agriculture	52,785,745	6,168,983	58,954,728
Construction	23,706,108	1,794,246	25,500,354
Transportation, warehousing and communications	17,405,573	3,697,791	21,103,364
Electricity, gas and water	23,391,975	635,314	24,027,289
Mining	5,746,421	2,076,354	7,822,775
Social services	7,819,131	259,809	8,078,940
Others	134,680,148	3,495,068	138,175,216
Total	505,556,917	51,195,704	556,752,621
Foreign currencies:			
Trading, restaurant and hotel	9,550,116	260,928	9,811,044
Manufacturing	15,059,702	9,409,650	24,469,352
Business services	2,143,143	474,722	2,617,865
Agriculture	8,452,083	126,579	8,578,662
Construction	584,740	33,165	617,905
Transportation, warehousing and communications	3,276,371	2,168,650	5,445,021
Electricity, gas and water	3,186,296	667,539	3,853,835
Mining	22,696,415	3,303,001	25,999,416
Social services	2,644,517	67,348	2,711,865
Others	8,465,287	80	8,465,367
Total (Note 61B.(v))	76,058,670	16,511,662	92,570,332
	581,615,587	67,707,366 ¹⁾	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) ²⁾	(32,616,760)
Net	576,136,850	40,569,343³⁾	616,706,193

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.1 By economic sector (continued):

	December 31, 2015		
	Non-impaired ^{**})	Impaired ^{*)**})	Total
Rupiah:			
Trading, restaurant and hotel	90,466,211	8,450,015	98,916,226
Manufacturing	99,311,806	6,814,058	106,125,864
Business services	38,264,375	1,105,551	39,369,926
Agriculture	59,466,879	1,478,409	60,945,288
Construction	18,578,951	1,500,964	20,079,915
Transportation, warehousing and communications	17,182,722	2,503,190	19,685,912
Electricity, gas and water	12,502,285	1,359,638	13,861,923
Mining	5,019,901	2,135,630	7,155,531
Social services	5,899,004	197,071	6,096,075
Others	119,946,944	2,338,550	122,285,494
Total	466,639,078	27,883,076	494,522,154
Foreign currencies:			
Trading, restaurant and hotel	7,643,925	2,519,700	10,163,625
Manufacturing	18,426,393	6,814,526	25,240,919
Business services	2,578,465	330,822	2,909,287
Agriculture	9,049,586	58,570	9,108,156
Construction	931,390	40,807	972,197
Transportation, warehousing and communications	5,374,522	1,001,860	6,376,382
Electricity, gas and water	626,444	731,356	1,357,800
Mining	23,236,185	2,292,715	25,528,900
Social services	641,852	-	641,852
Others	9,854,084	81	9,854,165
Total (Note 61B.(v))	78,362,846	13,790,437	92,153,283
	545,001,924	41,673,513 ¹⁾	586,675,437
Less: Allowance for impairment losses	(5,507,533)	(16,774,309) ²⁾	(22,281,842)
Net	539,494,391	24,899,204³⁾	564,393,595

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp30,423,173 and Rp11,250,340, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp13,265,021 and Rp3,509,288, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp17,158,152 and Rp7,741,052, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

December 31, 2016						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	107,913,673	4,839,514	3,793,519	1,112,055	3,448,348	121,107,109
Manufacturing	94,446,088	4,915,204	2,152,608	40,671	4,123,032	105,677,603
Business services	44,729,723	869,821	192,581	76,067	437,051	46,305,243
Agriculture	57,209,089	986,888	75,295	60,297	623,159	58,954,728
Construction	23,904,337	901,357	305,495	61,381	327,784	25,500,354
Transportation, warehousing and communications	18,016,349	1,223,535	756,609	146,325	960,546	21,103,364
Electricity, gas and water	23,658,839	8,731	196,449	147,162	16,108	24,027,289
Mining	6,243,773	360,938	907,571	89,824	220,669	7,822,775
Social services	7,772,294	217,801	13,150	18,052	57,643	8,078,940
Others	128,588,180	7,264,276	556,388	578,176	1,188,196	138,175,216
Total	512,482,345	21,588,065	8,949,665	2,330,010	11,402,536	556,752,621
Foreign currencies:						
Trading, restaurant and hotel	9,648,074	30,622	-	132,260	88	9,811,044
Manufacturing	19,962,793	2,757,665	335,625	-	1,413,269	24,469,352
Business services	2,470,757	98,655	-	-	48,453	2,617,865
Agriculture	8,507,942	-	-	-	70,720	8,578,662
Construction	584,740	11,373	-	-	21,792	617,905
Transportation, warehousing and communications	5,131,484	95,212	104,744	-	113,581	5,445,021
Electricity, gas and water	3,235,329	292,560	-	-	325,946	3,853,835
Mining	25,037,452	26,312	511,359	162,346	261,947	25,999,416
Social services	2,644,517	67,348	-	-	-	2,711,865
Others	8,465,287	-	-	-	80	8,465,367
Total (Note 61 B.(v))	85,688,375	3,379,747	951,728	294,606	2,255,876	92,570,332
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: Allowance for impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
Net	586,384,043	20,418,885	5,830,816	1,517,140	2,555,309	616,706,193

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12. LOANS AND SHARIA RECEIVABLES/FINANCING(continued)

A. Details of loans and sharia receivables/financing(continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

December 31, 2015						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	88,340,554	5,502,232	910,277	807,983	3,355,180	98,916,226
Manufacturing	99,227,507	3,725,665	1,197,246	115,434	1,860,012	106,125,864
Business services	37,849,178	892,602	111,614	72,061	444,471	39,369,926
Agriculture	59,750,287	621,538	51,510	100,253	421,700	60,945,288
Construction	19,026,635	876,948	18,560	18,620	139,152	20,079,915
Transportation, warehousing and communications	16,846,089	2,290,406	123,475	139,996	285,946	19,685,912
Electricity, gas and water	12,741,855	443,261	-	4,101	672,706	13,861,923
Mining	6,083,600	412,380	96,924	17,219	545,408	7,155,531
Social services	5,839,481	138,708	9,768	20,450	87,668	6,096,075
Others	112,964,628	7,136,689	522,299	606,785	1,055,093	122,285,494
Total	458,669,814	22,040,429	3,041,673	1,902,902	8,867,336	494,522,154
Foreign currencies:						
Trading, restaurant and hotel	9,607,144	39,900	-	-	516,581	10,163,625
Manufacturing	20,981,632	3,782,053	46,620	395,547	35,067	25,240,919
Business services	2,857,822	-	-	-	51,465	2,909,287
Agriculture	9,108,156	-	-	-	-	9,108,156
Construction	931,390	40,807	-	-	-	972,197
Transportation, warehousing and communications	5,777,811	216,612	72	180,994	200,893	6,376,382
Electricity, gas and water	1,021,847	197,861	138,092	-	-	1,357,800
Mining	25,301,725	227,175	-	-	-	25,528,900
Social services	641,852	-	-	-	-	641,852
Others	9,854,084	-	-	-	81	9,854,165
Total (Note 61 B.(v))	86,083,463	4,504,408	184,784	576,541	804,087	92,153,283
	544,753,277	26,544,837	3,226,457	2,479,443	9,671,423	586,675,437
Less: Allowance for impairment losses	(5,868,080)	(6,319,154)	(1,281,970)	(1,464,641)	(7,347,997)	(22,281,842)
Net	538,885,197	20,225,683	1,944,487	1,014,802	2,323,426	564,393,595

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

d. By period:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 year	80,119,528	63,647,781
1 - 2 years	26,434,455	35,141,876
2 - 5 years	136,008,117	148,904,485
Over 5 years	314,190,521	246,828,012
Total	556,752,621	494,522,154
Foreign currencies:		
Less than 1 year	16,250,405	19,672,332
1 - 2 years	6,310,433	3,313,752
2 - 5 years	12,854,334	17,704,549
Over 5 years	57,155,160	51,462,650
Total (Note 61B.(v))	92,570,332	92,153,283
	649,322,953	586,675,437
Less: Allowance for impairment losses	(32,616,760)	(22,281,842)
Net	616,706,193	564,393,595

The ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2016 and 2015, were 4.00% and 2.60%, respectively (the ratios for Bank Mandiri only were 3.96% and 2.29% as of December 31, 2016 and 2015, respectively) while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2016 and 2015, were 1.53% and 0.90%, respectively (the ratios for Bank Mandiri only were 1.38% and 0.60% as of December 31, 2016 and 2015, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer finance receivables and net investment in finance lease of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2016 and 2015 are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated December 14, 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 December 16, 2011, is calculated from the loan amount, excluding loan to other banks amounting to Rp2,149,274 and Rp2,409,938 as of December 31, 2016 and 2015, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing:

- a. Included in loans are sharia receivables/financing granted by Subsidiaries amounting to Rp54,665,318 and Rp50,265,370, as of December 31, 2016 and 2015, respectively which consist of:

	December 31, 2016	December 31, 2015
Receivables from <i>murabahah</i> and <i>istishna</i>	36,204,384	34,818,598
<i>Musyarakah</i> financing	13,338,662	10,591,076
Other sharia financing	5,122,272	4,855,696
Total	54,665,318	50,265,370
Less: Allowance for impairment losses	(1,833,396)	(1,796,952)
Net	52,831,922	48,468,418

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

	December 31, 2016	December 31, 2015
Average interest rates (yield) per annum:		
Rupiah	11.42%	12.15%
Foreign currencies	6.40%	4.84%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	2.78% - 12.45%	5.12% - 19.10%
<i>Musyarakah</i> financing	2.95% - 12.50%	4.42% - 15.67%
Other sharia financing	4.66% - 14.10%	1.79% - 15.70%

c. Loan Collaterals

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and its Subsidiaries. Deposits from customers and deposits from other banks that were pledged as cash collateral for loans as of December 31, 2016 and 2015 amounted to Rp37,803,693 and Rp33,655,043, respectively (Notes 21c, 22c, 23e, 24c and 26d).

d. Government program loans

Government Program Loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Liquidity Facility of House Financing*) which can be partially and/or fully funded by the Government.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

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 as of December 31, 2016 and 2015 ranged from 24.00% to 94.52% and 6.73% to 94.52% (unaudited), respectively, of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans as of December 31, 2016 and 2015 ranged from 0,61% to 98,67% and 0.61% to 99.38% (unaudited), respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Extension of loan maturity dates	46,336,904	24,525,588
Extension of loan maturity dates and reduction of interest rates	2,232,220	1,626,032
Long-term loans with options to convert debt to equity	-	322,172
Additional loan facilities	31,826	34,202
Extension of loan maturity dates and other restructuring schemes*)	4,130,325	6,005,590
	52,731,275	32,513,584

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

Below are the amount of restructured loans based on collectibility:

	December 31, 2016	December 31, 2015
Current	22,726,073	16,431,124
Special mention	13,777,071	11,476,860
Substandard	8,644,843	874,044
Doubtful	934,997	606,329
Loss	6,648,291	3,125,227
Total	52,731,275	32,513,584

Total restructured loans under non-performing loans (NPL) category as of December 31, 2016 and 2015 are amounting to Rp16,228,131 and Rp4,605,600, respectively.

g. Loans to related parties

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

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing amounting to 4.30% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

h. Legal Lending Limit (LLL)

As of December 31, 2016 and 2015, there are no breach or violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 60).

j. Movements of allowance for impairment losses on loans and sharia receivables/financing:

	December 31, 2016	December 31, 2015
Beginning balance ¹⁾	22,281,842	17,706,947
Beginning balance adjustment relating to implementation of SFAS No. 102 in Subsidiary ²⁾	-	246,727
Allowance during the year (Note 44)	24,277,357	11,460,581
Write-offs ³⁾	(12,991,055)	(7,495,451)
Others ⁴⁾	(951,384)	363,038
Ending balance⁴⁾	32,616,760	22,281,842

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 41).

1) Beginning balance as of December 31, 2016 and 2015 is amounting to Rp13,265,021 and Rp9,744,022, respectively, which were calculated using individual assessment and Rp9,016,821 and Rp7,962,925, respectively, which were calculated using collective assessment.

2) Adjustment in collective allowance calculation (Note 64).

3) Write-off as of December 31, 2016 and 2015 is amounting to Rp5,878,014 and Rp1,853,346, respectively, which are calculated using individual assessment and Rp7,113,041 and Rp5,642,105, respectively, which are calculated using collective assessment.

4) Ending balance as of December 31, 2016 and 2015 is amounting to Rp23,054,786 and Rp13,265,021, respectively, which were calculated using individual assessment and Rp9,561,974 and Rp9,016,821, respectively, which were calculated using collective assessment.

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

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses are as follows:

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2016	December 31, 2015
Rupiah:		
Trading, restaurant and hotel	8,353,922	5,073,440
Manufacturing	6,316,311	3,172,692
Transportation, warehousing and communications	1,863,480	549,417
Mining	1,218,064	659,551
Agriculture	758,751	573,463
Business services	705,699	628,146
Construction	694,660	-
Electricity, gas and water	359,719	676,807
Social services	88,845	-
Others	2,322,760	2,478,395
Total	22,682,211	13,811,911

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2016	December 31, 2015
Foreign currencies:		
Manufacturing	1,748,894	477,234
Mining	935,652	-
Electricity, gas and water	325,946	138,092
Transportation, warehousing and communications	218,325	381,959
Trading, restaurant and hotel	132,348	516,581
Agriculture	70,720	-
Business services	48,453	51,465
Construction	21,792	-
Others	80	81
Total	3,502,210	1,565,412
	26,184,421	15,377,323

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

	Minimum allowance for impairment losses	
	December 31, 2016	December 31, 2015
Rupiah:		
Trading, restaurant and hotel	4,573,403	3,895,713
Manufacturing	4,466,259	2,097,316
Transportation, warehousing and communication	1,147,200	374,465
Agriculture	664,602	479,553
Business services	503,972	497,244
Constructions	404,299	-
Mining	401,717	568,556
Electricity, gas and water	119,156	674,757
Social services	68,642	-
Others	1,560,742	1,687,434
Total	13,909,992	10,275,038

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

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

	Minimum allowance for impairment losses	
	December 31, 2016	December 31, 2015
Foreign currencies:		
Manufacturing	1,463,613	239,834
Mining	419,824	-
Electricity, gas and water	325,946	20,714
Transportation; warehousing and communications	129,293	291,401
Agriculture	70,720	-
Trading, restaurant and hotel	66,218	516,581
Business services	48,453	51,465
Construction	21,792	-
Others	80	81
Total	2,545,939	1,120,076
	16,455,931	11,395,114

l. Write-off of "Loss" category loans

For the year ended December 31, 2016 and 2015, Bank Mandiri written-off loans in the "loss" category amounting to Rp11,407,905 and Rp5,993,139 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

- Loan facility has been classified as loss;
- Loan facility has been provided with 100.00% (one hundred percent provision from the loan principal;
- Collection and recovery efforts have been performed, but the result is unsuccessful;
- The debtors' business has no prospect or performance is bad or they do not have the ability to repay the loan; and
- The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

- m. Written-off loans are recorded in extra-comptable. The Bank still continue pursuing for collection of 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-comptable loans for the years ended December 31, 2016 and 2015 are as follows (Bank Mandiri only):

	December 31, 2016	December 31, 2015
Beginning balance	40,814,911	35,937,424
Write-offs	11,407,905	5,993,139
Cash recoveries	(3,192,703)	(3,040,568)
Others*)	(222,526)	1,924,916
Ending balance	48,807,587	40,814,911

*) Represents effect of foreign currency translation.

- n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2016 and 2015 amounted to Rp9,343,725 and Rp11,197,705, respectively.

- o. The carrying amount of loans and sharia financing/receivables at amortised cost are as follows:

	December 31, 2016	December 31, 2015
Loans (Note 12A)	649,322,953	586,675,437
Accrued interest receivables	2,602,896	2,401,623
Deferred income (directly attributable) (Note 35)	(629,761)	(521,003)
Allowance for impairment losses (Note 12A and 12B.j)	(32,616,760)	(22,281,842)
	618,679,328	566,274,215

13. CONSUMER FINANCING RECEIVABLES

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

	December 31, 2016	December 31, 2015
Consumer financing receivables - gross		
Direct financing – Rupiah	40,751,916	32,106,710
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	(24,572,587)	(20,906,390)
Total consumer financing receivables - gross	16,179,329	11,200,320

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13. CONSUMER FINANCING RECEIVABLES (continued)

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

	December 31, 2016	December 31, 2015
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(7,544,605)	(5,928,224)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	3,220,492	2,905,967
Total unearned income on consumer financing	(4,324,113)	(3,022,257)
Total	11,855,216	8,178,063
Less: Allowance for impairment losses	(323,378)	(270,614)
Net	11,531,838	7,907,449

Installments of consumer financing receivables - gross as of December 31, 2016 and 2015 which will be received from customers based on the maturity dates are as follows:

	December 31, 2016	December 31, 2015
<u>Year</u>		
2016	-	12,911,158
2017	16,130,975	9,814,508
2018	12,290,684	6,124,477
2019	7,672,018	2,592,788
2020	3,632,097	663,779
2021	978,720	-
2022 and later	47,422	-
	40,751,916	32,106,710

On February 6, 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the amount of facility amounting to Rp2,000,000, whereby the MTF bears the credit risk in accordance to its financing portion (without recourse). The agreement was amended several times, the latest amendment dated December 4, 2014, which increases the amount of facility to Rp20,500,000 with the portion of joint financing facility to minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On August 29, 2013, Bank Mandiri and MTF signed a Consumer Asset Purchase Agreement with a total facility amounting to Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). The period of the facility is from August 29, 2013 until February 28, 2017.

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

Included in consumer financing receivables transactions are related parties transactions amounting to Rp10,532 and Rp5,886 as of December 31, 2016 and 2015, 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 of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Current	10,756,156	7,540,389
Special mention	819,790	501,081
Sub-standard	89,824	51,276
Doubtful	146,397	76,581
Loss	43,049	8,736
Total	11,855,216	8,178,063
Less: Allowance for impairment losses	(323,378)	(270,614)
	11,531,838	7,907,449

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Car	15.09%	16.06%
Motorcycle	27.17%	35.28%

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

	December 31, 2016	December 31, 2015
Beginning balance	270,614	194,852
Allowance during the year (Note 44)	455,025	291,624
Cash recoveries	52,462	40,641
Write-offs	(454,723)	(256,503)
Ending balance	323,378	270,614

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

- e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.
- f. Consumer financing receivables as collateral for securities issued on December 31, 2016 and 2015 are respectively Rp1,836,445 and Rp1,035,192 (Note 30).
- g. Consumer financing receivables as collateral for a loan received on December 31, 2016 and 2015 are respectively Rp5,693,917 and Rp3,798,820 (Note 36F).
- h. As collateral for customer financing receivables, the Subsidiary receives a guarantee from consumer such as Proof of Ownership of Motor Vehicles ("BPKB") for vehicles financed by the Subsidiary.

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14. NET INVESTMENT FINANCE LEASES

- a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2016	December 31, 2015
Net investment finance leases		
Rupiah		
Third parties		
Gross lease financing receivables	975,598	700,117
Guaranteed residual value	317,305	226,130
Deferred lease income	(141,115)	(95,967)
Security deposit	(317,305)	(226,130)
Total net investment on finance leases	834,483	604,150
Less: Allowance for impairment losses	(4,538)	(5,791)
	829,945	598,359

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

Based on maturity date, details of finance leases receivables are as follows:

	December 31, 2016	December 31, 2015
<u>Year</u>		
2016	-	380,726
2017	475,659	216,434
2018	303,444	90,783
2019 and later	196,495	12,174
	975,598	700,117
Guaranteed residual value, deferred lease income and security deposit	(141,115)	(95,967)
Finance leases receivable	834,483	604,150

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Current	788,684	568,663
Special mention	35,031	32,437
Substandard	5,558	1,734
Doubtful	5,080	1,209
Loss	130	107
Total	834,483	604,150
Less: Allowance for impairment losses	(4,538)	(5,791)
	829,945	598,359

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14. NET INVESTMENT IN FINANCE LEASE (continued)

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2016 and 2015, are as follows:

	December 31, 2016	December 31, 2015
Car	13.09%	17.88%
Heavy equipment	12.60%	13.85%

- d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	December 31, 2016	December 31, 2015
Beginning balance	5,791	17,213
Allowance/(reversal) during the year (Note 44)	196	(2,356)
Write-offs	(4,167)	(9,380)
Cash recoveries	2,718	314
Ending balance	4,538	5,791

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

- e. Information in respect of classification of “not impaired” and “impaired” is disclosed in Note 61A.
f. Net investment in finance lease as collateral for securities issued on December 31, 2016 and 2015 amounted to Rp158,555 and Rp74,811, respectively (Note 30).
g. As of December 31, 2016 and 2015, net investment in finance lease pledged as collateral for fund borrowing were amounting to Rp274,319 and Rp321,506, respectively (Note 36f).

15. ACCEPTANCES RECEIVABLE

- a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	121,508	66,151
Third parties	225,551	257,786
	347,059	323,937
Receivables from debtors		
Related parties (Note 55)	136,911	140,652
Third parties	7,566,995	1,953,453
	7,703,906	2,094,105
Total	8,050,965	2,418,042
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	2,983	1,625
Third parties	410,387	122,949
	413,370	124,574

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15. ACCEPTANCES RECEIVABLE (continued)

a. By currency, related parties and third parties (continued):

	December 31, 2016	December 31, 2015
Foreign currencies (continued):		
Receivables from debtors		
Related parties (Note 55)	154,446	201,452
Third parties	6,170,463	8,587,205
	<u>6,324,909</u>	<u>8,788,657</u>
Total (Note 61B.(v))	<u>6,738,279</u>	<u>8,913,231</u>
	14,789,244	11,331,273
Less: Allowance for impairment losses	(241,041)	(107,030)
Net	<u>14,548,203</u>	<u>11,224,243</u>

b. By maturity:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 month	1,535,856	543,142
1 - 3 months	1,917,241	1,129,975
3 - 6 months	3,624,366	626,010
6 - 12 months	973,502	118,915
Total	<u>8,050,965</u>	<u>2,418,042</u>
Foreign currencies:		
Less than 1 month	1,847,555	2,154,980
1 - 3 months	3,358,426	3,252,351
3 - 6 months	1,485,140	2,160,479
6 - 12 months	40,484	1,345,421
More than 12 months	6,674	-
Total (Note 61B.(v))	<u>6,738,279</u>	<u>8,913,231</u>
	14,789,244	11,331,273
Less: Allowance for impairment losses	(241,041)	(107,030)
Net	<u>14,548,203</u>	<u>11,224,243</u>

c. By Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Current	14,776,306	11,311,709
Special mention	2,470	19,564
Substandard	6,578	-
Loss	3,890	-
	<u>14,789,244</u>	<u>11,331,273</u>
Less: Allowance for impairment losses	(241,041)	(107,030)
Net	<u>14,548,203</u>	<u>11,224,243</u>

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15. ACCEPTANCES RECEIVABLE (continued)

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

	December 31, 2016	December 31, 2015
Beginning balance	107,030	106,927
Allowance/(reversal) during the year (Note 44)	130,909	(16,822)
Others*)	3,102	16,925
Ending balance	241,041	107,030

*) 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. INVESTMENT IN SHARES

a. The detail of investment in shares are as follows:

	December 31, 2016	December 31, 2015
Investment in shares	255,409	58,644
Less: Allowance for impairment losses	(10,273)	(10,250)
	245,136	48,394

The detail of investment in shares as of December 31, 2016 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	165
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	196,738
PT Istaka Karya (Persero)	Construction service	9.30%	50,331
Others (each less than Rp3,000)	Various	3.99% - 34.00%	8,175
			255,409
Less: Allowance for impairment losses			(10,273)
Net			245,136

*) Not consolidated because they do not have any control over that entity.

The detail of investment in shares as of December 31, 2015 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	138
Cost and equity method:			
PT Istaka Karya (Persero)	Construction service	9.30%	50,331
Others (each less than Rp3,000)	Various	3.99% - 34.00%	8,175
			58,644
Less: Allowance for impairment losses			(10,250)
Net			48,394

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16. INVESTMENT IN SHARES (continued)

- b. Investment in shares by Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Current	202,958	8,175
Substandard	50,331	50,331
Loss	2,120	138
	255,409	58,644
Less: Allowance for impairment losses	(10,273)	(10,250)
Net	245,136	48,394

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

	December 31, 2016	December 31, 2015
Beginning balance	10,250	3,182
Allowance during the year (Note 44)	33	7,087
Others*)	(10)	(19)
Ending balance	10,273	10,250

*) Includes effect of foreign currency translation

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

17. PREPAID EXPENSES

	December 31, 2016	December 31, 2015
Prepaid rent	1,519,688	1,299,001
Building maintenance	679,240	587,060
Others	552,153	413,791
	2,751,081	2,299,852

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

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18. FIXED ASSETS

The details of fixed assets were as follows:

	December 31, 2016				
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	Ending balance
At cost/revaluation value					
Direct ownership					
Land	2,845,929	25,971,488	-	5,758	28,823,175
Building	4,069,068	254,429	(114)	330,149	4,653,532
Furniture and fixtures, office equipment and computer	8,802,305	186,454	(18,643)	608,532	9,578,648
Vehicles	288,570	3,033	(4,491)	13,186	300,298
Construction in progress	1,451,759	874,669	(31)	(957,625)	1,368,772
	17,457,631	27,290,073	(23,279)	-	44,724,425
Leased assets	12,495	-	-	-	12,495
	17,470,126	27,290,073	(23,279)	-	44,736,920
Accumulated depreciation (Note 49)					
Direct ownership					
Building	1,633,320	195,581	(76)	-	1,828,825
Furniture and fixtures, office equipment and computer	5,883,979	1,134,142	(5,970)	-	7,012,151
Vehicles	188,379	47,308	(6,418)	-	229,269
	7,705,678	1,377,031	(12,464)	-	9,070,245
Leased assets	2,760	625	-	-	3,385
	7,708,438	1,377,656	(12,464)	-	9,073,630
Net book value					
Direct ownership					
Land					28,823,175
Building					2,824,707
Furniture and fixtures, office equipment and computer					2,566,497
Vehicles					71,029
Construction in progress					1,368,772
					35,654,180
Leased assets					9,110
					35,663,290

*) As of December 31, 2016 included in the addition is the revaluation of fixed assets amounting to Rp25,942,034.

	December 31, 2015				
	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
At cost					
Direct ownership					
Land	2,839,124	-	-	6,805	2,845,929
Buildings	3,309,328	106,978	(8,158)	660,920	4,069,068
Furniture and fixtures, office equipment and computer	7,121,181	372,619	(29,524)	1,338,029	8,802,305
Vehicles	279,190	6,502	(3,998)	6,876	288,570
Construction in progress	1,925,734	1,538,731	(76)	(2,012,630)	1,451,759
	15,474,557	2,024,830	(41,756)	-	17,457,631
Leased assets	12,495	-	-	-	12,495
	15,487,052	2,024,830	(41,756)	-	17,470,126

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18. FIXED ASSETS (continued)

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

	December 31, 2015				Ending Balance
	Beginning Balance	Additions	Deductions	Reclassifications	
Accumulated Depreciation (Note 49)					
Direct ownership					
Buildings	1,450,960	189,886	(7,526)	-	1,633,320
Furniture and fixtures, office equipment and computer	4,948,105	962,248	(26,374)	-	5,883,979
Vehicles	156,996	35,036	(3,653)	-	188,379
	6,556,061	1,187,170	(37,553)	-	7,705,678
Leased assets	2,135	625	-	-	2,760
	6,558,196	1,187,795	(37,553)	-	7,708,438
Net book value					
Direct ownership					
Land					2,845,929
Buildings					2,435,748
Furniture and fixtures, office equipment and computer					2,918,326
Vehicles					100,191
Construction in progress					1,451,759
					9,751,953
Leased assets					9,735
					9,761,688

Construction in progress as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Computers and other hardware that have not been installed	602,843	783,085
Buildings	430,442	399,543
Land	160,611	-
Office equipment and inventory	126,242	184,177
Vehicles	13,520	10,391
Others	35,114	74,563
	1,368,772	1,451,759

The estimated percentage of completion of construction in progress as of December 31, 2016 and 2015 for computers and other hardware that have not been installed was ranging between 5.00% - 90.00% and 15.00% - 90.00%, respectively.

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18. FIXED ASSETS (continued)

Others

- a. Bank Mandiri has an Agreement on Construction; Management and Transfer ("BOT Agreement") with PT Duta Anggada Realty Tbk. ("Duta Anggada") based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by the Deed No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower of 27 floors of offices by Duta Anggada, which the land is owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ends on May 15, 2014 and May 15, 2016, respectively.

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding Temporary Utilization Agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

On May 11, 2016, the Bank has signed transfer agreement of Menara Mandiri 2 and its management of Menara Mandiri 1 from PT Duta Anggada Realty Tbk. to PT Bank Mandiri (Persero) Tbk. Currently, building management of Menara Mandiri 1 and Menara Mandiri 2 is performed by PT Bumi Daya Plaza in the form of Temporary Utilization Agreement (*Kerjasama Pemanfaatan Sementara*) from 2016 until 2021.

- b. Based on Minister of Finance of the Republic of Indonesia (PMK) No. PMK/191 dated October 15, 2015, the Group assigned registered independent appraisers to assess (revalue) its fixed asset (land).

The valuations of land are performed by the external independent appraisers, Public Appraiser Company (KJPP) Amin, Nirwan, Alfiantori and Partners (ANA) and Muttaqin, Bambang, Purwanto, Rozak, Uswatun and Partners (MBPRU). Appraisals are performed based on the Concept and General Principles of Appraisers article 17 in Indonesian Appraisal Standards year 2015.

In the fair value measurement of the land, the Independent Appraisers takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the Independent Appraiser are market approach and cost approach.

Based on the Assessment Report from the Independent Appraisers, the value of fixed assets increased by:

Fixed assets	Fair value	Book value	Increase in value
Land	28,822,150	2,880,116	25,942,034

Results of revaluation of fixed assets of the Bank was approved by the Directorate General of Taxes (DGT) through the Regional Office, Head of the Large Tax payer DGT through Decree No. KEP-418/WPJ.19/2016 dated May 25, 2016 (Note 33f).

- c. Assessment in the fair value of buildings owned by the Bank only on December 31, 2015 uses the Taxable Sale Value (NJOP). NJOP is regarded as the best estimates of the fair value. On December 31, 2015, the NJOP of buildings owned by the Bank is Rp3,658,460.

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18. FIXED ASSETS (continued)

Others (continued)

- d. The value of land is based on the cost model on December 31, 2016 amounted to Rp2.879.510.

The table below presents non-financial instruments recognised at fair value based on the hierarchy used by the Bank to determine and disclose the fair value of non-financial instruments:

- (i) Level 1: Quoted prices on active markets for identical assets or liabilities;
- (ii) Level 2: valuation technique in which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- (iii) Level 3: valuation techniques in which all inputs which have a significant effect on the recorded fair value that can not be observed from market data.

	December 31, 2016			
	Level 1	Level 2	Level 3	Fair value
Land	-	28,822,150	-	28,822,150

The fair value of Land for level 2 is calculated using the comparison of market price approach and estimation of income and expenses generated by the asset. The market price of the land that most closely adjusted for differences in the primary attributes such as asset size, location and usage of assets. The most significant input in this assessment approach is the assumption of the price per meter.

- e. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2016 and 2042. Based on past experience, the Group has the confidence to extend the HGB.
- f. On December 31, 2016, the Bank has insured fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disasters to PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967, PT Asuransi Astra Buana, PT Asuransi Bangun Askrida, PT Asuransi Bintang, PT Asuransi Tugu Pratama, PT Central Asia Raya, PT Rama Satria Wibawa, PT Asuransi Parolamas and PT Asuransi Sinar Mas, entirety are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri, entirety are related parties, with total sum insured approximately Rp11,892,502 (December 31, 2015: Rp8,878,933). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.
- g. The fixed assets that have been fully depreciated but still in use by the Bank among others, office machines and printing equipment and office equipment and housing.
- h. Management also believes that there is no impairment of fixed assets as of December 31, 2016 and 2015.

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19. INTANGIBLE ASSETS

	December 31, 2016	December 31, 2015
Software	1,532,381 ^{*)}	1,492,077 ^{*)}
Goodwill	423,115	423,115
	1,955,496	1,915,192

^{*)} Net of amortisation of Rp2,257,826 and Rp1,877,989 as of December 31, 2016 and 2015.

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

As of December 31, 2016 and 2015, included in the software balance are construction in progress for software amounting to Rp528,857 and Rp471,478, respectively. The estimated percentage of completion of software as of December 31, 2016 was ranging between 5.00% - 95.00% (December 31, 2015: 15.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2016 and 2015, there are no impairment of goodwill.

20. OTHER ASSETS

	December 31, 2016	December 31, 2015
Rupiah:		
Accrued Income	3,602,766	3,297,600
Receivables from customer transactions	1,134,536	888,426
Receivables from mutual fund	374,651	626,492
Receivables from government bonds pledged as collateral	593,466	592,668
Receivables from transactions related to ATM and credit card	472,948	477,159
Receivables from policyholders	488,208	453,560
Abandoned properties - net of accumulated losses amounting to Rp870 and Rp947 as of December 31, 2016 and 2015, respectively.	145,943	149,325
Receivables from sales of marketable securities	17,680	92,688
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2016 and 2015	11,565	11,565
Others	3,176,323	3,255,764
Total	10,018,086	9,845,247
Foreign currencies:		
Accrued Income (Note 61B.(v))	763,096	763,393
Receivables from policyholder (Note 61B.(v))	16,266	23,247
Receivable from sale of marketable securities (Note 61B.(v))	12,605	6,922
Receivables from customer transactions (Note 61B.(v))	7,451	6,802
Receivables from transactions related to ATM and credit card	2	-
Others	1,254,178	1,079,145
Total	2,053,598	1,879,509
	12,071,684	11,724,756
Less: Allowance for possible losses	(514,446)	(432,029)
Net	11,557,238	11,292,727

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20. OTHER ASSETS (continued)

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans, fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2016 and 2015, included in receivables from customer transactions is an impaired portfolio amounting to Rp163,200 and Rp214,365, respectively.

Receivables from mutual fund is related to receivable from securities portfolio transactions of unit-link contracts in Subsidiary's mutual fund.

Receivables related to ATM and credit card transactions consist of receivable arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa and Master Card as a result of credit card transactions.

Receivables from government bonds pledged as collateral represent receivables in relation to "repo to maturity" transaction with a counterparty, where the Bank has transferred VR0031 with nominal value of Rp600,000 and recognised a receivable equivalent to the cash value of VR0031 (refer to Note 36e). This receivable will be settled by net basis with the settlement of the corresponding liabilities of the counterparty amounting to Rp600,000 which is due on July 25, 2020.

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

Receivables from sales of marketable securities are receivables from sale of marketable securities which have settlement date on January 5, 2017 and January 6, 2016, for the year ended December 31, 2016 and 2015, respectively.

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

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

	December 31, 2016	December 31, 2015
Beginning balace	432,029	251,505
Allowance during the year (Note 45)	101,957	157,382
Others*)	(19,540)	23,142
Ending balance	514,446	432,029

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND/WADIAH DEMAND DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)	33,783,341	22,839,976
Third parties	90,580,286	78,390,328
Total	124,363,627	101,230,304

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21. DEPOSITS FROM CUSTOMERS - DEMAND/WADIAH DEMAND DEPOSITS (continued)

- a. By currency, related parties and third parties (continued):

	December 31, 2016	December 31, 2015
Foreign currencies:		
Related parties (Note 55)	14,946,585	15,412,209
Third parties	47,673,116	55,511,975
Total (Note 61B.(v))	62,619,701	70,924,184
	186,983,328	172,154,488

Included in demand deposits were *wadiah* deposits amounting to Rp6,860,850 and Rp5,818,708 as of December 31, 2016 and 2015, respectively.

- b. Average interest rates (cost of funds) and range of profit sharing per annum:

Average interest rates (cost of funds) per annum:

	Year ended December 31,	
	2016	2015
Rupiah	1.95%	2.07%
Foreign currencies	0.58%	0.29%

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

Rupiah	0.72 – 0.82%	0.71%- 0.84%
Foreign currencies	0.18 – 0.82%	0.18% - 0.84%

- c. As of December 31, 2016 and 2015, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting to Rp5,167,638 and Rp5,323,777, respectively (Note 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING/WADIAH SAVING DEPOSITS

- a. By currency, type, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)		
Mandiri Saving Deposits	1,493,871	1,111,778
Third parties		
Mandiri Saving Deposits	244,828,147	219,154,260
Hajj Mandiri Saving Deposits	543,828	666,507
Total	246,865,846	220,932,545

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22. DEPOSITS FROM CUSTOMERS - SAVING/WADIAH SAVING DEPOSITS (continued)

a. By currency, type, related parties and third parties (continued):

	December 31, 2016	December 31, 2015
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving Deposits	479,216	230,297
Third parties		
Mandiri Saving Deposits	29,824,762	27,788,797
Total (Note 61B.(v))	30,303,978	28,019,094
	277,169,824	248,951,639

Included in saving deposits were *wadiah* deposits amounting to Rp2,593,437 and Rp2,239,241 as of December 31, 2016 and 2015, respectively.

b. Average interest rates (cost of funds) per annum:

	December 31, 2016	December 31, 2015
Rupiah	1.15%	1.24%
Foreign currencies	0.20%	0.20%

c. As of December 31, 2016 and 2015, total saving pledged as collateral on loans were amounting to Rp11,034,714 and Rp7,655,250, respectively (Note 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah		
Related parties (Note 55)	41,995,012	30,689,101
Third parties	169,326,512	148,221,550
Total	211,321,524	178,910,651
Foreign currencies		
Related parties (Note 55)	4,276,987	6,568,109
Third parties	22,308,567	15,747,444
Total (Note 61B.(v))	26,585,554	22,315,553
	237,907,078	201,226,204

Include in deposits from customers-time deposits are Negotiable Certificate of Deposit (NCD) amounting to Rp421,228 and Rp145,237 as of December 31, 2016 and 2015, respectively.

Total of unamortized interest expense on the certificate of time deposits as of December 31, 2016 and 2015, amounting to Rp85,772 and Rp6,763, respectively.

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

b. By contract period:

	December 31, 2016	December 31, 2015
Rupiah:		
1 month	107,384,126	96,126,946
3 months	76,508,126	63,937,370
6 months	13,195,584	10,695,019
12 months	12,722,241	6,681,979
Over 12 months	1,511,447	1,469,337
Total	211,321,524	178,910,651
Foreign currencies:		
1 month	16,482,563	15,045,077
3 months	4,495,458	2,981,268
6 months	3,518,043	1,354,467
12 months	1,843,004	2,636,163
Over 12 months	246,486	298,578
Total (Note 61B.(v))	26,585,554	22,315,553
	237,907,078	201,226,204

c. By remaining period to maturity date:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 month	126,386,234	113,525,112
1 - 3 months	64,574,126	52,252,923
3 - 6 months	12,020,949	8,485,894
6 - 12 months	6,836,426	3,415,205
Over 12 months	1,503,789	1,231,517
Total	211,321,524	178,910,651
Foreign currencies:		
Less than 1 month	17,306,621	16,241,112
1 - 3 months	5,241,837	3,223,240
3 - 6 months	2,520,794	1,110,921
6 - 12 months	1,498,945	1,728,799
Over 12 months	17,357	11,481
Total (Note 61B.(v))	26,585,554	22,315,553
	237,907,078	201,226,204

d. Average interest rates (cost of funds) per annum:

	December 31, 2016	December 31, 2015
Rupiah	6.63%	7.77%
Foreign currencies	0.55%	1.17%

e. As of December 31, 2016 and 2015, total time deposits pledged as collateral on loans were amounting to Rp24,445,165 and Rp23,162,101, respectively (Note 12B.c).

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24. DEPOSITS FROM OTHER BANKS - DEMAND/WADIAH DEMAND AND SAVING DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Demand/ <i>wadiah</i> demand deposits		
Related parties (Note 55)		
Rupiah	33,835	39,729
Foreign currencies (Note 61B.(v))	12,077	30,447
	45,912	70,176
Third parties		
Rupiah	1,205,739	1,125,495
Foreign currencies (Note 61B.(v))	2,095,128	1,602,074
	3,300,867	2,727,569
Total	3,346,779	2,797,745
Saving deposits		
Third parties		
Rupiah	953,973	946,444
Foreign currencies (Note 61B.(v))	13	100
Total	953,986	946,544
	4,300,765	3,744,289

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp56,563 and Rp44,424 as of December 31, 2016 and 2015, respectively.

b. Average interest rates (cost of funds) and profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2016	December 31, 2015
Demand deposits/ <i>wadiah</i> demand deposit		
Rupiah	1.95%	2.07%
Foreign currencies	0.58%	0.29%
Saving deposits		
Rupiah	1.15%	1.24%
Foreign currencies	0.20%	0.20%

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

Rupiah	0.72% - 0.82%	0.71 - 0.84%

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

- c. As of December 31, 2016 and 2015, total demand/*wadiah* demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp13,310 and Rp15,592, respectively (Note 12B.c and 31e).

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

- a. By currency:

	December 31, 2016	December 31, 2015
Related parties (Note 55)		
Rupiah	40,000	600,000
Third parties		
Rupiah	315,000	1,200,000
Foreign currencies (Note 61B.(v))	925,952	1,964,363
Total	1,240,952	3,164,363
	1,280,952	3,764,363

- b. By remaining period to maturity date:

	December 31, 2016	December 31, 2015
Rupiah		
Less than 1 month	335,000	1,800,000
More than 1 month	20,000	-
Total	355,000	1,800,000
Foreign currencies		
Less than 1 month	616,191	1,860,975
More than 1 month	309,761	103,388
Total (Note 61B.(v))	925,952	1,964,363
	1,280,952	3,764,363

- c. Average interest rates (cost of funds) per annum:

	December 31, 2016	December 31, 2015
Rupiah	5.71%	8.58%
Foreign currencies	0.27%	0.38%

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26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2016	December 31, 2015
Rupiah		
Related parties (Note 55)	286,210	-
Third parties	3,336,544	4,720,928
Foreign currencies		
Third parties (Note 61B.(V))	134,725	406,657
Total	3,757,479	5,127,585

Included in deposits from customers-time deposits are Negotiable Certificate of Deposit (NCD) amounting to Rp1,898,625 and Rp1,550,767 as of December 31, 2016 and 2015, respectively.

Total of unamortized interest expenses on certificates of deposits for the year ended December 31, 2016 and 2015 amounting to Rp256,375 and Rp49,233, respectively.

b. By period:

	December 31, 2016	December 31, 2015
Rupiah:		
1 month	1,433,639	2,099,550
3 months	279,287	172,742
6 months	50,825	578,192
12 months	779,750	562,478
More than 12 months	1,079,253	1,307,966
Total	3,622,754	4,720,928
Foreign currencies		
1 month	-	137,850
12 months	-	137,850
More than 12 months	134,725	130,957
Total (Note 61B.(v))	134,725	406,657
	3,757,479	5,127,585

c. Average interest rates (cost of funds) per annum:

	December 31, 2016	December 31, 2015
Rupiah	6.63%	7.77%
Foreign currencies	0.55%	1.21%

d. As of December 31, 2016 and 2015, time deposits from other banks pledged as collateral on loans amounting to Rp86,776 and Rp94,551, respectively (Note 12B.c).

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27. LIABILITY TO UNIT-LINK HOLDERS

This account represents Subsidiary's liabilities to unit-link holders placed in unit-link investment, with details as follows:

	December 31, 2016	December 31, 2015
Non-Sharia	18,550,706	16,147,095
Sharia	1,052,244	871,954
	19,602,950	17,019,049

The details of non-sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2016	December 31, 2015
Dynamic Money	9,098,972	7,531,851
Attractive Money	5,441,537	4,518,537
Progressive Money	2,139,720	2,119,308
Excellent Equity	1,159,641	1,290,405
Protected Money	373,775	394,396
Active Money	168,760	154,507
Secure Money	76,604	71,131
Fixed Money	64,170	55,850
Money Market	26,516	11,110
Prime equity	1,011	-
	18,550,706	16,147,095

The details of sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2016	December 31, 2015
Attractive money sharia	887.606	741,366
Active money sharia	102.200	91,258
Amanah equity sharia	32.288	24,182
Advanced commodity sharia	30.150	15,148
	1.052.244	871,954

Underlying assets of the policyholders' investment in the above unit-link contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2016 and 2015, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

The policyholders' non-sharia funds placed in statutory deposits as of December 31, 2016 and 2015 amounted to Rp19,715 and Rp37,500, respectively.

Included in the above policyholders' investments in unit-link contracts are policyholders' fund in foreign currency as of December 31, 2016 and 2015, it amounted to USD2,210,047 (full amount) and USD1,886,869 (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*.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Attractive money

This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund *Mandiri Saham Atraktif*.

Progressive money

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund *Schroder Dana Campuran Progresif*.

Excellent equity

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

Protected money

This is a placement of funds based on combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities less than 1 year.

Active money

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund *Mandiri Aktif*.

Secure money

Secure Money Rupiah is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund *Schroder Dana Obligasi Mantap*. Funding in USD has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund *Investa Dana Dollar Mandiri*.

Fixed money

This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund *Mandiri Investa Dana Obligasi II*.

Money market

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*.

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2016 and 2015 amounted to Rp26,100 and Rp20,000, respectively.

Attractive money sharia

This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *Mandiri Saham Syariah Atraktif*.

Active money sharia

This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *Mandiri Berimbang Syariah Aktif*.

Amanah equity sharia

This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *BNP Paribas Pesona Amanah*.

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27. LIABILITY TO UNIT-LINK HOLDERS(continued)

Advanced commodity sharia

This is an equity fund with underlying exposures mainly in commodity and commodity - related stocks that listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *Mandiri Komoditas Syariah Plus*.

Prime equity

Placement of funds based on combination with the investment in stocks traded in Indonesia Stock Exchange and money market instruments through mutual fund AXA Maestro Saham.

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

December 31, 2016						
Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah Related Parties						
Bonds FR0069	250,000	17/11/2016	06/01/2017	230,230	206	230,024
Third Parties						
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,492	540,068
Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
Bonds FR0056	200,000	08/12/2016	09/01/2017	190,912	262	190,650
Bonds FR0059	200,000	21/12/2016	19/01/2017	172,864	602	172,262
Bonds FR0073	100,000	02/12/2016	12/01/2017	95,183	183	95,000
Bonds FR0061	100,000	02/12/2016	12/01/2017	87,323	168	87,155
Bonds FR0061	64,000	02/12/2016	12/01/2017	55,834	106	55,728
	3,736,742			4,100,116	977,098	3,123,018
Total	3,986,742			4,330,346	977,304	3,353,042

December 31, 2015						
Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah Related parties						
IDSD020316182S	300,000	29/12/2015	06/01/2016	282,321	391	281,930
IDBI200516273C	200,000	29/12/2015	06/01/2016	185,450	257	185,193
	500,000			467,771	648	467,123
Third parties						
Bonds VR0030	800,000	30/12/2015	06/01/2016	750,591	833	749,758
Bonds VR0030	800,000	30/12/2015	06/01/2016	750,554	807	749,747
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,529	740,247
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,529	740,247
Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,610	539,950
Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,667	501,221
Bonds VR0030	200,000	30/12/2015	06/01/2016	187,648	208	187,440
Bonds VR0030	200,000	30/12/2015	06/01/2016	187,639	201	187,438
	5,072,742			5,374,432	978,384	4,396,048
Total	5,572,742			5,842,203	979,032	4,863,171

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29. ACCEPTANCES PAYABLE

a. By currency, related parties and third parties:

	December 31, 2016	December 31, 2015
Rupiah:		
Payable to other banks		
Related parties (Note 55)	2,443,235	476,752
Third parties	5,256,264	1,607,070
Payable to debtors		
Related parties (Note 55)	7,111	41,327
Third parties	344,355	292,893
Total	8,050,965	2,418,042
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	31,362	87,377
Third parties	6,293,547	8,701,280
Payable to debtors		
Related parties (Note 55)	-	1,281
Third parties	413,370	123,293
Total (Note 61B.(v))	6,738,279	8,913,231
	14,789,244	11,331,273

b. By maturity:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 month	1,535,856	543,142
1 - 3 months	1,917,241	1,129,975
3 - 6 months	3,624,366	626,010
6 - 12 months	973,502	118,915
Total	8,050,965	2,418,042
Foreign currencies:		
Less than 1 month	1,847,555	2,154,980
1 - 3 months	3,358,426	3,252,351
3 - 6 months	1,485,140	2,160,479
6 - 12 months	40,484	1,345,421
More than 12 months	6,674	-
Total (Note 61B.(v))	6,738,279	8,913,231
	14,789,244	11,331,273

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30. MARKETABLE SECURITIES ISSUED

By type and currencies:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)		
Bonds	3,594,000	537,750
Subordinated notes sharia <i>mudharabah</i>	58,000	50,000
Medium-term notes (MTN)	10,000	-
Total	3,662,000	587,750
Third parties		
Bonds	4,669,000	1,287,250
Subordinated notes sharia <i>mudharabah</i>	317,000	450,000
Medium-term notes (MTN)	340,000	-
Mandiri travelers' cheques	72,035	77,204
Others	-	564
Total	5,398,035	1,815,018
	9,060,035	2,402,768
Less: Unamortised issuance cost	(34,041)	(4,590)
Net	9,025,994	2,398,178

Bonds

On September 30, 2016, Bank Mandiri issued Continuous Bonds I Bank Mandiri Phase I 2016 ("Continuous Bonds I Phase I") with a nominal value of Rp5,000,000 which consist of 3 (three) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,100,000	7.95%	September 30, 2021
Series B	1,500,000	8.50%	September 30, 2023
Series C	2,400,000	8.65%	September 30, 2026

The interest of Continuous Bonds I Phase I is paid quarterly, with the first payment on December 30, 2016. While the last payment of interest and also the maturity and payment date of the bonds' principal will fall on September 30, 2021 for series A; September 30, 2023 for series B; and September 30, 2026 for series C. The Trustee for Continuous Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri is under obligation to: (i) maintain at all times the Bank's financial level in good condition as regulated by FSA; (ii) maintain the bank's health level at a minimum in the composite level 3 (three) which is "Fair", according to internal assessment based upon Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure that the Bank conform with Indonesia's rules and regulations.

Bank Mandiri, without a written consent from the Trustee will not: (i) reduce the Bank's issued and fully paid up capital except such a reduction is conducted based on regulations from the Government of Indonesia or Bank Indonesia; (ii) undergo a change in its main business; (iii) undergo merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

The bonds are not guaranteed with specific guarantee, but guaranteed with all assets of the Bank, whether present or future, fixed or non-fixed assets in accordance with the provisions of Article 1131 and 1132 of the Indonesian Civil Law.

As of December 31, 2016, based on Pefindo's rating for Continuous Bond I Phase I is idAAA (triple A).

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds III Mandiri Tunas Finance Phase I year 2016 ("Continuous Bonds III phase I") to the Indonesia Stock Exchange with a nominal value of Rp500,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	400,000	8.20%	October 7, 2019
Series B	100,000	8.55%	October 7, 2019

The trustee for Continuous Bonds III Mandiri Tunas Finance Phase I year 2016 is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed, among others, to conduct merger unless performed with the same business, to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions

As of December 31, 2016, based on Pefindo's rating, the rating of Continuous Bonds III Mandiri Tunas Finance Phase I is idAA+ (double A plus).

On June 1, 2016, PT Mandiri Tunas Finance issued and registered Continuous Bonds II Mandiri Tunas Finance Phase II Year 2016 ("Continuous Bonds II Phase II") to the Indonesia Stock Exchange with a nominal value of Rp1,400,000, which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	720,000	8.95%	June 1, 2019
Series B	680,000	9.25%	June 1, 2021

The trustee for Continuous Bonds II Mandiri Tunas Finance Phase II year 2016 is PT Bank Mega Tbk.

On December 18, 2015, the subsidiary (PT Mandiri Tunas Finance) issued and registered continuous Bonds II PT Mandiri Tunas Finance Phase I Year 2015 ("Continuous Bonds II Phase I") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase I year 2015 is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

The rating for Continuous Bonds II PT Mandiri Tunas Finance Phase I and II based on Pefindo's rating as of December 31, 2016 is idAA+ (double A plus) and as of December 31, 2015 is idAA (double A).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Continuous Bonds I phase III Year 2015 ("Continuous Bonds I phase III") at the Indonesian Stock Exchange with a nominal value of Rp150,000 as follows:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Continuous Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase III 2015 is PT Bank Mega Tbk.

On May 23, 2014, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 ("Continuous Bonds I Phase II") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consists of 2 (two) series:

Bonds	Nominal Value	Fixed Interest rate per annum	Maturity Date
Series A	425,000	10.70%	May 23, 2017
Series B	175,000	10.85%	May 23, 2018

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 is PT Bank Mega Tbk.

On June 5, 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase I year 2013 ("Continuous Bonds I Phase I") to the Indonesia Stock Exchange with a nominal value of Rp500,000 which consist of 2 (two) series:

Bonds	Nominal Value	Fixed Interest rate per annum	Maturity Date
Seri A	425,000	7.75%	June 5, 2016
Seri B	75,000	7.80%	June 5, 2017

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase I 2013 is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for the Subsidiary's normal business transactions.

Continuous Bonds I Mandiri Tunas Finance Phase I year 2013, Series A, amounting to Rp425,000 has been repaid at maturity.

The rating for Continuous Bonds I PT Mandiri Tunas Finance Phase I, II and III based on Pefindo's rating as of December 31, 2016 is idAA+ (double A plus) and as of December 31, 2015 is idAA (double A).

On December 31, 2016, all securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounting to Rp1,836,445 (December 31, 2015: Rp1,035,192) (Note 13f) and net investment in finance leases amounting to Rp158,555 (December 31, 2015: Rp74,811) (Note 14f).

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30. MARKETABLE SECURITIES ISSUED (continued)

Subordinated notes sharia *mudharabah*

On December 22, 2016, the Subsidiary (PT Bank Syariah Mandiri “BSM”) has issued subordinated notes sharia *mudharabah* (“subnotes *mudharabah*”) BSM 2016 with a nominal value of Rp375,000. Subnotes *Mudharabah* are securities issued in the form of letter recognition of long-term liabilities tenor of 7 years with the following terms and conditions:

- Profit sharing is calculated by multiplying the nisbah of BSM’s subnotes *mudharabah* shareholders with revenue which is distributed and listed in the unaudited last-quarter financial statements and approved by BSM’s Directors not later than 10 (ten) days before the payment date of the profit sharing.
- The distributed revenue was obtained from the financing portfolio of revenue denominated in Rupiah (blended) of BSM amounting to 7 (seven) times of the amount of subnotes *mudharabah* Funds denominated in rupiah held by the issuer, that is obtained during the one (1) quarter as listed in each unaudited BSM’s financial report.
- *Nisbah* provided to the BSM subnotes *mudharabah* holders’ is 27.07% per annum of the profit sharing which is paid every three (3) month.

Subnotes *mudharabah* are neither covered by a specific guarantee nor guaranteed by a third party or by the Republic of Indonesia and not included in the Bank Guarantee Program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation and in accordance with article 17 paragraph (1) letter f of FSA Regulation No. 21/POJK.03/2014. Subnotes *mudharabah* are liability of the Subsidiary that is subordinated.

During the validity period of subnotes *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) of not less than 12% (twelve percent); (ii) ensure that the subnotes *mudharabah* will not be owned by more than 50 (fifty) investors; (iii) submit to the monitoring agent as follows: the annual financial statements (audited) no later than the end of the 4th month after the financial statement date, quarterly financial statements (unaudited) not later than the end of the 1st month after the financial statement date, financial statements for the calculation of revenue sharing and BSM Health rating report and self-assessment of the implementation of Good Corporate Governance to the FSA.

BSM without written approval from the monitoring agent, will not do the following: (i) reduce the issued and paid-in capital; (ii) undergo a change in its main business; (iii) undergo a merger, consolidation, reorganization, except such changes were in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) do a merger, consolidation, acquisition with another entity that will result in the dissolution of BSM.

Acting as the trustee of subnotes *mudharabah* year 2016 is PT Bank Mandiri (Persero) Tbk. The rating of subordinated notes year 2016 as of December 31, 2016, based on Pefindo’s rating is idAA- (double A minus sharia).

On December 19, 2011, BSM issued limited offering of subnotes *mudharabah* year 2011 with a nominal value of Rp500,000. This subnotes have term of ten (10) years with the right of call option in the fifth year from the date of issuance with the following terms and conditions:

- Profit sharing is calculated by multiplying the nisbah of BSM’s subnotes *nisbah* shareholders with revenue which is distributed and listed in the unaudited last-quarter financial statements and approved by BSM’s Directors not later than 10 (ten) days before the payment date.
- The distributed revenue was obtained from the funding portfolio of revenue denominated in Rupiah amounting to Rp5,000,000 obtained during the 1 (one) quarter as listed in each unaudited BSM’s (blended) financial report.

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30. MARKETABLE SECURITIES ISSUED (continued)

Subordinated notes sharia *mudharabah* (continued)

- *Nisbah* provided to the BSM subnotes holders' is 16.30% per annum of the profit sharing which is paid every three (3) months.

The issuance of BSM Subnotes divided into three (3) phases:

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

Subnotes are neither covered by a specific collateral nor guaranteed by a third party or by the Republic of Indonesia and not included in the Bank Guarantee Program implemented by Bank Indonesia or other guarantee institution in accordance to with the law and regulation in force. Subnotes are obligation of the BSM that is subordinated. During the validity period of Subnotes, and before the redemption of all of principal and profit sharing, the BSM is obliged to: (i) maintain the amount of assets that are not pledged at a minimum of 150% of total liabilities; (ii) ensure that subnotes not owned by more than 49 (forty-nine) investors; (iii) submit to the monitoring agent financial information as follows: annual audited financial statements, quarterly financial statements and the financial statements used for the calculation of profit sharing and BSM health rating reports issued by Bank Indonesia.

Without written approval from the monitoring agent, BSM is not allowed to do the following: (i) reduce the issued and paid-in capital; (ii) make some changes in business field; (iii) do a merger or consolidation or reorganization, except if there was some regulation from the Government or Bank Indonesia; (iv) do a merger, consolidation, acquisition with another entity that will result to the dissolution of BSM.

The trustees of BSM's subnotes *mudharabah* year 2011 are PT Bank Mandiri (Persero) Tbk. and PT Bank CIMB Niaga Tbk.

As of December 31, 2015, the rating of BSM subnotes *mudharabah* year 2011 based on Pefindo's rating is idAA (double A).

On December 19, 2016, BSM has executed its call option right of the subnotes *mudharabah* year 2011 (subnotes BSM) amounting to Rp500,000.

Medium Term Notes (MTN)

To assist with business expansion, mainly in order to support credit financing, on November 18, 2016, the Subsidiary (PT Bank Mandiri Taspen Pos "Bank Mantap") issued Medium-Term Notes (MTN) PT Bank Mandiri Taspen Pos ("MTN Bank Mantap") amounting to Rp350,000 with an interest rate of 9.50% per annum. MTN Bank Mantap has a period of 370 days from the date of issuance, while the interest is payable on a quarterly basis with the first interest payment due on February 18, 2017.

December 31, 2016					
Type	Arranger	Maturity date	Tenor (days)	Interest rate per annum	Nominal amount
MTN Bank Mantap	PT Mandiri Sekuritas	November 28, 2017	370	9.50%	350,000

On December 31, 2016, the rating of MTN Bank Mantap Based on Pefindo's Rating is idA + (A plus).

Bank Mandiri and its Subsidiaries have made interest payments on securities issued in accordance with the schedule of interest payments during the years ended December 31, 2016 and 2015.

During the years ended December 31, 2016 and 2015, Bank Mandiri and Subsidiaries have fulfilled the requirements stipulated in the agreement of all issued securities.

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	December 31, 2016	December 31, 2015
Rupiah:		
Bank guarantees issued (Note 53)	42,070,997	37,077,825
Committed unused loan facilities granted	20,843,506	22,273,685
Outstanding irrevocable letters of credit (Note 53)	3,263,998	2,426,922
Standby letters of credit (Note 53)	1,868,480	1,970,917
Total	68,046,981	63,749,349
Foreign currencies:		
Bank guarantees issued (Note 53)	32,195,287	37,433,266
Committed unused loan facilities granted	6,053,865	7,006,333
Outstanding irrevocable letters of credit (Note 53)	8,832,668	8,497,666
Standby letters of credit (Note 53)	11,296,080	10,764,808
Total	58,377,900	63,702,073
	126,424,881	127,451,422

- b. By Bank Indonesia's collectibility:

	December 31, 2016	December 31, 2015
Current	125,828,356	126,481,063
Special mention	511,293	685,904
Sub-standard	60,493	230,090
Doubtful	13,468	16,541
Loss	11,271	37,824
Total	126,424,881	127,451,422
Less: Allowance for impairment losses	(207,401)	(395,610)
Commitments and contingencies - net	126,217,480	127,055,812

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

	December 31, 2016	December 31, 2015
Beginning balance	395,610	196,793
(Reversal)/allowance during the year	(181,459)	198,450
Others*)	(6,750)	367
Ending balance	207,401	395,610

*) Includes effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- 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 of December 31, 2016 and 2015 are amounting to Rp2,943,910 and Rp2,596,228, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2016	December 31, 2015
Interest expenses	1,234,878	969,433
Fixed asset and software procurement	1,068,211	1,073,300
Outsourcing expenses	343,986	287,102
Promotions	216,029	232,779
Employee related costs: uniform, recreation and others	35,458	67,326
Others	844,934	860,861
	3,743,496	3,490,801

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.

Others consist of accrued expenses related to fees accrued that should be paid to FSA and Bank operational activities, such as data communication costs and the cost of electricity, water and gas.

33. TAXATION

a. Prepaid taxes

	December 31, 2016	December 31, 2015
Bank Mandiri	2,421,556	4,570,305
Subsidiaries	191,151	247,091
	2,612,707	4,817,396

b. Taxes payable

	December 31, 2016	December 31, 2015
Current income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	558,254	1,065,696
Subsidiaries		
Corporate Income Tax - Article 29	102,693	194,096
	660,947	1,259,792

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33. TAXATION

b. Taxes payable (continued)

	December 31, 2016	December 31, 2015
Others income taxes payable		
Bank Mandiri		
Income Tax		
Article 25	-	255,893
Article 21	122,588	122,795
Article 4 (2)	277,193	256,196
Others	94,705	100,764
	494,486	735,648
Subsidiaries	103,359	136,176
	597,845	871,824
Total taxes payable	1,258,792	2,131,616

c. Tax (benefit)/expense

	Year ended December 31,	
	2016	2015
Tax expense - current:		
Bank Mandiri	4,435,708	4,932,830
Subsidiaries	653,216	615,228
	5,088,924	5,548,058
Tax (benefit)/expense - deferred:		
Bank Mandiri	(1,182,488)	(337,514)
Subsidiaries	16,366	6,488
	(1,166,122)	(331,026)
	3,922,802	5,217,032

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

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33. TAXATION (continued)

d. Tax expense - current

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

	Year ended December 31,	
	2016	2015
Consolidated income before tax expense and non-controlling interests	18,572,965	26,369,430
Less:		
Income before tax expense of Subsidiaries - after elimination	(2,983,934)	(1,900,221)
Impact of changes in presenting investment from equity method to cost method	735,377	230,537
Income before tax expense and non-controlling interests - Bank Mandiri only	16,324,408	24,699,746
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(48,829)	(1,732,048)
Others	(9,478)	8,880
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	5,536,094	799,374
Allowance for impairment losses on financial assets other than loans	88,974	83,164
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	690,957	816,084
Unrealised gain on BOT transactions	109,141	(7,799)
Allowance for estimated losses arising from legal cases	(282,830)	33,551
Provision for estimated losses on commitments and contingencies	(177,583)	175,580
Depreciation of fixed assets	(43,015)	(228,162)
Unrealised lossess/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	(5,765)	15,779
Allowance for possible losses of abandoned properties	(3,535)	-
Estimated taxable income	22,178,539	24,664,149
Estimated tax expense - current		
Bank Mandiri only	4,435,708	4,932,830
Subsidiaries	653,216	615,228
Estimated tax expense - current	5,088,924	5,548,058

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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 are follows:

	Year ended December 31,	
	2016	2015
Consolidated income before tax expense and noncontrolling interest	18,572,965	26,369,430
Tax calculated at applicable tax rates	4,010,865	5,368,896
Income tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(213,279)	(503,341)
- Expense not deductible for tax purposes	203,513	156,932
	(9,766)	(346,409)
Subsidiaries	(78,297)	194,545
Total tax effect	(88,063)	(151,864)
Income tax expense	3,922,802	5,217,032

According to the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the Annual Corporate Income Tax Returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fulfilling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated June 10, 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated March 9, 2010.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No.56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate Tax payers, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the tax payer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

Tax payer should attach the certificate from Securities Administration Agency in the Annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No. X.H.1 for each respective fiscal year.

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33. TAXATION (continued)

d. Tax expense - current (continued)

Based on Certificate No. DE//2017-0154 dated January 5, 2017 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated December 31, 2016 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, FSA (previously "Bapepam-LK") will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank's corporate income tax for the year ended December 31, 2016 are calculated using the tax rate of 20%.

The Bank believes that it can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2016.

The calculation of income tax for the year ended December 31, 2016 as described above will be the basis for filling the Annual Tax Return (SPT) of Corporate Income Tax.

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax are as follows:

	December 31, 2016			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,248,713	(42,501)	-	1,206,212
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,068,972	138,191	40,044	1,247,207
Allowance for impairment loan losses	1,111,707	1,149,720	-	2,261,427
Allowance for impairment losses on financial assets other than loans	426,812	17,795	-	444,607
Unrealised losses on decrease in fair value of marketable securities and government bonds (available for sale)	375,769	-	(105,624)	270,145
Allowance for estimated losses arising from legal cases	107,646	(56,566)	-	51,080
Estimated losses on commitments and contingencies	74,146	(35,517)	-	38,629
Allowance for possible losses on abandoned properties	29,819	(692)	-	29,127
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	4,657	(1,153)	-	3,504
Accumulated losses arising from difference in net realisable value of abandoned properties	189	(15)	-	174
Deferred tax assets	4,452,393	1,169,262	(65,580)	5,556,075
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(21,828)	21,828	-	-
Net book value of fixed assets	(111,884)	(8,602)	-	(120,486)
Deferred tax assets - Bank Mandiri only	4,318,681	1,182,488	(65,580)	5,435,589
Net deferred tax assets - Subsidiaries	515,841			554,512
Total consolidated deferred tax assets - net	4,834,522			5,990,101

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2015			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,331,538	(82,825)	-	1,248,713
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	963,865	163,217	(58.110)	1,068,972
Allowance for impairment loan losses	869,007	242,700	-	1,111,707
Allowance for impairment losses on financial assets other than loans	410,180	16,632	-	426,812
Unrealised losses on decrease in fair value of marketable securities and government bonds (available for sale)	139,816	-	235,953	375,769
Allowance for estimated losses arising from legal cases	100,936	6,710	-	107,646
Estimated losses on commitments and contingencies	39,030	35,116	-	74,146
Allowance for possible losses on abandoned properties	29,819	-	-	29,819
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on decrease in fair value of marketable securities and government bonds (fair value through profit or loss)	1,501	3,156	-	4,657
Accumulated losses arising from difference in net realisable value of abandoned properties	189	-	-	189
Deferred tax assets	3,889,844	384,706	177,843	4,452,393
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(20,268)	(1,560)	-	(21,828)
Net book value of fixed assets	(66,252)	(45,632)	-	(111,884)
Deferred tax assets - Bank Mandiri only	3,803,324	337,514	177,843	4,318,681
Net deferred tax assets - Subsidiaries	385,796			515,841
Total consolidated deferred tax assets - net	4,189,120			4,834,522

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available to be utilised against the temporary difference, which results in deferred tax assets.

f. Tax on fixed assets revaluation

According to the Regulation of the Ministry of Finance No. 191/PMK.010/2015 dated October 15, 2015, which the application related to fixed assets revaluation that was filed until the date of December 31, 2015, will receive special treatment in the form of lower final income tax of 3%. In this regard, the Bank has estimated the fair value of fixed assets (land) with nominal value amounting to Rp28,334,586 from previously Rp2,745,599. The Bank requested revaluation of fixed assets to tax office for tax purposes and the Bank has made tax payments amounting to Rp792,467 on May 25, 2016. The tax office through letter No. KEP-418/WPJ.19/2016 has approved the Bank's request.

g. Tax assessment letters

Fiscal year 2013

According to the verification result by Tax office, on December 16, 2014, Tax Office has issued Tax Underpayment Assessment Letter (SKPKB) which stated underpayment of corporate tax expense in relation to the use of tax rate for 2013 fiscal year of Rp1,313,347 (including penalties).

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33. TAXATION (continued)

g. Tax assessment letters (continued)

Fiscal year 2013 (continued)

Management disagree with the Tax Underpayment Assessment Letter and has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on December 31, 2016 and 2015.

On March 7, 2016 the Tax Office has issued an objection letter rejecting the Bank's objection. The Bank has submitted an appeal over the objection letter issued to Tax Court on June 2, 2016. Until the date of this consolidated financial statement the appeal is still in progress.

Fiscal year 2010

According to the verification result by Tax Office on December 6, 2012, the Bank received Tax Underpayment Assessment Letters (SKPKB) which stated underpayments of corporate income tax related with loan write-offs 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 Underpayment Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the tax under payment and recorded it as prepaid tax as of December 31, 2016 and 2015.

On December 2013, the Tax Office has issued a decision letter to the Bank's objection letters on VAT above and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to VAT. The Bank disagreed with the above decision letter and has proposed an appeal for on the above decision letter to the Tax Court in March 2014.

On February 21, 2014, Tax Office has issued a decision letter to the Bank's objection letters on tax underpayment on corporate income tax and Tax Office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on May 19, 2014.

On April and May 2016, the Tax Court has uttered their decision to approve majority of the appeal submitted on the letter of objection on VAT and reject the appeal submitted on the letter of objection on income tax. The Bank disagrees with the decision and has requested for judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. Until the date of this consolidated financial statement the judicial review is still in progress.

h. Tax collection letter

Fiscal year 2014

Based on the assessment result which was done by Tax Office on December 29, 2015, Tax Office issued Tax Collection Letter (STP) which stated underpayment of corporate tax expense for 2014 fiscal year of Rp1,459,120 and penalties of Rp233,459.

Management disagree with the STP and Bank has submitted an application letter for STP cancellation to Tax Office on December 31, 2015. Bank has paid all the tax underpayment of Rp1,459,120 and recorded it as prepaid tax. Based on the Decree of the Director General of Taxation No. KEP-00250/NKEB/WPJ.19/2016 dated February 24, 2016, the Tax Office has granted all Banks's requests and cancelled the STP.

On March 15, 2016, the Bank has proposed for compensation on tax refunds amounting to Rp1,459,120. On March 21, 2016, the Tax Office has granted a request for compensation submitted by the Bank through Decree Refund Excess Tax Payment (SKPKPP) No. KEP-00044.PPH/WPJ.19/KP.0403/2016 and Excess Tax Payment Order (SPMKP) No. 80158 / 093-0156-2016 for STP payment of VAT tax year 2010 of Rp3,248, payment of income tax Article 29 amounted to Rp855,872 and payment of income tax Article 25 in 2016 amounted to Rp600,000.

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34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2016	December 31, 2015
Rupiah		
Provision for post-employment benefit (Note 50)	2,943,664	2,411,613
Provisions for bonuses, leave and holiday entitlements	3,819,404	3,365,464
	6,763,068	5,777,077

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

	December 31, 2016	December 31, 2015
Rupiah:		
Liability to policy holders	3,840,894	3,486,140
Liability related to ATM and credit card transaction	1,394,196	966,227
Payable to customers	1,350,344	926,371
Guarantee deposits	851,298	1,053,344
Deferred income (directly attributable)	627,487	517,242
Liabilities related to unit-link	351,903	596,316
Deferred income (not directly attributable)	378,865	356,577
Customers transfer transaction	73,545	124,431
Payable from purchase of marketable securities	20,721	42,194
Others	3,828,689	3,442,846
Total	12,717,942	11,511,688
Foreign currencies:		
Other liabilities related to UPAS transactions	948,536	743,551
Guarantee deposits	690,140	906,797
Customers transfer transaction	485,451	64,301
Deferred income (not directly attributable)	314,444	321,721
Deferred income (directly attributable)	2,274	3,761
Others	651,249	637,593
Total (Note 61B.(v))	3,092,094	2,677,724
	15,810,036	14,189,412

Liabilities to policyholders consist of liabilities of the Subsidiaries (AXA Mandiri Financial Services, Mandiri AXA General Insurance and PT Asuransi Jiwa Indonesia InHealth) as follows:

	December 31, 2016	December 31, 2015
Future policy benefits from non unit-link products	2,053,916	1,705,778
Unearned premiums	1,211,875	1,188,453
Estimated claim liabilities	491,360	502,585
Claim payables	83,743	89,324
	3,840,894	3,486,140

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35. OTHER LIABILITIES (continued)

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

Liabilities associated with ATM and credit card transactions consists of liabilities on ATM transactions within ATM Bersama, ATM links and ATM Prima and liabilities to Visa and Master Card for credit card transactions.

Liabilities related to unit link represents unit-link liabilities to third parties and unit-link policyholders' fund liabilities of a subsidiary (AXA Mandiri Financial Services).

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortized loan.

Unearned income which is not directly attributed consists of deferred fees/commissions that are not directly related to the unamortized loan.

Purchase of securities accrued arising from the purchase of securities which was fully paid respectively on January 5, 2017 and January 5, 2016 as of December 31, 2016 and 2015.

Other liabilities on UPAS transaction is a liability to the payer bank in foreign currency related with bill of UPAS to importers.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

36. FUND BORROWINGS

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)		
(f) Others	-	25,178
Third parties		
(a) Ministry of Public Work and Housing (Kemenpupera)	127,236	132,948
(b) Direct off-shore loans	300,000	300,000
(e) Repo to maturity	494,301	494,301
(f) Others	4,194,807	4,237,157
	<u>5,116,344</u>	<u>5,164,406</u>
Total	<u>5,116,344</u>	<u>5,189,584</u>

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36. FUND BORROWINGS (continued)

	December 31, 2016	December 31, 2015
Foreign currencies:		
Third parties		
(b) Direct off-shore loans	18,999,531	18,730,838
(c) Bilateral loans	5,388,661	6,891,192
(d) Trade financing facilities	6,378,221	2,953,057
Total (Note 61B.(v))	30,766,413	28,575,087
	35,882,757	33,764,671

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Work and 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 February 15, 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 in 2012, which has been renewed on 2016 with Operational Cooperation Agreement No. 13/SK.9/HK.02.04/03/2016 and No. DIR.PKS/33/2016 dated March 7 on Funding Distribution of Liquidity Facility of House Financing (FLPP) for the purpose of acquiring houses for citizens with low income.

The outstanding loan balance as of December 31, 2016 and 2015, was amounted to Rp127,236 and Rp132,948. This facility bears a certain interest from the government. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for the 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 Kemenpupera will be made not later than the date of 10 for each month.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans

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

	December 31, 2016	December 31, 2015
Rupiah:		
Bank of America, Singapore	300,000	300,000
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,390,562	9,624,789
- Tranche B	3,684,511	4,040,859
Nomura International Plc, London	2,684,047	2,732,021
Bank of America, Hong Kong	1,549,338	1,585,275
United Overseas Bank, Singapore	1,347,250	
Agence Française de Développement, France	343,823	541,559
Asian Development Bank		
- Tranche A	-	206,335
Total	18,999,531	18,730,838
	19,299,531	19,030,838

Bank of America, Singapore

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America, Singapore	November 3, 2017	36	Fixed 9%	-	300,000

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America, Singapore	November 3, 2017	36	Fixed 9%	-	300,000

On October 31, 2014, Bank Mandiri obtained an unsecured loan facility from Bank of America, Singapore amounting to Rp300,000 with a fixed interest rate of 9% per year.

The loan facility has a tenor of 3 (three) years and will be matured on November 3, 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on November 5, 2014.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 16, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,430,750
Less:						
Unamortised issuance costs					(2,982,932)	(40,188)
					697,017,068	9,390,562
Tranche B (CNY Currency)	China Development Bank, China	September 16, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,700,789
Less:						
Unamortised issuance costs					(8,394,164)	(16,278)
					1,900,025,836	3,684,511

December 31, 2015						
Type	Arranger	Maturity Date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 16, 2025	120	SHIBOR (6 months) + certain margin	700,000,000	9,649,500
Less:						
Unamortised issuance costs					(1,792,643)	(24,711)
					698,207,357	9,624,789
Tranche B (CNY Currency)	China Development Bank, China	September 16, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	4,051,289
Less:						
Unamortised issuance costs					(4,913,289)	(10,430)
					1,903,506,711	4,040,859

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China (continued)

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral credit agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) and will be matured in 10 (ten) years after agreement date with an interest rate of LIBOR 6 (six) monthly plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing 10 (ten) years after the agreement date with SHIBOR interest rate of six (6) months plus a certain margin. The loan was withdrawn on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015.

Nomura International Plc, London

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 bulan) + margin tertentu	200,000,000	2,694,500
Less:						
Unamortised issuance costs					(775,864)	(10,453)
					199,224,136	2,684,047

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,757,000
Less:						
Unamortised issuance costs					(1,812,028)	(24,979)
					198,187,972	2,732,021

On October 8, 2014, Bank Mandiri obtained a loan facility from Nomura International Plc. London amounting of USD200,000,000 (full amount) with interest rate at 3 (three) months LIBOR plus a certain margin.

This facility has a tenor of 3 (three) years and will be matured on October 17, 2017. Bank Mandiri has drawdown this loan facility of USD200,000,000 (full amount) on October 17, 2014.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Nomura International Plc, London (continued)

This loan facility is secured with as follows (Note 8c):

	Nominal amount (USD full amount)	
	December 31, 2016	December 31, 2015
ROI 21	86,800,000	6,800,000
ROI 20	71,000,000	6,000,000
ROI 19	61,500,000	61,500,000
ROI 24	12,230,000	-
ROI 17	-	98,498,000
ROI 18	-	46,106,000
ROI 16	-	12,230,000

Bank of America, Hong Kong

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,549,338

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,585,275

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Bank of America, Hong Kong (continued)

On October 30, 2014, Bank Mandiri obtained a loan facility from Bank Of America, Hongkong amounting of USD115,000,000 (full amount) with interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on November 13, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on November 12, 2014. As of December 31, 2016, this loan facility was secured by government bonds series VR0028 with a nominal value of Rp2,150,000 (December 31, 2015: Rp2,150,000) and ROI 19 series USD9,471,000 (full amount) (December 31, 2015: USD9,471,000 (full amount)) (Note 8c).

Agence Française de Développement, France

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah Equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	4,571,429	61,589
Less:						
Unamortised issuance costs					(5,427)	(73)
					4,566,002	61,516
Bilateral loan	Agence Française de Développement	September 30, 2017	64	LIBOR (6 months) + certain margin	7,272,727	97,982
Less:						
Unamortised issuance costs					(5,540)	(75)
					7,267,187	97,907
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	3,928,571	52,928
Less:						
Unamortised issuance costs					(5,915)	(80)
					3,922,656	52,848
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	10,000,000	134,725
Less:						
Unamortised issuance costs					(235,504)	(3,173)
					9,764,496	131,552
					25,520,341	343,823
December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah Equivalent
Bilateral loan	Agence Française de Développement	March 31, 2016	64	LIBOR (6 months) + certain margin	2,727,273	37,595
Less:						
Unamortised issuance costs					(1,014)	(14)
					2,726,259	37,581

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	6,857,143	94,526
Less:						
Unamortised issuance costs					(12,074)	(166)
					6,845,069	94,360
Bilateral loan	Agence Française de Développement	September 30, 2017	64	LIBOR (6 months) + certain margin	14,545,455	200,509
Less:						
Unamortised issuance costs					(21,915)	(302)
					14,523,540	200,207
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	5,500,000	75,817
Less:						
Unamortised issuance costs					(11,466)	(158)
					5,488,534	75,659
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	10,000,000	137,850
Less:						
Unamortised issuance costs					(297,259)	(4,098)
					9,702,741	133,752
					39,286,143	541,559

On June 17, 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 at 6 (six) 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 December 15, 2010, the Bank drawdown the borrowing from AFD amounting to USD30,000,000 (full amount), which was matured on March 31, 2016. This borrowing was already fully paid on the maturity date.

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

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

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

On November 8, 2013, Bank Mandiri signed a second new loan facility agreement or second line of credit with AFD amounting to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank has drawdown the loan amounting to USD10,000,000 (full amount), which will be matured on September 30, 2023.

Asian Development Bank

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	October 31, 2016	84	LIBOR (6 months) + certain margin	15,000,000	206,775
Less:						
Unamortised issuance costs					(31,935)	(440)
					14,968,065	206,335

On October 30, 2009, as further amended and restated on November 13, 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, and 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 January 28, 2010. As of December 31, 2016, the Bank has repaid this loan amounting to USD105,000,000 (full amount). Tranche A and B Facilities were repaid at maturity date. As of December 31, 2016, the credit facility has been paid, there are no government bonds secured for this facility (December 31, 2015, the credit facility is secured by government bonds VR0031 series with a nominal value of Rp444,045 (Note 8c).

United Overseas Bank, Singapore

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	United Overseas Bank, Singapore	November 24, 2017	12	LIBOR (3 months) + certain margin	100,000,000	1,347,250

On November 9, 2016, Bank Mandiri obtained a loan facility from United Overseas Bank, Singapore of USD100,000,000 (full amount) with margin of 3 (three) months LIBOR plus certain margin.

This facility has a tenor of 1 (one) year and will mature on November 24, 2017. Bank Mandiri has drawdown this facility amounting of USD100,000,000 (full amount) on November 30, 2016.

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36. FUND BORROWINGS (continued)

(c) Bilateral loans

The details of bilateral loans are as follows:

	December 31, 2016	December 31, 2015
JP Morgan, Jakarta	5,388,661	5,512,692
Standard Chartered Bank, Jakarta	-	1,378,500
	5,388,661	6,891,192

JP Morgan, Jakarta

December 31, 2016

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,020,875
Less:						
Unamortised issuance costs					-	-
					150,000,000	2,020,875
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,368,125
Less:						
Unamortised issuance costs					(25,142)	(339)
					249,974,858	3,367,786
					399,974,858	5,388,661

December 31, 2015

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2016	36	LIBOR (3 months) + certain margin	150,000,000	2,067,750
Less:						
Unamortised issuance costs					(33,732)	(465)
					149,966,268	2,067,285
Bilateral loan	JP Morgan, Jakarta	September 5, 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,446,250
Less:						
Unamortised issuance costs					(61,123)	(843)
					249,938,877	3,445,407
					399,905,145	5,512,692

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan, Jakarta (continued)

On November 15, 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (full amount) with an interest rate at 3 months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will be matured on November 21, 2020.

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2016	December 31, 2015
ORI 011*)	288,276	288,276
INDOIS 22**)	60,000,000	60,000,000
ROI 21**)	36,500,000	36,500,000
ROI 24**)	30,000,000	-
ROI 22**)	18,000,000	-
ROI 23**)	17,500,000	17,500,000
ROI 16**)	-	48,000,000

*) In million rupiah

**) In USD (full amount)

As of December 31, 2016, there are no placement on other banks secured for this facility (December 31, 2015: USD5,488,263 (full amount)) (Note 6d).

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and will be matured on September 5, 2017. The Bank has drawdown on the loan facility amounting to USD250,000,000 (full amount) on September 2, 2014. This loan facility has been extended on October 5, 2016 and will be matured on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount	
	December 31, 2016	December 31, 2015
ORI 011*)	669,000	669,000
INDOIS 22**)	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000
ROI 23**)	37,000,000	37,000,000
ROI 21**)	32,000,000	-
ROI 19**)	27,295,000	27,295,000
ROI 18**)	-	29,100,000

*) In million rupiah

**) In USD (full amount)

As of December 31, 2016, there are no placement on other banks secured for this facility (December 31, 2015: USD10,997,811 (full amount)) (Note 6d).

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

Standard Chartered Bank, Jakarta

December 31, 2015						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Standard Chartered Bank, Jakarta	July 11, 2016	60	LIBOR (3 months) + certain margin	100,000,000	1,378,500

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

This loan facility has a tenor of 5 (five) years and matured on July 11, 2016. On July 11, 2011, Bank Mandiri has drawdown this loan facility as amount to USD100,000,000 (full amount). This loan has been fully paid at maturity date.

As of December 31, 2016, this loan was fully paid at maturity date July 11, 2016, so there was no government bonds has been secured (As of December 31, 2015, this loan facility was secured by government bonds VR0031 series with nominal value of Rp1,074,788) (Note 8c).

(d) Trade financing facilities (bankers acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 90 days to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued or received by Bank Mandiri. The balance as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
United Overseas Bank Limited, Singapore	2,435,828	-
Wells Fargo Bank NA, United States	1,347,250	689,250
Bank of Montreal, Canada	1,058,938	-
CO Bank US, United States	491,477	-
Bank of New York Mellon, Singapore	471,538	344,625
Bank of America NA, Hong Kong	383,659	-
Standard Chartered Bank, Singapore	67,362	-
Citibank NA, Hong Kong	61,085	99,562
CTBC Bank Co.Ltd, Singapore	61,084	137,850
Wells Fargo Bank NA, United Kingdom	-	689,250
Bank of America NA, Singapore	-	441,120
Westpac Banking Corporation, Singapore	-	275,700
Standard Chartered Bank, New York	-	206,775
Hongkong and Shanghai Banking Corp, Hong Kong	-	68,925
	6,378,221	2,953,057

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36. FUND BORROWINGS (continued)

(e) Repo to Maturity

On October 31, 2014, Bank Mandiri signed a loan agreement amounting to Rp600,000 with the scheme of repo to maturity with Bank of America, Singapore Limited (BOA). In this transaction, Bank Mandiri transferred Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which amounts Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognises receivable amounting cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on July 25, 2020, which match with the maturity date of VR0031. On the maturity date, the transaction settlement will be made net of loan and receivable between Bank Mandiri and BOA.

On November 19, 2014, BOA sent "Transfer Notice" which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha.

(f) Others

	December 31, 2016	December 31, 2015
PT Bank Pan Indonesia Tbk.	2,533,041	2,504,667
PT Bank DKI	414,882	296,078
PT Bank Jabar Banten Tbk.	408,854	518,560
PT Bank KEB Hana Indonesia	400,434	355,988
PT Bank Central Asia Tbk.	170,407	426,100
PT Bank Danamon Tbk.	137,392	-
PT Bank Ina Perdana Tbk.	85,000	-
PT Bank Chinatrust Indonesia	33,302	66,549
PT Bank Commonwealth	11,495	47,090
PT Bank Negara Indonesia (Persero) Tbk.	-	25,178
Standard Chartered Bank, Jakarta	-	20,000
Bank of China, Jakarta	-	2,125
	4,194,807	4,262,335

PT Bank Pan Indonesia Tbk.

On November 12, 2012 and latest amended on September 30, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provide some non revolving term loan facilities with a total limit of Rp5,570,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from March 2017 until December 2020.

On May 12, 2011, the Subsidiary (PT Mandiri Tunas Finance) and Panin also signed loan agreement whereby Panin provides 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 amendment signed on November 12, 2012 with additional facility up to Rp300,000 and maturity date was extended to May 12, 2017.

As of December 31, 2016 and 2015, borrowing from Panin was amounted to Rp2,533,041 and Rp2,504,667, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank DKI

On September 17, 2013 and the latest on July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several non revolving term loan facilities with a total facility of Rp775,000 and bears a fixed interest rate. These facilities have various maturity dates ranging between January 2017 until December 2019.

On July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank DKI signed a loan agreement where the Bank DKI provides money market facility with a limit of 100,000 revolving and bears floating interest rate. The facility will mature on July 26, 2017.

As of December 31, 2016 and 2015, borrowing from Bank DKI was amounted to Rp414,882 and Rp296,078, respectively.

PT Bank Jabar Banten Tbk.

On April 22, 2014, and latest amended on October 27, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Jabar Banten Tbk. (BJB) signed a loan agreement whereby BJB provide some non revolving term loan facilities with a total limit of Rp1,225,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from March 2017 until June 2019.

As of December 31, 2016 and 2015, borrowing from BJB amounted to Rp408,854 and Rp518,560, respectively.

PT Bank KEB Hana Indonesia

On March 19, 2015 and the latest on May 23, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (Hana) signed a loan agreement where Hana provides money market facilities with a total facility of Rp600,000 non revolving and bears a fixed interest rate. These facility have various maturity dates which is ranging from March 2018 until June 2019.

As of December 31, 2016 and 2015, loans from Hana amounted to Rp400,434 and Rp355,988, respectively.

PT Bank Central Asia Tbk.

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides a revolving overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and latest amendment of this facility was on March 8, 2016. This facility will be matured on March 12, 2017.

On July 19, 2013 and the latest on March 8, 2016, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered into several loan agreements where BCA provides some non revolving term loan facilities with a total limit of Rp1,000,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between March 2017 until June 2017.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement whereby BCA provides revolving money market facility with a limit of Rp300,000 and bears a floating interest rate. The facility will be matured on March 12, 2017.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank Central Asia Tbk. (continued)

On February 25, 2013, the Subsidiary (PT Mandiri Sekuritas) entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000. Currently the multifacility has been increased to Rp250,000. This facility used money market line facility for working capital, bank guarantee facility, and foreign exchange line to anticipate the fluctuation of foreign currency exchange. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility. The facility will be matured on February 22, 2017.

As of December 31, 2016 and 2015, borrowing from BCA amounted to Rp170,407 and Rp426,100, respectively.

PT Bank Danamon Tbk.

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Tbk. (Danamon) signed a loan agreement where the Bank provides a term loan facility with a total facility of Rp226,806 revolving and bears a fixed interest rate and a working capital loan facility with a total facility of Rp100,000 revolving and bears a floating interest rate. These facilities have various maturity dates ranging between March 2017 until December 2019.

As of December 31, 2016 and 2015, loans from Danamon amounted to Rp137,392 and RpNil, respectively.

PT Bank Ina Perdana Tbk.

On December 28, 2016, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement whereby Bank Ina provides working capital facilities on liquidation basis/decreasing plafond (installments that have been paid can not be withdrawn) amounting to Rp85,000 this facility bears a fixed interest rate. The facility will be matured in December 2017.

As of December 31, 2016 and 2015, outstanding balance of this facility amounted to Rp85,000 and RpNil, respectively.

PT Bank Chinatrust Indonesia

On December 18, 2014, the Subsidiary (PT Mandiri Tunas Finance) and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides several working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities will be matured in December 2017.

As of December 31, 2016 and 2015, borrowing from BCT amounted to Rp33,302 and Rp66,549, respectively.

PT Bank Commonwealth

On March 27, 2014, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Commonwealth (Commonwealth) signed a loan agreement in which Commonwealth provides several non revolving term loan facilities with total limit of Rp69,000 and bears fixed interest rate. The facility will be matured in June 2017.

As of December 31, 2016 and 2015, borrowing from Commonwealth amounted to Rp11,495 and Rp47,090, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank Negara Indonesia (Persero) Tbk.

On November 23, 2011 and the latest on October 8, 2015, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed a joint financing agreement whereby BNI provides several revolving joint financing facilities with total limit of Rp22,934 and bear a fixed interest rate. These facilities have various maturity dates, ranging between October 2016 until November 2016. This facility has been fully repaid by the subsidiary at maturity date.

As of December 31, 2016 and 2015, borrowing from BNI was amounted to RpNil and Rp25,178, respectively.

Standard Chartered Bank, Jakarta

On July 12, 2005, the Subsidiary (PT Mandiri Sekuritas) entered into working capital facility agreement with Standard Chartered Bank (SCB). The agreement has been amended by latest addendum of agreement dated September 29, 2015, whereby the Subsidiary (PT Mandiri Sekuritas) has been provided with bank guarantee facility of Rp75,000 and short-term loan facility amounted to Rp250,000. This facility will be automatically extended annually in case no changes were made on the agreement clause. Under the terms of the agreement, interest for this facility is 1% above the annual term funding rate of SCB. The subsidiary has repaid the facility on January 8, 2016.

As of December 31, 2016 and 2015, borrowing from SCB amounted to RpNil and Rp20,000, respectively.

Bank Of China, Jakarta

On November 20, 2013, the Subsidiary (PT Mandiri Tunas Finance) and Bank Of China (BOC) signed loan agreement whereby BOC provides several non revolving term loan facilities with total facility of Rp8,500 and bear fixed interest rate. These facilities matured on June 27, 2016. This loan has been fully paid by the Subsidiary.

As of December 31, 2016 and 2015, borrowing from BOC was amounted to RpNil and Rp2,125, respectively.

The loan facilities received by the Subsidiary (PT Mandiri Tunas Finance) from some banks require PT Mandiri Tunas Finance to provide written notice in terms of dividend distribution, changes in capital and shareholders, changes of directors and commissioners, changes in main business, investment and borrowing new from another bank. Under the loan agreements, PT Mandiri Tunas Finance is also required to meet the financial requirements such as the ratio of total debt to equity interest does not exceed a ratio of 10:1 and other reporting obligations.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounting to Rp5,693,917 as of December 31, 2016 (December 31, 2015: Rp3,798,820) (Note 13g) and net investment in finance leases amounting to Rp274,319 as of December 31, 2016 (December 31, 2015: Rp321,506) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the years ended December 31, 2016 and 2015.

During the years ended December 31, 2016 and 2015, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

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37. SUBORDINATED LOANS

By type and currency:

	December 31, 2016	December 31, 2015
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	-	1,687,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	10,652	31,957
Subordinated Bond Rupiah Bank Mandiri I	-	1,797,200
	<u>10,652</u>	<u>1,829,157</u>
Total	<u>10,652</u>	<u>3,516,957</u>
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(b) Asian Development Bank (ADB)	204,780	224,710
	<u>215,432</u>	<u>3,741,667</u>
Less: Unamortized issuance costs	-	(3,964)
Net	<u>215,432</u>	<u>3,737,703</u>

(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 relent 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.	April 15, 1997 - February 28, 2017 with the 1 st installment on August 31, 2002.

The details of credit facilities from NIB are as follow:

	December 31, 2016	December 31, 2015
Nordic Investment Bank IV (NIB IV)	<u>10,652</u>	<u>31,957</u>

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.

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37. SUBORDINATED LOANS (continued)

(b) 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 relent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

<u>Credit Facility</u>	<u>Purpose</u>	<u>Repayment Period</u>
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1 st installment on January 15, 2005.

The details of credit facilities from ADB are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
ADB Loan 1327 - INO (SF)	204,780	224,710

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 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 April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every January 15, and July 15, with the first installment paid on January 15, 2005 and will ended on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15, and July 15, every year starting from its drawdown.

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on December 14, 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 of December 31, 2016, the unamortised issuance cost of subordinated bond is amounting to RpNil (December 31, 2015: Rp3,964).

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

Bank Mandiri had listed the subordinated bond at the Indonesia Stock Exchange (BEI) on December 14, 2009, based on announcement from BEI on December 11, 2009. The subordinated bond has tenor of 7 (seven) years and will mature on December 11, 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.

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37. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009 (continued)

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

This subordinated bonds has been repaid at maturity. There was no breach to the covenant of trusteeship agreement of subordinated bond until maturity date on December 11, 2016 and for the year ended December 31, 2015.

As of December 31, 2015, the rating of the subordinated bond based on Pefindo was idAA+ (double A Plus).

38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2016	December 31, 2015
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musyarakah</i>	6,582	10,501
Demand deposits - restricted investment	62,343	1,001
	68,925	11,502

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

2) Saving Deposits

a. Based on type:

	December 31, 2016	December 31, 2015
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	20,331	217,264
<i>Mabrur</i> saving deposits	78	112
<i>Investa Cendekia</i> saving deposits	35	288
<i>Berencana</i> BSM saving deposits	380	310
Institution <i>Mudharabah</i> saving deposits	7,223	10,085
	28,047	228,059

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38. TEMPORARY SYIRKAH FUNDS

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

	December 31, 2016	December 31, 2015
Third parties		
Saving deposits - restricted investment	1,497,199	1,057,746
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	19,216,285	17,541,960
<i>Mabrur</i> saving deposits	3,696,282	3,318,723
<i>Investa Cendekia</i> saving deposits	362,313	361,059
<i>Berencana</i> BSM saving deposits	151,207	158,014
Retirement saving deposits	206,047	89,900
<i>Qurban</i> saving deposits	410	429
<i>Al-Washilyah</i> Mandiri saving deposits	-	1
	25,129,743	22,527,832
	25,157,790	22,755,891

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the annual profit sharing ratio (*nisbah*) for *mudharabah* saving deposits - unrestricted investment:

	December 31, 2016	December 31, 2015
Profit sharing ratio (<i>nisbah</i>)	0.23% - 5.10%	0.22% - 5.46%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	December 31, 2016	December 31, 2015
Rupiah		
Related parties (Note 55)	880,201	195,996
Third parties	29,849,505	27,228,698
Total	30,729,706	27,424,694

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38. TEMPORARY SYIRKAH FUNDS (continued)

a. Deposits from Customers (continued)

3) *Mudharabah* Time Deposit - Unrestricted Investment (continued)

	December 31, 2016	December 31, 2015
Foreign currency		
Related parties (Note 55)	6,143	242,301
Third parties	4,477,910	3,620,542
Total	4,484,053	3,862,843
	35,213,759	31,287,537

b. Deposits from Other Banks

	December 31, 2016	December 31, 2015
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	258,325	244,385
<i>Mudharabah</i> time deposits - unrestricted investment	77,589	73,548
	335,914	317,933

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

1) By contract period:

	December 31, 2016	December 31, 2015
Rupiah:		
1 month	24,575,821	20,814,126
3 months	2,436,494	3,204,667
6 months	1,326,191	1,124,115
12 months	2,468,788	2,355,334
Total	30,807,294	27,498,242
Foreign currency:		
1 month	4,155,803	3,072,455
3 months	80,483	282,518
6 months	32,298	315,341
12 months	215,470	192,529
Total	4,484,054	3,862,843
	35,291,348	31,361,085

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38. TEMPORARY SYIRKAH FUNDS (continued)

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

- 2) By remaining period until maturity date:

	December 31, 2016	December 31, 2015
Rupiah:		
Less than 1 month	25,231,301	21,654,675
1 - 3 months	2,795,228	3,314,400
3 - 6 months	1,361,302	1,152,496
6 - 12 months	1,419,463	1,376,671
Total	30,807,294	27,498,242
Foreign currency:		
Less than 1 month	4,059,909	3,318,078
1 - 3 months	229,807	71,628
3 - 6 months	35,515	316,410
6 - 12 months	158,823	156,727
Total	4,484,054	3,862,843
	35,291,348	31,361,085

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio (*nisbah*) arranged in *Mudharabah Muthlaqah* agreement.

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

	December 31, 2016	December 31, 2015
Rupiah	4.06% - 6.15%	3.97% - 6.30%
Foreign currency	0.66% - 1.64%	1.15% - 1.59%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp8,217,018 and Rp7,777,091 as of December 31, 2016 and 2015, respectively.

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39. NONCONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents noncontrolling interests in net assets of consolidated Subsidiaries are as follows:

	December 31, 2016	December 31, 2015
PT AXA Mandiri Financial Services	1,138,819	1,068,962
PT Mandiri Tunas Finance	722,323	574,592
PT Bank Mandiri Taspen Pos ("Bank Mantap")	458,658	294,599
PT Asuransi Jiwa InHealth Indonesia	277,011	268,778
PT Mandiri Axa General Insurance	197,425	172,000
PT Mandiri Utama Finance	121,302	42,395
PT Mandiri Sekuritas	145	124
PT Mandiri Capital Indonesia	102	101
	2,915,785	2,421,551

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as of December 31, 2016 and 2015, respectively, are as follows:

December 31, 2016				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	500	500	0.00%
Common shares series B	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	32,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
Share series A Dwiwarna				
Republic of Indonesia	1	500	500	0,00%
Common share series B				
Republic of Indonesia	13,999,999,999	500	6,999,999,999,500	60.00%
Management:				
Sulaiman Arif Arianto	190,029	500	95,014,500	0.00%
Ogi Prastomiyono	485,500	500	242,750,000	0.00%
Pahala N. Mansury	816,500	500	408,250,000	0.01%
Hery Gunardi	171,500	500	85,750,000	0.00%
Tardi	462,500	500	231,250,000	0.00%
Ahmad Siddik Badruddin	498,300	500	249,150,000	0.00%
Kartini Sally	180,000	500	90,000,000	0.00%
Royke Tumilaar	51,000	500	25,500,000	0.00%
Public (less than 5% each)	9,330,478,004	500	4,665,239,002,000	39.99%
	23,333,333,333		11,666,666,666,500	100.00%

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40. SHARE CAPITAL (continued)

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

The Bank's authorised, issued and fully paid capital as of December 31, 2016 and 2015, respectively, are as follows (continued):

December 31, 2015				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	500	500	0.00%
Common shares series B	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	32,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
Share series A Dwiwarna				
Republic of Indonesia	1	500	500	0,00%
Common share series B				
Republic of Indonesia	13,999,999,999	500	6,999,999,999,500	60.00%
Management:				
Budi Gunadi Sadikin	3,500,500	500	1,750,250,000	0.02%
Sulaiman Arif Arianto	190,029	500	95,014,500	0.00%
Sentot A. Sentausa	4,350,000	500	2,175,000,000	0.02%
Ogi Prastomiyono	485,500	500	242,750,000	0.00%
Pahala N. Mansury	816,500	500	408,250,000	0.00%
Royke Tumilaar	51,000	500	25,500,000	0.00%
Hery Gunardi	171,500	500	85,750,000	0.00%
Tardi	462,500	500	231,250,000	0.00%
Ahmad Siddik Badruddin	600,000	500	300,000,000	0.00%
Kartini Sally	180,000	500	90,000,000	0.00%
Public (less than 5% each)	9,322,525,804	500	4,661,262,902,000	39.96%
	23,333,333,333		11,666,666,666,500	100.00%

Shares owned by the Board of Directors for the year ended December 31, 2016 and 2015 respectively amounted to 2,855,329 shares and 10,207,529 shares, or 0.01% and 0.04% of the total number of authorized shares.

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated October 2, 1998, the authorised capital of Bank Mandiri is amounted to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share.

The determination of issued and fully paid capital amounted to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("inbreng") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

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40. SHARE CAPITAL (continued)

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

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 2003, the shareholders approved these following matters:

- (i) Execution of Initial Public Offering.
- (ii) Changes in capital structure of Bank Mandiri.
- (iii) Changes in articles of association of Bank Mandiri.

In relation to the shareholders decision to change the capital structure, Bank Mandiri increased its issued and fully paid capital to Rp10,000,000 and split the share price (stock split) from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorised shares increased from 16,000,000 shares to 32,000,000,000 shares, and the number of issued and fully paid shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 shares with a nominal value of Rp500 (full amount) which consists of 1 Dwiwarna share Series A and 19,999,999,999 Common shares Series B which owned by the Republic of Indonesia.

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounting to Rp168,801,315 as share premium.

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

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003.

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40. SHARE CAPITAL (continued)

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

The increase in issued and fully paid capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation No. 26 year 2003 dated May 29, 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated October 29, 2002.
2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated May 23, 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation (ESA) Program (ESA) and a Management Stock Option Plan (MSOP). The ESA program consists of a Share Plan Bonus and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO implementation, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

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40. SHARE CAPITAL (continued)

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

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/share premium.

The Annual General Meeting of Shareholders on May 22, 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated February 14, 2011 until February 21, 2011. The 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/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to FSA (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The limited public offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/share premium as of December 31, 2016 and 2015 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

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40. SHARE CAPITAL (continued)

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

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 December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

- a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
- b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
- c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of net income

Based on the Annual General Shareholders' Meeting held on March 21, 2016 and March 16, 2015, the shareholders approved the distribution of the 2015 and 2014 net income as follows:

	2015	2014
Dividends	6,100,490	4,967,968
Retained Earnings		
Appropriated	2,277,517	2,622,936
Unappropriated	11,956,961	12,280,969
	<u>20,334,968</u>	<u>19,871,873</u>
Dividend per share (full amount)	<u>261.44958</u>	<u>212.91292</u>

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40. SHARE CAPITAL (continued)

c. Distribution of net income (continued)

Dividends from 2015 net income amounted to Rp6,100,490 were paid on April 22, 2016 and dividends from 2014 net income amounted to Rp4,967,968 were paid on April 17, 2015. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment date.

The appropriated retained earnings for the year 2015 amounting Rp2,277,517 and the year 2014 amounting Rp2,622,936 is allocated for Bank investments purposes.

As of 30 September 2016, the Bank reclassified appropriated retained earnings into unappropriated retained earnings amounting to Rp9,299,631 to maintain a stable capital structure in order to support operational activities.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	Year ended December 31,	
	2016	2015
<u>Interest income</u>		
Loans	59,175,505	55,191,771
Government bonds	5,352,859	5,273,855
Marketable securities	1,833,272	1,626,369
Consumer financing income	2,007,598	1,523,637
Placements with Bank Indonesia and other banks	1,244,587	1,337,831
Others	1,531,580	1,413,196
	71,145,401	66,366,659
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,048,565	3,832,690
<i>Musyarakah</i> income	1,104,685	887,760
<i>Mudharabah</i> income	362,083	364,450
<i>Ijarah</i> income - net	49,154	118,568
	5,564,487	5,203,468
	76,709,888	71,570,127

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended December 31, 2016 and 2015 amounting to Rp721,979 and Rp560,920, respectively and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2016 and 2015 amounting to Rp1,910,617 and Rp1,586,373, respectively.

As of December 31, 2016 and 2015 included in interest income and sharia income is the income from transaction with related parties on government bonds and treasury bill amounting to Rp5,490,404 and Rp5,364,814 respectively (refer to Note 55).

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42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2016	2015
Time deposits	15,857,141	18,487,729
Saving deposits	2,932,804	2,918,599
Demand deposits	2,295,767	1,961,379
Fund borrowings	1,771,326	1,206,241
Marketable securities issued	641,132	454,181
Subordinated loans	399,916	424,118
Others	986,433	754,777
	24,884,519	26,207,024

Included in interest expense of time deposits, saving deposits, and demand deposits is expense based on sharia principle for the years ended December 31, 2016 and 2015 amounting to Rp2,338,854 and Rp2,438,112, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended December 31, 2016 and 2015 amounting to Rp971 and Rp3,759, respectively (Note 55).

43. OTHER OPERATING INCOME - OTHERS

	Year ended December 31,	
	2016	2015
Receptions back on loans which have been written in the last period in accordance with the application of SFAS No. 55	3,480,564	3,186,074
Income from loan written-off	221,370	244,058
Income from penalty	237,825	196,154
Stamp duty income	46,122	47,275
Safety deposit box	38,749	34,954
Others	1,556,559	2,417,255
	5,581,189	6,125,770

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44. (ALLOWANCE) AND REVERSAL FOR IMPAIRMENT LOSSES

	Year ended December 31,	
	2016	2015
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	176	46
Placements with other banks (Note 6e)	(21,415)	26,256
Marketable securities (Note 7g)	(24,094)	(34,394)
Other receivables - trade transactions (Note 9d)	(35,085)	41,428
Securities purchased under resale agreements (Note 10c)	-	41,941
Loans (Note 12B.j)	(24,277,357)	(11,460,581)
Consumer financing receivables (Note 13d)	(455,025)	(291,624)
Net investment in lease finance (Note 14d)	(196)	2,356
Acceptance receivables (Note 15d)	(130,909)	16,822
Investments in shares (Note 16c)	(33)	(7,087)
	(24,943,938)	(11,664,837)

45. REVERSAL OF AND (PROVISION FOR) OTHER ALLOWANCES

	Year ended December 31,	
	2016	2015
Reversal for/(allowance) provision for:		
Estimated losses arising from fraud cases	(45,796)	(10,266)
Estimated losses arising from legal cases	265,390	(11,594)
Others assets (Note 20)	(101,957)	(157,382)
	117,637	(179,242)

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

	Year ended December 31,	
	2016	2015
Marketable securities	3,505	992
Government bonds	12,133	(19,298)
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in market value of policyholders' investment	1,416,023	2,142,173
- Increase in liability in unit-link contracts	(1,416,023)	(2,142,173)
	15,638	(18,306)

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47. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	Year ended December 31,	
	2016	2015
Marketable securities		
Fair value through profit and loss	53,957	(27,760)
Available for sale	35,259	62,683
Government bonds		
Fair value through profit and loss	59,725	21,219
Available for sale	596,963	219,357
	745,904	275,499

48. SALARIES AND EMPLOYEE BENEFITS

	Year ended December 31,	
	2016	2015
Salaries, wages, pension and tax allowances	7,829,540	6,890,207
Holidays allowance, leave and related entitlements	1,444,490	1,192,666
Employee benefits in kind	1,127,755	945,705
Training and education	588,480	557,580
Provision for post-employment benefit expenses	330,895	491,225
Provision of tantiem	211,541	226,952
Bonuses and others	2,086,044	2,072,320
	13,618,745	12,376,655

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp986,140 and Rp857,365 (Note 55) for the years ended December 31, 2016 and 2015, respectively as follows:

	Year ended December 31, 2016			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	53,355	72,662	3,677	129,694
Directors	143,235	242,811	16,875	402,921
Audit Committee and Risk Monitoring Committee	4,902	-	-	4,902
Sharia Supervisory Board	1,448	37	-	1,485
Senior Executive Vice Presidents and Senior Vice Presidents	269,239	160,709	17,190	447,138
	472,179	476,219	37,742	986,140

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48. SALARIES AND EMPLOYEE BENEFITS (continued)

	Year ended December 31, 2015			Total
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	
The Board of Commissioners	38,248	63,591	3,700	105,539
Directors	128,803	206,908	28,241	363,952
Audit Committee and Risk Monitoring Committee	4,364	-	-	4,364
Sharia Supervisory Board	1,246	138	-	1,384
Senior Executive Vice Presidents and Senior Vice Presidents	218,186	149,276	14,664	382,126
	390,847	419,913	46,605	857,365

49. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2016	2015
Professional fees	3,129,244	2,750,772
Rent	1,870,760	1,627,002
Goods/services provided by third parties	1,434,018	1,187,795
Depreciation of fixed assets (Note 18)	1,377,656	1,186,835
Repairs and maintenance	1,206,516	1,039,401
Promotion	1,056,241	982,701
Communication	1,055,504	1,025,079
Office supplies	559,521	518,344
Electricity, water and gas	522,339	527,356
Transportations	385,586	365,134
Amortisation of intangible assets	379,837	302,590
Traveling expenses	184,747	187,991
Insurance expenses	74,564	66,899
Others	721,678	1,031,952
Total	13,958,211	12,799,851

For the year ended December 31, 2016 and 2015, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp60,227 and Rp68,648, respectively.

50. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

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50. EMPLOYEE BENEFITS(continued)

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans (DPPK) as follows:

- a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PIIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on August 1, 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 July 14, 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated April 26, 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 July 22, 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated September 27, 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated June 28, 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 of December 31, 2016 and 2015 were Rp8,455 and Rp198,800, respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended December 31, 2016 and 2015, the Bank has paid pension contributions amounting to Rp370,956 and Rp331,278, respectively.

- 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). Participants of defined benefit pension plans are come from the legacy banks with three years working periods or more at the time of the merger consisting of active employees of the bank, former employees (employees who stopped working and did not transfer his rights to another pension fund) and retirees.

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 November 15, 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated March 6, 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 March 31, 2003.

Based on the decision of the General Meeting of Shareholders dated on May 28, 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 July 20, 2007.

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

Based on the approval of the General Meeting of Shareholders (AGM) on May 17, 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 has been approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated August 10, 2010 (DPBMS); No. KEP-442/KM.10/2010 dated August 10, 2010 (DPBMD); No. KEP-443/KM.10/2010 dated August 10, 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated August 10, 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on May 23, 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 July 20, 2011 (DPBMS); No. KEP-589/KM.10/2011 dated July 20, 2011 (DPBMD); No. KEP-590/KM.10/2011 dated July 20, 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated July 20, 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on April 2, 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 Board of Commissioners of FSA through Decree No. KEP-349/NB.1/2013 dated June 14, 2013 (DPBMS); No. KEP-350/NB.1/2013 dated June 14, 2013 (DPBMD); No. KEP-351/NB.1/2013 dated June 14, 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated June 14, 2013 (DPBME).

The AGM also decided granting of another benefits as well as the delegation of authority to the Board to decide on the increase in pension benefits and other benefits to the extent consistent with applicable regulations, i.e. after the increase in pension benefits or the provision of other benefits, Adequacy Ratio Fund, DPBMS, DPBMD, DPBMT and DPBME minimum of 115%.

Based on the approval of the Board of Commissioner Meeting on July 2, 2014, Bank Mandiri gave other benefits to each pension fund. Decision to give this other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Board of Commissioners of FSA through Decree No. KEP-1773/NB.1/2014 dated July 17, 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated July 17, 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated July 17, 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated July 17, 2014 (DPBME).

Based on the approval of the Board of Commissioner of Bank Mandiri dated June 3, 2015, Bank Mandiri provides other benefits to each pension fund. The decision to provide other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Board of Commissioners of FSA through Decree No. KEP-525/NB.1/2015 dated June 29, 2015 (DPBMS), No. KEP-526/NB.1/2015 dated June 29, 2015 (DPBMD), No. KEP-527/NB.1/2015 (DPBMT) and No. KEP-528/NB.1/2015 dated June 29, 2015 (DPBME).

Based on the approval of the Annual General Meeting of Shareholders (AGM) on March 21, 2016 approved for the amendment the provisions for the minimum requirements Adequacy Ratio Fund (ARF), DPBMS, DPBMD, DPBMT and DPBME which the original minimum is 115% and change to the minimum of 105%, so that the delegation of authority to the Board of Commissioners related with the decision for the increment of pension benefits and other benefits to the extent where consistent with the applicable regulations, namely after the increment of pension benefits or other benefits provision, it was changed to meet the requirements at least:

1. Adequacy Ratio Fund (ARF) after their increment of Pension Benefits minimum is 105% which based on mortality tables defined by the Legal Entity as the Founder.
2. There is still surplus which does not create an additional contribution obligations and liabilities of accounting in accordance with SFAS No. 24.

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The calculation of actuarial retirement benefit liabilities for the Bank only on December 31, 2016 is based on the reports from PT Bestama Actuary as at January 5, 2017 with the Projected Unit Credit method. The calculation of actuarial retirement benefit liabilities for the Bank only on December 31, 2015 is based on the reports from PT Dayamandiri Dharmakonsilindo as at January 5, 2016 with the Projected Unit Credit method

The assumptions used for the years ended December 31, 2016 and 2015 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	8.50% per annum (2015: 9.50% per annum)	8.50% per annum (2015: 9.50% per annum)	8.50% per annum (2015: 9.50% per annum)	8.50% per annum (2015: 9.50% per annum)
Expected rate of return on pension plan assets	9.50% per annum	9.50% per annum	9.50% per annum	9.50% per annum
Working period used	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003	Last month salary of July 31, 1999, which adjusted on January 1, 2003
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0% at age 55
Disability rate	10.00% of TMI III	10.00% of TMI III	10.00% of TMI III	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	3.00% of pension benefit	3.00% of pension benefit	3.00% of pension benefit	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 of December 31, 2016, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,393,976)	(1,673,195)	(717,416)	(479,583)
Fair value of plan assets (unaudited)	<u>1,620,439</u>	<u>1,810,473</u>	<u>827,718</u>	<u>575,742</u>
Funded Status	226,463	137,278	110,302	96,159
Asset ceiling*)	<u>(226,463)</u>	<u>(137,278)</u>	<u>(110,302)</u>	<u>(96,159)</u>

Pension Plan Program
Assets recognised in consolidated statement of financial position **)

-	-	-	-

*) 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 consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as of December 31, 2015, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,482,397)	(1,600,083)	(606,730)	(445,196)
Fair value of plan assets (unaudited)	<u>1,516,555</u>	<u>1,820,417</u>	<u>817,262</u>	<u>578,209</u>
Funded Status	34,158	220,334	210,532	133,013
Asset ceiling*)	<u>(34,158)</u>	<u>(220,334)</u>	<u>(210,532)</u>	<u>(133,013)</u>

Pension Plan Program
Assets recognised in consolidated statement of financial position **)

-	-	-	-

*) 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 consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The composition of plan assets from Pension Fund for the years ended December 31, 2016 and 2015 are as follows:

December 31, 2016 (unaudited)				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	6%	8%	4%	12%
Bonds	31%	44%	27%	36%
Direct Investment	6%	16%	28%	15%
Land and building	22%	4%	24%	10%
Shares	6%	3%	0%	1%
Government Bond	21%	21%	15%	10%
Others	8%	4%	2%	16%
Total	100%	100%	100%	100%

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the years ended December 31, 2016 and 2015 are as follows:(continued)

	December 31, 2015 (unaudited)			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	21%	23%	10%	10%
Bonds	38%	50%	35%	37%
Direct Investment	7%	15%	28%	15%
Land and building	19%	4%	20%	10%
Shares	7%	2%	-	2%
Government Bonds	3%	4%	6%	11%
Others	5%	2%	1%	15%
Total	100%	100%	100%	100%

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS No. 24 to recognise provision for employee service entitlements. As of December 31, 2016 and 2015 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp2,943,664 (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 Rp2,411,613 (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 of December 31, 2016 and 2015 are estimated using the employees service entitlements calculation for the years ended December 31, 2016 and 2015 as shown in the independent actuarial report of PT Bestama Aktuaria dated January 5, 2017 for the year ended December 31, 2016 and the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated January 5, 2016 for the year ended December 31, 2016 and 2015. The assumptions used by the actuary for the years ended December 31, 2016 and 2015 are as follows:

- Discount rate is 8.20% per annum (2015: 9.10% per annum).
- Expected rate of annual salary increase is 9.50% per annum (2015: 9.50% per annum)
- Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
- Turnover rate is 5% for employees' age of 25 and decreasing linearly up to 0% at age 55.
- Actuarial method is projected unit credit method.
- Normal retirement age between 36 to 56 years according to the grades.
- Disability rate is 10% of TMI III.

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	December 31, 2016	December 31, 2015
Provision for post employment benefits presented in statement of financial position	2,434,892	1,976,724

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	For the year ended December 31, 2016	For the year ended December 31, 2015
Beginning balance of present value of obligation	1,976,724	1,924,202
Current service cost	168,654	260,608
Interest cost	183,279	158,580
Benefit paid	(93,991)	(69,315)
Actuarial (gains)/losses	200,226	(297,351)
Ending Balance of Present Value of Obligation	2,434,892	1,976,724

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	For the year ended December 31, 2016	For the year ended December 31, 2015
Current service cost	168,654	260,608
Interest cost	183,279	158,580
Bank payment for termination benefit	-	1,683
Cost of Pension benefits	351,933	432,871

Reconciliations of provision for post employment benefits are as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
<u>Bank Mandiri</u>		
Beginning balance of provision for post employment benefits	1,976,724	1,906,872
Expenses during the year	351,933	432,871
Payments of benefits	(93,991)	(69,315)
Adjustment	-	(3,152)
Recognition of actuarial losses/(gains) in other comprehensive income	200,226	(290,552)
Provision for post employment benefits (Bank Mandiri)	2,434,892	1,976,724
<u>Subsidiaries</u>		
Provision for post employment benefits	500,532	426,649
Total provision for post employment benefits	2,935,424*)	2,403,373*)

*) As of December 31, 2016 and 2015, the amount does not include unpaid severance for resigned employees amounting to Rp8,240, 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):

	December 31,				
	2016	2015	2014	2013	2012
Present value of defined benefit obligations	2,434,892	1,976,724	1,924,202	1,597,813	1,757,767
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	2,434,892	1,976,724	1,924,202	1,597,813	1,757,767
Experience adjustments on plan liabilities	152,490	62,579	95,820	24,497	93,991
Experience adjustments on asset program	-	-	-	-	-

Reconciliation of PVDBO:

	December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,482,397	1,600,082	606,730	445,196	1,976,724
Current service cost	-	-	-	-	168,654
Interest cost of PVDBO	133,031	143,666	53,990	40,125	183,279
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)	(93,991)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in economic	31,021	145,753	83,247	15,309	352,716
(Gains)/losses on experience adjustment	(88,335)	(40,686)	50,267	24,615	(152,490)
Ending balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892

Reconciliation of PVDBO:

	December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Beginning balances of PVDBO	1,474,919	1,647,936	634,988	504,829	1,924,202
Current service cost	-	-	-	-	260,608
Interest cost of PVDBO	119,608	134,162	51,639	41,416	158,580
Provision for termination benefit	-	-	-	-	13,684
Benefit payments from plan assets	(161,482)	(178,782)	(73,142)	(46,806)	-
Benefit payments by the company (other than termination benefit)	-	-	-	-	(69,315)
Benefit payments for termination by the company	-	-	-	-	(13,683)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in demographics	(168)	(237)	(101)	(132)	(26,013)
(Gains)/losses on change of assumption in economic	(111,371)	(131,029)	(48,331)	(40,587)	(208,760)
(Gains)/losses on experience adjustment	160,891	128,032	41,677	(13,524)	(62,579)
Ending balances of PVDBO	1,482,397	1,600,082	606,730	445,196	1,976,724

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

Reconciliation of plan assets:

	December 31, 2016			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,516,555	1,820,417	817,262	578,209
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)
Interest income on plan assets	136,276	164,598	73,991	52,761
Result of plan assets (exclude interest income)	131,746	1,078	13,283	(9,566)
Ending fair value plan assets	1,620,439	1,810,473	827,718	575,742

	December 31, 2015			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,566,369	1,894,023	806,043	559,406
Benefit payments from plan assets	(161,482)	(178,782)	(73,142)	(46,806)
Interest income on plan assets	127,382	155,080	66,179	46,055
Result of plan assets (exclude interest income)	(15,714)	(49,904)	18,182	19,554
Ending fair value plan assets	1,516,555	1,820,417	817,262	578,209

Mutations in other comprehensive income:

Mutations in other comprehensive income for the Bank only for the year ended December 31, 2016 and 2015 as follows:

	December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulation of actuarial gains/(losses) on beginning year	7,087	5,913	3,454	1,290	290,552
Actuarial losses of the current year	(7,087)	(5,913)	(3,454)	(1,290)	(200,226)
Accumulation of actuarial gainson ending year	-	-	-	-	90,326

	December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Accumulation of actuarial gains/(losses) on beginning year	-	-	-	-	-
Actuarial gains of the current year	7,087	5,913	3,454	1,290	290,552
Accumulation of actuarial gainson ending year	7,087	5,913	3,454	1,290	290,552

Employee benefits liabilities maturing on December 31, 2016 related to UUK No. 13/2003 are as follows:

	December 31, 2016
Year - 1	212,866
Year - 2	236,252
Year - 3	204,283
Year - 4	300,802
Year - 5	378,984
Year - 6 and later	51,603,210
	52,936,397

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The actuarial calculation of the pension benefit obligation for the Subsidiary on the date December 31, 2016 based on the estimated actuarial calculations for the years ended December 31, 2015.

Provision for Subsidiaries post-employment benefit on December 31, 2016 and 2015 has been calculated by an independent actuary as stated in the following independent actuarial reports:

Independent Subsidiaries	Independent actuary	2016	2015
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	December 15, 2016	December 23, 2015
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	January 4, 2017	January 11, 2016
PT Bank Mandiri Taspen Pos	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 5, 2017	January 4, 2016
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 3, 2017	January 14, 2016
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 12, 2017	January 7, 2016
PT Mandiri AXA General Insurance	PT Dayamandiri Dharmakonsilindo	January 6, 2017	January 7, 2016
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 6, 2017	December 31, 2015
PT Mandiri Utama Finance	PT Kompujasa Aktuaria	January 6, 2017	December 31, 2015

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri) (unaudited):

	December 31, 2016	December 31, 2015
	Impact on defined benefits obligation	
Changes of assumptions:		
1% increase in discount rate	2,028,234	1,686,865
1% decrease in discount rate	2,918,966	2,322,885

51. OTHER OPERATING EXPENSES - OTHERS - NET

	Year ended December 31,	
	2016	2015
Insurance premiums on third party funds guarantee program	1,370,422	1,327,476
Insurance sales force compensation	980,081	852,220
Fees and commissions expenses	665,707	737,454
Fees related to credit card and ATM transaction	433,560	397,698
Fees from RTGS, remittance and clearing transactions	70,574	61,171
Others	170,898	202,018
	3,691,242	3,578,037

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52. NON-OPERATING (EXPENSE)/INCOME - NET

	Year ended December 31,	
	2016	2015
Building rental income	13,645	14,848
Gain on sale of fixed assets	120	228
Penalties	(9,196)	(6,413)
BOT transactions income	-	29,266
Others - net	(44,331)	(7,471)
	(39,762)	30,458

53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2016	December 31, 2015
COMMITMENTS		
Commitment payables:		
Unused loan facilities granted*):		
Related parties	(38.790.412)	(20,811,629)
Third parties	(81.630.934)	(84,527,024)
	(120.421.346)	(105,338,653)
Outstanding irrevocable letters of credit (Note 31):		
Related parties	(3.519.396)	(5,107,643)
Third parties	(8.577.270)	(5,816,945)
	(12.096.666)	(10,924,588)
Commitment payables - net	(132.518.012)	(116,263,241)
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	17,741,644	20,021,563
Interest receivable on non-performing assets	6,793,156	9,466,919
Others	32,729	32,729
	24,567,529	29,521,211
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	(23,212,078)	(23,280,899)
Third parties	(51,054,206)	(51,230,192)
	(74,266,284)	(74,511,091)
Standby letters of credit (Note 31)		
Related parties	(6,739,568)	(6,560,416)
Third parties	(6,424,992)	(6,175,309)
	(13,164,560)	(12,735,725)
Others	(907,215)	(432,992)

*) Include committed and uncommitted unused loan facilities.

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53. COMMITMENTS AND CONTINGENCIES (continued)

The following accounts represent accounts which are recorded as off-balance sheet (continued):

	December 31, 2016	December 31, 2015
CONTINGENCIES (continued)		
Total	(88,338,059)	(87,679,808)
Contingent Payables - Net	(63,770,530)	(58,158,597)
	(196,288,542)	(174,421,838)

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 of December 31, 2016 and 2015 are as follows:

December 31, 2016				
Original Currency	Spot – Buy		Spot – Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	148,995,000	2,007,335	176,050,000	2,371,834
Others ³⁾	-	187,992		69,581
		2,195,327		2,441,415
December 31, 2015				
Original Currency	Spot – Buy		Spot – Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	100,699,484	1,388,142	168,345,000	2,320,636
Others ³⁾	-	127,487	-	68,210
		1,515,629		2,388,846

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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:**

No.	Related parties	Nature of relationship
1.	PT Kustodian Sentral Efek Indonesia	Associate Company
2.	PT Sarana Bersama Pengembangan Indonesia	Associate Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
8.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
12.	PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
13.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
14.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
15.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
16.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
17.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, securities issued, subordinated loans, loans, customer deposits and bank guarantees.

- **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
2.	PT Abacus Distri System Indonesia	Subsidiary of State Owned Enterprise
3.	PT Abuki Jaya Stainless (AJSI)	Subsidiary of State Owned Enterprise
4.	PT Adhiguna Putera	Subsidiary of State Owned Enterprise
5.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
6.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
7.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
8.	PT Aerowisata	Subsidiary of State Owned Enterprise
9.	PT Agro Sinergi Nusantara (ASN)	Subsidiary of State Owned Enterprise
10.	PT Angkasa Citra Sarana Catering	Subsidiary of State Owned Enterprise
11.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
12.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
13.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
14.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
15.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
16.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
17.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
18.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
19.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
20.	PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
21.	PT Asrinda Arthasangga	Subsidiary of State Owned Enterprise
22.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
23.	PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
24.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
25.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
26.	PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
27.	PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
28.	PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
29.	PT Berlian Jasa Terminal Ind	Subsidiary of State Owned Enterprise
30.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
31.	PT BNI Multi Finance	Subsidiary of State Owned Enterprise
32.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
33.	PT Daya Laut Utama	Subsidiary of State Owned Enterprise
34.	PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
35.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
36.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
37.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
38.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
39.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise
40.	PT Galangan Pelni Surya	Subsidiary of State Owned Enterprise
41.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
42.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
43.	PT Haleyora Power	Subsidiary of State Owned Enterprise
44.	PT HK Realtindo	Subsidiary of State Owned Enterprise
45.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
46.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
47.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
48.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
49.	PT Indonesia Power	Subsidiary of State Owned Enterprise
50.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
51.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
52.	PT Ismawa Trimitra	Subsidiary of State Owned Enterprise
53.	PT Itci Hutani Manunggal	Subsidiary of State Owned Enterprise
54.	PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
55.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
56.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
57.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
58.	PT Jasa Marga Kualanam Tol	Subsidiary of State Owned Enterprise
59.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
60.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
61.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
62.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
63.	PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
64.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
65.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
66.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
67.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
68.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
69.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
70.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
71.	PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
72.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
73.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
74.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
75.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
76.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
77.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
78.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
79.	PT Lebercon Perkasa	Subsidiary of State Owned Enterprise
80.	PT Mega Eltra	Subsidiary of State Owned Enterprise
81.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
82.	PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
83.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
84.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
85.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
86.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
87.	PT Patra Jasa	Subsidiary of State Owned Enterprise
88.	PT Patra Logistis	Subsidiary of State Owned Enterprise
89.	PT Phapros	Subsidiary of State Owned Enterprise
90.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
91.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
92.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
93.	PT Pelita Indonesia Djaya Corp	Subsidiary of State Owned Enterprise
94.	PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
95.	PT Perhutani Alam Wisata	Subsidiary of State Owned Enterprise
96.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
97.	PT Permodalan Nasional Madani Investment Management	Subsidiary of State Owned Enterprise
98.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
99.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
100.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
101.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
102.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
103.	PT Pertamina EP	Subsidiary of State Owned Enterprise
104.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
105.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
106.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
107.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
108.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
109.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
110.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
111.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
112.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
113.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
114.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
115.	PT Petrosida	Subsidiary of State Owned Enterprise
116.	PT PGAS Solution	Subsidiary of State Owned Enterprise
117.	PT PLN Batam	Subsidiary of State Owned Enterprise
118.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
119.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
120.	PT PP Peralatan	Subsidiary of State Owned Enterprise
121.	PT PP Dirganeka	Subsidiary of State Owned Enterprise
122.	PT PP Pracetak	Subsidiary of State Owned Enterprise
123.	PT Prima Layanan Nasional Enjiniring	Subsidiary of State Owned Enterprise
124.	PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
125.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
126.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
127.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
128.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
129.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
130.	PT Railindo Global Karya	Subsidiary of State Owned Enterprise
131.	PT Railink	Subsidiary of State Owned Enterprise
132.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
133.	PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
134.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
135.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
136.	PT Rekadaya Elekrika	Subsidiary of State Owned Enterprise
137.	PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
138.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
139.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
140.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
141.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
142.	PT Sariarthamas Hotel International	Subsidiary of State Owned Enterprise
143.	PT Semen Padang	Subsidiary of State Owned Enterprise
144.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
145.	PT Sinergi Perkebunan Nusantara	Subsidiary of State Owned Enterprise
146.	PT Stannia Bineka Jasa	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
147.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
148.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
149.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
150.	PT Surya Hutani Jaya	Subsidiary of State Owned Enterprise
151.	PT Tambang Timah	Subsidiary of State Owned Enterprise
152.	PT Tanjung Redeb Hutani	Subsidiary of State Owned Enterprise
153.	PT Telkom Akses	Subsidiary of State Owned Enterprise
154.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
155.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
156.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
157.	PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
158.	PT Terminal Petikemas Kodja	Subsidiary of State Owned Enterprise
159.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
160.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
161.	PT Wijaya Karya Bangunan Gedung	Subsidiary of State Owned Enterprise
162.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
163.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
164.	PT Wijaya Karya Industri Konstruksi	Subsidiary of State Owned Enterprise
165.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
166.	BPJS Kesehatan	State Owned Enterprise
167.	BPJS Ketenagakerjaan	State Owned Enterprise
168.	Perum BULOG	State Owned Enterprise
169.	Perum DAMRI	State Owned Enterprise
170.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
171.	Perum LKBN Antara	State Owned Enterprise
172.	Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
173.	Perum Jasa Tirta I (Persero)	State Owned Enterprise
174.	Perum Jasa Tirta II (Persero)	State Owned Enterprise
175.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
176.	Perum Pegadaian	State Owned Enterprise
177.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
178.	Perum Perhutani	State Owned Enterprise
179.	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
180.	Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
181.	Perum Perumnas	State Owned Enterprise
182.	Perum PPD	State Owned Enterprise
183.	Perum Produksi Film Negara	State Owned Enterprise
184.	PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
185.	PT Amarta Karya (Persero)	State Owned Enterprise
186.	PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
187.	PT Angkasa Pura I (Persero)	State Owned Enterprise
188.	PT Angkasa Pura II (Persero)	State Owned Enterprise
189.	PT ASABRI (Persero)	State Owned Enterprise
190.	PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
191.	PT Asei Reasuransi Indonesia (Persero)	State Owned Enterprise
192.	PT Asuransi Ekspor Indonesia	State Owned Enterprise
193.	PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise
194.	PT Asuransi Jasa Raharja	State Owned Enterprise
195.	PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
196.	PT Asuransi Kredit Indonesia/PT Askindo (Persero)	State Owned Enterprise
197.	PT Bahana Pembinaan Usaha Indonesia (Persero)	State Owned Enterprise
198.	PT Balai Pustaka (Persero)	State Owned Enterprise
199.	PT Bali Tourism Development Corporation	State Owned Enterprise
200.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
201.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
202.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
203.	PT Barata Indonesia (Persero)	State Owned Enterprise
204.	PT Berdikari (Persero)	State Owned Enterprise
205.	PT Bhandha Ghara Reksa (Persero)	State Owned Enterprise
206.	PT Bina Karya (Persero)	State Owned Enterprise
207.	PT Bio Farma (Persero)	State Owned Enterprise
208.	PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
209.	PT Boma Bisma Indra (Persero)	State Owned Enterprise
210.	PT Brantas Abipraya (Persero)	State Owned Enterprise
211.	PT Cambrics Primiissima (Persero)	State Owned Enterprise
212.	PT Dahana (Persero)	State Owned Enterprise
213.	PT Danareksa (Persero)	State Owned Enterprise
214.	PT Dirgantara Indonesia (Persero)	State Owned Enterprise
215.	PT Djakarta Llyod (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
216.	PT Dok & Perkapalan Kodja Bahari (Persero)	State Owned Enterprise
217.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
218.	PT Elnusa Tbk.	State Owned Enterprise
219.	PT Energi Manajemen Indonesia	State Owned Enterprise
220.	PT Garam (Persero)	State Owned Enterprise
221.	PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
222.	PT Hotel Indonesia Natour	State Owned Enterprise
223.	PT Hutama Karya (Persero)	State Owned Enterprise
224.	PT Iglas (Persero)	State Owned Enterprise
225.	PT Indah Karya	State Owned Enterprise
226.	PT Indofarma (Persero) Tbk.	State Owned Enterprise
227.	PT Indra Karya (Persero)	State Owned Enterprise
228.	PT Industri Kapal Indonesia (Persero)	State Owned Enterprise
229.	PT Industri Kereta Api (INKA)	State Owned Enterprise
230.	PT Industri Nuklir Indonesia (Persero)	State Owned Enterprise
231.	PT Industri Sandang Nusantara	State Owned Enterprise
232.	PT Industri Soda Indonesia (Persero)	State Owned Enterprise
233.	PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
234.	PT Inhutani I	State Owned Enterprise
235.	PT Inhutani II	State Owned Enterprise
236.	PT Inhutani III	State Owned Enterprise
237.	PT Inhutani IV	State Owned Enterprise
238.	PT Inhutani V	State Owned Enterprise
239.	PT INTI (Persero)	State Owned Enterprise
240.	PT Istaka Karya	State Owned Enterprise
241.	PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
242.	PT Jiep	State Owned Enterprise
243.	PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
244.	PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
245.	PT Kawasan Industri Medan (Persero)	State Owned Enterprise
246.	PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
247.	PT Kereta Api Indonesia (Persero)	State Owned Enterprise
248.	PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
249.	PT Kertas Leces (Persero)	State Owned Enterprise
250.	PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
251.	PT Kliring Berjangka Indonesia (Persero)	State Owned Enterprise
252.	PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
253.	PT Len Industri (Persero)	State Owned Enterprise
254.	PT Merpati Nusantara Airlines	State Owned Enterprise
255.	PT Nindya Karya (Persero)	State Owned Enterprise
256.	PT PAL Indonesia (Persero)	State Owned Enterprise
257.	PT Pann Multi Finance (Persero)	State Owned Enterprise
258.	PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
259.	PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
260.	PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
261.	PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
262.	PT Pelayaran Bahtera Adiguna	State Owned Enterprise
263.	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
264.	PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
265.	PT Pengembangan Pariwisata Indonesia (Persero)	State Owned Enterprise
266.	PT Perhutani	State Owned Enterprise
267.	PT Perikanan Nusantara	State Owned Enterprise
268.	PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
269.	PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
270.	PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
271.	PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
272.	PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
273.	PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
274.	PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
275.	PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
276.	PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
277.	PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
278.	PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
279.	PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
280.	PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
281.	PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
282.	PT Permodalan Nasional Madani (Persero)	State Owned Enterprise
283.	PT Pertamina (Persero)	State Owned Enterprise
284.	PT Pertani (Persero)	State Owned Enterprise
285.	PT Perusahaan Gas Negara (Persero) Tbk	State Owned Enterprise
286.	PT Perusahaan Listrik Negara (Persero)	State Owned Enterprise
287.	PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
288.	PT Pindad (Persero)	State Owned Enterprise
289.	PT Pos Indonesia (Persero)	State Owned Enterprise
290.	PT Perusahaan Pengelolaan Aset	State Owned Enterprise
291.	PT Prasarana Perikanan Samudera	State Owned Enterprise
292.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
293.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
294.	PT Reasuransi Umum Indonesia	State Owned Enterprise
295.	PT Rukindo	State Owned Enterprise
296.	PT Sang Hyang Seri	State Owned Enterprise
297.	PT Sarana Karya	State Owned Enterprise
298.	PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
299.	PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise
300.	PT Sarinah (Persero)	State Owned Enterprise
301.	PT Semen Baturaja (Persero)	State Owned Enterprise
302.	PT Semen Indonesia (Persero) Tbk.	State Owned Enterprise
303.	PT Semen Kupang	State Owned Enterprise
304.	PT Sier	State Owned Enterprise
305.	PT Sucofindo (Persero)	State Owned Enterprise
306.	PT Survey Udara Penas	State Owned Enterprise
307.	PT Surveyor Indonesia	State Owned Enterprise
308.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
309.	PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
310.	PT Taspen	State Owned Enterprise
311.	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
312.	PT Timah (Persero) Tbk.	State Owned Enterprise
313.	PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
314.	PT Virama Karya	State Owned Enterprise
315.	PT Waskita Karya (Persero)	State Owned Enterprise
316.	PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
317.	PT Yodya Karya (Persero)	State Owned Enterprise
318.	Lembaga Pembiayaan Ekspor Indonesia	State Owned Financial Institution
319.	PT Penjaminan Infrastruktur Indonesia (Persero)	Financial Institution
320.	Pusat Investasi Pemerintah	Financial Institution

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55. RELATED PARTY TRANSACTIONS (continued)

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bonds, other receivables - trade transaction, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, liabilities on securities sold under repurchase agreements, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

- **Transaction of related parties with government related entities**

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

- **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended December 31, 2016 and 2015 as amount Rp986,140 and Rp857,365 or 3.15% and 2.98% of total consolidated operating expenses - others, respectively.

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55. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2016 and 2015, are as follows:

	December 31, 2016	December 31, 2015
<u>Assets</u>		
Current accounts with other banks (Note 5a)	25,861	24,515
Placements with Bank Indonesia and other banks (Note 6b)	1,725,571	1,991,278
Marketable securities (Note 7a*)	18,571,548	16,516,404
Government bonds (Note 8)	98,933,278	103,869,361
Other receivables - trade transactions (Note 9a)	5,934,300	7,051,775
Derivative receivables (Note 11)	3,660	32,152
Loans (Note 12A.a and 12B.g)	100,201,483	75,405,807
Consumer financing receivables (Note 13a)	10,532	5,886
Acceptance receivables (Note 15a)	415,848	409,880
Shares of stock (Note 16a)	50,331	50,331
Total assets with related parties	225,872,412	205,357,389
Total consolidated assets	1,038,706,009	910,063,409
Percentage of total assets with related parties to total consolidated assets	21.75%	22.56%
<u>Liabilities</u>		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposit (Note 21a)	48,729,926	38,252,185
Saving deposits/ <i>wadiah</i> saving deposit (Note 22a)	1,973,087	1,342,075
Time deposits (Note 23a)	46,271,999	37,257,210
Deposits from other banks		
Demand and saving deposits (Note 24a)	45,912	70,176
Time deposits (Note 26a)	286,210	-
Inter-bank call money (Note 25a)	40,000	600,000
Derivative payables (Note 11)	10,058	3,095
Securities sold under repurchase agreements to repurchase (Note 28)	230,024	467,123
Acceptance payables (Note 29a)	2,481,708	606,737
Marketable securities issued (Note 30)	3,662,000	587,750
Fund borrowings (Note 36)	-	25,178
Subordinated loans (Note 37)	-	1,687,800
Total liabilities with related parties	103,730,924	80,899,329
Total consolidated liabilities	824,559,898	736,198,705

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55. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2016 and 2015, are as follows (continued):

	December 31, 2016	December 31, 2015
Percentage of total liabilities with related parties to total consolidated liabilities	12.58%	10.99%
Temporary Syirkah Funds (Note 38)	914,391	666,356
Percentage to total temporary syirkah funds	1.50%	1.23%

* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

	For the year ended December 31,	
	2016	2015
<u>Statements of Comprehensive Income</u>		
Interest income from government bonds and treasury bills (Note 41)	5,490,404	5,364,814
Percentage to interest income and sharia income	7.16%	7.49%
Interest expense from fund borrowing (Note 42)	971	3,759
Percentage to interest expense and sharia expense	0.01 %	0.01%
<u>Commitmens and contingencies (Note 53)</u>		
Unused loan facilities granted	38,790,412	20,811,629
Outstanding irrevocable letters of credit	3,519,396	5,107,643
Guarantees issued in the form of bank guarantee	23,212,078	23,280,899
Guarantees issued in the form of Standby letters of credit	6,739,568	6,560,416
Total commitments and contingencies for related parties	72,261,454	55,760,587
Total commitmens and contingencies for consolidated	196,288,542	174,421,838
Percentage total commitmens and contingencies of related parties to consolidated aset	36.81%	31.97%

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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 reportable segments as of December 31, 2016 and 2015:

- Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned, private enterprises and government entity.
- Commercial : including loans to medium scale, customer deposits and other transactions belonging to commercial customers.
- Retail (in 2015 consists of consumer/individual segment and micro and business segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belonging to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury & Markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market and fixed income. Segments of business markets, including, among others, international banking, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - Sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - Insurance : including all transactions conducted by subsidiaries engaged in lifeinsurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

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56. SEGMENT INFORMATION (continued)

December 31, 2016 ¹⁾										
Description	Corporate	Commercial	Retail	Treasury & Markets	Head office	Subsidiaries - Sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
Consolidated statement of profit or loss and other comprehensive income										
Interest and sharia income ^{**) (}	28,603,573	18,917,557	53,807,839	7,143,133	3,232,612	6,467,897	545,561	2,751,451	(44,759,735)	76,709,888
Interest and sharia expense ^{**) (}	(18,478,530)	(13,036,468)	(24,597,769)	(2,767,382)	(2,154,069)	(2,339,720)	-	(1,269,366)	39,758,785	(24,884,519)
Net interest and sharia income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	545,561	1,482,085	(5,000,950)	51,825,369
Net premium income	-	-	-	-	-	-	3,227,766	-	(575,335)	2,652,431
Net interest and sharia and premium income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	3,773,327	1,482,085	(5,576,285)	54,477,800
Other operating income:										
Other fees and commission	1,887,511	867,607	5,280,360	513,029	2,009,321	840,841	-	633,076	(591,743)	11,440,002
Other	278,724	907,043	3,291,858	3,360,808	(922,819)	527,537	447,407	750,842	(794,977)	7,846,423
Total	2,166,235	1,774,650	8,572,218	3,873,837	1,086,502	1,368,378	447,407	1,383,918	(1,386,720)	19,286,425
Reversal off/(allowance for) impairment losses on financial assets and others	(1,700,194)	(8,395,759)	(6,599,326)	(93,466)	(5,684,881) ³⁾	(1,678,466)	-	(484,243)	(8,507)	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	(5,598)	-	22,369	(1,133)	-	15,638
Gain on sale of marketable securities and government bonds	-	-	-	-	700,004	-	12,547	33,353	-	745,904
Other operating expenses:										
Salaries and employee benefit	(178,037)	(70,055)	(2,102,311)	(229,876)	(8,136,489)	(1,485,175)	(454,578)	(962,224)	-	(13,618,745)
General and administrative expense	(136,966)	(35,578)	(2,361,765)	(196,582)	(8,690,145)	(1,569,460)	(905,148)	(637,902)	575,335	(13,958,211)
Other	(307,649)	(123,619)	(1,063,327)	(107,156)	(1,322,820)	(331,613)	(991,511)	(128,713)	685,166	(3,691,242)
Total	(622,652)	(229,252)	(5,527,403)	(533,614)	(18,149,454)	(3,386,248)	(2,351,237)	(1,728,839)	1,260,501	(31,268,198)
Non-operating Income/(expense) - net	-	-	-	689	22,328	2,863	(31,649)	(33,993)	-	(39,762)
Tax expense	-	-	-	-	(3,253,220)	(109,290)	(391,339)	(168,953)	-	(3,922,802)
Net income	9,968,432	(969,272)	25,655,559	7,623,197	(24,205,776)	325,414	1,481,425	482,195	(5,711,011)	14,650,163
Net income attributable to:										
Noncontrolling interest	-	-	-	-	-	-	-	-	-	843,598
Parent Entity	-	-	-	-	-	-	-	-	-	13,806,565
Consolidated statement of financial position										
Loans - gross	228,664,566	165,157,169	196,193,756	1,064,421	1,589,358	54,665,318	-	5,081,596	(3,093,231)	649,322,953
Total assets	245,009,460	158,931,151	192,665,508	120,134,228	201,441,163	78,831,721	29,746,748	25,714,089	(13,768,059)	1,038,706,009
Demand deposits/ Wadiah demand deposits	(92,357,811)	(40,435,471)	(45,497,602)	(2,268,645)	-	(6,860,851)	-	(80,244)	517,296	(186,983,328)
Saving deposit/ Wadiah saving deposits	(6,051,088)	(8,143,489)	(259,483,049)	(94,889)	-	(2,593,437)	-	(803,872)	-	(277,169,824)
Time deposits	(79,908,727)	(17,774,366)	(130,295,804)	(5,638,904)	-	-	-	(4,825,946)	536,669	(237,907,078)
Total deposit from customers	(178,317,626)	(66,353,326)	(435,276,455)	(8,002,438)	-	(9,454,288)	-	(5,710,062)	1,053,965	(702,060,230)
Total liabilities	(190,049,966)	(70,226,740)	(436,937,022)	(23,157,489)	(53,741,543)	(11,662,897)	(25,650,572)	(20,689,414)	7,555,745	(824,559,898)

^{*)} Appropriate with operation segments of Bank Mandiri (Note 2ak).

^{**) (} Include component of internal transfer pricing among operating segments.

^{***)} Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

^{****)} Represent impact of foreign exchange which not being allocated to each operating segment.

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56. SEGMENT INFORMATION (continued)

December 31, 2015*)											
Account	Corporate	Commercial	Micro and Business	Consumer/ individual	Treasury& Market	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and Insurance	Adjustment and elimination ***)	Total
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income **)	22,961,047	18,087,354	22,221,773	24,911,778	6,699,416	5,619,767	5,960,017	563,883	1,980,047	(37,434,955)	71,570,127
Interest and sharia expense **)	(15,602,692)	(11,044,146)	(10,299,032)	(13,251,341)	(3,075,044)	(2,319,080)	(2,438,224)	-	(834,364)	32,656,899	(26,207,024)
Net interest and sharia income	7,358,355	7,043,208	11,922,741	11,660,437	3,624,372	3,300,687	3,521,793	563,883	1,145,683	(4,778,056)	45,363,103
Net premium income	-	-	-	-	-	-	-	3,137,070	-	-	3,137,070
Net interest and sharia and premium income	7,358,355	7,043,208	11,922,741	11,660,437	3,624,372	3,300,687	3,521,793	3,700,953	1,145,683	(4,778,056)	48,500,173
Other operating income:											
Other fees and commission	1,473,053	1,090,116	2,067,761	3,924,852	628,743	397,209	531,382	-	499,485	(597,791)	10,014,810
Other	157,160	74,290	-	2,365,908	3,050,143	2,530,242	406,636	332,818	495,886	(1,049,215)	8,363,868
Total	1,630,213	1,164,406	2,067,761	6,290,760	3,678,886	2,927,451	938,018	332,818	995,371	(1,647,006)	18,378,678
Reversal of/(allowance for) impairment losses on financial assets and others	(417,617)	(3,299,185)	(3,692,115)	(1,765,019)	(107,010)	(1,423,487)****)	(1,046,506)	-	(317,315)	25,725	(12,042,529)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	-	2,402	-	(19,100)	(1,608)	-	(18,306)
Gain on sale of marketable securities and government bonds	-	-	-	-	-	300,559	-	(6,852)	(18,208)	-	275,499
Other operating expenses:											
Salaries and employee benefit	(201,940)	(256,884)	(1,657,435)	(307,182)	(229,018)	(7,250,762)	(1,370,215)	(390,981)	(712,238)	-	(12,376,655)
General and administrative expenses	(159,579)	(108,898)	(1,192,220)	(1,021,764)	(207,086)	(7,344,762)	(1,436,005)	(812,102)	(517,435)	-	(12,799,851)
Other	(312,366)	(105,220)	(237,232)	(741,646)	(115,081)	(1,397,201)	(246,762)	(946,066)	(74,256)	597,793	(3,578,037)
Total	(673,885)	(471,002)	(3,086,887)	(2,070,592)	(551,185)	(15,992,725)	(3,052,982)	(2,149,149)	(1,303,929)	597,793	(28,754,543)
Non operating											
Income/(expense) - net	-	-	1	-	872	55,397	13,804	(15,363)	(24,253)	-	30,458
Tax expense	-	-	-	-	-	(4,595,316)	(84,551)	(402,538)	(134,627)	-	(5,217,032)
Net income	7,897,066	4,437,427	7,211,501	14,115,586	6,645,935	(15,425,032)	289,576	1,440,769	341,114	(5,801,544)	21,152,398
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	817,430
Parent entity	-	-	-	-	-	-	-	-	-	-	20,334,968
Consolidated statement of financial position											
Loans - gross	196,591,585	160,621,315	102,960,908	72,250,040	1,425,147	2,180,817	50,265,370	-	1,646,977	(1,266,722)	586,675,437
Total assets	210,851,234	160,085,871	100,195,492	71,809,645	208,997,625	55,611,246	70,369,709	26,426,301	16,173,033	(10,456,747)	910,063,409
Demand deposits/ Wadiah demand deposits	(86,552,341)	(38,120,057)	(37,191,011)	(2,350,335)	(2,191,203)	-	(5,818,708)	-	(57,625)	126,792	(172,154,488)
Saving deposit/ Wadiah saving deposits	(4,800,091)	(8,560,670)	(82,972,451)	(149,938,295)	(53,203)	-	(2,239,241)	-	(387,688)	-	(248,951,639)
Time deposits	(62,797,703)	(16,949,213)	(22,866,116)	(94,694,842)	(3,123,398)	-	-	-	(1,413,398)	618,466	(201,226,204)
Total deposit from customers	(154,150,135)	(63,629,940)	(143,029,578)	(246,983,472)	(5,367,804)	-	(8,057,949)	-	(1,858,711)	745,258	(622,332,331)
Total liabilities	(154,562,581)	(64,091,793)	(144,237,479)	(247,506,844)	(14,214,393)	(71,192,057)	(10,383,106)	(22,618,375)	(12,534,868)	5,142,791	(736,198,705)

*) Appropriate with operation segments of Bank Mandiri (Note 2ak).

**) Include component of internal transfer pricing among operating segments.

***) Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

****) Represent impact of foreign exchange which not being allocated to each operating segment.

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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 December 31, 2016:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	75,656,519	648,879	57,011	347,479	76,709,888
Interest and sharia expense	(24,778,779)	(88,552)	(15,095)	(2,093)	(24,884,519)
Net interest and sharia income	50,877,740	560,327	41,916	345,386	51,825,369
Net premium income	2,652,431	-	-	-	2,652,431
Net interest and sharia and premium income	53,530,171	560,327	41,916	345,386	54,477,800
Other operating income:					
Others fees and commissions	11,274,938	151,776	-	13,288	11,440,002
Others	7,760,010	76,447	6,505	3,461	7,846,423
Total	19,034,948	228,223	6,505	16,749	19,286,425
(Allowance for)/reversal of impairment losses on financial assets and others	(24,571,484)	(142,229)	-	68,871	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment	15,694	(69)	-	13	15,638
Gain on sale of marketable securities and government bonds	713,252	13,194	-	19,458	745,904
Other operating expenses:					
Salaries and employee benefit	(13,450,410)	(142,202)	(16,448)	(9,685)	(13,618,745)
General, administrative expenses and others	(17,489,183)	(115,498)	(24,032)	(20,740)	(17,649,453)
Total	(30,939,593)	(257,700)	(40,480)	(30,425)	(31,268,198)
Non operating income/(expense) - net	49,455	(31,314)	-	(57,903)	(39,762)
Tax expense	(3,861,252)	(61,550)	-	-	(3,922,802)
Net Income	13,971,191	308,882	7,941	362,149	14,650,163
Net income attributable to:					
Noncontrolling interest	-	-	-	-	843,598
Parent Entity	-	-	-	-	13,806,565
Consolidated statement of financial position					
Loans	622,770,970	18,118,678	152,390	8,280,915	649,322,953
Total aset	992,414,913	30,002,644	2,344,461	13,943,991	1,038,706,009
Demand deposit/ <i>wadiah</i> demand deposits	(182,974,324)	(3,950,734)	(58,270)	-	(186,983,328)
Saving deposit/ <i>wadiah</i> saving deposits	(275,519,500)	(1,650,324)	-	-	(277,169,824)
Time deposits	(234,790,487)	(3,116,591)	-	-	(237,907,078)
Total deposit from customers	(693,284,311)	(8,717,649)	(58,270)	-	(702,060,230)
Total liabilities	(778,934,950)	(30,001,087)	(1,681,737)	(13,942,124)	(824,559,898)

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56. SEGMENT INFORMATION (continued)

Information on geographical segment for the year ended December 31, 2015:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	70,785,127	498,088	48,064	238,848	71,570,127
Interest and sharia expense	(26,137,564)	(59,491)	(7,602)	(2,367)	(26,207,024)
Net interest and sharia income	44,647,563	438,597	40,462	236,481	45,363,103
Net premium income	3,137,070	-	-	-	3,137,070
Net interest and sharia and premium income	47,784,633	438,597	40,462	236,481	48,500,173
Other operating income:					
Other fees and commissions	9,890,713	108,816	-	15,281	10,014,810
Others	8,324,401	27,651	9,464	2,352	8,363,868
Total	18,215,114	136,467	9,464	17,633	18,378,678
(Allowance for)/reversal of impairment losses on financial assets and others	(12,017,145)	(82,013)	2,194	54,435	(12,042,529)
Unrealised gains/(losses) from fair value increase/(decrease) marketable securities, government bonds, and policyholders' investment	(18,621)	315	-	-	(18,306)
Gain on sale of marketable securities and government bonds	272,315	3,229	-	(45)	275,499
Other operating expenses:					
Salaries and employee benefit	(12,207,391)	(138,417)	(21,917)	(8,930)	(12,376,655)
General, administrative expenses and others	(16,220,389)	(108,800)	(21,055)	(27,644)	(16,377,888)
Total	(28,427,780)	(247,217)	(42,972)	(36,574)	(28,754,543)
Non operating income/(expense) - net	39,456	3,215	-	(12,213)	30,458
Tax expense	(5,184,006)	(31,373)	(1,653)	-	(5,217,032)
Net income	20,663,966	221,220	7,495	259,717	21,152,398
Net income attributable to:					
Noncontrolling interest	-	-	-	-	817,430
Parent Entity	-	-	-	-	20,334,968
Consolidated statement of financial position					
Loans	565,407,232	13,895,797	61,582	7,310,826	586,675,437
Total asset	876,142,485	21,856,619	2,543,040	9,521,265	910,063,409
Demand deposit/wadiah demand deposits	(169,257,095)	(2,871,186)	(26,207)	-	(172,154,488)
Saving deposit/wadiah saving deposits	(247,459,462)	(1,492,177)	-	-	(248,951,639)
Time deposits	(199,410,001)	(1,816,203)	-	-	(201,226,204)
Total deposit from customers	(616,126,558)	(6,179,566)	(26,207)	-	(622,332,331)
Total liabilities	(702,900,723)	(21,854,051)	(1,896,441)	(9,547,490)	(736,198,705)

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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, including investor's and regulator's, expectations.

Bank Mandiri ensures it has sufficient capital to meet credit risk, market risk and operational risk, both in normal and stress conditions as well as becoming the basis for the Bank in implementing VBM (Value Based Management) through the measurement RORAC (Return on Risk Adjusted Capital) and RORWA (Return on Risk Weight Assets). With VBM, the Bank can identify business units, segments, products, regions that provide value to the Bank. Thus the bank can focus on developing business that provides the most value 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 Standardised Approach. Currently the Bank is developing the calculation methodology of capital adequacy with advanced approach, both regulatory (IRBA) and Economic Capital approach. Economic capital approach is developed for credit risk and operational risk. For the market risk, The Bank uses Standardised Model and The Bank 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 the implementation of the FSA's Circular Letter No. 42/SEOJK. 03/2016 dated September 28, 2016 regarding the calculation of credit risk weighted assets using the standard approach, the results of the calculation of RWA of the Bank showed credit risk RWA for the position of December 31, 2016 amounted to Rp549,646,704. The position of market risk RWA and RWA with the standardized approach to operational risk Basic Indicator Approach approach shows the number of each of Rp1,800,778 and Rp91,932,008.

The Capital Adequacy Ratio (CAR) per December 31, 2016 calculated in accordance with FSA Regulation No. 34 /POJK.03/2016 dated September 22, 2016 on Amendments to the FSA Regulation No. 11/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, while the CAR per December 31, 2015 calculated in accordance with PBI No. 15/12/PBI/2013 dated December 12, 2013 concerning Minimum Capital Requirement for Commercial Banks. The CAR (Bank Mandiri only) as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Capital:		
Core capital	130,356,495	93,252,808
Supplementary capital	7,075,719	14,135,338
Total Capital for credit risk, operational risk and market risk charge	<u>137,432,214</u>	<u>107,388,146</u>
Risk-Weighted Assets for credit	549,646,704	497,912,789
Risk-Weighted Assets for operasional	91,932,008	78,627,774
Risk-Weighted Assets for market risk	<u>1,800,778</u>	<u>805,426</u>
Total Risk-Weighted Assets for credit, operational and market risk charge	<u><u>643,379,490</u></u>	<u><u>577,345,989</u></u>

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57. CAPITAL ADEQUACY RATIO (continued)

Capital risk management (continued)

	December 31, 2016	December 31, 2015
CAR for core capital	20.26%	16.15%
CAR for credit risk	25.00%	21.57%
CAR for credit risk and operational risk	21.42%	18.63%
CAR for credit risk and market risk	24.92%	21.53%
CAR for credit risk, operational risk and market risk	21.36%	18.60%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile	9.52%	9.00%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2016 and 2015 including credit, operational and market risk is 20.75% and 17.99%, taking into account credit and operational risk is 20.79% and 18.02%.

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 (including off-balance sheet) as of December 31, 2016 and 2015 (Bank Mandiri only) are 2.45% and 1.54%, respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as of December 31, 2016 and 2015 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2016 and 2015 are 137.33% and 122.80%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as of December 31, 2016 and 2015 are 6.29% and 6.08%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2016 and 2015 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 2006.

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 October 4, 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 scripless trading transactions;
- b. Safekeeping and administration of marketable securities and other valuable assets;
- c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
- d. Proxy services for its customers' General Meeting of Shareholders and General Meeting of bond holders;
- e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodial.

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

- a. General custodial which provide services for investors that are investing in capital market or money market in Indonesia;
- b. Local custodial for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and SBI;
- d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodial of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
- f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
- g. Custodial 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 for Asset-Based Securities (Efek Beragun Aset (EBA)) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2016 and 2015, Bank Mandiri's Custodial Operations has 819 and 663 customers (unaudited), respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio by currencies as of December 31, 2016 are amounting to Rp391,312,991 (unaudited), USD1,460,738,660 (full amount) (unaudited), EUR106,336 (full amount) (unaudited) and HKDNil (full amount) (unaudited) and as of December 31, 2015 are amounting to Rp291,574,581 (unaudited), USD1,115,451,120 (full amount) (unaudited), EUR106,336 (full amount) (unaudited) and HKD153,500,000 (full amount) (unaudited). Assets kept in custodial services activities are not included in the consolidated financial statements of Bank Mandiri and its subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the FSA 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 October 27, 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 of December 31, 2016, Bank Mandiri as Trustee has 102 trustee customers with the total value of bonds and MTN issued amounting to Rp78,379,250 dan USD113,700,000 (full amount) (unaudited) and as of December 31, 2015 has 85 trustee customers with the total value of bonds and MTN issued amounting to Rp50,760,000 dan USD44,100,000 (full amount) (unaudited).

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

Trust

A trustee services including managing customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No.15/30/DPB1/PB1-1 dated April 26, 2013 and No.15/32/DPB1/PB1-1 date August 28, 2013.

Functions of independent trust service are:

- a. "Paying Agent" which receive and transfer money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agency" involve in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

The trust service provided by the Bank is also include managing customers from various segments, including oil & gas company, corporate and commercial, non-profit organization customers for activities among others distribution of gas sales results, sale and purchase/acquisition of companies, and pooling of funds for foreign aid.

60. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	December 31, 2016	December 31, 2015
Government:		
Agriculture	322,887	415,740
Manufacturing	14,543	14,543
	337,430	430,283

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 Française & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Nederland Urban Sector Loan & De Nederlandse Investeringsbank voor Ontwikkelingslanden NV, Switzerland Government, RDI - KI, Spain, U.B Denmark, US Export Import Bank and Overseas Economic Cooperation Fund. However, based on the Regulation of the Ministry of Finance No. 40/PMK.05/2015 dated March 6, 2015 stated starting October 1, 2015 management administration of overseas loans are governed by the Ministry of Finance, resulting all of the loans governed by the administrative bank being taken over by the Ministry of Finance.

Channeling loans are not included in the consolidated statement 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.

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61. RISK MANAGEMENT

Bank Mandiri segregates independent risk management function based on the requirement of Bank Indonesia's regulation and international best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which in line with Bank's business process and operational needs. ERM implementation will give value added to the Bank and stakeholders.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. With ERM, the Bank establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes 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 January 30, 2006 and Financial Services Authority (FSA) Regulation No. 17/POJK.03/2014 regarding implementation of risk management integrated for financial conglomerates which coverage throughout the financial industry.

The Bank's risk management framework is based on FSA Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (BMRMP), which 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 - monitoring - risk mitigation) for all organisation levels.

Active supervision by the Board of Directors and the Board of Commissioners on 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 Committee, Integrated Governance Committee, Remuneration and Nomination Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Asset & Liability Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC), Capital & Subsidiaries Committee (CSC), Business Committee, Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) dan Credit Committee.

From 9 Executive Committees, there are 4 committees that are directly involves in risk management, i.e RMC, IRC, ALCO and PPC. RMC is the committee that discuss and recommends policy and procedures as well as monitoring risks profile and managing all the Bank's risks. Integrated IRC is the committee that provide recommendation on the integrated risk management policy including the application of risk management in subsidiaries. IRC is based on the application of FSA Regulation No. 17/POJK.03/2014 regarding integrated risk management. IRC has members from subsidiaries and discuss as well as recommends the policy and application of integrated risk management. ALCO is the committee that manages Bank's asset and liability management, interest rate and liquidity and other areas that are related to the asset and liability management of the Bank. PPC is the committee that discuss and recommends the adjustment or improvement in the Bank's policy and procedures.

Committees under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which has the task and responsibility to perform review and evaluation on policy and execution of Bank's risk management, as well as providing inputs and recommendation to the Board of Commissioners in their monitoring tasks.

Operationally, the related Directorate with risk management is divided into two big parts, there are 1) credit approval as part of the four-eye principles, located at the Wholesale Risk Directorate and Retail Risk Directorate and 2) Independent Risk Management that is located in the Risk Management Directorate and Risk Management & Compliance Directorate. Risk Management & Compliance is headed by a Director that is responsible towards the Board of Director and also a member of the Integrated Risk Management Committee, and Policy & Procedure Committee. The bank has also established a Risk Management Working Unit under the Risk Management & Compliance. The Risk Management & Compliance Directorate is divided into 3 (three) groups, that is the Credit Portfolio Risk Group that is related to Credit Risk and portfolio and Risk Management integration through ERM, Market Risk Group and Operational Risk Group that is related to market risk, liquidity risk, and operational risk.

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61. RISK MANAGEMENT (continued)

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 10 (ten) types of risk that faced by the Bank, discussing and proposing risk management policies and guidelines.

Bank Mandiri is developing the application of ICAAP, which aims to ensure that banks have a comprehensive risk measurement process and the calculation of capital is according to the risk profile and able to provide the capital needed. One part of the ICAAP, which is the preparation of Risk Appetite Statement (RAS), RAS is the type and degree of risk that could be taken / faced by the Bank iwithin its risk capacity in order to achieve its business goals. The application of this ICAAP is to support the implementation of Basel II Pillar 2 as the best practice.

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all embedded risks in the Bank's business activities, including consolidation with subsidiaries's risks.

In relations to the changes in the organizational structure of the Bank, namely the establishment of the Directorate of Distribution which is to optimize the role of the region, starting June 2016, Bank Mandiri created Regional Risk Dashboard as a means of monitoring risk management in each region. Risk management in the region is for inherent risks, especially credit risk for the region.

A. Credit risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation to achieve the optimum of Return On Risk Weighted Asset (RORWA).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring/settlement process for non-performing/restructuring 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 the Quality of Asset Assessment 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 to transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles 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 principles 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 mitigate credit risk, Credit Committee sets loan structure for every debtor through appropriate covenants that aligns with debtor needs and conditions. This is to ensure the debtor uses the loan effectively according to original purpose so that bank and debtor's interest are fulfilled. Guidelines for determining the structure of collateral in order to mitigate credit risk policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

The collateral that can be accepted by the Bank includes Movable Assets (among others cash, receivables, inventory, and marketable securities), Non-Movable Assets (among others property, land, and equipment), and personal/corporate guarantee. The collateral coverage criteria for each segment is divided as follows:

Segment	Collateral	Minimum Coverage Amount*)
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

*) Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor.

To guarantee the credit facility, fixed asset such as land and building are preferable than other types of collateral. The fair value of collateral is assessed by internal assessors (Credit Operation Unit) and an external assessors who have already been appointed by the Business Unit/Credit Recovery Unit.

Collateral can be exchanged as long as the new collateral fulfills marketability and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

To identify and measure risk of each credit application processed in the transactional level, as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which includes Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum. In portfolio has been carried out through master limit, ICLS (Integrated Credit Liabilities and name clearance).

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attribution).

BMRS that has been developed by the Bank consists of Rating System for Corporate & Commercial segment, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for Bank Perkreditan Rakyat (BPR).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank can identify and measure the risk level of Bank Counterpart which can be tolerated in granting Credit Line facilities.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

As an effort to improve the measurement level of transactional risk to the Foreign Office, currently BMRS has implemented at Foreign Office. To support the development of Rating and Scoring model, the Bank has issued Guideline for the development of Credit Rating and Credit Scoring model, which is a complete guidance for the Bank in developing credit rating and credit scoring model. In addition, to monitor the performance of credit rating and credit scoring model, the Bank reviews the scoring and rating results conducted by Business Units. Besides, the Bank already has a guidance to set of probability of default (PD) to support implementation of internal rating based approach.

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 performance scoring and rating parameters based on limit (Rp5,000 - Rp15,000 for middle commercial and above Rp15,000 for large commercial and corporate). 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.

As a preparation component for IRBA (Internal Rating Based Approach), the Bank has developed a Rating Model that aligns with PD, LGD and EAD development model for segments according to Basel Asset Class which are Corporate, Corporate SME, Project Finance, and Basel II Risk Parameter for Retail Segment. 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.

The model developed by the Bank is validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is done to minimize analysis error in calculating credit risk, especially in calculating PD value and assigning debtor rating.

Aside from Credit Rating and Scoring, another tool used by the Bank is the loan monitoring system, which identifies debtors that may potentially 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. Based on the analysis, the Bank determines account strategy and actions plan to prevent NPL.

The Bank also conducts Watch List analysis for Business Banking segment using individual method for debtors that have facility limit above Rp2,000 and portfolio method for debtor that have facility limit up to Rp2,000, 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 level of business banking debtors.

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification to optimum levels with risk exposure within the risk appetite level decided by the Bank. The Bank implements Portfolio Guideline (PG). PG consists of three items which include Industry Classification, Industry Acceptance Criteria and Industry Limit.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

Industry Classification (IC) classifies industrial sectors into 3 categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry market target. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), 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 being periodically reviewed and calculated the back testing for 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 preventive actions 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 at ad hoc basis conducts a stress test to the credit portfolio e.g. for 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 impact to the business performance of BankMandiri, as well as earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution for short-term and long-term strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

To continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy with 14 (fourteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Current accounts with Bank Indonesia	52,484,974	56,314,316
Current accounts with other banks	10,360,165	10,152,214
Placement with Bank Indonesia and other banks	73,616,927	37,320,863
Marketable securities**)		
Government		
Fair value through profit or loss	1,955,500	1,451,095
Available for sale	867,843	898,756
Non-government		
Fair value through profit or loss	2,817,467	1,998,275
Available for sale	21,366,566	16,390,715
Held to maturity	11,197,290	7,153,740
At cost	496,135	576,804
Government bonds***)		
Fair value through profit or loss	1,191,310	1,583,907
Available for sale	80,334,549	74,153,603
Held to maturity	11,142,896	20,811,293
At cost	5,027,262	6,054,722
Other receivables - trade transactions	14,167,271	13,184,766
Securities purchased under resale agreements	5,054,488	676,900
Derivatives receivables	239,260	700,884
Loans and sharia receivables/financing *)		
Corporate	222,057,965	193,600,635
Commercial	147,555,617	151,730,845
Retail	194,260,689	170,593,697
Sharia	52,831,922	48,468,418
Consumer financing receivables	11,531,838	7,907,449
Net investment in finance leases	829,945	598,359
Acceptances receivables	14,548,203	11,224,243

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

	December 31, 2016	December 31, 2015
Other assets		
Accrued income	4,365,862	4,060,993
Receivables from customer transactions	1,010,636	762,373
Receivables from transactions related to ATM and credit card	472,950	477,159
Receivable from policyholder	504,474	476,807
Receivable from sale of marketable securities	30,285	99,610
Receivables from government bonds pledged as collateral	593,466	592,668
	942,913,755	840,016,109

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Bank guarantees issued	74,105,942	74,276,897
Committed unused loan facilities granted	26,866,165	29,268,015
Standby letter of credit	13,155,067	12,710,551
Outstanding irrevocable letters of credit	12,090,306	10,800,349
	126,217,480	127,055,812

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as of December 31, 2016 and 2015, 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.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2016 and 2015. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	December 31, 2016					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	8,287,906	3,938	5,379	508	2,065,483	10,363,214
Placement with Bank Indonesia and other banks	72,154,527	500	-	-	1,545,208	73,700,235
Marketable securities**)						
Government						
Fair value through profit or loss	1,437,182	-	-	-	518,318	1,955,500
Available for sale	-	-	-	-	867,843	867,843
Non Government						
Fair value through profit or loss	2,668,739	-	-	-	148,728	2,817,467
Available for sale	21,092,867	-	-	-	304,440	21,397,307
Held to maturity	10,378,616	-	-	-	884,822	11,263,438
At cost	638,190	-	-	-	-	638,190
Government Bonds ***)						
Fair value through profit or loss	1,191,310	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	5,027,262
Other receivables-trade transactions	15,526,847	-	-	-	397,271	15,924,118
Securities purchased under resale agreements	5,054,488	-	-	-	-	5,054,488
Derivatives receivables	235,496	-	-	-	3,764	239,260
Loans *)						
Corporate	157,099,486	36,364,520	9,195,374	2,219,324	26,499,085	231,377,789
Commercial	121,654,327	26,896,058	7,929,253	5,047,447	629,549	162,156,634
Retail	129,473,151	34,486,574	16,324,160	15,966,394	4,872,933	201,123,212
Sharia	35,798,687	10,062,704	5,077,194	2,438,549	1,288,184	54,665,318
Consumer financing receivables	8,667,387	1,743,318	661,275	783,236	-	11,855,216
Net investment in finance leases	766,314	291	2,944	64,934	-	834,483
Acceptances receivables	13,176,646	-	-	-	1,612,598	14,789,244
Other assets						
Accrued income	3,516,458	381,487	130,578	122,760	214,579	4,365,862
Receivables from customer transactions	1,101,030	21,452	9,072	9,063	1,370	1,141,987
Receivables from transactions related to ATM and credit card	472,950	-	-	-	-	472,950
Receivable to policyholder	478,644	14,354	5,297	6,179	-	504,474
Receivable from sale of marketable securities	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	593,466	-	-	-	-	593,466
	760,484,680	109,975,196	39,340,526	26,658,394	41,854,175	978,312,971

*) In accordance with the operating segments of Bank Mandiri.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***)) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others included in the portfolio is the area of Papua and overseas branches.

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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)

	December 31, 2015					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Current accounts with Bank Indonesia	56,314,316	-	-	-	-	56,314,316
Current accounts with other banks	8,610,621	13,473	6,096	-	1,525,436	10,155,626
Placement with Bank Indonesia and other banks	35,351,717	-	-	-	2,035,906	37,387,623
Marketable securities**)						
Government						
Fair value through profit or loss	1,437,312	-	-	-	13,783	1,451,095
Available for sale	-	-	-	-	898,756	898,756
Non Government						
Fair value through profit or loss	1,774,808	-	-	-	223,467	1,998,275
Available for sale	15,954,713	-	-	-	445,016	16,399,729
Held to maturity	6,673,346	-	-	-	637,639	7,310,985
At cost	718,416	1,298	-	-	-	719,714
Government Bonds ***)						
Fair value through profit or loss	1,583,907	-	-	-	-	1,583,907
Available for sale	74,153,603	-	-	-	-	74,153,603
Held to maturity	20,811,293	-	-	-	-	20,811,293
At cost	6,054,722	-	-	-	-	6,054,722
Other receivables-trade transactions	14,519,640	-	-	-	392,873	14,912,513
Securities purchased under resale agreements	676,900	-	-	-	-	676,900
Derivatives receivables	700,080	-	-	-	804	700,884
Loans *)						
Corporate	135,414,765	31,884,919	8,822,600	2,907,783	21,169,075	200,199,142
Commercial	120,768,090	25,669,019	7,914,177	4,453,020	610,171	159,414,477
Consumer/individual	53,627,669	8,718,771	4,398,617	4,521,041	984,037	72,250,135
Micro and Business Banking	53,785,560	24,628,823	12,055,475	10,660,909	3,415,546	104,546,313
Sharia	34,436,276	8,755,256	3,860,376	2,137,087	1,076,375	50,265,370
Consumer financing receivables	5,085,283	1,917,373	623,977	551,430	-	8,178,063
Net investment in finance leases	481,780	-	4,995	117,375	-	604,150
Acceptances receivables	10,210,519	-	-	-	1,120,754	11,331,273
Other assets						
Accrued income	3,269,319	360,690	166,803	115,654	148,527	4,060,993
Receivables from customer transactions	870,571	13,430	4,682	5,625	920	895,228
Receivables from transactions related to ATM and credit card	477,159	-	-	-	-	477,159
Receivable to policyholder	437,361	25,598	9,551	4,297	-	476,807
Receivable from sale of marketable securities	99,610	-	-	-	-	99,610
Receivables from Government Bonds pledged as collateral	592,668	-	-	-	-	592,668
	664,892,024	101,988,650	37,867,349	25,474,221	34,699,085	864,921,329

*) In accordance with the operating segments of Bank Mandiri.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others included in the portfolio is the area of Papua and overseas branches.

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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)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2016					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others*)	
Administrative accounts						
Bank guarantees issued	73,082,123	1,070	-	-	1,183,091	74,266,284
Committed unused loan facilities granted	16,735,544	4,595,235	537,136	511,284	4,518,172	26,897,371
Outstanding irrevocable letters of credit	10,529,237	-	-	-	1,567,429	12,096,666
Standby letter of credit	13,016,362	-	-	-	148,198	13,164,560
	113,363,266	4,596,305	537,136	511,284	7,416,890	126,424,881
	December 31, 2015					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others*)	
Administrative accounts						
Bank guarantees issued	72,782,994	12,319	7,933	2,027	1,705,818	74,511,091
Committed unused loan facilities granted	19,343,793	3,347,258	609,106	534,352	5,445,509	29,280,018
Outstanding irrevocable letters of credit	9,875,912	-	-	-	1,048,676	10,924,588
Standby letter of credit	12,542,046	-	-	-	193,679	12,735,725
	114,544,745	3,359,577	617,039	536,379	8,393,682	127,451,422

*) Others included in the portfolio is the area of Papua and overseas branches

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 enhancement), as categorised by the industry sectors as of December 31, 2016 and 2015.

	December 31, 2016						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	-	10,363,214	-	-	-	-	10,363,214
Placement with Bank Indonesia and other banks	-	73,700,235	-	-	-	-	73,700,235
Marketable securities**)							
Government							
Fair value through profit or loss	1,955,500	-	-	-	-	-	1,955,500
Available for sale	867,843	-	-	-	-	-	867,843
Non Government							
Fair value through profit or loss	-	2,796,778	-	-	1,550	19,139	2,817,467
Available for sale	-	14,826,335	439,580	150,000	1,174,665	4,806,727	21,397,307
Held to maturity	-	8,333,121	209,000	-	118,000	2,603,317	11,263,438
At cost	-	236,190	-	-	402,000	-	638,190
Government bonds***)							
Fair value through profit or loss	1,191,310	-	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	-	5,027,262
Other receivables-trade transactions	-	2,815,337	4,389,250	80,365	99,771	8,539,395	15,924,118
Securities purchased under resale agreements	-	4,927,012	-	-	-	127,476	5,054,488
Derivatives receivables	-	168,560	14,112	10,565	197	45,826	239,260

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***)) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****)) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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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)

Credit risk exposure relating to administrative accounts are as follows:

December 31, 2016 (continued)							
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Loans*)							
Corporate	11,181,967	974,421	61,297,836	32,766,662	24,356,339	100,800,564	231,377,789
Commercial	-	966,260	59,039,722	21,739,875	12,446,738	67,964,039	162,156,634
Retail	-	22,577	5,611,456	8,876,176	9,601,660	177,011,343	201,123,212
Sharia	233,942	4,873,021	4,197,872	4,117,885	5,154,274	36,088,324	54,665,318
Consumer financing receivables	23,547	-	3,053	5,184	71,968	11,751,464	11,855,216
Net investment in finance leases	2,351	-	3,528	4,730	158,162	665,712	834,483
Acceptances receivables	-	775,723	967,884	-	-	13,045,637	14,789,244
Other assets							
Accrued income	533,724	960,014	324,885	109,510	191,708	2,246,021	4,365,862
Receivables from customer transactions	-	64,558	-	-	-	1,077,429	1,141,987
Receivables from transactions related to ATM and credit card	-	-	-	-	-	472,950	472,950
Receivable to policyholders	-	504,474	-	-	-	-	504,474
Receivable from sale of marketable securities	-	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	-	593,466	-	-	-	-	593,466
	112,494,891	180,416,555	136,498,178	67,860,952	53,777,032	427,265,363	978,312,971
December 31, 2015							
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	56,314,316	-	-	-	-	56,314,316
Current accounts with other banks	-	10,155,626	-	-	-	-	10,155,626
Placement with Bank Indonesia and other banks	-	37,387,623	-	-	-	-	37,387,623
Marketable securities**) Government							
Fair value through profit or loss	1,451,095	-	-	-	-	-	1,451,095
Available for sale	898,756	-	-	-	-	-	898,756
Non Government							
Fair value through profit or loss	-	1,712,450	2,571	1,227	7,249	274,778	1,998,275
Available for sale	-	9,171,621	437,743	150,000	1,872,603	4,767,762	16,399,729
Held to maturity	-	4,840,202	1,102,783	-	68,000	1,300,000	7,310,985
At cost	-	317,714	-	-	402,000	-	719,714
Government Bonds***)							
Fair value through profit or loss	1,583,907	-	-	-	-	-	1,583,907
Available for sale	74,153,603	-	-	-	-	-	74,153,603
Held to maturity	20,811,293	-	-	-	-	-	20,811,293
At cost	6,054,722	-	-	-	-	-	6,054,722
Other receivables-trade transactions	-	2,059,301	6,855,457	125,742	-	5,872,013	14,912,513
Securities purchased under resale agreements	-	368,970	-	-	-	307,930	676,900
Derivatives receivables	-	420,423	239,419	1,007	3,148	36,887	700,884

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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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)

	December 31, 2015 (continued)						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Loans *)							
Corporate	10,735,571	1,180,147	60,534,344	37,829,660	18,997,543	70,921,877	200,199,142
Commercial	-	1,041,870	61,359,106	18,592,864	11,332,673	67,087,964	159,414,477
Consumer/individual	-	-	-	-	-	72,250,135	72,250,135
Micro and Bussiness Banking	-	39,331	5,022,897	9,484,104	7,131,799	82,868,182	104,546,313
Sharia	483,903	4,117,346	4,449,551	4,147,410	4,730,988	32,336,172	50,265,370
Consumer financing receivables	12,178	-	2,054	2,719	23,720	8,137,392	8,178,063
Net investment in finance leases	-	-	6,325	4,877	27,924	565,024	604,150
Acceptances receivables	-	618,354	366,594	-	-	10,346,325	11,331,273
Other assets							
Accrued income	454,720	860,430	166,379	4,816	141,334	2,433,314	4,060,993
Receivables from customer transactions	211	518,851	16,876	1,149	741	357,400	895,228
Receivables from transactions related to ATM and credit card	-	-	-	-	-	477,159	477,159
Receivable to policyholders	-	151,184	-	-	-	325,623	476,807
Receivable from sale of marketable securities	-	99,610	-	-	-	-	99,610
Receivables from Government Bonds pledged as collateral	-	592,668	-	-	-	-	592,668
	116,639,959	131,968,037	140,562,099	70,345,575	44,739,722	360,665,937	864,921,329

*) In accordance with the operating segments of Bank Mandiri

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2016						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	39,368	22,261,310	21,299,224	1,422,966	690,567	28,552,849	74,266,284
Committed unused loan facilities granted	33	1,628,276	6,639,946	1,862,046	114,800	16,652,270	26,897,371
Outstanding irrevocable letters of credit	236,518	-	1,285,829	1,146	1,980,354	8,592,819	12,096,666
Standby letter of credit	-	-	476,534	-	836,340	11,851,686	13,164,560
	275,919	23,889,586	29,701,533	3,286,158	3,622,061	65,649,624	126,424,881

	December 31, 2015						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	60,479	25,208,943	20,293,915	74,293	504,200	28,369,261	74,511,091
Committed unused loan facilities granted	1,183	11,710,408	-	-	3,119,721	14,448,706	29,280,018
Outstanding irrevocable letters of credit	242,004	9,489	2,946,205	7,614	1,014,908	6,704,368	10,924,588
Standby letter of credit	-	-	453,874	27,570	556,348	11,697,933	12,735,725
	303,666	36,928,840	23,693,994	109,477	5,195,177	61,220,268	127,451,422

*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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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 of December 31, 2016 and 2015, exposure to credit work on financial assets are as follows:

	December 31, 2016					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	52,484,974	-	-	52,484,974	-	52,484,974
Current account with other bank	10,360,219	-	2,995	10,363,214	(3,049)	10,360,165
Placement with Bank Indonesia and others bank	73,656,832	-	43,403	73,700,235	(83,308)	73,616,927
Marketable securities **)						
Government						
Fair value through profit or loss	1,955,500	-	-	1,955,500	-	1,955,500
Available for sale	867,843	-	-	867,843	-	867,843
Non-government						
Fair value through profit or loss	2,817,467	-	-	2,817,467	-	2,817,467
Available for sale	21,397,307	-	-	21,397,307	(30,741)	21,366,566
Held to maturity	11,125,933	-	137,505	11,263,438	(66,148)	11,197,290
At cost	501,190	-	137,000	638,190	(142,055)	496,135
Government bonds ***)						
Fair value through profit or loss	1,191,310	-	-	1,191,310	-	1,191,310
Available for sale	80,334,549	-	-	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	-	11,142,896	-	11,142,896
At cost	5,027,262	-	-	5,027,262	-	5,027,262
Other receivables - trade transactions	12,716,735	1,200	3,206,183	15,924,118	(1,756,847)	14,167,271
Securities purchased under resale agreements	5,054,488	-	-	5,054,398	-	5,054,488
Derivatives receivables	239,260	-	-	239,260	-	239,260
Loans*)						
Corporate	213,869,190	150,606	17,357,993	231,377,789	(9,319,824)	222,057,965
Commercial	128,745,223	1,010,123	32,401,288	162,156,634	(14,601,017)	147,555,617
Retail	181,976,743	8,434,122	10,712,347	201,123,212	(6,862,523)	194,260,689
Sharia	45,887,689	1,541,891	7,235,738	54,665,318	(1,833,396)	52,831,922
Consumer financing receivables	10,756,156	819,790	279,270	11,855,216	(323,378)	11,531,838
Net Investment in finance leases	788,684	35,031	10,768	834,483	(4,538)	829,945
Acceptances receivables	14,513,037	-	276,207	14,789,244	(241,041)	14,548,203
Other assets						
Accrued income	4,365,862	-	-	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	163,200	1,141,987	(131,351)	1,010,636
Receivables from transactions related to ATM and credit card	472,950	-	-	472,950	-	472,950
Receivable to policyholders	504,474	-	-	504,474	-	504,474
Receivables from sale of marketable securities	30,285	-	-	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	-	593,466	-	593,466
	894,356,311	11,992,763	71,963,897	978,312,971	(35,399,216)	942,913,755

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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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)

As of December 31, 2016 and 2015, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2015					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current accounts with Bank Indonesia	56,314,316	-	-	56,314,316	-	56,314,316
Current accounts with other Banks	10,152,445	-	3,181	10,155,626	(3,412)	10,152,214
Placement with Bank Indonesia and other banks	37,341,522	-	46,101	37,387,623	(66,760)	37,320,863
Marketable securities **)						
Government						
Fair value through profit or loss	1,451,095	-	-	1,451,095	-	1,451,095
Available for sale	898,756	-	-	898,756	-	898,756
Non Government						
Fair value through profit or loss	1,998,275	-	-	1,998,275	-	1,998,275
Available for sale	16,399,729	-	-	16,399,729	(9,014)	16,390,715
Held to maturity	7,147,045	-	163,940	7,310,985	(157,245)	7,153,740
At cost	582,714	-	137,000	719,714	(142,910)	576,804
Government bonds ***)						
Fair value through profit or loss	1,583,907	-	-	1,583,907	-	1,583,907
Available for sale	74,153,603	-	-	74,153,603	-	74,153,603
Held to maturity	20,811,293	-	-	20,811,293	-	20,811,293
At cost	6,054,722	-	-	6,054,722	-	6,054,722
Other receivables-trade transactions	10,302,074	-	4,610,439	14,912,513	(1,727,747)	13,184,766
Securities purchased under resale agreements	676,900	-	-	676,900	-	676,900
Derivatives receivables	700,884	-	-	700,884	-	700,884
Loans*)						
Corporate	189,574,354	374,723	10,250,065	200,199,142	(6,598,507)	193,600,635
Commercial	138,690,267	2,169,339	18,554,871	159,414,477	(7,683,632)	151,730,845
Consumer	65,096,815	5,880,606	1,272,714	72,250,135	(1,223,343)	71,026,792
Micro and Bussiness Banking	95,548,213	5,046,917	3,951,183	104,546,313	(4,979,408)	99,566,905
Sharia	40,416,076	2,204,614	7,644,680	50,265,370	(1,796,952)	48,468,418
Consumer financing receivables	7,540,389	501,081	136,593	8,178,063	(270,614)	7,907,449
Net investment in finance leases	568,663	32,437	3,050	604,150	(5,791)	598,359
Acceptances receivables	10,686,186	-	645,087	11,331,273	(107,030)	11,224,243
Other assets						
Accrued income	4,060,993	-	-	4,060,993	-	4,060,993
Receivables from customer transactions	680,863	-	214,365	895,228	(132,855)	762,373
Receivables from transactions related to ATM and credit card	477,159	-	-	477,159	-	477,159
Receivable to policyholders	476,807	-	-	476,807	-	476,807
Receivable from sale of marketable securities	99,610	-	-	99,610	-	99,610
Receivables from government bonds pledged as collateral	592,668	-	-	592,668	-	592,668
	801,078,343	16,209,717	47,633,269	864,921,329	(24,905,220)	840,016,109

*) In accordance with the operating segments of Bank Mandiri

**) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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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)

As of December 31, 2016 and 2015, exposure to credit risk on administrative accounts are as follows:

December 31, 2016						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	73,474,100	-	792,184	74,266,284	(160,342)	74,105,942
Committed unused loan facilities granted	26,618,802	-	278,569	26,897,371	(31,206)	26,866,165
Outstanding irrevocable letters of credit	11,651,860	-	444,806	12,096,666	(6,360)	12,090,306
Standby letter of credit	13,147,719	-	16,841	13,164,560	(9,493)	13,155,067
	124,892,481	-	1,532,400	126,424,881	(207,401)	126,217,480

December 31, 2015						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	56,136,976	-	18,374,115	74,511,091	(234,194)	74,276,897
Committed unused loan facilities granted	27,163,025	-	2,116,993	29,280,018	(12,003)	29,268,015
Outstanding irrevocable letters of credit	9,176,736	-	1,747,852	10,924,588	(124,239)	10,800,349
Standby letter of credit	12,373,404	-	362,321	12,735,725	(25,174)	12,710,551
	104,850,141	-	22,601,281	127,451,422	(395,610)	127,055,812

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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)

As of December 31, 2016 and 2015, details of the quality of loans that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2016		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	52,484,974	-	52,484,974
Current accounts with other banks	10,360,219	-	10,360,219
Placement with Bank Indonesia and other banks	73,656,832	-	73,656,832
Marketable securities ^{**})			
Government			
Fair value through profit or loss	1,955,500	-	1,955,500
Available for sale	867,843	-	867,843
Non Government			
Fair value through profit or loss	2,817,467	-	2,817,467
Available for sale	21,397,307	-	21,397,307
Held to maturity	11,060,338	65,595	11,125,933
At cost	501,190	-	501,190
Government Bonds ^{***})			
Fair value through profit or loss	1,191,310	-	1,191,310
Available for sale	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	11,142,896
At cost	5,027,262	-	5,027,262
Other receivables-trade transactions	11,222,937	1,493,798	12,716,735
Securities purchased under resale agreements	5,054,488	-	5,054,488
Derivatives receivables	239,260	-	239,260
Loans ^{*)}			
Corporate	186,196,595	27,672,595	213,869,190
Commercial	118,594,706	10,150,517	128,745,223
Retail	181,345,727	631,016	181,976,743
Sharia	45,887,689	-	45,887,689
Consumer financing receivables	10,756,156	-	10,756,156
Net Investment in finance leases	788,684	-	788,684
Acceptances receivables	8,507,747	6,005,290	14,513,037
Other assets			
Accrued income	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	978,787
Receivables from transactions			
related to ATM and credit card	472,950	-	472,950
Receivable to policyholders	504,474	-	504,474
Receivable from sale of marketable securities	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	593,466
Total	848,337,500	46,018,811	894,356,311

^{*)} In accordance with operating segments of Bank Mandiri.

^{**)} Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

^{***)} Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure

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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)

As of December 31, 2016 and 2015, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2015		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	56,314,316	-	56,314,316
Current accounts with other banks	10,152,445	-	10,152,445
Placement with Bank Indonesia and other banks	37,341,522	-	37,341,522
Marketable securities ^{**})			
Government			
Fair value through profit or loss	1,451,095	-	1,451,095
Available for sale	898,756	-	898,756
Non Government			
Fair value through profit or loss	1,998,275	-	1,998,275
Available for sale	16,399,729	-	16,399,729
Held to maturity	7,095,395	51,650	7,147,045
At cost	582,714	-	582,714
Government Bonds ^{***})			
Fair value through profit or loss	1,583,907	-	1,583,907
Available for sale	74,153,603	-	74,153,603
Held to maturity	20,811,293	-	20,811,293
At cost	6,054,722	-	6,054,722
Other receivables-trade transactions	6,285,110	4,016,964	10,302,074
Securities purchased under resale agreements	676,900	-	676,900
Derivatives receivables	700,884	-	700,884
Loans ^{*)}			
Corporate	166,005,176	23,569,178	189,574,354
Commercial	114,191,247	24,499,020	138,690,267
Consumer	65,093,942	2,873	65,096,815
Micro and bussiness banking	95,018,115	530,098	95,548,213
Sharia	40,416,076	-	40,416,076
Consumer financing receivables	7,540,389	-	7,540,389
Net Investment in finance leases	568,663	-	568,663
Acceptances receivables	9,828,137	858,049	10,686,186
Other assets			
Accrued income	4,060,993	-	4,060,993
Receivables from customer transactions	680,863	-	680,863
Receivables from transactions			
related to ATM and credit card	477,159	-	477,159
Receivable to policyholders	476,807	-	476,807
Receivable from sale of marketable securities	99,610	-	99,610
Receivables from government bonds pledged as collateral	592,668	-	592,668
Total	747,550,511	53,527,832	801,078,343

^{*)} In accordance with operating segments of Bank Mandiri.

^{**)} Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

^{***)} Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure

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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)

As of December 31, 2016 and 2015, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2016		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	65,740,770	7,733,330	73,474,100
Committed unused loan facilities granted	24,962,702	1,656,100	26,618,802
Outstanding irrevocable letters of credit	9,569,562	2,082,298	11,651,860
Standby letters of credit	11,978,337	1,169,382	13,147,719
	112,251,371	12,641,110	124,892,481
	December 31, 2015		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	53,299,741	2,837,235	56,136,976
Committed unused loan facilities granted	26,461,949	701,076	27,163,025
Outstanding irrevocable letters of credit	7,596,959	1,579,777	9,176,736
Standby letters of credit	11,299,998	1,073,406	12,373,404
	98,658,647	6,191,494	104,850,141

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

1) Not under monitoring, there is no doubt on the recovery of the financial assets;

2) Under monitoring.

Bank Mandiri:

There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to December 31, 2016 and 2015, there was no late payment in term of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectability at two (special mention) but with no overdue as of December 31, 2016 and 2015.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as of December 31, 2016 and 2015.

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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)

Aging analysis of financial assets that were past due, but not impaired can be disaggregated based on days overdue as of December 31, 2016 and 2015 are as follows:

December 31, 2016				
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	1,200	-	-	1,200
Loans *)				
Corporate	41,109	109,497	-	150,606
Commercial	267,340	479,142	263,641	1,010,123
Retail	3,178,124	4,364,058	891,940	8,434,122
Sharia	607,353	396,401	538,137	1,541,891
Consumer financing receivables	550,521	172,290	96,979	819,790
Net investment in finance leases	21,139	11,902	1,990	35,031
	4,666,786	5,533,290	1,792,687	11,992,763

December 31, 2015				
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Loans*)				
Corporate	374,723	-	-	374,723
Commercial	1,566,836	104,893	497,610	2,169,339
Consumer/individual	4,514,899	768,711	596,996	5,880,606
Micro and business banking	2,583,048	1,244,111	1,219,758	5,046,917
Sharia	1,136,537	517,556	550,521	2,204,614
Consumer financing receivables	310,565	127,665	62,851	501,081
Net investment in finance leases	26,858	4,757	822	32,437
	10,513,466	2,767,693	2,928,558	16,209,717

*) According to changes in organizational structure of PT Bank Mandiri (Persero) Tbk. which is effective in beginning of year 2015.

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset of December 31, 2016 and 2015, are summarised in the tables below:

December 31, 2016^{*)}					
	Corporate	Commercial	Retail	Sharia	Total
Individually Impaired					
Gross amount	17,226,424	29,162,821	692,121	4,490,817	51,572,183
Allowance for impairment losses	(8,936,440)	(13,195,086)	(265,739)	(657,521)	(23,054,786)

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Loans (continued)

December 31, 2016 and 2015, are summarised in the tables below:

	December 31, 2016^{*)} (continued)				
	Corporate	Commercial	Retail	Sharia	Total
Carrying amount	8,289,984	15,967,735	426,382	3,833,296	28,517,397
Collectively impaired					
Gross amount	131,569 ^{*)}	3,238,467 ^{*)}	10,020,226	2,744,921	16,135,183
Allowance for impairment losses	(256)	(284,128)	(3,190,040)	(608,813)	(4,083,237)
Carrying amount	131,313	2,954,339	6,830,186	2,136,108	12,051,946
Total gross amount	17,357,993	32,401,288	10,712,347	7,235,738	67,707,366
Allowance for impairment losses	(8,936,696)	(13,479,214)	(3,455,779)	(1,266,334)	(27,138,023)
Total carrying amount	8,421,297	18,922,074	7,256,568	5,969,404	40,596,343

^{*)} In accordance with operating segments of Bank Mandiri.

^{**)} Represent restructured and non performing debtors which had been subject to individual assessment but impairment loss are not recognised and therefore are collectively assessed.

	December 31, 2015 ¹⁾					
	Corporate	Commercial	Consumer/ individual	Micro and Business Banking	Sharia	Total
Individually impaired						
Gross amount	9,806,982	15,503,775	-	210,078	4,902,338	30,423,173
Allowance for impairment losses	(6,328,047)	(6,345,936)	-	(95,310)	(495,728)	(13,265,021)
Carrying amount	3,478,935	9,157,839	-	114,768	4,406,610	17,158,152
Collectively impaired						
Gross amount	443,083 ^{**)}	3,051,096 ^{**)}	1,272,714	3,741,105	2,742,342	11,250,340
Allowance for impairment losses	(603)	(230,217)	(582,837)	(2,026,554)	(669,077)	(3,509,288)
Carrying amount	442,480	2,820,879	689,877	1,714,551	2,073,265	7,741,052
Total gross amount	10,250,065	18,554,871	1,272,714	3,951,183	7,644,680	41,673,513
Total allowance for impairment losses	(6,328,650)	(6,576,153)	(582,837)	(2,121,864)	(1,164,805)	(16,774,309)
Total carrying amount	3,921,415	11,978,718	689,877	1,829,319	6,479,875	24,899,204

^{*)} In accordance with operating segments of Bank Mandiri

^{**)} Represent restructured and non performing debtors which had been subject to individual assessment but impairment loss are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2016		
	Non-impaired^{*)}	Impaired	Total
Rupiah	508,370	-	508,370
Foreign currencies	9,851,849	2,995	9,854,844
Total	10,360,219	2,995	10,363,214
Less: Allowance for impairment losses	(54)	(2,995)	(3,049)
Net	10,360,165	-	10,360,165
	December 31, 2015		
	Non-impaired^{*)}	Impaired	Total
Rupiah	471,250	-	471,250
Foreign currencies	9,681,195	3,181	9,684,376
Total	10,152,445	3,181	10,155,626
Less: Allowance for impairment losses	(231)	(3,181)	(3,412)
Net	10,152,214	-	10,152,214

^{*)} 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

December 31, 2016			
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	27,566,169	-	27,566,169
Call money	6,522,000	-	6,522,000
Time deposits	3,899,005	-	3,899,005
Placement "Fixed Term"	170,000	-	170,000
Saving deposits	311	-	311
Total	38,157,485	-	38,157,485
Foreign currencies:			
Bank Indonesia	31,660,375	-	31,660,375
Call money	2,777,704	42,426	2,820,130
Placement "Fixed Term"	931,558	977	932,535
Time deposits	129,710	-	129,710
Total	35,499,347	43,403	35,542,750
Total	73,656,832	43,403	73,700,235
Less: Allowance for impairment losses	(39,905)	(43,403)	(83,308)
Net	73,616,927	-	73,616,927

December 31, 2015			
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	5,909,168	-	5,909,168
Time deposits	4,440,971	-	4,440,971
Call money	1,210,000	-	1,210,000
Saving deposits	486	-	486
Total	11,560,625	-	11,560,625
Foreign currencies:			
Bank Indonesia	21,228,900	-	21,228,900
Call money	2,683,940	45,063	2,729,003
"Fixed-Term" Placement	1,524,821	1,038	1,525,859
Time deposit	115,975	-	115,975
Others	227,261	-	227,261
Total	25,780,897	46,101	25,826,998
	37,341,522	46,101	37,387,623
Less: Allowance for impairment losses	(20,659)	(46,101)	(66,760)
Net	37,320,863	-	37,320,863

*) 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

	December 31, 2016		
	Non-impaired *)	Impaired**)	Total
Government			
Rupiah:			
Bonds	1,437,183	-	1,437,183
Foreign currencies:			
Treasury bills	1,386,161	-	1,386,161
Total	2,823,344	-	2,823,344
Non-government			
Rupiah:			
Investments in mutual fund	10,319,297	-	10,319,297
Bonds	6,639,169	-	6,639,169
Certificates of Bank Indonesia	6,411,220	-	6,411,220
Medium term notes	1,298,485	-	1,298,485
Export bills	614,521	120,123	734,644
Sharia corporation bonds	407,000	137,000	544,000
Negotiable certificate of deposit	451,986	-	451,986
Shares	5,621	-	5,621
Total	26,147,299	257,123	26,404,422
Foreign currencies:			
Bonds	5,136,262	-	5,136,262
Certificates of Bank Indonesia	3,080,041	-	3,080,041
Export bills	1,329,567	17,382	1,346,949
Treasury bills	148,727	-	148,727
Total	9,694,597	17,382	9,711,979
Total	35,841,896	274,505	36,116,401
	38,665,240	274,505	38,939,745
Less: Allowance for impairment losses	(49,544)	(189,400)	(238,944)
Bersih	38,615,696	85,105	38,700,801

	December 31, 2015		
	Non-impaired *)	Impaired**)	Total
Government			
Rupiah			
Bonds	1,437,312	-	1,437,312
Foreign currencies:			
Treasury bills	912,539	-	912,539
Total	2,349,851	-	2,349,851
Non Government			
Rupiah:			
Investments in mutual fund	7,217,013	-	7,217,013
Bonds	5,472,909	87,000	5,559,909
Certificates of Bank Indonesia	2,593,947	-	2,593,947
Medium term notes	1,466,283	-	1,466,283
Export bills	935,694	9,092	944,786
Negotiable Certificate of Deposit	609,097	-	609,097
Sharia corporate bonds	378,006	137,000	515,006
Shares	27,609	-	27,609
Total	18,700,558	233,092	18,933,650
Foreign currencies:			
Bonds	6,020,690	-	6,020,690
Export bills	1,183,049	67,848	1,250,897
Treasury bills	223,466	-	223,466
Total	7,427,205	67,848	7,495,053
Total	26,127,763	300,940	26,428,703
	28,477,614	300,940	28,778,554
Less: Allowance for impairment losses	(28,728)	(280,441)	(309,169)
Net	28,448,886	20,499	28,469,385

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vi) Other receivables - trade transactions

December 31, 2016			
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	1,500,422	584,486	2,084,908
Others	7,082,276	490,431	7,572,707
Total	8,582,698	1,074,917	9,657,615
Foreign currencies:			
Usance L/C payable at sight	1,698,046	1,186,690	2,884,736
Others	2,437,191	944,576	3,381,767
Total	4,135,237	2,131,266	6,266,503
	12,717,935	3,206,183	15,924,118
Less: Allowance for impairment losses	(60,175)	(1,696,672)	(1,756,847)
Net	12,657,760	1,509,511	14,167,271

December 31, 2015			
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	3,303,112	148,175	3,451,287
Others	3,333,830	2,604,266	5,938,096
Total	6,636,942	2,752,441	9,389,383
Foreign currencies:			
Usance L/C payable at sight	2,479,967	576,194	3,056,161
Others	1,185,165	1,281,804	2,466,969
Total	3,665,132	1,857,998	5,523,130
	10,302,074	4,610,439	14,912,513
Less: Allowance for impairment losses	(88,741)	(1,639,006)	(1,727,747)
Net	10,213,333	2,971,433	13,184,766

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

December 31, 2016			
	Non-impaired	Impaired	Total
Rupiah	7,813,855	237,110	8,050,965
Foreign currencies	6,699,182	39,097	6,738,279
	14,513,037	276,207	14,789,244
Less: allowance for impairment losses	(42,113)	(198,928)	(241,041)
Net	14,470,924	77,279	14,548,203

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vii) Acceptances receivable (continued)

December 31, 2015			
	Non-impaired	Impaired	Total
Rupiah	2,233,381	184,661	2,418,042
Foreign currencies	8,452,805	460,426	8,913,231
	10,686,186	645,087	11,331,273
Less: Allowance for impairment losses	(32,933)	(74,097)	(107,030)
Net	10,653,253	570,990	11,224,243

(viii) Consumer financing receivables

December 31, 2016			
	Non-impaired	Impaired	Total
Rupiah	11,575,946	279,270	11,855,216
Less: Allowance for impairment losses	(221,094)	(102,284)	(323,378)
Net	11,354,852	176,986	11,531,838

December 31, 2015			
	Non-impaired	Impaired	Total
Rupiah	8,041,470	136,593	8,178,063
Less: Allowance for impairment losses	(216,322)	(54,292)	(270,614)
Net	7,825,148	82,301	7,907,449

(ix) Securities purchased under resale agreement

December 31, 2016			
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	5,054,488	-	5,054,488

December 31, 2015			
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	676,900	-	676,900

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(x) Investment in finance lease

December 31, 2016			
	Non-impaired	Impaired	Total
Rupiah	823,715	10,768	834,483
Less: Allowance for impairment losses	(4,010)	(528)	(4,538)
Net	819,705	10,240	829,945

December 31, 2015			
	Non-impaired	Impaired	Total
Rupiah	601,100	3,050	604,150
Less: Allowance for impairment losses	(4,971)	(820)	(5,791)
Net	596,129	2,230	598,359

(xi) Estimated losses on commitments and contingencies

December 31, 2016			
	Non-impaired ^{*)**}	Impaired	Total
Rupiah:			
Bank guarantees issued	41,766,022	304,975	42,070,997
Committed unused loan facilities granted	20,843,494	12	20,843,506
Outstanding irrevocable letters of credit	2,963,896	300,102	3,263,998
Standby letters of credit	1,868,480	-	1,868,480
Total	67,441,892	605,089	68,046,981
Foreign currencies:			
Bank guarantees issued	31,708,078	487,209	32,195,287
Committed unused loan facilities granted	5,775,308	278,557	6,053,865
Outstanding irrevocable letters of credit	8,687,964	144,704	8,832,668
Standby letters of credit	11,279,239	16,841	11,296,080
Total	57,450,589	927,311	58,377,900
	124,892,481	1,532,400	126,424,881
Less: Allowance for impairment losses	(41,301)	(166,100)	(207,401)
Net	124,851,180	1,366,300	126,217,480

^{*)} Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

^{**)} Including balance amounting to Rp113,895 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp41,301.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2015		
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	23,113,143	13,964,682	37,077,825
Committed unused loan facilities granted	20,308,032	1,965,653	22,273,685
Outstanding irrevocable letters of credit	1,645,272	781,650	2,426,922
Standby letters of credit	1,894,635	76,282	1,970,917
Total	46,961,082	16,788,267	63,749,349
Foreign currencies:			
Bank guarantees issued	33,023,833	4,409,433	37,433,266
Committed unused loan facilities granted	6,854,993	151,340	7,006,333
Outstanding irrevocable letters of credit	7,531,464	966,202	8,497,666
Standby letters of credit	10,478,769	286,039	10,764,808
Total	57,889,059	5,813,014	63,702,073
Less: Allowance for impairment losses	104,850,141 (7,906)	22,601,281 (387,704)	127,451,422 (395,610)
Net	104,842,235	22,213,577	127,055,812

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp59,065 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp7,906.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents potential loss due to the Bank's inability to fulfill 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 the 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 funding ratio (LFR) 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 deposits from customers.

As of December 31, 2016, the Bank maintained primary reserve of 6.50% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LFR reserve of 0.00% and GWM secondary reserve of 9.84% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.12% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit (Bank only).

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

Secondary reserve (liquidity reserve) is the Bank's liquidity tool 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 of December 31, 2016, the liquidity reserve balance is above safety level (unaudited).

LFR is a ratio of loan to third parties and qualified marketable securities issued by the bank in Rupiah and foreign currency. LFR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits and marketable securities issued, which are usually short-term in nature. As of December 31, 2016, the Bank's LFR is 85.41%.

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 of December 31, 2016, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. The Bank's prepares alternative funding in order to deal with the possibility of the market liquidity diminishing or not in line with the Bank's prediction.

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 in the first quarter of 2016 which was presented to the Management and Risk Monitoring Committee shows that the Bank can survive in times of liquidity crisis conditions. 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.

To increase awareness of unstable economic condition, either from crisis in Europe or various domestic issues, Bank Mandiri 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 1M and the latest market informations.

The maturity profile as of December 31, 2016 and 2015 are based on the remaining period from these dates. Historically, there were 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.

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using “discounted” cash flows method areas follows:

December 31, 2016								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1year - ≤3 years	>3 years
Aset								
Current accounts with Bank Indonesia	52,484,974	-	52,484,974	-	-	-	-	-
Current accounts with other banks - gross	10,363,214	-	10,363,214	-	-	-	-	-
Placement with Bank Indonesia								
And other banks	73,700,235	311	71,514,632	1,532,753	532,636	76,500	43,403	-
Marketable securities - gross	56,790,587	19,911,092	2,081,921	4,293,565	4,696,011	7,748,028	9,885,201	8,174,769
Government bonds	98,933,278	-	260,648	8,859,912	5,811,917	2,644,546	28,307,082	53,049,173
Other receivables-trade								
Transactions - gross	15,924,118	-	3,797,664	6,419,127	4,593,172	32,253	-	1,081,902
Securities purchased under								
Resale agreements - gross	5,054,488	-	4,890,918	36,094	50,814	76,662	-	-
Deivative receivables - gross	239,260	-	80,041	37,812	32,699	21,695	61,919	5,094
Loans - gross	649,322,953	-	70,585,394	43,649,793	63,245,600	77,250,381	110,131,710	284,460,075
Consumer financing receivables-gross	11,855,216	-	242,125	487,031	736,621	1,512,599	6,216,748	2,660,092
Net Investment in finance								
Lease	834,483	-	37,679	71,937	97,735	183,361	403,426	40,345
Acceptance receivables - gross	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Other asset - gross	7,109,024	504,475	3,647,778	196,680	229,334	299,367	653,088	1,578,302
	997,401,074	20,415,878	223,370,399	70,860,371	85,136,045	90,859,378	155,709,251	351,049,752
Allowance for impairment losses	(35,399,216)							
Total	962,001,858							
Liabilities								
Demand Deposits	186,983,328	-	186,983,328	-	-	-	-	-
Savings Deposits	277,169,824	-	277,169,824	-	-	-	-	-
Time Deposits	237,907,078	-	143,692,855	69,815,963	14,541,743	8,335,371	1,521,146	-
Deposits from other banks								
Demand and saving deposits	4,300,765	-	4,300,765	-	-	-	-	-
Interbank call money	1,280,952	-	897,301	141,252	242,399	-	-	-
Time deposits	3,757,479	-	1,418,254	344,342	143,980	771,050	1,079,853	-
Securities sold under repurchase agreements	3,353,042	-	830,819	-	-	-	2,522,223	-
Derivatives liabilities	502,469	-	126,809	111,891	36,755	173,743	46,985	6,286
Acceptance liabilities	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,025,994	-	72,035	-	489,890	348,802	1,991,808	6,123,459
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	35,882,757	-	1,186,216	3,139,035	2,036,674	6,302,967	1,493,453	21,724,412
Subordinates loans	215,432	-	7,876	10,652	-	7,876	31,503	157,525
	784,250,838	361,807	626,284,155	80,396,271	23,549,483	16,953,795	8,693,645	28,011,682
Maturity gap	213,150,236	20,054,071	(402,913,756)	(9,535,900)	61,586,562	73,905,583	147,015,606	323,038,070
Net positions, net of allowance for impairment losses	177,751,020							

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

December 31, 2015								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 year - ≤3 years	>3 years
Aset								
Current accounts with Bank Indonesia	56,314,316	-	56,314,316	-	-	-	-	-
Current accounts with other banks - gross	10,155,626	-	10,155,626	-	-	-	-	-
Placements with Bank Indonesia and other banks-gross	37,387,623	486	33,543,683	2,676,377	851,215	118,156	197,706	-
Marketable securities-gross	43,950,733	17,025,681	1,451,819	2,539,479	2,915,831	1,941,088	6,563,139	11,513,696
Government bonds	103,869,361	-	1,446,705	8,707,596	2,199,709	5,932,965	31,316,219	54,266,167
Other receivables-trade transactions-gross	14,912,513	-	4,158,868	5,611,062	3,989,722	41,571	7,680	1,103,610
Securities purchased under resale agreements-gross	676,900	-	489,923	36,143	75,969	74,865	-	-
Derivative receivables-gross	700,884	-	194,748	126,690	129,827	12,427	236,853	339
Loans-gross	586,675,437	-	57,448,611	39,269,859	57,095,905	87,114,894	94,946,018	250,800,150
Consumer financing receivables-gross	8,178,063	-	199,625	400,778	603,012	1,204,148	4,235,907	1,534,593
Net Investment in finance lease	604,150	-	31,853	59,275	82,805	145,049	273,819	11,349
Acceptances receivable-gross	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Other assets-gross	6,602,465	476,807	3,034,027	265,385	271,144	312,090	672,747	1,570,265
	881,359,344	17,502,974	171,167,926	64,074,970	71,001,628	98,361,589	138,450,088	320,800,169
Allowance for impairment losses	(24,905,220)							
Total	856,454,124							
Liabilities								
Deposit from customers								
Demand deposits	172,154,488	-	172,154,488	-	-	-	-	-
Saving deposits	248,951,639	-	248,951,639	-	-	-	-	-
Time deposits	201,226,204	-	129,766,224	55,476,163	9,596,815	5,144,004	1,242,998	-
Deposits from other banks								
Demand and saving deposits	3,744,289	-	3,744,289	-	-	-	-	-
Interbank call money	3,764,363	-	3,660,975	103,388	-	-	-	-
Time deposits	5,127,585	-	2,545,510	1,276,182	939,540	365,753	600	-
Securities sold under repurchase agreements	4,863,171	-	2,341,504	-	-	-	2,521,667	-
Derivative payables	299,079	-	43,110	17,157	9,669	2,727	226,416	-
Acceptances payable	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Marketable securities issued	2,398,178	-	77,768	-	411,921	-	1,308,984	599,505
Accrued expenses	3,490,801	209,445	3,267,592	13,764	-	-	-	-
Other liabilities	4,727,808	89,324	1,934,792	1,960,141	743,551	-	-	-
Fund borrowings	33,764,671	-	985,536	1,100,216	955,775	4,081,942	9,657,805	16,983,397
Subordinated loans	3,737,703	-	8,025	10,652	-	3,499,714	42,752	176,560
	699,581,252	298,769	572,179,574	64,339,989	15,443,760	14,558,476	15,001,222	17,759,462
Maturity gap	181,778,092	17,204,205	(401,011,648)	(265,019)	55,557,868	83,803,113	123,448,866	303,040,707
Net position, net of allowance for impairment losses	156,872,872							

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2016 and 2015 as follows:

December 31, 2016								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 year - ≤3 years	>3 year
Liabilities								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	187,183,081	-	187,183,081	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	277,432,687	-	277,414,123	2,450	3,368	4,519	5,063	3,164
Time deposits	240,102,137	-	146,085,233	70,991,966	14,337,180	7,630,037	1,057,721	-
Deposits from other banks								
Demand and saving deposits	4,317,499	-	4,317,499	-	-	-	-	-
Interbank call money	1,347,183	-	926,304	157,682	263,197	-	-	-
Time deposits	3,855,969	-	1,580,588	227,387	194,859	773,258	1,079,877	-
Securities sold under repurchase agreements	4,330,346	-	832,346	-	-	-	3,498,000	-
Derivative payables	698,308	-	173,727	111,867	64,990	347,724	-	-
Acceptances payable	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,341,811	-	72,035	-	541,203	350,000	2,205,649	6,172,924
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	36,814,668	-	1,214,962	3,394,654	1,890,270	6,403,977	1,118,779	22,792,026
Subordinated loans	254,715	-	8,191	11,223	768	9,412	37,646	187,475
Total	789,550,122	361,807	629,406,162	81,730,365	23,353,877	16,532,913	9,009,409	29,155,589

December 31, 2015								
Description	Total	No Maturity Contract	≤1 month	>1 month - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 year - ≤3 years	>3 year
Liabilities								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	172,314,777	-	172,314,777	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	249,203,885	-	249,176,290	4,172	5,228	6,940	7,076	4,179
Time deposits	203,106,041	-	130,707,371	56,078,496	9,768,485	5,268,100	1,283,589	-
Deposits from other banks								
Demand and saving deposits	3,747,587	-	3,747,587	-	-	-	-	-
Interbank call money	3,777,901	-	3,777,901	-	-	-	-	-
Time deposits	5,159,528	-	2,566,511	1,284,783	941,599	366,028	607	-
Securities sold under repurchase agreements	5,842,201	-	2,344,201	-	-	-	3,498,000	-
Derivative payables	300,757	-	43,672	17,798	10,747	3,503	225,037	-
Acceptances payable	11,331,273	-	2,698,122	4,382,326	2,786,489	1,464,336	-	-
Marketable securities issued	2,780,482	-	77,768	-	501,320	73,369	1,474,370	653,655
Accrued expenses	3,490,801	209,445	3,267,592	13,764	-	-	-	-
Other liabilities	4,727,808	89,324	1,934,792	1,960,141	743,551	-	-	-
Fund borrowings	35,029,953	-	1,269,478	1,209,373	1,018,295	4,168,637	9,890,883	17,473,287
Subordinated loans	4,213,172	-	43,021	80,644	104,988	3,724,690	50,343	209,486
Total	705,026,166	298,769	573,969,083	65,031,497	15,880,702	15,075,603	16,429,905	18,340,607

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2016 and 2015 are as follows:

December 31, 2016								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	74,266,284	-	74,266,284	-	-	-	-	-
Committed unused loan facilities granted	26,897,371	-	26,897,371	-	-	-	-	-
Outstanding irrevocable letters of credit	12,096,666	-	4,186,948	4,959,313	1,051,886	1,201,114	697,273	132
Standby letter of credit	13,164,560	-	13,164,560	-	-	-	-	-
	126,424,881	-	118,515,163	4,959,313	1,051,886	1,201,114	697,273	132

December 31, 2015								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	74,511,091	-	74,511,091	-	-	-	-	-
Committed unused loan facilities granted	29,280,018	-	29,280,018	-	-	-	-	-
Outstanding irrevocable letters of credit	10,924,588	-	2,763,261	5,313,631	1,967,369	485,826	394,501	-
Standby letter of credit	12,735,725	-	12,735,725	-	-	-	-	-
	127,451,422	-	119,290,095	5,313,631	1,967,369	485,826	394,501	-

(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)

(i) Liquidity 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 of December 31, 2016 and 2015 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
December 31, 2016		
Increase/(decrease) net income (Rp billion)	(1,456.47)	(246.17)
December 31, 2015		
Increase/(decrease) net income (Rp billion)	(907.58)	(41.84)

The above 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 of December 31, 2016 and 2015 (Bank Mandiri only) as follows:

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
December 31, 2016		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	280.60	(280.60)
December 31, 2015		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	321.16	(321.16)

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of 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:

	December 31, 2016									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	52,484,974	52,484,974
Current accounts with other banks	8,892,740	-	-	-	-	-	-	-	1,470,474	10,363,214
Placements with Bank Indonesia and other banks	67,605,631	1,532,753	609,136	-	-	-	-	-	3,952,715	73,700,235
Marketable securities	885,690	3,224,410	7,583,395	1,818,633	1,866,742	365,302	780,409	4,428,343	35,837,663	56,790,587
Government bonds	40,478,769	595,587	7,246,395	3,353,505	6,845,733	2,874,107	6,014,041	18,192,914	13,332,227	98,933,278
Other receivables - trade transactions	733,633	2,325,524	1,796,140	-	-	-	-	-	11,068,821	15,924,118
Securities purchased under resale agreements	3,881,719	36,094	127,476	-	-	-	-	-	1,009,199	5,054,488
Derivative receivables	-	58	22,195	23,666	715	1,688	219	-	190,719	239,260
Loans	84,125,977	400,733,521	29,067,738	26,115,400	22,624,334	11,135,122	3,993,571	16,861,972	54,665,318	649,322,953
Consumer financing receivables	288,739	581,855	2,665,436	3,436,181	2,761,953	1,591,061	529,991	-	-	11,855,216
Net investment in finance lease	37,679	71,936	281,095	262,868	140,559	36,441	3,905	-	-	834,483
Acceptances receivable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Other assets	-	-	-	-	-	-	-	-	7,109,024	7,109,024
	206,930,577	409,101,738	49,399,006	35,010,253	34,240,036	16,003,721	11,322,136	39,483,229	195,910,378	997,401,074
Deposits from customers										
Demand deposits	22,991,788	9,323,225	26,527,005	25,897,567	19,018,251	14,434,717	10,997,065	50,932,860	6,860,850	186,983,328
Saving deposits	21,586,593	11,882,590	30,102,863	33,467,369	26,168,020	21,302,081	18,114,142	111,952,730	2,593,436	277,169,824
Time deposits	145,152,589	70,254,376	21,452,928	738,941	308,244	-	-	-	-	237,907,078
Deposits from other banks										
Demand and saving deposits	195,847	4,032,646	15,709	-	-	-	-	-	56,563	4,300,765
Interbank call money	1,257,420	23,532	-	-	-	-	-	-	-	1,280,952
Time deposits	1,506,254	346,067	825,304	641,175	438,679	-	-	-	-	3,757,479
Securities sold under repurchase agreements	830,819	-	-	2,522,223	-	-	-	-	-	3,353,042
Derivative payables	894	24	1,975	2,554	683	-	3,482	-	492,857	502,469
Acceptances payable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Marketable securities issued	-	-	838,692	823,016	1,069,293	99,520	1,883,067	3,937,406	375,000	9,025,994
Accrued expenses	7,682	95,438	4,903	2,560	-	-	-	-	3,632,913	3,743,496
Other liabilities	-	-	-	-	-	-	-	-	5,338,978	5,338,978
Fund borrowings	5,110,709	12,974,222	15,800,395	738,844	989,929	141,487	-	127,171	-	35,882,757
Subordinated loans	10,652	-	-	-	-	-	-	204,780	-	215,432
	198,651,247	108,932,120	95,569,774	64,834,249	47,993,099	35,977,805	30,997,756	167,154,947	34,139,841	784,250,838
Total interest repricing gap	8,279,330	300,169,618	(46,170,768)	(29,823,996)	(13,753,063)	(19,974,084)	(19,675,620)	(127,671,718)	161,770,537	213,150,236

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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)

December 31, 2016									
	Interest bearing							Non interest bearing	Total
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	56,314,316
Current accounts with other banks	9,700,440	-	-	-	-	-	-	-	455,186
Placements with Bank Indonesia and other banks	30,404,983	2,736,377	909,370	151,606	1,328,624	1,251,474	345,994	4,735,556	3,185,287
Marketable securities	417,159	1,643,815	2,690,501	4,453,204	3,778,296	7,175,922	3,310,243	14,098,104	27,084,406
Government bonds	25,476,529	31,603,947	1,897,662	9,135,374	-	-	-	-	7,393,284
Other receivables - trade transactions	1,501,500	2,233,631	2,408,831	1,481	-	-	-	-	8,767,070
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	676,900
Derivative receivables	-	117	11,754	5,371	6,367	-	339	-	676,936
Loans	96,014,056	362,477,182	29,813,748	14,618,707	15,521,006	4,473,256	5,053,869	8,438,243	50,265,370
Consumer financing receivables	199,634	400,794	1,807,232	2,300,136	1,938,433	1,153,286	378,548	-	8,178,063
Net investment in finance lease	31,854	59,275	227,853	189,749	84,070	9,249	2,100	-	604,150
Acceptances receivable	-	-	-	-	-	-	-	-	11,331,273
Other assets	-	-	-	-	-	-	-	-	6,602,465
	<u>163,746,155</u>	<u>401,155,138</u>	<u>39,766,951</u>	<u>30,855,628</u>	<u>22,656,796</u>	<u>14,063,187</u>	<u>9,091,093</u>	<u>27,271,903</u>	<u>172,752,493</u>
Deposits from customers	57,624	-	166,091,002	-	-	-	-	-	6,005,862
Demand deposits	360,093	215,027,698	29,991,870	5,187	1,888	1,157	734	2,289	3,560,723
Saving deposits	135,657,100	51,871,183	12,037,350	1,660,571	-	-	-	-	-
Time deposits	-	-	-	-	-	-	-	-	201,226,204
Deposits from other banks	350,530	3,321,051	28,283	-	-	-	-	-	44,425
Demand and saving deposits	3,764,363	-	-	-	-	-	-	-	-
Interbank call money	448,429	1,196,901	3,190,016	292,239	-	-	-	-	-
Time deposits	-	-	-	-	-	-	-	-	5,127,585
Securities sold under repurchase agreements	2,341,504	-	-	-	2,521,667	-	-	-	-
Derivative payables	-	197	556	1,418	-	-	-	-	296,908
Acceptances payable	-	-	-	-	-	-	-	-	11,331,273
Marketable securities issued	-	-	411,921	489,478	819,506	-	99,505	-	577,768
Accrued expenses	1,721	96,793	1,868	531	-	-	-	-	3,389,888
Other liabilities	-	-	-	-	-	-	-	-	4,727,808
Fund borrowings	3,249,065	23,536,359	5,184,003	591,329	1,047,864	25,618	-	130,135	298
Subordinated loans	42,357	-	-	3,464,362	-	-	-	230,984	-
	<u>146,272,786</u>	<u>295,050,182</u>	<u>216,936,869</u>	<u>6,505,115</u>	<u>4,390,925</u>	<u>26,775</u>	<u>100,239</u>	<u>363,408</u>	<u>29,934,953</u>
Total interest repricing gap	<u>17,473,369</u>	<u>106,104,956</u>	<u>(177,169,918)</u>	<u>24,350,513</u>	<u>18,265,871</u>	<u>14,036,412</u>	<u>8,990,854</u>	<u>26,908,495</u>	<u>142,817,540</u>
	<u>181,778,092</u>								

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct stress testing on the market risk of banking book regularly.

(iii) Pricing management

As part of the management of interest rate risk, the Bank implements pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by determining the competitive climate.

Bank consistently manage to apply the strategy as a market leader in terms of fund pricing. However, determining 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 by providing a various credit interest rate to customers based on the level of credit risk. In order to minimise interest rate risk, the credit interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, credit 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. Credit rates can be either a floating or a fixed rate for certain tenors.

(iv) Market risk management

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applies segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using best practice approach and inline with the internal and external conditions apply.

(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.

The calculation of the net open position as of December 31, 2016 and 2015 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010. In accordance with Bank Indonesia Regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position are stated in Rupiah and the net difference between receivables and payables from commitments and contingencies for each foreign currency are recorded in administrative accounts are stated in Rupiah. While the net open position for the financial position is the net difference between total assets and liabilities for each foreign currency are stated in Rupiah.

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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

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2016 as follows:

Currency	Aset	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***			
United State dollar	190,570,682	187,266,392	3,304,290
European euro	6,713,558	6,704,757	8,801
Singapore dollar	3,205,075	3,232,526	27,451
Japanese yen	500,298	512,173	11,875
Australian dollar	418,917	447,814	28,897
Great Britain Pound Sterling	339,546	314,308	25,238
Hong Kong Dollar	65,506	64,485	1,021
Others	4,078,919	4,680,724	686,595*)
Total			4,094,168
STATEMENT OF FINANCIAL POSITION			
United State dollar	179,441,984	151,154,887	28,287,097
European euro	4,133,128	3,889,783	243,345
Singapore dollar	3,077,206	2,126,959	950,247
Japanese yen	464,491	488,663	(24,172)
Australian dollar	345,168	323,001	22,167
Great Britain Pound Sterling	260,220	261,593	(1,373)
Hong Kong Dollar	61,464	43,056	18,408
Others	1,335,675	4,560,726	(3,225,051)**)
Total			26,270,668
Total Tier I dan Tier II Capital less investments in Subsidiaries (Note 57)			137,432,214
NOP ratio (Statement of financial position)			19,12%
NOP ratio (overall)			2.98%

Net Open Position ratio as of December 31, 2016 if calculated using November 2016 capital as follows (unaudited):

November 2016 Capital	141,100,135
NOP ratio (Statement of financial position)	18.62%
NOP ratio (overall)***)	2.90%

*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

***) The calculation of bank's net open position based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

a. Net open position (continued)

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2015 as follows:

Currency	Assets	Liabilities	Net Open Position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***			
United States Dollar	255,181,458	253,283,271	1,898,187
European Euro	4,175,272	4,183,295	8,023
Singapore Dollar	3,214,700	3,340,210	125,510
Japanese Yen	1,071,988	1,059,898	12,090
Australian Dollar	500,121	504,482	4,361
Great Britain Pound Sterling	584,069	547,126	36,943
Hong Kong Dollar	251,864	246,119	5,745
Others	5,199,373	6,107,021	1,039,026*)
Total			3,129,885
STATEMENT OF FINANCIAL POSITION			
United States Dollar	243,475,165	228,099,215	15,375,950
European Euro	4,100,636	3,502,583	598,053
Singapore Dollar	3,118,110	2,078,649	1,039,461
Japanese Yen	1,005,119	991,059	14,060
Australian Dollar	436,140	307,732	128,408
Great Britain Pound Sterling	498,225	464,574	33,651
Hong Kong Dollar	209,175	69,134	140,041
Others	2,003,727	5,415,625	(3,411,898)**)
Total			13,917,726
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			107,388,146
NOP Ratio (Statements of Financial Position)			12.96%
NOP Ratio (Overall)			2.91%

Net Open Position ratio as of December 31, 2015 if calculated using November 2015 capital as follows (unaudited):

Capital November 2015	106,123,011
NOP Ratio (Statements of Financial Position)	13.11%
NOP Ratio (Overall)***)	2.95%

*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

***) The calculation of bank's net open position based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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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 of foreign currency exchange rate risk as of December 31, 2016 and 2015. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2016								
	United States Dollar	European euro	Singapore dollar	Japanese Yen	Australian dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
Asset									
Cash	1,710,796	187,511	773,117	93,166	149,888	7,003	37,240	109,688	3,068,409
Current accounts with Bank Indonesia	11,470,919	-	-	-	-	-	-	-	11,470,919
Current accounts with other banks	8,372,193	269,742	322,557	244,524	89,328	35,145	218,934	302,421	9,854,844
Placement with Bank Indonesia and other banks	35,407,101	43,404	-	-	-	8,860	-	83,385	35,542,750
Marketable securities	10,747,401	-	195,738	2,781	-	-	-	152,220	11,098,140
Government bonds	23,033,738	1,549,208	-	-	-	-	-	-	24,582,946
Other receivables-trade transactions	6,150,516	48,024	6,965	22,097	7,339	-	13,017	18,545	6,266,503
Tagihan derivatif	170,805	66,499	-	15	90	-	502	25	237,936
Derivatives receivable	87,954,943	1,959,304	1,321,318	1,402	5,358	392	30	1,327,585	92,570,332
Acceptances receivable	6,508,181	52,964	7,066	99,203	1,380	-	902	68,583	6,738,279
Other assets	734,909	35,690	4,663	245	126	22	2	23,763	799,420
Total asset	192,261,502	4,212,346	2,631,424	463,433	253,509	51,422	270,627	2,086,215	202,230,478
Liabilities									
Deposits from Customers									
Demand deposits/Wadiah	60,347,101	1,192,031	533,625	263,262	45,117	2,128	74,610	161,827	62,619,701
Saving deposits/Wadiah saving	28,259,562	649,443	1,004,091	38,595	160,257	7,684	168,813	15,533	30,303,978
Time deposits	24,220,362	1,791,129	447,978	26,248	75,325	12,973	8,673	2,866	26,585,554
Deposits from other banks									
Demand and saving deposits	2,071,352	7,341	20,887	7,638	-	-	-	-	2,107,218
Interbank call money	592,790	-	-	-	-	-	-	333,162	925,952
Time deposits	134,725	-	-	-	-	-	-	-	134,725
Derivative payable	436,731	61,938	-	280	-	-	526	54	499,529
Acceptances payable	6,507,794	52,964	7,066	99,203	1,380	-	902	68,970	6,738,279
Accrued Expenses	446,838	-	26,026	145	108	5,794	65	50,934	529,910
Other liabilities	2,733,959	175,359	54,832	52,187	39,807	4,961	7,108	23,882	3,092,095
Fund Borrowings	26,872,469	-	-	-	-	-	-	3,893,944	30,766,413
Subordinated Loans	204,780	-	-	-	-	-	-	-	204,780
Total liabilities	152,828,463	3,930,205	2,094,505	487,558	321,994	33,540	260,697	4,551,172	164,508,134
Net statements of financial position	39,433,039	282,141	536,919	(24,125)	(68,485)	17,882	9,930	(2,464,957)	37,722,344
Administrative accounts - net	1,369,270	(234,544)	(1,105,567)	19,070	(23,578)	(17,387)	26,611	301,083	334,958

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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)

	December 31, 2015								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
Asset									
Cash	1,466,964	230,627	758,831	90,896	253,618	8,836	19,881	93,594	2,923,247
Current accounts with Bank Indonesia	11,756,796	-	-	-	-	-	-	-	11,756,796
Current accounts with other banks Placement with Bank Indonesia	8,146,579	266,766	196,469	399,282	26,922	20,924	233,989	393,445	9,684,376
and other banks	25,568,049	46,101	-	-	-	-	-	212,848	25,826,998
Marketable securities	7,960,436	7,731	271,359	2,748	-	164,716	-	602	8,407,592
Government Bonds	24,538,404	141,909	-	-	-	-	-	-	24,680,313
Other receivables - trade transactions	5,337,532	103,607	19,467	9,201	1,093	-	14,464	37,766	5,523,130
Derivatives receivable	422,888	640	499	-	83	-	1,187	267,035	692,332
Loans	88,079,275	1,594,439	1,452,019	1,027,468	-	-	82	-	92,153,283
Acceptances receivable	8,629,960	52,020	172,432	50,110	2,061	-	2,309	4,339	8,913,231
Other assets	780,751	10,251	4,882	108	35	81	17	4,239	800,364
Total Assets	182,687,634	2,454,091	2,875,958	1,579,813	283,812	194,557	271,929	1,013,868	191,361,662
Liabilities									
Deposits from Customers									
Demand deposits/Wadiah demand deposit	67,957,573	1,423,576	651,317	426,003	84,469	4,689	219,999	156,558	70,924,184
Saving deposits/Wadiah saving deposit	27,281,211	87,952	519,234	30,015	27,554	322	5,877	66,929	28,019,094
Time deposits	21,896,472	82,589	244,436	5,765	29,443	50,702	3,649	2,497	22,315,553
Deposits from other banks									
Demand and saving deposits	1,616,028	258	16,335	-	-	-	-	-	1,632,621
Inter bank call money	1,964,363	-	-	-	-	-	-	-	1,964,363
Time deposits	406,657	-	-	-	-	-	-	-	406,657
Derivative payable	293,352	1,662	-	222	1,386	-	151	89	296,862
Acceptances payable	8,629,960	52,020	172,432	50,110	2,061	-	2,309	4,339	8,913,231
Accrued Expenses	515,375	1,764	30,938	-	18	6,417	33	16,374	570,919
Other liabilities	2,473,030	103,651	25,188	23,745	31,636	1,987	5,265	11,222	2,677,724
Fund Borrowings	24,434,666	-	-	-	-	-	-	4,140,421	28,575,087
Subordinated Loans	224,710	-	-	-	-	-	-	-	224,710
Total liabilities	157,695,397	1,753,472	1,659,880	535,860	176,567	64,117	237,283	4,398,429	166,521,005
Net statements of financial position	24,992,237	700,619	1,216,078	1,043,953	107,245	130,440	34,646	(3,384,561)	24,840,657
Administrative accounts - net	(472,548)	(514,230)	(1,082,683)	(465)	(132,769)	(73,820)	3,292	2,504,250	231,027

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Asset		
Cash		
United States Dollar	1,710,796	126,984
European Euro	187,511	13,228
Singapore Dollar	773,117	83,024
Japanese Yen	93,166	809,646
Australian Dollar	149,888	15,416
Hong Kong Dollar	7,003	4,031
Great Britain Pound Sterling	37,240	2,249
Chinese Yuan	21,271	10,969
Others	88,417	6,563
	3,068,409	1,072,110
Deposits with Bank Indonesia		
United States Dollar	11,470,919	851,432
Deposits with other banks		
United States Dollar	8,372,193	621,428
European Euro	269,742	19,028
Singapore Dollar	322,557	34,639
Japanese Yen	244,524	2,125,002
Australian Dollar	89,328	9,187
Hong Kong Dollar	35,145	20,229
Great Britain Pound Sterling	218,934	13,225
Chinese Yuan	228,758	117,966
Others	73,663	5,468
	9,854,844	2,966,172
Placement with Bank Indonesia and other banks		
United States Dollar	35,407,101	2,628,102
European Euro	43,404	3,062
Hong Kong Dollar	8,860	5,100
Chinese Yuan	83,385	43,000
	35,542,750	2,679,264
Marketable securities		
United States Dollar	10,747,401	797,729
Singapore Dollar	195,738	21,020
Japanese Yen	2,781	24,159
Others	152,220	11,299
	11,098,140	854,207
Government bonds		
United States Dollar	23,033,738	1,709,686
European Euro	1,549,208	109,286
	24,582,946	1,818,972

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)-
Asset (continued)		
Other receivables - trade transactions		
United States Dollar	6,150,516	456,524
European Euro	48,024	3,388
Singapore Dollar	6,965	748
Japanese Yen	22,097	192,031
Australian Dollar	7,339	755
Great Britain Pound Sterling	13,017	786
Chinese Yuan	18,545	9,563
	6,266,503	663,795
Derivative receivables		
United States Dollar	170,805	12,678
European Euro	66,499	4,691
Japanese Yen	15	130
Australian Dollar	90	9
Great Britain Pound Sterling	502	30
Others	25	2
	237,936	17,540
Loan and sharia receivable/financing		
United States Dollar	87,954,943	6,528,480
European Euro	1,959,304	138,215
Singapore Dollar	1,321,318	141,895
Japanese Yen	1,402	12,184
Australian Dollar	5,358	551
Hong Kong Dollar	392	226
Great Britain Pound Sterling	30	2
Chinese Yuan	1,327,585	684,608
	92,570,332	7,506,161
Acceptances receivable		
United States Dollar	6,508,181	483,072
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	55
Chinese Yuan	68,583	35,367
	6,738,279	1,385,241
Other assets		
United States Dollar	734,909	54,549
European Euro	35,690	2,517
Singapore Dollar	4,663	501
Japanese Yen	245	2,129
Australian Dollar	126	13
Hong Kong Dollar	22	13
Great Britain Pound Sterling	2	-
Chinese Yuan	23,763	12,254
	799,420	71,976
Total asset	202,230,478	19,886,870

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	60,347,101	4,479,280
European Euro	1,192,031	84,089
Singapore Dollar	533,625	57,306
Japanese Yen	263,262	2,287,842
Australian Dollar	45,117	4,640
Hong Kong Dollar	2,128	1,225
Great Britain Pound Sterling	74,610	4,507
Chinese Yuan	157,357	81,146
Others	4,470	332
	62,619,701	7,000,367
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	28,259,562	2,097,574
European Euro	649,443	45,814
Singapore Dollar	1,004,091	107,828
Japanese Yen	38,595	335,405
Australian Dollar	160,257	16,482
Hong Kong Dollar	7,684	4,423
Great Britain Pound Sterling	168,813	10,197
Chinese Yuan	14,028	7,234
Others	1,505	112
	30,303,978	2,625,069
Time deposits		
United States Dollar	24,220,362	1,797,763
European Euro	1,791,129	126,351
Singapore Dollar	447,978	48,108
Japanese Yen	26,248	228,105
Australian Dollar	75,325	7,747
Hong Kong Dollar	12,973	7,467
Great Britain Pound Sterling	8,673	524
Chinese Yuan	2,866	1,478
	26,585,554	2,217,543
Deposits from other banks		
Demand and saving deposits		
United States Dollar	2,071,352	153,747
European Euro	7,341	518
Singapore Dollar	20,887	2,243
Japanese Yen	7,638	66,378
	2,107,218	222,886
Interbank call money		
United States Dollar	592,790	44,000
Chinese Yuan	333,162	171,805
	925,952	215,805

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Time deposits		
United States Dollar	134,725	10,000
Derivative payables		
United States Dollar	436,731	32,416
European Euro	61,938	4,369
Japanese Yen	280	2,433
Great Britain Pound Sterling	526	32
Others	54	4
	499,529	39,254
Acceptances payable		
United States Dollar	6,507,794	483,043
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	54
Chinese Yuan	68,970	35,566
	6,738,279	1,385,410
Accrued expenses		
United States Dollar	446,838	33,167
Singapore Dollar	26,026	2,795
Japanese Yen	145	1,260
Australian Dollar	108	11
Hong Kong Dollar	5,794	3,335
Great Britain Pound Sterling	65	4
Chinese yuan	50,927	26,262
Others	7	1
	529,910	66,835
Others liabilities		
United States Dollar	2,733,959	202,929
European Euro	175,359	12,370
Singapore Dollar	54,832	5,888
Japanese Yen	52,187	453,525
Australian Dollar	39,807	4,094
Hong Kong Dollar	4,961	2,856
Great Britain Pound Sterling	7,108	429
Chinese yuan	3,769	1,944
Others	20,113	1,493
	3,092,095	685,528
Fund borrowings		
United States Dollar	26,872,469	1,994,616
Chinese Yuan	3,893,944	2,008,026
	30,766,413	4,002,642
Subordinated loans		
United States Dollar	204,780	15,200
Total Liabilities	164,508,134	18,486,539

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
United States Dollar	1,466,964	106,417
European Euro	230,627	15,317
Singapore Dollar	758,831	77,757
Japanese Yen	90,896	793,713
Australian Dollar	253,618	25,151
Hong Kong Dollar	8,836	4,968
Great Britain Pound Sterling	19,881	973
Chinese Yuan	33,140	15,611
Others	60,454	4,385
	2,923,247	1,044,292
Current accounts with Bank Indonesia		
United States Dollar	11,756,796	852,869
Current accounts with other banks		
United States Dollar	8,146,579	590,974
European Euro	266,766	17,717
Singapore Dollar	196,469	20,132
Japanese Yen	399,282	3,486,570
Australian Dollar	26,922	2,670
Hong Kong Dollar	20,924	11,764
Great Britain Pound Sterling	233,989	11,448
Chinese Yuan	182,851	86,135
Others	210,594	15,277
	9,684,376	4,242,687
Placements with Bank Indonesia and other banks		
United States Dollar	25,568,049	1,854,773
European Euro	46,101	3,062
Chinese Yuan	212,848	100,265
	25,826,998	1,958,100
Marketable securities		
United States Dollar	7,960,436	577,471
European Euro	7,731	513
Singapore Dollar	271,359	27,806
Japanese Yen	2,748	23,996
Hong Kong Dollar	164,716	92,605
Others	602	44
	8,407,592	722,435
Government bonds		
United States Dollar	24,538,404	1,780,080
European Euro	141,909	9,425
	24,680,313	1,789,505
Other receivables - trade transactions		
United States Dollar	5,337,532	387,199
European Euro	103,607	6,881
Singapore Dollar	19,467	1,995
Japanese Yen	9,201	80,344

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets (continued)		
Other receivables - trade transactions (continued)		
Australian Dollar	1,093	108
Great Britain Pound Sterling	14,464	708
Others	37,766	2,740
	5,523,130	479,975
Derivative receivables		
United States Dollar	422,888	30,677
European Euro	640	43
Singapore Dollar	499	51
Australian Dollar	83	8
Great Britain Pound Sterling	1,187	58
Others	267,035	19,371
	692,332	50,208
Loan and sharia receivable/financing		
United States Dollar	88,079,275	6,389,501
European Euro	1,594,439	105,896
Singapore Dollar	1,452,019	148,788
Japanese Yen	1,027,468	8,971,952
Great Britain Pound Sterling	82	4
	92,153,283	15,616,141
Acceptances receivable		
United States Dollar	8,629,960	626,040
European Euro	52,020	3,455
Singapore Dollar	172,432	17,669
Japanese Yen	50,110	437,565
Australian Dollar	2,061	204
Great Britain Pound Sterling	2,309	113
Others	4,339	315
	8,913,231	1,085,361
Other assets		
United States Dollar	780,751	56,638
European Euro	10,251	681
Singapore Dollar	4,882	500
Japanese Yen	108	943
Australian Dollar	35	3
Hong Kong Dollar	81	46
Great Britain Pound Sterling	17	1
Others	4,239	308
	800,364	59,120
Total assets	191,361,662	27,900,693

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	67,957,573	4,929,820
European Euro	1,423,576	94,548
Singapore Dollar	651,317	66,740
Japanese Yen	426,003	3,719,900
Australian Dollar	84,469	8,377
Hong Kong Dollar	4,689	2,636
Great Britain Pound Sterling	219,999	10,764
Others	156,558	11,357
	70,924,184	8,844,142
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	27,281,211	1,979,050
European Euro	87,952	5,841
Singapore Dollar	519,234	53,206
Japanese Yen	30,015	262,094
Australian Dollar	27,554	2,733
Hong Kong Dollar	322	181
Great Britain Pound Sterling	5,877	288
Others	66,929	4,855
	28,019,094	2,308,248
Time deposits		
United States Dollar	21,896,472	1,588,427
European Euro	82,589	5,485
Singapore Dollar	244,436	25,047
Japanese Yen	5,765	50,341
Australian Dollar	29,443	2,920
Hong Kong Dollar	50,702	28,505
Great Britain Pound Sterling	3,649	179
Others	2,497	181
	22,315,553	1,701,085
Deposits from other banks		
Demand and saving deposits		
United States Dollar	1,616,028	117,231
European Euro	258	17
Singapore Dollar	16,335	1,674
	1,632,621	118,922
Interbank call money		
United States Dollar	1,964,363	142,500
Time deposits		
United States Dollar	406,657	29,500

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2015	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Derivative payables		
United States Dollar	293,352	21,281
Europear Euro	1,662	110
Japanese Yen	222	1,939
Australian Dollar	1,386	137
Great Britain Pound Sterling	151	7
Others	89	6
	296,862	23,480
Acceptances payable		
United States Dollar	8,629,960	626,040
Europear Euro	52,020	3,455
Singapore Dollar	172,432	17,669
Japanese Yen	50,110	437,565
Australian Dollar	2,061	204
Great Britain Pound Sterling	2,309	113
Others	4,339	315
	8,913,231	1,085,361
Accrued expenses		
United States Dollar	515,375	37,387
Europear Euro	1,764	117
Singapore Dollar	30,938	3,170
Australian Dollar	18	2
Hong Kong Dollar	6,417	3,608
Great Britain Pound Sterling	33	2
Others	16,374	1,188
	570,919	45,474
Others liabilities		
United States Dollar	2,475,030	179,545
Europear Euro	103,651	6,884
Singapore Dollar	25,188	2,581
Japanese Yen	23,745	207,344
Australian Dollar	31,636	3,137
Hong Kong Dollar	1,987	1,117
Great Britain Pound Sterling	5,265	258
Others	11,222	814
	2,677,724	401,680
Fund borrowings		
United States Dollar	24,434,666	1,772,555
Chinese Yuan	4,140,421	1,950,407
	28,575,087	3,722,962
Subordinated loans		
United States Dollar	224,710	16,301
Total Liabilities	166,521,005	18,439,655

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2016 and 2015:

	<u>Increased by 5%</u>	<u>Decreased by 5%</u>
December 31, 2016		
Increase/(decrease) net income	1,414,355	(1,414,355)
December 31, 2015		
Increase/(decrease) net income	768,797	(768,797)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constantly at reporting date.

(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 analysis financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices (not adjusted) from active market for asset or liability which are the same/identical (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows Group assets and liabilities that are measured at fair value as of December 31, 2016 and 2015:

	December 31, 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	19,506,513	3,117,296	-	22,623,809
Available for sale	9,969,796	12,295,354	-	22,265,150
Government bonds				
Fair value through profit or loss	2,382,055	46,516	-	2,428,571
Available for sale	20,450,043	59,884,506	-	80,334,549
Derivative payables	-	239,260	-	239,260

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The table below shows Group assets and liabilities that are measured at fair value as of December 31, 2016 and 2015 (continued):

December 31, 2016				
	Level 1	Level 2	Level 3	Fair value
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,989,881	8,282,406	-	11,272,287
Government bonds	1,825,421	9,335,752	-	11,161,173
Loans	-	182,684,175	422,301,582	604,985,757
Consumer financing receivables	-	12,529,745	-	12,529,745
Net investment in financing leases	-	928,918	-	928,918
Liabilities measured at fair value				
Derivative payables	-	502,469	-	502,469
Liabilities disclosed at fair values				
Securities issued	-	8,988,033	-	8,988,033
Borrowings	-	35,770,305	-	35,770,305
Subordinated loans	-	215,432	-	215,432

December 31, 2015				
	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	16,677,923	1,943,626	-	18,621,549
Available for sale	6,108,710	11,189,775	-	17,298,485
Government Bonds				
Fair value through profit or loss	2,188,605	661,138	-	2,849,743
Available for sale	4,978,086	69,175,517	-	74,153,603
Derivatives receivables	-	700,884	-	700,884
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,202,298	5,027,330	-	7,229,628
Government bonds	597,967	20,085,647	-	20,683,614
Loans	-	163,073,872	401,113,987	564,187,859
Consumer financing receivables	-	8,631,925	-	8,631,925
Net investment in financing leases	-	633,146	-	633,146

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The table below shows Group assets and liabilities that are measured at fair value as of December 31, 2016 and 2015 (continued):

	December 31, 2015			
	Level 1	Level 2	Level 3	Fair value
Liabilities measured at fair value				
Derivative payables	-	299,079	-	299,079
Liabilities disclosed at fair values				
Securities issued	-	1,717,367	-	1,717,367
Borrowings	-	33,744,627	-	33,744,627
Subordinated loan	-	3,804,651	-	3,804,651

As of December 31, 2016 and 2015, for assets and liabilities held at year end report measured at fair value repeatedly, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid on December 31, 2016 and 2015 amounting to Rp30,944,767 (40.94% of total assets level 2) and Rp35,556,311 (42.50% of total assets level 2), respectively, which represent government bonds with variable interest rates and classified as available for sale.

The fair value of financial instruments traded in active markets (such as marketable securities which measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects actual and regular market transactions at a 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 and 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.

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable from market, therefore the instrument is included in level 2. Instead, if one or more data is not based on observable market data, these instrument is included in level 3.

As of December 31, 2016 and 2015, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2016		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Marketable securities				
Held to maturity	11,197,290	11,272,287	7,153,740	7,229,628
At cost*)	496,135	499,885	576,804	572,738
Government bonds				
Held to maturity	11,142,896	11,161,173	20,811,293	20,683,614
At cost*)	5,027,262	5,151,779	6,054,722	6,065,296
Loans	616,706,193	604,985,757	564,393,595	564,187,859
Consumer financing receivable	11,531,838	12,529,745	7,907,449	8,631,925
Net Investment in finance leases	829,945	928,918	598,359	633,146
	656,931,559	646,529,544	607,495,962	608,004,206
Liabilities				
Marketable securities issued	9,025,994	8,988,033	2,398,178	1,717,367
Fund borrowings	35,882,757	35,770,305	33,764,671	33,744,627
Subordinated loans	215,432	215,432	3,737,703	3,804,651
	45,124,183	44,973,770	39,900,552	39,266,645

*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

- (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.

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the amount payable 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. When information is not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

(vii) Value at Risk (VaR)

The Bank calculate VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank as a result of market movement that affect the Bank's exposure to trading in normal conditions with a confidence level of 99%. VaR calculation method which is used by the bank is the Historical Simulation method which does not require the assumption that the movement of market factors are normally distributed. Bank calculated VaR based on the 250 days historical market factor data.

VaR realisation as of December 31, 2016 and 2015 are as follows:

	December 31, 2016 ⁹⁾			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	9,809	17,766	3,403	4,920
Foreign exchange risk	16,044	75,539	852	9,118
Total	13,648	59,770	5,465	7,413

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vii) Value at Risk (VaR) (continued)

VaR realisation as of December 31, 2016 and 2015 are as follows (continued):

	December 31, 2015 ^{*)}			
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	7,036	20,005	463	12,828
Foreign exchange risk	6,301	41,313	449	4,464
Total	9,930	35,259	1,582	13,184

^{*)} Only trading book position

The Bank performs backtesting to ensure the accuracy of the VaR calculation method in predicting the profit/loss of treasury activities. Backtesting compares the daily profit/loss with the VaR calculated by the Bank.

Backtesting result for the period December 2016 show that the VaR calculation has been done accurately, where the number of irregularities P/L of the daily VaR is still acceptable.

(vi) Cash management

Detail of cash are as follows:

	Desember, 31 2016		Desember, 31 2015	
	Notional amount foreign currency, equivalent (in thousands)	Rupiah	Notional amount foreign currency, equivalent (in thousand)	Rupiah
Rupiah	-	19,838,366	-	22,185,877
Foreign currencies				
United States dollar	126,984	1,710,796	106,417	1,466,964
European euro	13,228	187,511	15,317	230,627
Singapore dollar	83,024	773,117	77,757	758,831
Japanese yen	809,646	93,166	793,713	90,896
Australia dollar	15,416	149,888	25,151	253,618
Hong kong dollar	4,031	7,003	4,968	8,836
Great britain Poundsterling	2,249	37,240	973	19,881
Chinese yuan	10,969	21,271	15,611	33,140
Others	6,563	88,417	4,385	60,454
	1,072,110	22,906,775	1,044,292	25,109,124

As of December 31, 2016 and 2015, the cash balance, including money at the ATM (Automatic Teller Machine), amounting to Rp8,709,914 and Rp10,745,765, respectively.

C. Operational risk

Operational risk is defined as the risk of loss resulting from inadequate and/or disfunction of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

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61. RISK MANAGEMENT (continued)

C. Operational risk (continued)

In order to the effectiveness of Operational Risk Management, Bank has established a framework refer to Bank Indonesia regulations, Basel II and the Bank's internal regulations. The Bank has a Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

As part of the Enterprise Risk Management (ERM) framework, the Bank's framework using 2 (two) prong approach framework, namely managing risk through operations and managing risk through capital.

Managing risk through operation

In managing operational risk through operation, the Bank has:

- (i) Establish risk governance of operational risk management
- (ii) Establish policies and procedures and conduct periodic review
- (iii) Establish operational risk appetite
- (iv) Design methodologies and tools of operational risk management
- (v) Provide Operational Risk System for entire unit,
- (vi) Establish Risk Awareness across organizations including Risk Culture in the Bank's business activities,
- (vii) Implement the operational risk management to the entire unit Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system
- (viii) Perform monitoring and reporting for internal and external (regulator)

The implementation of operational risk governance begins with:

- (i) Active surveillance of Board of Commissioners and Directors, through the Risk Management Committee (RMC),
- (ii) The implementation of risk management through three line of defense models where:
 - Each unit as risk owner is first line of defense that directly responsible for operational risk management;
 - Risk Management Unit is second line of defense that perform oversight function and;
 - Internal Audit is third line of defense which performs independent assurance function.

The Bank has established internal policies and procedures for Operational Risk Management refers to the Bank Mandiri Risk Management Policy (KMRBM), which the basis of risk management implementation. Bank has guidelines for implementation of operational risk management through entire unit, guidelines for products or new Activities management, guidelines for Bank Risk Model, guidelines for BCM, guidelines for ORM Tools and Reporting of Fraud Events.

ORM Tools used are:

- (i) Risk & Control Self Assessment (RCSA), used for identification and assessment of inherent risk activity and assessment of quality control
- (ii) Loss Event Database, to record losses due to operational risks that occur in each units
- (iii) Key indicator (KI) is a quantitative indicator that is used to provide indicate risk level attached to the key process in one stage of the business unit / supporting unit process or end to end process
- (iv) Issue & Action Management (IAM), to document the issue / problem, analyze its causes, and set action plan and monitor the implementation of the action plan by the unit.

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61. RISK MANAGEMENT (continued)

C. Operational risk (continued)

Managing risk thorough operation (continued)

As the output of Operational Risk Management process, each unit generates operational risk profile that describes the operational risk exposure which will be the basis for the Bank's operational risk profile. Bank's operational risk profile reports that have been reviewed by the Internal Audit unit was presented to the Board of Commissioners and reported to regulators periodically. Bank's Operational Risk Profile Report used as part to determine Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is Operational risk management reports that submitted to management as a means of monitoring and consideration to take priority action.

Managing risk through capital

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated January 27, 2009, the Bank has performed calculation of Risk Weighted Assets (RWA) for operational risk and the Minimum Capital Requirement for operational risk. Bank used Basic Indicator Approach for operational risk Capital Charge Calculation.

The results of operational risk capital charge of Bank Mandiri only in 2016 is Rp7,354,561, meanwhile for the consolidation is Rp8,604,774. This calculation was performed once a year.

Based on that result, the value of operational risk RWA is Rp91,932,008 for Bank Mandiri in 2016 and Rp107,559,670 for the consolidation of Bank Mandiri with its subsidiaries. The operational risk RWA value is 12.5 times the operational risk capital charges in accordance with policy of regulator.

Besides the BIA approach, the Bank has simulate calculation using Standardized Approach which is in line with risk-based performance measurement for Strategic Business Unit.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated banking system agreement with vendor

On November 22, 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement 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 December 31, 2016, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realisation value of USD977,900 (full amount, after VAT), so that estimated completion as of December 31, 2016 is 90.27%.

On September 3, 2013, the Bank entered into an agreements with vendors to enhance eMAS features related to Management Application's agreement 2013 with the system blanket order with a maximum contract value of USD2,583,700 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As of December 31, 2016 the contract value to the realisation payment approach is equal to USD2,443,000 (full amount) and the Bank has booked the value of the payment realisation as a fixed asset of USD2,333,800 (full amount) so that the estimated project completion as of December 31, 2016 is 95.53%.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Integrated banking system agreement with vendor (continued)

On September 15, 2014, the Bank entered into an agreements with vendors to enhance eMAS features related to Management application 2014 with the system blanket order with a maximum contract value of USD3,550,000 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As of December 31, 2016 the contract value to the realisation payment approach is equal to USD3,376,405 (full amount) and the Bank has booked the value of the payment realisation as a fixed asset of USD3,193,580 (full amount) so that the estimated project completion as of December 31, 2016 is 94.59%.

On January 7, 2016, the Bank entered into an agreements with vendors to enhance eMAS features related to Management Application 2015 with the system blanket order with a maximum contract value of 6000 mandays. As of December 31, 2016, the contract value to the realisation payment approach is equal to USD1,355,896 (full amount) and the Bank has booked the value of the payment realisation as a fixed assets of USD406,344 (full amount), so that the estimated project completion as of December 31, 2016 is 29.97%.

b. Legal matters

The Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners as the result of agreement disputes that had been decided by the Court where the Bank was sentenced to pay compensation amounting to Rp89,255 (December 31, 2015: Rp99,771). Currently the Bank is still in the legal process to appeal against the decision.

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2016 and 2015 amounted to Rp816,014 and Rp2,420,417, respectively. As of December 31, 2016 and 2015, the Bank has formed a provision amounting to Rp256,164 and Rp537,693, respectively and believes that the provision is adequate.

c. Trade Financing with Asian Development Bank (ADB)

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) that are Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA).

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.

TFFP scheme is a program initiated by ADB to facilitate the L/C based on 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.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Bank Mandiri Continuous Bonds I

Bank Mandiri is in process conducting Continuing Public Offering of Continuing Bonds I Bank Mandiri with target of funds to be raised amounting to Rp14,000,000. On September 30, 2016, Bank Mandiri has issued Continuing Bonds I Bank Mandiri Phase I Year 2016 ("Continuing Bonds I Phase I") with nominal amount Rp5,000,000, which consists of 3 (three) series of bonds with tenor of 5, 7 and 10 years.

Funds obtained from the issuance of Continuing Bonds I Phase I after deducted with issuance costs will be used for emphasizing the long-term financing structure, to support loan expansion for business development and repayment of Subordinated Bonds that matured in December 2016.

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of 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 Deposit Insurance Corporation Regulation No. 2/PLPS/2014 dated September 22, 2014 concerning amendment Deposit Insurance Corporation Regulation No. 2/PLPS/2010 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000.

The interest rate of deposit insurance corporation as of December 31, 2016 and 2015 is 6.25% and 7.50%, respectively, for deposits denominated in Rupiah, 0.75% and 1.25%, respectively, for deposits denominated in foreign currencies, respectively.

64. IMPACT OF FIRST IMPLEMENTATION OF COLLECTIVE PROVISION FOR IMPAIRMENT LOSSES

Since January 1, 2015, the Subsidiary, BSM, has adopted SFAS No. 55 "Financial Instrument: Recognition and Measurement" to calculate the collective impairment in accordance with SFAS No. 102 "Accounting for *Murabahah*". On January 1, 2015, BSM recalculate collective impairment provision in accordance with the method set forth in SFAS No. 55 and in accordance with the transitional provisions of SFAS No. 102 "Accounting for *Murabahah*", the difference between the provision balance as of January 1, 2015 with the balance of collective impairment provision based on SFAS No. 55 amounted to Rp246,727, which is charged to retained earnings as of January 1, 2015 amounted to Rp185,027 and increase in deferred tax assets amounting to Rp61,700.

65. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective from January 1, 2017:

- a. Amendments to SFAS No. 1: Presentation of Financial Statements on Disclosure Initiative
- b. SFAS No. 3: Interim Financial Reporting (Improvement 2016)
- c. SFAS No. 24: Employee Benefits (Improvement 2016)
- d. SFAS No. 58: Non-current Assets Held for Sale and Discontinued Operations (Improvements 2016)
- e. SFAS No. 60: Financial Instruments: Disclosures (Improvement 2016)
- f. Sharia SFAS No. 101: Presentation of Sharia Financial Statements (Revised 2016)
- g. Sharia SFAS No. 102: *Murabahah* Accounting (Revised 2016)

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(Expressed in millions of Rupiah, unless otherwise stated)

65. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION (continued)

Effective from January 1, 2017 (continued):

- h. Sharia SFAS No. 104: *Istishna* Accounting (Revised 2016)
- i. Sharia SFAS No. 107: *Ijarah* Accounting (Revised 2016)
- j. Sharia SFAS No. 108: Accounting for Sharia Insurance Transaction (Revised 2016)

Effective from January 1, 2018:

- a. Amendments to SFAS No. 2: Statement of Cash Flow on the Disclosure Initiative
- b. Amendments to SFAS No. 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

66. ADDITIONAL INFORMATION

The additional information presented in appendix 1-4 is supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent, which presents the Bank's investments in subsidiaries based on cost method.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
ASSETS		
Cash	21,223,106	23,118,246
Current accounts with Bank Indonesia	48,761,535	53,276,224
Current accounts with other banks		
Related parties	194,320	349,373
Third parties	8,401,644	9,201,021
	<u>8,595,964</u>	<u>9,550,394</u>
Less: allowance for impairment losses	(2,995)	(3,181)
Total	<u>8,592,969</u>	<u>9,547,213</u>
Placements with Bank Indonesia and other banks		
Related parties	2,198,674	1,754,200
Third parties	64,158,423	28,808,026
	<u>66,357,097</u>	<u>30,562,226</u>
Less: allowance for impairment losses	(80,108)	(66,760)
Total - net	<u>66,276,989</u>	<u>30,495,466</u>
Marketable securities		
Related parties	10,141,257	10,234,479
Third parties	19,195,636	12,986,506
	<u>29,336,893</u>	<u>23,220,985</u>
Less:		
Unamortised discounts/premiums, unrealised Gains/(losses) from decrease in fair value of marketable securities and allowance for impairment losses	<u>(91,103)</u>	<u>(480,077)</u>
Total - net	<u>29,245,790</u>	<u>22,740,908</u>
Government bonds - related parties	90,340,489	94,965,707
Other receivables - trade transactions		
Related parties	5,934,300	7,051,776
Third parties	9,944,879	7,498,733
	<u>15,879,179</u>	<u>14,550,509</u>
Less: allowance for impairment losses	<u>(1,712,018)</u>	<u>(1,669,497)</u>
Total - net	<u>14,167,161</u>	<u>12,881,012</u>

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
ASSETS (continued)		
Securities purchased under resale agreements		
Third parties	3,746,090	-
Derivative receivables		
Related parties	3,660	32,152
Third parties	235,600	668,422
Total	239,260	700,574
Loans		
Related parties	101,100,710	74,937,297
Third parties	491,568,560	461,092,515
Total	592,669,270	536,029,812
Less: allowance for impairment losses	(30,762,076)	(20,470,785)
Loans - net	561,907,194	515,559,027
Acceptances receivable		
Related parties	385,265	409,880
Third parties	14,294,356	10,921,393
	14,679,621	11,331,273
Less: Allowance for impairment losses	(239,901)	(107,030)
Total - net	14,439,720	11,224,243
Investments in shares	6,583,203	5,354,140
Less: allowance for impairment losses	(49,247)	(57,730)
Total - net	6,533,956	5,296,410
Prepaid expenses	2,031,252	1,691,677
Prepaid taxes	2,421,556	4,570,305
Fixed assets	42,009,451	15,352,695
Less: accumulated depreciation	(7,550,662)	(6,443,338)
Total - net	34,458,789	8,909,357
Intangible assets	3,502,458	3,109,126
Less: accumulated depreciation	(2,066,144)	(1,733,034)
Total - net	1,436,314	1,376,092
Other assets -	7,203,589	7,178,204
Less: Other allowance	(279,838)	(298,234)
Total net	6,923,751	6,879,970
Deferred tax assets	5,435,589	4,318,681
TOTAL ASSETS	918,181,510	807,551,112

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due immediately	1,569,911	1,156,327
Deposits from customers		
Demand deposits		
Related parties	48,889,558	38,162,247
Third parties	131,669,970	128,242,700
Total demand deposits	180,559,528	166,404,947
Saving deposits		
Related parties	1,969,759	1,338,746
Third parties	271,802,756	244,985,964
Total saving deposits	273,772,515	246,324,710
Time deposits		
Related parties	46,479,231	37,870,850
Third parties	187,138,570	162,560,422
Total time deposits	233,617,801	200,431,272
Total deposits from customers	687,949,844	613,160,929
Deposits from other banks		
Demand/wadiah demand deposits and saving deposits		
Related parties	132,782	111,920
Third parties	4,199,571	3,656,991
Total demand/wadiah demand deposits and saving deposits	4,332,353	3,768,911
Interbank call money		
Related parties	440,000	651,000
Third parties	1,240,952	3,164,363
Total interbank call money	1,680,952	3,815,363
Time deposits		
Related parties	346,732	-
Third parties	3,199,043	4,858,778
Total time deposits	3,545,775	4,858,778
Total	9,559,080	12,443,052
Securities sold under repurchase agreements		
Related parties	230,024	467,123
Third parties	3,123,018	4,396,048
Total	3,353,042	4,863,171

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Derivative payables		
Related parties	10,058	3,095
Third parties	492,394	295,870
Total	502,452	298,965
Acceptances payable		
Related parties	2,481,708	606,737
Third parties	12,197,913	10,724,536
Total	14,679,621	11,331,273
Marketable issued		
Related parties	2,570,000	-
Third parties	2,502,035	77,767
	5,072,035	77,767
Less: Unamortised issuance costs	(24,077)	-
Total	5,047,958	77,767
Estimated losses on commitments and contingencies	193,144	370,727
Accrued expenses	2,941,711	2,913,725
Current tax payable	1,052,740	1,801,344
Employee benefits liabilities	6,236,533	5,313,231
Provision	435,880	676,170
Other liabilities	8,546,688	7,714,157
Fund borrowings		
Related parties	140,774	429,269
Third parties	31,687,950	29,502,337
Total fund borrowings	31,828,724	29,931,606
Subordinated loans		
Related parties	-	1,702,800
Third parties	215,432	2,053,867
	215,432	3,756,667
Less: unamortised issued cost	-	(3,964)
Total	215,432	3,752,703
TOTAL LIABILITIES	774,112,760	695,805,147

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
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	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Difference arising from translation of financial statements in foreign currencies	45,441	69,774
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds net of deferred tax	(768,222)	(1,526,045)
Asset revaluation reserve	24,796,520	-
Net actuarial gain on defined benefit plan - net of deferred tax	72,261	250,184
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as of April 30, 2003) Appropriated Unappropriated	5,380,268 85,399,507	12,402,382 71,406,695
Total retained earnings	90,779,775	83,809,077
TOTAL EQUITY	144,068,750	111,745,965
TOTAL LIABILITIES AND EQUITY	918,181,510	807,551,112

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2016	2015
INCOME AND EXPENSES FROM OPERATIONS		
Interest income	67,155,191	63,093,448
Interest expense	(21,485,647)	(22,961,703)
NET INTEREST INCOME	45,669,544	40,131,745
Other operating income		
Other fees and commissions	10,557,828	9,581,734
Foreign exchange gains and derivative transactions - net	2,232,927	2,207,103
Others	4,682,687	5,970,640
Total other operating income	17,473,442	17,759,477
Allowance for impairment losses	(22,839,834)	(10,450,247)
Reversal of/(provision for) for impairment losses on commitments and contingencies	171,369	(176,093)
Reversal of/(provision for) - other allowances	194,839	(78,094)
Unrealised (losses)/gains from decrease/(increase) in fair value of marketable securities and government bonds	(5,598)	2,402
Gains on sale of marketable securities and government bonds	700,004	300,560
Other operating expenses		
Salaries and employee benefits	(10,716,768)	(9,903,220)
General and administrative expenses	(11,421,036)	(10,034,308)
Others - net	(2,924,571)	(2,908,746)
Total other operating expenses	(25,062,375)	(22,846,274)
INCOME FROM OPERATIONS	16,301,391	24,643,476
Non-operating income - net	23,017	56,270
INCOME BEFORE TAX EXPENSE	16,324,408	24,699,746
Tax expense		
Current	(4,435,708)	(4,932,830)
Deferred	1,182,488	337,514
Total tax expense - net	(3,253,220)	(4,595,316)
NET INCOME FOR THE YEAR	13,071,188	20,104,430

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
(continued)**

**For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2016	2015*)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Gains on fixed assets revaluation	24,796,520	-
Actuarial (losses)/gains on defined benefit plan	(217,968)	308,294
Income tax related to the items that will not be reclassified to profit or loss	40,045	(58,110)
	<u>24,618,597</u>	<u>250,184</u>
Items that will be reclassified to profit or loss		
Difference arising from translation of financial statements in foreign currencies	(24,333)	(28,418)
Changes in fair value of available for sale financial assets	863,447	(1,179,764)
Income tax related to items that will be reclassified to profit or loss	(105,624)	235,953
	<u>733,490</u>	<u>(972,229)</u>
Other comprehensive income/(loss) for the year - net of tax income	25,352,087	(722,045)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	38,423,275	19,382,385
EARNING PER SHARE		
Basic (full amount)	560.19	861.62

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY For the year ended December 31, 2016 (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	Actuarial loss on defined benefits plan - net of deferred tax	Retained earnings		Total equity
						Appropriated	Unappropriated	
Balance as of January 1, 2015	11,666,667	17,476,308	98,192	(582,234)	-	9,779,446	58,893,169	97,331,548
Dividends payment from 2014 net income	-	-	-	-	-	-	(4,967,968)	(4,967,968)
The establishment of specific reserves from 2014 net income (refer to Note 40c)	-	-	-	-	-	2,662,936	(2,622,936)	-
Income for the current year	-	-	-	-	-	-	20,104,430	20,104,430
Comprehensive income for the current year	-	-	(28,418)	(943,811)	(250,184)	-	-	(722,045)
Balance as of December 31, 2015	11,666,667	17,476,308	69,774	(1,526,045)	250,184	12,402,382	71,406,695	111,745,965

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY (continued) For the year ended December 31, 2016 (Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Asset revaluation reserve	Actuarial gain on defined benefit plan - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2016	11,666,667	17,476,308	69,774	(1,526,045)	-	250,184	12,402,382	71,406,695	83,809,077	111,745,965
Dividends payment from 2015 net income	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	(6,100,490)
The establishment of specific reserves from 2015 net income (refer to Note 40c)	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-
Reclassification from specific reserves into retained earnings	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-
Income for the current year	-	-	-	-	-	-	-	13,071,188	13,071,188	13,071,188
Comprehensive income for the current year	-	-	(24,333)	757,823	24,796,520	(177,923)	-	-	-	25,352,087
Balance as of December 31, 2016	11,666,667	17,476,308	45,441	(768,222)	24,796,520	72,261	5,380,268	85,399,507	90,779,775	144,068,750

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ENTITY
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	64,416,164	60,238,840
Receipts from provision commission	10,557,828	9,581,734
Payments of interest expense	(21,291,109)	(23,052,087)
Receipts from the sale of government bonds - fair value through profit or loss	46,766,355	31,445,218
Acquisition of government bonds - fair value through profit or loss	(45,447,093)	(31,690,614)
Foreign exchange gains - net	3,061,051	6,285
Other operating income - others	1,489,984	2,930,200
Other operating expenses - others	(3,111,819)	(3,233,515)
Salaries and employee benefits	(9,971,389)	(9,164,886)
General and administrative expenses	(9,980,603)	(8,833,173)
Non-operating income - net	22,811	56,270
Payment of corporate income tax	(5,199,043)	(4,724,697)
Cash flows from operating activities before changes in operating assets and liabilities	31,313,137	23,559,575
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	(51,402)	939,340
Marketable securities - fair value through profit or loss	(734,593)	(305,574)
Other receivables - trade transactions	(1,328,670)	(1,767,467)
Loans	(68,047,363)	(66,756,125)
Securities purchased under resale agreements	(3,746,090)	18,528,320
Prepaid taxes	2,148,749	(2,152,569)
Prepaid expenses	(339,575)	(412,300)
Other assets	81,046	513,539
Proceeds from collection of financial assets already written-off	3,192,703	3,040,568
Increase/(decrease) in operating liabilities:		
Demand deposits	16,605,082	41,978,965
Saving deposits	25,560,746	18,403,993
Time deposits	31,873,526	(29,678,327)
Interbank call money	(2,134,411)	881,363
Obligation due immediately	413,584	(39)
Taxes payable	80,311	(175,197)
Other liabilities	2,743,148	(931,924)
Net cash provided by operating activities	37,629,928	5,666,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities - other than fair value through profit or loss	(5,473,330)	(4,307,027)
Increase in government bonds - other than fair value through profit or loss	4,763,651	(12,900,528)
Proceeds from sale of fixed assets	6,745	3,754
Acquisition of fixed assets	(1,866,775)	(762,329)
Acquisition of intangible assets	(393,331)	(543,929)
Paid up capital in PT Bank Syariah Mandiri	(500,000)	(500,000)

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)
For the year ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Establishment PT Mandiri Capital Indonesia	(340,000)	(9,900)
Paid up PT Mandiri Utama Finance	(102,000)	(51,000)
Paid up capital to PT Mandiri Axa General Insurance	(30,000)	(30,000)
Additional purchase of shares in PT Asuransi Jiwa Inhealth Indonesia	-	(330,000)
Additional purchase of shares in PT Bank Mandiri Taspen Pos	(257,036)	(198,000)
Net cash used in investing activities	(4,192,076)	(19,628,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in marketable securities issued	4,970,191	(7,489)
Increase in fund borrowings	2,865,445	6,256,294
Payments of subordinated loans	(3,537,271)	(8,871)
(Decrease)/increase marketable securities sold under repurchase agreement	(1,510,129)	(1,249,418)
Payments of dividends	(6,100,490)	(4,967,968)
Net cash provided by financing activities	(3,312,254)	22,548
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,125,598	(13,940,270)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,448,059)	4,727,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	115,004,623	124,217,476
CASH AND CASH EQUIVALENTS AT END OF YEAR	143,682,162	115,004,623
Cash and cash equivalents at end of year consist of:		
Cash	21,223,106	23,118,246
Current accounts with Bank Indonesia	48,761,535	53,276,224
Current accounts with other banks	8,595,964	9,550,394
Placements with Bank Indonesia and other banks	64,506,278	28,762,809
Certificate of Bank Indonesia	595,279	296,950
Total cash and cash equivalents	143,682,162	115,004,623

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PT Bank Mandiri (Persero) Tbk

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